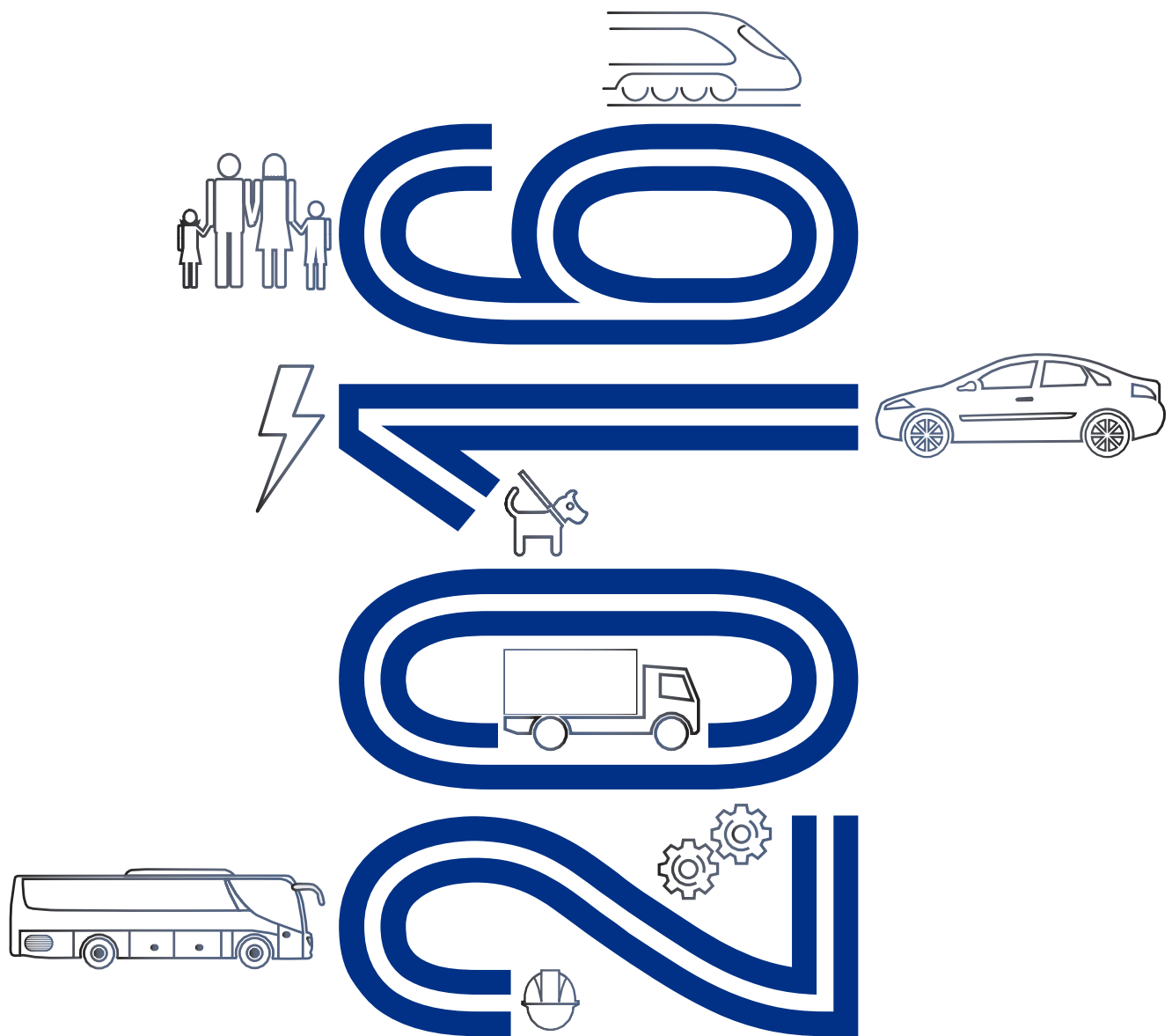


**GROUPE EUROTUNNEL SE
REGISTRATION DOCUMENT**



**# INFRASTRUCTURE
MANAGER AND
TRANSPORT
OPERATOR IN EUROPE**



GROUPE EUROTUNNEL SE



2016 Registration Document⁽¹⁾



AUTORITÉ
DES MARCHÉS FINANCIERS

This Registration Document was filed with the *Autorité des marchés financiers* (French market authority, or AMF), in accordance with article 212-13 of the General Regulations of the AMF on 17 March 2017. This document can only be used to support a financial transaction when accompanied by a securities note endorsed by the AMF. This document contains all the information relating to the annual financial report as required by paragraph I of article L. 451-1-2 of the French Monetary and Financial Code. This document was prepared by the issuer and is binding on its signatories.

Copies of this Registration Document are available free of charge at the registered office of Groupe Eurotunnel SE. This Registration Document can also be viewed on the websites of the AMF (www.amf-france.org) and Groupe Eurotunnel SE (www.eurotunnelgroup.com).

Unless indicated otherwise, all the figures in this Registration Document have been calculated by applying either the euro/sterling exchange rate on 31 December 2016 (£1=€1.168) for balance sheet items, or the average rate for 2016 (£1=€1.216) for elements of the income statement.

In application of article 28-1 of EC Regulation 809/2004 of the European Commission, the following information is included in this Registration Document by reference:

- The Eurotunnel Group's consolidated accounts for the year ended 31 December 2015 prepared in accordance with IFRS and the report of the statutory auditors thereon, as well as the Eurotunnel Group's operating and financial review for the year ended 31 December 2015, are included in Groupe Eurotunnel SE's Registration Document for 2015 filed with the AMF on 10 March 2016;
- Groupe Eurotunnel SE's parent company accounts for the year ended 31 December 2015 prepared in accordance with French accounting standards and the report of the statutory auditors thereon are included in Groupe Eurotunnel SE's Registration Document for 2015 filed with the AMF on 10 March 2016;
- The Eurotunnel Group's consolidated accounts for the year ended 31 December 2014 prepared in accordance with IFRS and the report of the statutory auditors thereon, as well as the Eurotunnel Group's operating and financial review for the year ended 31 December 2014, are included in Groupe Eurotunnel SE's Registration Document for 2014 filed with the AMF on 27 March 2015; and
- Groupe Eurotunnel SE's parent company accounts for the year ended 31 December 2014 prepared in accordance with French accounting standards and the report of the statutory auditors thereon are included in Groupe Eurotunnel SE's Registration Document for 2014 filed with the AMF on 27 March 2015.

⁽¹⁾ This document (the "2016 Registration Document") is an unofficial English language translation of Groupe Eurotunnel SE's "Document de Référence 2016" filed with the AMF on 17 March 2017. In the event of any inconsistencies between this document and the original French document, the text of the French document shall be considered authoritative.

CONTENTS

1.	PRESENTATION OF THE GROUP AND ITS BUSINESSES	2
1.1.	INTRODUCTION	2
1.2.	CROSS-CHANNEL ACTIVITIES	6
1.3.	EUROPORTE'S ACTIVITIES	19
1.4.	ELECLINK	21
1.5.	OTHER ACTIVITIES	21
1.6.	PROPERTY, PLANT AND EQUIPMENT AND MAJOR INVESTMENTS	22
2.	RESULTS AND OUTLOOK	26
2.1.	ANALYSIS OF CONSOLIDATED FINANCIAL RESULTS	27
2.2.	ANNUAL FINANCIAL STATEMENTS	37
2.3.	TRENDS, OUTLOOK, RECENT EVENTS AND EVENTS AFTER THE REPORTING PERIOD	113
2.4.	OTHER FINANCIAL INFORMATION	114
3.	RISKS AND CONTROLS	116
3.1.	RISK FACTORS	117
3.2.	LEGAL AND ARBITRATION PROCEEDINGS	132
3.3.	INSURANCE AND RISK COVERAGE	133
3.4.	INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES	133
4.	CORPORATE GOVERNANCE	141
4.1.	GENERAL MANAGEMENT	142
4.2.	COMPOSITION AND ACTIVITIES OF THE BOARD OF DIRECTORS	146
4.3.	STATUTORY AUDITORS' REPORTS	171
4.4.	CORPORATE GOVERNANCE CODE	173
4.5.	ATTENDANCE BY SHAREHOLDERS AT THE GENERAL MEETING	173
5.	REMUNERATION AND BENEFITS	174
5.1.	REMUNERATION OF THE CHIEF EXECUTIVE OFFICERS	175
5.2.	SUMMARY TABLES OF REMUNERATION OWED OR AWARDED TO EACH CHIEF EXECUTIVE OFFICER	186
5.3.	SHARE OPTION PLANS/ALLOCATIONS OF PREFERENCE SHARES: PAST ALLOCATIONS TO CHIEF EXECUTIVE OFFICERS	193
5.4.	REMUNERATION OF BOARD MEMBERS AND NON-CORPORATE OFFICERS	193
6.	CORPORATE SOCIAL RESPONSIBILITY	196
6.1.	OVERVIEW OF THE EUROTUNNEL GROUP'S CSR PROCEDURE	197
6.2.	PEOPLE	200
6.3.	REGION	213
6.4.	NATURE	218
6.5.	2014/2015 FIGURES INCLUDING GBRF	223
6.6.	CROSS-REFERENCE TABLE	224
6.7.	CSR POLICY: PRINCIPLES, CHALLENGES AND COMMITMENTS	228
6.8.	METHODOLOGICAL NOTE RELATING TO CORPORATE SOCIAL RESPONSIBILITY	231

6.9.	<i>REPORT BY THE INDEPENDENT THIRD PARTY ON THE CONSOLIDATED HUMAN RESOURCES, ENVIRONMENTAL AND SOCIAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT</i>	232
7.	SHARE CAPITAL AND SHAREHOLDING	236
7.1.	SHARE CAPITAL	237
7.2.	DIVIDEND POLICY	241
7.3.	ACQUISITION BY GET SE OF ITS OWN SHARES	241
7.4.	MAJOR SHAREHOLDERS	243
7.5.	TRAVEL PRIVILEGES	245
8.	ADDITIONAL INFORMATION	246
8.1.	MATERIAL CONTRACTS	247
8.2.	CONSTITUTIONAL DOCUMENT AND BY-LAWS	255
8.3.	INFORMATION ON SHAREHOLDINGS	259
8.4.	GET SE'S STATUTORY AUDITORS	263
8.5.	PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT	264
8.6.	INFORMATION RECEIVED FROM THIRD PARTIES, STATEMENTS OF EXPERTS AND INTERESTED PARTIES	265
8.7.	DOCUMENTS AVAILABLE TO THE PUBLIC	265
	DEFINITIONS	266
	REGISTRATION DOCUMENT CHECKLIST	270
	TABLE OF CROSS-REFERENCES	275

The term "Groupe Eurotunnel SE" or "GET SE" refers to the holding company which is governed by French law. The term "Group" or "the Eurotunnel Group" refers to Groupe Eurotunnel SE and all its subsidiaries.

Unless otherwise indicated, the information in this Registration Document originates from sources within the Eurotunnel Group.

Key abbreviations

km = kilometres

km/h = kilometres per hour

1. PRESENTATION OF THE GROUP AND ITS BUSINESSES

1.1.	INTRODUCTION	2
1.1.1	History and development of Groupe Eurotunnel SE	2
1.1.2	The Group's structure	2
1.1.3	Selected financial information	5
1.2.	CROSS-CHANNEL ACTIVITIES	6
1.2.1	Main markets	7
1.2.2	Fixed Link: activities	9
1.2.3	Fixed Link: capacities	16
1.2.4	Fixed Link: reliability of the System	17
1.2.5	MyFerryLink: maritime activities	19
1.3.	EUROPORTE'S ACTIVITIES	19
1.3.1	Main markets of Europorte	19
1.3.2	Europorte's activities	19
1.4.	ELECLINK	21
1.5.	OTHER ACTIVITIES	21
1.6.	PROPERTY, PLANT AND EQUIPMENT AND MAJOR INVESTMENTS	22
1.6.1	Property, plant and equipment	22
1.6.2	Major investments	22
1.6.3	Research and development, trademarks, patents and licences	24

1 PRESENTATION OF THE GROUP AND ITS BUSINESSES

1.1. INTRODUCTION

1.1.1 HISTORY AND DEVELOPMENT OF GROUPE EUROTUNNEL SE

In 22 years, the Tunnel has fundamentally changed commercial exchanges with the United Kingdom by allowing for the development of new cross-border logistics chains, integrated in continental Europe, as well as opening up to new markets⁽¹⁾: 30% of British exports to the European Union (some €54.8 billion) and 22% of imports from the European Union (approximately €60 billion) depend on the rapidity and the reliability of the Tunnel. Exports transiting through the Tunnel alone participate in supporting 220,000 jobs in the United Kingdom.

The Tunnel allows, every year, more than 21 million passengers to cross the Channel aboard Le Shuttle Passenger Shuttles or Eurostar passenger trains. The economic footprint generated by the tourists that travel through the Tunnel is estimated at €2.1 billion, contributing to 45,000 additional jobs in the United Kingdom.

The Group was created in 1986 with the signing of the Concession Agreement granting the Franco-British consortium, “France Manche SA / The Channel Tunnel Group Limited” the construction, financing and operation of the Channel Tunnel. The operation of the Tunnel started in 1994. In 2007 a new holding company, Groupe Eurotunnel SA (GET SA), was set up. This new company, under an exchange offer, proposed to all shareholders of the former Eurotunnel structure, to exchange their twinned shares for ordinary shares of Groupe Eurotunnel SA. This offer was accepted by more than 93% of shareholders. In late 2007, Eurotunnel PLC and Eurotunnel SA became TNU PLC and TNU SA and were absorbed by Groupe Eurotunnel SA in May 2009 and October 2010 respectively.

1.1.2 THE GROUP'S STRUCTURE

Groupe Eurotunnel SE (GET SE) is a French law regulated European company with a board of directors, incorporated in Paris, France and is governed by the relevant provisions of prevailing French and EC laws and regulations. GET SE is registered with the Paris Trade and Companies Registry under registration number 483 385 142 (SIRET: 48338514200052, NAF code: 6420Z). The registered office of GET SE is located at 3 rue La Boétie, 75008 Paris, France.

The legal structure of GET SA was incorporated on 6 July 2005 for a fixed period of 99 years from the date of its registration in the Paris Trade and Companies Registry, i.e. until 3 August 2104. The company was converted on 26 December 2014 to a European company and the issuer's name changed to Groupe Eurotunnel SE. As a European company, Groupe Eurotunnel SE is a member of ASEP, the Alliance for the Promotion of European Companies.

The ordinary shares issued by Groupe Eurotunnel SE are listed on Euronext Paris and UK Listing Authority in London (as a standard) and are traded on Euronext Paris and Euronext London.

GET SE's role with regards to its subsidiaries is set out in the introduction to the notes to the GET SE parent company accounts in section 2.2.2 of this Registration Document.

On 31 December 2016, as shown in the following chart, the Group consists of a total of 56 subsidiaries, including 23 located in France and 30 located in the United Kingdom.

In 2016, the Group was organised around the following three business sectors:

- the Concession for the cross-Channel Fixed Link segment “Fixed Link”;
- the Europorte rail freight segment; and
- the ElecLink segment.

The Fixed Link segment

France Manche SA (FM) and The Channel Tunnel Group Limited (CTG) operate the Tunnel as Concessionaires in accordance with the Treaty of Canterbury and the Concession Agreement. The main provisions of the Treaty of Canterbury and the Concession Agreement are described in chapter 8 of this Registration Document. FM and CTG, whose shares are twinned, are the borrowing entities under the current bank financing agreements. FM is a société anonyme with a board of directors, the chairman and chief executive officer of which is Jacques Gounon. CTG is a limited company with a board of directors, the chairman of which is Jacques Gounon.

⁽¹⁾ Source *Economic footprint of the Channel Tunnel fixed link: An analysis of the economic value of trade and passenger traffic travelling through the Channel Tunnel October 2016*
<http://www.eurotunnelgroup.com/uploadedFiles/assets-uk/the-channel-tunnel/EY-Channel-Tunnel-UK.pdf>

Eurotunnel Services GIE (ESGIE) and Eurotunnel Services Limited (ESL) employ and manage the personnel of the Eurotunnel Group, essentially for the activities of the Concession. Relations between the employing companies of the Group and the Group's subsidiaries are described in section 6.2 of this Registration Document.

Centre International de Formation Ferroviaire de la Côte d'Opale (CIFFCO) supplies professional training services in the rail field as described in chapter 6 of this Registration Document.

Eurotunnel SE heads the distribution in continental Europe (excluding France) of the Truck Shuttle Service activity.

Eurotunnel Financial Services Limited is authorised by the Financial Conduct Authority to resell insurance products offered to passengers when they make their reservations. CTG acts as a representative of Eurotunnel Financial Services Limited for these requirements.

Gamond Insurance Company Limited, a subsidiary entirely controlled by CTG, is registered in Guernsey and its sole purpose is to provide the Eurotunnel Group with insurance against acts of terrorism. Gamond Insurance Company Limited takes out reinsurance with Pool Re. Eurotunnel Trustees Limited is no longer active.

Euro Immo GET SAS, a subsidiary of Société Immobilière et Foncière Eurotunnel (SIFE), manages and develops property assets and performs associated activities.

Eurotunnel Developments Limited and its subsidiary Orbital Park Limited were responsible for the development of all property in the United Kingdom which was not used in connection with the operation of the System. These companies are no longer active.

The Cheriton Resources companies are finance or investment companies, mostly inactive. London Carex Limited is involved in a potential project for the development of rail freight in the United Kingdom, as explained in section 1.5 of this Registration Document.

Eurotunnel Agent Services Limited holds the floating rate notes described in note G.3 to the consolidated financial statements contained in section 2.2.1 of this Registration Document.

The rail freight segment: Europorte

The holding company Europorte SAS groups all the rail freight transport subsidiaries (Europorte segment) providing a wide range of integrated rail freight services, including national and international haulage, local services for secondary lines, and services to industry (individual junction management, infrastructure maintenance, and wagon loading and unloading).

The subsidiaries of the holding company Europorte SAS are as follows:

- The French subsidiaries of Europorte SAS: Europorte France (EPF), Europorte Proximité (EPP), Socorail and Europorte Channel (EPC); Europorte SAS holds 20% of the share capital of Manutention Transport Service SAS (MTS);
- EuroSco: management of the rolling stock belonging to the Europorte companies; and
- Bourgogne Fret Services, jointly owned with Cérévia.

GB Railfreight Limited (GBRf), a rail freight operator in the United Kingdom, was sold on 15 November 2016.

The ElecLink segment

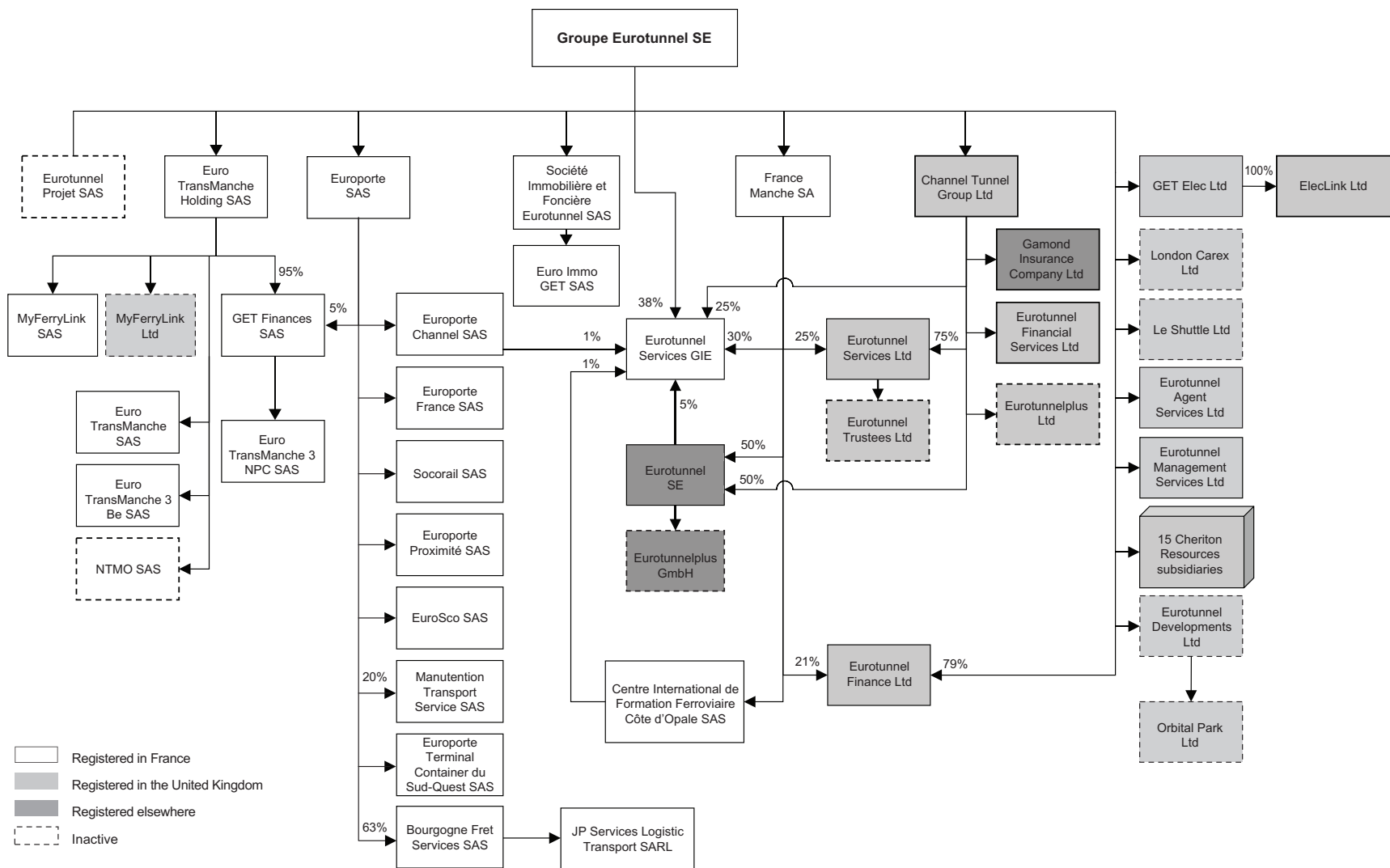
The corporate purpose of ElecLink is to build and operate a 1,000 MW capacity electricity interconnector between France and Great Britain. The preliminary work began in the last quarter of 2016 and the interconnector is scheduled to be brought into service at the beginning of 2020. On 23 August 2016, GET Elec Limited, a subsidiary of GET SE, acquired from Star Capital its 51% share in the joint venture ElecLink Limited.

The maritime segment MyFerryLink

The Eurotunnel Group discontinued its maritime business and the three ferries Berlioz, Rodin and Nord-Pas-de-Calais are the object of bareboat charter contracts, signed respectively with the DFDS group and Vansea Shipping Company Limited, as described in section 8.1.6 of this Registration Document. The holding company EuroTransManche Holding SAS groups:

- the entities that own the ferries (EuroTransManche, EuroTransManche 3Be, EuroTransManche 3NPC); and
- MyFerryLink SAS which used to carry out the marketing activity.

Simplified legal chart of the Eurotunnel Group on the date of this Registration Document



1.1.3 SELECTED FINANCIAL INFORMATION

The tables below are extracted from the consolidated income statements, statements of financial position and cash flow statements for Groupe Eurotunnel SE for the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014. For more information, see chapter 2 of this Registration Document.

Consolidated revenue

Eurotunnel Group consolidated revenue for 2016 comprises the following main sources of income:

- the Fixed Link activities, mainly:
 - the Shuttle Service (Le Shuttle) for both the transport of trucks and the transport of cars, motor homes, caravans, coaches, motorcycles and trailers on its Passenger Shuttles;
 - payments made for use of the Railway Network by High-Speed Passenger Trains (Eurostar) and by Train Operators' Rail Freight Services;
- the Europorte rail freight segment.

Eurotunnel Group 2016 revenue breaks down as follows:

€ MILLION	31 December 2016	31 December 2015 ^(*)	31 December 2014 ^(*)
Exchange rate €/£	1.216	1.375	1.258
Shuttle Services	603	580	527
Railway Network	290	319	305
Other revenue	14	16	15
Subtotal Fixed Link Concession	907	915	847
Europorte	116	123	115
Revenue	1,023	1,038	962

* Restated in application of IFRS 5 following the sale of GB Railfreight Limited (see note C.3 to the Group's consolidated financial statements in section 2.2.1 of this Registration Document).

Summary income statements

€ MILLION	31 December 2016	31 December 2015 ^(*)	31 December 2014 ^(*)
Exchange rate €/£	1.216	1.375	1.258
Revenue	1,023	1,038	962
Operating costs	(509)	(518)	(472)
Operating margin (EBITDA)	514	520	490
Depreciation	(150)	(144)	(155)
Trading profit	364	376	335
Other net operating income/(charges)	37	(2)	(8)
Operating profit (EBIT)	401	374	327
Share of net result of equity-accounted companies	(1)	(1)	(1)
Net finance cost	(262)	(261)	(272)
Net other financial income/(charges)	16	(8)	(4)
Pre-tax profit from continuing operations	154	104	50
Income tax expense of continuing operations	(18)	(8)	(3)
Net profit from continuing operations	136	96	47
Net profit from discontinued operations	64	4	10
Net profit for the year	200	100	57

* Restated in application of IFRS 5 following the sale of GB Railfreight Limited (see note C.3 to the Group's consolidated financial statements in section 2.2.1 of this Registration Document).

1 PRESENTATION OF THE GROUP AND ITS BUSINESSES

Summary statements of financial position

€ MILLION	31 December 2016	31 December 2015	31 December 2014
Exchange rate €/£	1.168	1.362	1.284
Intangible assets and property, plant and equipment	6,366	6,376	6,478
Other non-current assets	280	320	309
Total non-current assets	6,646	6,696	6,787
Trade and related receivables	94	129	146
Other current assets	172	67	46
Assets held for sale	–	65	–
Cash and cash equivalents	347	406	385
Total current assets	613	667	577
Total assets	7,259	7,363	7,364
Total equity	1,812	1,663	1,758
Total financial liabilities	3,786	4,161	4,084
Interest rate derivatives	1,309	1,170	1,199
Other liabilities	352	369	323
Total equity and liabilities	7,259	7,363	7,364

Summary cash flow statements

€ MILLION	31 December 2016	31 December 2015	31 December 2014
Exchange rate €/£	1.168	1.362	1.284
Net cash inflow from trading	532	556	498
Other operating cash flows and taxation	(32)	(12)	4
Net cash inflow from operating activities	500	544	502
Net cash outflow from investing activities	(94)	(106)	(77)
Net cash outflow from financing activities	(425)	(432)	(329)
(Decrease)/increase in cash in year	(19)	6	96

1.2. CROSS-CHANNEL ACTIVITIES

Under the terms of the Concession Agreement, the States have granted to the Concessionaires the right and the obligation to ensure the design, financing, construction and operation of the Fixed Link between France and the United Kingdom, without prejudice to the sovereign role of the States in terms of control and border enforcement. The Concession Agreement will expire in 2086.

The Fixed Link comprises three tunnels of a length of about 50 kilometres each, for the most part located under the Channel, as well as the two terminals at Folkestone in the United Kingdom and Coquelles in France, the fixed equipment and the related installations:

- Two rail tunnels with a single track are, during normal service, each used by the trains moving in a single direction.
- The third tunnel, located for most of its length between the two main rail tunnels, is a secure means for evacuation and is also used for Tunnel maintenance.
- In addition, there are two cross-over points between the rail tunnels that, during maintenance work on certain sections of the tunnels, allow the trains to change between tunnels.

The Fixed Link is directly connected to the British and French motorway networks, via the Folkestone and Coquelles terminals which are the starting and ending points for the vehicles using the Shuttle Services. Sales and food service areas are available to the customers at each terminal. The Fixed Link is also connected to the national French and British rail networks and more particularly to the high-speed lines.

The Fixed Link is an integrated transport system, including road shuttle services (for cars and trucks) and the rail service (passenger and freight trains). FM and CTG, Concessionaires operate the transport system with Shuttles and make paths available to companies that have a licence allowing them to operate cross-Channel rail freight services.

1.2.1 MAIN MARKETS

The Fixed Link offers (i) a Shuttle Service between Calais and Folkestone, which competes directly with ferry operators between Dover and Continental Europe in the transport of passengers, cars, coaches and trucks, and (ii) a Railway Network on which Railway Companies can run rail freight trains and High-Speed Passenger Trains. The Eurotunnel Group operates in the transport market between continental Europe and the United Kingdom.

a) Freight market

Freight traffic between continental Europe and the United Kingdom is commonly divided into four distinct modes:

- Roll-On/Roll-Off accompanied: trucks and trailers crossing the Channel or the North Sea on Shuttles or ferries at the same time as the road tractor and driver, mostly via the Short Straits;
- Roll-On/Roll-Off unaccompanied: trailers crossing the Channel or the North Sea independently of the road tractor, mostly via North Sea routes;
- Rail freight: conventional or Intermodal trains running through the Tunnel; and
- Lift-On/Lift-Off: moveable containers or swap bodies loaded on Lift-On/Lift-Off container ships, mostly on the North Sea routes.

The market is based on three corridors:

- the Short Straits: all routes from continental Europe to Dover, Folkestone and Ramsgate (including the Tunnel);
- the English Channel: all routes from continental Europe to ports on the south coast of the United Kingdom to South-West Folkestone; and
- the North Sea: all routes from continental Europe to ports on the east coast of the United Kingdom to the north of Ramsgate (including the Thames Estuary).

The modal distribution varies by geographic zone. For accompanied trucks, the long trip across the English Channel or the even longer trip across the North Sea is costly. These routes are more suitable for Roll-On/Roll-Off unaccompanied and Lift-On/Lift-Off solutions.

By contrast, the shorter crossing times of the Short Straits are more suitable to time-sensitive traffic, and attract a much larger share of Roll-On/Roll-Off accompanied traffic.

Short Straits

In the freight market, the Truck Shuttle Service is in competition with ferry operators on the accompanied road transport route across the Short Straits.

Over the last 20 years, there has been a marked shift towards the use of accompanied trucks in the freight market between continental Europe and the United Kingdom. The market shares between the different routes are now relatively stable.

The Roll-On/Roll-Off accompanied mode on the Short Straits routes still continues to grow because it provides the shortest and quickest route for crossing the Channel.

The Short Straits' (Truck Shuttles' and ferries') share of the freight market rose on the back of the success of the Roll-On/Roll-Off accompanied mode, reflecting:

- capacity increases and changes in pricing policies by the various operators; and
- indirectly, the absence of major development of the cross-Channel rail freight.

The cross-Channel truck market continued to grow in 2016 at over 5%⁽²⁾ compared with the previous year, reaching a record high for the overall Short Straits market in 2016, despite the disruptions in the geopolitical scene since 2015.

b) Passenger market

The international passenger transport market departing to and from the United Kingdom has grown steadily for several years now with growth estimated at close to 6% in 2016 compared to 2015⁽³⁾.

The Passenger Shuttle Service carries passengers travelling with their vehicles between Calais and Folkestone. It is in direct competition with ferry operators in the Short Straits market. The transport services for passengers travelling without their vehicles provided by airlines or by High-Speed Passenger Trains constitute a marginal and indirect source of competition to this service.

Eurostar services principally operate in the market for transporting passengers travelling without their vehicles between Paris and London and between Brussels and London. Eurostar's main competitors are airlines.

⁽²⁾ Source: IRN Services Limited.

⁽³⁾ Source: provisional estimations from International Passenger Survey.

1 PRESENTATION OF THE GROUP AND ITS BUSINESSES

Short Straits

While day trips have permanently declined following the end of duty-free purchases and other economic benefits, the number of long-stay (five days and over) and short-stay (fewer than five days) trips have increased as a result of:

- the withdrawal of passenger services from other cross-Channel routes, which led to a transfer of traffic to the Short Straits;
- the adoption of dynamic pricing by some operators, particularly the Eurotunnel Group, for its Shuttle Services;
- airline pricing policies and an end to the steady fall in air fares; and
- airport disruption and delays.

Contrary to the trend in the overall market, the Short Straits car market contracted by 2.7% in 2015 and then by 2.0% in 2016, owing to the impact of the repeated terrorist attacks and the states of emergency declared in France and in Belgium and to the problems arising from intrusion attempts by migrants.

c) Competitive position in the Short Straits market

The Shuttle Services are in direct competition with the ferry services operated by P&O Ferries and DFDS Seaways. They compete indirectly with airlines and to a lesser extent with Eurostar.

i) Ferry operators

Cross-Channel ferry operators are using larger ships to handle greater volumes of traffic and to achieve economies of scale over the long term, looking for growth in the freight market rather than in the passenger market (cars).

The Calais Port 2015 project aimed at merging the ports of Calais and Boulogne-sur-Mer and extending the port of Calais, in particular the ferry terminal, was assigned a public service delegation contract signed by the Haut-de-France region on 19 February 2015⁽⁴⁾. Work, estimated to last five years⁽⁵⁾, began with the destruction of the hoverport, the site in the port of Calais where hovercrafts used to dock. On 10 April 2015, the Eurotunnel Group filed with the administrative court of Lille, an application for the annulment of the public service delegation contract, for breach of the principle of equality between candidates, distortion of the basis of public service delegation law and the granting of guarantees representing illegal State aid. The exchange of pleadings is in progress, with pleadings filed in response for Eurotunnel Group on 29 December 2016. The timing of the proceedings has not been scheduled to date.

The Port of Dover plans to create a new terminal in the Western Docks to accommodate larger ferries.

Following the liquidation of SeaFrance in January 2012 and the end of the commercial operation of MyFerryLink in 2015, only two ferry companies now operate on the Short Straits (P&O Ferries and DFDS Seaways), offering reduced capacity compared to the previous situation.

P&O

P&O Ferries ("P&O") is a subsidiary of DP World, a worldwide operator of port facilities.

P&O is the largest ferry operator on the Short Straits, with six vessels, and is in direct competition with the Eurotunnel Group both in the freight market and in the passenger market.

P&O operates up to six vessels two of which, at 210 metres, are the longest ships deployed on routes to and from Dover.

DFDS Seaways

DFDS Seaways is owned by the Danish company DFDS.

In 2016, DFDS Seaways deployed three vessels on the Dover-Dunkirk route and three on the Calais-Dover route including Berlioz and Rodin, renamed Côte des Dunes and Côtes des Flandres.

The contractual agreements on the operation of the ferries Berlioz, Rodin and Nord-Pas-de-Calais, which are still owned by the Eurotunnel Group at the date of this Registration Document, are described in chapter 8.1 of this Registration Document.

ii) Shuttle Services

Competitive advantages of the Shuttle Service

The Eurotunnel Group considers that, under normal operating conditions, its Shuttle Service benefits from competitive advantages over ferries as follows:

- safety: the Eurotunnel Group offers a reinforced safety system at the site of Coquelles and means of control before boarding that reassure Truck Shuttle customers;

⁽⁴⁾ Source: Nord Littoral 19 February 2015.

⁽⁵⁾ Source: La Voix du Nord 9 January 2016.

- speed: the standard travel time between the French and British motorways is much shorter than via the ferries;
- departure frequency: the Shuttle Service runs more frequently than any of its competitors, and it runs every day of the year;
- convenience: with the GSM-P system, Shuttle Services customers now have uninterrupted access to GSM and 4G services in the rail tunnel;
- reliability: the Shuttle Service, unlike the ferries, is unaffected by sailing conditions and is not dependent on the weather; and
- environmentally friendly: the electric power it uses for traction generates much lower greenhouse gas emissions than fossil fuels.

Eurotunnel's Shuttle Service also offers:

- a freight service that is independent of the passenger service, which is subject to the seasonality of tourist traffic;
- more efficient management of loading/unloading; and
- the direct management of its terminals, in contrast to the ferries, for which port operations are managed by third parties.

iii) Airlines

Airlines, and particularly low-cost airlines, also have an indirect impact on the Short Straits market. These companies serve many destinations in continental Europe and thus compete with operators in the Short Straits, including the Passenger Shuttle Service in the short-stay leisure market. Many destinations in France are now served by low-cost airlines offering an alternative means of transport between France and the United Kingdom.

iv) Eurostar

To a lesser extent, Eurostar's High-Speed Passenger Trains compete indirectly with the Passenger Shuttle Service in the leisure market.

d) Geopolitical context in 2016

As indicated in section 3.1.1 of this Registration Document, 2016 was marked by the rise in geopolitical risks in Europe.

Referendum

In its referendum on 23 June 2016, the United Kingdom decided to leave the European Union. This unprecedented situation opened a period of uncertainty, the effects of which were felt in the financial markets. The Group has not yet detected any impact on either its passenger or its freight traffic. In 2016, the Eurotunnel Group again demonstrated its ability to continue its development.

Unprecedented migration crisis

In Europe, 2015 was marked by an unprecedented migration crisis. Since the month of October 2015 and the completion of measures to secure the Coquelles site, the operation of the Tunnel has not been affected by migrant intrusion attempts.

The Fixed Link now has a high level of protection following the major investment programme and the support of both the French and the UK governments who are in charge of border controls. In the long term, it is intended to continue to reinforce the security measures.

Terrorist attacks and threat

2016, as 2015, was marked by terrorist attacks. The terrorist threat in the Paris and Brussels destinations is a determining factor when analysing the variance in passenger traffic for Fixed Link operations since 2015, in particular for Eurostar's passenger trains to these destinations.

1.2.2 Fixed Link: activities

The Eurotunnel Group operates and directly markets a Shuttle Service through the Tunnel and also manages the safe and efficient passage of High-Speed Passenger Trains and of the Train Operators' Rail Freight Services through the Railway Network.

a) Shuttle transport activities

The Eurotunnel Group's sales, marketing and operations strategy is focused on clearly differentiating its product from that of its competitors. This strategy highlights outstanding service quality and optimum security, and involves the following key measures:

- constant alignment of supply with demand, to optimise revenue per Shuttle;
- commercial strategies providing a product offering even better suited to customers' needs; and
- cost control achieved through programmes to optimise maintenance and production management cycles as well as the main sub-contracting agreements.

1 PRESENTATION OF THE GROUP AND ITS BUSINESSES

This business model focuses on maximising profitability rather than increasing volume and market share.

i) Truck Shuttle Service

Introduction

The Truck Shuttle Service carries trucks between France and the United Kingdom on Shuttle trains. In each terminal, drivers pass through dedicated check-in, security and border control facilities. An improvement was made in the real-time information (onboard information system with screens, customer information panels on the approach route and the “Elite” customer information processing software). Other facilities for trucks are located close to the terminals. Drivers and their passengers do not remain in their vehicles during the crossing, but travel in a separate carriage (“Club Car”) specially designed for this purpose. These Club Cars were completely refurbished in 2014 to create a cosy atmosphere, more comfort, free internet access and greater seating capacity.

Strategy

Truck service marketing strategy

The strategy is based on an optimisation of Truck Shuttle revenue and a pricing policy that reflects the value of the service provided by the Eurotunnel Group as well as its speed, ease and reliability.

Throughout the year, the Eurotunnel Group gives priority to customers under contract, only providing transport to occasional customers as available capacity allows. Since the second half of 2015, the Eurotunnel Group has put in place a mechanism to optimise Truck Shuttle revenue by adjusting the pricing policy based on more flexible prices, adjustable according to demand and available capacity, in order to encourage an improved distribution of truck flows throughout the week and during the day, so that capacity and occupancy rate can be optimised whilst maintaining service quality during peak days.

The specific pricing for peak periods was applied to 35 peak days in 2015, then 39 days in 2016. The number of peak days should increase substantially in 2017 and reach 83 days.

Truck Shuttle Service market share

The Eurotunnel Group estimates that its share of the Truck Shuttle Service market on the Short Straits corridor has evolved as follows:

	2016		2015	
	Vehicles	Market share (estimate)	Vehicles	Market share
Accompanied trucks ^(*)	1,641,638	39.2%	1,483,741	37.3%

* Number of accompanied trucks transported by the Truck Shuttle Service. The market share percentages are derived by calculating the Truck Shuttle Service's truck traffic as a proportion of the total accompanied truck traffic on the Short Straits market as reported by IRN Services Limited.

ii) Passenger Shuttle Service (Le Shuttle)

Introduction

The Passenger Shuttle Service carries cars, motor homes, caravans, coaches, motorcycles and trailers between France and the United Kingdom on Shuttles. Tickets can be bought in advance from the website (www.eurotunnel.com), by telephone from the customer service centre, from travel agents and on arrival at check-in. Customers remain in their vehicle throughout the crossing, which normally lasts approximately 35 minutes from platform to platform. Each Passenger Shuttle has two sections: a double-deck section mainly for cars and motorcycles and a single-deck section reserved for vehicles higher than 1.85 metres, mainly coaches, minibuses and cars with roof boxes or towing caravans.

The Passenger Shuttle Service can operate up to five departures per hour in each direction.

Strategy

The business model aims to optimise Passenger Shuttle revenue by increasing the average revenue per Shuttle departure.

On 12 September 2016, the Eurotunnel Group inaugurated its service for commercial vans aboard Passenger Shuttles, the VP service (for Van on Pax). This new service is intended for transporters and now offers them the choice of travelling with their commercial vans on board Passenger Shuttles with a reservation. The new recently-installed scanners at the passenger terminals allow this service to be provided in a completely secure way. The VP service, by freeing up space on Truck Shuttles while filling up space on Passenger Shuttles, allows carriers to avoid the peak period for the Truck Shuttle Service, and enables the optimisation of the available capacity in order to maximise revenues.

Pricing policy ("Dynamic Pricing")

The Group's pricing system adjusts ticket prices according to departure time and Shuttle load factor. This policy optimises passenger revenue and the average ticket price for passenger vehicles (cars, motor homes, caravans, motorcycles, etc.).

Currently Le Shuttle customer bookings made online represent more than 80% of bookings.

Adapting capacity to demand

The capacity of the Passenger Shuttle Service is constantly adjusted to improve loading rates and reduce costs. Operational changes that are made help to constantly improve this strategy, such as better distribution of Shuttle departures during the day, fewer Passenger Shuttles running at off-peak times and more during peak times, and the optimisation of train crew management.

This policy has allowed the Eurotunnel Group to optimise the load factor, which went from 45% in 2004 to 58% in 2016.

The Customer Experience

As a service business, Eurotunnel Le Shuttle puts the customer at the core of its strategy and implements ways to enhance their satisfaction and loyalty. Two main areas of progress are being developed:

- real-time information (for each customer at every stage of their experience with the Eurotunnel Group); and
- personalised service, that is to say, consideration of the specific needs of customer segments, such as, for example, owners of electric vehicles and those travelling with their pets. The Eurotunnel Group works constantly to improve the service: launching a new on-line booking module for smartphones in 2015, renovating the passengers building in the Coquelles terminal (shop, World Duty Free, lounge, etc.), enhancing real-time communication with customers through iBoarding, and installing fast universal chargers (for any type of electric vehicle) and specific charging slots for the Tesla brand.

The Eurotunnel Group has moreover begun construction work for new buildings to improve the welcome of Flexiplus premium service customers.

The terminals are equipped with automatic terminals for check-in and toll payment for all customers as well as a system that reads licence plates. RFID technology (electronic chip included in the transport document) has been introduced progressively since June 2016.

Passenger Shuttle Service market share

The Eurotunnel Group estimates that its share of the car and coach passenger markets on the Short Straits were as follows:

	2016		2015	
	Vehicles	Market share (estimate)	Vehicles	Market share
Cars(*)	2,610,242	55.0%	2,556,585	52.6%
Coaches(**)	53,623	38.1%	58,387	37.7%

* Number of vehicles transported by the Passenger Shuttle Service. The market share percentages are calculated by converting the number of vehicles transported into Car Equivalent Units ("CEU") and determining the Passenger Shuttle Service's share of total CEU transported on the Short Straits as reported by IRN Services Limited.

** Number of vehicles transported by the Passenger Shuttle Service. The market share percentages are calculated by determining the Passenger Shuttle Service's share of the total number of coaches transported on the Short Straits as reported by IRN Services Limited.

The car traffic for the Eurotunnel Group's Passenger Shuttle Service outperformed a slightly contracting Short Straits market, with the number of vehicles carried up 2%. The market share for the car business of the Passenger Shuttle service was 55% for the year, which is an increase of 2.3 points compared to 2015 and a record for the Fixed Link since it was opened.

b) Railway Network

In 2016, Eurotunnel Group earned 28% of its revenue (32% of Fixed Link revenue) from the use of the Railway Network by High-Speed Passenger Trains and Train Operators' Rail Freight Services. The Eurotunnel Group does not operate these trains but manages their safe and efficient passage through the Tunnel infrastructure.

The use of the Tunnel by the Railway Companies is governed by the Railway Usage Contract with the national Railways, which is in force until 2052. Under this charging framework, the Railways are obliged to pay to the Eurotunnel Group fixed annual charges and variable charges according to the number of passengers on High-Speed Passenger Trains. The variable charges are determined according to a toll formula that applies throughout the life of the Railway Usage Contract, and which takes into account the effects of inflation to a certain extent. In addition, the Railways are required to contribute to the operating costs of the System, as well as to investment costs relating to the modernisation of equipment.

1 PRESENTATION OF THE GROUP AND ITS BUSINESSES

This long-term pricing framework for the Railway Usage Contract is applied and published every year by the Eurotunnel Group in its Network Statement which sets out access conditions to its Railway Network for all Railway Companies, for the operation of High-Speed Passenger Trains and freight trains, as well as the pricing scale for the year under consideration. In this framework, a simplified pricing mechanism for freight trains was put in place, with charging per freight train instead of charging per tonne of freight.

The Eurotunnel Group's revenue for its Railway Network depends solely on receiving variable charges payable according to the number of passengers transported by the Eurostar High-Speed Passenger Trains and the number of freight trains, as well as the annual fixed charges and the contribution made by the Railways to operating costs.

In 2016, the Eurotunnel Group generated €290 million of revenue from the use of its Railway Network.

i) High-Speed Passenger Trains (Eurostar and new market entrants)

Market developments

The market for High-Speed Passenger Train services (Eurostar and future new market entrants) comprises business and leisure passengers travelling between the United Kingdom and continental Europe. The market is geographically diverse and includes passengers travelling between London and Paris or London and Brussels as well as passengers travelling between other points in the United Kingdom and France, Belgium, the Netherlands and Germany. Eurostar's High-Speed Passenger Trains connect London with the centre of Paris and Brussels and compete directly with airlines on travel time, frequency, comfort and price. For short-stay leisure travel, Eurostar also competes with low-cost airlines in terms of price, capacity and choice of destinations. Eurostar operates a direct service to Disneyland Paris, and to Lyon, Avignon and Marseilles (since May 2015), and a winter service to Bourg Saint Maurice.

Combined data on market growth for Eurostar and the airlines are presented below.

Paris-London and Brussels-London passenger market	2016 (estimate)		2015	
	Passengers (thousands)	Growth	Passengers (thousands)	Growth
Air and Rail				
Paris-London	9,125	- 4.2%	9,505	1.1%
Brussels-London	3,579	- 5.9%	3,789	2.4%

Sources: BRB, SNCF and CAA.

Eurostar recorded a fall in traffic over all of 2016, but the trend reversed in the fourth quarter with an increase of 2%, boosted by a record month of December.

The combined air traffic and rail traffic volume, in terms of the number of passengers, between Paris and London declined by 4.2% between 2015 and 2016. For this same period, the volume of Eurostar rail passenger traffic declined by 4.5%.

The combined air traffic and rail traffic volume, in terms of the number of passengers, between Brussels and London declined by 5.9% between 2015 and 2016. For this same period, the volume of Eurostar rail passenger traffic declined by 2.5%.

Market share

The data below summarises the change in Eurostar's share of the High-Speed Passenger Train market on the Paris-London and Brussels-London routes.

High-Speed Passenger Train market share (Eurostar)	2016 (estimate)		2015	
	Passengers (thousands) ^(*)	Market share ^(**)	Passengers (thousands) ^(*)	Market share ^(**)
Paris-London	7,019	76.9%	7,332	77.1%
Brussels-London	2,993	83.6%	3,067	80.9%

* Sources: SNCF and BRB.

** Market share percentages are derived by calculating the volume of rail passengers as a proportion of the total volume of air and rail passenger traffic between Paris and London and between Brussels and London as provided by the CAA, BRB and SNCF.

The share held by Eurostar High-Speed Passenger Trains in the passenger market for the Paris-London route has reduced slightly to 76.9% on average for 2016, compared to 77.1% for 2015. Their market share over the same period on the London-Brussels route increased from 80.9% to 83.6%.

The competitive environment of High-Speed Passenger Trains (Eurostar)

In the business travel market, Eurostar's High-Speed Passenger Trains compete with the traditional and low-cost airlines that offer regular flights between Paris and London and between Brussels and London. In the leisure travel market, Eurostar's main competitors are the low-cost airlines, not only on the routes served by Eurostar but also to other destinations. Eurostar has taken several successful initiatives in terms of marketing and special offers over the internet, targeting the leisure travel segment. The SNCF subsidiary continued the schedule for the opening of new destinations in 2015 (Marseilles) and 2017 (Amsterdam).

In the context of the liberalisation of the international rail passenger transport market on 1 January 2010, the Eurotunnel Group responded by publishing in its Network Statement, its efficient and non-discriminatory conditions for access, and offers new entrants the option to operate cross-Channel High-Speed Passenger Train services in competition with Eurostar and the airline sector, to existing or new destinations.

High-Speed Passenger Trains (Eurostar)

Eurostar's High-Speed Passenger Train services are operated by Eurostar International Limited, owned 55% by SNCF, 5% by SNCB, and 40% by a consortium comprising CDPQ, the Caisse de dépôt et placement du Québec and Hermes Infrastructure, to which the British government sold its interest in Eurostar in 2015.

The High-Speed Passenger Trains services benefit from the high-speed line between London and the Tunnel which has reduced the transit time between Paris and London or Brussels and London by around 20 minutes and London's St Pancras International station which improves rail links with Northern England (proximity of rail services from St Pancras, King's Cross and Euston stations). Ebbsfleet International station, located near the M25 London orbital motorway, also allows Eurostar to expand its catchment area.

In 2016, Eurostar ran 13 to 17 departures in each direction between Paris and London and 7 to 10 trains in each direction between London and Brussels on business days, with adjustments depending on the day, the season and the destination. Some trains make intermediate stops at Ebbsfleet or Ashford International in the United Kingdom and at Calais-Fréthun or Lille-Europe in France. In May 2015, Eurostar inaugurated a new direct service from London to Lyon, Avignon and Marseilles operated with one to five round-trips per week depending on the season (except in winter). However, on the return trip, passengers are required to disembark at the Lille station for border checks. Eurostar also runs a service to Disneyland Paris four to five days a week (except in January) and a seasonal direct service from London and Ashford to Bourg Saint-Maurice (from December to April).

In 2016, the number of Eurostar passengers (travelling through the Tunnel) dropped an average of 4% over the year to 10.0 million (source: Eurostar) in a market context strongly marked by the terrorist attacks in Paris, Brussels and Nice. After a sharp drop during the summer, the market re-established itself progressively over the end of the year, finishing with positive growth in the fourth quarter (+2%) and record traffic in the month of December. Calculated in accordance with the indexing formula of the pricing framework of the Railway Usage Contract, the unit toll per passenger paid by Eurostar dropped -0.1% in 2016.

In November 2015, Eurostar put into service the first of its 17 e320 distributed drive trains ordered from Siemens in 2010 (ten units) and in 2014 (an additional seven). More convenient (with onboard WiFi and individual sockets) and more powerful than the present trains (peak speed of 320 km/h), they can accommodate 900 passengers (20% more than the initial fleet) and are equipped with interoperable systems that are compatible with the development of services to other destinations. These trains will gradually phase out most of the existing trains after the test periods needed to eliminate any residual defects. Eurostar International Limited has announced its plan to run a new direct service between London, Rotterdam and Amsterdam from the end of 2017.

Additional opportunities exist for services to Germany, southern France and/or Switzerland.

Deutsche Bahn had also stated in 2010 that it intended to launch ICE High-Speed Passenger Train services from London to Cologne and Frankfurt. The schedule is yet to be confirmed, given the announced delay in wagon manufacturing by Siemens. Its operational outline for these services had received approval from the IGC in June 2013.

ii) Train Operators' Rail Freight Services**Market developments**

Train Operators' Rail Freight Services compete with most modes of sea and rail transport between continental Europe and the United Kingdom.

In 2015 this traffic was particularly impacted by intrusions by migrants on the SNCF tracks in Fréthun that caused major service disruptions and damage to goods, from mid-July to 22 October 2015 when the authorities restored law and order. The effective securing of the tracks in Fréthun in 2016 allowed traffic to stabilise at the level reached at the end of 2015, extending the impact of the disturbances over the full year, with another drop of 26% in the number of trains (and -27% in tonnes of goods transported), after a drop of 17% in trains in 2015 (and -14% in tonnes) and this despite the growth at the end of 2016 with an increase of 10% in the last quarter.

1 PRESENTATION OF THE GROUP AND ITS BUSINESSES

The freight volume transported by the Train Operators' Rail Freight Services is summarised below.

Train Operators' Rail Freight Services	2016	2015
Cross-Channel rail freight (million tonnes)	1.04	1.42
Number of train crossings	1,797	2,421

Sources: Eurotunnel, DB Cargo on behalf of BRB, SNCF and its subsidiaries, GB Railfreight and Europorte.

Competitive environment of Train Operators' Rail Freight Services

Rail freight through the Tunnel, originally developed by state-run Railways, initially had a series of disappointing results and organisational difficulties. International rail freight is also held back by inadequate national infrastructure (in particular train gauge and length on trains in Great Britain, quality and availability of paths in France), distortions that favour sea or road transport and excessive constraints (whether regulatory, social or technical).

In order to retain and relaunch Train Operators' Rail Freight Services, since 2007 the Eurotunnel Group has pursued a coherent competitive strategy aimed at addressing the specific challenges in the cross-Channel freight market through the implementation of certain measures targeting open-access rail development, border restrictions and competitive pricing policies for rail freight services. Between 2007 and 2010, despite the revival of intermodal and conventional trains, the demise of conventional single wagon-load services in France and in Great Britain resulted in the loss of more than a third of cross-Channel rail freight traffic, marking a low of 2,097 trains and 1.13 million of tonnes transported in 2010.

In 2013, with the aim of promoting the development of the freight train traffic of Railway Companies in the Tunnel, Eurotunnel Group set up a program to help start new services (ETICA), extended in June 2014 following its positive results. Between 2010 and 2014, the establishment of ETICA contributed to the growth in traffic of around 40% (38% in number of trains and 46% in tonnage transported) compared to 2010, which continued into the first half of 2015 (+4%).

This growth dynamic was halted abruptly in the summer of 2015 by the intrusion of migrants on the SNCF tracks in Fréthun, leading to a protracted period of severe disruption to Train Operators' Freight Train Services until the situation was remedied at the end of October 2015. This resulted in the loss of half of the cross-Channel rail freight services which shifted either to unaccompanied services or to container transport via the North Sea, or more generally to transportation by road. In 2016, the effective securing of the operation of cross-Channel rail freight allowed the traffic to stabilise at the level reached at the end of 2015 and the start of a recovery in the fourth quarter (+10%), thanks to the ramp-up of the services assisted by the ETICA system.

Train Operators' Rail Freight Services

The Train Operators' Rail Freight Services between continental Europe and the United Kingdom are run by Railway Companies including DB Cargo (on behalf of BRB), SNCF and its subsidiaries, Europorte and potentially any freight train operator in open access. Three different types of freight trains use the Railway Network:

- Intermodal trains, composed of platform wagons transporting containers or swap bodies;
- conventional trains (carrying goods on pallets in enclosed wagons or bulk loads in adapted wagons such as tankers, hoppers, platforms, etc.) making up a full train;
- trains with specialised wagons for transporting new cars.

Rail freight trains are in competition with most modes of freight transport in operation between continental Europe and the United Kingdom.

In order to revive cross-Channel rail freight, the Eurotunnel Group has adopted a strategy that is based on three policies: (i) development of open access for all operators of rail freight trains, (ii) dealing effectively with border restrictions, and (iii) a simplified and competitive pricing policy:

- an average toll charge of £3,000 (€4,500) per train (in 2007 values), for a train travelling at 120 km/h during an average busy period;
- a simplified pricing structure (one toll charge per train, taking account of speed and peak and off-peak transit) allowing operators to optimise their train-loads;
- free access to the essential cross-Channel freight services on national rail networks upstream and downstream of the Fixed Link (border constraints processing and specialised rail haulage); and
- competitive total costs compared with the road transport sector in order to encourage rail freight development.

Originally set up in May 2013, the success of the ETICA growth plan led in June 2014 to the intensification of initiatives to promote rail freight, with the expansion of the program for assistance to ETICA start-ups both over time (opening extended until 2018) and by expansion of eligible categories, along with a 25% reduction in access charges during off-peak night periods for rail freight services. So that these growth efforts can produce their full effect, the Eurotunnel Group has also drawn the attention of authorities

to the need to address the barriers to development (size, length, capacity, etc.) on existing national networks, which considerably weaken the competitiveness and development of cross-Channel rail freight.

These recovery initiatives demonstrated their pertinence with a sustained period of development in traffic between 2010 and mid-2015 with total growth of more than 40% in the number of trains (and more than 50% in tonnage transported) comprising in particular the creation of new Intermodal services and flows for aluminium and automobile components.

In 2015, these growth efforts suffered a major setback with the loss of half of the cross-Channel rail freight services, resulting from major disturbances owing to intrusion by migrants on the tracks in Fréthun. The Eurotunnel Group has already informed the European Commission that the common objectives of growth in rail freight may not be met.

The Eurotunnel Group continues to work with the governments and the Railway Companies seeking solutions for stimulating this traffic.

c) Other revenue

The Fixed Link generated €14 million in other revenue in 2016, representing 1% of the Eurotunnel Group's total revenue (2% of Fixed Link revenue). This other revenue consists mainly of (i) revenue from third-party retail businesses in the terminals on both sides of the Tunnel, (ii) revenue paid for telecommunication lines in the Tunnel, (iii) revenue related to the property business, (iv) the sale of travel insurance products in the United Kingdom, and (v) revenue related to CIFFCO training.

i) Revenue from third-party retail businesses

The Eurotunnel Group has built facilities for its customers on its two terminals in France and the United Kingdom, including shops and other retail outlets.

Access to the shops, bars and restaurants is available only to customers travelling on the Shuttle Services. They are located inside the terminals, after check-in. These facilities are operated by third parties under three to ten-year concession agreements on the French side and under leases on the British side.

The Eurotunnel Group's strategy is to offer travellers who choose to stop before making the crossing a choice and level of service consistent with the overall quality and value of service offered by the Eurotunnel Group. The Victor Hugo passenger terminal building in Folkestone and the Charles Dickens building in Coquelles were refurbished to the highest international airport standards in order to welcome customers in a pleasant environment.

In 1994, a contract was signed for 30 years for the operation of three petrol stations located at the entrance and exit of the two terminals.

The Eurotunnel Group also earns modest revenue from renting advertising boards on both terminals and around the terminal exit routes.

ii) Property business

The Eurotunnel Group owns and manages plots of land near its French and British terminals.

As an extension of its mission to design, build and operate the Fixed Link, the Eurotunnel Group was also given responsibility for local land development. The Fixed Link is not just a transport infrastructure: it was also designed as a platform for the future economic development of the Kent and Calais regions. The Eurotunnel Group, in the interests of sustainable development, has restored the site of the former factory where the tunnel lining segments were made, which was later used as a shelter for illegal immigrants ("Red Cross Centre"). This restoration work has paved the way for a major commercial and tourism development project to stand alongside the Cité de l'Europe shopping centre in Coquelles.

As part of efforts to strengthen its partnership with the town of Sangatte-Blériot and the Conseil Général of the Pas-de-Calais, the Eurotunnel Group signed an agreement with the Conseil Général of the Pas-de-Calais on 6 January 2009 covering measures to support this ambitious tourism development project.

As part of the responsibility for local land development given to it by the French authorities at the beginning of the Fixed Link project, and in order to further boost the appeal of the Pas-de-Calais region as a tourist destination, Euro-Immo GET, a Eurotunnel Group subsidiary, submitted a successful bid for the land development concession for the integrated seaside ecovillage and golf course project at the Porte des Deux Caps. The concession agreement was signed on 18 February 2013.

In general terms, the development of the area entrusted to Euro-Immo GET, the project supervisor, encompasses all the work relating to roads, networks, open spaces and various facilities designed to meet the needs of the future occupiers, owners, inhabitants and users of the new buildings. The concessionaire will manage the assets acquired until they are transferred to the builders. The concession will last for 10 years.

1 PRESENTATION OF THE GROUP AND ITS BUSINESSES

The GDEAM (a group created to protect the environment in Montreuil-sur-Mer's district) brought a claim against the prefect's decision to declare the project as a public utility project. The administrative court of Lille rejected the claim on 24 January 2016.

iii) Training activity: CIFFCO, the Opal Coast International Railway Training Centre

CIFFCO is a wholly-owned subsidiary of Eurotunnel Group and an expert in railway operations. CIFFCO's training centre is open to all rail operators, infrastructure managers or industrial concerns for their staff training. During the first quarter of 2016, CIFFCO set up the first MOOC for railway jobs. CIFFCO's activities and facilities are described in chapter 6 of this Registration Document.

1.2.3 FIXED LINK: CAPACITIES

a) The System

i) The Tunnel

The number of trains or Shuttles that can pass through the Tunnel every hour is limited. The Tunnel capacity is expressed in terms of the number of standard paths per hour in each direction. A standard path is defined as the time it takes a Shuttle train operating at 140 km/h to cover that part of the System which, under normal operating conditions, is used by all other trains travelling through the Tunnel. One of the key factors determining the Tunnel's capacity is the signalling system. At the date of this Registration Document, the System permits 20 standard paths per hour in each direction.

Under the Railway Usage Contract, trains belonging to the Railways have the right to use up to 50% of the hourly capacity in each direction. High-Speed Passenger Trains and Train Operators' Rail Freight Services, because of their faster or slower speeds relative to the Eurotunnel Group's Truck and Passenger Shuttle Services, use more than one standard path to travel through the Tunnel. At peak times, speeds can be adjusted to maximise the number of trains and Shuttles travelling through the Tunnel. In 2016, the maximum number of standard paths used by Passenger and Truck Shuttle Services was ten per hour in each direction.

At the date of this Registration Document, the Tunnel's capacity under normal operating conditions does not constitute a significant constraint limiting growth in the different types of traffic. The average occupancy rate, which corresponds to the total current consumption of paths (Eurotunnel Shuttles and Railways) to the total capacity available, is 55%, which allows for substantial development of traffic in the future.

As part of its five-year strategic thinking for the Fixed Link, the Vision 2020 project, and as indicated in section 1.2.4 of this Registration Document, the Group is working on optimising Tunnel availability itself.

In the medium or long term, the Eurotunnel Group believes that it will be possible to increase the Tunnel's capacity by the following means:

- setting uniform operating speeds for all trains, which would allow more trains to run on the same number of standard paths. At the date of this Registration Document, goods trains travel in the Tunnel at a speed of 100 or 120 km/h, while High-Speed Passenger Trains can reach a speed of 160 km/h in the Tunnel. These speed differentials use a large part of the System capacity, because they require the Eurotunnel Group to leave greater intervals between trains than would be necessary if they all travelled at the same speed. Use of the System's capacity could therefore be improved by shifting slow or infrequent freight trains to off-peak times, and by scheduling trains that travel at speeds higher (160 km/h) or lower (120 km/h) than the standard path (140 km/h) so that they run in flights during peak hours;
- increasing the power of the locomotives pulling the Shuttles to allow the use of longer trains or reduce transit times;
- strengthening the electrical power supply by replacing the boost converter;
- reducing the headway between trains using the Tunnel (to 2 minutes 30 seconds instead of 3 minutes currently) so as to raise System capacity to 24 standard paths per hour in both directions, although this would mean improving the fixed equipment; and
- improving the signalling system, notably with ERTMS (this initial phase creates no additional capacity).

Some of these measures require approval by the IGC, which has supervisory authority over Tunnel operation.

A dedicated optical relay system using 2G, 3G and 4G telephone and GSM-P mobile internet networks enables passengers on Shuttle Services and High-Speed Passenger Trains to use their mobile phones to make calls and access the internet. This was put in place in the north tunnel in 2013 and in the south tunnel in 2014.

A ground-to-train radio communications network in the Channel Tunnel, the GSM-R (Global System for Mobile Communications – Railway) was introduced in a strategy of constant improvement and modernisation of its infrastructure in order to offer complete interoperability with the entire trans-European rail network.

ii) Terminals

Currently, ten boarding platforms are in service at the French terminal and ten at the British terminal.

Both terminals were designed so that the number of boarding platforms could be increased to 16. In order to maintain traffic fluidity and to increase the number of hourly Truck Shuttle departures, capacity at the terminals will be expanded. As stated in section 1.6.2 of this Registration Document, the Terminal 2015 project inter alia enabled the construction at Coquelles of a secure parking area and an increase in the number of toll booths and in the number of access lanes to the check-in barriers.

These systems improve traffic flow and reduce operating costs. In a constant drive to improve the quality of service, the Coquelles and Folkestone terminal buildings have been refurbished.

b) Rolling stock

Plans to develop the Shuttle fleet are described in section 1.2.4 of this Registration Document.

The Eurotunnel Group has 15 Truck Shuttles (six of which have capacity for 31 trucks and nine have capacity for 32 trucks), thus enabling the Group to operate up to six departures per hour in each direction.

The Eurotunnel Group has ordered three new Truck Shuttles, each with a capacity of 32 trucks and benefiting from the latest technological advances for reinforced robustness and reliability. They are scheduled for delivery in 2017. They will supplement the 15 existing Shuttles. This enhanced fleet will enable the Eurotunnel Group to increase its capacity by 20% and move to a frequency, at peak period, of eight departures per hour compared to the current six.

The Eurotunnel Group has nine Passenger Shuttles able to carry up to 180 cars or 120 cars and 12 coaches.

c) Railway Services (passenger and rail freight)

Under the Railway Usage Contract, trains using the Railway Network are entitled to use up to 50% of the total capacity of the Tunnel that is allowed by the signalling system. This currently amounts to ten standard paths per hour in each direction for High-Speed Passenger Trains (Eurostar and new entrants) and Train Operators' Rail Freight Services.

Goods trains currently transport an average load of about 500 to 600 tonnes each, although some of them can transport more than 1,000 tonnes of freight, and travel at speeds varying between 100 and 120 km/h. An increase in the average load or the travel speed of goods trains would allow the Railway Companies to increase freight train traffic without additional use of the Tunnel's capacity. Similarly, increasing unit capacity and occupancy on High Speed Passenger Trains (those of Eurostar and new market entrants) and synchronising them so that they run in flights would enable more passengers to be transported without using additional Tunnel capacity. For both types of traffic, the increased unit occupancy rate of the trains enables Rail Companies to increase the economic efficiency of their services, thus creating a natural incentive to make optimum use of the Tunnel capacity. In this context, the new e320 trains put into service by Eurostar since November 2015 offer a 20% increase in unit capacity compared to the original fleet, leading to a proportional increase in the Tunnel capacity in terms of the number of passengers.

Under the terms of the Railway Usage Contract, the Eurotunnel Group may use any surplus capacity not used by the Railway Companies if they have not confirmed their capacity requirement by the previous day. Use of this surplus capacity provides the Eurotunnel Group with additional flexibility in optimising the flow of traffic and scheduling passenger and freight trains and Shuttle Service departures.

1.2.4 FIXED LINK: RELIABILITY OF THE SYSTEM

a) Tunnel availability and maintenance

Scheduled weekly maintenance of the Tunnel is planned and structured so as to promote efficient use of the Tunnel and cause minimal disruption to commercial operations. The Group is working on a plan to spend only one night per week (instead of the two at present) on the maintenance of the two rail tunnels, thanks to predictive maintenance tools. To this end, a dedicated Tunnel measurement train would circulate each week to deliver a very accurate assessment of the condition of the track, catenary and other equipment thereby eliminating the need for long on-foot visual inspections.

The Eurotunnel Group has set itself an objective of limiting service disruptions due to fixed equipment failure to less than 0.75% despite continual traffic growth. This objective was again achieved in 2016 by a good margin.

The operational plan aiming to limit fire risk (Salamander Plan) and the creation of fire-fighting stations (SAFE) contributes towards protecting the infrastructure in case of fire on board a Shuttle or a train.

Since 2015 the Eurotunnel Group has also undertaken work to reinforce the catenary that supplies the power required to operate the Shuttles and trains circulating in the rail tunnels.

1 PRESENTATION OF THE GROUP AND ITS BUSINESSES

b) Rail replacement

Rails on the terminals are replaced as part of the routine maintenance programme, without major disruption to commercial services. The strategy implemented has reduced costs without harming the quality of the track. This strategy aims to avoid systematically replacing both lines of rails, but only those rails that are worn or that present defects.

The third Tunnel rail replacement campaign to replace 100 kilometres of rails began in 2014 and was completed in 2016. The opportunity was taken to conduct a general inspection of the sleeper blocks, the concrete parts on which the rail rests.

c) Maintenance and availability of rolling stock

The Eurotunnel Group has also set itself the objective of achieving better utilisation of its transport capacity by improving load factors and the availability of the rolling stock by modifying maintenance procedures in order to optimise periods of operation.

The repair and maintenance programmes implemented by the Eurotunnel Group have helped to improve the reliability of the electric locomotives and Truck and Passenger Shuttles. In planning its maintenance programme, the Eurotunnel Group's objectives are the following:

- ensure that safety requirements are met;
- avoid rolling stock being out of service for prolonged periods; and
- maximise the number of Shuttles available at peak hours.

Under current maintenance programmes, light maintenance and safety inspections are carried out every 44 days or 30,000 km for the locomotives, Truck Shuttles and Passenger Shuttles. Every 600 to 1,200 days, depending on the vehicle and the number of kilometres it has covered, each component is taken out of service for one to six weeks to undergo an extensive preventive maintenance programme.

The Eurotunnel Group is implementing simplification and renovation programmes aimed at further reducing future maintenance requirements and improving reliability.

The goal of the large-scale maintenance programme is to:

- meet safety requirements (bogies, brakes, couplings, batteries, etc.);
- restore and improve the reliability of systems that have reached about a third or half of their overall potential (canopies, hydraulics on single deck loaders, etc.);
- extend the life of wagons (Breda floors, Arbel floors, etc.); and
- ensure customer comfort (air conditioning, toilets, interiors, etc.).

d) Maintenance strategy

In order to optimise maintenance activities, overnight maintenance has been reduced from three to two nights per weekend and, maintenance work on the terminals on Friday and Saturday nights has been limited.

The process of optimising the rolling stock maintenance strategy aims to:

- improve the availability, performance and quality of the Shuttles;
- increase processing capacity and so minimise the total cost of maintenance; and
- rationalise technical choices and industrial resources.

This process is based on several lines of work:

- optimisation of the organisation of the maintenance of Truck Shuttles in order to make available for commercial service an additional Shuttle during the week and to handle the increase in kilometres travelled;
- the technical redesign of maintenance on systems with a high impact on performance and quality, focusing on the relevance of maintenance instructions and the implementation of appropriate LSM programmes; and
- the optimisation of key processes such as corrective maintenance, reprofiling and axle replacement, with improvement in the efficiency of human, industrial and IT resources.

e) Projects

Various other initiatives should increase the reliability and efficiency of the System including, notably, the three third generation Truck Shuttles which are scheduled for delivery in 2017. These new shuttles benefit from improvements stemming from feedback from the Eurotunnel Group.

More broadly, as part of a collaborative dynamic, the Eurotunnel Group decided to define and orientate the Fixed Link strategy for the next five years, identifying issues and challenges and deciding on goals to be achieved by 2020 (project Vision 2020).

As part of this improved performance over the long term, several working groups have been set up to bring together broad transverse and collaborative themes, including:

- Fluidity of the terminals: the project aims to reduce transit times between the arrival of a customer on the site and their boarding a Passenger or Truck Shuttle.
- Improvement of the availability of the rolling stock as specified in section 1.2.2c) of this Registration Document.
- Site security: additional installations were set up in 2016 to further reinforce site and customer safety.
- Customer experience: as indicated section 1.2.2a)ii) of this Registration Document.
- Improvement of the availability of the infrastructure as specified in section 1.2.3a)i) of this Registration Document.
- Human resources and safety, as indicated in chapter 6 of this Registration Document.
- Revenue optimisation: the creation in particular of flexible pricing according to Truck Shuttle load factors during peak periods.

1.2.5 MYFERRYLINK: MARITIME ACTIVITIES

On 29 June 2015, the operational activities of the MyFerryLink segment ceased. The Eurotunnel Group has signed agreements with the DFDS group and Vansea Shipping Company on the bareboat charter of all three ferries, with options, exercisable by the Group, to proceed to their subsequent sale as set out in notes A.2 and C.3.ii.a) to the Group's consolidated financial statements in section 2.2.1 of this Registration Document. These contracts are described in section 8.1.6 of this Registration Document.

1.3. EUROPORTE'S ACTIVITIES

1.3.1 MAIN MARKETS OF EUROPORTE

According to the latest estimates prepared by a source outside the Group, French rail freight volumes totalled 33.8 billion tonne-kilometres in 2016, down 1.5% compared to 2015 (34.3 billion tonne-kilometres). Europorte transported 1.7 billion tonne-kilometres, stable compared to 2015, representing a market share of 5.0%.

1.3.2 EUROPORTE'S ACTIVITIES

Thanks to its dense coverage in France, Europorte is positioned as a growth vehicle for the Group, present across the entire rail freight transport logistical chain, from collecting and routing on primary and secondary networks (Europorte France) or loading and unloading of wagons on private branch lines on industrial sites (Socorail), to managing rail infrastructure (ports, private and public/private industrial sites) in France and Belgium. Europorte is developing its various complementary activities concurrently in order to offer its customers complete and customised solutions that meet their expectations in terms of integrated logistics chains and high quality of service.

The revenue generated by Europorte's activities in 2016 is down compared to 2015 at €115.8 million (a decrease of 6%), penalised by the cereal crisis and industrial action at SNCF Réseau and in the oil depots.

a) Europorte France (EPF)

Europorte France is a private rail company that offers its customers a service hauling freight trains throughout the railway network. Every day, EPF carries out main line rail haulage operations 24 hours a day and seven days a week throughout France with connections to neighbouring European countries, in partnership or as an open-access operator, particularly in Belgium where EPF has railway authorisations (licence and certificate).

For its operations, which averaged around 165 commercial trains per week in 2016, EPF has a fleet of 74 main line electric and diesel locomotives interoperable with neighbouring European countries. They are used on average by 299 drivers and operators authorised for safety operations on the French railway network and, in some cases, in Belgium.

EPF has designed its operating model based on six key parameters, specifically with a view to serving its private industrial customers:

- optimisation of transport plans based on regular paths,
- organisation of the rail businesses through regional hubs,
- guaranteed service through the provision of reliable human and reliable resources dedicated to traffic,
- regular and punctual delivery of goods,
- safety on customers' private branch lines and on the national railway network, and
- communication on the status of customers' freight traffic.

1 PRESENTATION OF THE GROUP AND ITS BUSINESSES

Europorte transports all types of goods, with the exception of explosive, nuclear and biological materials. Its entire operating system is designed in accordance with the rules on transporting dangerous goods, to maximise the safety of its operations. In 2015, Europorte continued the development of the grain business from a production centre focused on Dijon and the Burgundy Champagne region, making Europorte the main rail operator in this sector in Burgundy Champagne. In 2016, Europorte launched the start of two major types of traffic in the petrochemical sector: transport of potash for a German mining company and the transport of chemicals for a French petroleum group.

EPF has continued to diversify the goods it transports and its customers, to balance out the risk of seasonal fluctuations in the volumes transported; therefore, no customer exceeds 10% of revenue. Europorte France also continued to consolidate its rail business along France's north/south corridor through its hubs at Lérrouville, Dijon, Lyon, Fos/Marseille and Toulouse. EPF continued to develop its range of one-off services (spot trains) which it started in 2013, as well as offering specific services in response to the needs of customers in the agri-food and automotive sectors to meet growing demand from rail freight customers for seasonal transport requirements.

All main line locomotives are equipped with GPS positioning and exchange all relevant technical data with the operating and maintenance teams. The command post agents are able to display on tablets the position of the train, its schedule in relation to its paths, the battery condition and the amount of fuel in its tank. In turn, drivers are gradually being equipped with tablets incorporating driving documents, traffic information, alert reports etc.

b) Socorail

For more than 40 years, Socorail has been providing internal logistical services on industrial sites: wagon handling operations, track maintenance, loading/unloading wagons and trucks, and operations on ships. Socorail's activities cover a range of services to industry, mainly involving dispatch and reception of basic, semi-finished or finished products, and management of rail infrastructure:

- the management of branched terminal installations including reception, handling and dispatch of loaded or unloaded wagons and the associated administrative processing,
- loading or unloading wagons, particularly tank-wagons,
- terminal rail services in port zones and on the French railway network,
- the provision of rail haulage engines on a full-service basis,
- track maintenance,
- traffic management of rail networks at various ports,
- the management of front offices and loading tracks for tank-wagons,
- the operation of the port terminal for an oil refinery, and
- ancillary activities.

Socorail works at around 40 industrial sites and seven ports, including around 20 sites classified as SEVESO II in the oil, chemicals, steel-making, automotive and construction materials sectors. Socorail is MASE and ISO 9001 certified. Present throughout France, Socorail manages wagons, trucks and operations on ships and port infrastructure.

Socorail develops a service offering for rail infrastructure managers, consisting of traffic management and railway maintenance. Socorail consolidated its delegated port management business with the renewal of the contracts for Nantes Saint Nazaire and La Rochelle (public calls for tender). In 2015, Socorail continued its expansion with wagon maintenance services. This new business complements its logistics activities on industrial sites and local services. In 2016, Socorail took advantage of the Group's expertise in rail work to highlight this activity and refurbish in particular the rail infrastructure of an industrial site belonging to a major French cement group.

The delegated port infrastructure management sector is Socorail's largest business, accounting for 37% of its 2016 revenue, followed by oil/hydrocarbon refining with 18%. Chemicals and services to port terminals contributed 15% and 10%, respectively.

c) Europorte Proximité (EPP)

Europorte Proximité focuses on its maintenance activity of low-power diesel locomotives used by Europorte France and Socorail.

d) Bourgogne Fret Service (BFS)

Europorte, in partnership with its customer Cerevia, (union of agricultural cooperatives), developed its operations as freight forwarder mostly for grain transport. Bourgogne Fret Services, which began operations in July 2013, is designed to make better use of Europorte's resources while offering Cerevia a logistics system that will allow it to form strategic alliances and increase its zone of influence. In 2015, Bourgogne Fret Service consolidated its freight forwarder offering to include inland waterway barges on the axis Saone/Rhone. In 2016, BFS's activity was affected by the significant reduction in the volume of cereal transported following a poor harvest.

e) Europorte TCSO (EPTCSO)

At the beginning of 2016, Europorte created a subsidiary Europorte Terminal Container du Sud-Ouest, in order to manage the container terminal at the Grand Port Maritime in Bordeaux. As the contractual conditions were not met, the activity did not begin in 2016 as explained in section 3.2.1 of this Registration Document.

Europorte France continues its cross-Channel rail freight service (which represents only a very minor part of its activity), as appropriate by outsourcing the provision of traction through the Tunnel to GBRf. Like all Railway Companies, Europorte pays the charge for the use of the Fixed Link for any crossing through the Tunnel, as explained in section 1.2.2b)ii) of this Registration Document.

1.4. ELECLINK

The ElecLink project will lay a new electricity interconnector between the French and British grids. Interconnectors are high-voltage transmission cables that allow electricity to circulate between two countries and which can be used for either exporting or importing power. ElecLink is going to build, hold and operate this electrical interconnector through the Channel Tunnel in order to offer a bi-directional transport between the United Kingdom and France. The 1,000 MW high-voltage direct current cable will be installed in the north rail tunnel.

Via its subsidiary GET Elec Limited, the Eurotunnel Group joined forces with European venture capital company Star Capital Partners in 2011 to create ElecLink Limited, a joint venture owned 49% by GET SE and 51% by Star Capital. On 23 August 2016, the Eurotunnel Group purchased the 51% share held by Star Capital in ElecLink.

ElecLink Limited, sponsor of the project, submitted to the French Energy Regulatory Commission (CRE) and its British equivalent, the Office of Gas and Electricity (Ofgem), a request for a derogation in order to be able to provide for the construction and the management of the electricity line. On 28 August 2014 in a final joint opinion, (after confirmation by the European Commission on 28 July 2014), the two regulators published a decision to grant the company a partial exemption from the marketing arrangements imposed by the regulation.

ElecLink will subcontract the construction to first-rate companies: Siemens will build the conversion stations in France and in the United Kingdom and Balfour Beatty/Prysmian were chosen to manufacture and install the direct current cables in the Tunnel and the underground alternating current cable in the United Kingdom. RTE will provide and install the underground alternating current cable in France. As indicated in chapter 3 of this Registration Document, the construction, as with any new project, will comprise risks linked to its technical implementation and compliance with performance levels as well as the commissioning schedule, in a regulatory context that may change.

This investment in this project is described in section 1.6 of this Registration Document.

1.5. OTHER ACTIVITIES**Euro Carex**

The Eurotunnel Group is involved in the Euro Carex project via its subsidiary London Carex Limited. The Paris Charles de Gaulle, Lyon Saint Exupéry and Liège airports linked up with logistics companies including FedEx, TNT and La Poste to try to encourage a transfer of air freight onto the European high-speed railway network. London Carex is part of this umbrella organisation, the Euro Carex Association, tasked with developing the British end of the network. The Carex concept is similar to a cargo aircraft running on rail: high-speed trains that have been modified to carry air freight containers. In 2016, the results of the study were presented by Mr Osinga, Vice President Cargo of the Schiphol Airport: he underlined the players' interest in the project but raised a series of questions in particular the fact that many of them have a short-term view. In parallel, Mathieu Grosch, former European Parliament member, presented the results of his mission for prospecting in Germany. The results are very positive and confirm that finding a site in Germany is a priority for the project. The association is seeking to reconcile the two studies in a business plan that includes the new parameters such as external profits but also the drop in the price of fuel. Mr Renaud, President of the community of the town of Roissy and President of Roissy Carex, was elected as President replacing Mr Jean-Pierre Grafé who filled the office of President.

1 PRESENTATION OF THE GROUP AND ITS BUSINESSES

1.6. PROPERTY, PLANT AND EQUIPMENT AND MAJOR INVESTMENTS

1.6.1 PROPERTY, PLANT AND EQUIPMENT

On 31 December 2016, the Eurotunnel Group owned or was using the following property, plant, equipment and other moveable assets:

Gross value (€000)	2016	2015
Concession property, plant and equipment		
Tunnel	6,549,501	6,549,501
Terminals, and related land and buildings	2,058,189	2,082,535
Fixed equipment and machinery	3,311,628	3,255,801
Rolling stock	2,025,953	2,024,912
Office equipment	115,278	113,766
Assets in the course of construction	100,030	106,815
Other property, plant and equipment		
Property, plant and equipment	183,904	235,180
Total	14,344,483	14,368,510

The net book value of property, plant and equipment is set out in note F to the consolidated financial statements contained in section 2.2.1 of this Registration Document.

The Eurotunnel Group's Concession property, plant and equipment comprised the land and installations required for the operation of the Tunnel pursuant to the Concession Agreement in France and the United Kingdom. It includes the railway infrastructure (tunnels, tracks, fixed equipment, rolling stock, roads, networks etc.), the Passenger and Truck Service terminals and the office buildings in Coquelles and Folkestone, as well as various maintenance buildings and workshops.

In France, all property assets cited in the Concession Agreement are owned by the French State and will revert to it upon expiry of the Concession period in 2086. In the United Kingdom, the government has required CTG to transfer to it the title to freehold land and property acquired for the purpose of construction and operation of the Tunnel and in exchange has granted leases for the duration of the Concession Agreement.

Upon expiry of the Concession Agreement, the interests of CTG and FM (in their capacity as Concessionaires) in all moveable property and intellectual property rights necessary for the operation of the Tunnel pursuant to the Concession Agreement will become, without consideration, the joint property of the two States.

Other property, plant and equipment is principally composed of the rolling stock fleet belonging to Europorte and its subsidiaries. As set out in notes A.2 and C.3 to the consolidated financial statements contained in section 2.2.1 of this Registration Document, the ferries owned by the EuroTransmanche companies are now leased under finance leases and are therefore accounted for as financial assets as at 31 December 2016. In addition, the Eurotunnel Group owns various plots of land as part of its property development activities, described in section 1.2.2c)ii) of this Registration Document.

Moveable assets owned by the Eurotunnel Group comprised mainly office equipment, IT equipment, vehicles and furniture.

Investments are described in section 1.6.2 below.

The security interests in the Eurotunnel Group's fixed and moveable property granted in connection with the Term Loan are described in section 8.1.4 of this Registration Document and in notes G.5 and G.8 to the consolidated financial statements in section 2.2.1 of this Registration Document.

1.6.2 MAJOR INVESTMENTS

a) Main investments over the last three years

The total amount of the Eurotunnel Group's investments in the last three years is respectively €140,630,000 for the 2014 financial year, €139,988,000 for the 2015 financial year and €150,078,000 for the 2016 financial year.

Over the last three financial years, the Eurotunnel Group's main investments in the Fixed Link were:

- The Terminal 2015 project (approximately €30 million over the last three periods), a programme to develop the Truck Shuttle activity including the creation at Coquelles of two additional toll lanes and of a "buffer storage" area allowing for fluid and rapid transit and at Folkestone, the creation of a new toll area with five new lanes dedicated to Truck Shuttle traffic;

- the purchase of three new Truck Shuttles (approximately €25 million over the three periods). This project concerns the construction of three new Truck Shuttles each measuring 800 metres in length and comprising 32 transport wagons, three loading wagons, as well as a carriage for transporting truck drivers;
- the installation of GSM-R (approximately €48 million since the beginning of the project, including €21 million over the last three years);
- the installation of high-security fences at the terminal on the French side which is being reimbursed by the British government;
- the replacement of rails in the Tunnel (approximately €24 million);
- the floor renovations on the Arbel and Breda Truck Shuttles (approximately €4 million);
- the replacement of couplings on the rolling stock (approximately €7 million); and
- the replacing of the units of the Tunnel's cooling plants and air conditioning using R22 gas (about €4 million), the handling of which has been prohibited since 1 January 2015.

Over the last three financial years, the Eurotunnel Group's investments in the Europorte segment totalled approximately €180 million, mainly related to the purchase of rolling stock for the ongoing rationalisation of the locomotive fleet, notably locomotives for Europorte France and, before its sale on 15 November 2016, GB Railfreight.

On 23 August 2016, the Eurotunnel Group acquired Star Capital's 51% holding in the ElecLink Limited joint venture for €75 million, its development logic being based on its capacity to diversify its activity in order to optimise the existing infrastructure of the Tunnel. The first stages of the works were financed by the Group: during the period from its full consolidation in the Group on 23 August 2016 to 31 December 2016, the Eurotunnel Group's investment in the ElecLink project amounted to €58 million.

b) Major future investments

Investment projects planned for 2017 fall into three categories: those undertaken in response to outside constraints, those to replace existing equipment before it becomes obsolete and those to improve the Group's performance. Each project has a level of flexibility in terms of scope and phasing which may be adjusted as circumstances change.

In the current economic environment and given the risk of increased competition in the cross-Channel market, these investments are for the most part essential to sustaining the competitiveness and market shares of the Eurotunnel Group's activities.

The projects imposed by external constraints seek on the one hand, to adapt the security of the sites of the Fixed Link to the migratory context in Calais in order to preserve the quality of service, and on the other hand, to meet sustainable development regulatory constraints.

The plan to secure the Fixed Link's sites, which started in 2015 and will continue in 2017, includes:

- the project to install heartbeat detection equipment for rigid trucks in order to supplement canine controls and the creation of buffer zones in order to increase the storage capacity of the trucks upstream of the controls and to intensify the controls;
- the installation of a scanner on the Fréthun station area; and
- the creation of a siding dedicated to a search area for Truck Shuttles which is protected from electrical hazards.

The replacing of fire extinguishing gas Halon 1301, used in the fire-fighting systems of the locomotives will continue in 2017. This project responds to an environmental constraint as Halon 1301 contributes to depleting the ozone layer.

Replacement projects in 2017 include the continued replacement of some track switches, the floors of some Truck Shuttles, couplings on the Passenger Shuttles, locomotives and on Truck Shuttle loader wagons in order to allow them to operate under optimum conditions of reliability, safety and security. The replacement of the fleet of shunting engines to pull work trains in the tunnel for maintenance activities, is scheduled to begin for 2017.

Intensive use and the natural life cycle of rolling stock lead to deterioration in some of the wagon equipment. To remedy this, several programmes to study modernisation and replacement have been launched, such as for the Passenger Shuttle loader wagons, the fire detection and fire-fighting system and the air conditioning units.

Other projects are designed to boost the business' performance, capacity or productivity notably:

- The commissioning of three new Truck Shuttles. These new Truck Shuttles will benefit from the latest technological advances in order to ensure both energy savings and also robustness and reliability. They are scheduled for delivery in 2017.
- The redevelopment of the allocation areas and the construction of new buildings to welcome FlexiPlus customers on the French and British terminals.
- The reinforcing of the electric traction network through the construction of a new boost converter (SVC) two times more powerful than exists currently and an increase in the catenary capacity with the addition of high-voltage coaxial cables (studies for work to begin in 2018).

1 PRESENTATION OF THE GROUP AND ITS BUSINESSES

2017 will see the launch of the Terminal of the Future programme which aims to improve the quality of service, allow for the departure of eight Truck Shuttles per hour and prepare for 2020 through various development projects at the Folkestone and Coquelles terminals. The studies will in particular cover:

- expanding loading bridges;
- developing secure parking with a 400-truck capacity;
- the construction of four additional lanes and platforms on each terminal.

The external costs of constructing the ElecLink project are estimated at €580 million at the current exchange rate, corresponding to the study, purchase and construction contracts, to provide technological architecture solutions and the construction of industrial buildings, the study and realisation of connections to national grids and project management, as described in sections 1.4 and 1.6.1 of this Registration Document (excluding payments to the Group, contingent liabilities and operating costs).

Sources of funds for future investments

The main future investments for the Fixed Link are expected to be self-funded. In 2016, the Group used €23.6 million from the “Capex Reserve” account which is intended to finance long-term investment projects. The balance of this account (€8 million at the exchange rate at 31 December 2016) will serve to finance major investment programmes such as those described above.

Acquisitions of rolling stock for Europorte may be funded by external loans or sale and leaseback transactions.

With regard to the investment in the ElecLink project, the Group is studying the financing structure that would best meet both the constraints and the opportunities of the project.

The Group seeks to preserve as long as possible the flexibility offered by the strength of its balance sheet, with the aim of minimising the cost of financing and optimising the profitability of the project. At the request of Star Capital, the project initially envisaged external financing based on the contractualisation of the majority of revenues through capacity auctions. The Group is currently exploring alternative financing options. The current characteristics of the electricity market make the conclusion of long-term capacity contracts less attractive in the immediate term.

In order to optimise the sale of capacity and hence the profitability of the project, the Group has decided, for the time being, to retain the possibility of extending in-house equity financing for all or part of the sums required.

Under normal circumstances, the Group generates a Free Cash Flow of approximately €150 million per year. As indicated in section 2.1.2 of this Registration Document, the Group has cash balances of approximately €350 million at 31 December 2016, to which more than €100 million will be added in 2017 from the sale of the three ferries (Berlioz, Rodin and Nord-Pas-de-Calais). Furthermore, and irrespective of the possibility of a drawdown already available to the Group under the terms of the Term Loan (see section 8.1.4 of this Registration Document), the refinancing of some tranches of the debt currently being considered should reduce the cost of servicing the debt and release the floating rate notes held by the Group, the nominal value of which is €165 million.

The project involves significant construction works between 2016 and 2019 and revenues from 2020. Given these specific constraints, the estimated income profile (either an Open Season or “merchant” model) and the macroeconomic conditions (base rates, energy market conditions in France and the United Kingdom) are elements that are integrated into the different financing scenarios.

1.6.3 RESEARCH AND DEVELOPMENT, TRADEMARKS, PATENTS AND LICENCES

a) Research and development

Achieving its ambitious objectives by 2020 leads the Eurotunnel Group to focus its research and development policy on increasing the reliability of its infrastructure and rolling stock as well as increasing the fluidity of its terminals, while still reinforcing security for its customers.

The Eurotunnel Group has launched a programme of study for the design of a new generation of Truck Shuttles. This vast research programme is based on the success of innovative projects such as the designing of new superstructures on its Truck Shuttles and the redesign of new floors with remarkable fire-retardant characteristics. This research and development project has to allow the Eurotunnel Group to significantly increase the level of performance of its Shuttles while still reducing as much as possible the constraints linked to the fast change in the traffic and the consequences in terms of maintenance. Full-scale tests and studies conducted in collaboration with companies known for their technical expertise have made it possible to design reliable solutions that are adapted to the operating conditions of the Channel Tunnel.

Moreover, in order to deal with ever more intense operational issues specific to it, the Eurotunnel Group has initiated a research programme in order to develop a new sleeper block (a piece of concrete on which the rail is laid) which is stronger in order to meet the demands of increased traffic. This project uses internal resources and those of external partners, whose railway and materials

expertise provides a better understanding of the phenomena and the development of innovative solutions to overcome identified technical issues. This project is also the manifestation of the signing of a research professorship for railway transport sciences set up by the Eurotunnel Group with the Ecole Nationale des Ponts et Chaussées (ENPC), whose purpose is to carry out research on evolutions in technical infrastructure, analysis of its life cycle, the design of intelligent rail systems and the understanding of the phenomena of density.

In parallel, the work conducted with ENPC has led to the development of a new solution for inspecting sleeper blocks thanks to a method measuring vibrational frequencies. The objective is the creation of an automated carriage that allows for a fast sleeper block inspection.

The Group is also a founding member of the board of the Fondation de Coopération Scientifique Railenium (a foundation for scientific cooperation). Railenium is an institute for technological research in the rail industry, selected within the framework of France's economic stimulus plan (the "Grand Emprunt"). It is composed of a Foundation for Scientific Cooperation and a test centre. Railenium's mission is to provide a platform for rail infrastructure research and development, testing, engineering and training. The Foundation pools the work of research bodies and companies to develop research and development programmes in the field of rail infrastructure and systems, which may go as far as industrial prototyping. The Foundation's partners include seven research and training organisations, 15 industrial companies involved in construction, services and engineering, and three infrastructure operators (SNCF Réseau, SNCF and the Eurotunnel Group). Two research and development projects were born out of this approach in 2016 and will continue in the upcoming years: development of an innovative solution for the remote monitoring of track devices and the designing of a maintenance train that makes it possible to check many parameters simultaneously such as the condition of the rail, signalling and the catenary, all whilst circulating at high speed without disturbing the commercial operation of the Channel Tunnel.

Concerned with guaranteeing optimal safety for its customers while still optimising the fluidity of its terminals, the Eurotunnel Group is devoting substantial research and development effort to designing an innovative solution for detecting over height lorry antennas upstream of the boarding platforms. In collaboration with companies that are experts in acoustical and sound solutions, the purpose of this project is to detect any antenna that exceeds the regulatory height for Truck Shuttles regardless of the circulation speed of the lorry (up to the limit of compliance with the speeds authorised at the terminals) and the position of the antenna. Prototypes have been installed at various strategic points of passage along the customer's path in order to rigorously determine the most reliable solution.

b) Trademarks, patents and licences

Trademarks and domain names

The Eurotunnel Group's main trademarks are the nominative, figurative and semi-figurative trademarks that protect the "Eurotunnel" name and the design of the logo. The other trademarks used are registered mainly to protect the corporate names of the Eurotunnel Group companies, such as "France Manche", "Europorte" or "ElecLink", and certain brand names, such as "Le Shuttle".

At the date of this Registration Document, the Eurotunnel Group also owns approximately 337 domain names, including "eurotunnel.com".

Patents

The Eurotunnel Group has also filed patents relating to specific aspects of its business.

At the date of this Registration Document, three systems, including that relating to the SAFE stations, are the subject of patents in force filed by FM. A fourth patent concerning measuring equipment is currently being filed.

Licences

The Eurotunnel Group has no licence granted by a third party allowing it to use a third party's trademark. It has granted a non-exclusive licence to use a patent for an auto-convergent maintenance system for complex high-volume equipment.

2. RESULTS AND OUTLOOK

2.1.	ANALYSIS OF CONSOLIDATED FINANCIAL RESULTS	27
2.1.1	Analysis of consolidated income statement	27
2.1.2	Analysis of consolidated statement of financial position	33
2.1.3	Analysis of consolidated cash flows	34
2.1.4	Net debt to EBITDA ratio	36
2.2.	ANNUAL FINANCIAL STATEMENTS	37
2.2.1	GET SE'S consolidated financial statements for the financial year ending 31 December 2016 and the statutory auditors' report thereon	37
2.2.2	GET SE parent company financial statements for the financial year ending 31 December 2016 and the statutory auditors' report thereon	93
2.2.3	Table of GET SE parent company results for the last five financial years	113
2.3.	TRENDS, OUTLOOK, RECENT EVENTS AND EVENTS AFTER THE REPORTING PERIOD	113
2.4.	OTHER FINANCIAL INFORMATION	114

2.1. ANALYSIS OF CONSOLIDATED FINANCIAL RESULTS

Pursuant to EC Regulation 1606/2002 of 19 July 2002 on the application of international accounting standards, the consolidated financial statements of GET SE for the financial year ended 31 December 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union at 31 December 2016.

The following information relating to Groupe Eurotunnel SE's financial situation and consolidated results must be read in conjunction with the consolidated financial statements set out in section 2.2.1 of this Registration Document.

The main factors with an impact on revenue are described in chapters 1 and 3 of this Registration Document.

2.1.1 ANALYSIS OF CONSOLIDATED INCOME STATEMENT

Since the cessation of MyFerryLink's operations in the second half of 2015, the Eurotunnel Group has applied IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" to its maritime segment. Accordingly, the maritime segment's net results for 2015 and 2016 are presented in a single line on the income statement called "Net result from discontinued operations".

On 23 August 2016, the Eurotunnel Group purchased the 51% share in ElecLink Limited held by Star Capital and since that date, ElecLink Limited has been fully consolidated in the Group's accounts.

On 15 November 2016, the Group sold its subsidiary GB Railfreight Limited to EQT Infrastructure II and consequently the company ceased to be consolidated in the Group's accounts. In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", GB Railfreight Limited's results for 2016 up to the date of its sale and for the 12 months of 2015 are presented in a single line on the income statement called "Net result from discontinued operations".

For more information on these operations, see notes A and C.3 to the consolidated financial statements contained in section 2.2.1 of this Registration Document.

In order to enable a better comparison between the two years, the 2015 consolidated income statement presented in this section has been recalculated at the exchange rate used for the 2016 income statement of £1=€1.216.

a) Summary

In 2016, the Group's consolidated revenues amounted to €1,023 million, an increase of €39 million (+4%) compared to 2015. Operating costs totalled €509 million, an increase of €7 million (+1%). EBITDA, improved by €32 million (7%) compared to 2015, to €514 million. After taking into account a €6 million increase in depreciation charges, the trading profit improved by €26 million to €364 million. Net other operating income of €37 million includes a net gain of €50 million resulting from the revaluation to fair value, in accordance with IFRS 3R, of the share already held by the Group in ElecLink Limited at the date of its full acquisition. Net finance costs increased by €15 million as a result of higher inflation rates, net other financial income increased by €24 million and tax charges increased by €11 million. The Eurotunnel Group's result for continuing operations for the 2016 financial year was a profit of €136 million, an improvement of €63 million compared to 2015 restated.

The net consolidated result for 2016, after taking into account the net gain of €50 million resulting from the full integration of ElecLink and the €64 million net profit arising from discontinued operations, was a profit of €200 million, an improvement of €125 million compared to the 2015 restated net result of €75 million.

2 RESULTS AND OUTLOOK

€ MILLION	2016	2015 restated ^(*,**)	Variance €M	%	2015 retreated ^(**)
Exchange rate € / £	1.216	1.216			1.375
Fixed Link	907	861	46	+5%	915
Europorte	116	123	(7)	−6%	123
Revenue	1,023	984	39	+4%	1,038
Fixed Link	(392)	(377)	15	+4%	(393)
Europorte	(116)	(125)	(9)	−7%	(125)
ElecLink	(1)	–	1		–
Operating costs	(509)	(502)	7	+1%	(518)
Operating margin (EBITDA)	514	482	32	+7%	520
Depreciation	(150)	(144)	6	+3%	(144)
Trading profit	364	338	26	+8%	376
Other net operating income/(charges)	37	(2)	39		(2)
Operating profit (EBIT)	401	336	65	+19%	374
Share of result of equity-accounted companies	(1)	(1)	–		(1)
Net finance costs	(262)	(247)	15	+6%	(261)
Net other financial income/(charges)	16	(8)	24		(8)
Pre-tax profit from continuing operations	154	80	74		104
Income tax expense	(^{***})18	(7)	11		(8)
Net profit from continuing operations	136	73	63		96
Net profit from discontinued operations	64	2	62		4
Net consolidated profit for the year	200	75	125		100

* Restated at the rate of exchange used for the 2016 income statement (£1=€1.216).

** Restated in application of IFRS 5 following the sale of GB Railfreight Limited.

*** Rounded up.

The evolution of the pre-tax result from continuing operations by segment compared to 2015 is presented below:

€ MILLION	Fixed Link	Europorte	ElecLink	Total Group
<i>Improvement/(deterioration) of result</i>				
Pre-tax result from continuing activities: 2015 restated^(*)	91	(10)	(1)	80
Improvement/(deterioration) of result:				
Revenue	+46	−7	–	+39
Operating expenses	−15	+9	−1	−7
EBITDA	+31	+2	−1	+32
Depreciation	−6	–	–	−6
Trading result	+25	+2	−1	+26
Other net operating income/charges	−6	−3	+48	+39
Operating result (EBIT)	+19	−1	+47	+65
Net financial charges	+13	–	−4	+9
Total changes	+32	−1	+43	+74
Pre-tax result from continuing operations for 2016	123	(11)	42	154

* Restated at the rate of exchange used for the 2016 income statement (£1=€1.216) and in application of IFRS 5 following the sale of GB Railfreight Limited.

b) Fixed Link Concession segment

The Group's core business is the Channel Tunnel Fixed Link Concession which operates and directly markets its Shuttle Services and also manages the circulation of High-Speed Passenger Trains (Eurostar) and the Train Operators' Rail Freight Services through its Railway Network. This segment also includes the Group's corporate services.

€ MILLION	2016	(*)2015	€M	Variance %
Exchange rate € / £	1.216	1.216		
Shuttle Services	603	546	57	10%
Railway Network	290	300	- 10	- 3%
Other revenue	14	15	- 1	- 8%
Revenue	907	861	46	5%
External operating costs	(218)	(208)	10	5%
Employee benefits expense	(174)	(169)	5	3%
Operating costs	(392)	(377)	15	4%
Operating margin (EBITDA)	515	484	31	6%
<i>EBITDA/revenue</i>	<i>56.8%</i>	<i>56.2%</i>	<i>0.5pts</i>	

* Restated at the rate of exchange used for the 2016 income statement (£1=€1.216) and in application of IFRS 5 following the sale of GB Railfreight Limited.

i) Fixed Link Concession revenue

Revenue generated by this segment, which in 2016 represented 89% of the Group's total revenue, increased by 5% compared to 2015, to €907 million.

a) Shuttle Services

Traffic (number of vehicles)	2016	2015	Change
Truck Shuttle	1,641,638	1,483,741	+11%
Passenger Shuttle:			
Cars(*)	2,610,242	2,556,585	+2%
Coaches	53,623	58,387	- 8%

* Includes motorcycles, vehicles with trailers, caravans and motor homes.

Shuttle Services' revenue for 2016 amounted to €603 million, up 10% (€57 million) compared to the previous year.

Truck Shuttle

As a result of continued economic growth in the United Kingdom and of the security provided to transporters by the Group's various investments, Truck Shuttle traffic experienced an exceptional year and significantly outperformed the cross-Channel market (which grew by 5%). During 2016, the Truck Shuttle service transported more than 1.64 million trucks (+11%), a level never before reached, and in December 2016 recorded its 14th consecutive monthly traffic record for a comparable period. Eurotunnel confirmed its place as the principal actor in the Short Straits cross-Channel truck market with a share of approximately 39.2% for the year compared to 37.3% in 2015, 2015 having been badly affected by the disruptions arising from the attempted intrusions by migrants onto the French terminal until the security measures were put in place on the Coquelles site from the end of October 2015.

Passenger Shuttle

With more than 2.61 million (+2%) tourist vehicles transported in 2016, the Passenger Shuttle car service achieved its highest traffic since 2000 and outperformed the cross-Channel market which contracted by 2% in difficult market conditions following the terrorist attacks which have led to a reduction in tourism in France. Passenger Shuttle car market share increased to 55% in 2016, compared to 53% in 2015.

The Short Straits cross-Channel coach market, which remains affected by the terrorist attacks and the security situation in Europe, contracted by approximately 9% compared to 2015. With traffic down by 8%, the Fixed Link's share of the coach market increased slightly to 38.1%.

2 RESULTS AND OUTLOOK

b) Railway Network

Traffic	2016	2015	Change
High-Speed Passenger Trains (Eurostar): Passengers ^(*)	10,011,337	10,399,267	– 4%
Train Operators' Rail Freight Services ^(**) : Number of tonnes	1,041,294	1,420,826	– 27%
Number of trains	1,797	2,421	– 26%

* Only passengers travelling through the Channel Tunnel are included in this table, excluding those who travel between Paris-Calais and Brussels-Lille.

** Rail freight services by train operators (DB Cargo for BRB, SNCF and its subsidiaries, GB Railfreight and Europorte) using the Tunnel.

The Eurotunnel Group earned revenues of €290 million in 2016 from the use of its Railway Network by Eurostar's High-Speed Passenger Trains and by the Train Operators' Rail Freight Services, down 3% compared to 2015.

The number of Eurostar passengers using the Tunnel was badly affected by the succession of terrorist attacks in Paris, Brussels and Nice and fell by 4% in 2016 for the year as a whole. Nevertheless, the trend reversed in the last quarter with growth of 2%, supported by a record December (+9% compared to December 2015).

Cross-Channel rail freight fell in 2016 (decrease in the number of rail freight trains of 26% and in tonnage of 27%) due to the pressure of migrants on the SNCF Réseau yard at Calais-Fréthun in 2015, which led to some operators changing routes. However, there was an upturn in the trend over the last few months of 2016, with traffic up by 10% in the last quarter of 2016 compared to 2015.

ii) Fixed Link Concession operating costs

The Fixed Link segment's operating costs amounted to €392 million in 2016, an increase of 4% compared to 2015. This €15 million increase was due mainly to the impact of increased activity on staff costs, maintenance, security and other operating costs.

c) Europorte segment

The Europorte segment covers the entire rail freight transport logistics chain in France and includes notably Europorte France and Socorail. The UK subsidiary GB Railfreight Limited was sold in November 2016 and is therefore not included in the figures below.

€ MILLION	2016	(*)2015	€M	Variance	%
Revenue	116	123	– 7		– 6%
External operating costs	(67)	(73)	– 6		– 8%
Employee benefits expense	(49)	(52)	– 3		– 6%
Operating costs	(116)	(125)	– 9		– 7%
Operating margin (EBITDA)	–	– 2	2		

* Restated in application of IFRS 5 following the sale of GB Railfreight Limited.

i) Europorte revenues

Europorte's revenues decreased by 6% in 2016 mainly due to the long succession of SNCF strikes in the spring which totally paralysed the French national rail network for almost two months and then to a reduction in the activity of customers in the cereals sector during the summer.

ii) Europorte operating costs

Operating costs decreased by 7% reflecting the reduction in commercial activity as well as the first effects of the plan to improve profitability on a sustainable basis.

d) ElecLink segment

ElecLink's activity is the construction and operation of a 1,000 MW electricity interconnector between the UK and France. Preliminary construction works began in the second half of 2016 and the interconnector is expected to be in commercial operation from the beginning of 2020.

The Group's share of ElecLink's result in 2015 and between 1 January and 23 August 2016 (loss of €1.3 million in 2015 and €0.8 million in 2016) is included in the consolidated income statement under "Share of result of equity-accounted companies". ElecLink Limited has been fully consolidated in the Group's accounts since 23 August 2016.

Operating costs amounted to €1 million for the period August to December 2016. Costs directly attributable to the project are capitalised.

e) Operating margin (EBITDA)

EBITDA by business segment evolved as follows:

€ MILLION	Fixed Link	Europorte	ElecLink	Total Group
EBITDA 2015 restated ^(*)	484	(2)	–	482
Improvement/(deterioration):				
Revenue	+46	– 7	–	+39
Operating costs	+15	– 9	+1	+7
Total changes	+31	+2	(1)	+32
EBITDA 2016	515	–	(1)	514

^{*} Restated at the rate of exchange used for the 2016 income statement (£1=€1.216) and in application of IFRS 5 following the sale of GB Railfreight Limited.

At €514 million in 2016, the Group's operating margin improved by €32 million compared to 2015 (+7%) as a result of an increase in revenue and the control of costs for the Fixed Link. Europorte's EBITDA improved by €2 million despite a reduction in activity. The full consolidation of ElecLink since August 2016 has resulted in an increase in operating costs of €1 million.

f) Operating profit (EBIT)

Depreciation charges increased by €6 million as a result of the completion in 2015 and 2016 of major projects such as Terminal 2015 and the GSM-R (see section 1.6.2 of this Registration Document).

At €364 million, the trading profit improved by €26 million compared to 2015.

Net other operating income of €37 million (2015: net charge of €2 million) includes a gain of €50 million resulting from the revaluation at their fair value of the shares in ElecLink Limited already held by the Group when it took full control of the subsidiary in August 2016 (see note C.3i of the notes to the consolidated financial statements set out in section 2.2.1 of this Registration Document) partially offset by provisions and advisors' fees.

The operating profit for the 2016 financial year was €401 million compared to €336 million in 2015, an improvement of €65 million.

g) Net result from continuing operations

At €262 million in 2016, net finance costs increased by €15 million compared to 2015 as a consequence of the increase in inflation rates and the resulting unfavourable effect on the interest and on the revaluation of the nominal value of the index-linked tranche of the debt.

"Net other financial income and charges" in 2016 included net exchange gains of €9 million compared to net gains in 2015 of €3 million arising from changes in the sterling/euro exchange rate. In 2015, it included €17.5 million of consent fees relating to the transaction to simplify the debt concluded in 2015.

The Eurotunnel Group's pre-tax result for continuing operations for the 2016 financial year was a profit of €154 million, an improvement of €74 million compared to 2015 at a constant exchange rate.

In 2016, income tax expense included a charge of €3 million relating to tax on dividends (3% on the €118 million dividend paid in 2016), an income tax credit of €1 million and a deferred tax charge of €15 million.

The Eurotunnel Group's post-tax result for continuing operations for the 2016 financial year was a profit of €136 million, an improvement of €63 million at a constant exchange rate, of which €50 million resulted from the integration of ElecLink.

h) Net result from discontinued operations

€ MILLION	2016	2015 restated ^(*)	Variance €M
Exchange rate €/£	1.216	1.216	
Maritime segment MyFerryLink	17	(8)	25
GB Railfreight Limited	47	10	37
Net profit from discontinued operations	64	2	62

^{*} Restated at the rate of exchange used for the 2016 income statement (£1=€1.216) and in application of IFRS 5 following the sale of GB Railfreight Limited.

2 RESULTS AND OUTLOOK

For more detail, see note C.3ii to the consolidated financial statements contained in section 2.2.1 of this Registration Document.

i) Maritime segment MyFerryLink

The Eurotunnel Group's maritime subsidiaries leased their three ferries to SCOP SeaFrance (an operating company outside the Eurotunnel Group) and marketed the cross-Channel crossings for tourist and freight vehicles. Operation of the Group's three ferries ceased in the second half of 2015.

In 2016, the maritime segment's net result was a profit of €17 million. During the year, the lease of the three ferries began following agreements with DFDS and Vansea Shipping Company Limited which include a put option, exercisable by the Group, for their subsequent sale. These options are exercisable by the Group in June 2017, at the end of the period of five years during which it was prohibited from selling the ferries under conditions imposed at the time of their purchase in 2012. In accordance with IAS 17 "Leases", these leases are treated as finance leases. Consequently, the Group has recognised an income net of tax in the maritime segment's income statement in the 2016 financial year of €24 million which includes a net income of €40 million (after taking into account €13 million for the cost of putting the ferries back into operation) under "Other net operating income" and a deferred tax charge on this income of €16 million.

ii) GB Railfreight Limited

On 15 November 2016, the Eurotunnel Group completed the sale of its UK rail freight subsidiary GB Railfreight Limited to EQT Infrastructure II for €136 million.

€ MILLION	2016 10 months	2015 12 months restated ^(*)	Variance €M
Exchange rate €/£	1.216	1.216	
Revenue	129	164	- 35
Operating costs	(113)	(144)	- 31
Operating margin (EBITDA)	16	20	- 4
Depreciation	(7)	(7)	-
Trading profit	9	13	- 4
Other net operating income/(charges)	40	(2)	+42
Operating profit (EBIT)	49	11	+38
Net financial charges	(2)	(1)	+1
Net profit	47	10	+37

* Restated at the rate of exchange used for the 2016 income statement (£1=€1.216) and in application of IFRS 5 following the sale of GB Railfreight Limited.

For the 2016 financial year, the net result of the discontinued activity of GB Railfreight Limited was a profit of €47 million, including the net result of operations up until the date of its sale as well as the profit from the sale of €39 million.

i) Net consolidated result

The net consolidated result for the Eurotunnel Group for the 2016 financial year was a profit of €200 million compared to a profit of €75 million restated for 2015, an improvement of €125 million, of which €114 million related to exceptional operations (€50 million profit resulting from the integration of ElecLink and €64 million arising from discontinued activities).

2.1.2 ANALYSIS OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ MILLION	31 December 2016	31 December 2015
Exchange rate €/£	1.168	1.362
Property, plant and equipment	6,366	6,376
Other non-current assets	280	320
Total non-current assets	6,646	6,696
Trade and other receivables	94	129
Other current assets	172	67
Assets held for sale	–	65
Cash and cash equivalents	347	406
Total current assets	613	667
Total assets	7,259	7,363
Total equity	1,812	1,663
Financial liabilities	3,786	4,161
Interest rate derivatives	1,309	1,170
Other liabilities	352	369
Total equity and liabilities	7,259	7,363

The table above summarises the Group's consolidated statement of financial position as at 31 December 2016 and 31 December 2015. The main elements and changes between the two dates are as follows:

- At 31 December 2016, "Property, plant and equipment" includes assets amounting to €6,089 million for the Fixed Link segment, €83 million for the Europorte segment and €194 million for the ElecLink segment including an intangible asset of €120 million relating to the goodwill that arose on full integration of ElecLink by the Group in August 2016. At 31 December 2015, GB Railfreight Limited's fixed assets included €26 million of intangible assets and €98 million of tangible fixed assets.
- "Other non-current assets" includes a deferred tax asset of €122 million and floating rate notes of €151 million.
- At the start of finance leases of the maritime segment's three ferries during the first half of 2016, (see note A.2 to the consolidated financial statements at 31 December 2016), the net investment in these leases was accounted for in "Other current assets" (see note G.3ii to the consolidated financial statements at 31 December 2016). At 31 December 2015, the maritime segment's three ferries were treated as "Assets held for sale".
- At 31 December 2015, "Trade and other receivables" included €30 million and "Other current assets" €3 million relating to the subsidiary GB Railfreight Limited which was sold during 2016.
- At 31 December 2016, "Cash and cash equivalents" amounted to €347 million, after payment of the €118 million dividend, share buyback transactions of €59 million, net capital expenditure of €94 million, and €285 million in debt service costs (interest, repayments and fees).
- "Equity" increased by €149 million as a result of the impact of changes in the exchange rate on the cumulative translation reserve (€267 million) and the net profit for the year (€200 million). These increases were partially offset by an increase in the valuation of the "Interest rate derivatives" liability (€139 million), the payment of the dividend (€118 million), share buyback transactions (€58 million), and a change in retirement liabilities (€16 million).
- "Financial liabilities" have decreased by €375 million compared to 31 December 2015. Reductions of €324 million from the impact of the reduction in the exchange rate on the sterling-denominated debt, €26 million following the sale of GB Railfreight Limited, €38 million in debt repayments and payment of €17 million of fees in respect of the operation to simplify the debt structure completed at the end of 2015 have partly been offset by an increase of €24 million arising from the effect of inflation rates on the index-linked debt tranche A of the Term Loan and an increase of €6 million for the effective rate adjustment.
- "Other liabilities" include €252 million of trade and other payables and retirement liabilities of €100 million. At 31 December 2015, "Other liabilities" included €33 million of operating liabilities and €13 million of retirement liabilities relating to GB Railfreight Limited.

2 RESULTS AND OUTLOOK

2.1.3 ANALYSIS OF CONSOLIDATED CASH FLOWS

In order to enable a better comparison between the two years, the 2015 cash flow presented in this section has been recalculated at the exchange rate used for the statement of financial position at 31 December 2016 of £1=€1.168.

a) Consolidated cash flows

€ MILLION	2016	2015 restated ^(*)	Variance	2015 reported
Exchange rate €/£	1.168	1.168		1.362
Continuing activities:				
Net cash inflow from trading	520	499	+21	528
Other operating cash flows and taxation	(18)	(11)	-7	(12)
Net cash inflow from operating activities	502	488	+14	516
Net cash outflow from investing activities	(202)	(67)	-135	(69)
Net cash outflow from financing activities	(449)	(411)	-38	(433)
(Decrease)/increase in cash in year from continuing activities	(149)	10	-159	14
Discontinued activities^(**):				
Net cash inflow from operating activities	(2)	24	-26	28
Net cash outflow from investing activities	(22)	(32)	+10	(37)
Net cash inflow from sale of subsidiary	130	-	+130	-
Net cash inflow from financing activities	24	1	+23	1
Increase/(decrease) in cash in year from discontinued activities	130	(7)	+137	(8)
Total (decrease)/increase in cash in year	(19)	3	-22	6

* Restated at the rate of exchange used for the statement of financial position at 31 December 2016 (£1=€1.168).

** Maritime segment and GB Railfreight Limited, see note C.3ii to the consolidated accounts at 31 December 2016.

i) Continuing activities

Net cash inflow from trading by continuing activities in 2016 improved by €21 million at a constant exchange rate compared to 2015, to €520 million, mainly due to:

- a net increase of €18 million for the Fixed Link activity;
- a net increase of €5 million for the Europorte activity; and
- ElecLink expenses of €1 million for the period since full consolidation in August 2016.

Net other operating cash outflows and taxation increased by €7 million of which €5 million related to costs in respect of projects during 2016 and €2 million was related to taxation.

Net cash outflow from investing activities of the continuing activities increased from €67 million in 2015 (restated at the 2016 exchange rate) to €202 million in 2016. In 2016, this included:

- a net payment of €75 million relating to the acquisition of the 51% of shares held by Star Capital in ElecLink Limited in August 2016;
- net payments of €68 million relating to the Fixed Link (2015 restated: €72 million) of which €23 million was spent on rolling stock, €10 million on the Terminal 2015 project, €7 million on replacing rails in the Tunnel and €6 million on the GSM-R project;
- net payments of €5 million for Europorte in France (2015: €23 million paid less €26 million received from a sale and lease back operation); and
- net payments of €54 million on the ElecLink project for the first works started at the end of 2016 (2015: €2 million received in respect of a reimbursement of a deposit).

Net cash outflow from financing for continuing activities in 2016 amounted to €449 million compared to €411 million in 2015 restated at the 2016 exchange rate. During 2016, it comprised mainly:

- debt service costs totalling €282 million:
 - €228 million of interest paid on the Term Loan, associated hedging transactions and other loans (2015 restated: €235 million),
 - €38 million paid in respect of scheduled repayments on the Term Loan and other loans (2015 restated: €35 million),

- €17 million paid in respect of consent fees in relation to the transaction to simplify the debt structure concluded at the end of 2015 (2015 restated: €39 million);
- €118 million paid in dividends (2015: €97 million),
- €59 million paid in respect of the share buyback programme (€14 million in 2015), and
- €8 million interest received of which €6 million was in respect of the floating rate notes owned by the Group (2015: €9 million of which €6 million was in respect of the floating rate notes).

ii) Discontinued activities

In 2016, net cash flows from discontinued activities included:

- For the maritime segment:
 - €18 million of net operating cash outflows, including €13 million paid for the cost of putting the ferries back into operation prior to their new finance leases starting, and
 - cash received of €10 million from the ferries' finance lease contracts.
- For GB Railfreight Limited:
 - €16 million of net operating cash inflows for the year period prior to its sale in November 2016,
 - capital expenditure of €22 million to acquire new locomotives partially offset by receipt of a €14 million loan drawdown, and
 - €130 million net receipt from the sale of GB Railfreight Limited in November 2016.

b) Free Cash Flow

The Group defines its Free Cash Flow as net cash flow from operating activities less net cash flow from investing activities (excluding the initial investment in new activities and the acquisition of shareholdings in subsidiary undertakings) and net cash flow from financing activities relating to debt service plus interest received (on cash and cash equivalents and other financial assets).

€ MILLION	2016	2015 restated ^(*)	2015 reported
Exchange rate €/£	1.168	1.168	1.362
Net cash inflow from operating activities	500	512	544
Net cash outflow from investing activities	(98)	(99)	(106)
Debt service costs (interest paid, fees and repayments)	(285)	(273)	(293)
Interest received and other receipts	19	12	12
Free Cash Flow	136	152	157
ElecLink: acquisition of shares	(75)	–	–
ElecLink: project expenditure	(51)	–	–
Sale of GB Railfreight Limited	130	–	–
Dividend paid	(118)	(97)	(97)
Purchase of treasury shares and net movement on liquidity contract	(58)	(16)	(16)
Consent fees on financial operation	–	(39)	(42)
Cash received from loans and other	17	3	4
Use of Free Cash Flow	(155)	(149)	(151)
(Decrease)/increase in cash in the year	(19)	3	6

* Restated at the rate of exchange used for the statement of financial position at 31 December 2016 (£1=€1.168).

At €136 million in 2016, Free Cash Flow has decreased compared to 2015 for the reasons set out in section a) above.

c) Debt service cover ratios

i) Financial covenants

The debt service cover ratio and the synthetic service cover ratio for Groupe Eurotunnel SE at 31 December 2016, as described in note G.5 of the consolidated financial statements contained in section 2.2.1 of this Registration Document, were 2.06 and 1.84 respectively, and thus the financial covenants for the Term Loan for the period were respected.

2 RESULTS AND OUTLOOK

ii) EBITDA to finance costs ratio

The ratio of the Group's consolidated EBITDA to its finance costs (excluding interest received and indexation) is 2.1 at 31 December 2016 (2015 restated: 2.0).

€ MILLION	2016	2015 restated ^(*)
Exchange rate €/£	1.216	1.216
EBITDA	514	482
Finance cost	264	249
Indexation	(25)	(8)
Finance cost excluding indexation	239	241
EBITDA / finance cost excluding indexation	2.1	2.0

* Restated at the rate of exchange used for the 2016 income statement (£1=€1.216) and in application of IFRS 5 following the sale of GB Railfreight Limited.

2.1.4 NET DEBT TO EBITDA RATIO

The Group defines its net debt to EBITDA ratio as the ratio between financial liabilities less the value of the floating rate notes and cash and cash equivalents held by the Group, and consolidated EBITDA. At 31 December 2016, the ratio was 6.4 compared to 6.9 at 31 December 2015 (restated following the sale of GB Railfreight Limited).

€ MILLION	31 December 2016	^(*) 31 December 2015
Non-current financial liabilities	3,687	3,988
Current financial liabilities	31	45
Other non-current liabilities	61	79
Other current liabilities	7	17
Total financial liabilities	3,786	4,129
Floating rate notes	(151)	(161)
Cash and cash equivalents	(347)	(392)
Net debt	3,288	3,576
EBITDA	514	520
Net debt / EBITDA	6.4	6.9
Statement of financial position exchange rate €/£	1.168	1.362
Income statement exchange rate €/£	1.216	1.375

* 2015 restated in application of IFRS 5 following the sale of GB Railfreight Limited.

2.2. ANNUAL FINANCIAL STATEMENTS

2.2.1 GET SE'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2016 AND THE STATUTORY AUDITORS' REPORT THEREON

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS

<i>Statutory auditors' report on the consolidated financial statements for the year ended 31 December 2016</i>	39
<i>Consolidated income statement</i>	41
<i>Consolidated statement of other comprehensive income</i>	42
<i>Consolidated statement of financial position</i>	43
<i>Consolidated statement of changes in equity</i>	44
<i>Consolidated statement of cash flows</i>	45
<i>Notes to the financial statements</i>	46
A. Important events	46
A.1 <i>United Kingdom's referendum of 23 June 2016</i>	46
A.2 <i>Cessation of the maritime activity</i>	46
A.3 <i>ElecLink</i>	46
A.4 <i>Sale of GB Railfreight Limited</i>	47
B. Principles of preparation, main accounting policies and methods	47
B.1 <i>Statement of compliance and Group accounting standards</i>	47
B.2 <i>Changes in accounting standards as at 31 December 2016</i>	47
B.3 <i>Basis of preparation</i>	48
C. Scope of consolidation	49
C.1 <i>List of consolidated companies</i>	50
C.2 <i>Investments in equity-accounted companies</i>	51
C.3 <i>Changes in the scope of consolidation</i>	51
D. Operating data	55
D.1 <i>Segment information</i>	55
D.2 <i>Revenue</i>	56
D.3 <i>Operating costs</i>	57
D.4 <i>EBITDA/operating margin</i>	58
D.5 <i>Other operating income and (expenses)</i>	58
D.6 <i>Trade and other receivables</i>	58
D.7 <i>Trade and other payables</i>	59
D.8 <i>Provisions</i>	60
D.9 <i>Off-balance sheet commitments relating to operating activities</i>	60
E. Personnel expenses and benefits	60
E.1 <i>Employee numbers and employee benefits expense</i>	60
E.2 <i>Remuneration of Board Directors and senior executives</i>	60
E.3 <i>Related parties: remuneration of Board Directors and senior executives</i>	61
E.4 <i>Retirement benefits</i>	61
E.5 <i>Share-based payments</i>	64
F. Intangible and tangible property, plant and equipment	69
F.1 <i>Goodwill</i>	69
F.2 <i>Intangible property, plant and equipment</i>	69
F.3 <i>Tangible property, plant and equipment</i>	70
F.4 <i>Impairment of property, plant and equipment</i>	73

RESULTS AND OUTLOOK

G.	Financing and financial instruments	74
G.1	<i>Net finance costs</i>	75
G.2	<i>Other financial income and (charges)</i>	76
G.3	<i>Other financial assets</i>	76
G.4	<i>Cash and cash equivalents</i>	77
G.5	<i>Financial liabilities</i>	77
G.6	<i>Matrix of class of financial instrument and recognition categories and fair value</i>	82
G.7	<i>Financial risks</i>	84
G.8	<i>Related parties with a significant influence on the Group</i>	87
G.9	<i>Off-balance sheet commitments relating to financing</i>	87
H.	Share capital and earnings per share	88
H.1	<i>Share capital</i>	88
H.2	<i>Earnings per share</i>	89
I.	Income tax expense	90
I.1	<i>Effect on the income statement</i>	90
I.2	<i>Effect on the statement of financial position</i>	91
J.	Events after the reporting period	92

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the Group's management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended 31 December 2016, on:

- the audit of the accompanying consolidated financial statements of Groupe Eurotunnel SE;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

1 Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

2 Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (Code de commerce), we bring to your attention the following matter.

Valuation of assets

In accordance with accounting policies described in note F.4 of the consolidated financial statements, the Eurotunnel Group performed an impairment test in order to ensure that the recoverable value of assets was still greater than their book value. We examined the conditions of implementation of this test based on discounted future cash flows, as well as the main assumptions and parameters used. We further examined sensitivity analysis performed. We also verified that note F.4 of the consolidated financial statements gives appropriate information.

As mentioned in note B.3.iii of the financial statements, these estimates are based on assumptions that are inherently uncertain. Depending on the evolution of these assumptions, actual results may differ from current estimates.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3 Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.

RESULTS AND OUTLOOK

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Statutory auditors, 28 February 2017

Paris La Défense

Courbevoie

KPMG Audit
A division of KPMG S.A.

Mazars

Fabrice Odent
Partner

Francisco Sanchez
Partner

CONSOLIDATED INCOME STATEMENT

€'000	Note	31 December 2016	31 December 2015 ^(*)
Revenue	D.2	1,023,480	1,037,699
Operating expenses	D.3	(285,578)	(288,888)
Employee benefits expense	E	(224,272)	(228,674)
Operating margin (EBITDA)		513,630	520,137
Depreciation	F	(149,240)	(144,334)
Trading profit		364,390	375,803
Other operating income	D.5	51,004	2,995
Other operating expenses	D.5	(14,557)	(4,506)
Operating profit		400,837	374,292
Share of result of equity-accounted companies	C.2	(762)	(1,315)
Operating profit after share of result of equity-accounted companies		400,075	372,977
Finance income	G.1	2,048	2,604
Finance costs	G.1	(263,927)	(264,045)
Net finance costs		(261,879)	(261,441)
Other financial income	G.2	64,436	29,320
Other financial charges	G.2	(48,944)	(36,931)
Pre-tax profit from continuing operations		153,688	103,925
Income tax expense of continuing operations	I.1	(17,449)	(7,500)
Net profit from continuing operations		136,239	96,425
Net profit from discontinued operations	C.3ii	64,034	3,793
Net profit for the year		200,273	100,218
Net profit attributable to:			
Group share		200,585	100,451
Minority interest share		(312)	(233)
Earnings per share (€):	H.2		
Basic earnings per share: Group share		0.37	0.19
Diluted earnings per share: Group share		0.37	0.18
Basic earnings per share from continuing operations		0.25	0.18
Diluted earnings per share from continuing operations		0.25	0.18

* Figures restated in application of IFRS 5 following the sale of GB Railfreight Limited (see note A.4 below).

The accompanying notes form an integral part of these consolidated financial statements.

2 RESULTS AND OUTLOOK

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

€'000	Note	31 December 2016	31 December 2015
Items that will never be reclassified to the income statement:			
Actuarial gains and losses on employee benefits	E.4	(15,595)	(8,294)
Related tax	I	713	306
Items that are or may be reclassified to the income statement:			
Foreign exchange translation differences		266,693	(115,066)
Movement in fair value of hedging contracts	G.5ii	(138,744)	29,217
Related tax	I	2,272	1,230
Net income/(expense) recognised directly in equity		115,339	(92,607)
Profit for the year – Group share		200,585	100,451
Total comprehensive income – Group share		315,924	7,844
Total comprehensive expense – minority interest share		(308)	(233)
Total comprehensive income for the year		315,616	7,611

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€'000	Note	31 December 2016	31 December 2015
ASSETS			
Goodwill	F.1, C.3i	119,955	19,308
Intangible assets	F.2	–	6,958
Total intangible assets		119,955	26,266
Concession property, plant and equipment	F.3i	6,086,544	6,166,615
Other property, plant and equipment	F.3ii	159,678	183,079
Total property, plant and equipment		6,246,222	6,349,694
Equity-accounted companies	C.2	–	3,897
Deferred tax asset	I.2	121,698	149,497
Other financial assets	G.3	158,361	167,031
Total non-current assets		6,646,236	6,696,385
Inventories		3,009	3,540
Trade receivables	D.6i	94,336	129,442
Other receivables	D.6ii	62,066	62,882
Other financial assets	G.3	107,036	192
Cash and cash equivalents	G.4	346,637	405,912
Sub-total current assets		613,084	601,968
Assets held for sale	C.3ii.a)	–	64,675
Total current assets		613,084	666,643
Total assets		7,259,320	7,363,028
EQUITY AND LIABILITIES			
Issued share capital	H.1ii	220,000	220,000
Share premium account		1,711,796	1,711,796
Other reserves		(555,788)	(337,877)
Profit for the year		200,585	100,451
Cumulative translation reserve		235,782	(30,911)
Equity – Group share		1,812,375	1,663,459
Minority interest share		(650)	(342)
Total equity		1,811,725	1,663,117
Retirement benefit obligations	E.4	99,887	98,301
Financial liabilities	G.5	3,687,213	4,017,341
Other financial liabilities	G.5	61,084	79,177
Interest rate derivatives	G.5ii	1,308,986	1,170,242
Total non-current liabilities		5,157,170	5,365,061
Provisions	D.8	6,701	8,265
Financial liabilities	G.5	31,265	46,914
Other financial liabilities	G.5	6,858	17,353
Trade payables	D.7	207,328	222,727
Other payables	D.7	38,273	39,591
Total current liabilities		290,425	334,850
Total equity and liabilities		7,259,320	7,363,028

The accompanying notes form an integral part of these consolidated financial statements.

2 RESULTS AND OUTLOOK

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€'000	Issued share capital	Share premium account	Consolidated reserves	Result	Cumulative translation reserve	Group Share	Minority interests	Total
1 January 2015	220,000	1,711,796	(315,094)	57,225	84,155	1,758,082	(109)	1,757,973
Transfer to consolidated reserves			57,225	(57,225)		–		–
Payment of dividend			(97,272)			(97,272)		(97,272)
Share based payments			7,240			7,240		7,240
Acquisition/sale of treasury shares			(12,435)			(12,435)		(12,435)
Result for the year				100,451		100,451	(233)	100,218
Profit / (loss) recorded directly in other comprehensive income:								
• Actuarial gains and losses on employee benefits			(8,294)			(8,294)		(8,294)
• Related tax			306			306		306
• Movement in fair value of hedging contracts			29,217			29,217		29,217
• Related tax			1,230			1,230		1,230
• Foreign exchange translation differences					(115,066)	(115,066)		(115,066)
31 December 2015	220,000	1,711,796	(337,877)	100,451	(30,911)	1,663,459	(342)	1,663,117
Transfer to consolidated reserves			100,451	(100,451)		–		–
Payment of dividend (note H.1iv)			(118,154)			(118,154)		(118,154)
Share based payments ^(*)			8,797			8,797		8,797
Acquisition/sale of treasury shares			(57,651)			(57,651)		(57,651)
Result for the year				200,585		200,585	(312)	200,273
Minority interests						–	4	4
Profit / (loss) recorded directly in other comprehensive income:								
• Actuarial gains and losses on employee benefits			(15,595)			(15,595)		(15,595)
• Related tax			713			713		713
• Movement in fair value of hedging contracts			(138,744)			(138,744)		(138,744)
• Related tax			2,272			2,272		2,272
• Foreign exchange translation differences					266,693	266,693		266,693
31 December 2016	220,000	1,711,796	(555,788)	200,585	235,782	1,812,375	(650)	1,811,725

* Of which €6,750,000 is in respect of free shares, €397,000 is in respect of share options and €1,650,000 is in respect of preference shares.

The accompanying notes form an integral part of these consolidated financial statements.

ERRATUM

In the table "Consolidated statement of cash flows" below, in the 31 December 2016 column, on the line "Increase in trade and other payables", the amount should read 15,622 (and not 12,142).

RESULTS AND OUTLOOK**2****CONSOLIDATED STATEMENT OF CASH FLOWS**

€'000	Note	31 December 2016	31 December 2015
Operating margin (EBITDA) from continuing operations		513,630	520,137
Operating margin (EBITDA) from discontinued operations	C.3ii	10,630	16,859
Exchange adjustment	(*)	(12,748)	(3,187)
(Increase)/decrease in inventories		(2,126)	18
Decrease in trade and other receivables		6,861	6,614
Increase in trade and other payables		12,142	15,339
Net cash inflow from trading		531,869	555,780
Other operating cash flows		(22,147)	(4,247)
Taxation paid		(9,454)	(7,235)
Net cash inflow from operating activities		500,268	544,298
Payments to acquire property, plant and equipment		(145,271)	(135,630)
Sale of property, plant and equipment		31	27,154
Purchase of shares		(74,270)	–
Change in loans and advances		(3,897)	2,240
Sale of subsidiary		129,660	–
Net cash outflow from investing activities		(93,747)	(106,236)
Dividend paid		(118,154)	(97,272)
Exercise of stock options		521	2,878
Purchase of treasury shares		(59,053)	(13,965)
Net payments on liquidity contract		879	(1,307)
Cash received from loans		16,936	4,087
Fees paid on loans		(17,249)	(42,220)
Interest paid on loans		(163,561)	(186,543)
Interest paid on hedging instruments		(66,136)	(67,260)
Scheduled repayment of loans		(38,257)	(39,314)
Cash received under finance leases	G.3ii	10,357	–
Interest received on cash and cash equivalents		2,072	2,466
Interest received on other financial assets		6,024	6,555
Net cash outflow from financing activities		(425,621)	(431,895)
(Decrease)/increase in cash in year		(19,100)	6,167

* The adjustment relates to the restatement of elements of the income statement at the exchange rate ruling at the year end.

MOVEMENT DURING THE YEAR

€'000	Note	2016	2015
Cash and cash equivalents at 1 January		405,912	384,723
Effect of movement in exchange rate		(40,077)	14,930
(Decrease)/increase in cash in year		(19,100)	6,167
(Increase)/decrease in interest receivable in year		(98)	92
Cash and cash equivalents at 31 December	G.4	346,637	405,912

The accompanying notes form an integral part of these consolidated financial statements.

2 RESULTS AND OUTLOOK

NOTES TO THE FINANCIAL STATEMENTS

Groupe Eurotunnel SE is the consolidating entity of the Eurotunnel Group, whose registered office is at 3 rue La Boétie, 75008 Paris, France and whose shares are listed on Euronext Paris and on NYSE Euronext London. The term “Groupe Eurotunnel SE” or “GET SE” refers to the holding company which is governed by French law. The term “Group” or “the Eurotunnel Group” refers to Groupe Eurotunnel SE and all its subsidiaries.

The main activities of the Group are the design, financing, construction and operation of the Fixed Link’s infrastructure and transport system in accordance with the terms of the Concession (which will expire in 2086), as well as the rail freight activity. The maritime activity was discontinued in 2015 (see note A.2 below).

The consolidated financial statements were authorised for issue by the Board of Directors on 28 February 2017 and will be submitted for approval to the shareholders’ general meeting.

A. Important events

A.1 United Kingdom’s referendum of 23 June 2016

In the referendum on 23 June 2016, the United Kingdom voted to leave the European Union.

After the referendum, the Group presented the results of its detailed review of risks to the Audit Committee and the Board of Directors, and set up a process to closely monitor the regulatory risks, tax and financing risks, foreign exchange risks and macroeconomic risks relating to the Group’s businesses.

The Group has taken account of this new situation, the exact terms and mechanics of which are yet to be defined, in the determination of the principal estimates and assumptions used in the preparation of its consolidated financial statements at 31 December 2016 as set out in note B.3iii below.

The Group’s business plan incorporating the potential effects of this decision was reviewed by the Board of Directors. The key economic assumptions have been determined in the light of external studies and are based on market data as at the date of the statement of financial position. The Board of Directors has reviewed these assumptions and the corresponding sensitivity analyses. As at 31 December 2016, the Group has not identified any major impact of the United Kingdom’s decision to leave the European Union that could significantly affect its business or financial situation.

A.2 Cessation of the maritime activity

Since the cessation of its maritime activity in the second half of 2015, the Group has applied IFRS 5 “Non-current assets held for sale and discontinued operations” to its maritime segment MyFerryLink. At 31 December 2015, the ferries Berlioz, Rodin and Nord-Pas-de Calais were classed as assets held for sale and presented on a separate line of the statement of financial position, and the net result of the maritime activity was presented on a single line in the income statement entitled “Net result from discontinued operations”.

Since February 2016, two of the ferries, the Berlioz and the Rodin, have been leased to the DFDS group under an agreement which, due to the condition imposed at the time of their purchase in 2012 prohibiting the sale of the ferries for a period of five years, includes an option for their subsequent sale which is exercisable by the Group in June 2017.

On 4 May 2016, the Group concluded a similar agreement with Vansea Shipping Company Limited for the Nord-Pas-de-Calais which provides initially for its lease with an option for its subsequent sale which is exercisable by the Group in June 2017.

These contracts, which effectively transfer almost all the risks and rewards of ownership to the lessee, are treated as finance leases in accordance with IAS 17 “Leases”. This treatment is reflected in the financial statements at 31 December 2016 as follows:

- the net investment in the finance lease contracts was recorded in the statement of financial position under “current financial assets”; and
- an income net of tax of €24 million was accounted for in the maritime segment’s income statement.

Information on the maritime segment is presented in note C.3ii.a) below.

A.3 ElecLink

On 23 August 2016, the Eurotunnel Group purchased the 51% share in ElecLink Limited held by Star Capital for €75 million.

ElecLink’s activity is the construction and operation of a 1,000MW electricity interconnector between the UK and France. Preliminary construction works began in the last quarter of 2016 and the interconnector is expected to be in commercial operation from the beginning of 2020.

In accordance with IFRS 3 Revised, the purchase of the Star Capital shareholding is treated as a business combination carried out in stages and is reflected in the Group's consolidated financial statements as at 31 December 2016 as follows:

- €50 million has been recorded in "Other operating income", corresponding to the profit arising from the revaluation at fair value of the ElecLink shares already held by the Group (see note C.3i below).
- Goodwill of €120 million generated by the acquisition of control of ElecLink has been recorded in intangible assets in the statement of financial position at 31 December 2016 (see note C.3i and F.1 below).

ElecLink has been fully consolidated by the Group since it took full control on 23 August 2016. The Group's share of ElecLink's result between 1 January and 23 August 2016 (loss of €0.8 million in 2016) is included in the consolidated income statement under "Share of result of equity-accounted companies".

A.4 Sale of GB Railfreight Limited

On 15 November 2016, the Eurotunnel Group finalised the sale of its British rail freight subsidiary GB Railfreight Limited to EQT Infrastructure II for €136 million.

This transaction is reflected in the Group's consolidated financial statement as at 31 December 2016 as follows:

- GB Railfreight Limited ceased to be consolidated in the Group's accounts from the date of its sale, and, in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", its net result for the period in 2016 up to its sale is presented as a single line in the income statement called "Net result from discontinued operations".
- A net profit on sale of €39 million was recorded in the Group's net result from discontinued activities (see note C.3ii.b below). The tax charge on this profit is offset by the effect of group tax relief and the use of carried forward tax losses.

B. Principles of preparation, main accounting policies and methods

The consolidated accounts consist of the consolidation of the accounts of GET SE and its subsidiaries as set out in the table in note C.1 below. The accounting periods of Eurotunnel companies run from 1 January to 31 December.

B.1 Statement of compliance and Group accounting standards

Pursuant to European Regulation 1606/2002 of 19 July 2002 on International Accounting Standards, the Eurotunnel Group's consolidated financial statements for the year ended 31 December 2016 are prepared in accordance with international accounting standards as published by IASB and approved by the European Union as at 31 December 2016. These international standards include IAS (International Accounting Standards), International Financial Reporting Standards (IFRS) and interpretations (SIC and IFRIC).

Eurotunnel has control over the nature and price of the services it provides, and therefore does not meet the criteria set out in IFRIC 12 relating to concession contracts.

The Group did not anticipate the application of standards and interpretations, the implementation of which is not mandatory in 2016.

B.2 Changes in accounting standards as at 31 December 2016

The accounting policies and valuation rules applied by the Group in the consolidated financial statements at 31 December 2016 are identical to those used in the financial statements as at 31 December 2015.

i. Texts adopted by the European Union whose application is compulsory

The texts adopted by the European Union, the application of which is compulsory for financial years beginning on or after 1 January 2016, are as follows:

- amendments to IAS 19 "Defined Benefit Plans: Employee Contributions";
- amendments to IAS 16 and IAS 38 "Clarification of Acceptable methods of depreciation and amortisation";
- amendments to IAS 1 "Disclosure Initiative";
- amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Application of the Exception to Consolidation";
- amendments to IFRS 11 "Acquisition of an interest in a joint operation".

The application of these texts has no significant impact on the Group's annual consolidated financial statements.

ii. Texts adopted by the European Union but not yet mandatory

IFRS 15 "Revenue from Contracts with Customers"

On 22 September 2016, the European Union adopted IFRS 15 "Revenue from Contracts with Customers", which is mandatory from 1 January 2018. The associated amendments, subject to their adoption by the European Union, will be applicable on the same date as IFRS 15. The Group does not intend to apply these provisions in advance.

2 RESULTS AND OUTLOOK

The Group's preliminary analysis did not reveal any significant impact in the consolidated financial statements. Analytical work will be carried out to confirm this impact, in particular as a result of the evolution of the contractual framework and the Group's activity until the implementation of the standard.

IFRS 9 "Financial Instruments"

"IFRS 9 – Financial Instruments" issued by the IASB in July 2014 and adopted by the EU on 29 November 2016 will replace IAS 39 "Financial Instruments" as of 1 January 2018. This new standard defines new principles for the classification and measurement of financial instruments, impairment for credit risk on financial assets and hedge accounting.

The Group does not intend to apply this provision in advance.

iii. Other texts and amendments published by the IASB but not approved by the European Union

The following texts concerning accounting rules and methods specifically applied by the Group have not yet been approved by the European Union:

- IFRS 16 "Leases";
- amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers";
- amendments to IFRS 10 and IAS 28 "Sales or contributions of assets between an investor and its associate/joint venture";
- amendments to IAS 12 "recognition of deferred tax assets for unrealised losses";
- amendments to IAS 7 under the "Disclosure Initiative" project;
- amendments to IFRS 2 "Classification and measurement of share-based payment transactions".

IFRS 16 "Leases", subject to approval by the European Union, will be mandatory for financial years beginning on or after 1 January 2019. According to this standard, all leases other than short-term leases and those of low-value assets, must be recognised in the lessee's statement of financial position in the form of a right of use asset and a financial liability. To date, leases classified as "simple" are presented off-balance sheet.

The potential impact of these other texts will be assessed by the Group in subsequent years.

B.3 Basis of preparation

i. Conversion of foreign currency transactions

Transactions in foreign currencies are converted into the reporting currency of each individual company at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies other than those mentioned in note ii below are translated at the rate ruling at the end of the reporting period. Exchange differences are dealt with in the income statement.

ii. Exchange rates

GET SE's company accounts and consolidated accounts are prepared in euros.

The accounts of the Group's British subsidiaries, and notably CTG and its subsidiaries, are prepared in sterling and are converted into euros as follows:

- Retained reserves brought forward and Concession property, plant and equipment and related depreciation, at historical rates.
- All other assets and liabilities at the rate ruling at the end of the reporting period.
- Income statement items, with the exception of the Concessionaires' depreciation, at the average rate for the year.
- Exchange differences arising from the application of the above are included in the cumulative translation reserve in the statement of financial position.
- The closing and average €/£ exchange rates for 2016 and 2015 are as follows:

€/£	2016	2015
Closing rate	1.168	1.362
Average rate	1.216	1.375

iii. Use of estimates and judgements

The preparation of the consolidated financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the period. The Board of Directors periodically reviews its valuations and estimates based on its experience and various other factors considered relevant for the determination of reasonable and appropriate estimates of the assets' and liabilities' carrying value. Accordingly, the estimates underlying the preparation of the financial statements as at 31 December 2016 were prepared in the context of the United Kingdom's decision to leave the European Union. Depending on the evolution of these assumptions, actual results may differ from current estimates.

The use of estimations concerns mainly the valuation of intangible and tangible property, plant and equipment (see note F), the evaluation of the Group's deferred tax situation (note I), the valuation of the Group's retirement liabilities (see note E.4) and certain elements of the valuation of financial assets and liabilities (note G).

C. Scope of consolidation

ACCOUNTING PRINCIPLES

Global integration

The accounts of entities under the Group's direct or indirect control are included in the consolidated financial statements using the full consolidation method. Control of an entity is deemed to exist when the Group:

- holds power over the entity,
- is exposed to, or entitled to, variable returns due to its involvement with the entity, and
- has the ability to exercise its power over the relevant activities of the entity in order to affect the amount of returns it obtains.

All significant transactions between the consolidated subsidiaries are eliminated, as are the Group's internal results (capital gains, profits on inventories, dividends).

The results of acquired subsidiaries are consolidated from the date on which control is exercised. Companies acquired or incorporated during the period are consolidated from the date of acquisition or incorporation.

Investments in companies accounted for under the equity method

Entities over which the Group exercises significant influence and entities that are jointly controlled are consolidated under the equity method. These investments are initially recorded at cost, including any goodwill generated. Their carrying amount is subsequently increased or decreased to take into account the Group's share in profits or losses realised after the acquisition date. When losses exceed the value of the Group's net investment in an equity-accounted company, these losses are not recognised unless the Group has a contractual commitment to recapitalise on behalf of that company.

If there is an indication of impairment, the recoverable amount is tested and the impairment losses resulting from these impairment tests are recorded as a reduction of the carrying amount of the corresponding investments.

The Eurotunnel Group has chosen to present the operating result of its share of the net result of companies accounted for by the equity method, the operational nature of which is in line with the Group's activity, after the operating profit and before a subtotal entitled "Operating profit after share of result of equity-accounted companies".

2 RESULTS AND OUTLOOK

C.1 List of consolidated companies

For the purposes of consolidation, GET SE comprises the following companies at 31 December 2015 and 31 December 2016:

	Country of registration or incorporation	Consolidation method	31 December 2016		31 December 2015	
			% interest	% control	% interest	% control
Fixed Link segment						
Groupe Eurotunnel SE (GET SE)	France	FC		Holding company		
France Manche SA (FM, the French Concessionaire)	France	FC	100	100	100	100
The Channel Tunnel Group Limited (CTG, the British Concessionaire)	England	FC	100	100	100	100
Centre International de Formation Ferroviaire de la Côte d’Opale SAS (CIFFCO)	France	FC	100	100	100	100
Cheriton Resources 14 Limited	England	FC	100	100	100	100
Euro-Immo GET SAS	France	FC	100	100	100	100
Eurotunnel Agent Services Limited	England	FC	100	100	100	100
Eurotunnel Financial Services Limited	England	FC	100	100	100	100
Eurotunnel Management Services Limited	England	FC	100	100	100	100
Eurotunnel SE	Belgium	FC	100	100	100	100
Eurotunnel Services GIE (ESGIE)	France	FC	100	100	100	100
Eurotunnel Services Limited (ESL)	England	FC	100	100	100	100
Gamond Insurance Company Limited (GICL)	Guernsey	FC	100	100	100	100
Société Immobilière et Foncière Eurotunnel SAS	France	FC	100	100	100	100
Europorte segment						
Bourgogne Fret Services SAS	France	FC	63	100	63	100
Europorte Channel SAS	France	FC	100	100	100	100
Europorte France SAS	France	FC	100	100	100	100
Europorte Proximité SAS	France	FC	100	100	100	100
Europorte SAS	France	FC	100	100	100	100
Euroscos SAS	France	FC	100	100	100	100
JP Services SAS	France	FC	63	100	63	100
Socorail SAS	France	FC	100	100	100	100
Europorte Terminal Container du Sud-Ouest SAS	France	FC	100	100	–	–
ElecLink segment						
ElecLink Limited	England	FC	100	100	49	49
GET Elec Limited	England	FC	100	100	100	100
Discontinued operations						
Euro-TransManche 3 BE SAS	France	FC	100	100	100	100
Euro-TransManche 3 NPC SAS	France	FC	100	100	100	100
GET Finances SAS ^(*)	France	FC	100	100	100	100
Euro-TransManche Holding SAS	France	FC	100	100	100	100
Euro-TransManche SAS	France	FC	100	100	100	100
MyFerryLink SAS	France	FC	100	100	100	100
GB Railfreight Limited	England	–	–	–	100	100
Companies with no significant activity during 2016						
Cheriton Leasing Limited, Cheriton Resources 1, 2, 3, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16 Limited	England	FC	100	100	100	100
Eurotunnel Developments Limited (EDL)	England	FC	100	100	100	100
Eurotunnel Finance Limited (EFL)	England	FC	100	100	100	100
Eurotunnel Project SAS	France	FC	100	100	–	–
Eurotunnel Trustees Limited (ETRL)	England	FC	100	100	100	100
EurotunnelPlus Limited	England	FC	100	100	100	100
EurotunnelPlus GmbH	Germany	FC	100	100	100	100
Le Shuttle Limited	England	FC	100	100	100	100
London Carex Limited	England	FC	100	100	100	100
MyFerryLink Limited	England	FC	100	100	100	100
NTMO SAS	France	FC	100	100	–	–
Orbital Park Limited (OPL)	England	FC	100	100	100	100

* Euro-TransManche 3 SAS changed its name to GET Finances SAS on 24 November 2016.

Up until it acquired Star Capital's 51% shareholding in ElecLink Limited in August 2016 (see notes A.3 above and C.3i below), GET SE's shareholding of 49% (held by its subsidiary GET Elec Limited) was accounted for under the equity method (EM). At 31 December 2016, all the Group's companies are fully consolidated (FC).

C.2 Investments in equity-accounted companies

€'000	31 December 2016	31 December 2015
Equity-accounted company	–	7,217
Share of result since acquisition	–	(3,320)
Total	–	3,897

At 31 December 2015, investments in equity-accounted companies related to the Group's investment in ElecLink Limited, in which GET SE's subsidiary GET Elec Limited had a 49% shareholding.

As indicated in note C.3i below, ElecLink Limited has been fully consolidated since the Group took full control on 23 August 2016.

C.3 Changes in the scope of consolidation

ACCOUNTING PRINCIPLES

Business combinations

Business combinations are recorded in accordance with the acquisition accounting method as set out in the revised IFRS 3. Under this method, the assets acquired and liabilities and contingent liabilities assumed are recorded at fair value.

When a business is acquired in stages, the Group's previously held interest in the business acquired is revalued to fair value through profit or loss at the time of full acquisition. For the determination of goodwill at the date of control, the fair value of the consideration transferred (for example the price paid) is increased by the fair value of the interest previously held by the Group.

Costs directly attributable to acquisition transactions are recognised in the operating result for the year.

Sale of businesses

The result of the entities sold in the period, together with the gain or loss on the disposal of these activities and the costs directly attributable to the transaction, are presented, net of tax, on a separate line item in the income statement entitled "Net result from discontinued activities". The same treatment is applied to the income statement for the previous financial year. The amount of other comprehensive income previously recognised in respect of the investment held prior to the sale is recycled to the income statement.

Assets and liabilities held for sale and discontinued operations

IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" sets out the accounting treatment applicable to assets held for sale and the presentation and disclosure requirements for discontinued operations.

Assets held for sale

Non-current assets held for sale are presented on a separate line of the statement of financial position when (i) the Group has made the decision to sell the asset(s) concerned and (ii) the sale is considered to be highly probable. These assets are measured at the lower of their net carrying amount and their fair value less costs to sell.

Property, plant and equipment classified as "Assets held for sale" are no longer subject to impairment and depreciation is stopped at the date of application of IFRS 5.

Discontinued operations

A discontinued operation is a component of an entity that the Group has decided to dispose of, either by terminating or selling the activity and which represents a separate sector of activity and is part of a single co-ordinated disposal plan.

2 RESULTS AND OUTLOOK

When these criteria are met, the results of discontinued operations are presented on a separate line in the consolidated income statement for each period. The Group assesses whether a discontinued operation represents a separate sector of activity mainly on the basis of its relative contribution to the Group's consolidated financial statements.

Discontinued operations (including non-current assets, current assets and the related liabilities classified as held for sale) are measured as a whole at the lower of their carrying amount and fair value less costs to sell.

Costs specifically incurred in the context of the cessation of the activity are presented in the income statement within the "Net result from discontinued operations".

i. Full acquisition of ElecLink Limited

On 23 August 2016, the Eurotunnel Group purchased the 51% share in ElecLink Limited held by Star Capital for €75 million (€66 million for the shares and €9 million for the receivables held by Star Capital).

ElecLink's activity is the construction and operation of a 1,000 MW electricity interconnector between the UK and France. This acquisition forms part of the Group's strategy of optimisation of the Fixed Link's infrastructure. Preliminary construction works began in the last quarter of 2016 and the interconnector is expected to be in commercial operation from the beginning of 2020. As the Group already held 49% of ElecLink, the purchase of the other 51% was treated, in accordance with IFRS 3 Revised, as a business combination carried out in stages and is reflected in the Group's consolidated financial statements as at 31 December 2016 as follows:

- €50 million has been recorded in "Other operating income", corresponding to the profit arising from the revaluation at fair value of the ElecLink shares already held by the Group. This fair value was determined on the basis of the discounted cash flows of the project as shown in ElecLink's latest business plan at the date of acquisition of control.

€'000

Fair value of shares already held by the Group	45,813
Net carrying amount of the investment in ElecLink at 23 August 2016	(4,059)
Profit on revaluation of shares already held by the Group	49,872

- The goodwill of €120 million generated by the full acquisition of ElecLink which corresponds to the excess of the fair value of the cost of the business combination (equivalent to the fair value of the shares already held and the acquisition cost of the Star Capital shares) and the fair value of the net assets acquired, was recognised under intangible assets in the consolidated statement of financial position as at 31 December 2016 (see note F.1 below).

€'000

Tangible and intangible assets	16,064
Total non-current assets	16,064
Cash and cash equivalents	203
Other current assets	4,921
Total current assets	5,124
Total assets	21,188
Provisions and other liabilities	(29,472)
Net asset/(liability) at 23 August 2016	(8,284)

€'000

Cost of acquiring of 51% of ElecLink Limited's shares	65,858
Fair value of the 49% of shares already held by the Group	45,813
Total fair value of the cost of business combination	111,671
Net asset/(liability) at 23 August 2016	(8,284)
Goodwill	119,955

The Group expects to allocate goodwill between ElecLink's separately identifiable assets, liabilities and contingent liabilities and goodwill during the 2017 financial year.

ElecLink has been fully consolidated by the Group since it took complete control on 23 August 2016. The Group's share of ElecLink's result between 1 January and 23 August 2016 (loss of €0.8 million) is included in the consolidated income statement under "Share of result of equity-accounted companies".

ii. Assets held for sale and discontinued operations

The net result per discontinued activity is as below:

€'000	31 December 2016	31 December 2015
Maritime segment (see a) below)	17,127	(7,478)
GB Railfreight Limited (see b) below)	46,907	11,271
Net result from discontinued activities	64,034	3,793
Earnings per share from discontinued activities (€):		
Basic	0.12	0.01
Diluted	0.12	0.01

a) Maritime segment MyFerryLink

Since the second half of 2015, the Group has applied IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" to its maritime segment.

Income statement for the maritime segment

€'000	31 December 2016	31 December 2015
Revenue	–	52,398
Operating costs	(5,333)	(57,467)
Operating margin (EBITDA)	(5,333)	(5,069)
Depreciation	–	(3,621)
Trading loss	(5,333)	(8,690)
Other operating income/(charges)	38,267	(1,481)
Operating profit/(loss)	32,934	(10,171)
Other financial (charges)/income	(17)	110
Pre-tax profit/(loss)	32,917	(10,061)
Deferred tax	(15,790)	–
Income tax expense	–	2,583
Net profit/(loss)	17,127	(7,478)

An income net of tax of €24 million was accounted for in 2016 in respect of the ferries' finance lease contracts (see note A.2 above) as follows:

- at the effective start date of the contracts (in February for the Rodin and Berlioz and in May for the Nord-Pas-de-Calais) a net income of €40 million, after taking into account €13 million for the cost of putting the ferries back into operation, was accounted for under "Other net operating income" being the difference between the net book value of the ferries, which at 31 December 2015 had been classed as "Assets held for sale", and the net value of the investment recognised in respect of the finance leases for these ferries; and
- a net deferred tax charge on this income of €16 million.

Operating costs include write-downs on receivables and miscellaneous expenses.

Transactions between the MyFerryLink segment and other Group entities have been eliminated in accordance with IFRS 5. These transactions relate mainly to management charges, interest charges on inter-company loans and taxation.

Depreciation on the non-current assets categorised at "Assets held for sale" was stopped on the date of application of IFRS 5, in September 2015 for the Berlioz and the Rodin and in December 2015 for the Nord-Pas-de-Calais.

2 RESULTS AND OUTLOOK

Cash flow statement for the maritime segment

€'000	31 December 2016	31 December 2015
Net cash flow from operating activities	(17,516)	3,300
Net cash flow from investing activities	–	(1,168)
Net cash flow from financing activities	10,357	–
(Decrease)/increase in cash in year	(7,159)	2,132

Net cash flow from operating activities in 2016 arose mainly from the cost of the refit of the ferries before the start of their finance leases. Net cash flow from financing activities consists mainly of the cash received in respect of the finance leases for the ferries (see notes A.2 above and G.3ii below).

Statement of financial position for the maritime segment

At 31 December 2015, the maritime segment's three ferries were classed as "Assets held for sale". At the start of their finance leases during the first half of 2016, their disposal was accounted for under "Other net operating income" in discontinued activities and the contracts were then recorded under "Other financial assets" on the statement of financial position (see note G.3ii below).

b) GB Railfreight Limited

On 15 November 2016, the Group announced the finalisation of the sale of its subsidiary GB Railfreight Limited (see note A.4 above). The most recent financial statements of the company available at 31 October 2016 were used as the basis for accounting for the exit from the scope of consolidation. The Group considers the impact of operations between 31 October and 15 November 2016 as non-material. At 31 December 2016, the Group presents the company's results for both 2016 and 2015 in the income statement under "Net result from discontinued operations".

Income statement for the discontinued activity of GB Railfreight Limited

€'000	31 October 2016	31 December 2015
Revenue	128,814	184,314
Operating expenses	(69,901)	(104,252)
Employee benefits expense	(42,950)	(58,133)
Operating margin (EBITDA)	15,963	21,929
Depreciation	(6,638)	(7,481)
Trading profit	9,325	14,448
Other operating income/(charges)	39,336	(1,741)
Operating profit (EBIT)	48,661	12,707
Net finance costs	(1,650)	(1,571)
Other financial (charges)/income	(104)	135
Pre-tax result	46,907	11,271
Current income tax for the period in the UK at 20%	(1,469)	(2,254)
Current income tax for the period in France at 34.43%	(13,622)	–
Tax consolidation and utilisation of tax loss carryforwards	15,091	2,254
Net tax	–	–
Net result	46,907	11,271

In the United Kingdom, GB Railfreight Limited's current income tax expense for the year benefits from group tax relief provided by The Channel Tunnel Group Limited. In France, the profit on the sale realised by Europorte SAS is included in the overall result of GET SE's tax consolidation group.

The net profit on the sale of €39 million, which is recognised in the Group's discontinued activities in 2016, is calculated as follows:

€'000	
Sale price	135,095
Net carrying value of the assets sold	(69,907)
Recycling of items previously treated in the statement of comprehensive income	(16,581)
Costs and potential adjustments related to the transaction	(9,198)
Net profit	39,409

As part of the sale, the purchaser submitted a claim for a price adjustment on 29 December 2016. At the date on which these accounts were finalised, this claim was still being discussed between Eurotunnel and EQT Infrastructure II.

Transactions between GB Railfreight Limited and the other entities of the Group have been eliminated in accordance with IFRS 5. These are essentially services, financial charges on intercompany loans and tax.

GB Railfreight Limited's statement of financial position

€'000	31 October 2016	31 December 2015
Goodwill	15,737	19,308
Intangible assets	5,056	6,958
Tangible assets	93,504	98,306
Accounts receivable and inventories	26,478	30,647
Other current assets	3,081	3,356
Cash and cash equivalents	5,168	13,503
Total assets	149,024	172,078
Financial liabilities	43,889	41,231
Retirement liability	12,216	13,000
Other liabilities	23,012	44,370
Total liabilities excluding equity	79,117	98,601
Net carrying value of assets sold	69,907	73,477

Cash flow statement

€'000	31 October 2016	31 December 2015
Net cash flow from operating activities	15,780	24,404
Net cash flow from investing activities	(21,734)	(36,205)
Proceeds from sale of GB Railfreight Limited	129,660	–
Net cash flow from financing activities	14,091	916
Increase/(decrease) in cash in period	137,797	(10,885)

D. Operating data

D.1 Segment information

ACCOUNTING PRINCIPLES

Segment information is presented by business segment, in accordance with the Group's internal reporting and organisation.

The Group is organised around the following three activities, which corresponded to the internal information reviewed and used by the main operational decision makers (the Executive Committee):

- the "Concession for the cross-Channel Fixed Link" segment which includes the Group's corporate services,
- the "Europorte" segment, the main activity of which is that of rail freight operator, and
- the "ElecLink" segment, whose activity is the construction and operation of a 1,000 MW electricity interconnector running through the Channel Tunnel.

2 RESULTS AND OUTLOOK

i. Information by segment

€'000	Fixed Link	Europorte	ElecLink	Intersegment eliminations	Total of continuing operations	Discontinued operations ^(***)	Total
At 31 December 2016							
Revenue	907,602	115,811	–	67	1,023,480	–	1,023,480
EBITDA	515,246	(157)	(1,459)	–	513,630	–	513,630
Trading profit/(loss)	371,668	(5,814)	(1,464)	–	364,390	–	364,390
Pre-tax result of continuing operations	122,489	(11,161)	42,360	–	153,688	–	153,688
Net consolidated result	–	–	–	–	136,239	64,304	200,273
Investment in property, plant and equipment	65,951	5,931	58,420	(67)	130,235	19,843	150,078
Property, plant and equipment (intangible and tangible)	6,088,510	83,178	194,489	–	6,366,177	–	6,366,177
External financial liabilities	3,703,921	14,557	–	–	3,718,478	–	3,718,478
At 31 December 2015^(*)							
Revenue	915,016	122,683	–	–	1,037,699	–	1,037,699
EBITDA	522,018	(1,841)	(40)	–	520,137	–	520,137
Trading profit/(loss)	384,526	(7,408)	(1,315)	–	375,803	–	375,803
Pre-tax result of continuing operations	114,314	(9,512)	(877)	–	103,925	–	103,925
Net consolidated result	–	–	–	–	96,425	3,793	100,218
Investment in property, plant and equipment	76,615	21,688	–	–	98,303	(***)41,685	139,988
Property, plant and equipment (intangible and tangible)	6,168,458	82,925	–	–	6,251,383	124,577	6,375,960
External financial liabilities	4,017,293	15,499	–	–	4,032,792	31,463	4,064,255

* Figures restated in application of IFRS 5 following the sale of GB Railfreight Limited (see note C.3iib) above).

** Of which €25 million was the subject of a sale and lease back operation in 2015.

*** See note C.3ii above.

ii. Geographical information

The Fixed Link's activities are mainly those of the transport of freight, vehicles and passengers between France and the United Kingdom.

The Europorte segment's revenues are generated mainly in France.

D.2 Revenue

ACCOUNTING PRINCIPLES

Revenue corresponds to sales of services as part of the ordinary activities of the Group's various segments.

Fixed Link

Sales are recognised in revenue when the service is delivered.

- For the Truck Shuttle activity, revenue is recognised when the crossing has been made.
- For the Passenger Shuttle activity:
 - when the reservation is made, the tickets are recorded in "deferred income",
 - then the revenue is recognised when the crossing has been made.
- For the Railway Network passenger and rail freight tolls, revenue is recognised when the crossing has been made. For the Railway Network's annual fixed charges and contributions to its operating and investment costs, revenue is recognised on the basis of the Fixed Link's availability.

Europorte

For the rail transport activity, revenue corresponds to sales of transport services and sales are recognised in revenue when the service is actually performed.

For the maintenance and management of railway infrastructure, sales are recognised in revenue when the services are actually performed.

Revenue is analysed as follows:

€'000	2016	2015 ^(*)
Shuttle Services	602,687	579,676
Railway Network	290,870	319,165
Other revenues	14,112	16,175
Sub-total Fixed Link	907,669	915,016
Europorte	115,811	122,683
Total	1,023,480	1,037,699

* Figures restated in application of IFRS 5 following the sale of GB Railfreight Limited (see note C.3iib) above).

D.3 Operating costs

Operating costs are analysed as follows:

€'000	2016	2015 ^(*)
Operations and maintenance: subcontracting and spares	108,239	103,887
Electricity	31,905	32,553
Cost of sales and commercial costs	19,999	22,386
Regulatory costs, insurance and local taxes	39,276	39,342
General overheads and centralised costs	18,709	18,476
Subtotal Fixed Link	218,128	216,644
Europorte	66,612	72,204
ElecLink	838	40
Total	285,578	288,888

* Figures restated in application of IFRS 5 following the sale of GB Railfreight Limited (see note C.3iib) above).

Statutory auditors' fees

In application of decree number 2008-1487 dated 30 December 2008, the table below presents the statutory auditors' fees for the financial years ended 31 December 2015 and 2016 for all Eurotunnel Group companies.

€'000	2016	2015
Auditorship, certification and examination of individual and consolidated accounts	1,560	1,542
Other fees and services directly linked to the duties of the auditors	217	275
Total	1,777	1,817

2 RESULTS AND OUTLOOK

D.4 EBITDA/operating margin

ACCOUNTING PRINCIPLES

EBITDA (or operating margin) as used by the Group is calculated by adding back depreciation charges to the trading profit.

D.5 Other operating income and (expenses)

ACCOUNTING PRINCIPLES

Distinction between the trading result and the operating result

The Group considers that it is helpful to include an additional result line in the presentation of its income statement within the operating result, in order to understand better its financial performance. This line is called the “trading result”, and excludes income or charges which are non-recurrent in terms of their frequency and nature and for which the amount is significant. The Group therefore applies recommendation number 2013-03 of the French national authority for accounting standards, the Autorité des Normes Comptables.

€'000	2016	(*)2015
Revaluation of shares already held in ElecLink	49,872	–
Net profit on disposal or write-off of assets	–	2,069
Other	1,132	926
Subtotal other operating income	51,004	2,995
Net loss on disposal or write-off of assets	(2,198)	–
Other operating expenses	(12,359)	(4,506)
Subtotal other operating expenses	(14,557)	(4,506)
Total	36,447	(1,511)

* Figures restated in application of IFRS 5 following the sale of GB Railfreight Limited (see note C.3iib) above).

For detail on the revaluation of shares already held in ElecLink, see note C.3i above.

Other operating expenses relate mainly to provision for risk and legal and advisory costs.

D.6 Trade and other receivables

ACCOUNTING PRINCIPLES

When a trade receivable is considered doubtful, an impairment allowance is made for the full amount due except in a small number of cases where the Group considers that recovery is possible.

i. Trade receivables

The maximum credit risk exposure on trade receivables by type of customer at the end of the reporting period is as follows:

€'000	31 décembre 2016	31 décembre 2015
Road haulage companies	45,027	42,742
National railways	21,330	23,574
Rail freight sector	28,663	62,231
Other	13,624	11,352
Gross value	108,644	139,899
Allowance for impairment	(14,308)	(10,457)
Net value	94,336	129,442

Trade receivables in the rail freight sector at 31 December 2015 included €30,282,000 relating to GB Railfreight Limited which was sold during 2016.

The age profile of trade receivables at the end of the reporting period is as follows:

€'000		Not yet due	Past due for less than 30 days	Past due for between 30 and 90 days	Past due for more than 90 days
At 31 December 2016	Gross	73,366	16,833	4,393	14,052
	Allowance for impairment	–	–	302	14,006
At 31 December 2015	Gross	99,906	21,136	7,602	11,255
	Allowance for impairment	–	–	918	9,539

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

€'000	2016	2015
Balance at 1 January	10,457	6,231
Impairment loss recognised	4,475	5,086
Impairment loss recovered	(501)	(909)
Exchange difference	(123)	49
Balance at 31 December	14,308	10,457

ii. Other receivables

€'000	31 December 2016	31 December 2015
Suppliers	588	724
State debtors	42,459	32,639
Prepayments	4,794	9,912
Other	14,225	19,607
Total	62,066	62,882

Prepayments at 31 December 2015 included €2,607,000 relating to GB Railfreight Limited which was sold during 2016.

D.7 Trade and other payables

€'000	31 December 2016	31 December 2015
Trade cash advances	1,531	1,662
Trade creditors and accruals	95,151	109,043
Taxation, social security and staff	59,637	75,902
Property, plant and equipment creditors and accruals	51,009	36,120
Trade payables (current)	207,328	222,727
Deferred income ^(*)	28,582	35,008
Other	9,691	4,583
Other payables (current)	38,273	39,591
Total	245,601	262,318

* Deferred income is mainly composed of tickets issued but not yet used.

Trade and other payables at 31 December 2015 included €33,322,000 relating to GB Railfreight Limited which was sold during 2016, of which €19,307,000 was in respect of trade creditors and accruals, €10,045,000 in respect of taxation, social security and staff liabilities and €3,512,000 in respect of deferred income.

2 RESULTS AND OUTLOOK

D.8 Provisions

ACCOUNTING PRINCIPLES

Provisions are recognised when there exists a legal or constructive obligation stemming from a past event and when the related future cash flows can be reliably estimated.

€'000	1 January 2016	Charge to income statement	Release of unspent provisions	Provisions utilised	31 December 2016
Provisions	8,265	3,532	(941)	(4,155)	6,701

D.9 Off-balance sheet commitments relating to operating activities

Operating lease contracts

The contractual payments of operating lease contracts which are non-cancellable in the short term are set out in the table below:

€'000	31 December 2016	31 December 2015
Less than one year	9,140	34,423
From one to five years	15,625	84,594
More than five years	–	41,609
Total	24,765	160,626

These relate to the leasing commitments for rolling stock by the rail freight subsidiaries. At 31 December 2016, the contracts have a residual duration of up to four years and usually include options to renew at the end of the contractual period. In order to take into account changes in leasing market conditions, the rental amounts of certain contracts are reviewed every year.

The reduction leasing commitments between 2015 and 2016 is due to the sale of GB Railfreight Limited during 2016 (€125 million at 31 December 2015).

During the year, leasing charges of €12 million were accounted for relating to operating leases on rolling stock (2015: €37.8 million, of which €26 million was in respect of GB Railfreight Limited).

E. Personnel expenses and benefits

E.1 Employee numbers and employee benefits expense

	2016	(**)2015
Number of persons employed at year end	3,336	3,374
Average number of persons employed	3,348	3,340
Employee benefits expense (in €'000) ^(*)	224,272	228,674

* Including employment costs and directors' remuneration (10 non-executive Directors at 31 December 2016 and at 31 December 2015).

** Figures restated in application of IFRS 5 following the sale of GB Railfreight Limited (see note C.3iib) above).

In 2016, employee benefits expense include charges of €7,934,000 (2015: €6,598,000) relating to share options, free shares and preference shares (see note E.5 below).

E.2 Remuneration of Board Directors and senior executives

The total remuneration from all Group companies to members of the GET SE Board who served during 2016 was €1.75 million (2015: €1.72 million) before pension contributions. This remuneration, which includes attendance fees payable to members of the Board for a total of €0.6 million (2015: €0.7 million) and the Chairman and Chief Executive Officer's remuneration, is entirely comprised of current employment benefits.

The remuneration for members of the Group's Executive Committee (excluding members of the Board) in 2015 and 2016, is given in the table below. There were 6 members of the Executive Committee (excluding Board Directors) at 31 December 2016 (7 at 31 December 2015), 1 of whom was a member of a UK pension scheme which is described in note E.4 below.

€'000	2016	2015
Current employment benefits	1,710	2,218
Post-employment benefits	8	84
Other long term benefits	–	–
Payments in respect of termination of service	–	–
Cost of share-based payments	570	1,673
Total	2,288	3,975

E.3 Related parties: remuneration of Board Directors and senior executives

The amount of remuneration paid to members of the Board and senior executives is included in note E.2 above.

E.4 Retirement benefits

ACCOUNTING PRINCIPLES

The Group provides for its legal and contractual obligations for retirement indemnities of employees under French contracts, and for the defined benefit retirement schemes of employees under UK contracts operated by CTG and ESL and, until its sale, GB Railfreight Limited (GBRf). The liability for defined benefits, recorded in the statement of financial position, is the present value of the obligation under defined benefit plans at the end of the financial year less the fair value of plan assets. These liabilities are valued using the actuarial method of projected unit of credit on the basis of actuarial valuations made at the end of each financial year. The current service cost of the period and the interest on the obligation are accounted for in the "staff benefit expense" line of the consolidated income statement. Valuation of the liability for defined benefit plans in respect of (i) actuarial gains and losses, (ii) the actual return on plan assets and (iii) changes in the effect of the asset ceiling benefits are recognised in the consolidated statement of other comprehensive income.

i. Retirement liabilities

The Group has provided for the following retirement liabilities:

€'000	31 December 2016	31 December 2015
UK: ESL	89,172	75,938
UK: GBRf	–	13,000
France	10,715	9,363
Total	99,887	98,301

a) UK employee defined benefit obligations

Since the sale of GB Railfreight Limited in November 2016, GET SE operates two pension schemes in the UK: The Channel Tunnel Group Pension Fund and The Channel Tunnel Group Senior Executives Pension Fund providing defined benefits for ESL staff based on final pensionable pay. The characteristics of these schemes are similar and the assets of each are held in separate trustee-administered funds.

The valuation at the end of the financial year has been prepared by an independent qualified actuary to take account of the requirements of the amended IAS 19 in order to assess the liabilities and assets of the schemes as at the end of the reporting period.

2 RESULTS AND OUTLOOK

The fair value of the schemes' assets, which are not intended to be realised in the short term and may be subject to significant change, and the present value of the schemes' liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

31 December	ESL		GBRf	
	2016	2015	2016	2015
Analysis of plan assets:				
Return seeking investments:				
Equities	185,134	177,079	–	54,594
Other	25,384	23,883	–	–
Liability matching investments:				
Gilts	25,978	51,335	–	–
Bonds	54,271	31,438	–	6,724
Other	262	(59)	–	369
Fair value of plan assets	291,029	283,676	–	61,687
Present value of funded obligations	379,915	358,876	–	83,353
Present value of net obligations	88,886	75,200	–	21,666
Portion of deficit / surplus attributed to members	–	–	–	(8,666)
Effect of asset ceiling	286	738	–	–
Recognised liability for retirement obligations (see below)	89,172	75,938	–	13,000

Assumptions

The main assumptions that have been used in the actuarial calculations are as follows:

	ESL		GBRf	
	2016	2015	2016	2015
Discount rate	2.9%	3.8%	–	3.8%
Future salary increases	N/A	N/A	–	3.4%
Inflation rate	3.5%	3.4%	–	3.4%
Future pension increases	3.4%	3.3%	–	2.4%

Sensitivity to changes in the main assumptions

Reasonably possible changes to one of the relevant actuarial assumptions at the end of the reporting period, all things being equal, would have affected the defined benefit liability by the amounts shown below.

31 December 2016	ESL	
	Increase	Decrease
Discount rate: +/-1%	(76,152)	102,198
Inflation: +/-1%	62,487	(62,720)
Mortality: +/-1 an	15,417	(15,301)

Expected cash outflows and risks associated with pension liabilities

The investment strategy for managing the assets of the pension schemes is defined by the trustees of the pension fund. The maturities of the contributions and the level of funding of schemes are negotiated between the Group and the trustees on the basis of actuarial valuations carried out every three years. Contributions are intended both to recover the deficit related to rights acquired in the past and to cover the service costs in future years.

The Group estimates that contributions to be paid into the defined benefit schemes in the 2017 financial year will be €4.7 million, of which €2.2 million will be in respect of current service costs for the period and €2.3 million will be in respect of the recovery of the deficit in the Channel Tunnel Group Pension Fund. The weighted average duration of the ESL plan is 22 years.

Movements in the present value of retirement obligations

€'000	ESL	
	2016	2015
Opening liability at 1 January	358,876	316,970
Current service costs	4,211	5,361
Interest on obligation	12,074	12,456
Contributions received from employees	1,614	1,968
Benefits paid and transfers	(5,130)	(5,662)
Actuarial gain/(loss) and curtailment	62,476	8,577
Exchange rate adjustment	(54,206)	19,206
Closing liability at 31 December	379,915	358,876

Movements in the fair value of plan assets

€'000	ESL	
	2016	2015
Fair value of plan assets at 1 January	283,676	256,482
Contributions received from employer	4,835	5,672
Contributions received from employees	1,614	1,968
Benefits paid and transfers	(5,130)	(5,662)
Expected return on plan assets	9,647	10,200
Actuarial gain/(loss) on plan assets	38,854	(586)
Exchange rate adjustment	(42,467)	15,602
Fair value of plan assets at 31 December	291,029	283,676

Movements in the net liability for retirement obligations recognised in the balance sheet

€'000	ESL	
	2016	2015
Opening net liability at 1 January	75,938	61,781
Company contributions paid	(4,835)	(5,672)
Recognised in the income statement	6,667	7,671
Recognised in other comprehensive income	23,232	8,470
Exchange rate adjustment	(11,830)	3,688
Closing net liability at 31 December	89,172	75,938

Expense recognised in the income statement

€'000	ESL	
	2016	2015
Current service costs	4,211	5,361
Interest on obligation and administration costs	2,456	2,310
Total	6,667	7,671

Profit/(loss) recognised in other comprehensive income

€'000	ESL	
	2016	2015
Actuarial profit/(loss) on assets	38,854	(586)
Actuarial profit/(loss) on retirement obligation	(62,476)	(8,577)
Effect of asset ceiling	390	693
Total	(23,232)	(8,470)

2 RESULTS AND OUTLOOK

b) UK defined contribution scheme

On 1 October 2006, Eurotunnel put in place a defined contribution pension scheme (the Eurotunnel Defined Contribution Pension Scheme) which is open to all new ESL employees. The charge to the income statement in 2016 relating to this scheme was €792,000 (2015: €775,000).

c) French employee defined benefit scheme

In France, employees receive a lump sum payment on retirement in accordance with contractual commitments. These liabilities cover both the Fixed Link and Europorte companies.

€'000	2016	2015
Provision for retirement liabilities at 1 January	9,363	8,996
Current service cost	666	610
Interest on obligation	174	251
Total charge to the income statement in "employee benefits expense"	840	861
Actuarial losses and (gains)	623	(440)
Indemnities paid	(111)	(54)
Provision for retirement liabilities at 31 December	10,715	9,363

Assumptions

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages) are as follows:

	31 December 2016	31 December 2015
Discount rate	1.31%	1.89%
Future salary increases	1.60%	1.60%
Inflation rate	1.50%	1.50%

E.5 Share-based payments

ACCOUNTING PRINCIPLES

Share-based payments

Share options are accounted for in accordance with IFRS 2. The options are valued at their fair value at the date on which they are granted (see next paragraph) and any variations in value occurring after the grant date are not taken into account. The value is charged to employee benefits expense on a straight line basis between the date of the grant and the maturity date (the vesting period), with an equal and opposite entry directly to equity.

Measurement of fair value

The fair value of stock option plans is measured by applying the binomial Black & Scholes model and the Monte Carlo approach. The basis of calculation includes the share price on the grant date, the exercise price of the options, expected volatility of the underlying shares, expected period before exercise, expected dividends and share yield, and the expected turnover of beneficiaries. Performance conditions which are not related to the market are not included in the fair value measurement.

i. Share options

Share option plan (treated as an equity instrument)

On 26 May 2010, the general meeting of shareholders authorised the Board to grant, in one or several allocations, options over shares in the company to executives and senior staff of GET SE and its subsidiaries, during a period the duration of which is fixed at 38 months from 26 May 2010. The total number of options may not give the right to more than 3,900,000 shares of a nominal value of €0.40 each. The Board has allocated 3,900,000 shares held under the share buyback programme to these options. Under this scheme, the Board have approved three grants of share options: on 16 July 2010, 21 July 2011 and 20 July 2012.

Characteristics and conditions of the share option plans

The characteristics and conditions attached to the attribution of the share options are as follows:

Date of grant / main staff concerned	Number of options	Conditions for acquiring rights	Vesting period
Options granted to key executives and senior staff on 16 July 2010	1,164,000	Staff must remain as employees of the Group until the exercise of options. Performance conditions: 50% of options are subject to conditions based on the financial performance of the Group (distribution of a dividend, consolidated EBITDA in 2010 and 2011 above a predetermined level). The performance conditions were met. Market performance condition: 50% of options are conditional on the GET SE share price performing better than the SBF120 index. The performance conditions were met.	4 years
Options granted to key executives and senior staff on 21 July 2011	1,430,000	Staff must remain as employees of the Group until the exercise of options. Performance conditions: 50% of options are subject to conditions based on the financial performance of the Group (distribution of a dividend, consolidated EBITDA in 2011 and 2012 above a predetermined level). The performance conditions were met. Market performance condition: 50% of options are conditional on the GET SE share price performing better than the SBF120 index. The market conditions were not met.	4 years
Options granted to key executives and senior staff on 20 July 2012	1,405,000	Staff must remain as employees of the Group until the exercise of options. Performance conditions: 50% of options are subject to conditions based on the financial performance of the Group (distribution of a dividend, consolidated EBITDA in 2012 and 2013 above a predetermined level). The performance conditions were met. Market performance condition: 50% of options are conditional on the GET SE share price performing better than the SBF120 index. The market condition for 2012 was not met. The market condition for 2013 was met.	4 years

Information on the share option plans

The number and the average weighted exercise price of the share options are as follows:

	2016		2015	
	Average weighted exercise price (in euros)	Number of options	Average weighted exercise price (in euros)	Number of options
In issue at 1 January	6.66	1,741,700	6.72	2,164,250
Renounced during the year	6.59	(21,000)	6.33	(9,750)
Exercised during the year	6.56	(79,450)	6.97	(412,800)
In issue at 31 December	6.67	1,641,250	6.66	1,741,700
Exercisable at 31 December	6.67	1,641,250	7.12	729,200

Of the 1,641,250 options in issue at 31 December 2016:

- 237,000 are exercisable, subject to staff remaining as employees of the Group, at a price of €6.42 until July 2020,
- 446,500 are exercisable, subject to staff remaining as employees of the Group, at a price of €7.52 until July 2021, and
- 957,750 are exercisable, subject to staff remaining as employees of the Group, at a price of €6.33 until July 2022.

2 RESULTS AND OUTLOOK

Assumptions used for the fair value measurement on the grant date

The fair value of the rights granted to staff as part of the share option plan on the grant date was calculated by applying the binomial Black & Scholes model and the Monte Carlo approach. The assumptions used to measure the fair value of the share option plan on the grant date were as follows:

Fair value of options and assumptions	2012 plan	2011 plan	2010 plan
Fair value of options on grant date (€)	2.13	2.69	2.02
Share price on grant date (€)	6.28	7.629	6.046
Exercise price of an option (€)	6.33	7.52	6.42
Expected volatility	39%	36%	40%
Expected life of options	7 years	7 years	7 years
Number of beneficiaries	57	56	57
Risk-free interest rate (based on government bonds)	1.53%	3.0%	2.4%

ii. Free share plans

a) Free share plans with no performance conditions

Following the approval by the general meeting of shareholders on 27 April 2016 of the plan to issue existing free shares, GET SE's Board of Directors decided on 27 April 2016 to grant a total of 302,325 GET SE ordinary shares (75 shares per employee) to all employees of GET SE and its related companies with the exception of executive and corporate officers of GET SE. The definitive acquisition of these shares by the employees is subject to their remaining in employment with the Group and they cannot be sold for a minimum period of three years.

On 27 April 2016, 351,850 free shares issued in 2012 were acquired by employees and on 28 April 2016, 217,100 free shares issued in 2014 were acquired by employees.

Number of shares	2016	2015
In issue at 1 January	1,264,750	930,420
Granted during the year	302,325	583,500
Renounced during the year	(43,325)	(41,770)
Acquired during the year	(569,200)	(207,400)
In issue at 31 December	954,550	1,264,750

The assumptions used to measure the fair value of the free shares were as follows:

Fair value of free shares and assumptions	2016 grant	2015 grant	2014 grant	2012 grant	2011 grant
Fair value of free shares on grant date (€)	10.45	13.16	9.28	5.89	6.62
Share price on grant date (€)	11.17	14.085	9.68	6.26	7.232
Number of beneficiaries	4,031	3,890	3,691	3,556	3,302
Risk-free interest rate (based on government bonds)	0.0%	0.015%	0.33%	1.05%	2.25%

b) Free share plan subject to performance conditions

On 27 April 2016, the general meeting of shareholders authorised the Board of Directors to grant free shares to executives and senior staff of the company and its subsidiaries, subject to performance conditions, after a period of three years. The total number of shares may not give entitlement to more than 1,200,000 ordinary shares with a nominal of €0.40 each. Under this authorisation, the Board of Directors approved on 20 October 2016, the allocation of 1,200,000 shares.

Characteristics and conditions of the free share plan subject to performance conditions

Date of grant / main staff concerned	Number of ordinary shares granted	Conditions for acquiring rights	Vesting period
Ordinary shares granted to key executives and senior staff on 20 October 2016	1,200,000	Staff must remain as employees of the Group. Internal performance condition (50% of the attributable volume), is based on the Group's long-term economic performance measured by reference to the average rate of achievement of the EBITDA targets announced to the market for the years 2017 and 2018. External performance condition (TSR, 40% of the attributable volume), is based on the stock market performance of the GET SE share compared to the performance of the DJI index (dividends included) over a three-year period. CSR performance condition (10% of attributable volume), is based on the performance of the 2018 composite CSR index.	3 years

Information on the free share plan subject to performance conditions

Number of preference shares	2016	2015
In issue at 1 January	–	–
Granted during the period	1,179,750	–
Renounced during the period	–	–
Exercised during the period	–	–
Expired during the period	–	–
In issue at 31 December	1,179,750	–
Exercisable at 31 December	–	–

Assumptions used for the fair value measurement on the grant date

The fair value on grant date of the rights granted to staff as part of the plan (the 1,200,000 ordinary shares) was calculated by using the Monte Carlo valuation model. The assumptions used to measure the fair value of the plan on grant date were as follows:

Fair value of shares and assumptions	2016 plan
Fair value on grant date (€)	5.13
Share price on grant date (€)	8.23
Number of beneficiaries	60
Risk-free interest rate (based on government bonds)	0.0%

iii. Preference shares convertible into ordinary shares (treated as equity instruments)

On 29 April 2014, the general meeting of shareholders authorised the Board of Directors to grant to executives and senior staff of GET SE and its subsidiaries preference shares (class B shares) with a nominal value of €0.01 each with no voting rights which are convertible into GET SE ordinary shares subject to performance conditions at the end of a four-year period. The total number of preference shares may not give the right to more than 1,500,000 ordinary shares of a nominal value of €0.40 each. Under this scheme, the Board approved on 29 April 2014 the grant of 300 preference shares, each convertible at the end of the four-year period into a maximum of 5,000 ordinary shares.

On 29 April 2015, the general meeting of shareholders authorised the Board of Directors to grant to executives and senior staff of GET SE and its subsidiaries preference shares (class C shares) with a nominal value of €0.01 each with no voting rights which are convertible into GET SE ordinary shares subject to performance conditions at the end of a four-year period. The total number of preference shares may not give the right to more than 1,000,000 ordinary shares of a nominal value of €0.40 each. Under this scheme, the Board approved on 29 April 2015 the grant of 2,000 preference shares, each convertible at the end of the four-year period into a maximum of 500 ordinary shares.

2 RESULTS AND OUTLOOK

Characteristics and conditions of the preference share plans

Date of grant / main staff concerned	Number of preference shares	Conditions for acquiring rights	Vesting period
Preference shares granted to key executives and senior staff on 29 April 2014 (B shares)	300	Staff must remain as employees of the Group. Market performance condition: calculated on a tapering scale corresponding to the percentage achievement of a maximum target of an average price of €11.50.	4 years
Preference shares granted to key executives and senior staff on 29 April 2015 (C shares)	2,000	Staff must remain as employees of the Group. Financial performance condition: 70% based on the Group's long-term economic performance: achievement of consolidated EBITDA targets announced to the market for 2015, 2016, 2017 and 2018. Market performance condition: 20% based on the performance of the GET SE share price compared to the DJI index (including dividends) over a four-year period. CSR performance condition: 10% based on the performance of the composite CSR index over a four-year period.	4 years

Information on the preference share plans

Number of preference shares	C shares		B shares	
	2016	2015	2016	2015
In issue at 1 January	1,995	–	300	300
Granted during the period	–	2,000	–	–
Renounced during the period	(211)	(5)	(22)	–
Acquired during the period	–	–	(166)	–
Expired during the period	–	–	–	–
In issue at 31 December	1,784	1,995	112	300
Exercisable at 31 December	–	–	–	–

Assumptions used for the fair value measurement on the grant date

The fair value on grant date of the rights granted to staff as part of the plan (the 1,500,000 ordinary shares on conversion of the B preference shares and the 1,000,000 ordinary shares on conversion of the C preference shares) was calculated by using the Monte Carlo valuation model. The assumptions used to measure the fair value of the plans on grant date were as follows:

Fair value of shares and assumptions	C shares	B shares
Fair value on grant date (€)	5.33	2.68
Share price on grant date (€)	14.085	9.68
Number of beneficiaries	63	36
Risk-free interest rate (based on government bonds)	0.011%	0.5831%

iv. Charges to income statement

€'000	December 2016	December 2015 ^(*)
Stock options	341	1,207
Free shares	6,066	3,386
Preference shares convertible into ordinary shares	1,527	2,005
Total	7,934	6,598

* Figures restated in application of IFRS 5 following the sale of GB Railfreight Limited (see note C.3iib) above).

F. Intangible and tangible property, plant and equipment

F.1 Goodwill

ACCOUNTING PRINCIPLES

Goodwill represents the excess of the acquisition cost over the fair value of the acquired portion of identifiable assets, liabilities and contingent liabilities. It is measured in the functional currency of the acquired entity and is recognised in the statement of financial position.

When the share of the fair value of the acquired assets, liabilities and contingent liabilities exceeds the cost of acquisition, a negative goodwill is recognised immediately in the income statement.

€'000	Note	2016	2015
At 1 January		19,308	18,193
Exchange difference		(3,572)	1,115
Change in scope of consolidation: sale of GB Railfreight Limited	C.3ii.b)	(15,736)	–
Change in scope of consolidation: full acquisition of ElecLink Limited	C.3i	119,955	–
At 31 December		119,955	19,308

F.2 Intangible property, plant and equipment

ACCOUNTING PRINCIPLES

The fair value of intangible assets acquired following a business combination is measured using the present value of forecast future cash flows after taxation generated by the assets concerned. The method of depreciation of these intangible assets is determined according to the nature of the assets concerned.

Intangible assets, representing the estimation of the fair value of the main commercial contracts held by GB Railfreight Limited on the date of its acquisition by the Group, 28 May 2010, were depreciated on a straight line basis over the estimated remaining duration of the contracts used in the valuation.

€'000	2016	2015
Cost		
At 1 January	15,584	14,685
Exchange difference	(2,882)	899
Change in scope of consolidation: sale of GB Railfreight Limited	(12,702)	–
At 31 December	–	15,584
Depreciation		
At 1 January	8,626	5,348
Exchange difference	(1,595)	301
Change in scope of consolidation: sale of GB Railfreight Limited	(7,646)	–
Annual charge	615	1,250
Additional charge	–	1,727
At 31 December	–	8,626
Net book value		
At 1 January	6,958	9,337
At 31 December	–	6,958

2 RESULTS AND OUTLOOK

F.3 Tangible property, plant and equipment

ACCOUNTING PRINCIPLES

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Property, plant and equipment is depreciated on a systematic basis in order to write down the costs of assets over their expected useful lives as follows:

	Fixed Link	Europorte
Tunnels	Concession ^(*)	
Land, construction, fixtures and fittings		Length of contract / 20 years
Terminals and related land:		
Freehold land	not depreciated	
Concession land	Concession ^(*)	
Landscaping	5 to 57 years	
Terminals	5 years to life of Concession ^(*)	
Fixed equipment and machinery:		
Fixed equipment	5 years to life of Concession ^(*)	
Fixtures and fittings	5 to 57 years	
Buildings	5 to 30 years	
Machinery and other equipment	5 to 30 years	
Industrial equipment		3 to 10 years
Rolling stock		5 to 35 years
Rolling stock	5 to 60 years	
Parts	5 to 40 years	
Office equipment:		3 to 10 years
Office equipment	3 to 10 years	
IT equipment	3 to 10 years	
Software	3 to 10 years	

* The Concession expires in 2086.

The expected useful lives of the assets are kept under review and revised when necessary, according to experience.

Concession property, plant and equipment whose useful life is greater than the duration of the Concession, is depreciated over the life of the Concession on a straight line basis. Depreciation on assets whose useful life is less than the duration of the Concession ("renewable assets") is calculated on a straight line basis.

As all property, plant and equipment will be written down to £nil at the end of the Concession, depreciation of the final renewal cost of renewable assets will be based on the residual duration of the Concession.

Costs directly attributable to the ElecLink project are capitalised and presented as "assets in course of construction" in the statement of financial position. They will be amortised from the date they are put into operation.

Subsidies on capital expenditure received during the year have been allocated to the asset to which they relate.

Measurement of fair value

The fair value of tangible property, plant and equipment acquired following a business combination is measured by taking the higher of the market value or the value in use.

i. Concession property, plant and equipment

In France, all immovable property, plant and equipment within the Concession area is the property of the French State and will revert to it on the expiry of the Concession period (2086). In the UK, the Government has required CTG to transfer to it the title to freehold land and property acquired for the purpose of construction and operation of the project and in exchange has granted leases for the duration of the Concession. On the expiry of the Concession, the interest of the Concessionaires in all movable property and intellectual property rights necessary for the operation of the Concession will become, without payment, the joint property of the two States.

€'000	Assets in course of construction	Tunnels	Terminals and related land	Fixed equipment and machinery	Rolling stock	Office equipment	Total
Cost:							
At 1 January 2016	106,815	6,549,501	2,082,535	3,255,801	2,024,912	113,766	14,133,330
Additions	49,436	–	1,159	11,931	1,683	1,351	65,560
Transfers	(56,221)	–	1,974	46,671	3,857	3,719	–
Disposals	–	–	(27,479)	(2,775)	(4,499)	(3,558)	(38,311)
At 31 December 2016	100,030	6,549,501	2,058,189	3,311,628	2,025,953	115,278	14,160,579
Depreciation:							
At 1 January 2016	–	3,237,657	1,138,304	2,124,346	1,364,817	101,591	7,966,715
Charged in the year	–	46,811	17,583	36,417	37,763	4,805	143,379
Disposals	–	–	(25,815)	(2,430)	(4,386)	(3,428)	(36,059)
At 31 December 2016	–	3,284,468	1,130,072	2,158,333	1,398,194	102,968	(*)8,074,035
Net book value:							
At 1 January 2016	106,815	3,311,844	944,231	1,131,455	660,095	12,175	6,166,615
At 31 December 2016	100,030	3,265,033	928,117	1,153,295	627,759	12,310	6,086,544
Cost:							
At 1 January 2015	69,597	6,549,501	2,071,925	3,258,580	2,018,928	107,649	14,076,180
Additions	49,676	–	8,119	10,196	5,498	2,643	76,132
Transfers	(12,458)	–	3,273	5,040	654	3,491	–
Disposals	–	–	(782)	(18,015)	(168)	(17)	(18,982)
At 31 December 2015	106,815	6,549,501	2,082,535	3,255,801	2,024,912	113,766	14,133,330
Depreciation:							
At 1 January 2015	–	3,190,846	1,121,785	2,108,691	1,328,003	97,356	7,846,681
Charged in the year	–	46,811	16,979	33,654	36,967	4,251	138,662
Disposals	–	–	(460)	(17,999)	(153)	(16)	(18,628)
At 31 December 2015	–	3,237,657	1,138,304	2,124,346	1,364,817	101,591	7,966,715
Net book value:							
At 1 January 2015	69,597	3,358,655	950,140	1,149,889	690,925	10,293	6,229,499
At 31 December 2015	106,815	3,311,844	944,231	1,131,455	660,095	12,175	6,166,615

* Including €3.002 billion of exceptional depreciation on tangible fixed assets.

2 RESULTS AND OUTLOOK

ii. Other property, plant and equipment

€'000	Assets in course of construction	Land, construction, fixtures and fittings	Industrial equipment	Rolling stock	Ferries	Office equipment	Total
Cost:							
At 1 January 2016	36,785	5,260	3,469	182,009	–	7,657	235,180
Exchange differences	(3,212)	(751)	(347)	(14,032)	–	(31)	(18,373)
Additions	65,908	321	662	16,828	–	799	84,518
Transfers	(12,446)	–	545	11,576	–	325	–
Change in scope of consolidation (GB Railfreight and ElecLink)	(9,640)	(3,581)	(1,746)	(92,758)	–	(123)	(107,848)
Disposals	–	–	–	(234)	–	(2,629)	(2,863)
At 31 December 2016	77,395	1,249	2,583	103,389	–	5,998	190,614
Depreciation:							
At 1 January 2016	–	3,131	2,008	41,562	–	5,400	52,101
Exchange differences	–	(558)	(221)	(3,536)	–	(23)	(4,338)
Charged in year	–	269	482	9,838	–	913	11,502
Change in scope of consolidation (GB Railfreight and ElecLink)	–	(2,294)	(1,073)	(22,062)	–	(63)	(25,492)
Disposals	–	–	–	(213)	–	(2,624)	(2,837)
At 31 December 2016	–	548	1,196	25,589	–	3,603	30,936
Net book value:							
At 1 January 2016	36,785	2,129	1,461	140,447	–	2,257	183,079
At 31 December 2016	77,395	701	1,387	77,800	–	2,395	159,678
Cost:							
At 1 January 2015	20,293	4,467	2,571	161,304	78,087	7,100	273,822
Exchange differences	687	281	101	4,015	–	12	5,096
Additions	32,643	517	873	27,469	1,080	1,274	63,856
Transfers	(16,705)	12	5	16,483	12	193	–
Re-categorisation as assets held for sale	(131)	–	(68)	(5)	(79,179)	(38)	(79,421)
Disposals	(2)	(17)	(13)	(27,257)	–	(884)	(28,173)
At 31 December 2015	36,785	5,260	3,469	182,009	–	7,657	235,180
Depreciation:							
At 1 January 2015	–	2,350	1,462	32,975	11,046	5,022	52,855
Exchange differences	–	196	72	1,122	–	8	1,398
Charged in year	–	588	504	9,985	3,169	1,166	15,412
Re-categorisation as assets held for sale	–	–	(18)	–	(14,215)	(11)	(14,244)
Disposals	–	(3)	(12)	(2,520)	–	(785)	(3,320)
At 31 December 2015	–	3,131	2,008	41,562	–	5,400	52,101
Net book value:							
At 1 January 2015	20,293	2,117	1,109	128,329	67,041	2,078	220,967
At 31 December 2015	36,785	2,129	1,461	140,447	–	2,257	183,079

The net value of property, plant and equipment under finance leases was €nil at 31 December 2016 (31 December 2015: €8,860,000 relating to GB Railfreight Limited).

F.4 Impairment of property, plant and equipment**ACCOUNTING PRINCIPLES**

In accordance with IAS 36, the carrying amounts of assets and groups of assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

In the Eurotunnel Group each activity segment represents a cash-generating unit (CGU), although, in certain circumstances, the CGU may be made up of a single operating legal entity.

If any indication of impairment exists, an impairment test is carried out: the net book value of the asset is compared to its recoverable amount. The recoverable amount of assets is the greater of their market value and their value in use. The market value is determined by reference to studies carried out by independent experts.

The value in use of CGUs is calculated by discounting operating cash flows after taxation and capital expenditure incurred to replace assets as forecast in each CGU's business plan and validated by the Group's management as part of its operational management. The period covered by the business plan is three years. For Concession assets, cash flows are extrapolated on the basis of an assumption of growth over the residual duration of the Concession. For non-Concession assets, the extrapolation is complemented by a terminal value which is calculated on the basis of infinite free cash flows that continue to grow at a moderate rate limited to that of inflation. The discount rate retained is the WACC calculated per CGU at each year end. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

Goodwill is subject to an annual impairment test. The recoverable value is calculated for the CGU to which the goodwill belongs. For the ElecLink CGU, the recoverable amount is calculated by discounting the estimated cash flows from investment and operating activities after financing and before taxes as set out in the last business plan prepared by the management. The discount rate used is the target rate of return on investment established by the Group for the ElecLink project.

i. Goodwill

At 31 December 2016, the Group performed a test of value in use of the ElecLink CGU. This test, carried out in accordance with the rules and methods described above and applying a discount rate before tax of 14.4% and a financing rate of 3.75% per year, confirms that the value in use of the goodwill attached to the ElecLink CGU is greater than its carrying amount at 31 December 2016.

The Group also carried out a sensitivity analysis on reasonably possible changes to key assumptions (discount rate, financing rate, cost and time of construction and capacity selling price). This analysis did not reveal any likely scenario which could lead to an impairment of goodwill.

In carrying out these valuation tests, the Group used the best estimates available to it at the balance sheet date. However, in view of the still recent nature of the ElecLink project and the current context, in particular linked to the result of the British referendum of 23 June 2016, the assumptions on which these estimates are based are by their nature still uncertain and the actual results could be different from these estimates.

ii. Concession property, plant and equipment

At 31 December 2016, Eurotunnel did not identify any indication of impairment of its tangible Concession assets, but nevertheless carried out a valuation in order to ensure that the recoverable value of the assets remained higher than their net accounting value.

The valuation carried out at 31 December 2016 confirmed that the recoverable value of assets remained higher than their net accounting value on the basis of a discount rate of 6.11% (31 December 2015: 6.53%) and on the basis of revenue growth of approximately 2% for the period after the three year plan.

The Group also carried out a sensitivity analysis on reasonably possible changes to key assumptions (discount rate and revenue growth rate) of plus or minus 1% as well as changes in the exchange rate between sterling and euros of plus or minus €0.10. This analysis did not reveal a likely scenario which could lead to an impairment of Concession assets.

iii. Other property, plant and equipment

At 31 December 2016, Eurotunnel did not identify any indication of impairment of its Europorte assets, but nevertheless carried out a valuation in order to ensure that their recoverable value remained higher than their net accounting value. The market value of Europorte's assets, estimated using studies by independent experts, was found to be at least equal to the net accounting value at 31 December 2016.

2 RESULTS AND OUTLOOK

G. Financing and financial instruments

ACCOUNTING PRINCIPLES

Financial instruments

Financial assets

In accordance with IAS 39, the Group's financial assets have been classified in one of the following four categories:

i. Financial assets at fair value through profit and loss

These are financial assets held by the Group for the purpose of generating a short-term profit, or assets designated to this category at inception. These assets are measured at their fair value with changes in the carrying amount being taken to the income statement.

These financial instruments include short-term treasury investments which are classified as current assets in cash equivalents.

ii. Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not listed on an active market and that are not held for trading purposes and are not available for sale.

These assets are initially measured at their fair value and subsequently at their amortised cost using the effective interest rate method. For short-term receivables that do not have a contractual rate of interest, the fair value is assimilated to the original invoiced amount except where the effective interest rate has a significant impact.

These assets are subject to impairment tests if there is an indication of impairment losses. An impairment loss is recognised whenever the carrying amount exceeds the estimated recoverable amount.

Receivables arising on shares and trade receivables are included in this category. They are shown as financial assets and as trade receivables.

iii. Held-to-maturity investments

Held-to-maturity investments are financial assets, other than loans and receivables, with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity. At the end of the reporting period, the Group has not designated any financial asset to this category.

iv. Available-for-sale financial assets

All financial assets that are not classified in another category are classified as available-for-sale. They are measured at their fair value. Unrealised gains and losses are recognised in equity until the asset's sale or derecognition. However when there is objective evidence that an available-for-sale asset may be impaired, the cumulative net loss is recognised in profit or loss. Impairments on equity securities cannot be reversed in subsequent accounting periods. The impairment criteria defined by the Group for securities and shares (securities with variable returns) correspond to a prolonged or significant loss. For debt instruments, the impairment is only charged to the income statement when impairment is indicated that is related to a counterparty risk.

Fair value, for listed securities, equates to the market price. For unlisted securities, the fair value is determined by reference to recent transactions or by using valuation techniques incorporating reliable and observable market data. However, when no reliable estimate of the fair value of a security can be made, it is measured at historical cost. These assets are subject to impairment tests to establish their recoverability.

This category includes shares in non-consolidated subsidiaries and other financial assets.

The classification defines the accounting treatment of these instruments. The classification is designated by the Group at the date of initial recognition depending on the purpose for which the assets were acquired. The purchase and sale of financial assets are accounted for on the transaction date, being the date on which the Group has contracted for the purchase or sale of the asset.

Financial liabilities

Financial liabilities include, in accordance with IAS 39:

i. Borrowings

Borrowings are recognised initially at fair value less transaction costs, and subsequently at amortised cost according to the effective interest rate method.

For financial liabilities that are at a fixed interest rate, interest costs are recognised at a constant interest rate until maturity of the debt using the effective interest rate method. The effective interest rate is the rate that exactly discounts all of the contractual cash flows due on the debt until its maturity. These cash flows are calculated on the basis of the estimated cash flows due on each instrument constituting the debt. The calculation takes into account the transaction related costs and all other premiums and discounts.

For financial liabilities that are at a variable interest rate, cash flows are periodically re-estimated to reflect changes in market interest rates, thereby changing the effective interest rate.

For financial liabilities that are at a fixed interest rate indexed to inflation, cash flows are periodically re-estimated to take account of actual fluctuations in the inflation rate, thereby changing the effective interest rate.

A substantial change in the terms of all or part of an existing financial liability is accounted for as an extinguishment of the original liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, differs by at least 10% of the discounted present value of the remaining cash flows of the original financial liability. If a modification of terms is accounted for as an extinguishment, any costs or unamortised fees are recognised in the income statement on the extinguishment. If the modification is not accounted for as an extinguishment of debt, all costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

ii. Interest rate hedging instruments

All the derivative instruments are designed to hedge exposure to interest rate risk. They are measured at market value and are used as cash flow hedges.

Cash flow hedges: the derivative instruments designed to hedge the floating rate element of the debt are accounted for as cash flow hedges. The portion of the gains and losses arising from changes in the fair value that is deemed to be an effective hedge is taken directly to equity until the underlying transaction is recognised in the Group's financial statements. The portion deemed ineffective is accounted for in the income statement for the period. The gains and losses included in equity are recycled to the income statement in the period when the hedged item affects the income statement. The interest rate hedging instruments described in note G.5 on financial liabilities, meet the criteria set out in IAS 39 and are therefore accounted for as cash flow hedges.

Net gains or net losses on each category of financial instrument

Interest income and charges recognised in profit or loss include:

- Interest on the financial assets and liabilities accounted for at amortised cost using the effective interest rate method. The calculation of the effective interest rate includes all commissions and margins payable or receivable between the contracting parties which are an integral part of the effective interest rate, and all transaction costs and all other premiums and discounts. The transaction costs are the marginal costs directly attributable to the acquisition, issue or disposal of a financial asset or liability.
- Changes in the fair value of derivatives categorised as hedges (for the ineffective portion).

G.1 Net finance costs

€'000	2016	2015
Finance income	2,048	2,604
Total finance income	2,048	2,604
Interest on loans before hedging	(165,019)	(185,781)
Adjustments relating to hedging instruments	(67,113)	(67,638)
Effective rate adjustment	(6,806)	(1,360)
Sub-total	(238,938)	(254,779)
Inflation indexation of the nominal	(24,989)	(9,266)
Total finance costs after hedging	(263,927)	(264,045)
Total net finance costs after hedging	(261,879)	(261,441)

2 RESULTS AND OUTLOOK

The inflation indexation of the nominal reflects the effect of the levels of UK and French inflation rates in the year on the calculation of the nominal amount of tranche A of the Term Loan as described in note G.5 below.

Information relating to financial liabilities and hedging instruments is presented in note G.5 below.

G.2 Other financial income and (charges)

€'000	2016	(**) 2015
Unrealised exchange gains ^(*)	52,421	18,475
Other exchange gains	5,534	3,759
Interest received on floating rate notes	6,347	6,950
Other	134	136
Other financial income	64,436	29,320
Unrealised exchange losses ^(*)	(40,641)	(16,783)
Other exchange losses	(8,272)	(2,639)
Fees relating to financial operations	–	(17,500)
Other	(31)	(9)
Other financial charges	(48,944)	(36,931)
Total	15,492	(7,611)
<i>Of which net unrealised exchange gains/(losses)</i>	<i>11,780</i>	<i>1,692</i>

* Mainly arising from the re-evaluation of intra-group debtors and creditors.

** Figures restated in application of IFRS 5 following the sale of GB Railfreight Limited (see note C.3ii.b) above).

Fees relating to financial operations were in respect of consent fees paid as part of the operation to simplify the structure of the Group's debt completed at the end of 2015 as described in note G.5i.a) below).

G.3 Other financial assets

€'000	31 December 2016	31 December 2015
Floating rate notes	150,987	161,279
Other	7,374	5,752
Total non-current	158,361	167,031
Accrued interest on floating rate notes	184	192
Finance lease contracts	106,852	–
Total current	107,036	192

i. Floating rate notes

The Group holds notes issued by Channel Link Enterprises Finance (CLEF), the structure that securitised the Group's debt in 2007. These purchases, carried out by way of private transactions for €150 million, related to floating rate notes with a nominal value of €167 million, representing an average discount of approximately 11%. These notes correspond to the securitisation of tranche C of the Group's debt and have the same characteristics in terms of maturity and interest.

The accounting value of the floating rate notes is made up as follows:

€'000	Notes in £	Notes in €	Total
Nominal value	70,760	94,650	165,410
Discount (net of acquisition costs)	(6,037)	(8,386)	(14,423)
Accounting value	64,723	86,264	150,987
Maturity	20/06/2046 – 20/06/2050	20/06/2041 – 20/06/2050	
Interest rate	Libor +3.25%	Euribor +3.25%	

ii. Finance lease contracts

The assets under finance leases relate to contacts for the lease of the ferries Berlioz, Rodin and Nord-Pas-de-Calais concluded by the Euro-TransManche maritime subsidiaries during the first half of 2016. As these contracts transfer virtually all the risks and

rewards incidental to ownership of these assets to the lessee, they are presented on the statement of financial position as at 31 December 2016 in "Other current financial assets" in accordance with IAS 17.

The amount of the financial asset at 31 December 2016 corresponds to the net investment in the finance lease contracts, being the value of the minimum payments to be received under the lease agreements. These minimum payments include rent payable by the lessees until the expected date of exercise by the Eurotunnel Group of its option to sell the ferries (June 2017, being the date of expiry of the prohibition to sell them imposed at the time of their purchase in 2012), as well as the sale proceeds due on that date. Due to the lease conditions provided for in these contracts, their implicit interest rate is 0%.

The lease contracts began in February 2016 for the Berlioz and Rodin and in May 2016 for the Nord-Pas-de-Calais.

Given the expected date of disposal of the ferries, receivables under the lease contracts are all considered to have a maturity of less than one year.

G.4 Cash and cash equivalents

€'000	31 December 2016	31 December 2015
Investments in €	29,950	103,009
Investments in £	143,570	256,266
Subtotal: cash equivalents	173,520	359,275
Cash at bank and in hand	173,117	46,637
Total	346,637	405,912

Cash equivalents represents short-term investments in certificates of deposit, deposit accounts and money market funds (see note G.7v.b) below). At 31 December 2015 and 31 December 2016, none of these investments were unavailable for more than three months.

G.5 Financial liabilities

The movements in financial liabilities during the year were as follows:

€'000	31 December 2015 published	31 December 2015 ^(*) recalculated	Reclassification	Receipt/ (repayment)	Interest, indexation and fees	Change in consolidation scope	31 December 2016
Term Loan (note a below)	3,973,025	3,668,308	(25,342)	–	30,671	–	3,673,637
Other loans (note b below)	35,722	32,700	(1,145)	15,184	(151)	(33,012)	13,576
Finance leases (note c below)	8,594	7,368	(98)	1,752	(24)	(8,998)	–
Total non-current financial liabilities	4,017,341	3,708,376	(26,585)	16,936	30,496	(42,010)	3,687,213
Term Loan	38,864	35,888	25,342	(35,888)	–	–	25,342
Other loans	1,924	1,784	1,145	(1,758)	–	(190)	981
Finance leases	722	619	98	(612)	–	(105)	–
Accrued interest on Term Loan	5,404	4,998	–	–	(56)	–	4,942
Total current financial liabilities	46,914	43,289	26,585	(38,258)	(56)	(295)	31,265
Total	4,064,255	3,751,665	–	(21,322)	30,440	(42,305)	3,718,478

* The financial liabilities at 31 December 2015 (calculated at the year-end exchange rate of £1 = €1.362) have been recalculated at the exchange rate at 31 December 2016 (£1 = €1.168) in order to facilitate comparison.

i. Description of the loans

a) Term Loan

During its financial restructuring in June 2007, Eurotunnel put in place long-term loans of £1.5 billion and €2 billion (collectively known as the "Term Loan"). This loan comprised tranches index-linked to inflation (tranche A), fixed rate tranches (tranche B) and variable rate tranches (tranche C) with maturities varying between 2041 and 2050. In August 2007, all the tranches of the loan

2 RESULTS AND OUTLOOK

were purchased by a debt securitisation vehicle created for the purpose by the lenders, Channel Link Entreprises Finance (CLEF). Certain of the notes issued by CLEF as part of this securitisation were guaranteed by three monolines who, in return for their guarantee, received a commission over the life of the loans.

On 24 December 2015, the Group concluded an operation that led to the withdrawal of two of the three monolines from their roles as guarantors of the CLEF notes. This operation led to changes to the structure of the Term Loan and to certain of its terms, such as the division of the index-linked tranches in to six new tranches and the reduction in the contractual interest rate for some tranches by 0.6%. The fees incurred for this operation totalled €123 million of which €25 million was paid in 2015, €17 million was paid in 2016, €7 million will be paid in 2017 and €61 million will be paid over the remaining life of the tranche A loans.

As the new conditions of the index-linked tranches of the Term Loan do not constitute a substantial change in their terms, this operation was accounted for as a renegotiation of the existing loan and the associated costs have been added to the carrying amount of the loan and will be spread over its remaining life.

The Term Loan put in place on 28 June 2007, as modified on 24 December 2015, comprises the following elements at 31 December 2016:

IN MILLIONS	Currency	Amount in currency	Amount in euros ^(**)	Effective interest rate	Contractual interest rate
Tranche A1 ^(*)	GBP	300	350	7.25%	2.89%
Tranche A2 ^(*)	GBP	150	176	7.25%	2.89%
Tranche A3 ^(*)	GBP	300	350	7.34%	3.49%
Tranche A4 ^(*)	EUR	73	73	5.51%	3.38%
Tranche A5 ^(*)	EUR	147	147	5.60%	3.38%
Tranche A6 ^(*)	EUR	147	147	6.08%	3.98%
Tranche B1	GBP	337	394	6.77%	6.63%
Tranche B2	EUR	571	571	6.33%	6.18%
Tranche C1	GBP	350	409	^(***) 4.85%	LIBOR +3.39%
Tranche C2	EUR	953	953	^(***) 4.53%	EURIBOR +3.39%
Total Term Loan			3,570	5.99%	

* Linked to inflation (see notes i) to x) below).

** Nominal amount excluding impact of effective interest rate and inflation indexation and at the exchange rate at 31 December 2016 (£1=€1.168).

*** Excluding hedging. The effective interest rate with hedging of tranches C1 and C2 is 8.80% and 8.43% respectively.

The transaction costs used for the determination of the effective interest rate at 31 December 2016 correspond to the issue costs for the Term Loan in 2007 remaining to be amortised amounted to €52 million and fees for the renegotiation of the A tranches completed in December 2015 remaining to be amortised amounted to €111 million. These costs relate mainly to financing, legal and bank fees.

i) Tranche A1

The tranche A1 loan amounts to £300 million, and bears interest at a fixed rate until its maturity, of 2.89%, and is linked to the UK All Items Retail Price Index inflation index as published by the United Kingdom's Office for National Statistics. Repayment of this tranche will begin on 20 June 2018 to end on 20 June 2042. Repayments of capital and payments of interest will fall every six months on 20 June and 20 December of each year.

ii) Tranche A2

The tranche A2 loan amounts to £150 million, and bears interest at a fixed rate until its maturity, of 2.89%, and is linked to the UK All Items Retail Price Index inflation index as published by the United Kingdom's Office for National Statistics. Repayment of this tranche will begin on 20 June 2018 to end on 20 June 2042. Repayments of capital and payments of interest will fall every six months on 20 June and 20 December of each year.

iii) Tranche A3

The tranche A3 loan amounts to £300 million, and bears interest at a fixed rate until its maturity, of 3.49%, and is linked to the UK All Items Retail Price Index inflation index as published by the United Kingdom's Office for National Statistics. Repayment of this tranche will begin on 20 June 2018 to end on 20 June 2042. Repayments of capital and payments of interest will fall every six months on 20 June and 20 December of each year.

iv) Tranche A4

The tranche A4 loan amounts to €73 million, and bears interest at a fixed rate until its maturity, of 3.38%, and is linked to the indice des prix à la consommation hors tabac inflation index as published by l'Institut National de la Statistique et des Etudes Economiques. Repayment of this tranche will begin on 20 June 2018 to end on 20 June 2041. Repayments of capital and payments of interest will fall every six months on 20 June and 20 December of each year.

v) Tranche A5

The tranche A5 loan amounts to €147 million, and bears interest at a fixed rate until its maturity, of 3.38%, and is linked to the indice des prix à la consommation hors tabac inflation index as published by l'Institut National de la Statistique et des Etudes Economiques. Repayment of this tranche will begin on 20 June 2018 to end on 20 June 2041. Repayments of capital and payments of interest will fall every six months on 20 June and 20 December of each year.

vi) Tranche A6

The tranche A6 loan amounts to €147 million, and bears interest at a fixed rate until its maturity, of 3.98%, and is linked to the indice des prix à la consommation hors tabac inflation index as published by l'Institut National de la Statistique et des Etudes Economiques. Repayment of this tranche will begin on 20 June 2018 to end on 20 June 2041. Repayments of capital and payments of interest will fall every six months on 20 June and 20 December of each year.

vii) Tranche B1

The tranche B1 loan amounts to £400 million, and bears interest at a fixed rate of 6.63% until its maturity. Repayment of this tranche began on 20 June 2013 and will end on 20 June 2046. Repayments of capital and payments of interest fall every six months on 20 June and 20 December of each year. The nominal amount remaining at 31 December 2016 totalled £337 million.

viii) Tranche B2

The tranche B2 loan amounts to €645 million, and bears interest at a fixed rate of 6.18% until its maturity. Repayment of this tranche began on 20 June 2013 and will end on 20 June 2041. Repayments of capital and payments of interest fall every six months on 20 June and 20 December of each year. The nominal amount remaining at 31 December 2016 totalled €571 million.

ix) Tranche C1

The tranche C1 loan amounts to £350 million, and bears interest at a floating rate (LIBOR) plus a margin of 3.39% which is entirely hedged by a fixed/floating interest rate swap for which Eurotunnel pays a fixed rate of 5.26% and receives a floating rate (LIBOR). Repayment of this tranche will begin on 20 June 2046 to end on 20 June 2050. Repayments of capital and payments of interest will fall every six months on 20 June and 20 December of each year.

x) Tranche C2

The tranche C2 loan amounts to €953 million, and bears interest at a floating rate (EURIBOR) plus a margin of 3.39% which is entirely hedged by a fixed/floating interest rate swap for which Eurotunnel pays a fixed rate of 4.90% and receives a floating rate (EURIBOR). Repayment of this tranche will begin on 20 June 2041 to end on 20 June 2050. Repayments of capital and payments of interest will fall every six months on 20 June and 20 December of each year.

Undertakings and prohibitions under the Term Loan

The Term Loan provides for a number of undertakings and prohibitions which are customary for this type of financing. These relate to:

- the creation of new or the continuation of existing guarantees on the assets of the Eurotunnel Group;
- to the transfer of the assets of the Eurotunnel Group and to the acquisition by the Eurotunnel Group of new assets;
- to the granting of loans, guarantees or warranties to third parties, and
- the amendment of contracts which were conditions precedent for utilisation of the loans under the Term Loan, including inter alia the Railway Usage Contract.

In relation to the Term Loan, the Eurotunnel Group must respect two financial ratios, only the first of which (see section on "Event of default and acceleration" below), if not met, would constitute an event of default. The second ratio is the lower of the ratio of operating cash flow to the total debt service on the Term Loan including the additional margin applied to tranche C of the debt since 2012 and the ratio of operating cash flow to the total debt service on the Term Loan taking into account the hypothetical amortisation on the Term Loan and on the basis of a rolling 12 month period prior to the date of the test. GET SE is required to ensure that at each six-monthly test date since 31 December 2007, this ratio is not less than 1.25. For the purposes of this test, the ratio is calculated. Failure to meet this ratio on a six-monthly testing date would lead to restrictions on the use of the Group's excess available cash flow on the date of the next interest payment on the Term Loan until such time as the test is met once again.

2 RESULTS AND OUTLOOK

These restrictions include, in particular, the ability of the Eurotunnel Group to pay dividends and to finance new activities. Failure to meet this test on three consecutive six monthly testing dates would trigger a prepayment event, under which the Group's excess available cash flow would have to be used towards prepayment of the Term Loan until the testing date on which the ratio is met once again.

Voluntary prepayment of the Term Loan

Clause 7.2 of the credit agreements provide for voluntary prepayments to be made on the Term Loan for a minimum amount of £5 million or €7.5 million, without penalties but subject to the payment of certain market standard prepayment premia.

Guarantees and security relating to the Term Loan

Guarantees:

Under the Intercreditor Deed, the main companies in the Group each jointly and severally guarantee the obligations of FM and CTG as borrowers of the Term Loan vis-à-vis the lenders, the arrangers and the hedging counterparties of the Term Loan.

Security granted by Eurotunnel Group under French law:

- (i) assignment of trade receivables by way of security under which (A) FM assigns the receivables held by it under the Concession Agreement and the Railways Usage Contract as well as its the trade receivables held by it against the freight transporters and coach operators, its insurance receivables and the intercompany receivables held by it against French companies of the Eurotunnel Group, (B) CTG assigns the same categories of receivables as FM with the exception of trade receivables owed by the freight transporters and coach operators and (C) other members of the Eurotunnel Group qualifying as guarantors assign their insurance receivables and intercompany receivables held against French companies of the Eurotunnel Group;
- (ii) unregistered mortgages over FM's main real estate assets that are not the subject of short-or medium-term development projects;
- (iii) a registered pledge over FM's rolling stock;
- (iv) a pledge on all bank and investment accounts open in France under the name of any borrower or guarantor of the Term Loan;
- (v) a pledge on shares in the Eurotunnel Group members held by the borrowers or guarantors of the Term Loan;
- (vi) a pledge on the main Eurotunnel trademarks; and
- (vii) a pledge on receivables held by FM under certain pieces of land comprised in the "ZAC 1" and which is the subject of long term construction leases (*baux à construction*).

Security granted by Eurotunnel Group under English law:

The main companies in the Group grant security over all of their assets held at the date of execution of the Term Loan as well as over their future assets and over certain of their contractual rights.

Security over the other assets of the Eurotunnel Group:

All of the shares of member companies of Eurotunnel Group that are not subject to security as described above (with the exception of Europorte SAS and its subsidiaries) are pledged by way of security for the obligations of the borrowers under the Term Loan and guarantors under the Intercreditor Deed.

Event of default and acceleration

The Term Loan contains a number of events of default which, in certain instances subject to grace periods, permit the lenders to declare the Term Loan immediately due and payable, to enforce the security, and/or to demand the implementation of the substitution mechanism provided for under the terms of the Concession.

The events of default include:

- any non-payment under the Term Loan;
- a failure to comply with any provision of the Term Loan, the Intercreditor Deed or related documents. These provisions impose restrictions on, among other things, indebtedness, acquisitions, disposals and other transfers, mergers, borrowings, and the granting of guarantees and new security by the companies of the Eurotunnel Group, and include, in particular:
 - (i) a financial covenant which requires GET SE to ensure that at each six-monthly test date after 31 December 2007, a ratio of operating cash flow to total debt service on the Term Loan is not less than 1.10, such ratio being calculated by reference to a rolling 12 month period preceding the testing date; and

- (ii) certain undertakings and representations relating to the tax treatment of the Eurotunnel Group to the extent that a breach is reasonably likely to have a materially adverse effect on the financial position of FM, CTG or the Eurotunnel Group;
- a representation or warranty is made or deemed to have been made by a Borrower or a guarantor under the terms of the Term Loan, or any related finance document or any other document delivered by or on behalf of a Borrower or an Obligor under the terms of the finance documents (which contain representations and warranties that are customary for this type of document), which proves to have been incorrect or misleading at the time at which it was made or deemed to have been made;
- the occurrence of a cross default under any other indebtedness in excess of a specified amount of any of the companies within Eurotunnel Group (other than Groupe Eurotunnel SE);
- the inability of any borrower or guarantor to pay its debts as they fall due, the insolvency or the opening of any legal proceedings in relation to any borrower or guarantor under the Term Loan;
- the illegality or invalidity of the Term Loan, any related security or the subordination created under the Intercreditor Deed;
- Eurotunnel becoming permanently unable to carry on the business of operating the Tunnel, the destruction of the Tunnel, or the cessation of a material part of its business by a borrower or a guarantor;
- a guarantor ceasing to be a wholly-owned subsidiary of Groupe Eurotunnel SE;
- any act or omission of France or the United Kingdom which renders a borrower or guarantor under the Term Loan incapable of performing its obligations under the Term Loan and associated documents; and
- the occurrence of litigation (or similar proceedings) against any Eurotunnel Group member or its assets, which is reasonably likely (i) to be adversely determined against the relevant company and (ii) to have a material adverse effect on the financial condition of FM, CTG or Eurotunnel Group.

The Term Loan also includes other events of default which are customary for this type of financing.

The debt service cover ratio and the synthetic service cover ratio for Groupe Eurotunnel SE at 31 December 2016 were 2.06 and 1.84 respectively, and thus the financial covenants for the period were respected.

b) Other loans

“Other loans” in the above table amounting to €14.6 million at 31 December 2016 represent a bank loan drawn by Europorte SAS in 2012 in order to finance the purchase of locomotives by its subsidiaries. This loan bears interest at a fixed rate of 4.37% and is repayable over a period of seven years.

At 31 December 2015, other loans included bank loans drawn by GB Railfreight Limited amounting to €22.1 million.

c) Finance leases

At 31 December 2015, “Finance leases” in the above table represented finance lease contracts entered into by GB Railfreight Limited amounting to €9.3 million.

ii. Hedging instruments

The Eurotunnel Group has hedging contracts in place to cover its floating rate loans (tranches C1 and C2) in the form of swaps for the same duration and for the same value (EURIBOR against a fixed rate of 4.90% and LIBOR against a fixed rate of 5.26%). No premiums were paid to obtain these contracts. The nominal value of hedging swap is €953 million and £350 million.

These derivatives generated a charge of €67 million in 2016 which was accounted for in the income statement (2015: charge of €68 million).

In accordance with IAS 39, these derivatives have been measured at their fair value on the balance sheet:

€'000	Market value of hedging contracts		(*)Changes in market value
	31 December 2016	31 December 2015	
Contracts in euros	Liability of 903,487	Liability of 811,799	91,688
Contracts in sterling	Liability of 405,499	Liability of 358,443	47,056
Total	Liability of 1,308,986	Liability of 1,170,242	138,744

* Recorded directly in equity.

In accordance with IFRS 13, the Group takes into account credit risk (DVA) and counterparty risk (CVA) in the valuation of financial instruments. In practice, this recommendation particularly affects the valuation of derivatives to the extent that they are measured at fair value including a probabilistic weighting of estimated cash flows.

2 RESULTS AND OUTLOOK

In the case of a default by the Eurotunnel Group, counterparties to the hedging contracts have priority over all holders of debt and securities and guarantees granted to holders of debt under the Concession Contract and the Intercreditor Deed. In this respect, the Group believes that the risk of loss for the counterparties in the event of default is insignificant and therefore has not recorded a discount to the fair value of hedging instruments under the DVA.

The table in note G.7ii below gives the periods in which the cash flows associated with the derivatives are expected to occur, and the periods in which the amounts initially recognised in equity are expected to impact the income statement.

G.6 Matrix of class of financial instrument and recognition categories and fair value

ACCOUNTING PRINCIPLES

Measurement of fair value

Trade and other receivables

The fair value of trade and other receivables is measured on the basis of their expected recoverable value. This fair value is measured for the purpose of the information in the notes to the accounts as part of the receivables acquired following the business combinations.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities less than or equal to three months from date of acquisition which do not carry a significant risk of variation in value and which are used by the Group to manage short term commitments. Money market funds are evaluated at their market value at the end of the reporting period.

Financial instruments

Financial assets accounted for at their fair value are classified in accordance with the following levels of fair value:

- Level 1: fair value using quoted prices (unadjusted) observed in active markets for identical assets or liabilities.
- Level 2: fair value using data ("inputs") other than quoted prices included in level 1, which are observable for the asset or liability, either directly (in the form of price) or indirectly (determined from the price).
- Level 3: fair value from valuation techniques which rely completely or in part on non-observable data such as prices on an inactive market or the valuation on a multiples basis for non-quoted securities.

Derivative instruments

The fair value of hedging instruments is measured by discounting contractual future cash flows and integrating the credit risk (CVA) or the counterparty risk (DVA).

The table below presents the carrying amounts and fair values of financial assets and financial liabilities and their level in the hierarchy of fair value. It does not include information about the fair value of financial assets and financial liabilities that are not measured at fair value to the extent that the carrying amount is a reasonable approximation of fair value.

At 31 December 2016

€'000

€'000		Carrying amount						Fair value			
		Assets at fair value through profit and loss	Available-for-sale financial assets	Loans and receivables	Hedging instruments	Liabilities at amortised cost	Total net carrying value				
Class of financial instrument	Note							Level 1	Level 2	Level 3	Total
Financial assets measured at fair value											
Other non-current financial assets	G.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Financial assets not measured at fair value											
Other current and non-current financial assets	G.3			265,397			265,397	n/a	n/a	n/a	n/a
Trade receivables	D.6			94,336			94,336	n/a	n/a	n/a	n/a
Cash and cash equivalents	G.4	346,637					346,637	346,637			346,637
Financial liabilities measured at fair value											
Interest rate derivatives	G.5ii				1,308,986		1,308,986		1,308,986		1,308,986
Financial liabilities not measured at fair value											
Financial liabilities	G.5					3,718,478	3,718,478			5,097,000	5,097,000
Other financial liabilities	G.5					67,942	67,942	n/a	n/a	n/a	n/a
Trade payables	D.7					207,328	207,328	n/a	n/a	n/a	n/a

Fair value of the Term Loan

On 28 June 2007, Eurotunnel took out the Term Loan for £1.5 billion and €2 billion with a spread of 139 basis points. On 28 June 2012, the margin on the C1 and C2 tranches of the Term Loan changed to 339 basis points. This debt is accounted for at its amortised cost.

The Term Loan is not quoted or traded on an active financial market and it is particularly difficult to identify any observable market equivalents, taking into account the specificities and characteristics of the Eurotunnel Group's debt and in particular its 30 to 40-year maturity profile (see note G.7ii below).

The Group's estimate of the fair value of the long-term loan is based on a level three fair value.

The modelling techniques used involve the discounting of future cash flows determined at the calculation date. The discounting parameters are derived from a zero-coupon curve and an estimated credit spread based on a sample of comparable BBB rated companies (the Eurotunnel Group's rating has remained unchanged since 2007) with an adjustment to take into account the particularly long maturity of the Group's debt.

On this basis, the Eurotunnel Group estimates the fair value of the Term Loan to be €5,097 million compared to a carrying value of €3,704 million at 31 December 2016. As an indication, if the rate used (including the credit spread) was 100 basis points higher, the fair value of the Term Loan would be approximately €632 million lower. With regard to the methodology used, the Eurotunnel Group does not prejudge the conditions that may be obtained on the market. Furthermore, the characteristics of the current funding agreements govern any prepayment or refinancing operations on the Term Loan, and the resulting gains that may arise for the Group.

Fair value of the hedging instruments

The characteristics of the Group's hedging instruments and the estimate of their fair value as at 31 December 2016 are set out in note G.5ii above.

The fair value of the hedging instruments is calculated on the basis of mathematical models integrating the discounting of the contractual flows linked to these instruments based on observable market data, in particular forward rate curves. The discount rates are determined from zero-coupon curves.

The fair value of the hedging instruments is estimated based on a level two fair value.

The estimated fair value of the hedging instruments as determined by the Group is corroborated against the valuations provided by the financial counterparties.

The sensitivity analyses of the fair value of these instruments to changes in interest rates are set out in note G.7iii below.

2 RESULTS AND OUTLOOK

At 31 December 2015

€'000

€'000		Carrying amount						Fair value			
		Assets at fair value through profit and loss	Available-for-sale financial assets	Loans and receivables	Hedging instruments	Liabilities at amortised cost	Total net carrying value	Level 1	Level 2	Level 3	Total
Class of financial instrument	Note										
Financial assets measured at fair value											
Other non-current financial assets	G.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Financial assets not measured at fair value											n/a
Other current and non-current financial assets	G.3			167,223			167,223	n/a	n/a	n/a	n/a
Trade receivables	D.6			129,442			129,442	n/a	n/a	n/a	n/a
Cash and cash equivalents	G.4	405,912					405,912	405,912			405,912
Financial liabilities measured at fair value											
Interest rate derivatives	G.5ii				1,170,242		1,170,242		1,170,242		1,170,242
Financial liabilities not measured at fair value											
Financial liabilities	G.5					4,064,255	4,064,255			5,189,000	5,189,000
Other financial liabilities	G.5					96,530	96,530	n/a	n/a	n/a	n/a
Trade payables	D.7					222,727	222,727	n/a	n/a	n/a	n/a

G.7 Financial risks

i. Exchange rate exposure

Groupe Eurotunnel SE prepares its consolidated accounts in euros. Fluctuations in the value of the sterling/euro rates have an impact on the value in euros of revenues, costs and financial income and costs, as well as on elements of the Group's reported assets and liabilities. By way of example and all else being equal and on the basis of accounting information at 31 December 2016, the table below presents the effect that a change of plus or minus 10% in the exchange rate would have on the main financial indicators.

Variation in exchange rate	2016				(*)2015			
	Rate	Published	+10%	-10%	Rate	Published	+10%	-10%
Revenue	1.216	1,023	1,067	980	1.375	1,038	1,084	991
Operating margin (EBITDA)	1.216	514	544	483	1.375	520	553	487
Pre-tax profit from continuing operations	1.216	154	173	134	1.375	104	125	83
Equity	1.168	1,812	1,603	2,021	1.362	1,663	1,454	1,872

* Restated in application of IFRS 5 following the sale of GB Railfreight Limited as described in note C.3iib) above.

Approximately half of the Eurotunnel Group's revenues are denominated in sterling, whereas more than half of its operating expenses and capital expenditure are in euros. The Term Loan is denominated in sterling for a total of £1.437 billion and in euros for a total of €1.891 billion at 31 December 2016. All the external financial instruments are denominated either in sterling or in euros. As a result, no exchange gain or loss can arise on revaluation of the external financial instruments. The residual foreign exchange risk relates to the revaluation of intra-group balances, the residual value of which at 31 December 2016 is €22 million; a 10% change in the euro/sterling parity would result in unrealised exchange gains or losses of approximately €2 million.

The Eurotunnel Group has and will continue to make every effort to closely match the currencies in which its revenues and costs are denominated and will use currency hedging transactions to manage its foreign exchange risk where necessary.

ii. Liquidity risk

The contractual cash flow reflects the structure of the financial liabilities and confirms that Eurotunnel is able to meet its liquidity risks. The contractual maturity profile of the financial liabilities (including interest payments and excluding the impact of offset agreements) is as follows:

At 31 December 2016

IN MILLIONS	Accounting value	Contractual cash flow	12 months or less	1–5 years	5–10 years	10–20 years	20–30 years	30–40 years
NON-DERIVATIVE FINANCIAL LIABILITIES								
Fixed Link: guaranteed GBP bank loans:								
Tranche A1 to A3 – GBP ^(*)	914	(2,450)	(31)	(235)	(345)	(1,009)	(830)	–
Tranche B1 – GBP	332	(877)	(31)	(94)	(116)	(230)	(406)	–
Tranche C1 – GBP ^(**)	345	(881)	(14)	(61)	(87)	(177)	(225)	(317)
Total in GBP	1,591	(4,208)	(76)	(390)	(548)	(1,416)	(1,461)	(317)
Fixed Link: guaranteed EUR bank loans:								
Tranche A4 to A6 – EUR ^(*)	341	(794)	(15)	(103)	(138)	(361)	(177)	–
Tranche B2 – EUR	565	(1,088)	(50)	(185)	(231)	(456)	(166)	–
Tranche C2 – EUR ^(**)	940	(2,234)	(31)	(134)	(219)	(480)	(929)	(441)
Total in EUR	1,846	(4,116)	(96)	(422)	(588)	(1,297)	(1,272)	(441)
Total Fixed Link bank loans (expressed in EUR)	3,704	(9,031)	(184)	(877)	(1,228)	(2,951)	(2,978)	(812)
Europorte bank loans (expressed in EUR)	14	(16)	(2)	(14)	–	–	–	–
Total bank loans (expressed in EUR)	3,718	(9,047)	(186)	(891)	(1,228)	(2,951)	(2,978)	(812)
DERIVATIVE FINANCIAL LIABILITIES								
GBP interest rate swaps used for hedging	347	(428)	(16)	(60)	(65)	(125)	(136)	(26)
EUR interest rate swaps used for hedging	903	(1,036)	(48)	(182)	(176)	(310)	(289)	(31)
Total swaps (expressed in EUR)	1,309	(1,536)	(67)	(253)	(251)	(457)	(448)	(60)
OTHER FINANCIAL LIABILITIES								
Renegotiation fees in GBP	52	(52)	(5)	(15)	(10)	(17)	(5)	–
Renegotiation fees in EUR	7	(7)	(1)	(4)	(1)	(1)	–	–
Total renegotiation fees (expressed in EUR)	68	(68)	(7)	(22)	(12)	(22)	(5)	–
Net cash flow after hedging (expressed in EUR)	5,095	(10,651)	(260)	(1,167)	(1,491)	(3,430)	(3,431)	(872)
SUPPLIERS AND OTHER CREDITORS								
In GBP	49	(49)	(49)	–	–	–	–	–
In EUR	155	(155)	(155)	–	–	–	–	–

* Tranches A1 to A6 are indexed with inflation, and are presented in the liquidity table on the basis of the Group's medium and long term budgetary assumptions.

** Tranches C1 and C2 are at a variable rate of interest, and are presented in the liquidity table on the basis of forecast long-term interest rates.

2 RESULTS AND OUTLOOK

At 31 December 2015

IN MILLIONS	Accounting value	Contractual cash flow	12 months or less	1-5 years	5-10 years	10-20 years	20-30 years	30-40 years
NON-DERIVATIVE FINANCIAL LIABILITIES								
Fixed Link: guaranteed GBP bank loans:								
Tranche A1 to A3 – GBP ^(*)	861	(2,442)	(30)	(204)	(322)	(940)	(946)	–
Tranche B1 – GBP	347	(921)	(39)	(101)	(117)	(231)	(406)	(27)
Tranche C1 – GBP ^(**)	345	(999)	(18)	(82)	(102)	(202)	(191)	(404)
Total in GBP	1,553	(4,362)	(87)	(387)	(541)	(1,373)	(1,543)	(431)
Fixed Link: guaranteed EUR bank loans:								
Tranche A4 to A6 – EUR ^(*)	380	(797)	(15)	(92)	(134)	(344)	(212)	–
Tranche B2 – EUR	583	(1,151)	(54)	(190)	(232)	(460)	(215)	–
Tranche C2 – EUR ^(**)	939	(2,444)	(33)	(158)	(249)	(532)	(894)	(578)
Total in EUR	1,902	(4,392)	(102)	(440)	(615)	(1,336)	(1,321)	(578)
Total Fixed Link bank loans (expressed in EUR)	4,017	(10,335)	(220)	(967)	(1,351)	(3,207)	(3,423)	(1,167)
Europorte bank loans:								
In GBP	23	(30)	(2)	(11)	(15)	(2)	–	–
In EUR	15	(18)	(2)	(16)	–	–	–	–
Total Europorte bank loans (expressed in EUR)	47	(58)	(5)	(30)	(20)	(3)	–	–
Total bank loans (expressed in EUR)	4,064	(10,392)	(225)	(997)	(1,371)	(3,209)	(3,423)	(1,167)
DERIVATIVE FINANCIAL LIABILITIES								
GBP interest rate swaps used for hedging	263	(356)	(13)	(48)	(50)	(101)	(112)	(32)
EUR interest rate swaps used for hedging	812	(944)	(47)	(165)	(150)	(266)	(274)	(42)
Total swaps (expressed in EUR)	1,170	(1,430)	(65)	(232)	(218)	(403)	(427)	(85)
OTHER FINANCIAL LIABILITIES								
Renegotiation fees in GBP	60	(60)	(8)	(19)	(9)	(19)	(5)	–
Renegotiation fees in EUR	15	(15)	(8)	(5)	(1)	(1)	–	–
Total renegotiation fees (expressed in EUR)	97	(97)	(19)	(31)	(13)	(26)	(8)	–
Net cash flow after hedging (expressed in EUR)	5,331	(11,919)	(310)	(1,259)	(1,603)	(3,637)	(3,857)	(1,253)
SUPPLIERS AND OTHER CREDITORS								
In GBP	49	(49)	–	–	–	–	–	–
In EUR	155	(155)	–	–	–	–	–	–

* Tranches A1 to A6 are indexed with inflation, and are presented in the liquidity table on the basis of the Group's medium and long term budgetary assumptions.

** Tranches C1 and C2 are at a variable rate of interest, and are presented in the liquidity table on the basis of forecast long-term interest rates.

The credit agreements allow, on condition that the debt service cover ratio is not less than 1.25, to apply for (i) a renewable credit line of up to €75 million, and (ii) a structurally subordinated additional credit line of up to £225 million (or equivalent in euros).

iii. Interest rate risk exposure

The risk of an unfavourable movement in rates during the duration of the Term Loan is covered by the fact that tranches B1 and B2 are at a fixed rate of interest, the A tranches which are indexed on inflation are at a fixed rate of interest, and tranches C1 and C2 are at a variable rate of interest but are covered by fixed/variable rate hedging contracts. Short-term receivables and debts are not at risk from interest rate exposure.

The contractual cash flows associated with the swaps are paid simultaneously with the contractual cash flows of the variable rate loans and the amount deferred in equity is recognised in profit or loss over the period where the interest on the debt affects the result.

An increase of 1% in rates would lead to a change in the portion accounted for in equity relating to the derivative instruments of €462 million. A decrease of 1% in rates would lead to a change in the portion accounted for in equity relating to the derivative instruments of €597 million.

The notes in other financial assets carry a variable rate of interest and a change of +/-1% in rate would lead to a change in financial income on the income statement of €1.6 million.

iv. Inflation risk

The inflation risk relates to the interest and the repayments of principal on the indexed tranches (A1 to A6) denominated in pounds and euros. By way of example, a variation of 1% in the inflation rate would have an impact of €15 million on the amount of the principal of these tranches.

v. Credit risks

Credit risk represents the risk of financial loss to the Group in the event that a customer or counterparty to a financial instrument fails to honour its contractual obligations.

a) Trade receivables

The Group's exposure to customer credit risk arises from its customers in the United Kingdom and Eurozone countries, with the following exceptions:

- The Group's main customers, the Railways, accounted for 28% of the Group's revenue in 2016.
- Passenger Shuttle car customers pay for their tickets in advance, in particular via the internet; consequently, the credit risk in relation to these customers is very limited.

The Group applies a credit policy which requires that every new customer is subject to a credit check before being able to benefit from the Group's standard credit terms. The Group's credit risk exposure to account customers is managed by means of continuous monitoring of their financial situation and of their outstanding debt in regard to their credit limits and payment terms.

b) Investments

The Group limits its credit risk exposure by only investing in i) short-term deposits and certificates of deposit with a maximum term of six months with counterparties with a minimum short-term rating of P-1 from Moody's or ii) in monetary SICAVs (the French equivalent of mutual funds) and money market funds with a minimum long-term rating of Aaa from Moody's or AAA from S&P.

Funds invested by the Group in any one monetary SICAV or money market fund should not exceed £100 million per SICAV or fund in pounds sterling or €120 million per fund or SICAV in euros. Investments in short term deposits or certificates of deposit should not exceed £75 million or €100 million with any one bank group.

c) Credit risk exposure

The carrying value of the financial assets represents the maximum credit risk exposure. The maximum credit risk exposure at the end of the reporting period is as follows:

€'000	31 December 2016	31 December 2015
Financial assets	150,987	161,279
Trade receivables	94,336	129,442
Cash and cash equivalents	346,637	405,912
Total	591,960	696,633

Financial assets included the floating rate notes (see note G.3 above).

G.8 Related parties with a significant influence on the Group

During the financial restructuring in 2007, the Eurotunnel Group concluded interest rate hedging contracts with financial institutions, in the form of swaps (see note G.5 above). Goldman Sachs International was one of the counterparties to these hedging contracts, and at 31 December 2016 held 2.7% of the contracts, representing a charge of €1.8 million in 2016 and a liability of €35.3 million at 31 December 2016.

Two of Goldman Sachs's infrastructure funds (GS Global Infrastructure Partners I, L.P., and GS International Infrastructure Partners I, L.P., together known as GSIP) hold approximately 15.5% of GET SE's share capital at 31 December 2016.

G.9 Off-balance sheet commitments relating to financing

GET SE, FM, CTG, Eurotunnel SE, EFL, ESGIE, ESL and EurotunnelPlus Limited each jointly and severally guarantee the obligations of FM and CTG in relation to the Term Loan. In order to guarantee these obligations, these companies have granted security as described in note G.5 above.

2 RESULTS AND OUTLOOK

H. Share capital and earnings per share

H.1 Share capital

i. Management of capital

The Group's policy is to maintain a solid capital base in order to retain the confidence of investors, creditors and of the market and to support the future development of the activity. Capital can include the share capital, share premium and retained earnings. The Board monitors return on equity and the level of dividends paid to shareholders.

The Group buys its own shares on the market. The timing of these purchases depends on the market price. These transactions are carried out as part of the share buyback programme of which the liquidity contract is part (see note iii below).

During the year, the Group has not changed its policy on the management of capital.

ii. Share capital

€	31 December 2016	31 December 2015
550,000,000 fully paid-up ordinary shares each with a nominal value of €0.40	220,000,000.00	220,000,000.00
267 category B fully paid-up preference shares created on 9 May 2016 each with a nominal value of €0.01	2.67	–
Total	220,000,002.67	220,000,000.00

On 9 May 2016, 267 category B preference shares were issued under the 2014 programme of preference shares convertible into ordinary shares as described in note E.5iii above.

iii. Treasury shares

ACCOUNTING PRINCIPLES

GET SE shares held by the Group are accounted for at cost as a reduction in equity. Subsequent disposals are taken directly to equity and no profit or loss is recognised.

The movements in the number of own shares held during the year were as follows:

	Share buyback programme	Liquidity contract	Total
At 1 January 2016	10,077,801	770,000	10,847,801
Share buyback programme	6,255,000		6,255,000
Shares transferred to staff (free share scheme)	(569,200)		(569,200)
Exercise of stock options	(79,450)		(79,450)
Net purchase/(sale) under liquidity contract		(10,000)	(10,000)
At 31 December 2016	15,684,151	760,000	16,444,151

Treasury shares held as part of the share buyback programme renewed by the general meeting of shareholders and implemented by decision of the Board of Directors on 27 April 2016 are allocated, in particular, to cover share option plans and the grant of free shares, as approved by the general meetings of shareholders in 2010, 2011, 2013, 2014, 2015 and 2016.

As part of the 2016 share buyback programme, GET SE continued with the liquidity contract entered into on 18 May 2010 with Oddo Seydler Corporate Finance. Under the terms of this contract and in accordance with the code of ethics issued by the *Association française des marchés financiers* and approved by the French market authorities (*Autorité des marchés financiers*) on 1 October 2008, GET SE appointed Oddo Seydler Corporate Finance to intervene on its behalf in the market in order to improve the liquidity of transactions and the stabilisation of prices of GET SE's shares and to avoid price differences not justified by market trends. At 31 December 2016, the following means were allocated to the balance of the liquidity contract: 760,000 GET SE ordinary shares and €6,088,574.44 in cash. On the basis of a price of €9.034 per share, this combined amount represented 0.26% of GET SE's capital in issue at 31 December 2016.

iv. Changes in equity**Dividend**

On 27 April 2016, Groupe Eurotunnel SE's shareholders' general meeting approved the payment of a dividend relating to the financial year ended 31 December 2015, of €0.22 per share. This dividend was paid on 26 May 2016 for a total of €118 million (before 3% tax on dividends amounting to €3.5 million).

H.2 Earnings per share**i. Number of shares**

	2016	2015
Weighted average number:		
– of issued ordinary shares	550,000,000	550,000,000
– of treasury shares	(14,295,058)	(9,921,815)
Number of shares used to calculate the result per share (A)	535,704,942	540,078,185
– effect of share options	i 531,990	886,921
– effect of free shares	ii 1,943,874	1,340,691
– effect of preference shares	iii 1,501,796	2,498,611
Potential number of ordinary shares (B)	3,977,660	4,726,223
Number of shares used to calculate the diluted result per share (A+B)	539,682,602	544,804,408

The calculations were made on the following bases:

- (i) on the assumption of the exercise of all the options issued and still in issue at 31 December 2016. The exercise of these options is conditional on the criteria described in note E.5i above;
- (ii) on the assumption of the acquisition of all the free shares allocated to staff. 569,200 of the free shares issued to staff in 2012 and 2014 were acquired by them during the period. Details of free shares are given in note E.5ii above; and
- (iii) on the assumption of the acquisition of all the preference shares allocated to staff and still in issue at 31 December 2016. Conversion of these preference shares is subject to achieving certain targets and remaining in the Group's employment as described in note E.5iii above.

ii. Earnings per share

	2016	(*)2015
Group share: profit/(loss)		
Net result (€'000) (C)	200,585	100,451
Basic earnings per share (€) (C/A)	0.37	0.19
Diluted earnings per share (€) (C/(A+B))	0.37	0.18
Continuing operations: profit/(loss)		
Net result (€'000) (D)	136,239	96,425
Basic earnings per share (€) (D/A)	0.25	0.18
Diluted earnings per share (€) (D/(A+B))	0.25	0.18
Discontinued operations: profit/(loss)		
Net result (€'000) (E)	64,034	3,793
Basic earnings per share (€) (E/A)	0.12	0.01
Diluted earnings per share (€) (E/(A+B))	0.12	0.01

* Restated in application of IFRS 5 following the sale of GB Railfreight Limited as described in note C.3iib) above.

2 RESULTS AND OUTLOOK

I. Income tax expense

ACCOUNTING PRINCIPLES

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Additional tax payable on the distribution of dividends is accounted for when the dividends are recognised as a liability.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities, for financial reporting purposes and the amounts used for taxation purposes, except as provided by IAS 12 "Income Taxes".

The tax rates used are those in effect at the end of the reporting period.

Net deferred tax is determined at the level of each tax group.

Deferred tax assets in respect of temporary differences are recognised only to the extent that it is probable that sufficient future taxable profits will be available against which the differences can be used, at the level of the tax entity.

Deferred tax assets in respect of tax losses are recognised according to the likelihood of their recoverability assessed on the basis of the Group's budget and medium-term plans. The assumptions in these plans used are the same as those used for testing the value of assets.

I.1 Effect on the income statement

i. Tax provisions of the Concession Agreement and other provisions

The Concession requires that the Group's Concessionaires (CTG and FM) share equally the cost price of the project and all revenues and costs relating to the operation of the Fixed Link between the British and French companies. Operating revenues and costs are recognised in the income statement of the partnership and are shared equally between the Concessionaires. Revenues and costs which do not relate to the operation of the Concession are not subject to these sharing arrangements.

Article 15 of the French Finance Act 2013 on the limitation of the deductibility of financial expenses does not apply to the subsidiary FM as assets acquired under a concession contract are outside its application scope.

ii. Tax accounted for through the income statement

€'000	2016	(*)2015
Current tax:		
Income tax	954	(11,732)
Tax on dividends	(3,545)	(2,918)
Total current tax	(2,591)	(14,650)
Deferred tax	(14,858)	7,150
Total	(17,449)	(7,500)

* Restated in application of IFRS 5 following the sale of GB Railfreight Limited as described in note C.3iib) above.

The current tax charge relates to amounts paid or to be paid in the short term to the tax authorities for the year, according to the rules in force in the different countries and specific conventions.

In 2016, the current tax income corresponds to a tax refund in respect of previous years.

iii. Reconciliation between the effective tax rate and the applicable tax rate

€'000	2016		(*)2015	
Result for the continuing activities before tax		153,688		103,925
Theoretical tax charge	34.43%	(52,915)	38.00%	(39,491)
Impact of tax rates in foreign jurisdictions		13,780		7,981
Share of ElecLink's result which is not taxable		(152)		(263)
Effect of permanent differences		15,722		(10,114)
Profit arising on the revaluation of ElecLink shares which is not taxable		10,012		–
Effect of change in tax rate		(5,820)		–
Activation of previously unrecognised fiscal deficits		5,469		37,305
Tax on dividends and other		(3,545)		(2,918)
Income tax		(17,449)		(7,500)

* Restated in application of IFRS 5 following the sale of GB Railfreight Limited as described in note C.3iib) above.

For the French tax group at 31 December 2016, the proof of tax has been prepared for the 2016 financial year on the basis of the tax rate in force of 34.43%. However, since the main reversals of temporary differences are planned beyond the period of application, the deferred tax on the French tax group was calculated taking into account the rate applicable from 2019 onwards of 28.92%.

For the British tax group, in view of its not being fiscally profitable at 31 December 2016, at 31 December 2015 and for the years 2017, 2018 and 2019 on the basis of the Group's estimates, deferred tax was calculated on the basis of the tax rate of 17% corresponding to the rate applicable from 1st April 2020.

1.2 Effect on the statement of financial position

i. Deferred tax

€'000	At 31 December 2015 published	At 31 December 2015 recalculated	2016 Impact on:			At 31 December 2016
			change in consolidation scope	income statement	other comprehensive income	
Tax effects of temporary differences related to:						
Property, plant and equipment	267,848	304,724	4,080	(91,284)	–	217,520
Deferred taxation of restructuring profit	(469,856)	(469,758)	–	74,996	–	(394,762)
Hedging contracts	51,544	51,545	–		2,272	53,817
Profit on sale of ferries	–	–	–	(15,790)	–	(15,790)
Other	(150)	(299)	–	(1,332)	713	(918)
Tax losses	300,111	263,149	(4,080)	2,762	–	261,831
Net tax assets/(liabilities)	149,497	149,361	–	(30,648)	2,985	121,698

Concession property, plant and equipment

The impact of taxation on property, plant and equipment corresponds mainly to the conditions relating to the deductibility of the Fixed Link's depreciation costs in the French tax group (reintegration of impairment costs) and in the British tax group (profile of tax deductions in respect of depreciation, including Capital Allowances).

Deferred tax resulting from temporary differences on property, plant and equipment will reverse over the period until the end of the Concession in line with the profile of the Group's depreciation charges and taxable results.

Profit arising from restructuring

The financial restructuring in 2007 gave rise to profit in the consolidated accounts of €3,323 million. At 31 December 2016, the taxation of €1,364 million of this amount remains deferred within the French tax group. The taxation of this residual profit is dependent upon the repayment of a loan between the Concessionaires (FM and CTG) and Groupe Eurotunnel SE, which in turn is subordinated to the Term Loan which matures in 2050.

2 RESULTS AND OUTLOOK

Deferred tax in respect of tax losses

Deferred tax assets recognised in respect of carried forward tax losses within the French and British tax groups amount to €262 million at 31 December 2016 (€50 million for the French tax group and €212 million for the British tax group).

The recognition of these assets for each of the tax groups is based on:

- The forecasts of taxable profits derived from the Group's three-year business plan for its different activities; this plan is based on the same assumptions as those used in the impairment test of assets (see note F.3 above). On the basis of these forecasts in respect of taxable profits, the Group has recognised a deferred tax asset in respect of carried forward losses which are expected to be utilised in the next three years for both the French and British tax groups.
- The forecasts for use of carried forward losses to cover the reversal of temporary differences on the British tax group.

Other temporary differences, notably those relating to deferred tax assets on hedging contracts and retirement liabilities, are recognised on a three-year horizon.

ii. Unrecognised deferred tax assets and liabilities

€'000	31 December 2016			Unrecognised tax
	Total	Base Recognised	Unrecognised	
Deductible temporary differences	3,333,397	2,156,320	1,177,077	265,904
Tax losses	5,999,450	1,419,386	4,580,064	1,098,517
Total assets	9,332,847	3,575,706	5,757,141	1,364,420
Temporary differences	3,120,337	3,120,337	–	–
Total liabilities	3,120,337	3,120,337	–	–
Net total	6,212,510	455,369	5,757,141	1,364,420

Unrecognised temporary differences correspond to a deferred tax asset in respect of interest rate hedging contracts whose reversal is expected beyond the recoverability horizon.

French carried forward tax losses

In France, the deficits can be carried forward indefinitely but their future use is limited to 50% of the profit for the period beyond the first million euros.

GET SE is the parent company of the consolidated tax group which it forms with all the Group's French subsidiaries.

At 31 December 2016, the cumulative tax losses of the tax group which can be carried forward indefinitely amount to 2,853 million (31 December 2015: €2,878 million), consisting essentially of:

- cumulative tax losses which can be carried forward indefinitely of €885 million generated by the GET SE consolidated tax group since 1 January 2008 and chargeable to the taxable profits of the members of this group (31 December 2015: €885 million); and
- cumulative tax losses which can be carried forward indefinitely of €1,940 million (31 December 2015: €1,962 million) generated by the old TNU SA consolidated tax group. These deficits may only be applied to the taxable profits of FM, Société Immobilière et Foncière Eurotunnel SAS and Europorte SAS.

Potential unrecognised tax assets in respect of the carried forward tax losses of the French tax group amount to €775 million (on a base of €2,681 million).

British carried forward tax losses

In England, the tax losses may be carried forward indefinitely.

At 31 December 2016, the tax losses carried forward for the British companies amounted to £2,694 million (31 December 2015: £2,694 million).

Potential unrecognised tax assets in respect of the carried forward tax losses of the British tax group amount to €323 million (on a base of €1,899 million).

J. Events after the reporting period

Nothing to report.

2.2.2 GET SE parent company financial statements for the financial year ending 31 December 2016 and the statutory auditors' report thereon

Contents of the parent company financial statements⁽¹⁾

<i>Report of the statutory auditors on the annual parent company financial statements for the financial year ending 31 December 2016</i>	94
<i>Statement of financial position</i>	96
<i>Income statement</i>	97
<i>Notes to the financial statements</i>	98
A. <i>Important events</i>	98
B. <i>Accounting methods and policies</i>	99
C. <i>Goodwill</i>	100
D. <i>Investments in subsidiary undertakings</i>	100
E. <i>Group and associates</i>	101
F. <i>Treasury shares</i>	104
G. <i>Investments in securities and cash and cash equivalents</i>	105
H. <i>Equity</i>	105
I. <i>Provision for risks and charges</i>	108
J. <i>Revenues from sale of services</i>	108
K. <i>Cost transfers</i>	109
L. <i>Purchases and external costs</i>	109
M. <i>Staff numbers</i>	109
N. <i>Exchange gains and losses</i>	109
O. <i>Interest and related income and charges</i>	109
P. <i>Financial depreciation and provisions</i>	109
Q. <i>Exceptional result</i>	110
R. <i>Tax and fiscal situation</i>	110
S. <i>Earnings per share and effect of dilution</i>	111
T. <i>Commitments and contingent liabilities</i>	111
U. <i>Related party transactions</i>	112
V. <i>Events after the reporting period</i>	112

(1) Groupe Eurotunnel SE's parent company financial statements are prepared in accordance with French accounting standards.

2 RESULTS AND OUTLOOK

REPORT OF THE STATUTORY AUDITORS ON THE ANNUAL PARENT COMPANY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2016

This is a free translation into English of the statutory auditor's report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditor's report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditor's assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended 31 December 2016, on:

- the audit of the accompanying financial statements of Groupe Eurtunnel SE;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1 Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

2 Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (Code de commerce), we bring to your attention the following matter.

Value in use of investments and other financial assets

Note B.3 and D of the financial statements relating to the investments in subsidiary undertakings presents the approaches of the company relating to the value in use of the investments and the other financial assets. We assessed the approaches used by the company and the appropriateness of the information given in this note to the financial statements.

As mentioned in note B.1 of the financial statements, these estimates are based on assumptions that are inherently uncertain. Depending on the evolution of these assumptions, actual results may differ from current estimates.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3 Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code (Code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Statutory auditors, 28 February 2017

Paris La Défense

Courbevoie

KPMG Audit
A division of KPMG S.A.

Mazars

Fabrice Odent
Partner

Francisco Sanchez
Partner

2 RESULTS AND OUTLOOK

STATEMENT OF FINANCIAL POSITION

€'000	Note	31 December 2016			31 December 2015
		Gross	Impairment	Net	Net
ASSETS					
Intangible assets	C	116,552	–	116,552	116,552
Investments in subsidiary undertakings	D	1,566,389	55,962	1,510,427	1,509,731
Loans	E.1	1,966,233	–	1,966,233	2,039,344
Treasury shares	F	81,308	–	81,308	33,472
Other		82	–	82	84
Fixed assets		3,730,564	55,962	3,674,602	3,699,183
Advances and deposits		27	–	27	28
Trade receivables and related accounts		367		367	–
Receivables from Government and other public bodies		6,568	–	6,568	1,672
Other receivables		49	41	8	19
Group and associates	E.3	22,966	–	22,966	25,514
Other financial assets	E.1	17,416	–	17,416	22,179
Investments in securities	G	75,173	–	75,173	66,443
Cash and cash equivalents	G	128,059	–	128,059	3,631
Current assets		250,625	41	250,584	119,486
Prepaid expenses		516	–	516	594
Exchange adjustment asset		793	–	793	21,448
Total assets		3,982,498	56,003	3,926,495	3,840,711
LIABILITIES					
Share capital	H.1			220,000	220,000
Share premium	H.2			1,711,796	1,711,796
Legal reserve	H.2			22,422	22,422
Special reserve and other reserves	H.2			598,797	598,797
Retained earnings	H.2			326,118	405,817
Result for the year	H.2			86,273	38,455
Total equity and shareholders' funds				2,965,406	2,997,287
Provision for risk and charges	I			16,006	33,171
Financial liabilities				15	85
Group and associates	E.2			914,858	707,973
Trade payables				11,854	8,321
Tax and social security liabilities				4,594	10,802
Other liabilities				224	183
Debts(*)				931,545	727,364
Exchange adjustment liability				13,538	82,889
Total liabilities				3,926,495	3,840,711

* More than one year with third parties: none (2015: none).

The notes form an integral part of the annual financial statements.

INCOME STATEMENT

€'000	Note	2016	2015
Operating revenue			
Revenue from sale of services	J	18,230	16,752
Cost transfer	K	11,966	7,998
Total operating revenue		30,196	24,750
Operating expenses			
Purchases and external costs	L	(17,413)	(11,905)
Salaries and charges	M	(4,417)	(4,627)
Taxes		(695)	(572)
Depreciation and provisions		(6,989)	(8,947)
Other expenses		(732)	(776)
Total operating expenses		(30,246)	(26,827)
Operating result		(50)	(2,077)
Financial income			
Income from investments in subsidiary undertakings		40,000	4,232
Interest and similar income	O	24,524	30,803
Release of provisions	P	20,786	17,822
Net income on sales of investments		–	15
Exchange gains	N	910	2,702
Total financial income		86,220	55,574
Financial charges			
Depreciation and provisions	P	(8,436)	(8,402)
Interest and similar charges	O	(6,443)	(7,531)
Net charges on sales of investments		(4)	–
Exchange losses	N	(4,703)	(482)
Total financial charges		(19,586)	(16,415)
Financial result		66,634	39,159
Exceptional result	Q	(1,345)	4,207
Tax	R	21,034	(2,834)
Net result for the year		86,273	38,455

The notes form an integral part of the annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Groupe Eurotunnel SE is the consolidating entity of the Eurotunnel Group, whose registered office is at 3 rue La Boétie, 75008 Paris, France and whose shares are listed on Euronext Paris and on NYSE Euronext London. The term “Groupe Eurotunnel SE” or “GET SE” refers to the holding company which is governed by French law. The term “Group” or “the Eurotunnel Group” refers to Groupe Eurotunnel SE and all its subsidiaries.

The main activities of the Group are the design, financing, construction and operation of the Fixed Link’s infrastructure and transport system in accordance with the terms of the Concession (which will expire in 2086), as well as the rail freight activity. The maritime activity was discontinued in 2015.

GET SE provides various services to its subsidiaries such as administrative and financial management, corporate strategy and shareholder relations. In 2016, GET SE charged its subsidiaries €18.2 million for these services, of which €15.3 million was charged to the Concessionaires.

A. Important events

A.1 United Kingdom’s referendum of 23 June 2016

In the referendum on 23 June 2016, the United Kingdom voted to leave the European Union.

After the referendum, the Group presented the results of its detailed review of risks to the Audit Committee and the Board of Directors, and set up a process to closely monitor the regulatory risks, tax and financing risks, foreign exchange risks and macroeconomic risks relating to the Group’s businesses.

The Group has taken account of this new situation, the exact terms and mechanics of which are yet to be defined, in the determination of the principal estimates and assumptions used in the preparation of its consolidated financial statements at 31 December 2016 as set out in note B.1 below.

The Group’s business plan incorporating the potential effects of this decision was reviewed by the Board of Directors. The key economic assumptions have been determined in the light of external studies and are based on market data as at the date of the statement of financial position. The Board of Directors has reviewed these assumptions and the corresponding sensitivity analyses. As at 31 December 2016, the Group has not identified any major impact of the United Kingdom’s decision to leave the European Union that could significantly affect its business or financial situation.

A.2 Development of the Group’s activities

i. Financing of the ElecLink project

On 23 August 2016, the Eurotunnel Group purchased the 51% share in ElecLink Limited held by Star Capital.

The acquisition and the first construction works were financed by GET SE. At 31 December 2016, the loan from Groupe Eurotunnel SE to its subsidiary GET Elec Limited amounted to €144 million (see note E.1 below).

ii. Repayment of the Europorte loans

On 15 November 2016, Europorte SAS, subsidiary of GET SE, finalised the sale of its British rail freight subsidiary GB Railfreight Limited, to EQT Infrastructure II.

Europorte SAS used part of the proceeds of this sale to fully repay its intra-group loan from Groupe Eurotunnel SE (see note E.1 below).

iii. Interim dividend from France Manche SA

On 20 December 2016, France Manche SA’s board of directors, in accordance with the provisions of Articles L. 232-12 and R. 232-17 of the French Commercial Code and by reference to Article L. 227-1 of the Code, decided to proceed with the distribution to Groupe Eurotunnel SE, of an interim dividend of a total amount of €40 million.

iv. Reconstitution of Euro-Transmanche Holding SAS’s equity

On 24 November 2016, Groupe Eurotunnel SE carried out a capital increase of €9 million for its subsidiary Euro-Transmanche Holding SAS by partially offsetting an intra-group loan granted to its subsidiary (see note E.1 below).

At 31 December 2016, Groupe Eurotunnel SE accounted for an additional depreciation of €8 million on its investment in Euro-Transmanche Holding SAS.

B. Accounting methods and policies

The annual accounts have been prepared in accordance with the laws and regulations in force in France. Transactions recorded in the accounts are valued in accordance with the historical cost convention and the accounts are prepared on the going concern basis.

B.1 Use of estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the period. The Board periodically reviews its valuations and estimates based on its experience and various other factors considered relevant for the determination of reasonable and appropriate estimates of the assets' and liabilities' carrying value. Accordingly, the estimates underlying the preparation of the financial statements as at 31 December 2016 were prepared in the context of the United Kingdom's decision to leave the European Union as described in note A.1 above. Depending on the evolution of these assumptions, actual results may differ from current estimates.

The use of estimations concerns mainly the valuation of investments in subsidiary undertakings and of associated debts and loans (see note D below).

B.2 Valuation of intangible assets

Intangible assets consist of goodwill (see note C below). This goodwill has been allocated to the underlying assets in accordance with ANC 2015-06. This goodwill follows the depreciation rule of the underlying asset and as the underlying asset is not depreciated, neither is the goodwill. An impairment test is carried out at each closure and an impairment loss is recognised when the share of the affected asset is less than the recoverable amount of its underlying assets.

B.3 Valuation of investments in subsidiary undertakings

GET SE assesses the value in use of its investments in subsidiary undertakings on the basis of several criteria, such as the net book value of the asset, the adjusted book value of the asset, the discounted net financing cash flows, or external evaluations. A depreciation of intra-group loans where applicable or a provision for impairment may be made when the net assets of the subsidiary undertaking is negative.

B.4 Investments in securities

Investments are stated in the statement of financial position at cost. If the market value is lower than the acquisition cost, a provision for depreciation is booked for the difference. "Investments in securities" and "Cash and cash equivalents" include any accrued interest due thereon.

B.5 Treasury shares

GET SE holds its own shares acquired as part of a share buyback programme and a liquidity contract.

Treasury shares which are reserved explicitly for a share option plan are accounted for as investments in securities at their purchase price.

In the absence of an explicit allocation to staff or to a share capital reduction, the shares purchased as part of the buyback programme are accounted for at cost in financial fixed assets.

Shares acquired as part of the liquidity contract, the aim of which is to reduce excessive volatility in GET SE's shares, are accounted for at cost in investments and the gain or loss on sale of these shares is calculated on a FIFO basis.

At the end of the financial year, these shares are valued on the average share price during the last month. A provision is made if this valuation is below the book value, except for those shares which are allocated to stock option plans, the free shares and shares that are to be cancelled.

B.6 Share-based payments

As part of the share option plan, GET SE makes a provision for risk and charges relating to share option grants as soon as it is probable that there will be an outflow of resources from the business in the future. When treasury shares are granted as part of a share option plan, a provision is made for the difference between the exercise price proposed to the beneficiaries and the net accounting value of the treasury shares granted.

2 RESULTS AND OUTLOOK

B.7 Tax integration convention

Under the terms of the group tax integration convention, tax charges are recognised in the individual financial statements of consolidated companies, on a stand-alone basis. Any tax savings or losses realised by the Group are recognised immediately in the parent company's income statement for the financial year.

B.8 Provisions

Provisions are recognised when there exists a legal or constructive obligation stemming from a past event and when the future cash flows can be reliably estimated.

B.9 Conversion of receivables and payables denominated in foreign currencies

Receivables and payables denominated in foreign currencies are accounted for on the basis of the exchange rate on the date of the transaction, and are then re-valued at the rate prevailing at the end of the reporting period.

Unrealised exchange differences resulting from this revaluation are recorded in the cumulative translation reserve. A provision for risks and charges is recognised if the conversion shows unrealised losses.

C. Goodwill

The goodwill of €116,552,000 which resulted from the merger of TNU SA into GET SE in 2009 was accounted for as an intangible asset. It is allocated to the Amended Bond Debt on a non-accounting basis. Since the latter is not depreciated, the technical goodwill is not amortised. No indication of impairment was identified following the valuation test carried out as at 31 December 2016.

D. Investments in subsidiary undertakings

At 31 December 2016, shares in subsidiary undertakings are analysed as follows:

€'000	Gross value at 31 December 2015	Investments	Gross value at 31 December 2016	Depreciation	Net accounting value at 31 December 2016
Channel Tunnel Group Limited (CTG)	1,163,879		1,163,879		1,163,879
Cheritons	33		33		33
Europorte SAS	72,674		72,674		72,674
Euro-TransManche Holding SAS (ETMH)	80,000	9,000	89,000	55,962	33,038
Eurotunnel Agent Services Limited (EASL)	–		–		–
Eurotunnel Developments Limited (EDL)	–		–		–
Eurotunnel Finance Limited (EFL)	1		1		1
Eurotunnel Management Services Limited (EMSL)	–		–		–
Eurotunnel Services GIE (ESGIE)	1		1		1
France Manche SA (FM)	239,450		239,450		239,450
GET Elec Limited	–		–		–
Eurotunnel Project SAS		1	1		1
Société Immobilière et Foncière Eurotunnel (SIFE)	1,350		1,350		1,350
Total	1,557,388	9,001	1,566,389	55,962	1,510,427

The key financial information for subsidiaries is presented in the following table:

In thousands	Revenue	Equity				Percentage of capital held		Carrying value of shares (€'000)		Security and guarantees given by the company
	(excluding tax)	Share capital	Other equity (excluding the result for the year)	Result for the year	Total equity	Directly	Directly and indirectly	Gross	Net	
CTG £	380,595	95,857	(64,328)	50,863	82,392	100%	100%	1,163,879	1,163,879	(*)
EASL £	–	–	1,476	529	2,005	100%	100%	–	–	(*)
EDL £	–	7,257	(11,615)	–	(4,358)	100%	100%	–	–	(*)
EFL £	–	1	–	–	1	79%	100%	1	1	(*)
EMSL £	203	–	45	18	63	100%	100%	–	–	(*)
Cheritons £	–	4	81	–	85	100%	100%	33	33	(*)
GET Elec £	–	–	(1,715)	(1,588)	(3,303)	100%	100%	–	–	(*)
Total in £	380,798	103,119	(76,056)	49,822	76,885			1,163,913	1,163,913	
ESGIE €	122,265	2	–	–	2	38%	100%	1	1	(*)
ETMH €	219	5,106	(4,890)	18,647	18,863	100%	100%	89,000	33,038	(*)
Europorte €	7,437	42,318	(7,457)	58,153	93,014	100%	100%	72,674	72,674	(*)
FM €	444,527	95,857	54,727	46,130	196,714	100%	100%	239,450	239,450	(*)
ET Project €	–	1	–	–	1	100%	100%	1	1	(*)
SIFE €	–	525	759	(15)	1,269	100%	100%	1,350	1,350	(*)
Total in €	574,448	143,809	43,139	122,915	309,863			402,476	346,514	

* This information is provided in note T below.

The value in use of the investments in subsidiary undertakings in France Manche SA and Channel Tunnel Group Limited has been assessed taking into account the most recent valuation of the Concession.

The value in use of the investments in subsidiary undertakings in Europorte SAS has been assessed taking into account the independent external studies and available cash.

The value in use of Euro-TransManche Holding SAS's investments in subsidiary undertakings has been assessed on the basis of an adjusted book value of the asset.

E. Group and associates

E.1 Other financial assets

€'000		31 December 2016	31 December 2015
Other non-current financial assets:			
Amended Bond Debt (ABD):			
– Channel Tunnel Group Limited	(*)	261,330	308,333
– France Manche SA	(*)	1,127,063	1,127,062
Subtotal ABD		1,388,393	1,435,395
NRS Redemption Premium Debt: France Manche SA	(*)	66,159	78,873
NRS Redemption Premium Debt: Channel Tunnel Group Limited	(*)	82,073	128,334
NRS Commission Loan: France Manche SA	(*)	80,200	80,200
Intra-group loan: Eurotunnel Agent Services Limited		148,656	159,276
Intra-group loan: GET Elec Limited		144,152	8,507
Intra-group loan: Euro-TransManche Holding SAS		56,600	56,493
Intra-group loan: Europorte SAS		–	92,266
Net total		1,966,233	2,039,344
Other current financial assets:			
Accrued interest on the ABD: Channel Tunnel Group Limited	(*)	5,166	6,922
Accrued interest on the ABD: France Manche SA	(*)	9,811	13,312
Sub-total accrued interest on ABD		14,977	20,234
Accrued interest on loan to Eurotunnel Agent Services Limited		184	192
Accrued interest on NRS Commission Loan: France Manche SA	(*)	1,079	1,686
Accrued interest on loan to GET Elec Limited		1,176	–
Accrued interest on loan to Europorte SAS		–	67
Total		17,416	22,179

* These receivables (totalling €1,632,881,000) are governed by the Master Intra-Group Debt Agreement as described in chapter 8 of the 2016 Registration Document. This agreement is intended to harmonise (i) the rules for current accounts between Group companies, (ii) the interest rates of the various intra-group debts and (iii) where possible, the other conditions of these intra-group debts in order to facilitate the financial and accounting management of Group companies and to reflect the financial policy between the Group's companies. This agreement falls within the scope of R. 225-31 of the French Commercial Code relating to regulated agreements and commitments.

2 RESULTS AND OUTLOOK

Amended Bond Debt (ABD)

The ABD corresponds to the original bond holdings purchased by EGP as part of the 2007 financial restructuring with the proceeds from the issue of the NRS. This receivable was transferred by EGP to GET SE in 2008 and in 2009 on the basis of a valuation by an expert. The ABD, the nominal value of which at 31 December 2016 was €1,361 million and £242 million, is accounted for by GET SE taking into account the discount on its purchase.

The ABD bears interest at EONIA +1% for the receivable from France Manche SA and at LIBOR +1% for the receivable from Channel Tunnel Group Limited. The ABD is subordinate to the Group's external financial liabilities supported by France Manche SA and Channel Tunnel Group Limited, the contractual termination date for which is 2050.

The change in the amount of the ABD with Channel Tunnel Group Limited arises as result of a variation in the exchange rate for the year. Unrealised gains and losses are recognised on the statement of financial position in exchange adjustment asset or in exchange adjustment liability as appropriate.

NRS Redemption Premium Debts

The NRS Redemption Premium Debts correspond to the premium of 40% paid by EGP on the early cash redemption of the NRS I in April and July 2008 and which was due from France Manche SA and Channel Tunnel Group Limited to EGP in accordance with the terms of the ABD. During 2016, €12.7 million was repaid.

The NRS Redemption Premium Debts carry interest at EONIA +1% for the receivable from France Manche SA and LIBOR +1% for the receivable from Channel Tunnel Group Limited. During 2016, £23.9 million was repaid.

The change in the amount of the NRS Redemption Premium Debts arises as result of a variation in the exchange rate for the year. Unrealised gains and losses are recognised on the statement of financial position in exchange adjustment asset or in exchange adjustment liability as appropriate.

NRS Commission Loan

The NRS Commission Loan corresponds to the amount due by France Manche SA relating to commissions paid by EGP as part of the financial restructuring in 2007.

The NRS Commission Loan bears interest at EONIA +1%.

Intra-group loan: Eurotunnel Agent Services Limited

This loan, which comprises a euro tranche (€84.9 million) and a sterling tranche (€63.8 million or £54.6 million), was made by GET SE to its subsidiary Eurotunnel Agent Services Limited as part of the financing of the acquisition by the Group in 2011 and 2012 of the floating rate notes as described in note G.3i to the Group's consolidated accounts.

This loan bears interest at the same rate and with the same conditions as the floating rate notes acquired by Eurotunnel Agent Services Limited, i.e. EURIBOR +3.25% for the euro tranche and LIBOR +3.25% for the sterling tranche. The final maturity of this loan is 2050.

The change in the amount of the Eurotunnel Agent Services Limited loan arises as result of a variation in the exchange rate for the year. Unrealised gains and losses are recognised on the statement of financial position in exchange adjustment asset or in exchange adjustment liability as appropriate.

Intra-group loan: Euro-TransManche Holding SAS

The intra-group loan made by GET SE to its subsidiary Euro-TransManche Holding SAS (the holding company for the Group's maritime activities) was made in order to finance the acquisition of certain assets from the former SeaFrance group, the rehabilitation of the ferries and to meet the ongoing cash flow requirements of this activity. At 31 December 2016, this loan amounted to €56.6 million (31 December 2015: €56 million).

On 24 November 2016, GET SE increased the capital of its subsidiary Euro-TransManche Holding SAS by €9 million by cancellation of receivables.

This loan bears interest at EONIA +1% and is repayable on demand by GET SE.

Intra-group loan: Europorte SAS

The intra-group loan made by GET SE to its subsidiary Europorte SAS (the holding company for the Group's rail freight activities) covered the financing of the acquisition of shareholdings in Europorte SAS's subsidiaries as well as the financing for the capital investments (in particular the acquisition of rolling stock) and the ongoing cash flow requirements of Europorte's subsidiaries.

This loan was fully repaid in 2016, following the sale, by Europorte SAS, of GB Railfreight Limited.

Intra-group loan: GET Elec Limited

In order to finance the ElecLink project, GET SE made a loan to its subsidiary GET Elec Limited which in turn made a loan to ElecLink Limited in the form of a shareholder advance. At 31 December 2016, the loan amounted to €144 million or £123.4 million (31 December 2015: €8.5 million or £6.2 million).

Since August 2016, this loan bears interest at EURIBOR or LIBOR +3%.

E.2 Debt with other Group companies

€'000		31 December 2016	31 December 2015
Debt relating to the Funding Loan: France Manche SA	(*)	196,636	197,139
Debt relating to the Funding Loan: Channel Tunnel Group Limited	(*)	126,552	147,744
Current account: GB Railfreight Limited		–	14
Current account: Eurotunnel Services Limited		267	434
Current account: Eurotunnel Services GIE		64	59
Current account: Eurotunnel Management Services Limited		16	22
Current account: Europorte SAS		2,460	–
Current account: Europorte Proximité SAS		6	–
Current account: Euro-TransManche Holding SAS		1,284	–
Current account: France Manche SA	(*)	587,573	362,561
Total		914,858	707,973

* These debts (totalling €910,761,000) are governed by the "Master Intra-Group Debt Agreement".

The current accounts with GET SE carry interest at LIBOR +1% for the British subsidiaries and EONIA +1% for the French subsidiaries.

Debt relating to the Funding Loan

These debts correspond to the advances made by France Manche SA and Channel Tunnel Group Limited to EGP as part of the financial restructuring in 2007. The Funding Loans carry interest at EONIA +1% for the loan from France Manche SA and at LIBOR +1% for the loan from Channel Tunnel Group Limited. The amount included in the accounts relating to the Funding Loan from France Manche SA corresponds to the nominal value of the debt (€195,229,000) plus the accrued interest (€1,408,000) and the amount included in the accounts relating to the Funding Loan from Channel Tunnel Group Limited corresponds to the nominal value of the debt (€124,811,000 or £106,861,000) plus the accrued interest of €1,741,000.

2 RESULTS AND OUTLOOK

E.3 Receivables from other Group companies

€'000	31 December 2016	31 December 2015
France Manche SA	13,918	17,824
Eurotunnel Services GIE	3,000	1,992
Eurotunnel Services Limited	–	20
Centre International de Formation Ferroviaire de la Côte d'Opale SAS	60	156
Europorte SAS	601	1,214
Channel Tunnel Group Limited	1,377	1,189
Société Immobilière et Foncière Eurotunnel SAS	497	186
Eurotunnel SE	154	84
Eurotunnel Management Services Limited	36	–
Europorte Channel SAS	–	31
Europorte France SAS	245	142
Socorail SAS	242	157
Europorte Proximité SAS	–	4
EuroSCO SAS	105	104
GB Railfreight Limited	–	2,092
GET Elec Limited	151	–
Euro-TransManche Holding SAS	32	188
GET Finances SAS(*)	1,238	–
MyFerryLink SAS	27	9
Euro-TransManche 3 SAS	576	13
Euro-TransManche 3 BE SAS	699	109
Euro-TransManche 3 NPC SAS	8	–
Total	22,966	25,514

* Euro-TransManche 3 SAS changed its name to GET Finances SAS on 24 November 2016.

Receivables from other Group companies relate mainly to the invoicing of management fees.

F. Treasury shares

The movements in the number of treasury shares held during the year were as follows:

	Number of shares					€'000				
	(*) Investments in securities			Financial assets		(*) Investments in securities			Financial assets	
	Allocated to plans	Liquidity contract	Total	Other	TOTAL	Allocated to plans	Liquidity contract	Total	Other	TOTAL
At 1 st January 2016	5,596,520	770,000	6,366,520	4,481,281	10,847,801	31,055	8,777	39,832	33,472	73,304
Shares transferred to staff (free shares)	(569,200)		(569,200)		(569,200)	(3,320)		(3,320)		(3,320)
Share buyback programme			–	6,255,000	6,255,000			–	47,836	47,836
Exercise of stock options	(79,450)		(79,450)		(79,450)	(419)		(419)		(419)
Allocated to plans	1,501,975		1,501,975	(1,501,975)	–	11,216		11,216		11,216
Net purchase/(sale) under liquidity contract		(10,000)	(10,000)		(10,000)		(2,047)	(2,047)		(2,047)
At 31 December 2016	6,449,845	760,000	7,209,845	9,234,306	16,444,151	38,532	6,730	45,262	81,308	126,570

* See note G below.

At 31 December 2016, GET SE held 15,684,151 treasury shares as part of the share buyback programme renewed by the general meeting of shareholders and implemented by decision of the Board on 27 April 2016. 6,449,845 of these shares are allocated to cover share option plans and the grant of free shares, whose implementation was approved by the general meeting of shareholders in 2010, 2011, 2013, 2014, 2015 and 2016.

G. Investments in securities and cash and cash equivalents

This includes mainly short-term investments in certificates, deposit accounts and money market funds.

€'000	31 December 2016	31 December 2015
Treasury shares (see note F above)	45,262	39,832
Investments in euros	29,911	26,606
Accrued interest on securities	–	5
Sub-total	75,173	66,443
Cash at bank and in hand	128,059	3,631
Total	203,232	70,074

At 31 December 2016, GET SE held 760,000 treasury shares purchased by Oddo Seydler Corporate Finance under the liquidity contract. At 31 December 2016, the value of these shares amounted to €6,866,000 (31 December 2015: €8,824,000) compared to a cost of acquisition of €6,730,000 (31 December 2015: €8,777,000).

H. Equity

H.1 Share capital

€	31 December 2016	31 December 2015
550,000,000 fully paid-up ordinary shares each with a nominal value of €0.40	220,000,000.00	220,000,000.00
267 category B fully paid-up preference shares created on 9 May 2016 each with a nominal value of €0.01	2.67	–
Total	220,000,002.67	220,000,000.00

On 9 May 2016, 267 category B preference shares were issued under the 2014 programme of preference shares convertible into ordinary shares as described in note H.3 below.

H.2 Statement of changes in equity

€'000	Share capital	Share premium account	Legal reserve	Other reserves	Retained earnings	Result for the year	Total
At 1 January 2015	220,000	1,711,796	22,422	598,797	404,280	98,809	3,056,104
Payment of dividend					1,537	(98,809)	(97,272)
Result for the year						38,455	38,455
At 31 December 2015	220,000	1,711,796	22,422	598,797	405,817	38,455	2,997,287
Payment of dividend					(79,699)	(38,455)	(118,154)
Result for the year						86,273	86,273
At 1 January 2016	220,000	1,711,796	22,422	598,797	326,118	86,273	2,965,406

H.3 Employee share option plans

i. Share options

Share option plan (treated as an equity instrument)

On 26 May 2010, the general meeting of shareholders authorised the Board to grant, in one or several allocations, options over shares in the company to executives and senior staff of GET SE and its subsidiaries, during a period the duration of which is fixed at 38 months from 26 May 2010. The total number of options may not give the right to more than 3,900,000 shares of a nominal value of €0.40 each. The Board has allocated 3,900,000 shares held under the share buyback programme to these options. Under this scheme, the Board have approved three grants of share options: on 16 July 2010, 21 July 2011 and 20 July 2012.

2 RESULTS AND OUTLOOK

Characteristics and conditions of the share option plans

The characteristics and conditions attached to the attribution of the share options are as follows:

Date of grant / main staff concerned	Number of options	Conditions for acquiring rights	Vesting period
Options granted to key executives and senior staff on 16 July 2010	1,164,000	Staff must remain as employees of the Group until the exercise of options. Performance conditions: 50% of options are subject to conditions based on the financial performance of the Group (distribution of a dividend, consolidated EBITDA in 2010 and 2011 above a predetermined level). The performance conditions were met. Market performance condition: 50% of options are conditional on the GET SE share price performing better than the SBF120 index. The performance conditions were met.	4 years
Options granted to key executives and senior staff on 21 July 2011	1,430,000	Staff must remain as employees of the Group until the exercise of options. Performance conditions: 50% of options are subject to conditions based on the financial performance of the Group (distribution of a dividend, consolidated EBITDA in 2011 and 2012 above a predetermined level). The performance conditions were met. Market performance condition: 50% of options are conditional on the GET SE share price performing better than the SBF120 index. The market conditions were not met.	4 years
Options granted to key executives and senior staff on 20 July 2012	1,405,000	Staff must remain as employees of the Group until the exercise of options. Performance conditions: 50% of options are subject to conditions based on the financial performance of the Group (distribution of a dividend, consolidated EBITDA in 2012 and 2013 above a predetermined level). The performance conditions were met. Market performance condition: 50% of options are conditional on the GET SE share price performing better than the SBF120 index. The market condition for 2012 was not met. The market condition for 2013 was met.	4 years

Information on the share option plans

The number and the average weighted exercise price of the share options are as follows:

	2016		2015	
	Average weighted exercise price (in euros)	Number of options	Average weighted exercise price (in euros)	Number of options
In issue at 1 January	6.66	1,741,700	6.72	2,164,250
Renounced during the year	6.59	(21,000)	6.33	(9,750)
Exercised during the year	6.56	(79,450)	6.97	(412,800)
In issue at 31 December	6.67	1,641,250	6.66	1,741,700
Exercisable at 31 December	6.67	1,641,250	7.12	729,200

Of the 1,641,250 options in issue at 31 December 2016:

- 237,000 are exercisable, subject to staff remaining as employees of the Group, at a price of €6.42 until July 2020,
- 446,500 are exercisable, subject to staff remaining as employees of the Group, at a price of €7.52 until July 2021, and
- 957,750 are exercisable, subject to staff remaining as employees of the Group, at a price of €6.33 until July 2022.

ii. Grant of free shares

a) Free share plans with no performance conditions

Following the approval by the general meeting of shareholders on 27 April 2016 of the plan to issue existing free shares, GET SE's Board of Directors decided on 27 April 2016 to grant a total of 302,325 GET SE ordinary shares (75 shares per employee) to all employees of GET SE and its related companies with the exception of executive and corporate officers of GET SE. The definitive acquisition of these shares by the employees is subject to their remaining in employment with the Group and they cannot be sold for a minimum period of three years.

On 27 April 2016, 351,850 free shares issued in 2012 were acquired by employees and on 28 April 2016, 217,100 free shares issued in 2014 were acquired by employees.

Number of shares	2016	2015
In issue at 1 January	1,264,750	930,420
Granted during the year	302,325	583,500
Renounced during the year	(43,325)	(41,770)
Acquired during the year	(569,200)	(207,400)
In issue at 31 December	954,550	1,264,750

b) Free share plans with performance conditions

On 27 April 2016, the general meeting of shareholders authorised the Board of Directors to grant free shares to executives and senior staff of the company and its subsidiaries, subject to performance conditions, after a period of three years. The total number of shares may not give entitlement to more than 1,200,000 ordinary shares with a nominal of €0.40 each. Under this authorisation, the Board of Directors approved on 20 October 2016, the allocation of 1,200,000 shares.

Characteristics and conditions of the free share plan subject to performance conditions

Date of grant / main staff concerned	Number of ordinary shares granted	Conditions for acquiring rights	Vesting period
Ordinary shares granted to key executives and senior staff on 20 October 2016	1,200,000	Staff must remain as employees of the Group. Internal performance condition (50% of the attributable volume), is based on the Group's long-term economic performance measured by reference to the average rate of achievement of the EBITDA targets announced to the market for the years 2017 and 2018. External performance condition (TSR, 40% of the attributable volume), is based on the stock market performance of the GET SE share compared to the performance of the DJI index (dividends included) over a three-year period. CSR performance condition (10% of attributable volume), is based on the performance of the 2018 composite CSR index.	3 years

Information on the free share plan subject to performance conditions

Number of preference shares	2016	2015
In issue at 1 January	–	–
Granted during the period	1,179,750	–
Renounced during the period	–	–
Exercised during the period	–	–
Expired during the period	–	–
In issue at 31 December	1,179,750	–
Exercisable at 31 December	–	–

iii. Preference shares convertible into ordinary shares (treated as equity instruments)

On 29 April 2014, the general meeting of shareholders authorised the Board of Directors to grant to executives and senior staff of GET SE and its subsidiaries preference shares (class B shares) with a nominal value of €0.01 each with no voting rights which are convertible into GET SE ordinary shares subject to performance conditions at the end of a four-year period. The total number of

2 RESULTS AND OUTLOOK

preference shares may not give the right to more than 1,500,000 ordinary shares of a nominal value of €0.40 each. Under this scheme, the Board approved on 29 April 2014 the grant of 300 preference shares, each convertible at the end of the four-year period into a maximum of 5,000 ordinary shares.

On 29 April 2015, the general meeting of shareholders authorised the Board of Directors to grant to executives and senior staff of GET SE and its subsidiaries preference shares (class C shares) with a nominal value of €0.01 each with no voting rights which are convertible into GET SE ordinary shares subject to performance conditions at the end of a four-year period. The total number of preference shares may not give the right to more than 1,000,000 ordinary shares of a nominal value of €0.40 each. Under this scheme, the Board approved on 29 April 2015 the grant of 2,000 preference shares, each convertible at the end of the four-year period into a maximum of 500 ordinary shares.

Characteristics and conditions of the preference share plans

Date of grant / main staff concerned	Number of preference shares	Conditions for acquiring rights	Vesting period
Preference shares granted to key executives and senior staff on 29 April 2014 (B shares)	300	Staff must remain as employees of the Group. Market performance condition: calculated on a tapering scale corresponding to the percentage achievement of a maximum target of an average price of €11.50.	4 years
Preference shares granted to key executives and senior staff on 29 April 2015 (C shares)	2,000	Staff must remain as employees of the Group. Financial performance condition: 70% based on the Group's long-term economic performance: achievement of consolidated EBITDA targets announced to the market for 2015, 2016, 2017 and 2018. Market performance condition: 20% based on the performance of the GET SE share price compared to the DJI index (including dividends) over a four-year period. CSR performance condition: 10% based on the performance of the composite CSR index over a four-year period.	4 years

Information on the preference share plans

Number of preference shares	C shares		B shares	
	2016	2015	2016	2015
In issue at 1 January	1,995	–	300	300
Granted during the period	–	2,000	–	–
Renounced during the period	(211)	(5)	(22)	–
Acquired during the period	–	–	(166)	–
Expired during the period	–	–	–	–
In issue at 31 December	1,784	1,995	112	300
Exercisable at 31 December	–	–	–	–

I. Provision for risks and charges

€'000	1 January 2016	Charge to income statement	Release of unspent provisions	Provisions utilised	31 December 2016
Provision for exchange losses	21,447	131		(20,786)	792
Provision relating to share options and free shares	11,212	7,035		(3,320)	14,927
Other	512	17		(242)	287
Total	33,171	7,183	–	(24,348)	16,006

J. Revenues from sale of services

This item comprises revenues from services charged to the Concessionaires France Manche SA and Channel Tunnel Group Limited, the rail freight companies via their holding company Europorte SAS and to the maritime companies.

K. Cost transfers

This item includes the re-invoicing to subsidiaries of the cost of share-based payments and expenses related to the disposal of discontinued operations and to the acquisition of ElecLink Limited.

L. Purchases and external costs

This item includes costs incurred on behalf of subsidiaries including the Concessionaires.

The fees paid to the statutory auditors relating to the 2016 and 2015 financial years are presented in note D.3 to the Group's consolidated accounts.

M. Staff numbers

The average number of staff employed during the year was 17 (2015: 16).

At 31 December 2016, 16 staff were employed by the company (31 December 2015: 18).

N. Exchange gains and losses

In 2016, this included realised exchange gains and losses arising from intra-group payables and receivables.

O. Interest and related income and charges

€'000		2016	2015
Interest and related income			
Interest due from Channel Tunnel Group Limited on the ABD	(*)	5,166	6,922
Interest due from France Manche SA on the ABD	(*)	9,811	13,312
Interest due from Eurotunnel Agent Services Limited		5,991	6,568
Interest due from France Manche SA on the NRS Commission Loan and the NRS Redemption Premium Loan	(*)	1,079	1,687
Interest due from Europorte on intra-group loans		634	894
Interest due from GET Elec Limited		1,176	–
Interest due from Euro-TransManche Holding SAS		472	1,296
Bank interest		195	124
Total		24,524	30,803
Interest and related charges			
Interest due to France Manche SA on the Funding Loan	(*)	1,408	1,910
Interest due to Channel Tunnel Group Limited on the Funding Loan	(*)	1,741	2,147
Interest due on intra-group current accounts	(*)	3,294	3,474
Total		6,443	7,531

* These amounts (totalling €9,613,000: received €16,056,000, paid €6,443,000) are governed by the Master Intra-Group Debt Agreement.

P. Financial depreciation and provisions

€'000	31 December 2016	31 December 2015
Release of provision/ (provision) for depreciation of investment in subsidiary undertakings and associated receivables (see note A.2iv above)	(8,436)	17,822
Provision for exchange losses	20,786	(8,402)
Total	12,350	9,420

2 RESULTS AND OUTLOOK

Q. Exceptional result

€'000	31 December 2016	31 December 2015
Exceptional charges	(8,044)	(3,130)
Exceptional income	3,201	6,089
Other provisions	(63)	(41)
Release of other provisions	3,561	1,289
Total	(1,345)	4,207

Exceptional charges and income relate primarily to the gains and losses recognised on the sale of treasury shares (see note B.5 above).

In 2016, GET SE released a provision for free shares for €3,320,000 (€1,283,000 in 2015) (see note B.5 above) against a charge of €3,320,000 (€1,211,000 in 2015) following the transfer of shares to Group staff (see note F above).

R. Tax and fiscal situation

GET SE is the parent company of the consolidated tax group which it formed on 1 January 2008 with all the Group's French subsidiaries.

R.1 Taxation accounted for through the income statement

€'000	31 December 2016	31 December 2015
Tax income/(expense) of tax consolidation	988	(27,783)
Utilisation of brought forward fiscal deficits	–	18,679
Total income tax	988	(9,104)
Tax on dividends	(3,545)	(2,918)
Tax consolidation of subsidiaries	23,591	9,188
Total tax	21,034	(2,834)

Information presented on the basis of the tax rate applicable in 2016 on taxable transactions of 34.43%.

GET SE's taxable result, excluding integration, was a loss of €34 million (31 December 2015: profit of €48.9 million). The taxable result for the consolidated tax group was a profit of €21 million (2015: 73.1 million).

In 2016, the current tax income corresponds to a tax refund in respect of previous years.

R.2 Reductions and increases in future tax liabilities

€'000	31 December 2016		31 December 2015	
	Base	Tax	Base	Tax
Tax losses	884,625	255,834	885,606	304,914
Other (including exchange difference liabilities and provision for exchange risk)	14,618	5,033	113,266	38,997
Total reductions in future tax liabilities	899,243	260,867	998,872	343,911
Unrealised gain on the restructuring profit	1,364,387	394,635	1,364,387	469,758
Other (including exchange difference assets)	793	273	29,868	10,284
Total increases in future tax liabilities	1,365,180	394,908	1,394,255	480,042

Information presented on the basis of a future tax rate applicable on taxable transactions of 34.43% and 28.92% from 2019.

Carried forward losses of the tax consolidation group

At 31 December 2016, the cumulative tax losses of the tax group which can be carried forward indefinitely and are chargeable to the taxable profits of the members of this group amount to €885 million (31 December 2015: €885 million).

Losses carried forward from the old consolidation group TNU SA

At 31 December 2016, cumulative tax losses of the old tax consolidation group TNU SA amounting to €21 million were charged to the taxable profits of the members of this group. These deficits, which amounted to €1,940 million at 31 December 2016 (31 December 2015: €1,961 million) may only be applied to the taxable profits of FM, Europorte SAS and Société Immobilière et Foncière Eurotunnel SAS.

Profit arising from the restructuring

The financial restructuring in 2007 led to a restructuring profit in the accounts of the Eurotunnel Group of €3,323 million. At 31 December 2016, €1,364 million of this amount remains deferred within the French tax group. The taxation of this profit is dependent on the repayment of the Amended Bond Debt (see note E.1 above) between the Concessionaires (France Manche SA and Channel Tunnel Group Limited) and Groupe Eurotunnel SE, which in turn depends on the repayment of the Term Loan by the Concessionaires which matures in 2050.

S. Earnings per share and effect of dilution

	2016	2015
Weighted average number:		
– of issued ordinary shares	550,000,000	550,000,000
– of treasury shares	(14,295,058)	(9,921,815)
Number of shares used to calculate the result per share (A)	535,704,942	540,078,185
– effect of share options i	531,990	886,921
– effect of free shares ii	1,943,874	1,340,691
– effect of preference shares iii	1,501,796	2,498,611
Potential number of ordinary shares (B)	3,977,660	4,726,223
Number of shares used to calculate the diluted result per share (A+B)	539,682,602	544,804,408
Net profit (€'000) (C)	86,273	38,455
Profit per share (€) (C/A)	0.16	0.07
Profit per share after dilution (€) (C/(A+B))	0.16	0.07

The calculations were made on the following basis:

- (i) on the assumption of the exercise of all the options issued and still in issue at 31 December 2016. The exercise of these options is conditional on the criteria described in note H.3i above;
- (ii) on the assumption of the acquisition of all the free shares allocated to staff. 569,200 of the free shares issued to staff in 2012 and 2014 were acquired by them during the period. Details of free shares are given in note H.3ii above; and
- (iii) on the assumption of the acquisition of all the preference shares allocated to staff and still in issue at 31 December 2016. Conversion of these preference shares is subject to achieving certain targets and remaining in the Group's employment as described in note H.3iii above.

T. Commitments and contingent liabilities

GET SE, France Manche SA, Channel Tunnel Group Limited, Eurotunnel SE, Eurotunnel Finance Limited, ESGIE, ESL and EurotunnelPlus Limited jointly and severally guarantee the obligations of France Manche SA and Channel Tunnel Group Limited in respect of the Term Loan. In order to guarantee these obligations, these companies have granted security as described in note G.5 of GET SE's consolidated financial statements.

2 RESULTS AND OUTLOOK

U. Related party transactions

U.1 Subsidiaries of the Eurotunnel Group

The main transactions carried out with related parties (the other companies within the Eurotunnel Group), as well as the receivables and the payables relating to these companies, are as follows:

Statement of financial position (€'000)	Note	31 December 2016	31 December 2015
Other non-current financial assets	E.1	1,966,233	2,039,344
Group and associates receivables	E.3	22,966	25,514
Other current financial assets	E.1	17,416	22,179
Assets		2,006,615	2,087,037
Group and associates	E.2	914,858	707,973
Liabilities		914,858	707,973
Income statement (€'000)		2016	2015
France Manche SA		15,259	13,519
Europorte SAS		2,750	2,744
Euro-TransManche Holding SAS		219	480
Centre International de Formation Ferroviaire de la Côte d'Opale SAS		2	9
Sales		18,230	16,752
Recharge of cost of free share plans		6,475	7,997
Europorte SAS		2,740	–
GET Elec Limited		1,679	–
Euro-TransManche SAS		480	–
Euro-TransManche 3 BE SAS		583	–
Euro-TransManche 3 NPC SAS		7	–
Cost transfers		11,964	7,997
Eurotunnel Services GIE		645	682
Eurotunnel Services Limited		432	443
GB Railfreight Limited		178	231
Eurotunnel Management Services Limited		248	214
Europorte SAS		158	127
Purchases		1,661	1,697
France Manche SA		4,702	5,384
Channel Tunnel Group Limited		1,741	2,147
Financial charges		6,443	7,531
France Manche SA		10,890	14,999
Channel Tunnel Group Limited		5,166	6,922
Euro-TransManche Holding SAS		472	1,296
GET Elec Limited		1,176	–
Europorte SAS		634	894
Eurotunnel Agent Services Limited		5,992	6,568
Financial income		24,330	30,679

U.2 Remuneration of Directors and senior executive officers

The amount of remuneration paid to members of the Board and senior executive officers is included in chapter 5 of the 2016 Registration Document.

V. Events after the reporting period

Nothing to report.

2.2.3 TABLE OF GET SE PARENT COMPANY RESULTS FOR THE LAST FIVE FINANCIAL YEARS

	2016	2015	2014	2013	2012
Capital at end of financial year					
Share capital (in EUR)	220,000,002.67	220,000,000.00	220,000,000.00	220,000,000.00	220,000,000.00
Number of existing ordinary shares	550,000,000	550,000,000	550,000,000	550,000,000	550,000,000
Number of existing preference shares	267	–	–	–	–
Maximum number of future ordinary shares to be created on exercise of rights of holders of securities giving access to GET SE equity ^(*)	3,977,660	4,726,223	2,316,726	1,398,503	1,375,858
Transactions and results for the year (€'000)					
Revenue excluding tax	21,121	16,752	17,586	12,761	14,101
Payroll costs	2,940	2,869	2,706	1,862	2,051
Amount of benefits	1,477	1,759	1,579	917	1,053
Number of employees	17	16	14	11	10
Result before tax, employee participation and depreciation and provisions	63,503	39,569	128,598	31,716	30,800
Tax on profits	21,034	(2,834)	(2,750)	(1,847)	188
Result after tax, employee participation and depreciation and provisions	86,273	38,455	98,809	1,889	9,347
Distributed result	(**)143,000	118,154	97,272	80,886	65,189
Earnings per share (€)					
Result after tax, employee participation and before depreciation and provisions	0.00	0.07	0.18	NS	0.02
Result after tax, employee participation and depreciation and provisions	0.16	0.07	0.18	NS	0.02
Dividend per ordinary share	0.26	0.22	0.18	0.15	0.12

* For details, see note H.2i of the consolidated accounts in section 2.2.1 of this Registration Document.

** Subject to approval by the general meeting on 27 April 2017 of the appropriation of the 2016 result.

2.3. TRENDS, OUTLOOK, RECENT EVENTS AND EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are described in note J to the consolidated financial statements for the financial year set out in section 2.2.1 of this Registration Document.

Trends

The main trends that concern or affect the activities of Groupe Eurotunnel SE are described in chapter 1 of this Registration Document.

On 23 June 2016, the United Kingdom decided, via a referendum, to leave the European Union. This unprecedented situation has opened up a period of uncertainty, the effects of which have been seen in the financial markets. However, as the mechanisms and the measures for the United Kingdom's exit from the EU are yet to be defined, it is difficult to predict what impact, if any, this decision may have on cross-Channel transport and the Group's activities.

As indicated in section 2.1 of this Registration Document, the Group has not at this stage seen any impact from this decision on its traffic, in either its passenger or freight activities. In 2016, the Eurotunnel Group has again demonstrated its capacity to continue its development, despite a sometimes difficult geopolitical environment. Thanks to the continued economic growth in the United Kingdom and the security provided to customers as a result of the Group's various investments, Truck Shuttle traffic in 2016 enjoyed an exceptional year and by far outperformed the Short Straits market. Despite the terrorist attacks that have greatly

2 RESULTS AND OUTLOOK

affected their main destinations, the high-speed train services that link London to Paris, Brussels or the South of France via the Tunnel, ended the year with record-breaking numbers of passengers. They should also benefit from the opening at the end of 2017 of the new service to Amsterdam. In this context, the Eurotunnel Group has achieved in 2016 an EBITDA that is slightly above the objective announced to the market, on the basis of an equivalent exchange rate and scope of consolidation.

The Group's priority is to ensure a regular increase in the remuneration of its shareholders, while preserving sufficient self-financing capacity to enable investment in the Tunnel and to ensure the Group's development.

As a result, the Group intends to pursue its policy of steady dividend growth for its shareholders with a view to achieving an objective of a dividend of €0.35 per share for the 2018 financial year. In this perspective, the Group will therefore propose to increase the dividend for the 2016 financial year to €0.26 per ordinary share with dividend rights.

The Group remains confident in the solidity of the economic model of its Fixed Link activity. The Tunnel is, and will increasingly assert itself as, a major player in the commercial exchanges between the United Kingdom and continental Europe.

The Eurotunnel Group intends to stimulate growth in Tunnel traffic while increasing its margins. In order to do this, the Group will pursue its major investment projects in order to increase capacity and improve quality of service: the extension of the terminals, the entry into service of three new Truck Shuttles in 2017 and the opening of the new Flexiplus lounges in 2017. Through these investments, the Tunnel aims to become a key strategic partner for all its customers and to be in a position to carry 2 million trucks and 3 million cars on its Shuttles by 2020.

In order to strengthen the economic position of its principal asset, the Eurotunnel Group will focus in 2017 on developing its rail freight business by focusing on the profitability of its operations.

The Group intends to enhance the value of the Tunnel infrastructure with the construction of a 1,000 MW electricity interconnector between the United Kingdom and continental Europe. It therefore acquired Star Capital's shareholding in the ElecLink project in August 2016 and to complete the construction of the interconnector, preliminary work on which began in the last quarter of 2016.

The Eurotunnel Group continues to prepare the refinancing of its debt, with a particular focus on the floating rate tranches, with the objective, subject to market conditions, of minimising the on-going cost of servicing the Group's debt.

With this confidence in its future, the Group confirms its financial objective of an EBITDA of €530 million for 2017 and sets a financial objective of an EBITDA of €560 million for 2018 (based on an exchange rate of £1=€1.175 and the current scope of consolidation).^(*)

Forecasts

The Group does not publish forecasts.

Recent events

The text of the law authorising the power to invoke Article 50 of the Treaty on European Union was adopted definitively by the parliament of the United Kingdom on 13 March 2017.

2.4. OTHER FINANCIAL INFORMATION

Historical financial information

The financial information presented in this Registration Document (in section 2.2) or included by reference in this document pursuant to article 28-1 of European Commission Regulation (EC) 809-2004, relates to GET SE, the Group's holding company, and its subsidiaries.

Pro forma financial information

None.

^(*) This objective is based on data, assumptions and estimates that are considered to be reasonable. They take particular account of the consequences of the geopolitical context but are however liable to change or to be modified due to uncertainties related in particular to the economic, financial, competitive and regulatory environment. Furthermore, the materialisation of certain risks as described in chapter 3 "Risks and controls" of this Registration Document could have an impact on the Group's activities and its capacity to achieve its objectives. The Eurotunnel Group does not therefore make any commitments nor does it give any guarantee that the objectives will be met, and the forward-looking information contained in this chapter cannot be used to make a forecast of results.

Auditing of historical annual financial information

The reports of the statutory auditors on the parent company and consolidated financial statements of GET SE for the year ended 31 December 2016 are set out in section 2.2 of this Registration Document. The reports of the statutory auditors on the parent company and consolidated financial statements of GET SE for the years ended 31 December 2015 and 31 December 2014 (contained in section 20.3 of the 2015 Registration Document and the 2014 Registration Document respectively) are incorporated by reference in this Registration Document pursuant to article 28-1 of European Commission Regulation (EC) 809-2004.

Date of latest financial information

The last financial year for which audited financial information is available is the year ended 31 December 2016.

Interim and other financial information

None.

Statutory auditors' fees

€'000	KPMG				Mazars			
	Amount (pre-tax)		%		Amount (pre-tax)		%	
	2016	2015	2016	2015	2016	2015	2016	2015
Audit								
Statutory auditors, certification, examination of the individual and consolidated accounts:								
Issuer	303	297	36%	29%	225	218	24%	27%
Fully consolidated subsidiaries	452	497	53%	48%	580	530	62%	67%
Other fees and services directly linked to the duties of the statutory auditors:								
Issuer	62	127	7%	12%	127	32	14%	4%
Fully consolidated subsidiaries	28	111	3%	11%	–	5	–	1%
Sub-total	845	1,032	100%	100%	932	785	100%	99%
Other services supplied by the networks to fully consolidated subsidiaries:								
Legal, tax and social	–	–	–	–	–	6	–	1%
Other	–	–	–	–	–	–	–	–
Total	845	1,032	100%	100%	932	791	100%	100%

Flows between the companies of the Group

Various agreements have been entered into between GET SE and its subsidiaries (provision of services and financing) to structure the following operational and financing flows as set out below.

Concerning operational flows, GET SE undertakes, on behalf of its subsidiaries, various services which include financing and administrative management or general strategy. The cost of these services is equally shared between FM and CTG, in accordance with article 19 of the Concession Agreement under which the two Concessionaires share equally at cost price, all expenses and all revenues from the Fixed Link for the period during which they operate. GET SE also charges its services to the other operating subsidiaries of the Group (Euro-TransManche Holding SAS and Europorte SAS), as “management charges” which correspond to head office charges and services provided for the needs and the development of its subsidiaries.

The financial flows between GET SE and its subsidiaries fall within three categories:

- flows resulting from debts and receivables created under the 2007 financial restructuring of the Group, as governed by the Master Intra group Debt Agreement (MIGDA) as described in chapter 8 of this Registration Document;
- flows relating to the financing of GET SE's activities by the Concessionaires;
- flows put in place in order to finance new businesses.

Specific loans have also been set up for the purposes of financing the business of GET Elec Limited and EASL.

Segment information, including details of investments in property, plant and equipment and external financial liabilities for each of the segments, is given in note D.1 to the consolidated financial statements set out in section 2.2.1 of this Registration Document.

Related party transactions

The Group's related party transactions in 2016 are mentioned in note G.8 to the consolidated financial statements in section 2.2.1 of this Registration Document and in note U to the GET SE parent company financial statements set out in section 2.2.2 of this Registration Document.

3. RISKS AND CONTROLS

3.1.	<i>RISK FACTORS</i>	117
3.1.1	<i>Risks related to the environment in which the Eurotunnel Group operates</i>	117
3.1.2	<i>Risks related to the conduct of the Eurotunnel Group's business</i>	124
3.2.	<i>LEGAL AND ARBITRATION PROCEEDINGS</i>	132
3.2.1	<i>Significant proceedings</i>	132
3.2.2	<i>Impact on the financial position and profitability of the Eurotunnel Group</i>	133
3.3.	<i>INSURANCE AND RISK COVERAGE</i>	133
3.4.	<i>INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES</i>	133
3.4.1	<i>Definition and objectives of internal control and risk management</i>	134
3.4.2	<i>Comprehensive risk management and internal control process</i>	134
3.4.3	<i>Internal control procedures related to the preparation and processing of financial and accounting information</i>	139

3.1. RISK FACTORS

Like any business, the Group pursues its activities in evolving conditions and is necessarily exposed to risks (industrial, environmental, human, commercial, financial and others) that, should they materialise, could have a negative effect on its activities, its financial situation and its assets.

The Eurotunnel Group identifies these risks using a formalised procedure and seeks to reduce the probability of their occurrence or the potential impact by implementing formalised and specific action plans. The internal control procedures that contribute to limiting the probability of occurrence or the impact are described in section 3.4 of this Registration Document.

The Eurotunnel Group applies the provisions of the reference framework published by the French Financial Markets Authority (AMF) for internal control and risk management systems. The general system of risk identification and management put in place is presented in section 3.4 of this Registration Document.

For the 2016 financial year, the Eurotunnel Group has carried out the annual review of risks that could have a significant negative impact on its operations, reputation, financial position or results. This review of risks covered all active consolidated subsidiaries within the scope of the Group on 31 December 2016: the British branch of Europorte, sold off during the year, is not covered by this review.

The main risk factors to which the Group considers itself exposed at the date of this Registration Document are described hereafter. Nevertheless, a total absence of risks cannot be guaranteed. This list is not exhaustive and there may be other risks of which the Group had no knowledge or that are considered to be immaterial at the date of this Registration Document, and that could have an adverse effect.

3.1.1 RISKS RELATED TO THE ENVIRONMENT IN WHICH THE EUROTUNNEL GROUP OPERATES

a) Economic and political situation

The Group's operations are directly influenced by the prevailing economic conditions in its main markets, particularly France and the United Kingdom. Changes in cross-Channel traffic and rail freight traffic are linked to the general economic context.

2016 was marked by the increase in geopolitical risks in Europe.

Referendum

In its referendum on 23 June 2016, the United Kingdom decided to leave the European Union. This unprecedented situation of exit from the European Union opens a period of uncertainty, the effects of which have already made themselves felt on the financial markets (high volatility of the pound sterling exchange rate). The short and medium term consequences of this decision could have an impact on the Group's various fields of activity. The final impact will depend on the relationship agreed between the European Union and the United Kingdom, from the closest (inclusion in the European Economic Area) to the most distant (absence of any specific agreement with the Union). While the Group's business has demonstrated its resilience during periods of crisis and although the British and French economies did continue to grow in 2016, the worsening or stagnation of economic conditions could have a direct impact on cross-Channel traffic volumes in both the passenger and freight activities. Nonetheless, many risks, be they regulatory or financial, will depend on the negotiations to be carried out between the United Kingdom and the European Union on the details of their future relations.

In anticipation and ahead of the referendum, the Group examined the possibility of the United Kingdom voting to leave the European Union. Once the referendum vote was known, the Group undertook a specific review of this risk, the results of which were presented to the Audit Committee and the Board of Directors which included sensitivity tests of the business plans. It put in place various indicators by domain (financial, legal) and a specific process to monitor the potential risks as well as detailed monitoring of the regulatory risks, risks relating to taxation or financing or macro-economic risks relating to the business's activities:

- Risk of a drop in British economic growth:

The Shuttle activity appears to be little affected by the result of the referendum. 2016 traffic and revenue figures show the resilience of the Tunnel's business model. A study by Ernst and Young⁽¹⁾, published in November 2016, confirmed the status of Eurotunnel as a vital link, uniting the United Kingdom and continental Europe. In the course of its study, Ernst and Young estimated that a quarter of commercial exchanges between the United Kingdom and continental Europe pass through the Channel Tunnel. The industrial

⁽¹⁾ Source *Economic footprint of the Channel Tunnel Fixed Link: An analysis of the economic value of trade and passenger traffic travelling through the Channel Tunnel October 2016*
<http://www.eurotunnelgroup.com/uploadedFiles/assets-uk/the-channel-tunnel/EY-Channel-Tunnel-UK.pdf>

3 RISKS AND CONTROLS

sectors that depend on the speed and reliability of the Tunnel could be those presenting greater resilience to an overall drop in British growth (“just-in-time” for the automotive industry, express delivery for logistics companies and transport of fresh food products).

The reduction in Eurostar traffic in 2016 is more a result of the impact on the leisure market (Eurostar’s core market) of the repetitive effect of the terrorist attacks over the last 15 months than the referendum vote.

- Risk of a fall in the pound sterling:

The referendum has affected the pound sterling exchange rate. Foreign exchange risk could have an impact on the Group’s results. As the consolidated financial statements are presented in euros, a fall in the exchange rate causes the Group’s revenue to decrease when reported in euros, even though its intrinsic value has not changed in their original currency. This risk is more specifically developed in paragraph c iv) of this section. Nevertheless, the fall in the pound sterling permits a reduction in financial costs on the indexation of loan tranches denominated in pounds.

In the context of their work on the 2016 financial statements, the Audit Committee kept a particularly close eye on the methods of calculating translation and foreign exchange differences and, in particular, the periods used to calculate the average exchange rates in order to select relevant time intervals, representative of actual fluctuations in exchange rates, especially for particularly material operations.

- Risk of an increase in inflation:

Although an increase in British inflation leads to an increase in the cost of debt, it has a limited impact on Eurotunnel’s other costs, which are mostly paid in euros, and it can even represent a positive effect if it is reflected in the tariffs of the Shuttle activity.

- Risk of an increase in border controls and customs duties:

A “hard” exit of the United Kingdom could lead to the introduction of stronger controls on goods crossing the border. If these potential new controls were to be carried out on the Fixed Link’s terminals, they could cause difficulties for smooth and effective operations and would thus present a risk to the revenues from the Shuttle activity. A marked increase in customs duties could have a negative impact on the cross-Channel market.

- Regulatory and legal risk:

Like any business with an activity in the United Kingdom, the Eurotunnel Group is faced with legal and regulatory uncertainty. However, the United Kingdom’s exit from the European Union has no impact on the status of the Fixed Link, which depends on bilateral treaties, thus protecting our business model. On the other hand, the exit of the United Kingdom from the European Union could lead to its exit from the Internal Market of Energy, the system that allows the coupling of electricity markets and facilitates cross-border balance, which could affect the ElecLink business model.

Terrorist threats or attacks

The Eurotunnel Group constantly faces the risk of a terrorist threat or attack on its installations, particularly the Fixed Link, or on neighbouring infrastructure required for circulation of the trains or Shuttles. This risk became more evident following the terrorist attacks in 2015 and 2016 in France and elsewhere in Europe. The Eurotunnel Group carries out activities on behalf of the States and consequently must implement security and public health measures along with specific measures for the application of national programmes (such as the Vigipirate security alert system). As stipulated in the Concession Agreement, the Eurotunnel Group adapts its operational practices to meet these requirements and to deliver the required quality of service. It is not possible to rule out a change in these requirements that would make it necessary for the Group to adapt its operating and commercial practices, leading to an increase in operating costs or deterioration in service quality which could have an adverse effect on the Group’s image, competitive advantages, activity, financial position or results. Irrespective of the insurance cover in place (see section 3.3 of this Registration Document) and government responsibilities, if this risk were to materialise, it could have a significant adverse impact on the business, revenue and image of the Eurotunnel Group. In addition, safety and security measures could be tightened, which could increase inconvenience caused to passengers, reduce capacity and substantially increase the Group’s safety and security-related expenditure.

Risk management procedures related to the risk of terrorism have been set up centrally by the Group in coordination with the authorities (armed forces, border police, etc.), under the supervision of the French and British governments. This risk is also taken into account in the very design of the Tunnel and the System.

Migratory crisis

As mentioned in section 1.2.1.d. of this Registration Document, in 2016, Europe faced a strong surge of migration comparable to 2015. In the difficult context of the European migratory crisis, Eurotunnel Group put in place the means necessary to secure its site

and has continued to develop them in 2016 in response to this situation as indicated in section 1.6.2b) of this Registration Document.

The Fixed Link now has a high level of protection following a major investment programme and the support of both the French and the British States who are in charge of border controls. The demolition of the “jungle”, the migrant camp near the port of Calais, has also contributed to a return to normal on the highways and the approaches to the Tunnel.

This situation, by nature, presents a risk in term of image, corporate social acceptability and the value it stands for. Moreover, the context could again evolve in Europe and the Group could again have to adapt to a new environment. The political context of the Group's business is a key factor considered by the management, which is establishing jointly with the public authorities concerned, the control arrangements needed to secure the Fixed Link, and the safety of customers and employees.

Economic context

All economic risks are measured and monitored at meetings of the management committees to anticipate and prepare for changes in the economic environment, and to make any necessary strategic and tactical adjustments.

b) Competition

In its various activities, the Group faces strong competition from both international and national players in the private and public sectors. This competitive environment (presented in chapter 1 of this Registration Document) could intensify across all of the Group's areas of activity, particularly in a context of competitive volatility and increased sensitivity among customers to the quality of service.

With regard to the activities of the Fixed Link, the Eurotunnel Group faces competition from cross-Channel transportation operators, whose pricing strategies and other competitive initiatives could have a negative impact on Shuttle Service volumes (particularly Truck Shuttle services) and on passenger numbers in High-Speed Passenger Trains. Market growth and competitive pressure are impacted, as the case may be, by fluctuations in the price of fuel which may affect competitors' pricing policies. As indicated in chapter 1 of this Registration Document, the Group's commercial and operational strategy could be affected by this context, in which service quality remains a crucial distinguishing factor.

Concerning Europorte's competitive environment, developments in the market and in rail freight transport traffic and related activities are, due to recent changes, quite specific. As a result of a complex amalgamation of economic, logistical and industrial factors, including the reliability of the transport service, the quality of train paths and the balanced prioritisation of freight and passenger transport, French rail freight traffic has slumped significantly since 2000, with freight volume virtually halved, reaching its all-time low in 2010, followed by a somewhat modest recovery in 2011⁽²⁾. In 2016, competition between operators remained lively and the former monopoly operator still dominated the market.

Fixed Link and Europorte activities are exposed to a risk of competition distortion as a result of the award by public authorities to structures influencing our markets of financial aid that can be characterised as illegal.

Competition leads the teams to give their best in the service of customers. In this context, improving profitability and ensuring growth are constant challenges. The Group adjusts its operations and processes in order to adapt its cost structure, offering new services to its customers and enhancing its commercial offering. This risk has lessened now that the number of competitors has reduced to two.

The Group adapts its commercial strategy to this competitive environment, particularly during operational reviews of its various business segments. Thus, the management of French arm of Europorte has redefined its strategy and objectives for the coming three years, concentrating on contracts with added value in order to improve productivity.

⁽²⁾ Source: Collection of Studies and Documents, Department for Economics, Assessment and Integration of Sustainable Development (SEIIDD) of the Office of the Commissioner General for Sustainable Development, Rail Freight: an analysis of factors affecting French and German traffic, July 2013.

3 RISKS AND CONTROLS

c) Market risks

i) Rate risks

The Eurotunnel Group's financial debt at the closing rate on 31 December 2016 was €3,178 million. At 31 December 2016, the Group held floating rate notes with an accounting value of €151 million (described in section 2.2.1 in note G.3.i of this Registration Document). The maturity of the Group's financial assets and debts is set out below:

€ MILLION	Under 1 year	1 year to 5 years	Over 5 years
Financial assets	–	–	165
Financial liabilities	31	230	3,457
Net position	31	230	3,292

As part of the Group's treasury management procedures described in section 3.1.1c)v of this Registration Document, the Eurotunnel Group Finance Department continually monitors movements in inflation and interest rates and the Treasury Risk Management Committee receives formal monthly reports containing forecast and actual rate changes.

ii) Interest rate

The Group is exposed to the risk of interest rate fluctuations during the life of the Term Loan.

As indicated in note G.7 to the consolidated financial statements in section 2.2.1 of this Registration Document, the risk of adverse movements in interest rates during the life of the Term Loan is covered by the fact that (i) eight tranches of the loan including 6 inflation-linked tranches are at a fixed rate, and (ii) the last two tranches are at floating rates and are hedged by a swap converting the floating rate into a fixed rate for the full life of the Term Loan.

iii) Rate of inflation

As indicated in note G.7 to the consolidated financial statements in section 2.2.1 of this Registration Document, the inflation risk affects both interest and principal repayments on the six inflation-linked tranches denominated in sterling and in euros. By way of illustration, a variation in the inflation rate by one point would have an annual impact of €15 million on the amount of the principal of tranche A.

iv) Exchange rate risk

The Eurotunnel Group prepares its consolidated financial statements in euros.

Fluctuations in the sterling-euro exchange rate have an impact on the value in euros of revenue, costs, financial income and expenses, as well as on the assets and liabilities published by the Eurotunnel Group. The following table summarises the exchange rate sensitivity of the Group's profits and equity at 31 December 2016 in relation to sterling exchange rate fluctuations:

€ MILLION	2016				2015*			
	Actual rate	Published	+10%	– 10%	Actual rate	Published	+10%	– 10%
Exchange rate changes								
Revenue	1.216	1,023	1,067	980	1.375	1,038	1,084	991
Operating margin (EBITDA)	1.216	514	544	483	1.375	520	553	487
Pre-tax profit from continuing operations	1.216	154	173	134	1.375	104	125	83
Total equity and shareholders' funds	1.168	1,812	1,603	2,021	1.362	1,663	1,454	1,872

* Figures restated in application of IFRS 5 following the sale of GB Railfreight Limited (see note C.3ii.b. to the Group's consolidated financial statements set out in section 2.2.1 of this Registration Document).

Around half of the Eurotunnel Group's revenue is generated in sterling, while a larger proportion of expenditure (operating expenses and investment) is payable in euros. Moreover, the Group's Term Loan is denominated in sterling for the nominal amount of £1,437 million at 31 December 2016, and in euros for the nominal amount of €1,891 million at 31 December 2016.

At 31 December 2016, its balance sheet exposure to currencies was as follows:

€ MILLION	Assets	Liabilities	Foreign currency commitments	Net position before hedging	Hedging instruments	Net position after hedging
Euro	702	(2,976)	–	(2,274)	–	(2,274)
Sterling	552	(2,885)	–	(2,333)	–	(2,333)

The assets and liabilities in the above table do not include fixed assets or equity, which are carried at historical exchange rates.

The Group's various business activities result in receivables and payables between the different Group companies, sometimes in different currencies, particularly between GET SE and its subsidiaries. The Group arranges funding for its various business activities, but these intraGroup financing arrangements may generate currency imbalances which, taking account of exchange rate risk and depending on the direction of the funding flows, may automatically translate into losses in the consolidated financial statements.

The Eurotunnel Group is working on improving the correspondence between the currencies in which its revenue and costs are recorded. The Group also uses currency hedging operations to ensure optimum management of this risk. However, there is no guarantee that these measures will significantly reduce the risk borne by the Eurotunnel Group in the event of a fall in the rate of sterling against the euro or ensure that the materialisation of this risk would not have a significant impact on the Eurotunnel Group's financial position and/or ability to service its debt.

In addition to the measures described above, the Group's Finance Department continually monitors movements in the sterling-euro exchange rate, while its Treasury Risk Management Committee receives formal monthly reports containing forecast and actual exchange rate fluctuations. The work of the Treasury Risk Management Committee is reported to GET SE's Audit Committee.

v) Credit and counterpart risks

Customer credit risk

The Group's exposure to credit risk is limited to its customers in the United Kingdom and Eurozone countries, with the exception of:

- the Railways, public institutions, which accounted for 28% of the Group's revenue in 2016;
- the Group's Passenger Shuttle customers pay for their tickets in advance, particularly via the Internet; the credit risk in relation to these customers is consequently very limited.

The Group's maximum exposure to credit risk on trade receivables, as well as the ageing of those trade receivables and the provision for bad debts, is explained in detail in note D.6 to the consolidated financial statements in section 2.2.1 of this Registration Document.

Credit risk is limited in view of the distribution and volume of the customer portfolio. In fact, revenue from the Group's five largest customers, not including the Railways, only accounted for 4% of its total revenue in 2016.

The Group manages its customer credit risk through a credit policy requiring that every new customer undergo a credit check before being able to benefit from the Group's standard credit terms. The Group's credit risk exposure to account customers is managed through the continuous monitoring of their financial position and of their outstanding debt in relation to the credit limits and payment terms granted to them.

Suppliers

The Group is exposed to counterpart risk with its suppliers arising from the risk that the contracting party fails to fulfil its commitments (delivery, payment, repayment etc.).

The Group's exposure to counterpart risk with its suppliers is managed by framework agreements that contain standard mechanisms such as third party guarantees.

The French due diligence act requires that suppliers be monitored during the contract period. The Eurotunnel Group has entrusted its duty of vigilance to an external company that takes charge of the collection and verification of regulatory and legal documents from suppliers.

Short-term investments

The Group's maximum exposure to credit risk on short-term investments is set out in note G.7 to the consolidated financial statements in section 2.2.1 of this Registration Document.

3 RISKS AND CONTROLS

The Group limits its exposure to credit risk by investing only in (i) term deposits and certificates of deposit with a maximum maturity of six months, and with counterparties with a short-term rating of at least P-1 from Moody's, and (ii) funds and money market funds with a long term rating of at least Aaa from Moody's or AAA from S&P.

The amounts invested by the Group in any one fund or money market fund should not exceed €120 million per fund or money market fund denominated in euros or £100 million per fund or money market fund denominated in sterling. Investments in term deposits or certificates of deposit with the same counterpart may not exceed €100 million or £75 million.

The Treasury Risk Management Committee monitors the Group's compliance with this investment policy.

Liquidity risk

A significant proportion of the Eurotunnel Group's operational cash flow is taken up by interest payments on the Term Loan and, since 2013, ongoing repayment of the principal, in instalments, until 2050. This commitment could reduce the Group's capacity to finance its investment expenditure or any external growth operations.

The detailed analysis of the Group's financial liabilities due by contractual maturity is contained in note G.7 to the consolidated financial statements in section 2.2.1 of this Registration Document.

The contractual conditions pertaining to the Group's bank loan debts and, in particular, the cases of default and early repayment, as well as the financial covenants with which the Group must comply by way of servicing its debt, are set out in chapter 8.1 of this Registration Document and in note G.5 to the consolidated financial statements in section 2.2.1 of this Registration Document.

The contractual conditions pertaining to the hedging instruments put in place by the Group on the floating-rate portion of its debt in the form of swaps are set out in note G.5 to the consolidated financial statements in section 2.2.1 of this Registration Document.

The Group manages its liquidity risk exposure through centralised treasury management within the Group's Finance Department, which continually monitors the Group's liquidity position. Short and medium term cash forecasts are drawn up each month and presented to the Treasury Risk Management Committee, chaired by the Corporate Finance Director and including the Group Director of Financial control and the Group Cash Manager and their principal managers.

In this context, the Group has held floating rate notes with a nominal value of €165 million since 2012. These notes were issued by Channel Link Enterprises Finance (CLEF), the securitisation vehicle for the Group's debt. These notes have the same characteristics as the Group's tranche C debt, namely a maturity between 2041 and 2050 (see note G.3 to the consolidated financial statements in section 2.2.1 of this Registration Document). This acquisition improves the Group's financial results.

As indicated in note G.7 to the consolidated financial statements in section 2.2.1 of this Registration Document, the Group has carried out a specific review of its liquidity risk and considers that it is able to meet its future obligations.

As indicated in section 2.1.4 of this Registration Document, at 31 December 2016, the Group was in compliance with its debt service cover ratios (financial covenants).

GET SE received a Baa2 rating from Moody's in 2007, which is still valid at the date of this Registration Document.

vi) Commodities and energy risks

For the Fixed Link, the Eurotunnel Group uses electricity as its main source of energy, particularly for train traction. The supply of electricity represents a significant expense for the Eurotunnel Group (accounting for about 6% of overall operating expenditure in 2016) and an overall major increase in the cost of commodities and electricity could have an impact on the Group's results.

The Europorte entities favour the use of electrical power. Where these subsidiaries use diesel locomotives, the cost price of traction may be affected by a change in the fuel price.

In the light of the highly volatile energy market, the Group has in place a risk management policy to cover market price risk and volume risk.

Application of the NOME Act – Nouvelle Organisation des Marchés de l'Électricité (New Organisation of the Electricity Markets) – permits a reduction in the exposure of the Group to the volatility of the energy markets while leaving open the opportunity to purchase directly on the market when it is propitious.

Volume purchases on the British wholesale market are performed under annual contracts. Purchases are made in tranches to spread the risk, based on fundamental and technical market analysis.

To mitigate volume risk, the Group closely monitors its electricity use and regularly updates its forecasts.

The volume constraints imposed by electricity suppliers are negotiated in the power supply contracts to reduce the Group's volume risk by including the option of changing contractual volumes without penalty, or by adding a take-or-pay clause based on an annual rather than seasonal timeframe.

For Europorte, the risk associated with changes in the price of fuel is covered by price revision clauses in the contracts.

vii) Risk on shares and other financial instruments

The operational cash flow of the subsidiaries is invested in short-term and liquid investments in order to manage liquidity risks.

The Group's investments are governed by its treasury policy and are therefore limited to the list of financial instruments detailed in "Short-term investments" above and the floating rate notes mentioned in "Liquidity risk" above. The Group does not invest in shares, interest rate instruments or other derivatives.

These limits permit management of the risk of default by a given issuer, based on the average credit rating of all the bonds of that issuer (companies, States, State-owned companies and agencies), and account for all of the Group's exposures. The Group ensures that these limits are complied with through specific governance. Each month, the Risk Management Committee checks that the exposure is maintained within the acceptable limits and determines the actions to be taken in case of excessive concentration of risk. The work done is reported yearly to the Audit Committee.

viii) Significant volatility of the share price

In recent years, stock markets have seen major fluctuations that have not always been related to the results of the companies whose shares were traded. Following the Brexit referendum in June 2016, such fluctuations have affected the price of GET's ordinary shares and could continue to do so to a significant extent.

d) Risks related to retirement benefits

In the United Kingdom, the Eurotunnel Group administers two defined benefit pension schemes:

- the main pension scheme, The Channel Tunnel Group Pension Fund, which changed in 2010 from a wholly defined benefit plan to a hybrid scheme (part defined benefit and part defined contribution);
- a historical defined benefit plan (Senior Executive Pension Fund, open only to senior managers who joined prior to 2000).

An independent actuary values the schemes' assets and liabilities. The present value of the schemes' assets which are not due to be realised in the short term may undergo significant changes related to market developments.

When the values of the schemes' assets and obligations reveal underfunding, the Eurotunnel Group can be asked to fund the shortfall within the framework of a plan extending over a period of up to 10 years. A deficit was recorded when The Channel Tunnel Group Pension Fund value was last assessed in 2016; the Group was required to set up a recovery plan of €2 million per year for a seven-year period.

Risks associated with the UK pension schemes are managed through a regular review process and meetings with the trustees, actuaries and other professional advisers.

e) Exceptional weather events

The Shuttle Service, unlike the ferries, is unaffected by sea conditions and is not dependent on the weather. However, the occurrence of events related to extreme weather conditions, such as major storms or heavy snowfall, can make road networks impassable, thus preventing customers from accessing the Fixed Link. A heatwave can also make operating conditions more difficult. Such events can also disrupt the functioning of the Fixed Link infrastructure, reducing its operating capacity or even leading to its temporary closure. Extreme weather events can also have an impact on the rail companies using the Fixed Link and on essential service providers or supply networks that are indispensable for the operation of the Fixed Link (electricity, water, roads, fuel, etc.). Finally, they can also affect rail freight transport activities or the financial position of their customers. Thus, extreme weather events can affect the Group's business and impact its revenue.

For the Concession, the Eurotunnel Group has on-site weather stations to forecast these events. Moreover, operational continuity plans ensure the continuity of operations in degraded mode for a given period. In such cases, the Group also has management plans for road traffic in the vicinity of the terminals.

f) Risks related to health epidemics

In the European and global health context, the outbreak of an epidemic or the fear of an epidemic are likely to have a negative impact on traffic, leading to a fall in revenue and/or an increase in costs linked to public health measures.

3 RISKS AND CONTROLS

For the implementation of its operational continuity plans, particularly with regard to operation of the Concession, the Eurotunnel Group has a crisis management organisation in charge of deciding on any operational adjustments that may be required, working closely and continuously with the authorities entrusted with governmental responsibilities.

3.1.2 RISKS RELATED TO THE CONDUCT OF THE EUROTUNNEL GROUP'S BUSINESS

a) External growth operations and investments by the Group's activities

As part of its development strategy, the Eurotunnel Group has pursued in the past, and may pursue in the future, external growth through acquisitions. Such transactions involve a certain number of risks related to their implementation, the integration of the newly acquired activities and personnel, failure to generate expected synergies, to maintain uniform controls, procedures and policies, the appearance of unexpected costs or liabilities, applicable regulations or authorisations required especially in the event of divergence of interpretation between the French and British authorities. Consequently, the expected benefits of acquisitions may not be realised in the timeframe and at the levels expected.

The acquisition processes implemented by the Group, in particular as part of due diligence procedures, aim for the best possible assessment of the uncertainties that apply in such a case to these various risks.

Given the time required to build and commission this complex rolling stock, the capital expenditure must be planned several years before they are put into service. The length of the investment cycle carries risks for the expected return on past investments. The uncertainties linked to this type of long-term investment could cause significant budget overruns. The Eurotunnel Group has decided to increase the capacity of its Truck Shuttle Service with the purchase of three new Truck Shuttles, scheduled for delivery in 2017.

b) Design and implementation of the ElecLink project

Regarding the ElecLink project, which concerns the electrical interconnector through the Tunnel connecting the electricity distribution networks between France and the United Kingdom, the Eurotunnel Group, as the only shareholder, is exposed to 100% of the risk. Such projects are usually complex and delays may occur, or difficulties may arise in relation to design, production and installation resulting in additional delays and costs particularly with regard to a geological risk due to the nature of the soil on the British side. The Group has strengthened the operational monitoring and supervision of this project and has established a specific committee of the Board of Directors. Furthermore, the Eurotunnel Group has been particularly attentive to securing appropriate insurance cover for ElecLink to cover any damage caused to the Tunnel. Despite all these control methods, the risk of a disturbance to Fixed Link activities remains. Regulatory changes could also have an impact on the activity and revenue of this project, especially following the referendum of June 2016. As the work and operations are to be carried out in the Tunnel which is a highly regulated environment as indicated in section 3.1.2)i) of this Registration Document, the regulatory authorities could impose specific technical or regulatory restrictions on the project. A change in the business model due to the regulatory framework or political and regulatory instability post-Brexit could affect the profitability of the project. Generally speaking, through its activity closely linked to energy trading, the ElecLink segment will be subject to the risk of fluctuations in French and English electricity tariffs once it goes into operation.

c) Image and reputation

In a globalised world, where information is quickly shared, a business's reputation and the image of its services can be compromised very rapidly. Circulation in the media of prejudicial information, whether founded or not, facilitated by new technologies and the development of social networks, could affect the Group's reputation. The Group may be exposed to reputational risks, particularly when the Group's values or operational excellence are questioned, or when its legitimacy as an infrastructure manager or transport operator is challenged, which could have a negative effect on the Group's business, results, image and development outlook.

In 2016, the flow of migrants on the outskirts of Calais could have affected the image of the Short Straits and of the Calais region with the concomitant risk of customer disaffection. However, the sustainability of the resources put in place from 2015 and strengthened in 2016 has helped to secure the site and prevent service interruption.

Furthermore, in relation to its development, the Group could face opposition from local communities or organisations to the installation or operation of certain types of equipment or the setting up of new activities. Deterioration in these conditions could result in permits and licences being refused or delayed, and have a negative impact on the Group's business.

As a business whose reputation and stakes have a national, even European, impact, the Eurotunnel Group is attentive to early warning signs from stakeholders that could damage its image and/or reputation. The Group is aware that its behaviour as a binational company is subject to close scrutiny in a demanding political, economic and social context. The Group acknowledges its social responsibilities and defends its values of safety and quality of service, and the national laws and regulations of both

countries, especially with regard to border management and security of their populations. Through its organisation and procedures, the Group makes every effort to prevent the occurrence of operational risks and avoid sending out these weak signals. The deployment of the Charter of Ethics throughout the Group and the establishment of the anti-corruption policy aim to strengthen awareness of the rules of conduct on which the integrity and ethics of the Eurotunnel Group are founded. Furthermore, the Eurotunnel Group has established a “charter of proper use of social media” for its workers.

d) Operational risks

i) Operational risks inherent in rail transport and infrastructure operation

Maintenance

The Eurotunnel Group has more than 20 years of experience in maintaining its rolling stock, equipment and infrastructure. It has a standard maintenance programme, a long-term, large-scale maintenance programme, as well as a rolling stock and equipment replacement plan as indicated in section 1.2.4 of this Registration Document. However, given the specific nature of the Fixed Link’s rolling stock, equipment and infrastructure, the particular conditions of use in a salty environment (cause of corrosion), and intensity of their use as well as technological advances, these programmes and plans may prove insufficient or unsuitable, particularly in the event of premature obsolescence or an increase in technical faults. This would lead to unforeseen costs or to partial or temporary interruptions of service that could affect the Eurotunnel Group’s activity, financial position or results. In addition, the work to install high-voltage cables between France and England in the rail tunnel as part of the ElecLink interconnector between France and Great Britain may affect traffic.

The Eurotunnel Group has implemented standardisation and reconditioning programmes designed to reduce future maintenance needs and improve the availability of its rolling stock. The impact of the new industrial solutions introduced to improve operating performance may be hard to master and could lead to temporary disruptions to services. Regarding ElecLink, a number of control mechanisms have been put in place to avoid disruption to Tunnel maintenance during the construction phase.

Safety of employees and sub-contractors

During the repair or maintenance of its systems, technical incidents/accidents may jeopardise the safety of Eurotunnel Group employees and subcontractors and accordingly, raise the risk of a claim against the Eurotunnel Group or its legal representatives, in particular regarding an accident at work. Due to changes in legal standards and case law towards greater protection of victims, the causes of these accidents can be recognised before the relevant court as being events giving rise to civil or criminal liability of the Group, its subsidiaries and/or the delegates concerned resulting in a civil or criminal conviction with a corresponding impact on the Group’s image.

Preservation of the health and safety of workers is a priority for the Group. It is based on the evaluation and prevention of occupational risks within the business. The Eurotunnel Group is committed to implementing all safety plans necessary to ensure the safety of all persons working on its sites.

Safety

Safety-related and fire risks in the Tunnel are covered by the design of the System itself and by a series of principles, procedures and controls that have been validated by the IGC.

With regard to past incidents, the occurrence of another major fire would result in a substantial increase in the insurance premiums. Whilst the effectiveness of the SAFE stations and the Salamander Plan reduces the impact of this historical risk, they cannot reduce the likelihood of recurrence.

The Group regularly monitors innovations in fire detection and prevention systems. The Group also takes into account the fact that these risks could come from external entities using the Group’s facilities.

Safety: duty of excellence and first priority

The growth of the Group rests largely on its capacity to conduct its activities securely and efficiently. This requires the full involvement of every one of the Group’s employees at their respective levels of responsibility, with all sub-contractor personnel present on the Group’s sites or within its teams taking ownership of the rules. The Group seeks to strengthen the culture of safety of each individual involved in the processes.

In the context of the migrant crisis, the action plan initiated by the Group in mid-2015 and continued in 2016, (section 1.2.1.d.) of the Registration Document), has put a stop to the intrusion attempts on the Eurotunnel site and to the interference with operations. In order to guarantee, in the medium term, a trouble-free crossing for the various businesses, transporters and all its customers, the Group has continued its efforts on the various measures to strengthen the security of the site.

A new peak in the migrant crisis in Europe could require the investment of additional resources or deteriorate the fluidity, the capacity and thus the quality of service, which could affect the performance of this business as well as the safety and security of employees and customers.

Europorte

Europorte is seeking to optimise its current rolling stock fleet and is implementing a policy to anticipate requirements in advance, aiming to adapt the size of the fleet to requirements to ensure the profitability of the business.

ii) Risk attached to the activities of the Railways and Railway Companies

The Railways business, being the Group's principal customer, could have a significant impact on the Group's financial position. The Tunnel is used by High-Speed Passenger Train services and Train Operators' Rail Freight Services, whose results could be affected by external events and circumstances beyond the control of the Eurotunnel Group. The Eurotunnel Group does not operate these services and cannot exert direct influence on the commercial operation of High-Speed Passenger Train services or the Train Operators' Rail Freight Services. The performance, service level, capacities and prices offered by these operators to their customers, along with other factors that may be beyond the operators' control, influence the use of their services which, in turn, may affect the revenue that the Eurotunnel Group receives from the Railways and Railway Companies. The Train Operators' Rail Freight Services face organisational problems relating to coordination of national operators, regulatory or labour constraints specific to the rail sector, technical constraints of the rail network lines used and the priority of freight versus passenger traffic on infrastructure within the European Union. These barriers to development could make it hard to achieve significant growth in the volumes transported by the Train Operators' Rail Freight Services, and could even lead to a substantial decline in traffic. A significant portion of the Eurotunnel Group's revenue therefore depends on the successful operation of these services by entities over which it has no control.

The railway facilities used by the High-Speed Passenger Train services and rail freight trains are situated outside the Eurotunnel Group's Concession and could be subject to disruption from various sources. This could result in the stoppage or reduction of this traffic as was the case in 2015 on the SNCF Railways Fréthun site. Such events could have a negative impact on the Group's revenue derived from the usage of its Railway Network.

The Rail Companies are subject to a risk of a reduction of the market in the context of the current terrorist threat, which could lead to a change in passenger behaviour. This risk became manifest in a slowing of Eurostar traffic in 2016, with a corresponding loss of revenue for the Eurotunnel Group. This risk is difficult to control as it is external to the Railway Companies and the Eurotunnel Group and it depends on geopolitical conditions.

The risk inherent to the business and development of Railways is mainly external to the Group as it does not have actual control over the activities of the Railways and Railway Companies. Nevertheless, the pricing framework of the Railways Usage Contract defined in the Network Statement aims to offer an efficient, stable and incentive access for the growth of the Railways Companies. In particular, the ETICA scheme ("Eurotunnel Incentive for Capacity Additions") provides non-discriminatory support for the development of new services by the Railway Companies during the key start-up phase and the increase in traffic load. In parallel, cooperative initiatives and communication actions are conducted regularly with Railway Companies, the French Autorité de Régulation des Activités Ferroviaires et Routières (ARAFER), the United Kingdom's Office of Rail and Road (ORR), and ministers in order for them to understand and reduce the barriers to growth. In this context, the Eurotunnel Group is working with the Railway Companies to carry out communication actions to help restore the market following external shocks in 2015 and 2016.

e) Management of human resources

Skills

The Group's business encompasses a wide range of occupations, calling on a variety of skills. In the context of an inverted age pyramid for the Fixed Link, the replacement of some staff and potential retraining plans are areas managed and anticipated by the Group's Human Resources Department.

Calling for a broad spectrum of requirements, particularly in terms of safety, technical expertise and psychological aptitude, occupations in the rail industry require lengthy training. Staff shortages and the difficulty of replacement within existing teams, including the management team, connected with stiff competition among the various operators, could affect developments.

In order to anticipate the risk of the loss of key skills or the growing scarcity of workers for certain jobs, the Group is pursuing a human resources policy that is highly oriented towards forward-looking job management adapted to different contexts and on the encouragement of employability through the development of training, as indicated in chapter 6 of this Registration Document. Faced with the absence of government training programmes leading to qualifications in the rail sector, the Group has set up an organisation dedicated to rail industry training courses. In addition, in order to retain its key employees and motivate their performance, the Group has introduced long-term incentives and a free share scheme for all Group employees.

Labour relations

In the current climate, the risk of deteriorating labour relations and staff disputes cannot be ruled out. Strikes, walkouts, industrial action or other forms of unrest could disrupt the activities of the Eurotunnel Group. Such events could occur not only within the Eurotunnel Group, but could also affect its customers, subcontractors or suppliers. Developments within the Group could mean that consultation and negotiation no longer effectively regulate relations between management and staff. In the event of a breakdown in the negotiation process, those relations could deteriorate, leading to loss of motivation and trust among employees, and affecting the Group's external and internal image.

The Group has already implemented restructuring and reorganisation in the past. Further measures cannot be completely ruled out in the future. Reorganisation could affect the Group's relations with its employees, giving rise to labour disputes and specifically stoppages, strikes and other forms of disruption that could have a negative effect on the Group's business and results.

Labour-related risk management procedures are described in section 6.2 of this Registration Document.

Quality of working life

In the prevailing economic and political climate, the Group may be affected by psychosocial risks.

One of the Group's ambitions is to create the right conditions for employee engagement, motivation and to prevent work-related stress. To help its managers cope with the growing complexity of their work, the Group has invested in the promotion of managerial practices that place an emphasis on staff development. The Group has implemented initiatives in the most appropriate areas of the organisation: listening to employees (telephone helpline, psychological support unit, etc.), strategic workforce planning, career ladder information, development of skills, optimisation of internal mobility and the annual deployment of a Personnel Management Cycle whose main objective is to identify, recognise and promote the Group's best talents, and also to spot potential talent that could develop towards certain roles of responsibility or prominent positions within the organisation.

f) Defaulting suppliers or subcontractors**i) Defaulting subcontractors**

The Eurotunnel Group relies on subcontractors for parts of its business, particularly relating to security, cleaning (primarily industrial) and vehicle chocking. It is possible that some of these subcontractors might fail to fulfil their obligations, which could affect the Eurotunnel Group's results or financial position.

Subcontractor default risk is managed through the Purchasing Department's careful supplier selection procedure, as well as through the monitoring of suppliers' financial position and close contract management.

ii) Defaulting suppliers

The rolling stock and some of the Fixed Link installations have been supplied in very small volumes by a very limited number of suppliers to meet highly specific operating requirements. The Eurotunnel Group believes that if its original suppliers were unable to supply replacement parts or whole Shuttles for any reason, or were unwilling to do so on acceptable terms, it would be able to obtain suitable materials and equipment from other manufacturers. However, the price or timeframe for such replacements could have an adverse impact on the Eurotunnel Group's financial position and prospects.

The allocation by SNCF Réseau of poor quality train paths or the unavailability of train paths could harm Europorte's image and affect its business despite the signature of a framework agreement with SNCF Réseau (at the time Réseau Ferré de France) in 2013.

Equipment and materials risk is managed through the purchase of reserve stocks, the dynamic (annual or half-yearly) review of suppliers, and research into alternative equipment and technologies.

g) Environmental risks

The Eurotunnel Group is subject to French, UK and European environmental regulations, as well as local regulations that require it to either obtain authorisation for the disposal of certain waste materials or contract an accredited company to remove and dispose of the waste. Any breach of the environmental regulations would result in them being fined for causing pollution. The regulations also stipulate that the authorities may force the closure of any facility that does not comply with decisions requiring certain environmentally harmful activities to cease or be modified.

The Eurotunnel Group has an environmental protection and sustainable development policy which is described in chapter 6 of this Registration Document. However, there is no guarantee that the United Kingdom, French, European, national or local authorities will not impose new regulations leading to additional expenditure which could have an adverse impact on the results or financial position of the Eurotunnel Group. Due to the nature of its activities and its potential new projects or developments, the Eurotunnel

Group, while being attentive to compliance with the applicable environmental regulations, could experience delays in these developments because of possible constraints or claims.

As a local developer, the Group may be subject to the risk of litigation or claims from environmental protection associations, as is the case with the dispute brought before the Administrative Court of Lille by the environment defence association of Peuplingues and Sangatte against the decision of the prefect which approved the ElecLink project. This administrative step is not a major risk for the project. No procedure timetable has been set. The administrative court of Lille and the Conseil d'Etat (highest French administrative jurisdiction) rejected last year the same claimants stating there was no legal interest in bringing the proceedings in another procedure. A different position is unlikely to be decided by the court.

These risks are closely managed, as stated in chapter 6 of this Registration Document, through an environmental analysis, which identifies the various risks and assesses their potential impact. The resources required to minimise this impact can then be identified.

In the United Kingdom, the Concessionaires, as managers of an infrastructure of major importance to the British economy, were required by the Department for Environment, Food and Rural Affairs, under the 2008 Climate Change Act, to carry out a study of the ability of their infrastructure to withstand the foreseeable effects of climate change.

h) Societal acceptability

The industrial sites and areas in which Europorte operates, and the products transported, present a risk in terms of the environment and industrial safety

The main customers of Socorail, the Europorte subsidiary specialising in the provision of industrial logistical services, include actors from the chemical and oil industries subject to the Seveso classification (hazardous industrial facilities). These industries are subject to very strict safety regulations, therefore extremely stringent safety criteria are imposed on subcontractors. Although Socorail has ISO 9001 version 2008 and MASE (business safety improvement manual) safety certification, the danger, toxicity or flammability of some raw materials could cause risks, particularly risks of accidents, fires, explosions and damage to the environment and wildlife, and could harm the environmental image of Europorte and the Group. The same applies when Europorte's rail freight subsidiaries transport various hazardous, toxic or flammable products. Furthermore, the business of rail freight haulage may present environmental risks in the event of a rail accident, due to the materials transported or the zones crossed.

The industrial safety and environmental risk prevention policy is described in sections 6.2.1 and 6.4.1 of this Registration Document.

i) Legal risks

i) Risks relating to the regulated nature of the Eurotunnel Group's business

The Eurotunnel Group operates in a highly regulated environment, which results in a high degree of dependency on decisions and measures over which the Group has very little or no influence. Even if regulatory developments bring new market opportunities for the Group's activities, they also generate risks. As in any regulated sector of business, future changes in regulations, their interpretation or their application by the regulators, the authorities or the courts can lead to additional costs for the Eurotunnel Group and affect its activity, its financial position and its results. As an example, tightening the measures taken to enforce the regulations governing immigration, customs and excise duty could cause delays or affect customer satisfaction levels. The relevant authorities could also adopt other stricter rules or rules in new areas that are not currently considered, with similar effect.

The Eurotunnel Group is aware of the strong legal and regulatory framework in which it operates and seeks as far as possible to conduct communication actions and implement measures to safeguard the Group's interests.

a) Fixed Link

The operation of the Fixed Link is subject to detailed regulations drawn up by the Intergovernmental Commission (IGC) and the Safety Authority. These entities have been set up to monitor, on behalf of the States, all issues related to the construction and operation of the Tunnel. The Fixed Link is governed by bilateral agreements between France and the United Kingdom (presented in chapter 8 of this Registration Document) as well as by constantly evolving European regulation, which includes in particular the European rail directives⁽³⁾.

⁽³⁾ Directives 2012/34/EU establishing a single European railway area and 2016/2370/EU amending the aforementioned Directive as regards the opening up of the market in national passenger transport services by rail and the governance of railway infrastructure. Directive 2012/34/EU lays down the derogating status of the Fixed Link as an integrated transport system in Article 2.9: "This Directive does not apply to undertakings the business of which is limited to providing solely shuttle services for road vehicles through undersea tunnels or to transport operations in the form of shuttle services for road vehicles through such tunnels" except Article 6(1) and (4) and Articles 10, 11, 12 and 28.

These Directives require a transposition to the Tunnel. These directives can also be subject to change and interpretation by administrative authorities and courts, and the associated regulations could even be significantly tightened by national or European authorities. Directive 2012/34/EU provides in particular for the existence of an independent railway control body. Since the IGC can no longer exercise these functions, they have been conferred on two national authorities, ARAFER for the French side and the ORR for the British side. This could lead to a risk of discrepancy between the laws and the interpretation of the texts even more so in the context of an exit by the United Kingdom from the European Union, for example impacting the structure of rail infrastructure tariffs and thus the revenues of the Fixed Link. As indicated in chapter 8 of this Registration Document, Directive 2016/2370/EU from the fourth rail package, exempts the Fixed Link, as a public-private partnership not receiving public funds, from the prohibition on intragroup financial flows.

As indicated in chapter 8 of this Registration Document, the Concession Agreement may be terminated by the two States in the event of force majeure, particularly in the event of war or a serious breach by the Concessionaires of their obligations under the Contract. Furthermore, if the Eurotunnel Group should be in breach of its obligations under the Concession Agreement, the IGC could impose significant daily penalties. It is within the competence of the IGC to take decisions that would have a major impact on the activity. The regulatory authorities could also adopt new measures relating to safety, security or other matters, particularly concerning infrastructure access conditions particularly as part of the ElecLink project or, more specifically, the development of more rigorous border controls given the current heightened sensitivity to terrorism. These measures could be strengthened and have an impact on the operations of the Fixed Link, for example by leading to a reduction in the quality of service and to customer dissatisfaction. The Eurotunnel Group works constantly with the national authorities to minimise the impact of these new controls on the traffic flows at the Folkestone terminal.

The Concession Agreement under which the Eurotunnel Group operates the Fixed Link may only be modified through amendments negotiated with the two States. These negotiations could be long and complex. Were economic, financial or technical developments affecting the Eurotunnel Group to make rapid adjustments necessary, the specific terms of the Concession Agreement could limit the Eurotunnel Group's ability to adapt or to adjust its business to those developments, which could affect its results and financial position.

A dedicated department, the Public Affairs Department, oversees compliance with the rights and duties arising from the Concession by both the conceding States and the Concessionaires, and liaises between and closely monitors relationships with IGC, the French regulatory authority ARAFER and the corresponding British regulatory authority ORR, which are responsible for economic regulation of the Fixed Link, as well as the national and European lawmakers.

Since these entities are independent, the Eurotunnel Group cannot exert any influence over them.

However, the obligations under the Concession Agreement require the States to adopt specific behaviour in the exercise of their functions. The Concessionaires benefit from the Concession Agreement, which guarantees their rights with regard to the States until 2086. In particular, they have the right to obtain compensation for damages resulting from a violation of the Concession Agreement by the States.

b) Europorte

In France, the costs of access to the national rail network are high. As a follow-up to the "Grenelle de l'environnement", the public authorities set up subsidies paid by the State to SNCF Réseau on train path prices, in order to compensate for the increase in charges resulting from the SNCF Network's application of principles laid down by European law (principle of coverage of the directly attributable cost). The State has presented a measure to reduce this subsidy. A reduction of government funding to SNCF Réseau could lead to an increase in the operating costs of rail operators, including EPF, which would be likely to significantly disrupt the market and the pricing policy, and to threaten the competitiveness of rail freight in the long term. The lack of predictability in the price of train paths invoiced by SNCF Réseau to Europorte affects the latter. Europorte is not subsidised by the State.

In the area of transport, the public authorities are recommending the promotion and development of alternative modes of transport. Encouraging a modal shift from road to rail is one of the main levers of this policy. Yet, France's secondary rail network, which was historically very dense, has been neglected and, following a lack of maintenance and use, is gradually being dismantled. However, this network is essential to the survival of rail freight, since it allows a large part of freight flows to be channelled into the main network. Without political will on the part of the players responsible for developing transport infrastructure and the implications of that lack of political will for the modal shift strategy, the progressive deterioration or eventual disappearance of the feeder networks could have a major impact on the revenue of EPF.

The plan to harmonise the conditions of employment of railway workers (both freight and passenger) is one of the objectives of the draft railway reform. It is anticipated that a "foundation" decree will set the common rules regarding organisation and working time, guaranteeing the "requirements of safety and continuity of public services", and that the decree will be supplemented by a sector-wide collective agreement, the drafting of which has been entrusted to a joint committee composed of the French Public

3 RISKS AND CONTROLS

and Rail Transport Union and seven trade union organisations. The establishment of a harmonised labour framework for the whole rail sector could affect the social equilibrium of the company and adversely affect the competitiveness of Europorte.

In view of the risks arising from changes in the contributions allocated by the French and British States and the implementation of a harmonised labour framework in France, the Group has launched negotiations and is undertaking all possible actions to communicate and defend its interests with the relevant parties.

ii) Risks related to non-compliance with competition law

The provisions of competition law, the application of which is controlled by the French and British competition authorities and the European Commission, applies to the entities of the Eurotunnel Group in the countries in which they are active (France and the United Kingdom). Violation of competition law is punishable with fines and, in certain countries, can render the individuals involved liable to criminal sanctions. Any proceedings initiated by a competition authority could, in the event of a guilty finding, give rise to the payment of fines and, where appropriate, damages and interest, which could have a significant impact on the image of the Eurotunnel Group, its financial position and its results.

The Group's management of legal risks is carefully monitored by several departments and, in particular, by the Group's Legal Department through a monitoring procedure and meetings with the relevant operational departments.

iii) Risks related to failure to meet contractual obligations

Like any business, the Eurotunnel Group is, by definition, exposed to risks related to failure to meet its contractual obligations to its customers, suppliers, employees and financial partners.

a) Customers

The Concessionaires' obligations to the Railways under the Railway Usage Contract which ends in 2052, or to Railway Companies under the Network Statement, and the consequences of failing to meet those obligations are detailed in chapter 8 of this Registration Document. It cannot be ruled out that the Railways may wish, before the end of the Railway Usage Contract, to renegotiate it or dispute certain of its provisions. The Group did not see any significant reduction in the Railways' contributions to its fixed annual charges in 2016 as a result of unavailability of the Fixed Link.

In the context of monitoring this risk, the rail network department is in continuous discussion with the Railway Companies: in June 2015, Eurotunnel Group and Eurostar agreed a Railway Usage Contract application agreement covering contributions to operating, maintenance and renewals costs of the Fixed Link railway infrastructure for the years 2015 to 2019 inclusive. In accordance with European Directives, this agreement was negotiated under the auspices of the IGC in its role as railway regulator, to ensure compliance with transparency, equality and non-discrimination requirements.

As part of its transportation activity, the Eurotunnel Group carries passenger vehicles and trucks on board its Shuttles and is exposed to the risk of failure to fulfil its contractual commitments to its customers. The Eurotunnel Group's commitments to its clients (passenger vehicles and trucks on board its Shuttles) are governed by its general conditions of carriage.

The growth of the activity of Europorte is exposed to the risk of dependence on key customers. Within its rail freight transport and industrial site management business, Europorte has identified possibilities for diversification and growth, to secure its activity and reduce the risk of dependency on a few key customers.

b) Suppliers

The Eurotunnel Group is exposed to the risk of failure to fulfil its contractual commitments to its suppliers.

The risk of default by suppliers and subcontractors is detailed in section 3.1.2 of this Registration Document.

The Group's purchasing procedures and general purchasing conditions set forth the terms of payment for supplier invoices. The conditions applied by the Group in France are compliant with the obligations defined in the French law on economic modernisation of 4 August 2008. The Group has established systems and procedures for processing supplier invoices to make sure that they are paid in accordance with the contractual terms and conditions.

The following table shows the payment schedule for the Group's trade receivables at 31 December 2016:

IN MILLIONS	Total	Not yet due	0 – 30 days	31 – 90 days	Over 90 days
France (€)	34.1	24.6	5.1	1.3	3.1
United Kingdom (£)	3.7	2.6	0.5	– 0.1	0.7

The following table shows the payment schedule for the Group's trade receivables at 31 December 2015:

IN MILLIONS	Total	Not yet due	0 – 30 days	31 – 90 days	Over 90 days
France (€)	32.3	22.6	4.5	0.6	4.6
United Kingdom (£)	9.0	5.0	3.3	0.7	0.0

iv) Financial partners

The undertakings under the Group's Term Loan are described in chapter 8 of this Registration Document. These undertakings, combined with the level of Eurotunnel Group's debt, could affect its ability to obtain additional financing in the future and limit its ability to react to changes that affect its business or the markets in which it operates. The loans and other financing could become subject to early repayment in full should the Group breach certain of its contractual obligations, or in the event of occurrence of the events or defaults mentioned in chapter 8 and note G to the consolidated financial statements in section 2.2.1 of this Registration Document.

As part of the procedures for the management of these risks, the Finance Department continually monitors the Group's commitments and restrictions within the framework of the Treasury Risk Management Committee. The tasks and objectives of this Committee are part of the internal control system as detailed in section 3.4.2 of this Registration Document.

v) The main shareholder of GET SE holds a significant percentage of the capital and voting rights

GS Infrastructure Partners (GSIP) holds, through various funds, a significant ownership interest in the capital of GET SE, as indicated in section 7.4 of this Registration Document.

Consequently, it could be in a position to exert influence at a general meeting on the Group's corporate decisions requiring shareholder approval (the election and dismissal of members of the Board, the distribution of dividends, changes to the articles of association and decisions to undertake important transactions for the Group, including new issues of equity securities).

Were GSIP to decide to reduce its stake in GET SE's capital, the transfer of interest or the perceived imminent transfer could adversely affect the GET share price. A change of the main shareholder could upset the stability of the capital.

The organisation of corporate governance within the Group (number of independent Board Directors, Board committees) as described in chapter 4 of this Registration Document seeks to mitigate this risk.

j) Risks related to information systems

The day-to-day management of activities depends on correct operation of all the technical infrastructure and computer applications.

In the context of constantly changing information technologies and uses, the information system is extending beyond the Group with the outsourcing of certain IT systems (cloud computing) and the use by employees of their personal equipment in the workplace (Bring Your Own Device), use of collaboration tools, access to social networks and mobility. Attacks via the Internet are increasingly complex (targeted attacks) and numerous. At the same time, the Group's activities and processes are increasingly dependent on information systems. The risk of malfunction or drop-out of the systems and the risk of cybercrime could, if they were to occur, have a significant financial impact on the Eurotunnel Group, as well as tarnishing its image.

These risks are addressed through functional, technical and legal security measures: securing smartphones, automatic detection of security vulnerabilities on Group servers, annual intrusion tests, and so on. System redundancy, contingency plans and recovery plans are in place for strategic systems. In addition, as the Concessionaires realise a significant proportion of their revenue over the Internet, they are subject to specific audit and control requirements in terms of information system security.

k) Risk of internal control failure

The Eurotunnel Group has established an internal control system which, however refined it may be, can only provide a reasonable assurance that business objectives will be achieved, as there are inherent limits to any control. The Group cannot exclude the risk of internal control failure that may expose it, in particular, to identity theft and, more generally, fraud.

3 RISKS AND CONTROLS

3.2. LEGAL AND ARBITRATION PROCEEDINGS

In the course of its business, the Eurotunnel Group and its subsidiaries can be involved, like any company, in various administrative, legal or arbitration procedures, the most significant of which are discussed in more detail below.

More generally, it cannot be ruled out that, in the future, new legal proceedings, whether related to ongoing proceedings or not, could be brought against any of the Eurotunnel Group's entities or their legal representatives. Were such proceedings to have an unfavourable outcome, they could have an adverse impact on the business, financial position or results of the Eurotunnel Group, its image or that of its corporate officers.

The Legal Public Affairs, the Human Resources and Finance Departments, work to resolve ongoing and potential disputes, and to improve procedures to minimise the risk of litigation.

3.2.1 SIGNIFICANT PROCEEDINGS

a) Litigations relating to the cessation of maritime activity

The cessation of the maritime activity on 1 July 2015 has led to several proceedings.

The liquidator of SCOP SeaFrance, ex-charterer of the ships, has brought a claim before the commercial court in France to obtain payment of an alleged debt based on charter party and capacity contracts concluded between MyFerryLink SAS and SCOP SeaFrance. SCOP SeaFrance's claim was unsuccessful before the commercial court of Lille; it then decided to bring a claim before the commercial court of Boulogne-sur-Mer which has not set a procedure timetable (such a timetable is not mandatory, it depends on each court). MyFerryLink SAS has a significant receivable on SCOP SeaFrance in respect of penalties for the late delivery of ships. This receivable is impaired, as indicated in note C3ii(a) to the consolidated financial statements in section 2.2.1 of this Registration Document.

The AGS (wage guarantee insurance association) brought a claim before the commercial court of Paris in August 2016 to obtain the reimbursement of the sums paid to SCOP SeaFrance as salary debts (€7.6 million). The claim concerns the corporate owners of the ships and the holding company, MyFerryLink SAS, as well as GET SE. The court has not set a procedure timetable.

The Société d'Exploitation des Ports du Détroit (the company operating ports of Calais and Boulogne-sur-Mer) brought a claim before the commercial court of Lille to obtain payment of port fees in relation to the mooring of the Rodin and Berlioz ships during the summer of 2015. At that time, SCOP SeaFrance seamen were occupying the ferries, which had not yet been returned to their owners. The claim is for an amount of €835,000. The tribunal has no jurisdiction to hear this claim and GET SE's subsidiaries cannot be held liable to pay port fees relating to ferries that had not been returned to their owners.

No provision for litigation has been made in relation to these claims.

b) Litigation relating to the Fixed Link activity

The expertise carried out at the Concession site following the 2008 fire is ending and the Eurotunnel Group is waiting for the report. The case is expected to go before the court to process the claims of carriers, which have been frozen since 2008. The Group's insurance policies cover such claims and the Group's interests will be defended by its third-party liability insurer.

In 2016, France-Manche SA was indicted following a workplace accident in 2011 during work in the Tunnel involving a subcontractor. A criminal investigation is in progress and could last several years. Within the Group, no physical person, with a managerial position or not, has been indicted. Staff and subcontractors' safety and security always come first for the Eurotunnel Group, as indicated in section 6.2.1 of this Registration Document.

c) Litigation relating to Europorte activity

Following a 2015 tendering process for operating the Verdon port terminal, Europorte entered into several contracts, including a terminal operator agreement with the Grand Port Maritime de Bordeaux (port of Bordeaux) and a contract for port handling services with the Société de Manutention Portuaire Aquitaine. In 2016, following discussions between the stakeholders aimed at gathering the necessary conditions to start the operation of the terminal, in a difficult social and competitive environment, Europorte decided to terminate the contracts in application of the relevant contractual provisions. However, the port of Bordeaux decided to replace the initial contractor, at Europorte's risk and expense, for 18 months starting from 21 September 2016. Europorte has been obliged to challenge this decision before an administrative jurisdiction. At the same time, the port of Bordeaux launched a tender on 29 December 2016 to appoint another operator.

d) Tax audit

The Eurotunnel Group operates in two countries applying different tax systems. Tax regulations are constantly evolving and are subject to interpretation. The Group cannot guarantee that its interpretation will not be reconsidered, which could lead to negative consequences on its finances or results. The Group performs standard monitoring of tax matters. As the Group seeks to comply with tax laws and regulations that apply locally, it uses a network of tax professionals to ensure compliance with its obligations and limit the tax risk to a reasonable and usual level.

Following audits of its accounts of past years, the French tax authorities challenged the tax deductibility of certain items reclassified by the Group for research tax credit purposes. This challenge gave rise to a proposed adjustment and should not lead to a cash outflow by the Group.

3.2.2 IMPACT ON THE FINANCIAL POSITION AND PROFITABILITY OF THE EUROTUNNEL GROUP

As far as it is aware, and subject to the paragraphs above, the Eurotunnel Group and its subsidiaries have not during the last twelve months been involved in any judicial or governmental proceedings or arbitration that is ongoing or suspended, which could have or has had a significant negative effect on its financial position or profitability.

As at 31 December 2016, the amount of provisions for all litigation or procedural risks in which the Group is involved amounts to €1.1 million.

3.3. INSURANCE AND RISK COVERAGE

The Eurotunnel Group's insurance programmes consist primarily of policies covering material damage and business interruption (including terrorism) and third-party liability.

Regarding the Fixed Link, the insurance policy for damage to property and operating losses (including terrorism) covers up to a total limit of €700 million, now in a single layer. The policy was renegotiated and renewed on 1 January 2017 for a period of three years, ending on 31 December 2019.

The third-party liability policy taken out by the Eurotunnel Group (except specific programmes) was also renegotiated and renewed on 1 January 2017 for a period of three years, ending on 31 December 2019 for the first two layers and for a period of two years, ending on 31 December 2018 for the other two excess layers.

The specific insurance programme for EPF, EPP and Socorail which was already in place, has been renewed for the period 1 December 2016 to 30 November 2017. It includes, in particular, cover for material damage and business interruption, third-party liability and environmental damage.

In certain circumstances, payments by insurance companies under existing insurance guarantees may not be sufficient to cover all of the loss suffered. Losses in excess of the agreed indemnity limits or the application of deductibles or certain exclusion clauses could result in the Eurotunnel Group incurring unforeseen costs or could affect its business, financial position or results.

In addition, changes to the insurance market and the occurrence of operational incidents could lead to an adverse change in the Eurotunnel Group's insurance programme and the terms and conditions of such insurance, such as the level of premiums, the level of insurance deductibles and the scope of any exclusions which could have an adverse impact on the Eurotunnel Group's business, financial position or results.

As part of these risk management procedures, the Group constantly monitors the adequacy of coverage and actions to be undertaken. The insurance coverage was sufficient to needs in 2016.

3.4. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

The control environment, which is essential to the internal control system, to good risk management and to the application of procedures, is based on behaviour, the organisation and employees. It is part of a culture of commitment and rigor transmitted by the Eurotunnel Group.

The aim of the various policies approved by the Board is to develop a culture of ethical practice and compliance. The Chairman and Chief Executive Officer sends out a strong message of "zero tolerance", in particular in the fight against corruption.

The governance of risk management is organised in an environment with a strong ethical footprint. The creation of an Ethics and Governance Committee of the Board, made up of the chairs of each of the Board committees, expressed the will, at the highest level of the Eurotunnel Group, to place ethics and compliance at the heart of the Group's preoccupations.

The Compliance Department steers the establishment of compliance action plans (drawing-up policies, making tools available, policy implementation support, awareness and training actions) in close collaboration with all the departments concerned, amongst which internal control, the Legal Department and the Human Resources Department, under the direction of Internal Audit. Assessment of ethical risks is an integral part of the analysis approach of the Eurotunnel Group and its subsidiaries. Responsibility for ethics and compliance is exercised at all levels of management.

This section presents the measures taken by the Eurotunnel Group regarding internal control and risk management, including management of ethics and compliance risk.

3.4.1 DEFINITION AND OBJECTIVES OF INTERNAL CONTROL AND RISK MANAGEMENT

a) Legal and reference framework

In accordance with article L. 225-37 paragraph 6 of the French Commercial Code, the Chairman of Groupe Eurotunnel SE draws up a report on the Group's internal control and risk management procedures. The Chairman's report is the subject of a report produced by the statutory auditors, a copy of which can be found in section 4.3.1 of this Registration Document.

The Chairman's report was drafted in keeping with the Reference Framework recommended by the French Financial Markets Authority (AMF) dated 22 July 2010.

The Chairman's report was examined by the Audit Committee and then reviewed and approved by the Board of GET SE on 28 February 2017, in accordance with article L. 225-37, subparagraph 10 of the French Commercial Code.

b) Definition, objectives and scope of internal control and risk management

Internal control is a system comprising a combination of means, processes, modes of conduct, procedures and actions adapted to the specific features of each company. It contributes to the effective management of the company's business, the efficiency of its operations and the efficient use of its resources and should enable it to appropriately factor in all significant risks, be they operational, financial or compliance.

Specifically, the system seeks to ensure:

- compliance with the laws and regulations in force;
- the application of instructions set by the general management;
- the proper functioning of the internal processes, particularly those related to safeguarding its tangible and intangible assets;
- the reliability of financial information.

Internal control is not restricted to a set of procedures or mere accounting and financial processes and it does not encompass all the initiatives undertaken by corporate or management bodies.

The internal control and risk management system extends throughout the Group and its subsidiaries included in the consolidated financial statements.

As part of its continuous improvement approach, from 2015 the Group implemented the following actions to reinforce the internal control and risk management system:

- the body of procedures was structured, updated and enhanced for the Group and the business units;
- the register of Group risks, based on a reference framework common to all subsidiaries, and the individual registers for each subsidiary, set up in 2013, were updated during the 2016 annual review.

3.4.2 COMPREHENSIVE RISK MANAGEMENT AND INTERNAL CONTROL PROCESS

a) Risk management procedures

The objective of the Group's risk management process is to enable general management and the Board to:

- have a complete, consistent and structured view of all types of major risks to which the business is exposed and changes therein; and
- assess the appropriateness of the mitigating measures implemented by those responsible for managing each of the risks in the light of their potential impact on the strategic objectives.

Risk management contributes to creating and preserving the Group's value, assets and reputation. It provides greater security in the business's decision making and in its processes, which promotes the achievement of its objectives. It fosters consistency between the business's actions and its values and seeks to mobilise the Group's employees around a common vision of the main risks and to promote awareness among them of the risks inherent in their work.

i) Identification and analysis of risks

This first stage allows the key risks threatening the achievement of the objectives to be identified and consolidated. A risk can be either a threat or a missed opportunity. It is characterised by an event, which has one or more sources and one or more consequences. This identification will be followed by an analysis which involves examining the potential consequences of the key risks (consequences that may be financial, human, legal or related to reputation) and estimating the likelihood that they may occur. This dual approach is a continuous process.

ii) Risk management

The risk management system is monitored and regularly reviewed with a view to its ongoing improvement. The aim is to identify and assess key potential risks and draw lessons from incidents.

The process includes a formal annual review presented to the Audit Committee and, subsequently, to the Board of GET SE, at the end of the financial year under consideration. The risk reviews are based on the strategic plan applicable at the date of the relevant review.

Risk reviews are coordinated by the company's Corporate Risk Manager. These reviews seek to identify and quantify the risks facing the business and to identify and assess the mitigating measures put in place to manage them. They make it possible to implement a risk map.

The process, which consists primarily of formal interviews with directors and senior management across the business, comprises two parallel approaches:

- a top-down approach, consisting of the identification of the risks linked to strategic initiatives (both from the point of view of their direct effect on the business and the knock-on effect that they may generate on pre-existing risks) and changes in the business's economic environment; and
- a traditional bottom-up approach which seeks to identify risks in each of the main business areas (commercial, technical/operational, financial, staff, safety and security, environment and corporate governance).

This approach was continued in 2016, including, in particular, a mapping of the risk of corruption to identify, analyse and prioritise the Group's risks of exposure to external solicitations with the purpose of corruption.

The Group's Financial Control Department, with the main business units and senior management, continued to measure in 2016 the risk appetite approved by the Board, as the level of risk that the Group is willing to take in a given area in order to achieve its objectives. Risk appetite can be expressed through quantitative and qualitative criteria. The Group's appetite for risk is implemented by the executive officers and applied by departments of the various entities and functional departments, through:

- governance (bodies and decision mechanisms, supervision and monitoring);
- supervision (identifying key risks to watch, risk management policies comprising limits); and
- monitoring (budget monitoring, reporting).

iii) Treatment and monitoring of risks

Each risk has a level of control that corresponds to the systems of selecting and implementing the measures aimed at mitigating the risk. The company may envisage a number of measures: reduction, transfer, deletion or acceptance of a risk. The choice of how to manage a risk will involve, in particular, weighing opportunities against the costs of risk management measures, while also taking account of their possible effects on the likelihood and/or consequences of the risk occurring. The controls to be put in place fall under the scope of the internal control system. In this way, the internal control system contributes to the management of risks incurred in the business's activities.

The Corporate Risk Manager and Internal Audit continually monitor major risks and new or emerging risks and any significant changes are reported to the Executive Committee and to the Audit Committee.

b) Components of internal control

Internal control comprises five closely related components, as follows:

- control environment;
- risk assessment;
- control activities;
- information and communication;
- monitoring.

3 RISKS AND CONTROLS

They are implemented by the Group as follows:

i) Control environment

The control environment, which is key to the internal control system and essential for good risk management and procedural application, is based on human behaviour and is the foundation for other internal control elements.

The control environment of the Eurotunnel Group is based on the following components:

- A general human resources policy which sets out the Group's values and operating principles, as well as the key measures in place in relation to working conditions and practices, staff training and development and standards of conduct.
- The interest shown by the Board of Directors in internal control and the will to continuously improve operational processes expressed by general management.
- A definition of responsibilities through a company organisation chart, distributed on the intranet and job and responsibility descriptions. It is also founded on the establishment of a delegation of authority procedure and limits of approval in key areas and the establishment of formalised delegations of responsibility in the main operating areas.
- The existence of a body of operating policies and procedures, documented for all the main business segments.
- The existence of a formal monthly reporting process and regular budget reviews ensuring the business's good financial management.

ii) Risk assessment

Every business is faced with external and internal risks that may prevent the full realisation of its objectives.

The Group relies on several processes to identify the risks and take them into account:

- The annual budget and three year plan set the short-term operating and commercial objectives in the business's main fields of activity and the financial results expected. They are presented to the Board of Directors of GET SE after having been reviewed by the Audit Committee.
- Key performance indicators (KPIs) are established for the main identified risk areas, including safety, commercial performance and operational reliability. The members of the Executive Committee are informed of the state of these indicators on a weekly basis.
- An annual corporate risk review is carried out and the results are reported to the Audit Committee and Board of GET SE. This review is described in section 3.4.2a).

iii) Control activities

Control activities proportionate to the specific challenges of each process seek to ensure that the necessary measures are taken to control the risks likely to impact the attainment of objectives. Application of standards and procedures contributes to the implementation of management directives. Control activities are carried out at all hierarchical and functional levels of the business. Control activities are carried out at all hierarchical and functional levels of the company. For each business area, specific measures are recommended to respect the key points of internal control.

In the human resources area, the Ethics and Governance Committee of the Board has initiated the establishment of the Ethics and Governance Code, which refers to all the procedures. This Committee permits the diffusion within the Group of the ethical culture and principles and thus innervates the work of the other committees of the Board and the executive and corporate officers. In addition, the French Group Committee, set up in 2014 to provide an opportunity for the mutual sharing of information, an exchange of viewpoints and dialogue between French employee representatives and the Group's management on strategic objectives and key staff issues, to keep the employees abreast of developments and the future outlook for the Group. A Committee of the European Company was established and held its first meeting on 24 September 2015. It brings together staff representatives in France and the United Kingdom (representatives with a labour union or elected position) and Group management: this new body for consultation and dialogue at European level provides a forum for communicating information on the major issues concerning the European Company. With regard to internal communications, a Group intranet, set up in 2014, enables each and every employee to have access to information on his or her subsidiary and on the Eurotunnel Group, particularly where internal control procedures are concerned. With regard to payroll functions, formal procedures are in place and strict segregation of duties is applied for the key stages of the payroll process.

In the area of Corporate Social Responsibility, the Eurotunnel Group has adopted a formal CSR policy, upheld and supported at the highest level of the organisation by the Chairman and Chief Executive Officer (signed on 13 March 2015). It outlines the principles, the stakes and the commitments of the Group, describes the social, territorial, environmental, economic and ethical challenges, and defines the commitments to be met. Moreover, since 2013, the Group is signatory to the United Nations Global Compact and has fully embraced its ten key principles, notably those relating to human rights and employment law. Finally, the ethics and compliance steering committee worked to implement a Group anti-corruption policy on which the Board of Directors decided and a training program on this subject and on an assessment of ethics risks.

In the purchasing area, the Code of Conduct for Purchasing, brought up to date in 2011, is the guide to practices and ethics that enables each employee to comply with the applicable laws and regulations and also, to develop a climate of trust between Group representatives and persons outside the business. Formal purchasing procedures and delegations of authority are in place for the management and approval of purchases. In addition, a Responsible Supplier Charter has been in place since 2010, to build lasting and balanced relationships between customers and suppliers. Finally, the call for tender procedures specify the conditions of competition and referencing for the main suppliers.

In the safety area, procedures related to the protection of people, goods and data underpin the risk cover principles in terms of organisation and safety. The Board's Safety and Security Committee monitors performance in these areas by means of quarterly reports from the Security and Sustainable Development Department. These include the reporting of safety performance against target, the results of safety evaluations and an update on security matters. The Safety and Security Committee has created two subgroups, one responsible for emergency planning and the BINAT exercises and the other for security issues. Furthermore, a formal document entitled SGS (security management system) is updated as necessary and at least once every five years by the Safety and Sustainable Development Department. This document identifies the major risks to which the company's customers, employees, sub-contractors and visitors are exposed, and the measures in place to manage them. The SGS is formally approved by the IGC in its capacity as Safety Authority.

In the information systems area, risks associated with data and system integrity are covered by procedures and controls that are integrated in the systems themselves. The Group has an IT tool utilisation guide which allows all employees to share best practice and levels of control that are adapted to the level of risk exposure. This policy is accompanied by an information systems safety audit programme carried out by an external service.

In the legal area and compliance, the organisation in place ensures that within each business segment and department, French, British and European legislation is complied with, particularly in the following areas: anti-corruption, competition, personal data protection and securities transactions. An anti-corruption programme is in operation providing staff training and organising campaigns to raise awareness of the major fraud risks. A whistleblowing system is in place: any employee may refer to the Group's Ethics Advisory Service if he feels that it may be difficult to communicate directly with his superior or that such communication might not be followed up appropriately. A Code of Conduct, in place since 2010 and regularly updated, contains a reminder of the measures intended to prevent insider trading and establishes "no-trade windows".

In the insurance area, the Group chooses to call only on top ranking insurers. It uses programmes to cover, in particular, the third party liability of all its entities and material damage and operating losses consequent upon a guaranteed risk. An analysis of the relevance of insurance coverage is carried out every three years, and is revised during the renewal of insurance policies.

In the treasury area, a corporate Treasury Risk Management Committee (TRMC) is in place: it regularly examines fluctuations in exchange and interest rates and the use of financial instruments, as well as cash flows, liquidity and compliance with the restrictions imposed by banking agreements. The investment and cash management policies are approved annually by the Board of Directors of GET SE. The treasury plan enables monitoring within a foreseeable time-scale of the liquidity of each of the various entities in the Group.

The control activities in the area of accounting and finance are the subject of a special description in section 3.4.3.

iv) Internal information and communication

The Group ensures the internal distribution of relevant and reliable information, knowledge of which enables each individual to exercise their responsibilities. This covers both the effectiveness and integrity of the information systems and an effective, multidirectional communication within the business.

The Board of Directors of GET SE is regularly provided with the information that it requires:

- annually, the strategic plan and the annual budget;
- monthly, a report containing information on financial results and the financial position and a summary of the operational and commercial performance.

The Audit Committee, the Nomination and Remuneration Committee, the Safety and Security Committee, the Strategy and Sustainable Development Committee and the Ethics and Governance Committee of the Board of GET SE receive reports of concern to them at each of their periodic meetings. The chairmen of these committees keep the Board of Directors of GET SE informed of the work of their committees.

The members of the Executive Committee of GET SE receive the following documents for their information:

- monthly, a report on the financial results and analysis of performance in relation to the budget;
- monthly, a "dashboard" containing the key performance indicators for each business segment (safety, commercial performance and market share, productivity and operational reliability, quality of service, employee headcount and related statistics, financial results with comparison against the budget and against the most recent forecasts);

3 RISKS AND CONTROLS

- weekly, a report setting out key information related to safety, human resources, operations, and to commercial and financial performance.

Regular communication with Group personnel is ensured through the MyGet intranet, launched in 2014, which allows each employee to obtain information on the Group's main activities and on new policies and procedures applicable within the company. In addition, a newsletter is produced for each subsidiary. Periodic meetings called the Management Forum, bring together the Group's key managers for general discussions.

v) Monitoring and supervision

Monitoring entails periodic assessment of the internal control system. It forms part of the Group's day-to-day operations, and includes regular management and supervisory activities, as well as the work carried out by the audit functions. During 2016 and up to the date of this Registration Document, GET SE has not identified any major shortcomings in its internal control system.

Monitoring and supervision falls under the responsibility of the Board of GET SE, and the following parties:

General management

The mission of general management is to define the key aspects of the risk management and internal control systems and to ensure their implementation. To do so, it is supported by the operational departments.

The Audit Committee

Twice a year, the Committee examines the internal audit plan and its objectives, as well as the general conclusions of internal audit missions. The initiatives and projects that shape internal control are also presented to it. The Committee then reports on its findings and views to the Board.

The Group Financial Control Department

The Group Financial Control Department is responsible for all Finance functions within the Group, through its centralised functions (planning, reporting, consolidation, tax matters, accounting and cash) and through its functional links with the financial director of each subsidiary. It encourages a sound understanding of the Group's internal control rules as well as their dissemination and proper application, and it monitors the progress of internal control and risk management projects.

The Risk Management and Internal Control Department reports to the Group's Financial Control Department. This department is responsible for implementation and monitoring of the key risk map in order to minimise the impact of adverse events and fully capitalise on opportunities. It is also tasked with the development and deployment of internal control throughout the entire Group. Alongside professional experts, it coordinates the implementation of projects and internal control tasks decided by executive officers.

The Internal Audit Department

The Internal Audit department reports to the Group's executive officers. Twice a year, the Head of Internal Audit reports to the Audit Committee on the work undertaken by his department. It plans audit work in order to ensure appropriate cover of all the main risk factors and it submits an audit plan to the Audit Committee. A formal process exists for the correction of weaknesses highlighted in internal audit reports. The status of corrective actions is presented to the Audit Committee.

The Internal Audit department comprises a central team which performs regular consulting and assurance assignments in the business units, as well as on corporate or cross-departmental subjects. For each assignment, a report is drawn up stating the general opinion on the level of control over the risks inherent to the activity concerned, and the findings identified as well as its recommendations in the form of an action plan to be implemented by the audited entity. This report is passed on to the functional department concerned and to the Chief Operating Officer and to the Chairman and Chief Executive Officer.

An integral part of the corporate risk assessment, internal audit takes part in the annual risk review and assesses the appropriateness and effectiveness of measures in place to mitigate the identified risks. The results of the corporate risk assessment and the internal audit review are presented to the Audit Committee.

The Internal Audit department maps the insurance activities showing the extent of cover for the major risks faced by the organisation. In particular, Internal Audit consults the Safety and Security Committee each year to identify all the insurance activity requirements in these areas.

Since 2012, the Internal Audit department has been certified by IFACI (Institut Français de l'Audit et du Contrôle Interne – the French Audit and Internal Control Institute), under the International Professional Practices Framework (IPPF) for the internal audit profession. In 2015, the IFACI certification was renewed.

Specific committees

The Group has set up a number of specific committees:

- the Investment Committee which endorses the Group's major investment projects,
- the Commitments Committee which endorses the key sales and purchasing contracts of the Group's various entities,
- the Treasury Risk Management Committee.

Within the Concessionaire companies, specific operational committees are in place and have responsibility for the following specific areas:

- Safety Committee,
- Operating Performance Committee (service quality and customer experience),
- Risk Committee,
- IT Development Committee.

Specific monitoring groups oversee progress achieved in key projects (Vision 2020, new Shuttles, etc.).

3.4.3 INTERNAL CONTROL PROCEDURES RELATED TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

a) Monitoring the accounting and financial structure

i) Structure

Corporate general management is responsible for preparing the Group's parent and consolidated financial statements and implementing the internal control systems related to finance and accounting. To do this, it has put in place a monitoring function to identify and manage the main risks that could potentially impact the preparation of accounting and financial information published by the Group:

- it ensures the Group has the organisation and resources in place to guarantee that the financial statements reflect its transactions accurately and in full;
- it oversees, via the management reporting processes, the reliability of the published accounting and financial information;
- it supervises the preparation and year-end closing of the financial statements, paying particular attention to the accounting treatment of major or complex transactions, the quality of estimates used in the consolidated financial statements and the year-end closing procedures that are considered sensitive; and
- it is informed of the statutory auditors' conclusions drawn from their work on the parent company and consolidated financial statements. It also keeps itself abreast of any significant risks or major weakness in internal control notified by the statutory auditors and makes sure that these are addressed by the corrective actions implemented by the Group.

Financial management is centralised in the Group's Financial Control Department, which is responsible for defining the Group's accounting rules and policies, cash management, consolidation of the Group financial statements and financial reporting. This centralised responsibility covers all the accounting entities of the Eurotunnel Group.

Accounts management is performed by each entity in accordance with the Group's accounting principles. Data are then passed to the Group's Financial Control Department for consolidation.

The Audit Committee plays a crucial role in controlling the Group's financial reporting and in preparatory work for the approval of the annual financial statements and consideration of the interim financial statements by the Board, in particular:

- any changes to accounting policies are reviewed by the Audit Committee;
- the Group Financial Control Department submits a report to the Audit Committee on major accounting and reporting issues and options at each accounts closing;
- the Audit Committee reviews the annual and half-year consolidated financial statements before their presentation to the GET SE Board;
- at these meetings, the Committee receives formal reports drawn up by the statutory auditors, financial management, internal audit, and treasury and risk management.

ii) The accounting rules

The quality of accounting and financial information relies on observance of the accounting rules and principles by both the accounts production process and the year-end closing process, to ensure that the information contained in the financial statements is true and fair.

The rules to be observed for accounts production and in the upstream processes are the following: truthfulness of transactions and events recorded, completeness of all transactions and events, accurate measurement of amounts related to transactions, the accrual principle and appropriate classification of transactions and events in the accounts.

3 RISKS AND CONTROLS

The rules to be observed for the year-end closing process are the following: existence of assets and liabilities, rights and obligations, completeness of assets and liabilities, accurate measurement and allocation of assets and liabilities, appropriate presentation and intelligibility of the financial information, truthfulness of rights and obligations, accurate measurement and assessment of financial information.

These rules are set forth in written procedures and cover all operations performed by the Group's Financial Control Department; they are accessible and are conveyed to the various Group entities.

iii) Organisation and security of information systems

A single integrated accounting system, SAP ECC, is used across all accounting entities. The transmission of transactions and accounting data from other SAP modules is automatic. For systems outside the integrated SAP environment – principally in the areas of passenger sales – accounting data uploads are automated. Reconciliation and verification controls are in place to ensure the completeness and accuracy of these interfaces.

The IT systems and environment are organised to ensure secure, reliable, accessible and relevant provision of accounting and financial information. Controls are in place to ensure the physical security of hardware and software, the integrity of data and the continuity of operation of the major computer systems. Appropriate measures are in place to cope with the risk of unauthorised intrusion into information systems and its possible consequences, from inappropriate access to loss of data.

b) Processes involved in the preparation of accounting and financial information

i) Transaction accounting

The reliability of published financial information depends on adequate controls over the transactions giving rise to accounting entries to ensure they are accurate, complete and compliant with the standards in force. These controls are applied for all processes feeding into the accounts, particularly operating revenue, purchases, inventory control, fixed assets, payroll and treasury, in addition to capital transactions and provisions and commitments. The month-end closures, including detailed verification of the main revenue and expenditure accounts, are carried out by the budget controllers. Formal balance sheet reconciliations are also carried out by the accounts department.

Financial and management accounting is integrated and prepared using the same source data. Monthly reconciliations are carried out between management accounting data and the accounting data used to prepare the published accounting and financial information.

ii) Consolidation

- Consolidation of the financial statements of the various Group entities is carried out centrally by the Group's Financial Control Department, which ensures that the scope and rules of consolidation are kept up to date.
- There is a formal process for preparing the Group's consolidated financial statements which includes:
 - advance reporting dates allowing the Group to anticipate the accounting treatment of complex transactions;
 - publication by the Group's Financial Control Department of a timetable and period-end closure instructions for the subsidiaries;
 - preparation of consolidation information by subsidiaries to ensure standardisation in the application of Group accounting policies and in the information reported in the Group's consolidated financial statements.

iii) External communication of financial information

An annual timetable is drawn up by the Group's Financial Control Department setting out the periodic obligations related to the provision of accounting and financial communications to the market. This schedule, which specifies the nature and timing of each disclosure and the person responsible for its preparation, is sent to everyone involved in the process.

Formal processes are in place to ensure:

- that information is communicated externally in a timely manner and in compliance with the laws and regulations in force;
- that sensitive information remains confidential;
- that all information, including non-accounting information presented in support of financial communications, is checked before release;
- that information meeting the definition of inside information is communicated to the market at the right time, in compliance with the relevant rules.

iv) Statutory auditors

Independently of the Group's Financial Control Department, the statutory auditors, as part of their work to audit and certify the financial statements, carry out a review of the internal control procedures used to prepare and ensure the quality of the financial statements.

4. CORPORATE GOVERNANCE

4.1.	GENERAL MANAGEMENT	142
4.1.1	Chief Executive Officer and Deputy Chief Executive Officer	142
4.1.2	Limitations on the powers of the Chief Executive Officer	143
4.1.3	Service contracts between members of the Board of Directors and general management and GET SE	143
4.1.4	Executive Committee	144
4.2.	COMPOSITION AND ACTIVITIES OF THE BOARD OF DIRECTORS	146
4.2.1	Board of Directors	146
4.2.2	Conflicts of interest within the Board of Directors, the management and supervisory boards and in general management	153
4.2.3	Directors' and executive officers' interests in GET SE's share capital	154
4.2.4	Statements regarding Directors and officers	154
4.2.5	Conditions applicable to the preparation and organisation of the work of the Board of Directors	155
4.2.6	Board of Directors' self-assessment	169
4.2.7	Concession Coordination Committee	170
4.2.8	Principles and rules relating to the determination of remuneration and all benefits of any kind granted to corporate officers	170
4.3.	STATUTORY AUDITORS' REPORTS	171
4.3.1	Statutory auditors' report, prepared in accordance with article L. 225-235 of the French Commercial Code (Code de commerce) and dealing with the report of the Chairman of the Board of Directors of Groupe Eurotunnel SE	171
4.3.2	Special Report of the Statutory Auditors on Regulated Agreements and Commitments	172
4.4.	CORPORATE GOVERNANCE CODE	173
4.5.	ATTENDANCE BY SHAREHOLDERS AT THE GENERAL MEETING	173

4 CORPORATE GOVERNANCE

On 28 February 2017, in accordance with article L. 225-37 of the French Commercial Code, the Chairman of the Board drew up a report covering the following matters:

- the composition of the Board and the terms for the preparation and organisation of its work;
- the principles and rules established by the Nomination and Remuneration Committee and the Board to determine the remuneration and benefits of any kind granted to corporate officers;
- the internal control and risk management procedures implemented by GET SE;
- the limitations, if any, to the powers of the Chief Executive Officer;
- the corporate governance code to which GET SE refers; and
- the specific arrangements relating to the participation of shareholders in general meetings.

The sections 4.1, 4.2, 4.4, 4.6 and 3.4 and the elements likely to have an impact in the event of a public offer listed under item 26 of the cross-reference table in the appendix to this Registration Document and the policy and rules agreed upon by the Board to determine the remuneration and all benefits granted to the executive officers (set out in chapter 5 of this Registration Document) together constitute the report of the Chairman of the Board of GET SE pursuant to article L. 225-37 of the French Commercial Code. The Chairman and Chief Executive Officer instructed the company secretary to compile the content of this report, which was prepared by including contributions from several departments, including the finance department, the financial control department, the internal audit department, internal control, and the legal department. This report was sent to the statutory auditors, and submitted to the general management which considers it to be consistent with the systems in place within the Group. On the recommendation of the Audit Committee, the Board approved it on 28 February 2017.

The corporate governance code to which GET SE refers is the code for listed companies established by the Association Française des Entreprises Privées (AFEP) and the Mouvement des Entreprises de France (MEDEF) (the Afep/Medef Code).

4.1. GENERAL MANAGEMENT

4.1.1 CHIEF EXECUTIVE OFFICER AND DEPUTY CHIEF EXECUTIVE OFFICER

The general management of GET SE is carried out by the Chairman and Chief Executive Officer without change in the governance structure, with an organisation including a Board in which the roles of chairman and chief executive officer are combined.

The Eurotunnel Group adapts its corporate governance to the specific needs of the business in a bid to ensure continual progress. In its governance structure, GET SE has adopted the combined system which consists of the appointment of one person to serve as both Chairman and Chief Executive Officer. The rationale behind the continued combination of the roles of Chairman and of Chief Executive Officer is justified by the desire to ensure a more efficient and reactive management, linked to the specific history of the business and in changing regulatory, competitive and market environments. This organisation promotes an active dialogue between the management and the Board.

This method of governance safeguards the prerogatives of the various corporate bodies and complies with the good governance rules to which GET SE has always adhered. Indeed, the binational nature of the business was reflected early on by the implementation of exacting governance standards within the Group which enable the preservation of the interests of all shareholders as well as a balance of power within the governance structures:

- the size of the Board (11 members) allows for real debate to take place and for clear and rapid decision-making, particularly as Directors are committed to their role, are independently minded and bring to the business a wide range of skills. In the 2016 self-assessment of the Board, the Directors confirmed their satisfaction as to the quality of discussions, conduct of business by the Chairman, freedom of expression and time reserved for discussion;
- the Board is very active (13 meetings in 2016);
- the majority of Board Directors are independent (82%);
- five Board committees have been set up and each is very active: in 2016, more than 19 committee meetings took place, representing a total of 32 meetings including full Board meetings;
- some of the committees, including the Audit Committee and the Nomination and Remuneration Committee, are exclusively composed of independent Board Directors;
- since 2013, the Ethics and Governance Committee, which comprises the chairmen of various Board committees, aims to encourage best governance and ethical practices in the work of the different committees;
- since 2014, Colette Neuville, in her capacity as Senior Independent Director, is responsible for ensuring good governance takes place within the Board and its committees.

Board Directors and general management have built a strong tradition of transparency and dialogue. The governance structure and the segregation of the roles of Chairman and Chief Executive Officer are the subject of a specific item in the Board's

self-assessment questionnaire. For 2016, the current combined role (Chairman and Chief Executive Officer assumed by one person) was also strongly supported.

The Board sets the term of office of the Chief Executive Officer, which may not exceed his term of office as Chairman.

The Chief Executive Officer is vested with the broadest powers to act in all circumstances in the name of GET SE. The Chief Executive Officer exercises his powers within the scope of the corporate purpose and subject to the powers expressly conferred by law on shareholders and on the Board, as well as the limitations imposed by the internal rules described in section 4.1.2 of this Registration Document.

The Chief Executive Officer represents GET SE in its relations with third parties. GET SE is bound by decisions of the Chief Executive Officer that do not fall within its corporate purpose, unless it can prove that the third party knew or should have known in the circumstances, that the decision exceeded such purpose. However, the publication of the company's by-laws does not alone constitute such proof. Provisions of the by-laws and decisions of the Board limiting the powers of the Chief Executive Officer are not binding on third parties.

The Chairman and Chief Executive Officer, Jacques Gounon, is assisted by a Deputy Chief Executive Officer.

On 27 April 2016, François Gauthey was appointed Deputy Chief Executive Officer with effect from 1 May 2016. The Deputy Chief Executive Officer assists the Chief Executive Officer. With regards to third parties, the Deputy Chief Executive Officer represents the company in the same manner as the Chief Executive Officer; pursuant to article L. 225-56, II subparagraph 2 of the French Commercial Code, he has the same powers as the Chief Executive Officer. The maximum number of Deputy Chief Executive Officers is three. If the Chief Executive Officer were to cease to exercise or is prevented from exercising his or her duties, the deputy chief executive officers, if any, continue to carry out their duties and fulfil their role, unless decided otherwise by the Board, until a new Chief Executive Officer is appointed.

The supervision and support functions within GET SE's general management are as follows:

- Jacques Gounon, Chairman and Chief Executive Officer, supervises strategy, communications, security and ethics, public affairs, internal audit, shareholder and investor relations, investment policy and the company secretarial function.
- François Gauthey, Deputy Chief Executive Officer appointed on 27 April 2016, supervises the operational functions, including the ElecLink project, the Safety, Finance, Legal, Business Services, Treasury and the Group Human Resources Departments.
- Michel Boudoussier, Chief Operating Officer of the Concession and Pascal Sainson, Chief Operating Officer of Europorte manage their respective businesses under the supervision of the Deputy Chief Executive Officer and the Chief Executive Officer.
- Philippe de Lagune, Chief Ethics and Safety Officer.

No person may be appointed as Chief Executive Officer or Deputy Chief Executive Officer if they are aged over 65 years old. On reaching the age of 65, any Chief Executive Officer or Deputy Chief Executive Officer in office is deemed to have resigned.

The Board can terminate the appointment of the Chief Executive Officer at any time. The Board can also terminate the appointment of the Deputy Chief Executive Officers, on the recommendation of the Chief Executive Officer.

4.1.2 LIMITATIONS ON THE POWERS OF THE CHIEF EXECUTIVE OFFICER

Neither the provisions of the by-laws of the company nor any decisions of the Board limiting the powers of the Chief Executive Officer can be enforced against third parties.

Pursuant to article 1 of the internal rules of the Board, major strategic transactions involving the acquisition or disposal of equity investments and assets, partnership agreements, joint ventures or cooperation agreements relating to research, development, industrial or commercial matters and more generally any transaction or undertaking that could have a significant impact on the financial or operating situation of the Group come within the remit of the Board. Article 1 of the internal rules also states that:

- any significant transaction outside the approved business strategy is subject to prior approval by the Board;
- these rules apply not only to external acquisition or disposal transactions but also to any significant investments in organic growth or any major internal restructuring operations.

4.1.3 SERVICE CONTRACTS BETWEEN MEMBERS OF THE BOARD OF DIRECTORS AND GENERAL MANAGEMENT AND GET SE

GET SE has made no undertakings for the benefit of the Chief Executive Officer and the Deputy Chief Executive Officer

The Deputy Chief Executive Officer's employment contract was suspended on his appointment as an executive corporate officer as Deputy Chief Executive Officer. The employment contract has been suspended for the period of exercise of his appointment as

Deputy Chief Executive Officer and will be reinstated, in its own right, on the expiry of such duties. The employment contract will be reinstated at the end of the term of office and the termination of the corporate office does not involve termination of the employment relationship. Recommendation 21 of the Afep/Medef Code, which is to terminate a person's employment contract if they are appointed as a corporate officer, does not concern Deputy Chief Executive Officers.

Jacques Gounon is the Group's Chairman and Chief Executive Officer and, due to the binational nature of the Concession, receives part of his remuneration from Eurotunnel Services Limited, as indicated in chapter 5 of this Registration Document. By virtue of English law, which cannot be derogated or waived, such payments technically create a service contract governed by English law. This contract does not involve any undertaking by the company for Jacques Gounon's benefit, and Jacques Gounon has not been granted any contractual severance package. In addition, in the event that Jacques Gounon's role as Chief Executive Officer is terminated, to avoid Eurotunnel Services Limited having to give Jacques Gounon notice in accordance with the Group's rules for senior managers – i.e. one month's notice per year of service, capped at 12 months – Jacques Gounon proposed in 2008 to the Nomination and Remuneration Committee to limit the notice period applicable to the contract to the minimum required under UK law, which is one week per year of service, capped at 12 weeks. The proposal was accepted by the Board of GET SE. Recommendation 21 of the Afep/Medef Code, which is to terminate a person's employment contract if they are appointed as a corporate officer, cannot be applied to the Chairman and Chief Executive Officer, since it is in contradiction with a mandatory provision of English law, which is complied with in principle, but the effect of which has been limited to the strict legal minimum.

4.1.4 EXECUTIVE COMMITTEE

General management is assisted by an Executive Committee, a reflection and consultation body.

Composition of the Executive Committee (as at the date of this Registration Document)

Name	Position
Jacques Gounon	Chairman and Chief Executive Officer
François Gauthey	Deputy Chief Executive Officer
Michel Boudoussier	Chief Operating Officer – Concession
Philippe de Lagune	Chief Operating Officer – Safety and Ethics
Patrick Etienne	Safety, Sustainable Development and Business Services Director
Pascal Sainson	Chief Operating Officer – Europorte
Jo Willacy	Commercial Director – Concession

The Executive Committee ensures the coordination between GET SE and its subsidiaries and between the subsidiaries themselves. Under the authority of the general management, the Executive Committee ensures the conduct of Group activities and the implementation of its main policies.

The table below sets out the list of companies, other than subsidiaries of GET SE, in which the members of the Executive Committee of GET SE have held office as members of a management or supervisory board or in which they have been a partner during the last five years, and the companies in which they still hold a position of this nature:

Name	Position	Company	Dates
Jacques Gounon	Jacques Gounon's appointments are given in section 4.2.1 of this Registration Document		
Michel Boudoussier	–	–	–
Philippe de Lagune	–	–	–
Patrick Etienne	–	–	–
François Gauthey	Member of the Supervisory Committee	Kallista Energy	2010 to date
	Chairman and Chief Executive	Sanef its Technologies	2014 to 2015
	Chief Executive	Sanef	2008 to 2014
	Vice President	Centaure Paris-Normandie	2008 to 2014
	Chairman and Chief Executive	SAPN	2007 to 2014
Pascal Sainson	–	–	–
Jo Willacy	–	–	–

Biographical details for each member of the Executive Committee are presented below.

Jacques Gounon

Jacques Gounon's biographical details are presented in section 4.2.1 of this Registration Document.

Michel Boudoussier

Michel Boudoussier, 53, studied at the Ecole Normale Supérieure and subsequently became an Engineer at the Corps des Mines. He joined the Eurotunnel Group on 3 May 2010 as Chief Operating Officer in charge of the Channel Tunnel operations. Following several appointments in the French Ministry for Industry, Michel Boudoussier, a railway industry specialist, joined the French Ministry for Town and Country Planning in 1995. He spent a large part of his career with SNCF, starting as manager for freight in the Lorraine region. In 2003, he became SNCF Regional Director for Normandy, before becoming, in 2006, SNCF Regional Director for the Nord-Pas-de-Calais region. From 2008-2010, Michel Boudoussier was Human Resources Director for the Infrastructure arm of SNCF.

Patrick Etienne

Patrick Etienne, 56, joined the Eurotunnel Group in 1992 after 10 years with SNCF Armement Naval. As Head of sales IT systems, he managed the Group's internet business from 2000. In 2004, he was appointed operational restructuring director, and became purchasing director in 2005. In 2009, he was appointed Business Services Director heading the corporate purchasing, IT and property management activities of the Group. He also manages the property development department of the Group. He is chairman of EuroSco SAS, Euro-Immo GET and SIFE (Société Immobilière et Foncière Eurotunnel). He is also chairman of the Euro-TransManche ferry-owner companies. Patrick Etienne was named Safety, Sustainable Development and Business Services Director on 1 January 2016.

François Gauthey

François Gauthey, 54, joined the Eurotunnel Group in September 2015. He studied at the Ecole polytechnique and holds a DEA in Organisational Strategy and an engineering degree from the Ponts et Chaussées. In 1993, François Gauthey joined the Private Office of the Minister for the Economy, Edmond Alphandéry, as a technical advisor. In 1995, he became head of Customer Services at Aéroports de Paris, before becoming advisor in charge of equipment, housing and transport in the Private office of Prime Minister, Jean-Pierre Raffarin. He subsequently took up the office of Principal Private Secretary for François Goulard, Secretary of State for Transport and the Sea in 2004 and in the Ministry for Higher Education and Research in 2005. In 2006 he was appointed Chief Executive Officer of Voies Navigables de France. In 2007 he joined the Sanef Group, shortly after its privatisation, and held the role of Chief Executive Officer until 2014. In November 2014, he was appointed Chairman and Chief Executive of Sanef ITS Technologies.

Pascal Sainson

Pascal Sainson, 59, is a civil aviation engineer. He started his career at the Direction Générale de l'Aviation Civile from 1983 to 1986. He was Head of Programming and Development at Air Littoral from January 1987 until August 1988, then Manager of Air Operations and Manager of Programming and Planning at TAT European Airlines. He joined the Group in 1996 as Service Delivery Director. Appointed to the management committee of the Eurotunnel Group in April 2001, he has held successively the positions of Business Services Director, Shuttle Services Director, Divisional Operations Director and Director of Operations. He is chairman of the French Europorte companies.

Philippe de Lagune

Philippe de Lagune is 68. He joined the Eurotunnel Group as Security and Ethics Director on 9 September 2013. Philippe de Lagune, Prefect, has exercised various senior roles in public service and was previously the French coordinator for security at the London Olympics in 2012. He is in charge of high-level relations with the French and British public authorities concerning security. He is Chief Operating Officer Safety and Ethics of the Eurotunnel Group.

Jo Willacy

Jo Willacy, 53, holds an MA in Modern History and Economics from the University of Oxford. She was Commercial Director of Hummingbird Helicopters from 1992 to 1994 and Managing Partner of Quadrant Consultants Ltd from 1994 to 2003. She joined the Group in April 2003 as Senior Marketing Manager and was appointed Director of the Commercial Passenger Division in November 2004 and Commercial Director in 2007.

4.2. COMPOSITION AND ACTIVITIES OF THE BOARD OF DIRECTORS

4.2.1 BOARD OF DIRECTORS

As at the date of this Registration Document, the members of the Board of GET SE are as follows:

Name	Position	Gender	Nationality	Start of 1 st term	Date of last renewal	Date term expires	Years on the Board
Executive Corporate Officers							
Jacques Gounon	Chairman and Chief Executive Officer	M	French	2007	29 April 2014	General meeting called to approve the financial statements for the year ending 31 December 2017	10
Non independent Directors							
Philippe Camu	Director	M	Belgian	2010	29 April 2014	General meeting called to approve the financial statements for the year ending 31 December 2017	6
Independent Directors							
Corinne Bach	Director	F	French	2016	N/A	General meeting called to approve the financial statements for the year ending 31 December 2017	N/A
Patricia Hewitt	Director	F	Australian	2010	29 April 2014	General meeting called to approve the financial statements for the year ending 31 December 2017	6
Peter Levene	Director	M	British	2012	27 April 2016	General meeting called to approve the financial statements for the year ending 31 December 2019	5
Colette Lewiner	Director Chairwoman of the Audit Committee	F	French	2012	27 April 2016	General meeting called to approve the financial statements for the year ending 31 December 2019	5
Colette Neuville	Director Chairwoman of the Remuneration and Nomination Committee Senior Independent Director	F	French	2007	27 April 2016	General meeting called to approve the financial statements for the year ending 31 December 2019	10
Perrette Rey	Director	F	French	2013	27 April 2016	General meeting called to approve the financial statements for the year ending 31 December 2019	3
Jean-Pierre Trotignon	Director Chairman of the Safety and Security Committee	M	French	2010	27 April 2016	General meeting called to approve the financial statements for the year ending 31 December 2019	6
Philippe Vasseur	Director	M	French	2007	29 April 2014	General meeting called to approve the financial statements for the year ending 31 December 2017	9
Tim Yeo	Director Chairman of the Strategy and Sustainable Development Committee	M	British	2007	29 April 2014	General meeting called to approve the financial statements for the year ending 31 December 2017	9

The table below sets out the appointments held by members of the Board of GET SE in French and foreign listed companies outside the Eurotunnel Group, as at the date of this Registration Document.

Name	Office	Company	Listed on
Jacques Gounon	Director, Chairman of the audit and risks committee	Aéroports de Paris	Euronext Paris
Corinne Bach	None	None	None
Philippe Camu	Partner Managing Director	The Goldman Sachs Group, Inc	New York Stock Exchange
Patricia Hewitt	None	None	None
Peter Levene	Director	China Construction Bank (Asia) Corporation Limited	Shanghai
Colette Lewiner	Director	Bouygues/Colas (Bouygues' subsidiary)	Euronext Paris
	Director	Nexans (S.A.)	Euronext Paris
	Director	Ingenico Group (SA)	Euronext Paris
	Director	EDF	Euronext Paris
Colette Neuville	Director	ATOS	Euronext Paris
Perrette Rey	None	None	None
Jean-Pierre Trotignon	None	None	None
Philippe Vasseur	None	None	None
Tim Yeo	Chairman of the board of directors	AFC Energy PLC	AIM London

The table below lists the companies outside the Eurotunnel Group in which members of the Board of GET SE have held office (other than in private asset management structures) as a member of a management or supervisory board, or in which they have been a partner with unlimited liability during the last five years, and the companies in which they still hold a position of this nature, as at the date of this Registration Document.

Name	Other positions held outside the Eurotunnel Group	Company	Dates
Jacques Gounon	Director, chairman of the audit and risks committee	Aéroports de Paris	2008 to date
Corinne Bach	Director	Festival Production SAS	2016 to date
	Chairwoman	Talents et Spectacles Cameroun SAS	2016 to date
	Chairwoman	Talents et Spectacles Guinée SAS	2016 to date
	Chairwoman	Talents et Spectacles Togo SAS	2016 to date
	Chairwoman	Talents et Spectacles Sénégal SAS	2016 to date
	Chairwoman	Talents et Spectacles Congo SAS	2016 to date
	Chairwoman	Talents et Spectacles RDC SAS	2016 to date
	Chairwoman	Talents et Spectacles Gabon SAS	2016 to date
	Chairwoman	Talents et Spectacles Burkina Faso SAS	2016 to date
	Chairwoman	Talents et Spectacles Bénin SAS	2016 to date
	Chairwoman	Talents et Spectacles Niger SAS	2016 to date
	Director	Magic Makers SAS	2016 to date
	Director	L'Olympia SAS	2015 to date
	Director	Watchever Group SA	2015 to date
	Chairwoman and Chief Executive Officer	CanalOlympia SA	2015 to date
	Chairwoman	Vivendi Analytics SAS	2015 to date
	Director	MyBestPro SAS	2015 to date
	Vice-Chairwoman	Vivendi Village SAS	2015 to date
	Chairwoman	Société d'investissement et de gestion 106 SAS	2014 to date

Name	Other positions held outside the Eurotunnel Group	Company	Dates
Philippe Camu	Partner Managing Director	The Goldman Sachs Group, Inc	2010 to date
	Director	Redexis Gas, S.A. (formerly Endesa Gas T&D, S.L.)	2010 to date
	Member of the Investment Committee	Goldman Sachs Infrastructure Partners, the Goldman Sachs infrastructure investment fund (GSIP)	2006 to date
	Alternate Director	ABP Finance Plc	2011 to 2015
	Director	ABPA Holdings Ltd	2011 to 2015
	Director	Associated British Ports Holdings Limited	2006 to 2015
	Member of the remuneration committee	Associated British Ports	2006 to 2015
	Director	ABP Subholdings UK Limited	2006 to 2015
	Director	ABP Acquisitions UK Limited	2006 to 2015
	Director	ABP Bonds UK Limited	2006 to 2015
	Director	ABP Mezzanine Holdco UK Limited	2006 to 2015
	Director	Redexis Gas Servicios, S.L.U. (formerly: EG Administrador de Distribución de Gas, S.L.U.)	2012 to 2014
	Director	Redexis Infraestructuras, S.L.U. (formerly: EG Administrador de Transporte de Gas, S.L.U.)	2012 to 2014
	Director	Redexis GLP, S.L.U. (formerly: EG Actividades GLP, S.L.U.)	2012 to 2014
	Director	Distribuidora Regional del Gas, S.A.U.	2010 to 2014
	Director	Redexis Gas Distribución, S.A.U. (formerly Endesa Gas Distribución, S.A.U.)	2010 to 2014
	Director	Redexis Gas Transporte, S.L.U. (formerly Endesa Gas Transportista, S.L.U.)	2010 to 2014
	Director	Redexis Gas Baleares S.A.U. (formerly GESA Gas, S.A.U.)	2010 to 2014
	Director	Transportista Regional de Gas, S.A.	2010 to 2014
	Director	Redexis Gas Aragón, S.A.U. (formerly: Gas Aragón, S.A.)	2010 to 2014
	Director	LNi Group Oy	Until 2012
	Director	LNi Verkko	Until 2012
Patricia Hewitt	Chair	UK India Business Council India (Pvt) Ltd	2013 to date
	Chair	UK India Business Council (UKIBC)	2009 to date
	Chair	Katha Children's Trust	2010 to 2014
	Senior Independent Director	BT Group plc	2008 to 2014
	Member of the Asia-Pacific Advisory Committee	Barclays Group plc	2009 to 2012
Peter Levene	Chairman of the board	Tikehau Investments Limited	2013 to date
	Director	China Construction Bank (Asia) Corporation Limited	2013 to date
	Vice Chairman of the board	Starr International Company, Inc.	2011 to date
	Chairman of the board	Starr Underwriting Agents Limited	2011 to date
	Director	Haymarket Group Limited	2006 to date
	Chairman of the board	General Dynamics United Kingdom Limited	2001 to date
	Chairman	NBNK Investments plc	2010 to 2012
	Director	China Construction Bank	1997 to 2012

Name	Other positions held outside the Eurotunnel Group	Company	Dates
Colette Lewiner	Independent Director, member of the audit and financing committee and of the strategy committee	Ingenico Group (S.A.)	2015 to date
	Director, member of the audit committee and the nomination and remuneration committee and chairwoman of the ethics committee	EDF	2014 to date
	Independent Director, member of the accounts committee, of the selection and remunerations committee and of the ethics and sponsorship committee	Colas (S.A.)	2011 to date
	Independent Director, chairwoman of the selection and remunerations committee	Bouygues (S.A.)	2010 to date
	Independent Director, member of the strategic committee	Nexans (S.A.)	2004 to date
	Independent Director, chairwoman of the remuneration and appointment committee	Crompton Greaves	2013 to 2016
	Chair of the board of directors	TDF (SAS)	2010 to 2015
	Independent Director, member of the audit committee	TGS Nopec Geophysical Company (ASA) – Norway	2006 to 2015
	Independent Director	Lafarge SA	2010 to 2014
Colette Neuville	Director	ATOS	2012 to date
	Director	ARCAF (Defense Association for Public Servant Retirement Savers)	2011 to date
	Member of the governing body	Ecole de droit et management, Paris II-Assas	2009 to date
	Director	Faider (Federation of Independent Defence Associations for Retirement Savers)	2008 to date
	Founder and chair	Association de Défense des Actionnaires Minoritaires (ADAM)	1991 to date
	Director	Numéricable SFR	2014 to 2016
	Non-voting member of the Board	ATOS	2010 to 2012
Perrette Rey	None	None	None
Jean-Pierre Trotignon	Chairman of the board of directors	BG Bonnard et Gardel Holding SA (Switzerland)	2015 to date
	Director	BG Bonnard et Gardel Holding SA (Switzerland)	2011 to date
	Member of the supervisory board	Plastic Omnium Environnement SAS (extension of scope of Compagnie Signature SAS)	2000 to 2015

Name	Other positions held outside the Eurotunnel Group	Company	Dates
Philippe Vasseur	Director	Bonduelle SAS	2008 to date
	Director	Caisse Centrale du Crédit Mutuel	2014 to 2016
	Chairman	Chamber of industry and commerce of the Nord-Pas-de-Calais Region (public body)	2011 to 2016
	Chairman of the board of directors	Caisse de Crédit Mutuel Lille Liberté (<i>société coopérative de crédit à capital variable</i>)	2005 to 2016
	Vice-chairman of the board of directors	Beobank	2012 to 2015
	Permanent representative – CMNE Belgium	Mobilease (SA) – Belgium	2009 to 2015
	Director	Nord Europe Partenariat	2009 to 2015
	Chairman of the supervisory board	Groupe La Française	2006 to 2015
	Chairman of the supervisory board	Nord Europe Assurances SA	2006 to 2015
	Permanent Representative – CFCMNE (Censeur)	LOSC Lille Métropole	2005 to 2015
	Director	Caisse Solidaire du Crédit Mutuel Nord Europe (<i>société coopérative de crédit à capital variable</i>)	2005 to 2015
	Permanent representative – CFCMNE (Director)	Groupe des Assurances du Crédit Mutuel	2005 to 2015
	Director	CIC SA	2001 to 2015
	Director	BKCP Immo IT SCRL (formerly BKCP SCRL) – Belgium	2001 to 2015
	Chairman of the supervisory board	Banque Commerciale du Marché Nord Europe	2000 to 2015
	Chairman of the board of directors	Caisse Fédérale du Crédit Mutuel Nord Europe (<i>société anonyme coopérative</i>)	2000 to 2015
	Chairman of the board of directors	Crédit Mutuel Nord Europe Belgium (SA) – Belgium	2000 to 2015
	Director	BKCP Banque (ex Crédit Professionnel SA) – Belgium	2000 to 2015
	Member of the supervisory board	La Française AM Private Bank (SA) – Luxembourg	2011 to 2014
	Director	Holder SAS	2005 to 2013
	Director	BKCP Securities (SA) – Belgium	2005 to 2013
	Chairman of the board of directors	Société de Développement Régional de Normandie	2001 to 2013
Tim Yeo	Director	New Silk Road Energy LTD	2016 to date
	Chairman of the board of directors	AFC Energy PLC	2006 to date
	Director	Anacol Holdings Limited	1979 to date
	Director	General Securities Register, Limited	1979 to date
	Director	Locana Corporation (London) Limited	1979 to date
	Chairman of the board of directors	TMO Renewables Limited	2010 to 2017
	Director	Adeptt Limited	2013 to 2014
	Director	TMO Renewable Energy Group Limited	2013 to 2014
	Director	TMO Bio Tech Limited	2013 to 2014
	Director	ITI Energy Limited	2006 to 2013
	Chairman of the board of directors	Eco City Vehicles PLC	2007 to 2012

For the purposes of their corporate offices within the Eurotunnel Group, the business address of the Directors is the registered office of GET SE, 3 rue La Boétie, 75008 Paris, France.

Biographical details for each of the members of the Board of Directors of GET SE as at the date of this Registration Document are presented below:

Jacques Gounon

Jacques Gounon, 63, is a graduate of the Ecole Polytechnique and chief engineer of the Ponts et Chaussées. He started his career in public service in 1977 and later became Chief Executive of the Comatec group (1986-1990), Director of development for the Eiffage group (1991-1993), Industry advisor to the French Employment Minister (1993-1995), Principal Private Secretary to the French Secretary of State for Transport (1995-1996), Deputy Chief Executive of Alstom (1996), Chairman of the business sector and Member of the Executive Committee of Alstom (2000) and Deputy Chairman and Chief Executive of the Cegelec group (2001). He became Chairman and Chief Executive Officer of Eurotunnel in 2005, and then of Groupe Eurotunnel SE in 2007. He is also a director of Aéroports de Paris and Chairman of the Transalpine Committee.

Corinne Bach

Corinne Bach, 43, is a graduate of the Ecole Polytechnique and also holds qualifications from Imperial College London, INSEAD and Telecom Paris. She is Chairwoman and Chief Executive Officer of CanalOlympia and Vice-Chairwoman of Vivendi Village within the Vivendi group. She also gained experience working at SFR and NavLink, in both France and the USA. She was co-opted to the Board on 20 December 2016, to replace Robert Rochefort, for the remainder of his term of office. The ratification of her appointment will be put to the Group's Ordinary General Meeting when it meets to approve the accounts for the year ended 31 December 2016.

Philippe Camu

Philippe Camu, 49, a graduate of the French HEC, he is Partner – Managing Director of Goldman Sachs, London. He manages the European activity of Goldman Sachs Infrastructure Partners, the Goldman Sachs fund for investment in infrastructure. Philippe Camu began his career with Goldman Sachs in 1992 in the Corporate Finance department and joined the Real Estate Principal Investment department in 1997. He is a member of the Goldman Sachs Infrastructure Partners investment committee and a director of Redexis Gas (formerly Endesa Gas). He joined the Board of Groupe Eurotunnel SE on 26 May 2010.

Patricia Hewitt

Patricia Hewitt, 68, a graduate of Cambridge University and was a Labour Member of Parliament for 13 years until 2010. Patricia Hewitt first worked for Age Concern (the largest UK charity working with the elderly). She was Economic Secretary at the Treasury (1998-1999), then Minister for e-Commerce and Small Business at the DTI (1999-2001) and subsequently Secretary of State for Trade and Industry and Cabinet Minister for Women (2001-2005) before becoming Secretary of State for Health (2005-2007). She became a member of the Board of Groupe Eurotunnel SE on 26 May 2010.

Peter Levene

Peter Levene, 75, a Foundation Shareholder of Eurotunnel, joined the defence group United Scientific Holdings in 1963, and rose to the post of group chairman in 1981. Subsequently, he was asked by the Secretary of State for Defence to act as his Personal Advisor in the MoD, and then as Permanent Secretary in the role of Chief of Defence Procurement, a position which he held for six years. He thereafter held the post of Advisor to the Secretary of State for the Environment, to the President of the Board of Trade and to the Chancellor of the Exchequer. He was appointed as Advisor to the Prime Minister on Efficiency and Effectiveness from 1992 to 1997. During this period, he also served as Chairman of the Docklands Light Railway and then Chairman and Chief Executive of Canary Wharf Limited. He served as a member of the Board of J. Sainsbury plc from 2001-2004 and of Total SA from 2005-2011. He is currently Chairman of General Dynamics UK Limited, Starr Underwriting Agents Limited and vice-president of Starr International Company, Inc, and a member of the boards of Haymarket Group Limited. He was a member of the House of Lords economic affairs committee from 2008-2013. He served as Sheriff of London from 1995-1996 and as Lord Mayor of London for the year 1998-1999. He received a knighthood in 1989 and became a Life Peer in July 1997 as Lord Levene of Portsoken. Previously, he served as Chairman of Lloyd's of London, the world's leading specialist insurance and reinsurance market from 2002-2011, after having been Vice Chairman of Deutsche Bank. Prior to this, he held the position of Chairman of Bankers Trust International, Morgan Stanley and Wasserstein Perella. Peter Levene's appointment as a Director of the Board of GET SE was ratified by the general meeting held on 26 April 2012.

Colette Lewiner

Colette Lewiner, 71, is a graduate of the Ecole Normale Supérieure and holds a degree and doctorate in physics. She is a director of Nexans, Groupe Bouygues, EDF and Ingenico Group. Colette Lewiner began her career as a university lecturer, conducting research into electrical and magnetic phenomena in new semi-conductors. In 1979, she joined EDF in the research and development directorate and then established the development and commercial strategy division. In 1992, she became chair and chief executive of SGN-Reseau Eurisys, a subsidiary of Cogema, and then joined Capgemini to set up the Utilities sector, which

she then managed. In 2000, following the merger of Capgemini and Ernst and Young, Colette Lewiner was appointed managing director of GSU (Global Sector Unit) "Energie Utilities and Chemicals". In 2004 she took on responsibility for the group's Global Marketing unit (which she headed until 2008) alongside responsibility for the global Energy, Utilities and Chemicals sector. In July 2012, Colette Lewiner left this post to become energy adviser to the chairman of Capgemini. Colette Lewiner is the author of a textbook on nuclear power stations and of numerous scientific papers. She is a Commander of the Légion d'Honneur and of the Ordre National du Mérite. Colette Lewiner's appointment as a Director of the Board of GET SE was ratified by the general meeting held on 26 April 2012.

Colette Neuville

Colette Neuville, 80, is a law graduate and a graduate of the Paris Institute of Political Studies, and holds a post-graduate degree in economics and political science. She has worked as an economist for NATO, for the national office for irrigation (ONI) for the government of Morocco and for the Loire-Brittany agency. Colette Neuville is founding Chairman of ADAM (the French association for the defence of minority shareholders). She is a member of the board of directors of ATOS and of two defence associations of savers (Faider and ARCAF). She is also a member of the commission on retail investors and minority shareholders of the AMF. Since 2009, she is a member of the governing board of the MBA school of the Panthéon-Sorbonne university and since 2011, the club of the Chairmen/women of remuneration committees at IFA (the French institute of directors). She became a director of TNU on 15 December 2005. She has been a Director of GET SE since 9 March 2007 and chairs the Nomination and Remuneration Committee. She is also a member of the Audit Committee. She was appointed as Senior Independent Director by the Board on 14 February 2014.

Perrette Rey

Perrette Rey, 74, holds a doctorate in corporate law and a post-graduate degree in economic management both from the University of Paris I; she is a graduate of the Paris political studies institute (IEP), the Paris institute of business management (IAE) and the Paris centre for better management (CPA). She started her career as commercial director for SOVA, a mechanics, metal and steel family businesses prior to setting up her own business as a management, organisation and IT consultant then heading a management and IT publication. In 1977 she joined the Banques Populaires group where she was successively in charge of strategy, budget, finance and IT and later an advisor to the chairman of the Banques Populaires group. She was elected as a judge on the Paris commercial court in 1992, becoming in turn president of a chamber, vice-president and the first woman (and to date the only woman for 450 years) to be elected president of the Paris commercial court, then president of the general council of commercial courts, which brings together all the French commercial courts, between 2004 and 2008. She chaired the French observatory for businesses in difficulty set up by the chamber of commerce and industry of Paris-Ile-de-France. From 2008 to 2013, she was a member of the French state shareholding commission. Perrette Rey was appointed by the Board of GET SE and her appointment was ratified by the general meeting on 15 May 2013.

Robert Rochefort

Robert Rochefort, 61, has been a member of the European Parliament representing a constituency in southwest France since July 2009. He is a graduate of the French Ecole Nationale de la Statistique et de l'Administration, and holds a post-graduate degree in economics and a master's degree in mathematics. He is an economist and sociologist, and was chief executive of CREDOC (French research centre for the study and observation of living conditions) from 1995 to 2009. He was a Director of GET SE from 9 March 2007 to 20 December 2016.

Jean-Pierre Trotignon

Jean-Pierre Trotignon, 66, is a graduate of Ecole Polytechnique and of the Ponts et Chaussées engineering school, and holds a master's degree in Science from the University of Berkeley. He was Deputy Chief Executive Officer of Autoroutes du Sud de la France (1987-1992) and Chief Executive Officer of Compagnie Signature SA from 1992 to 1998. He joined the Caisse des Dépôts Développement (C3D) group in 1998, where he was in turn Chief Executive Officer of Egis Projects S.A. (1998-2000), Chairman and Chief Executive Officer of ISIS SA (1998-2001), Amministratore Delegato of Egis Italia S.p. (2000-2001) and Deputy Director for continental Europe of Transdev SA (October 2001 to January 2003). Between 1999 and 2003, alongside his appointments with C3D and Ubifrance, he was Chairman of the Port Autonome de Dunkerque. After two years as Chief Executive Officer of Ubifrance, he joined Eurotunnel in August 2005 as Chief Operating Officer in charge of all commercial, operational and technical aspects of the business, in France and the UK before being appointed as Deputy Chief Executive from 2008 to 2009. He became a member of the Board of GET SE in 2010 and chairs the Safety and Security Committee. He is a director and chairman of the board of directors of a Swiss company, BG Bonnard et Gardel Holding SA.

Philippe Vasseur

Philippe Vasseur, 73, former Minister for Agriculture, Fisheries and Food from 1995 to 1997, was the member of the French Parliament for the Pas-de-Calais area several times between 1986 and 2000. He has been a member of the Finance Commission for the French Parliament throughout his parliamentary career, regional councillor for the Nord-Pas-de-Calais region between 1992 and 1998 and mayor of Saint-Pol-sur-Ternoise (Pas-de-Calais). A former economics journalist, he resigned from all his political appointments in 2000 in order to return to the private sector where he served until 2015 as Chairman of Crédit Mutuel Nord Europe as well as holding various other positions in companies controlled by Crédit Mutuel Nord Europe (BCMNE, Caisse de Lille-Liberté, La Française AM, Nord Europe Assurances). He is a director of Bonduelle and Chairman of Réseau Alliances, which brings together 260 Haut-de-France businesses involved in social and environmental responsibility. From 2011 to 2016, he was chairman of the Nord de France Chamber of Commerce and Industry. He is, since June 2016, "Commissaire special à la revitalisation et à la réindustrialisation des Haut-de-France". He has been a Director of GET SE since 20 June 2007.

Tim Yeo

Tim Yeo, 71, is a graduate from Cambridge University and was the Member of the House of Commons representing Suffolk South and Chairman of the House of Commons Energy and Climate Change Select Committee from 1983-2015. He was government minister for the environment and rural affairs between 1990 and 1994, and a member of the shadow cabinet between 1998 and 2005, with roles including shadow Secretary for Trade and Industry and Transport and the Environment. Tim Yeo is Chairman of Sheffield University Energy 2050 Industrial Advisory Board and Chairman of AFC Energy PLC. He was also the founding Chairman of The Children's Trust, a charitable organisation which took over the management of a hospital for disabled children. He has been a Director of GET SE since 20 June 2007 and chairs the Strategy and Sustainable Development Committee.

4.2.2 CONFLICTS OF INTEREST WITHIN THE BOARD OF DIRECTORS, THE MANAGEMENT AND SUPERVISORY BOARDS AND IN GENERAL MANAGEMENT

To GET SE's knowledge, there are no potential conflicts of interest between the duties owed to GET SE by any of the persons referred to in sections 4.1.1, 4.1.4 and 4.2.1 of this Registration Document, and their private interests or other obligations.

GET SE has measures in place to prevent potential conflicts of interest between the Directors and GET SE which are described in section 4.2.5 a) vii) of this Registration Document.

4.2.3 DIRECTORS' AND EXECUTIVE OFFICERS' INTERESTS IN GET SE'S SHARE CAPITAL

Name	Position as at 31 December 2016	Number of ordinary shares(**)
Jacques Gounon	Chairman and Chief Executive Officer	30,615
François Gauthey	Deputy Chief Executive Officer	17,000
Corinne Bach	Member of the Board	2,000
Philippe Camu	Member of the Board	5,000
Patricia Hewitt	Member of the Board	3,150
Peter Levene	Member of the Board	10,074
Colette Lewiner	Member of the Board	(*)2,000
Colette Neuville	Member of the Board	5,182
Perrette Rey	Member of the Board	5,000
Jean-Pierre Trotignon	Member of the Board	6,527
Philippe Vasseur	Member of the Board	5,000
Tim Yeo	Member of the Board	7,005

* Colette Lewiner has made the necessary arrangements to increase her shareholding prior to the General Meeting on 27 April 2017.

** GET SE ordinary shares and CDIs.

In accordance with article L. 621-18-2 of the French Monetary and Financial Code and articles 223-22 et seq. of the AMF's General Regulations, transactions involving GET SE financial instruments carried out by any member of the Board, the Chairman and Chief Executive Officer or the Deputy Chief Executive Officer or any persons to whom they are related must be declared⁽¹⁾.

In accordance with article 223-26 of the AMF's General Regulations, the following table presents the transactions that were declared by the Chairman and Chief Executive Officer, the other members of the Board of GET SE or any persons to whom they are related during the 2016 financial year until the date of this Registration Document:

Board member	Financial instrument	Type of transaction	Transaction date	Transaction location	Unit price	Number of units	Transaction amount
Jacques Gounon	Options	Exercise*	5 January 2017	Euronext Paris	6.42	20,872	133,998.24
Philippe Camu	Shares	Purchase	15 March 2016	Euronext Paris	9.985	4,000	39,940
Perrette Rey	Shares	Purchase	21 July 2016	Euronext Paris	9.7663	2,000	19,532.79
Jean-Pierre Trotignon	Shares	Purchase	7 January 2016	Euronext Paris	10.72	600	6,435
Jean-Pierre Trotignon	Shares	Purchase	24 February 2016	Euronext Paris	8.894	1,000	8,894
Jean-Pierre Trotignon	Shares	Purchase	25 July 2016	Euronext Paris	9.299	500	4,650
Jean-Pierre Trotignon	Shares	Sale	9 December 2016	Euronext Paris	8.42	4,860	40,921.20
Jean-Pierre Trotignon	Shares	Purchase	9 December 2016	Euronext Paris	8.57	4,860	41,650.20
Philippe Vasseur	Shares	Purchase	22 April 2016	Euronext Paris	10.81	1,000	10,810
Philippe Vasseur	Shares	Purchase	26 January 2017	Euronext Paris	8.8669	3,000	26,760.09

* 20,872 options granted under the 2010 Plan were exercised through a group savings plan on 5 January 2017 (at a price of €6.42) and will be blocked for a period of five years commencing this date.

Any transactions performed by the corporate officers in GET SE financial instruments are governed by the code of conduct described in section 4.2.5.a)vii) of this Registration Document.

4.2.4 STATEMENTS REGARDING DIRECTORS AND OFFICERS

As at the date of this Registration Document, there are no family connections between any of the members of the Board or the Executive Committee.

In addition, as at the date of this Registration Document, no member of the Board or Executive Committee has been:

- convicted of fraud during the past five years;
- implicated in any bankruptcy, receivership or liquidation proceedings during the past five years; or
- charged with any offence or any official public sanction by any statutory or regulatory authority during the past five years.

To GET SE's knowledge, no Director has been banned by a court from acting as a member of a board of directors, a management or supervisory board of an issuer or from participating in the management or conducting the business of an issuer during the past five years.

Tim Yeo was a director of TMO Renewables Limited until 8 February 2017. This company entered administration in the UK on 19 December 2013 and was placed in liquidation on 8 December 2014.

⁽¹⁾ Where transactions carried out by any one of these Directors or executive officers total more than €20,000 in any one calendar year.

4.2.5 CONDITIONS APPLICABLE TO THE PREPARATION AND ORGANISATION OF THE WORK OF THE BOARD OF DIRECTORS

a) Composition and organisation of the Board of Directors

i) Board Directors

At the date of this Registration Document, the Board of GET SE has 11 Directors, of whom nine are independent (representing 82% of Board Directors in office).

The Board has five female Board Directors, representing more than 45% of the Board, in accordance with the French law of 27 January 2011 on the balanced representation of women and men on boards of directors.

The proportion of non-French Board Directors is 36%.

The average age of Board Directors is 66.

The complementary expertise and experience of the Directors is an advantage for the Group. Board members bring to the company a complementary range of experience and industrial, managerial, financial and scientific skills and a diversity of backgrounds with a mix of men/women, ages and nationalities.

Board members are appointed, re-appointed or removed by the General Meeting of shareholders. The Nomination and Remuneration Committee assesses the composition and size of the Board, oversees the assessment process for candidates for the position of member of the Board, determines whether such candidates are qualified to become Board Directors, in accordance with the criteria set out by the Board and makes recommendations to the Board with regards to candidates.

The Board drafted a diversity policy, recognising that a diverse Board encourages more efficient governance and more enlightened decisions. The composition of the Board aims to balance experience, ability and independence in line with the parity and diversity which reflect the bi-national nature of the business. Good synergy within the Board depends on the diversity (in terms of nationality, ability, etc.), parity and complementarity of its members. The Board, as a whole, must also adequately reflect the communities within which Eurotunnel Group carries on its business (public/private, transport business, rail infrastructure, cross-Channel market, Franco-British business, a history of crises).

Name	MAIN EXPERTISE								
	Governmental affairs/ Regulations	Executive/Senior management	Accounting and finance	Risk management	Governance	Human resources/ remuneration	Customer service	Mergers and acquisitions	New technologies
J. Gounon	x	x	x	x	x	x	x	x	
C. Bach		x	x		x		x	x	x
P. Camu	x	x	x	x	x			x	
P. Hewitt	x	x	x	x	x	x	x		
P. Levene	x	x	x		x		x	x	
C. Lewiner		x	x	x	x	x			x
C. Neuville			x	x	x	x		x	
P. Rey	x	x	x	x	x	x		x	
J.P. Trotignon	x	x		x	x		x		x
P. Vasseur	x	x	x		x	x	x	x	
T. Yeo	x	x			x		x	x	

It is expected that Directors should have the following essential qualities:

- to be mindful of the interests of the company;
- to be a good judge, in particular of situations, strategies and persons, based amongst other things on their experience;
- to be able to anticipate so as to identify risks and strategic issues;
- to have integrity, be present, active and involved.

The following qualifications or attributes are taken into account in the selection of Directors: management and/or board experience, comprehensive and multi-disciplinary experience, integrity and professionalism, and personal qualities required to contribute actively to the discussions of the Board.

In 2016, the Nomination and Remuneration Committee, when reviewing the composition of the Board of Directors and in a bid to reduce the average age of its members, decided to strengthen the male/female parity by appointing a new female director and, with regard to the specific expertise required by the Board, to strengthen the specific added value of the Board with extensive knowledge of new technologies and digital media challenges.

For the entire duration of their term of office, each Director must own 5,000 ordinary shares, to be purchased over a three-year period, reaching the following minimum number each year:

- Year 1: 2,000 ordinary shares,
- Year 2: 3,000 ordinary shares,
- Year 3: 5,000 ordinary shares.

If any of the Directors do not own the prescribed number of ordinary shares, they are deemed to have resigned unless the situation is remedied within the appropriate time.

If there are one or more vacancies on the Board, the Board may, between two General Meetings, make interim appointments in accordance with the provisions of article L. 225-24 of the French Commercial Code. The term of office of Directors appointed as a replacement for another director is the remainder of the term of office of their predecessor. To ensure the continuity, coherence and quality of the Board's work, and in accordance with recommendation 12 of the Afep/Medef Code relating to training of new Directors, GET SE offers new Board members an induction period designed to facilitate their integration: on-site visits to facilitate an understanding of the company's business, a briefing on economic/financial data, the Group's key constitutional documents and the possibility to attend external training, including with the IFA (French Institute of Directors).

The term of office of a Director is four years. The appointment terminates at the end of the ordinary General Meeting called to approve the financial statements of the preceding financial year and held during the year in which their term of office expires. The appointment of half of the Board is renewed in a staggered manner every two years, so that, each time, renewal covers part of the members of the Board in accordance with recommendation 13 of the Afep/Medef Code.

All outgoing members are eligible for re-election. Notwithstanding the above, the number of people aged over 75 years old serving on the Board as individuals or as permanent representatives of legal entities may not exceed one third (rounded up to the nearest whole number, if applicable) of the number of Directors serving at the end of each General Meeting called to approve the parent company's financial statements. If this limit is exceeded, the oldest Director is automatically deemed to have resigned.

ii) Chairman of the Board

The Board appoints one of its members as Chairman for a period identical to their term of office as Director, unless the Board sets a shorter term. The Chairman must be an individual.

The Chairman of the Board represents the Board. He directs and organises the work of the Board and reports on this to the General Meeting. He ensures the proper functioning of GET SE's bodies and, in particular, that members of the Board are able to perform their duties.

The age limit for the position of Chairman of the Board is 70. The term of office of the Chairman expires on the date of the ordinary general meeting called to approve the financial statements of the financial year during which the serving Chairman reaches the age limit. However, the Board may extend or renew the term of office of the Chairman for additional one-year periods, up to five times.

Should the Chairman be temporarily unable to carry out his duties or in the event of his death, the Board may appoint a Director to serve in his place. Where the impediment is temporary, the appointment is for a limited period, which may be renewed. In the event of the incumbent's death, the appointment is effective until a new Chairman is appointed. The Nomination and Remuneration Committee decided to consider and monitor the preparation of a succession plan to replace executive officers in the event of a sudden vacancy.

iii) Meetings of the Board

The Board meets as frequently as the interests of the company require and at least three times each year. Meetings are called by the Chairman or by the Director designated to act in the Chairman's place and are held at the registered office or at any other place specified by the person who calls the meeting. However, if the Board has not met for more than two months, Directors representing at least one third of the members of the Board and, if applicable, the Chief Executive Officer, may request that the Chairman call a meeting on a specific agenda.

Meetings of the Board are conducted in French with an unofficial translation in English. Documents provided to members for meetings of the Board, as well as minutes of the meeting, are prepared in French with an unofficial translation in English.

iv) Quorum

The presence of at least one half of the serving members is required for a meeting of the Board to proceed to business. The internal rules of the Board provide that members are deemed to be present within the scope of article L. 225-37 of the French Commercial Code, for the purpose of calculating the quorum and majority, when they participate by videoconference or other means of telecommunication that enable them to be identified and to participate in the meeting in accordance with governing laws and regulations. This provision does not apply for the approval of decisions referred to in articles L. 232-1 and L. 233-16 of the French Commercial Code.

v) Majority rules

Decisions are taken by a majority of members present or represented, with the Chairman casting the deciding vote in the event of a tied vote.

vi) Powers

The Board determines GET SE's business objectives and oversees their implementation. Subject to the powers expressly granted to shareholders in General Meetings and within the limits of the corporate purpose, the Board may consider any matter affecting the proper functioning of GET SE and takes decisions in this respect in the interest of all shareholders.

In its relations with third parties, GET SE is bound by decisions of the Board that do not fall within its corporate purpose, unless it can prove that the third party knew or should have known in the circumstances that the decision exceeded the corporate purpose. However, the publication of the by-laws does not alone constitute such proof.

The Board may carry out such controls and checks as it deems appropriate. Each Director receives all information and documents needed to perform their duties in accordance with the conditions set out in the internal rules of the Board, particularly as regards confidentiality.

The Board may decide to establish committees for the purpose of considering issues that the Board or its Chairman may submit for their review. The Board determines the composition and terms of reference of the said committees, which conduct their business under the responsibility of the Board. The Board also determines the remuneration of the committee members, if any.

The Board decides or authorises the issue of debt securities pursuant to article L. 228-40 of the French Commercial Code, unless the General Meeting resolves to exercise this power.

vii) Board members' rights, information and ethics (charter of ethics, internal rules, code of conduct)

Since the beginning, the Eurotunnel Group has developed on strong values that ensure cohesion, its future and its development. The Board is committed to promoting those values, as well as the best governance and ethical practices within the Group.

The Ethics and Governance Committee of the Board ensures that the ethical culture and principles applicable to its management and its entire staff, are communicated within the company. The Chairman and Chief Executive Officer supports the ethics and compliance policy with, in particular, a strong zero-tolerance message for the fight against corruption. This approach is led by the Safety and Ethics Officer together with the Compliance Officer, who guides the implementation of ethical action plans and leads an internal working group responsible for monitoring changes in compliance issues and coordinating procedures with the Internal Control, Legal and Group Human Resources Departments. The company secretary to the Board monitors market laws and regulations, as well as best practice with regards to corporate governance, and ensures they are considered in order to be implemented in the internal rules and procedures.

Group Ethics Charter

The Group has established a Group Ethics Charter which extends the ethics policy already in place within the Concession to all entities which have joined the Group. In accordance with the United Nations Global Compact, the Group Ethics Charter describes the fundamental values which must guide every employee, whatever the circumstances or the country, by reference to the OECD

guidelines for companies as indicated in chapter 6 of this Registration Document. This Charter includes an internal whistleblowing system.

In continuation of this Charter, the Board of Directors has drawn up a policy for the fight against corruption, supported by the Chairman and Chief Executive Officer's zero tolerance message and which defines and illustrates the different types of unacceptable behaviour. A tailored training system seeks to ensure the effectiveness of this policy.

The Director's charter

The Director's charter sets out the rights and obligations of each Director, in particular with regards to conflicts of interests. Each Director undertakes to abide by this charter and carry out their duties with independence, integrity, loyalty and professionalism. As indicated below, the Senior Independent Director ensures that the Board and its committees abide by governance practices and is responsible for handling any conflict of interests of executive corporate officers and other Directors: *"Directors undertake, in all circumstances, to maintain their independence of analysis, judgement, decision and action and to reject any direct or indirect pressure on them from other Directors, groups of shareholders, creditors, suppliers, and more generally, any third party. In particular, Directors must avoid plurality of functions within companies, which directly or indirectly compete with the company, such plurality being likely to affect the interest of the company, or its governance. Directors undertake not to seek or accept from the company or the subsidiaries thereof, directly or indirectly, any advantages likely to affect their independence."*

Conflicts of interest within the Board are managed as follows:

- All Directors are under the obligation to inform the Board of any circumstances – even potential – of a conflict of interest between themselves (or any individual or legal entity with which they have a business relationship) and Groupe Eurotunnel SE or any of the companies in which Groupe Eurotunnel SE has an interest, or any company with which Groupe Eurotunnel SE intends to enter into an agreement of any nature whatsoever.
- If a Director is unsure about the existence of a conflict of interest – even potential – he or she must immediately inform the Chairman of the Board who will have the responsibility of deciding whether or not the Board must be informed, and thereupon initiate the procedure for managing conflicts of interest.
- If the member of the Board referred to in the previous subparagraph is in fact the Chairman of the Board, the Chairman must inform the Senior Independent Director of the Board, or failing that, the Board itself.
- The relevant Director must refrain from voting in the Board's decision regarding the conclusion of the agreement in question and from participating in the discussion preceding that vote.
- Additionally, the Chairman of the Board, the members of the Board, the Chief Executive Officer and, as the case may be, the Deputy Chief Executive Officer(s) are under no obligation to communicate information or documents relating to the agreement or the transaction from which the conflict of interest arose to the member or members of the Board when they have reasonable grounds to believe that the member or members have a conflict of interest; they must inform the Board of the information or documents being withheld.

Code of conduct

The Board drew up a code of conduct governing transactions in securities so as to avoid any insider trading issues. This code was updated following the entry into effect of EU Regulation no. 596/2014 of 16 April 2014 on market abuse and the AMF guidance of 26 October 2016 on permanent reporting and the management of inside information. The first part of the code of conduct sets out the essential ethical principles that apply and the second part sets out the applicable preventive measures, with specific preventive measures for financial transactions. The appendix to the code contains a description of the legal and regulatory provisions applicable, together with details of potential sanctions. This code sets out the black-out periods for securities transactions and the exercise of options. This recommendation covers all types of exercises of options including simple exercises, i.e. options exercised without an ensuing sale. The code defines the following black-out periods:

- a minimum of 30 calendar days prior to the publishing of the annual and half-yearly financial statements; and
- a minimum of 15 calendar days prior to the publishing of the quarterly disclosures.

Internal rules

The Board has approved a set of internal rules to complement the laws, regulations and by-laws, specifying the role and functional practices of the Board and its committees, with particular attention given to the principles of the Afep/Medef Code. The internal rules are updated on a regular basis and most recently on 20 January 2017.

The internal rules include specific provision concerning the composition of the Board and the independence criteria applied to its members, the duties and powers of the Board, information provided to members and the internal rules of each of its committees.

The main provisions of these internal rules are described below.

Role of the Board

As part of its management responsibilities, and in compliance with governing laws and the by-laws of GET SE, the Board:

- appoints or removes the chief executive officers and decides whether the Chairman and Chief Executive Officer roles should be combined or separate;
- defines strategy guidelines for GET SE and the Group, together with its proposed investments, divestments and internal reorganisations, the Group's overall human resources policy, in particular its remuneration, profit-sharing and staff incentive policy; carries out an annual appraisal of the performance of general management;
- approves regulated agreements;
- considers major strategic transactions involving the acquisition or disposal of equity investments and assets, partnership agreements, joint ventures or cooperation agreements relating to research, development, industrial or commercial matters and more generally any transaction or undertaking that could have a significant impact on the financial or operating situation of the Eurotunnel Group; any significant transaction outside the approved business strategy is subject to prior approval by the Board; this rule applies to external acquisitions and disposals, as well as major investments in organic growth or internal restructuring;
- is kept informed by its Chairman and its committees of all significant events affecting the business, financial situation and cash flow of GET SE and the Eurotunnel Group and of the company's commitments. It is informed in a timely manner of the company's liquidity positions so that it can take, where necessary, decisions regarding its financing and its debt;
- sets the annual performance objectives of the Chairman and Chief Executive Officer and of the Deputy Chief Executive Officer and their remuneration in accordance with the principles defined in the Afep/Medef Code, as amended, and submits this remuneration to the General Meeting for vote in accordance with the conditions required by law and the recommendations of the Afep/Medef Code, as amended;
- takes note of the essential characteristics of the internal control and risk management systems adopted and implemented by the general management. Specifically, the Board checks with the general management that the coordination procedure and internal control and risk management systems are able to guarantee the reliability of the company's financial disclosures and give a true and fair view of the results and financial position of the company and the Group;
- ensures that strategies and objectives are in place for the known major risks facing the company, and that these major risks are taken into account in the company's management; and
- ensures that proper information is provided to shareholders and the public, particularly through the control that it exercises over information provided by the company; in this capacity, it defines the communication policy of GET SE concerning the frequency of publication of financial information relating to the Eurotunnel Group.

The Internal Rules state that shareholders should be consulted when the sale of assets representing one half or more of the company's assets over the last two financial years is considered. This threshold is considered to have been attained when two ratios reach or exceed half of the consolidated amount (calculated for the divesting company over the previous two financial years). Ratios include:

- revenue realised by the assets or operations sold to total consolidated revenue;
- the sale price of the asset(s) sold to the stock market capitalisation of the Group;
- the net carrying amount of the asset(s) sold to the total consolidated balance sheet;
- the pre-tax net income from ordinary activities generated by the assets or operations sold to consolidated pre-tax net income from ordinary activities.

Members of the Board

- Irrespective of their specific position or ability, each Director must act in the best interest of the company.
- Each Board Director must devote the time and attention necessary to fulfil their duties and participate in meetings of the Board and of the committees of which they are a member.
- The Board must be composed of members chosen for their skill and experience relevant to the business of Eurotunnel Group.
- Members of the Board may attend training sessions on the specific character of the business, its activities or its business sector, such training being organised by GET SE on its own initiative or at the request of the Board.
- The overall maximum amount of Board Director's fees was set at the combined General Meeting of 20 June 2007. The allocation of attendance fees was reviewed by the Board, on the recommendation of the Nomination and Remuneration Committee, so that, in accordance with recommendation 20.1 of the Afep/Medef Code, the manner in which this remuneration is allocated – which already took into account the actual participation of each Board Director in meetings of the Board and of its committees – now gives greater emphasis to a variable element. The General Meeting of 27 April 2017 will be asked to vote on a proposed increase in total attendance fees in line with inflation.
- Each Director is required to notify the AMF and GET SE of any acquisition, disposal, subscription or exchange of financial instruments issued by GET SE or any transaction in related financial instruments, in accordance with applicable regulations.
- The duties of Directors are as described in the Afep/Medef Code. Before accepting the position, Directors must ensure that they are aware of the general obligations of Board members and of those specific to their role. Directors must be aware of all relevant provisions of the governing law, the by-laws of GET SE and the internal rules of the Board that apply to them.

- Each Director has the obligation to disclose to the Board any actual or potential conflict of interest between them and GET SE or the Eurotunnel Group and must abstain from voting on matters considered at meetings of the Board to which the conflict of interest relates, unless the conflict of interest arises in connection with an agreement entered into in the ordinary course of business under normal conditions.
- The number of additional appointments held by members of the Board in listed companies outside the Group is limited to two additional appointments in listed companies outside the Group for chief executive officers and to four additional appointments in listed companies outside the Group for other Directors. This includes any appointments held in foreign listed companies. Board members must inform the Board of any new appointment. The limit is assessed on each appointment or re-appointment. The internal rules have been reviewed in order to specify that, in accordance with recommendation 18.2 of the Afep/Medef code, the chief executive officers must receive prior advice from the Board before accepting another appointment in a listed company; this provision has not yet been applicable in the company.
- Board members must all contribute towards determining the business strategy of the Eurotunnel Group and overseeing the implementation of such strategy. They must supervise the management of the Eurotunnel Group appropriately.
- All materials provided at meetings of the Board and all information obtained during or outside such meetings of the Board are strictly confidential without exception, irrespective of whether such materials or information were presented as confidential. Board members must consider themselves bound to secrecy beyond a mere obligation of discretion.
- In addition to this obligation of confidentiality, Directors undertake not to make public statements in their capacity as members of the Board on any matter pertaining to the Eurotunnel Group, whether or not related to meetings of the Board, without the prior consent of the Chairman.
- Every Board Director must comply with all market regulations intended to prevent market abuse that would be harmful to the interests and image of the Eurotunnel Group.

Board proceedings, videoconferencing or teleconferencing

The internal rules of the Board state that Directors may participate in meetings by all means authorised by law and the by-laws, including videoconferencing or teleconferencing as long as such videoconferencing or teleconferencing facilities (i) enable the transmission of at least the voices of the participants and (ii) satisfy technical requirements enabling the continuous and simultaneous transmission of the proceedings.

Board members' information

The Chairman or the Chief Executive Officer gives each Director the documents and information needed to carry out their duties, subject to the confidentiality obligations described in the internal rules.

Committees

The Board may establish temporary or permanent special committees, each consisting of at least three and no more than five members appointed by the Board, with one committee member designated by the Board as the committee chairman.

The Board has established an Audit Committee, a Nomination and Remuneration Committee, a Safety and Security Committee, a Strategy and Sustainable Development Committee and an Ethics and Governance Committee, as described in section c) of this chapter.

Independent Directors

At least half of the Directors must be independent within the scope of and in accordance with the criteria of recommendation 8.5 of the Afep/Medef Code.

The criteria for Directors to be viewed as independent are the following:

- not to be and not to have been during the course of the previous five years:
 - an employee or chief executive officer of GET SE;
 - an employee, chief executive officer of a company or a director of a company consolidated within GET SE;
 - an employee, chief executive officer or a director of the company's parent company or a company consolidated within this parent;
- not to be or not to have been during the previous five years an executive corporate officer of a company in which GET SE holds, either directly or indirectly, a directorship or in which an employee appointed as such or an executive corporate officer of GET SE (currently in office or having held such office for less than five years) is a director;
- not to be a customer, supplier, investment banker or commercial banker:
 - that is material to GET SE or the Group,
 - or for whom GET SE or the Group represent a significant part of their business.

The evaluation of how significant the relationship is with GET SE or the Group must be debated by the Board. The Board of directors assesses the significance of the business relationship with the company. The significance or not of a business relationship is not only considered in terms of quantitative criteria. The Board also considers other parameters when determining whether such a relationship is material and free of major conflict.

- not to be related by close family ties to an executive corporate officer;
- not to have been an auditor of the company within the previous five years;
- not to have been a Director of GET SE for more than twelve years.

Board members representing substantial shareholders of the company may be considered independent so long as such shareholders do not participate in the control of the company. However, where the interest of the shareholder in question exceeds 10% of the share capital or voting rights, the Board must consider the matter of the Director's independence, on the basis of a report from the Nomination and Remuneration Committee, taking into account the structure of the capital of the company and the existence of potential conflicts of interest.

Board members who satisfy the independence criteria

The Board is required to verify at least once a year that Directors satisfy the independence criteria set out above.

After consideration of their individual position by the Nomination and Remuneration Committee, the Board resolved on 28 February 2017 that the following Directors met the independence criteria set out in the Afep/Medef Code: Colette Neuville, Patricia Hewitt, Perrette Rey, Peter Levene, Colette Lewiner, Corinne Bach, Philippe Vasseur, Tim Yeo and, since 31 May 2014, Jean-Pierre Trotignon, whose term of office as Deputy Chief Executive Officer of the Eurotunnel Group ended on 31 May 2009, more than five years ago.

Philippe Camu, a representative of GS Global Infrastructure Partners, the company's main shareholder, and Jacques Gounon, Chairman and Chief Executive Officer, are not considered to be independent Directors.

The Board, on the recommendation of the Nomination and Remuneration Committee, has confirmed that there are no significant business relationships between Group companies, and other companies outside the Group in which independent Board members of Groupe Eurotunnel SE are also appointed as a director.

The Board considered a multi-criteria analysis of the Nomination and Remuneration Committee. The Board referred to a table summarising fund flows (purchases and sales) occurring during the last financial year, between:

- Group companies on one hand, and
- Group companies of which independent Directors of the company are also a board member.

These flows are considered in relation to the total weight of purchases and sales, for each group, to measure their significance. For 2016, this table shows that the sum of sales of the company's Group, to any one of the groups concerned, or of its purchases from any one of those groups, does not exceed 0.2% of the total sales or purchases of the company's Group or of any one of the groups concerned, with the exception of two suppliers EDF and Colas of which Colette Lewiner is a director.

Firstly, the Board noted and confirmed the practice of initiating calls for tender. The Board carried out a qualitative analysis of the parameters used to determine whether or not such a relationship is material and if it is exempt from conflicts of interest, including but not limited to:

- the period and continuity (precedence, history, renewals);
- the importance or the "intensity" of the relationship (possible economic dependency; exclusive relations or predominance in the sector in which the business relationship is established; distribution of bargaining power, etc.);
- the organisation of the relationship: Colette Lewiner is not a member of the Board of the contracting companies (France Manche SA, The Channel Tunnel Group Limited, Europorte) and holds no direct deciding power over the contracts and agreements constituting the business relationship; Colette Lewiner has received no compensation associated with the contract, link or business relationship that may exist with EDF and Colas.

Thus, the Board, on the recommendation of the Nomination and Remuneration Committee, confirmed the absence of any significant business relationship in 2016.

Therefore, as at 28 February 2017, there are nine independent Board Directors out of a total of 11 (representing 82% of the Directors in office). More than half of the Directors are independent in accordance with the recommendations of the Afep/Medef Code.

The table set out below indicates the situation of each Director in relation to the independence criteria referred to in the Afep/Medef Corporate Governance Code:

Board Members		J. Gounon	J.P. Trotignon	C. Lewiner	P. Hewitt	P. Camu	P. Rey	C. Neuville	C. Bach	P. Levene	P. Vasseur	T. Yeo
A F E P / M E D E F	Criterion 1 (employee/ corporate officer)	x	o	o	o	o	o	o	o	o	o	o
	Criterion 2 (subsidiaries)	o	o	o	o	o	o	o	o	o	o	o
	Criterion 3 (economic relationship)	o	o	o	o	o*	o	o	o	o	o	o
	Criterion 4 (family ties)	o	o	o	o	o	o	o	o	o	o	o
	Criterion 5 (auditor)	o	o	o	o	o	o	o	o	o	o	o
	Criterion 6 (Board member for 12 years)	o	o	o	o	o	o	o	o	o	o	o
	Criterion 7 (key shareholder)	o	o	o	o	x	o	o	o	o	o	o

* Not including sister companies of GSIP

Key: “o” indicates the criterion is met; “x” indicates the criterion is not met. **Criterion 1:** has been an employee or corporate officer within the last five years; **Criterion 2:** existence (or non-existence) of cross-directorships; **Criterion 3:** existence (or non-existence) of a significant business relationship; **Criterion 4:** existence (or non-existence) of close family ties with a corporate officer; **Criterion 5:** has not been an auditor of the company in the last five years; **Criterion 6:** has not been a Director of the company for more than 12 years; **Criterion 7:** is a key shareholder.

Assuming that the General Meeting of 27 April 2017 approves the co-option of Corinne Bach, there would be nine independent Directors out of a total of 11 (representing 82% of the Directors in office).

Senior Independent Director

The Board has appointed Colette Neuville as the Senior Independent Director. In accordance with the internal rules of the Board, this Director must be independent as defined by the Afep/Medef Code. The Senior Independent Director is appointed for the duration of his/her term of office as Director.

The Senior Independent Director has the following duties:

- monitor and manage any potential conflict of interest situations that may arise for the executive corporate officers and other Directors;
- suggest additional agenda items to the Chairman for meetings of the Board, as required;
- ensure that the Board and committees adopt good governance;
- manage the annual assessment of the Board on the basis of an anonymous detailed questionnaire on the roles and competence of the Board, its functioning as a whole and the areas dealt with by the Board and its committees.

In order to preserve his/her independence, the Senior Independent Director is not remunerated for this role.

b) Operation of the Board of Directors

In 2016, the Board held 13 meetings. The average attendance rate per meeting for Board Directors was 97%.

Attendance at meetings of the Board in 2016

Members	Number of meetings		Attendance
Jacques Gounon	13	13	100%
Corinne Bach ^(*)	None	None	None
Philippe Camu	13	12	92%
Patricia Hewitt	13	13	100%
Peter Levene	13	10	77%
Colette Lewiner	13	13	100%
Colette Neuville	13	13	100%
Perrette Rey	13	13	100%
Robert Rochefort ^(**)	9	9	100%
Jean-Pierre Trotignon	13	13	100%
Philippe Vasseur	13	13	100%
Tim Yeo	13	13	100%

* Corinne Bach, as she was co-opted at the end of the Board meeting of 20 December 2016, did not attend any Board meetings of Groupe Eurotunnel SE in 2016.

** 1 January 2016 to 31 August 2016: the resignation of Robert Rochefort on 20 December 2016, was preceded by a four-month period of illness (31/08/2016 – 20/12/2016).

The high participation rate of Directors and the significant number of meetings throughout the year should be noted. This frequency and rate of participation are the first objective factor which, again this year, ensured that the Board was in a position to fulfil its role and take appropriate decisions.

In 2016, in addition to financial and legal authorisations, the Board concentrated mainly on issues of strategy, the accounts and corporate governance.

At each of its meetings, the Board discussed business development and performance in terms of the Group's activities and results and took note of the company's stock market performance and its market capitalisation and data trends concerning intrusion attempts.

During 2016, the Board finalised the financial statements as at 31 December 2015 and prepared the half-year financial statements for the six-months ended 30 June 2016. In these presentations as well as in the monthly report to the Board, the Board was kept informed of the financial situation and the cash situation. The presentation of the financial department also covered risks and material off-balance sheet commitments and the statutory auditors' presentation highlighted the key points arising from the statutory audit and the accounting options adopted.

The Board also considered the overall budget for 2017 and monitored the developments of the Europorte subsidiaries. The Board also carried out a review of the risk map for the Group, as well as the activity of the internal audit function. It considered the level of risk that the company is willing to accept in a given area in order to attain its objectives. Following the referendum vote on 23 June 2016, the Board considered the specific review of risks relating to the exit of the United Kingdom from the European Union (business plan sensitivity tests) and approved the specific monitoring process for potential risks and a detailed risk watch approach (regulatory, taxation and financing risks and macro-economic risks relating to the company's activities).

The Board also made preparations for the combined General Meeting and, in particular, drew up the draft resolutions. The Board decided to renew the share buyback programme.

Regarding corporate governance, the Board approved during 2016 the update to the Directors' charter, code of conduct and internal rules. It carried out a self-assessment and approved the Chairman's report on internal control procedures for 2015. The Board determined the Chairman and Chief Executive Officer's variable remuneration for 2015, on the recommendation of the Nomination and Remuneration Committee, and set the targets that would determine the variable portion of the remuneration of the Chairman and Chief Executive's Officer and of the Deputy Chief Executive Officer for 2016. When assessing the performance of the executive corporate officers, the external Board members meet without the internal Board members being present. In addition, Groupe Eurotunnel SE opted for an electronic management solution for Board documents and the dematerialisation of meetings, which provides directors with access to discussion tools, collaborative documents and the possibility to share their comments, thereby optimising collaboration between directors in the absence of internal directors.

The Board was informed throughout the year of measures taken to strengthen site security and was able to assess their effectiveness.

4 CORPORATE GOVERNANCE

During the annual strategy seminar, Board members undertook a detailed strategic analysis of the Group in its competitive environment. It debated and heard presentations on the Group's financial, strategic, employee and regulatory position and the results of actions taken. The major issues and opportunities concerning the various segments were presented and debated. The Board examined and decided the Group's strategic direction with respect to the different potential strategic transactions impacting its scope.

In 2016, the Board monitored developments in the proposed purchase of the subsidiary GBRf by EQT Infrastructure II, which it approved. The Board also studied and approved the purchase of Star Capital's stake in ElecLink, together with developments and advances in the interconnector project.

The Board examined projects aimed at preparing the Group structure for the implementation of the second refinancing phase.

On the proposal of the Nomination and Remuneration Committee, it also debated its composition, with a view to reducing the average age of its members, strengthening male/female parity and enriching its specific expertise with extensive knowledge of digital challenges. The Board approved the Group's proposed anti-corruption policy.

From the beginning of the year to 28 February 2017, the date on which the Board finalised the financial statements for the year ended 31 December 2016, the Board held two meetings. The average attendance rate was 96%. These meetings included work on finalising the consolidated and parent company financial statements as of 31 December 2016, consideration of the Chairman's report pursuant to the provisions of article L. 225-37 of the French Commercial Code, the Board's reports to the General Meeting and the self-assessment of the Board, as well as the determination of the variable remuneration of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer for the 2016 financial year and the criteria for the remuneration for 2017. The Board considered the information to be given to shareholders in this Registration Document, so that shareholders are fully able to evaluate the company's management, its Board and its strategy.

c) Committees of the Board of Directors

The Board delegates to the special committees the task of preparing and submitting information on specific topics for the Board's approval. Five committees investigate matters that fall within their field of responsibility, and submit their opinions and recommendations to the Board, namely: the Audit Committee, the Nomination and Remuneration Committee, the Safety and Security Committee, the Strategy and Sustainable Development Committee and the Ethics and Governance Committee, whose terms of reference are governed by the internal rules of the Board and its committees. Each committee has a chairperson. At the end of 2016, the Board decided to create a provisional committee, the Energy Committee.

Composition of the Board committees (at 28 February 2017)

Committees	Audit	Nomination and Remuneration	Strategy and Sustainable Development	Safety and Security	Ethics and Governance	Energy
J Gounon			<input type="checkbox"/>	<input type="checkbox"/>	•	
C Neuville	<input type="checkbox"/>	•			<input type="checkbox"/>	
P Hewitt				<input type="checkbox"/>		•
C Lewiner	•				<input type="checkbox"/>	<input type="checkbox"/>
P Rey	<input type="checkbox"/>	<input type="checkbox"/>				
C Bach						
P Levene			<input type="checkbox"/>			
T Yeo			•		<input type="checkbox"/>	<input type="checkbox"/>
P Vasseur		<input type="checkbox"/>				
JP Trotignon				•	<input type="checkbox"/>	
P Camu			<input type="checkbox"/>			<input type="checkbox"/>

☐ Committee member • Committee chairperson

Audit Committee

The Audit Committee is composed of at least three members chosen from among the Directors other than the Chairman of the Board, including at least two from among the independent Directors in accordance with recommendation 15.1 of the Afep/Medef Code. The Board appoints one of the members as chairman of the Audit Committee. At least one member of the Audit Committee must have “specific expertise in finance or accounting matters” and be “independent” and the other members of the Audit Committee must have a minimum of expertise in financial and accounting matters if they are not experts in the matter.

At 28 February 2017, the Audit Committee is composed of Colette Lewiner (Chairwoman), Colette Neuville and Perrette Rey. Robert Rochefort was member and Chairman of the Committee from 1 January to 31 August 2016 at which date he ceased to attend meetings. 100% of the Committee are female and all members of the Committee are independent Board Directors. GET SE complies with the recommendation of the Afep/Medef Code relating to the presence of two thirds of independent Board Directors.

The three members of the Committee have specific financial and accounting skills with regard to their academic background, experience and specific knowledge relevant to the Committee’s work: the Chair of the Committee, Colette Lewiner (member of EDF, Colas SA and Ingénico’s audit committees, former chairwoman of the board of directors and chief executive of SGN, former chairwoman of the board of directors of TDF, graduate of the Ecole Normale Supérieure, and holder of a degree and a doctorate in physics); Perrette Rey (former member of the French state shareholding commission, in charge of finance at Banques Populaires, chairwoman of the French observatory for businesses in difficulty set up by the chamber of commerce and industry, chairwoman of the Paris Commercial Court and graduate of IEP, IAE, DES Economic Management and doctor of business law); and Colette Neuville (experience acquired as chairwoman of the ADAM, graduate of IEP, DES economics and law degree).

Their training and professional experience covers a broad and comprehensive range of fields, as confirmed by their professional careers presented in chapter 4.2.1 of this Registration Document.

In a desire to strengthen the role of independent directors, committee members are all independent directors and the chair of the committee was entrusted to an independent director.

The Audit Committee meets at least four times a year upon notice of its chairman.

The duties of the Audit Committee are to:

- Monitor the process of preparation of the financial and accounting information; before presentation to the Board, the Audit Committee examines the consolidated and parent company financial statements, together with budgets and forecasts; it reviews the accounting and financial information, particularly the financial statements, checking that important events or complex transactions have been properly accounted for.
- The Audit Committee is informed of the architecture of all systems for establishing accounting and financial information; when financial information is taken from an accounting process, it must be coherent with the accounting information that is produced; if it is not taken from an accounting process, the Audit Committee must make sure that the information comes from a process that is sufficiently structured and organised to be able to judge the quality and reliability of this information (non-standardised performance measures, restructuring plan, etc.).
- Ensure the statutory audit of the financial statements by the statutory auditors. The Audit Committee holds discussions with the statutory auditors and examines their conclusions, to learn the main areas of risk or uncertainty concerning the annual or consolidated financial statements. The Audit Committee examines the main factors having an impact on the audit approach (scope of consolidation, acquisition and disposal transactions, accounting options, new standards applied, large transactions, etc.) and significant risks relating to the preparation and processing of the financial and accounting information identified by the statutory auditors.
- Monitor the effectiveness of internal control and risk management systems: the Audit Committee checks the existence of internal control and risk management systems, and that they are made use of, and makes sure that the weaknesses identified are dealt with by corrective action. When monitoring the efficiency of the internal control and risk management systems and, where appropriate, internal audit, with respect to the procedures relating to the preparation and processing of accounting and financial information, the Committee hears from the internal audit and risk control managers and issues an opinion on their departments. It is informed of the internal audit program and receives the internal audit reports or a periodic summary of these reports.
- The Committee examines material risks and off-balance sheet commitments, assesses the importance of failures or weaknesses communicated to it and informs the Board, where appropriate.
- Ensure that the independence of the statutory auditors is monitored: the Committee is in charge of steering the selection and re-appointment of the statutory auditors, where appropriate using a call-for-tenders procedure, issuing an opinion on the amount of fees requested by them, and issuing a recommendation on the statutory auditors proposed for appointment by the General Meeting.

The Audit Committee met five times in 2016; the average attendance rate of Directors per meeting was 100%.

Audit Committee meeting attendance in 2016

Members	Number of meetings	Attendance	
Colette Lewiner	5	5	100%
Colette Neuville	5	5	100%
Perrette Rey	5	5	100%
Robert Rochefort(*)	4	4	100%

* From 1 January 2016 to 31 August 2016.

During the accounts closing preparation process, the Audit Committee hears the report of the statutory auditors and the presentations of the accounts by the finance department. More detailed presentations are given by other managers or external consultants on certain subjects, including internal control and risk management.

In 2016, the Audit Committee examined the parent company and consolidated financial statements for the year ended 31 December 2015 and the proposed interim financial statements before they were presented to the Board, and expressed its opinion on these proposed financial statements to the Board. As part of this work, the Audit Committee examined the accounting treatment of material transactions during the period, accounting methods, the accounting treatment of discontinued operations, the scope of consolidation and the main items of financial reporting relating to the financial statements. It also examined material off-balance sheet commitments. It heard from the internal audit director and considered the internal audit plan for 2016 and the presentation of the activities carried out by internal audit in the first half of 2016. It reviewed the procedures for identifying, monitoring and managing risks and internal audit, reviewed the risks and analysed the 2015 risk map, and examined significant financial and operational risks. It reported to the Board on its work. The Audit Committee reviewed regulated agreements with related parties. It monitored the procedures performed by the finance department in conjunction with the statutory auditors on the simplification of the financial statements, in accordance with the recommendations of the AMF set out in its June 2015 Guide to the relevance, consistency and readability of financial statements. The Audit Committee set out in the Audit Committee Charter, the procedures for approving non-audit services in accordance with Directive 2014/56/EU on statutory audits.

The Audit Committee reviewed in 2016 the procedures for identifying, monitoring and managing risks and internal audit, reviewed the risks and analysed the 2016 risk map, and examined significant financial and operational risks. As early as July, following the UK Brexit referendum, the Audit Committee carried out a specific review of the risks associated with Brexit, encompassing regulatory, taxation and financial risks as well as the macro-economic risks to which the company's businesses are exposed. This review was repeated and updated in January 2017.

The internal audit director reported to the Committee on the activity of the internal audit department in the second half of 2016. The Audit Committee reviewed the internal audit plan for 2017. It also reviewed the update of the code of conduct.

Between the beginning of the year and 28 February 2017, the Audit Committee held three meetings. The attendance rate of its members was 100%. These meetings covered the proposed consolidated and parent company financial statements at 31 December 2016, the accounting treatment of material transactions during the period and the accounting methods. The Audit Committee's meeting to examine the accounts in advance of the Board's examination of the accounts took place on 9 February 2017, 19 days before the Board meeting. At this time, the Directors external to the company met with the statutory auditors without the internal Directors being present. The Committee monitored the independence of the statutory auditors. The Committee also considered the financing of the ElecLink project.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is composed of three members chosen from among the Directors other than the Chairman of the Board, at least two of whom are independent Directors. The Board appoints one of the members as chairman of the Nomination and Remuneration Committee.

At the 28 February 2017, the Nomination and Remuneration Committee is composed of Colette Neuville (chair), Philippe Vasseur and Perrette Rey. Robert Rochefort was a member of this Committee from 1 January 2016 to 31 August 2016.

The Chairman and Chief Executive Officer is not a member of this Committee; when his attendance is needed, he may participate in the work of the Committee, in accordance with recommendation 16.3 of the Afep/Medef Code, on specific matters, such as appointments or presentation of the remuneration policy for key senior managers who are not corporate officers.

In order to strengthen the role of independent Directors, all members of the Committee are independent Board Directors and the Committee is chaired by an independent Board member.

Members of the Nomination and Remuneration Committee:

- must not have any personal financial interests in the decisions of the Nomination and Remuneration Committee, other than those of a Director and a member of the Nomination and Remuneration Committee; and
- must not have any reciprocal relationship with an executive Director of GET SE that could suggest that they reached an agreement to increase their respective remuneration.

The Committee makes recommendations to the Board with regard to the selection of new Directors. The Nomination and Remuneration Committee assesses the size and composition of the Board and identifies the persons who are qualified to join the Board, in accordance with the admission criteria for Directors prescribed by the Board, a summary of which appears in section 4.2.5. The Nomination and Remuneration Committee oversees the assessment process for candidates to the position of Director.

The Nomination and Remuneration Committee may also propose the appointment or removal of the Chairman and Chief Executive Officer, the Deputy Chief Executive Officers or the Chief Operating Officers, and the appointment of their successors.

The Nomination and Remuneration Committee met six times in 2016. The average attendance rate of members per meeting was 95.45%.

Nomination and Remuneration Committee meeting attendance in 2016

Members	Number of meetings		Attendance
Colette Neuville	6	6	100%
Perrette Rey	6	6	100%
Robert Rochefort	4	4	100%
Philippe Vasseur	6	5	83%

During these meetings, the Nomination and Remuneration Committee presented the remuneration of executive officers, to be approved by the Board. It prepared the financial and operational objective criteria for determining the variable remuneration of the Chairman and Chief Executive Officer, to be proposed to the Board.

The Committee also reviewed the independence of Board Directors. The Committee prepared the proposals presented for consideration and approval by the Board. The Committee worked on a system to link the remuneration of employees and of management to the business's performance, adopted by the General Meeting of 27 April 2016, including a collective free share award plan for all Group employees and the grant of free performance shares to senior managers and executive officers.

The Committee examined the Board's proposed report to the General Meeting on the remuneration of executive corporate officers. The Committee participated in every step of the appointment process of the Chief Financial and Corporate Officer as the Deputy Chief Executive Officer. The Committee decided the selection criteria for the future independent director to be appointed to the Board and performed its own review of the candidates. The Committee convened to choose the selection criteria, carry out a preliminary selection, followed by a second selection, and meet the approved candidates in the third selection step. The Committee also organised the introduction of the potential candidate to the Board.

Between the start of the year and 28 February 2017, the Nomination and Remuneration Committee held two meetings. The attendance rate of its members was 100%. These meetings covered the Chairman's report concerning the principles and rules used to determine the remuneration and benefits of any kind granted to chief executive officers, the determination of the amount of variable remuneration for the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer for 2016, and set the criteria for determining the Chairman and Chief Executive Officer's and Deputy Chief Executive Officer's variable remuneration for 2017. The Committee worked on a plan to align the interests of employees and executives with the performance of the business, including the grant of free ordinary shares to all employees of GET SE and its subsidiaries, with the exception of chief operating and executive officers and the grant to senior management and executives of free performance shares.

The Committee examined the proposed report of the Board to the General Meeting on the remuneration of chief executive officers (*ex ante*) and the remuneration paid or payable in respect of 2016 (*ex post*), as contained in chapter 5 of this Registration Document. On 9 February 2017, the Committee reviewed the independence of Board Directors.

The Committee also heard the Group's director of Human Resources for the presentation of the Group's salary policy and on the policy for the remuneration of executive officers.

Safety and Security Committee

The Safety and Security Committee is composed of Jean-Pierre Trotignon (Chairman), Jacques Gounon and Patricia Hewitt. This Committee is tasked with monitoring safety and security issues within each sector of activity of the Group.

The Committee met five times in 2016 to discuss matters relating to the Concession, with an attendance rate of 93%.

The Committee monitors individual and collective safety and performance indicators for the corresponding action plans. The Committee also monitors workplace accident indicators for Eurotunnel employees and sub-contractors present on the site; it supports measures launched to improve results in this area and, in particular, those aimed at developing a safety culture within the company.

Due to the particularly high levels of activity, two of the five Concession meetings focused solely on security issues: prevention of attempts to illegally cross the English Channel and illegal intrusions at the Coquelles site, coordination with government authorities to strengthen controls, IT security, etc.

The main issues with respect to rail safety were, like last year, the monitoring of major projects and particularly the installation of GSM-R, the commissioning of new Truck Shuttles and the preparation of ElecLink, as well as changes in the Truck Shuttle superstructures and methods for inspecting tarpaulin-covered trucks and the evacuation procedures of passenger trains. Given the importance and complexity of the ElecLink project, dedicated Committee meetings will be held to discuss progress in the coming years, the first of which was held in January 2017.

The committee also meets to consider issues related to rail freight subsidiaries, with one meeting held to discuss GBRf in the first-half of 2016 (before the Group sold this subsidiary) and two meetings held to discuss Europorte France in 2016. For each of these companies, the Committee monitors safety indicators and the employee training and awareness actions implemented. The Committee also analyses the key incidents affecting operations and considers remedies.

The key operational managers attend each of the Committee meetings with regards to their area of the business:

- for the Concession: the Chief Operating Officer for the Concession, the safety director, the security director, the public affairs director and the internal audit director;
- for each of the rail freight subsidiaries: the managing director of the subsidiary, the operations director and the safety manager.

Other managers may attend the Committee meetings depending on the matters under consideration by the Committee, in particular, the Deputy Chief Executive Officer and the Group's safety director. Finally, since 2013, the Committee has engaged in discussions with the management of certain key sub-contractors, who present their actions and results with regards to safety and security.

Between the start of the year and 28 February 2017, the Committee held two meetings.

Strategy and Sustainable Development Committee

The Strategy and Sustainable Development Committee considers all questions concerning the strategic and environmental objectives of the company or the Group and reports on these to the Board.

In its strategic function, the Committee intervenes in the following fields:

- strategic objectives of GET SE and the Group,
- significant acquisition or disposal transactions and strategic partnership agreements,
- sizeable internal restructuring operations,
- operations outside the approved strategy of GET SE or the Group,
- significant financing operations or those likely to substantially change the financial structure of GET SE or the Group.

In its sustainable development role, this Committee, which was founded as part of the Group's longstanding policy on health, safety and the environment, is responsible for considering the performance of GET SE and the Group in environmental matters and the strategic objectives designed to promote good environmental management, preserve natural resources and limit the impact of GET SE and the Group's activities on the environment.

The Strategy and Sustainable Development Committee is composed of a maximum of four Directors appointed by the Board. The Chairman and Chief Executive Officer of GET SE is a member of the Committee. The Strategy and Sustainable Development Committee meets at least once every six months, and is convened by its chairman. Depending on the agenda, the Committee may invite persons who deal with issues relating to sustainable development in the various parts of the business and representatives from the various operational departments of GET SE, the Group or the rail freight subsidiaries.

This Committee is composed of Tim Yeo, Chairman, Philippe Camu, Peter Levene and Jacques Gounon. The Committee met once in 2016. The attendance rate of the Committee was 100%.

In its strategic role, the Committee examined various development projects and monitored the progress of the project to run a high-voltage direct current cable through the Tunnel, providing interconnector capacity between France and England; it also examined the developments in the cessation of the maritime business.

As part of its environmental brief, the Committee contributed to formalise the Group's CSR policy, as indicated in chapter 6 of this Registration Document, which sets the environmental priorities of a long-term sustainable development programme built around the themes used in Eurotunnel's overall CSR strategy and detailing targets and requirements for each proposal.

Between the start of the year and 28 February 2017, the Committee held one meeting to discuss the presentation to the market of environmental data for 2016, the refinancing project, development opportunities and the development of the ElecLink project.

Ethics and Governance Committee

The growth and longevity of the Group cannot be envisaged without sharing a common heritage of ethical values and principles, which must inspire and guide the everyday actions of all the women and men of the Group. In order to enable the Directors to encourage best governance and ethical practices in the Group, the Board set up the Ethics and Governance Committee, to perform the following specific tasks:

- to develop and recommend to the Board corporate governance principles applicable to the company and monitor their subsequent implementation;
- to ensure ethical conduct and discuss any related matters that the Board (or its chairman) submits for examination.

The Ethics and Governance Committee ensures that the ethics culture and the governance principles applicable to all the employees and the executive officers are circulated within the Group.

The Ethics and Governance Committee comprises all the chairpersons of the Board's Committees. This Committee is chaired by the Chairman and Chief Executive Officer of GET SE who calls meetings of the Committee. Depending on the agenda, the Committee may invite persons who deal with issues relating to ethics and corporate governance and representatives from the various operational departments of GET SE, the Group or its subsidiaries.

This Committee comprises five Board members who each chair a Board committee so that the predominantly ethical principles adopted by the Ethics and Governance Committee may inform the work of each of the other committees. The Committee members are: Jacques Gounon (Chair), Colette Neuville, Colette Lewiner, Tim Yeo and Jean-Pierre Trotignon. It met twice in 2016 with an attendance rate of 100%. The Committee specifically reviewed the 2016 season of general meetings of SBF120 companies, studied the comments and observations received from investors ahead of the General Meeting of the Eurotunnel Group of 27 April 2016, analysed the AMF annual report on governance and compensation and that of the high committee of corporate governance (Haut Comité de Gouvernement d'Entreprise). The Committee decided upon the actions to be taken and gave guidelines for the work of the various Board committees in 2017, identifying areas for improvement. The Committee promoted, alongside general management, the anti-corruption policy and the Chairman and Chief Executive Officer's zero-tolerance message, as well as the training programme for Group employees.

Between the start of the year and 28 February 2017, the Committee met once with an attendance rate of 100%. The Ethics and Governance Committee reviewed the Board's updated internal rules and code of conduct. It also considered investor feedback gathered during governance roadshows and identified areas for improvement.

Energy Committee

The Board of Directors has set up, on a temporary basis, a committee in charge of monitoring the ElecLink project as regards the financial, economic and commercial aspects of the project, as well as the regulatory constraints (national and European) whilst the Safety and Security Committee monitors the safety and security aspects.

The Energy Committee comprises five members chosen from among the Directors. The Board nominated the following:

- Patricia Hewitt, Chair,
- Tim Yeo,
- Jacques Gounon,
- Colette Lewiner, and
- Philippe Camu.

The first meeting took place between 31 December 2016 and 28 February 2017 and all members were present.

4.2.6 BOARD OF DIRECTORS' SELF-ASSESSMENT

An assessment of the Board is carried out each year in accordance with recommendation 9 of the Afep/Medef Code in a process overseen by the Senior Independent Director. The assessment is based on a detailed anonymous questionnaire addressing the

roles and skills of the Board, its functioning as a whole and the individual areas of its activity and that of its committees. Using a questionnaire makes the assessment process more objective and, as a result, the assessments made by the Directors may be weighted.

This questionnaire comprises 74 questions (of which 53 relate to the Board), around six main themes:

- composition of the Board and term of office;
- meetings of the Board (organisation of meetings, Directors' access to information, content and quality of debates, relations with committees, Directors' training, minutes);
- internal rules;
- attendance fees;
- quality of the assessment;
- role and performance of specialised committees.

11 questions relate to the committees (common items and specific items).

All members of the Board (other than the Chairman and Chief Executive Officer and Corinne Bach who was appointed on 20 December 2016), namely nine Board Directors, responded. They were invited to give a score of 1 to 5 with 1 corresponding to "fully satisfied" and 5 to "totally unsatisfied".

The Senior Independent Director presented an analysis of the findings to the Board at its meeting on 28 February 2017.

The overall average score is 1.33 (1.42 in 2015 and 1.50 in 2014). The overall opinion of Directors on the Board and its workings is largely positive. The Directors confirmed their satisfaction regarding the quality of the relations between the Directors, the quality of discussions, the information provided to the Directors, as well as the number of committees, their membership, the number of meetings and the attendance of the members. With an average score of 1.33, the effective contribution of each Director to the functioning of the Board (skills and involvement) was considered very satisfactory. The current governance structure (with a combined role of Chairman and Chief Executive Officer) was also broadly supported (1.11). Directors unanimously declared their satisfaction with the way the Board deals with periods of crisis. The Board discussed the manner in which it operates in a collegiate pooling of impartial views, and considered pragmatic ways to improve and how these might be put into practice through specific actions. The areas of improvement as highlighted by the assessment mostly related to the need to increase the participation of executive officers in Board meetings, as well as the Board's interaction with the Strategic Committee and reporting on the work programme and work of the committees.

4.2.7 CONCESSION COORDINATION COMMITTEE

The Concession Coordination Committee performs the functions of the common body specified in article 18 of the Concession Agreement. As set forth in the Concession Agreement, the Concession Coordination Committee is responsible for:

- coordinating the operation and maintenance of the Fixed Link; and
- representing the Concessionaires at the IGC with respect to all matters concerning the operation of the Fixed Link.

The members of the Concession Coordination Committee are:

- Jacques Gounon;
- Michel Boudoussier; and
- François Gauthey.

4.2.8 PRINCIPLES AND RULES RELATING TO THE DETERMINATION OF REMUNERATION AND ALL BENEFITS OF ANY KIND GRANTED TO CORPORATE OFFICERS

Principles and rules relating to the determination of remuneration and all benefits of any kind to which corporate officers are entitled are determined by the Board on the recommendation of the Nomination and Remuneration Committee in accordance with the Board's internal rules which are set out in chapter 5 of this Registration Document.

4.3. STATUTORY AUDITORS' REPORTS

4.3.1 STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE (CODE DE COMMERCE) AND DEALING WITH THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS OF GROUPE EUROTUNNEL SE

Financial year ended 31/12/2016

To the Shareholders,

In our capacity as statutory auditors of Groupe Eurotunnel SE, and in accordance with article L. 225-235 of the French Commercial Code, we hereby present our report dealing with the report prepared by the Chairman of your company in accordance with article L. 225-37 of the French Commercial Code for the financial year ended 31 December 2016.

The Chairman is responsible for preparing and submitting for the approval of the Board of Directors, a report describing the internal control and risk management procedures implemented by the company and disclosing other information as required by article L. 225-37 of the French Commercial Code dealing in particular with corporate governance.

Our own responsibility is to:

- Communicate to you any observations we may have as to the information contained in the Chairman's report and relating to the company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information; and
- Attest that the report includes the other disclosures required by article L. 225 37 of the French Commercial Code. It should be noted that we are not responsible for verifying the fair presentation of those other disclosures.

We have performed our work in accordance with the professional standards applicable in France.

Information relating to the company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information

Our professional standards require the application of procedures designed to assess the fair presentation of the information contained in the Chairman's report and relating to the company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information.

Those procedures involve in particular:

- Obtaining an understanding of the underlying internal control and risk management procedures in the area of the preparation and processing of financial and accounting information presented in the Chairman's report, and of the related documentation.
- Obtaining an understanding of the work performed as a basis for preparing that information and the existing documentation.
- Determining if any major internal control weaknesses in the area of the preparation and processing of financial and accounting information identified by us during the course of our engagement have been appropriately disclosed in the Chairman's report.

On the basis of the procedures performed, we have nothing to report on the information relating to the company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information contained in the report of the Chairman of the Board of Directors prepared in accordance with article L. 225-37 of the French Commercial Code.

Other disclosures

We hereby attest that the report of the Chairman of the Board of Directors includes the other disclosures required by article L. 225-37 of the French Commercial Code.

Statutory auditors, 28 February 2017

Paris La Défense
KPMG Audit
Department of KPMG S.A.

Courbevoie
Mazars

Fabrice Odent
Partner

Francisco Sanchez
Partner

4.3.2 SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS

General Meeting held to approve the financial statements for the year ended 31 December 2016

To the Shareholders,

In our capacity as your company's statutory auditors, we hereby report to you on regulated agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms, conditions and reasons underlying company's interest of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of article R. 225-31 of the French Commercial Code, it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R. 225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with the guidance issued by the French Institute of statutory auditors (Compagnie nationale des commissaires aux comptes) for this type of engagement. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements and commitments authorised in the course of the year

In accordance with article L. 225-40 of the French Commercial Code, we have been informed of the following agreements and commitments previously authorised by the Board of Directors.

Complementary defined contribution pension plans

Purpose and conditions

François Gauthey, Deputy Chief Executive Officer since 1 May 2016, benefited from the complementary pension and contingency scheme under article L. 242-1 of the French Social Security Code. Following the example of the French executives employed by the Group, François Gauthey received, on the French part of his salary, the complementary pension scheme open to all executives beyond the B remuneration grade. This pension scheme is a defined contribution pension plan, whose beneficiaries include people other than the Group's executives and corporate officers.

This agreement is effective since 1 May 2016. The contributions to the complementary pension and contingency scheme amount to €2,060, out of €15,719 for all beneficiaries for the reporting period ending on 31 December 2016.

This agreement was submitted for prior authorisation to the Board of Directors on 27 April 2016.

Agreements and commitments authorised since the financial year now ended

We inform you that we have not been advised of any agreement or commitment authorised since the financial year now ended to be submitted to the general meeting of shareholders for approval, under article L. 225-38 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

We inform you that we have not been advised of any agreements and commitments approved in prior years and which remained current during the year ending 31 December 2016.

Statutory auditors, 28 February 2017

Paris La Défense
KPMG Audit
Department of KPMG S.A.

Courbevoie
Mazars

Fabrice Odent
Partner

Francisco Sanchez
Partner

4.4. CORPORATE GOVERNANCE CODE

GET SE has referred to the Afep/Medef Code for drafting the report required by article L. 225-37 of the French Commercial Code, pursuant to the French law of 3 July 2008 implementing EU Directive 2006/46/EC of 14 June 2006. In accordance with recommendation 27.1 of the Afep/Medef Code, the recommendations of this Code that have not been implemented by the company and the reasons for this are set out in the report.

The company complies with almost all the recommendations of the Afep/Medef Code.

Afep/Medef Code	Recommendation not applied
Termination of the employment contract on appointment as a corporate officer	Explanation provided in section 4.1.3

The Afep/Medef Code is available at www.eurotunnelgroup.com.

4.5. ATTENDANCE BY SHAREHOLDERS AT THE GENERAL MEETING

The arrangements for attendance are described in articles 11, 27 and 29 of GET SE's by-laws, as summarised in chapter 8 of this Registration Document.

General or special meetings of shareholders are called and conducted in accordance with the conditions set by law. General Meetings are called by the Board. They are held at the registered office or any other place stated in the notice of meeting.

Any shareholder can take part in the meetings, irrespective of how many shares they hold, in person, by proxy, or by correspondence on providing proof of identity and registering the shares two business days before midnight Paris time on the day before the meeting, either in the registered accounts held by GET SE or in a securities account belonging to the shareholder at the authorised intermediary.

5. REMUNERATION AND BENEFITS

5.1.	REMUNERATION OF THE CHIEF EXECUTIVE OFFICERS	175
5.1.1	Remuneration policy (ex-ante vote)	175
5.1.2	Remuneration owed or awarded (ex-post vote)	180
5.1.3	Alignment assessment of remuneration against performance	185
5.1.4	Total amount set aside or otherwise recognised by GET SE and its subsidiaries to pay for pensions, retirement and other benefits	186
5.2.	SUMMARY TABLES OF REMUNERATION OWED OR AWARDED TO EACH CHIEF EXECUTIVE OFFICER	186
5.2.1	Elements of remuneration owed or awarded in relation to the 2016 financial year to Jacques Gounon, Chairman and Chief Executive Officer	187
5.2.2	Elements of remuneration owed or awarded in relation to the 2016 financial year to François Gauthey, Deputy Chief Executive Officer (eight-month term)	190
5.3.	SHARE OPTION PLANS/ALLOCATIONS OF PREFERENCE SHARES: PAST ALLOCATIONS TO CHIEF EXECUTIVE OFFICERS	193
5.4.	REMUNERATION OF BOARD MEMBERS AND NON-CORPORATE OFFICERS	193
5.4.1	Attendance fees	193
5.4.2	Remuneration of the members of the Executive Committee	195

5.1. REMUNERATION OF THE CHIEF EXECUTIVE OFFICERS

5.1.1 REMUNERATION POLICY (EX-ANTE VOTE)

The remuneration policy for the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer (referred to in this chapter as “chief executive officers”), as set out below was defined by the Board of Directors on 28 February 2017, upon the recommendation of the Nomination and Remuneration Committee. In accordance with the French law of 9 December 2016 on transparency, anti-corruption and modernisation of economic life, known as the “Sapin 2 Law”, this policy will be presented to the vote of the General Meeting.

a) Principles

Chief executive officers in office

Following the recommendation of the Nomination and Remuneration Committee, the Board wanted the remuneration policy for the chief executive officers, to be simple, to offer continuity over time and to be consistent with the Group’s remuneration policy, including for the management. The remuneration for the chief executive officers is linked to mid and long term growth, to the intrinsic value of the company and to the share performance.

The Board decided that the remuneration policy should take into account all key areas of the business (strategic, workforce-related, societal and environmental), and not only financial performance.

Upon the proposal of the Nomination and Remuneration Committee, the Board ensures that the remuneration of the chief executive officers is consistent with the long-term interests of the company and its shareholders, and that the different components of their remuneration (fixed and variable remuneration, possible granting of additional retirement benefits and share options or shares) are commensurate and compliant with the principles set out in the Afep/Medef Code. The Board intends that the criteria should not create a risk of encouraging chief executive officers to favour short-term goals that could influence their variable remuneration and which may have a negative influence on the company in the medium and long term.

In particular, the Board strives to adhere to the following guidelines:

- Completeness: all the elements that make up the remuneration of chief executive officers are reviewed each year: the fixed and variable elements and long-term plans, benefits in kind, attendance fees and retirement conditions.
- Intelligibility of the rules and balance: the rules are simple, stable, transparent and, where possible, enduring; each element of the remuneration is clearly substantiated and is in keeping with the general interest of the business: the variable part intended to reflect the actual contribution of the chief executive officers to the success of the Group changes according to criteria representing the results of the Group as well as the operational targets set for the year.

At the start of each financial year, the Board, on the recommendation of the Nomination and Remuneration Committee, defines each of the targets set for the chief executive officers for the relevant year and determines what proportion of the overall variable portion each of them may obtain. After the close of the financial year, the Nomination and Remuneration Committee evaluates the achievement of the targets and, based on recommendations from the Committee, the Board decides the variable part to be awarded to each chief executive officer. The variable remuneration awarded for a given financial year is therefore paid in the following year:

- The part based on the achievement of targets linked to the Group’s intrinsic annual performance is based on financial indicators determined according to Group objectives; 50% of the remuneration of the chief executive officers is based on financial indicators which are renewed year after year with a concern for sustainability and readability: since 2010, the financial criteria used for the Chairman and Chief Executive Officer are EBITDA and net profit or loss.
- The part based on the achievement of operational targets is based on criteria set taking into account determined strategic objectives which correspond to required short-term actions, which are essential for the company in the medium to long term. As an example, the reinforcement of the security of the site of the Concession was of major importance for operations in the current geopolitical context and was one of the criteria adopted in 2016. Likewise, the choice of the corporate social responsibility performance criterion reflects the Group’s history and values: from the very beginning, the Eurotunnel Group has been committed to a corporate social responsibility policy, which seeks to reconcile financial performance, social equity and environmental protection. In a logic of continuous improvement, the Group created a composite CSR index for the Group in order to quantify the company’s performance in this area.
- The long-term incentive plans (free shares subject to performance conditions) are based on internal performance (EBITDA objective) and external criteria for a financial alignment with the long-term interests of the shareholders, in such a way as to enhance the decisions of the managers, which are crucial for the future of the company, and which could have an impact only over the long term.
- Measurement: remuneration is determined taking into account the general interests of the business, market practices and the performance of the chief executive officers.

5 REMUNERATION AND BENEFITS

- Internal and external consistency: the Nomination and Remuneration Committee ensures that the remuneration policy proposed to the Board of Directors is:
 - adapted to each individual's responsibilities;
 - consistent with the remuneration policy for the employees of the Group;
 - in line with comparable groups; in order to consider the consistency of the remuneration of the Chairman and Chief Executive Officer and of the Deputy Chief Executive Officer, the committee examines the positioning of their remuneration in relation to remuneration paid by a peer group; and
 - linked to the performance of the ordinary shares of GET SE, in order to optimise the performance of committed capital and to align incentives between chief executive officers and shareholders.

Taking up or leaving an office of chief executive officers

In accordance with the Afep/Medef Code, a "golden hello" allowance, which is payable on taking up new duties can be awarded only to a new chief executive officer coming from a company outside of the Group to offset the loss of advantages that the executive may have benefited from in his previous position. The allowance must be explicit and the amount must be made public when it is set, even in the case of a deferred payment or payment in instalments.

The predefined allowance, to be paid when ceasing the functions of a chief executive officer, are subject to prior approval under the procedure set for regulated agreements. The departure indemnity cannot exceed, where applicable, two years of remuneration (annual fixed and variable).

When a non-competition clause is furthermore stipulated, the Board of Directors has to resolve whether or not to apply the clause at the time of the departure of the chief executive officer, in particular when the chief executive officer is leaving the company to avail himself of or after having availed himself of his retirement rights.

In any case, the total amount of the two allowances cannot exceed this ceiling of two years of remuneration (annual fixed and variable). The ceiling also covers, where applicable, the allowances linked to employment contract termination. Should the chief executive officer leave before the expiration of the scheduled duration for the assessment of the performance criteria mechanisms for long-term remuneration, the maintaining of all or of a portion of the benefit of the long-term remuneration or its payment depends on the decision of the Board of Directors and this decision must be justified.

b) Breakdown of the remuneration of chief executive officers in office

The remuneration awarded to chief executive officers is structured in the same way, with differences in amounts and criteria, so as to take into account the nature of the office, in terms of experience and responsibilities.

i) Remuneration of the Chairman and Chief Executive Officer

The remuneration of the Chairman and Chief Executive Officer, Jacques Gounon, is comprised of:

- a fixed annual remuneration;
- an annual variable remuneration subject to performance criteria;
- attendance fees;
- benefits in kind;
- a supplementary defined contribution retirement plan;
- a long-term variable remuneration in the form of free shares granted subject to performance criteria.

The Chairman and Chief Executive Officer is not entitled to any severance or non-competition contractual payments. He is not eligible to benefit from the collective schemes for the allocation of free shares that are in place within the Group for all the employees.

The remuneration of the Chairman and Chief Executive Officer is comprised of three comparable parts: $\frac{1}{3}$ annual fixed remuneration, $\frac{1}{3}$ annual variable remuneration and $\frac{1}{3}$ long-term variable remuneration.

Annual fixed remuneration

The fixed part of the gross annual remuneration of the Chairman and Chief Executive Officer has been set at €500,000 since 1 April 2013. It has not been amended since and is maintained for 2017.

Annual variable remuneration

The variable part of the annual remuneration of the Chairman and Chief Executive Officer is determined using a target remuneration equal to 120% of the annual fixed remuneration. It changes according to the criteria that represent the results of the company. The ceiling is set at 120% of fixed remuneration. Payment of the annual variable remuneration is not deferred.

50% of it is subject to two financial criteria: net results and EBITDA.

Quantitative objectives

- Consolidated net result for the year compared with the net result estimated in the budget (25%); at constant exchange rates on a like-for-like basis to date: activities of the Fixed Link and of the French branch of Europorte, as well as the related activities and ElecLink, and excluding the maritime segment;
- EBITDA target (25%): set out by the Board of Directors on 28 February 2017 for 2017 (€530 million in 2017, based on an exchange rate of £1=€1.175) on a like-for-like basis to date: activities of the Fixed Link and of Europorte, as well as the related activities and ElecLink, excluding the maritime segment;
- ElecLink (10%): strategic steering of the ElecLink project (appropriate balance between cost, quality and timing);
- Finalisation of the debt refinancing process (10%), implementation of the refinancing plan in order to reduce, over the duration, the cost of servicing the debt; the indicator includes a reduction in the duration and in the debt service cost;
- Consolidation of the securing of the site at Coquelles over the long term (5%); the Board of Directors will take into consideration the adequacy of the expenses and the security measures and the continuation of the technological surveillance which further aim to improve the performance of the Concession, in terms of security, without altering the quality of the service;
- Composite CSR Index (10%): for 2017, the Board decided to maintain the composite CSR performance index: tightened, stable, relevant, and balanced, this index is structured around four themes directly related to the Group's operations: health/safety, social climate, greenhouse gas emissions and customer satisfaction. For each of these themes, indicators and targets enable the calculation of an achievement rate of the composite index. The social and environmental indicators are certified every year by the auditors, as an independent third-party organisation.

Qualitative objectives

Long-term development strategy (15%): masterplan strategic orientation, (objective, financing, communication, share price more in line with the core value of the business).

Methodology

The budgetary targets for 2017 were determined according to the Group's budget, as reviewed by the Board. For confidentiality reasons, the quantitative targets set for each of the above quantitative criteria are not disclosed.

The financial data is adjusted for exceptional external factors in order to neutralise their impact and keep genuinely comparable data: at a constant exchange rate and on a comparable basis.

The annual variable remuneration of the Chairman and Chief Executive Officer is adjusted as follows, depending on the degree of achievement of the target concerned:

- 50% of the maximum if 80% of the target is achieved;
- 60% of the maximum if 85% of the target is achieved;
- 80% of the maximum if 90% of the target is achieved;
- 90% of the maximum if 95% of the target is achieved;
- 100% of the maximum starting at 100% of the achievement of the objective; with, starting in 2017, a linear increase in the percentage up to the ceiling of 120%.

This scale, which now also includes the CSR composite index, enables some criteria to be taken into account when certain targets are surpassed, without however the total amount exceeding the maximum of 120% set by the Board for the variable part of the remuneration.

Long-term variable benefits

On 27 April 2017, the General Meeting will be asked to authorise the granting of 1,200,000 ordinary shares with performance criteria to executives and senior managers including the chief executive officers. The final allocation of the ordinary shares would be based on achieving the following three cumulative performance criteria (with one being external to the Group and the two others internal to the Group):

- the **external performance** condition (the "TSR weighting") would be based on the average performance including dividends (TSR) compared to that of the GET ordinary share over a period of three years with respect to the Dow Jones Infrastructure Index. This element determines **40% of the total number** of shares that can be granted. The final attribution of ordinary shares linked to this condition will vary according to the stages reached in the objective, keeping in mind that:
 - should the TSR of the GET ordinary share be less than the performance of the index over the aforementioned period of three years, there would not be any grant;
 - should the TSR of the GET ordinary share be equal to the performance the index over the aforementioned period of three years, 15% of the number that can be granted would be granted; with a maximum total of 40% of the total number that can be granted;

- the first **internal performance** condition (the “EBITDA weighting”) would be based on the Group’s financial performance, assessed by reference to the average rate of achievement of EBITDA over a period of two years covering 2018 and 2019 at constant exchange rates and comparable scope. This element determines **50% of the total number** of shares that can be granted. The final attribution of shares linked to this condition would vary according to the stages reached in the objective, keeping in mind that:
 - should the average rate of achievement of EBITDA in 2018 and 2019 be less than 100% of the average of the EBITDA communicated to the market by Groupe Eurotunnel SE for the periods 2018/2019, there would not be any attribution; and
 - should the average rate of achievement of EBITDA in 2018 and 2019 be equal to 100% of the average of the EBITDA target communicated to the market by Groupe Eurotunnel SE for the periods 2018/2019, 15% of the number that can be granted would effectively be granted; with the total amount being limited to 50% of the total number that can be granted.
- finally, the second internal performance condition (the “CSR weighting”) would be based on the CSR composite index (the “CSR index”): based on four themes with a direct link to the Group’s activities:
 - health/safety (frequency of work-related accidents which for the Group measures the change in the number of lost time accidents);
 - absenteeism (rate of absence which measures unscheduled absences);
 - greenhouse gas emissions which measures the efforts to reduce the Group’s emissions; and
 - the customer satisfaction rate, which assesses the quality of the service offered to the customers of the Concession.

Indicators and targets are determined for each of these items, so as to calculate the level of achievement of the composite index, in accordance with the criteria set out for each item for the year 2019. This element determines **10% of the total number** of shares that can be granted.

The final vesting of shares linked to this condition would vary according to the stages reached in the objective, keeping in mind that should the CSR performance at the end of 2019 be below the Target CSR Index for 2019, there would not be any grant; with the whole being limited to 10% of the number that can be granted.

The exact number of ordinary shares that would be acquired by the beneficiaries at the end of the vesting period would depend on the degree of achievement of the performance, keeping in mind that should the target objective not be met, no shares would be granted, that starting at 100% achievement, the grant would be made according to a progressive scale in stages, depending on the degree of achievement of the objectives and keeping in mind that 100% of the shares would be acquired only if the global weighted performance reaches 112%.

The Board of Directors decided that the grant to each chief executive officer must not exceed 10% of each grant, and that, in accordance with article L. 225-185 of the French Commercial Code, Jacques Gounon, as a chief executive officer, shall keep for the entire term of his appointment, 50% of the ordinary shares allotted upon exercise of the options granted under the various schemes.

Furthermore, pursuant to the recommendations of the Afep/Medef Code, Jacques Gounon has reiterated in writing his commitment not to undertake hedging transactions.

Benefits in kind and attendance fees

Jacques Gounon receives an allowance for the use of his personal vehicle in accordance with the current “car policy cash allowance”.

Jacques Gounon receives attendance fees for his role as a Board Director of GET SE.

Supplementary defined contribution pension plan, and death and disability insurance

The Chairman and Chief Executive Officer does not have a defined benefit pension plan. The Chairman and Chief Executive Officer benefits, with respect to the French part of his remuneration, from a supplementary pension plan applicable to all senior managers above the B remuneration bracket. On the French and English part of his remuneration, the Chairman and Chief Executive Officer benefits from a basic pension plan and from a supplementary pension plan. The Chairman and Chief Executive Officer is covered by a death and disability insurance, as well as by an individual accident policy that is available to GET SE staff.

ii) Deputy Chief Executive Officer

The remuneration of the Deputy Chief Executive Officer, François Gauthey, is comprised of:

- a fixed annual remuneration;
- an annual variable remuneration subject to performance criteria;
- benefits in kind;
- a supplementary defined contribution retirement plan;
- a long-term variable remuneration in the form of free shares granted subject to performance criteria.

Annual fixed remuneration

The fixed part of the annual gross remuneration of the Deputy Chief Executive Officer is set at €375,000 and will be increased by 4%, i.e. an annual amount of €15,000, bringing it to an annual gross amount of €390,000 as at 1 May 2017. The positioning of the remuneration of the Deputy Chief Executive Officer was assessed with respect to the responsibilities assumed and by taking into account the levels of remuneration granted for the executive officers of comparable companies, as well as the remuneration policy of the members of the Executive Committee.

Annual variable remuneration

The variable part of the annual remuneration of the Deputy Chief Executive Officer is determined using a target remuneration equal to 65% of the annual fixed remuneration. It changes according to the criteria that represent the results of the Group. The ceiling is set at 65% of fixed remuneration. The payment of variable remuneration is not deferred.

50% of this remuneration is subject to two financial criteria: EBITDA and operational cash flow.

Quantitative objectives

- Consolidated EBITDA target (25%): set by the Board of Directors on 28 February 2017 (€530 million in 2017, based on an exchange rate of £1=€1.175), on a like-for-like basis to date: activities of the Fixed Link and of Europorte, as well as the related activities and ElecLink, excluding the maritime segment.
- Consolidated operating cash flow for the year, compared with the net amount forecast in the budget (25%); at a constant exchange rate and on a like-for-like basis to date: activities of the Fixed Link and of Europorte, as well as the related activities and ElecLink, excluding the maritime segment.
- Finalisation of the refinancing process (15%): implementation of the refinancing project (refinancing of specific tranches of the Term Loan and the reorganisation of the Group's internal legal structure), in order to minimise, over the duration, the cost of servicing the debt; the indicator covers the quantified objective of reducing the debt service cost (at a constant exchange rate) and the implementation of the steps scheduled for the internal reorganisation of the Group's legal structure.
- ElecLink (15%): operational control of the project (deadline and budget control).
- Europorte (10%): achievement of the performance improvement plan in accordance with budget; quantitative criterion set based on the attainment of the budget objectives.

Qualitative objectives

Investment plans for the Fixed Link segment (10%), the Board of Directors will in particular take into consideration, the capacity of the Deputy Chief Executive Officer to review investment plan of projects for the Fixed Link segment, according to the difficulty, the cost and the potential gains, to put these plans into perspective with the Group's investment strategy and assess them, in the medium and long term, with respect to the company's assets, their feasibility in terms of cost/benefit ratio and their capacity to create value.

Methodology

The budgetary targets for 2017 were determined according to the Group's budget, as reviewed by the Board. For confidentiality reasons, the quantitative targets set for each of the above quantitative criteria are not disclosed. The financial data is adjusted for exceptional external factors in order to neutralise their impact and keep genuinely comparable data: at a constant exchange rate and on a like-for-like basis.

The annual variable remuneration of the Deputy Chief Executive Officer is adjusted as follows, depending on the degree of achievement of the target concerned:

- 50% of the maximum if 80% of the target is achieved;
- 60% of the maximum if 85% of the target is achieved;
- 80% of the maximum if 90% of the target is achieved;
- 90% of the maximum if 95% of the target is achieved;
- 100% of the maximum starting at 100% of the achievement of the objective; with, starting in 2017, a linear change in the percentage up to the ceiling of 120%.

This scale, which now also includes the CSR composite index, enables some criteria to be taken into account when certain targets are surpassed, without however the total amount exceeding the maximum of 120% set by the Board for the variable part of the remuneration.

Long-term variable benefits

As for the remuneration of the Chairman and Chief Executive Officer, the General Meeting on 27 April 2017 will be asked to authorise the granting to senior officers, including the chief executive officers of 1,200,000 ordinary shares subject to performance

5 REMUNERATION AND BENEFITS

criteria, with the number granted to the Deputy Chief Executive Officer being limited to 10% of the full grant. The final granting of the ordinary shares would be conditional on the achievement of the three cumulative performance criteria which are identical to the 2016 scheme (with one being external to the Group and the two others internal to the Group).

Benefits in kind

The Deputy Chief Executive Officer has a company car, which represented a benefit in kind worth €208.64 per month.

Supplementary defined contribution pension plan, and death and disability insurance

The Deputy Chief Executive Officer does not have a defined benefit pension plan. He benefits from the same supplementary pension plan offered to all senior managers above the B remuneration bracket. This plan, whose beneficiaries include people other than the Group's chief executive officers, is not a defined benefit plan. It is a defined contribution plan which would have granted the Deputy Chief Executive Officer an estimated pension of €9,634 per year (non-commutable annuity), assuming retirement at the age of 65.

The Deputy Chief Executive Officer is covered by the staff private death and disability insurance and the personal accident policy available to employees of GET SE.

5.1.2 REMUNERATION OWED OR AWARDED (EX-POST VOTE)

The remuneration owed or awarded to the chief executive officers for 2016 will be voted on by the General Meeting of 27 April 2017, pursuant to the Afep/Medef Code. Paragraph 26.2 of the Code specifies that in the event of a negative vote, the Board of Directors must meet and consider, within a reasonable period of time, the reasons for this vote and the expectations expressed by the shareholders. The amounts of remuneration set out in this chapter cover all remuneration owed or awarded to the chief executive officers, for all of their terms of office or duties within the Group.

a) Remuneration of the Chairman and Chief Executive Officer for 2016

The remuneration owed to the Chairman and Chief Executive Officer, Jacques Gounon, for 2016 is comprised of:

- a fixed annual remuneration;
- an annual variable remuneration subject to performance criteria;
- attendance fees;
- benefits in kind;
- a supplementary defined contribution retirement plan;
- a long-term variable remuneration in the form of free shares granted subject to performance criteria.

Annual fixed remuneration for 2016

The fixed part of the gross annual remuneration of the Chairman and Chief Executive Officer owed for 2016 is €500,000.

Annual variable remuneration for 2016

Limit

The ceiling for the variable part of the Chairman and Chief Executive Officer annual remuneration is 120% of the annual basic salary; it was calculated on the basis of a target equal to 100% of the annual fixed remuneration.

Criteria

The Board of Directors had decided, for the sake of consistency and transparency of information, to keep the two financial criteria used in previous years, the criterion of the net result, and the published EBITDA target. The Board decided to maintain, as in previous years, the proportion of 50% for operational criteria, so that the performance criteria cover all the company's challenges.

- Consolidated net result for the year compared with the net result estimated in the budget (25%).
- EBITDA target (25%): €560 million in 2016 based on an exchange rate of £1=€1.375.
- Refinancing of the debt (10%): achievement of this objective being assessed in the light of the relevance of the choices and of the result.
- Adequacy of security plans for the Fixed Link in the long term (15%): achievement of this objective being assessed in the light of the effective implementation of additional security measures and the impact of these measures.
- Composite CSR Index (10%): for 2016, the Board decided to maintain the composite CSR performance index: tightened, stable, relevant, and balanced, this index is organised around four themes directly related to the Group's operations: health/safety, social climate, greenhouse gas emissions and customer satisfaction. For each of these themes, indicators and targets enable the calculation of an achievement rate of the composite index.

- Institutional strategy and growth drivers (15%): the long-term vision sets the framework for development plans, which include actions and measures, as objectives and indicators. The relevant objectives are linked to relations with stakeholders, including public authorities and growth leverage. The indicators are used to monitor progress.

The variable remuneration of the Chairman and Chief Executive Officer was adjusted as follows, depending on the degree of achievement of the target concerned:

- 50% of the maximum if 80% of the target is achieved;
- 60% of the maximum if 85% of the target is achieved;
- 80% of the maximum if 90% of the target is achieved;
- 90% of the maximum if 95% of the target is achieved;
- 100% of the maximum if 100% of the target is achieved;
- 110% of the maximum (exceptional bonus) if 110% of the target is achieved;
- 120% of the maximum (exceptional bonus) if 120% of the target is achieved.

This scale enables the over-performance of some criteria to be taken into account, without however the total amount exceeding the maximum set by the Board for the variable part of the remuneration (120%).

On 9 February 2017, the Nomination and Remuneration Committee examined the performance of the Chairman and Chief Executive Officer by comparing the results achieved with the above target indicators and made recommendations to the Board. The Committee noted the value created by the Chairman and Chief Executive Officer for the business, in the difficult post-referendum geopolitical environment.

The Committee noted that the net profit target had been exceeded by 120% and that, therefore, the variable portion of this criterion, was limited to 120%. Excluding restatements, the actual net results compared to the net result forecast in the budget, would have been achieved by more than 150%. In order to allow for a comparison on a like-for-like basis and at the same exchange rate, and retain data that is genuinely comparable, the net result generated in 2016 was recalculated at the rate of exchange at which the budget had been prepared and restated to exclude net exchange gains; the impact of the net profit from discontinued activities, which was taken into account in the assessment of the strategic development criterion, was also removed from the result. After restatement, the target was exceeded by more than 120%.

The Committee noted that for the EBITDA objective, recalculated on the basis of an exchange rate of £1=€1.375 used in 2016 to announce the objective, had been exceeded but had not however reached the 110% tranche and that therefore the degree of achievement of this criterion was set at 100% of the 25%.

With regards to the adequacy of the security plans of the Fixed Link, the Committee assessed the pertinence of the tactical and strategic choices in terms of the implementation and timing of the security arrangements, with a reinforcement of the measures to secure the site with a fast and effective reaction on three levels (infrastructure expenses, mobilisation of human resources and relations with the States) and their results and noted the outperformance (120%) compared to the objectives.

The Committee commended the work carried out in analysing and organising the refinancing, the implementation of which was postponed to 2017. The Committee considered that this objective was only partially achieved (€45,000).

In the CSR composite index, the Committee noted, in light of the results for 2016, compared to the benchmark values, the over-performance of the greenhouse gas objective, with a decrease in the emissions of greenhouse gases of 12% compared to the previous year on a like-for-like basis, the non-attainment of the objective to reduce absenteeism and, through a substantial improvement in terms of accidents, the realisation of the objective and that the result of the CSR index was achieved at 115.41%, i.e. an attainment of 110%.

With regards to the institutional strategy and growth drivers, the Committee commended the successful refocusing that has taken place with the sale of GBRf, and, for the French part of Europorte, with the redefinition of the strategy concentrated on contracts with added value, while still continuing the development projects of the infrastructure of the Tunnel.

Details concerning the annual variable remuneration owed for 2016

Criteria	Target	Performance	Amount owed (euros)
Net result	25%	120%	150,000
EBITDA	25%	100%	125,000
Debt refinancing	10%	75%	45,000
Adequacy of the security plans	15%	120%	90,000
Institutional strategy and growth drivers	15%	120%	90,000
Composite CSR index	10%	110%	55,000

5 REMUNERATION AND BENEFITS

At its meeting on 28 February 2017, the Board of Directors assessed the performance of the Chairman and Chief Executive Officer by reference to the performance indicators set out above. The performance of the Chairman and Chief Executive Officer was deemed to be very good in the still complex geopolitical environment of 2016. Following the recommendations of the Nomination and Remuneration Committee, the Board, given the recognised achievements, fixed the Chairman and Chief Executive Officer's variable remuneration for the year ended 31 December 2016 at €555,000.

In total, the amount of the annual variable portion amounted to 92.5% of the maximum.

Benefits in kind and attendance fees for 2016

For 2016, Jacques Gounon received an indemnity for the use of his personal vehicle which, in application of the "Car policy cash allowance", modified in 2016, rose from £540 per month to £800 per month, or €11,674 for the year (2015: £6,480 or €8,910 based on the exchange rate used for the 2015 income statement). The "Car policy cash allowance" had remained unchanged since 2008.

Jacques Gounon received attendance fees for his role as a Director of GET SE (see the table in section 5.4.1).

Supplementary defined contribution pension plan, and death and disability insurance for 2016

The Chairman and Chief Executive Officer does not have a defined benefit pension plan. The Chairman and Chief Executive Officer benefits, with respect to the French portion of his remuneration, from the same supplementary pension plan available to any other senior manager employed above the B remuneration bracket. This plan, whose beneficiaries include people other than the Group's executive officers, is not a defined benefit plan. It is a defined contribution plan, which would currently grant the Chairman and Chief Executive Officer an estimated pension of €4,115 per year (non-commutable annuity), assuming he retires at the age of 65.

With respect to the French and British portion of his remuneration, he benefits from basic retirement benefits and supplementary retirement benefits. Regarding contributions, the contribution base is the gross annual salary broken down by tranches (A, B, C and beyond C) and the applied rates, with regard to the employee's contributions is 2% for tranche C, and, with regard to the employer's contributions of 0.50% on the tranche A, 0.50% for tranche B, 7.50% on tranche C and 0.00% beyond the C tranche. There is an exemption from French social security charges associated with the charge to the company within the limit of 5% of the remuneration capped at five times the annual French social security ceiling and a fixed rate of 20% on the exempt portion. For tax purposes, the employer contributions are deductible from the result. In 2016, the contributions for this complementary supplementary defined contribution pension scheme amounted to €19,258 (2015: €18,970) for the employee contribution and €31,172 (2015: €30,107) for the employer contribution. In 2016, the contributions for this supplementary defined contribution pension scheme amounted to €1,545 (2015: €1,552) out of a total of €15,719 for all of the employees concerned (2015: €13,733) and, for the employer contribution and €6,179 (2015: €6,087), out of a total of €66,127 (2015: €59,007) for all employees concerned.

The Chairman and Chief Executive Officer is covered by the staff private death and disability insurance and the personal accident policy available to employees of GET SE.

Long-term variable benefits for 2016

As part of the partnership governance, where the interests of all stakeholders are taken into account, Groupe Eurotunnel SE has introduced performance-linked benefits for employees and executive officers, in order to align employees' and senior managers' interests with those of shareholders and to maximise shareholder value.

The first component of the mechanism aims to involve non-executive employees in the development of the business through collective plans for the free allocation of shares to employees. As with the previous plans, the Chairman and Chief Executive Officer was excluded from the list of employees eligible to benefit from the collective free share allocation authorised by the General Meeting of 27 April 2016.

The second component aims to favour the performance of the senior managers over the long term, with free shares which have performance conditions attached.

For each of these grants, the Board ensured that the grants to the Chairman and Chief Executive Officer did not exceed 10% of the overall attribution for the 2016 plan.

Performance condition shares for 2016

For 2016, Jacques Gounon was granted 120,000 free shares subject to performance criteria, the granting of which was authorised by the General Meeting of 27 April 2016 which authorised the granting of a total of 1,200,000 ordinary shares subject to

performance criteria. The vesting of the ordinary shares is based on achieving the following three cumulative performance criteria (with one being external to the Group and the two others internal to the Group):

- the **external performance** condition (the “TSR weighting”) is based on the average performance including dividends (TSR) of the GET ordinary share over a period of three years compared to the median of the TSR of the components of the Dow Jones Infrastructure Index. This element determines 40% of the total number of shares that can be granted. The final attribution of ordinary shares linked to this condition will vary according to the stages reached in the objective, keeping in mind that:
 - should the TSR of the GET ordinary share be less than the median of the TSR of the components of the index over the aforementioned period of three years, there will not be any attribution;
 - should the TSR of the GET ordinary share be equal to the median of the TSR of the components of the index over the aforementioned period of three years, 15% of the number that can be granted will be granted; with a maximum total of 40% of the number that can be granted;
- the first **internal performance** condition (the “EBITDA weighting”) is based on the Group’s financial performance, assessed by reference to the average rate of achievement of EBITDA over a period of two years covering 2017 and 2018. This element determines 50% of the total number of shares that can be granted. The final attribution of shares linked to this condition will vary according to the stages reached in the objective, keeping in mind that:
 - should the average rate of achievement of EBITDA in 2017 and 2018 be less than 100% of the average of the EBITDA communicated to the market by Groupe Eurotunnel SE for the periods 2017/2018, there will not be any attribution; and
 - should the average rate of achievement of EBITDA in 2017 and 2018 be equal to 100% of the average of the EBITDA communicated to the market by Groupe Eurotunnel SE for the periods 2017/2018, 15% of the number that can be granted would effectively be granted; with the total amount being limited to 50% of the total number that can be granted.
- finally, the second internal performance condition (the “CSR weighting”) is based on the CSR composite index (the “CSR index”): tightened, stable, pertinent and balanced, this index is structured around four themes with a direct link to the Group’s activities:
 - health/safety (frequency rate of work-related accidents which, for the Group, measures the change in the number of lost time accidents);
 - absenteeism (rate of absence which measures unscheduled absences);
 - greenhouse gas emissions which measures the efforts to reduce the Group’s emissions; and
 - the customer satisfaction rate, which assesses the quality of the service offered to the customers of the Concession.

Indicators and targets are determined for each of these items, so as to calculate the level of achievement of the composite index, in accordance with the criteria set out for each item for the year 2018. This element determines 10% of the total number of shares that can be granted.

The final vesting of shares linked to this condition will vary according to the stages reached in the objective, keeping in mind that should the CSR performance at the end of 2018 be below the Target CSR Index for 2018, there will not be any grant; with the whole being limited to 10% of the number that can be granted.

The exact number of ordinary shares that will be acquired by the beneficiaries at the end of the vesting period will depend on the degree of achievement of the performance, keeping in mind that should the target objective not be met, no shares will be granted, that starting at 100% achievement, the grant will be made according to a progressive scale in stages, depending on the degree of achievement of the objectives and keeping in mind that 100% of the shares will be acquired only if the global weighted performance reaches 112%.

b) Remuneration of the Deputy Chief Executive Officer for 2016

François Gauthey, previously the Chief Financial and Corporate Officer, was appointed Deputy Chief Executive Officer of Groupe Eurotunnel SE on 1 May 2016. His employment contract has been suspended throughout the entire duration of his term as Deputy Chief Executive Officer.

The remuneration of the Deputy Chief Executive Officer François Gauthey, as determined by the Board upon the recommendation of the Nomination and Remuneration Committee, was comprised in 2016 of:

- a fixed annual remuneration;
- an annual variable remuneration subject to performance criteria;
- benefits in kind;
- a supplementary defined contribution retirement plan;
- a long-term variable remuneration in the form of free shares granted subject to performance criteria.

Annual fixed remuneration for 2016

The fixed remuneration of the Deputy Chief Executive Officer was set at a gross annual sum of €375,000 for the 2016 financial year, i.e. €250,000 for the eight months of his term.

5 REMUNERATION AND BENEFITS

Annual variable remuneration for 2016

The annual variable remuneration of the Deputy Chief Executive Officer is capped at 65% of the fixed remuneration, i.e. for the period of eight months of the term, a maximum of €162,500.

For 2016, the Board set the following two financial criteria.

Financial objectives

- EBITDA target (25%): €560 million in 2016 based on an exchange rate of £1=€1.375; the Board of Directors acknowledged that this objective, recalculated on the basis of an exchange rate of £1=€1.375 used in 2016 to announce the objective, had been exceeded, but had not however reached the 110% tranche and that therefore the degree of achievement of this criterion was 100% of the 25%.
- Free cash flow (25%): free cash flow as at 31 December 2016, compared to the budget. The Board of Directors noted that this objective, recalculated on the basis of the exchange rate used for the budget, was exceeded and reached the 120% tranche and that therefore, the degree of achievement of this criterion was 120% of the 25%.

Quantitative objectives

- Debt refinancing process (15%): analysis and design of a refinancing plan in order to minimise, over time, the cost of debt service: the Nomination and Remuneration Committee and the Board noted the work performed and the achievement of this objective at 100%.
- Work-related accidents and absenteeism (10%): the Board noted the drop in the Group's frequency of work-related accidents, reduced from 11 to 8.6 in 2016, but also a slight increase in the Group's rate of absenteeism, increasing from 4.37 in 2015 to 4.52 in 2016. The Board considered that this objective was achieved at only 45%.

Qualitative objectives

Europorte operational management in France (25%): the management has redefined the strategy and the objectives for the upcoming three years, focusing on contracts with added value in order to improve productivity so as to be able to mitigate the extra costs associated with the railways collective bargaining agreement and control costs. This strategy was presented to the Board which observed that the objective was fully achieved (100%).

Breakdown concerning the annual variable remuneration owed for 2016 (eight months)

Criteria	Target	Performance	Amount owed (euros)
EBITDA	25%	100%	40,625
Free cash flow	25%	120%	48,750
Debt refinancing process	15%	100%	24,375
Work-related accidents and absenteeism	10%	45%	7,312
Europorte operational management	25%	100%	40,625

At its meeting on 28 February 2017, the Board of Directors assessed the performance of the Deputy Chief Executive Officer during his term of eight months by reference to the performance indicators set out above. Following the recommendations of the Nomination and Remuneration Committee, the Board, given the recognised achievements, set the Deputy Chief Executive Officer's variable remuneration for the eight-month term in 2016 at €161,687.

Benefits in kind for 2016

The Deputy Chief Executive Officer had a company car, which represented a benefit in kind worth €208.64 per month.

Supplementary defined contribution pension plan, and death and disability insurance for 2016

The Deputy Chief Executive Officer did not have a defined benefit pension plan. He benefited from the same supplementary pension plan offered to all senior managers above the B remuneration bracket. This plan, whose beneficiaries include people other than the Group's executive officers, is not a defined benefit plan. It is a defined contribution plan which would have granted the Deputy Chief Executive Officer an estimated pension of €9,634 per year (non-commutable annuity), assuming retirement at the age of 65.

The Deputy Chief Executive Officer benefited from basic retirement benefits and supplementary retirement benefits. In 2016, employee contributions to this supplementary defined contribution pension scheme totalled €16,048 and employer contributions totalled €25,977. In 2016, employee contributions to the supplementary pension scheme totalled €2,060 out of a total of

€15,719 for all employees concerned, while employer contributions totalled €8,238 out of a total of €66,127 for all employees concerned.

The Deputy Chief Executive Officer was covered by the staff private death and disability insurance and the personal accident policy available to employees of GET SE.

Compensation linked to taking up a position

No “golden hello” allowance has been awarded to François Gauthey, and nor has he been granted any exceptional indemnity.

Long-term variable benefits for 2016

For the year 2016, François Gauthey was allocated 110,000 free shares subject to performance criteria, the granting of which was authorised by the General Meeting of 27 April 2016 which authorised the granting of a total of 1,200,000 ordinary shares subject to performance criteria. The vesting of the ordinary shares is based on achieving the following three cumulative performance criteria (with one being external to the Group and the two others internal to the Group):

- the **external performance** condition (the “TSR weighting”) is based on the average performance including dividends (TSR) of the GET ordinary share over a period of three years compared to the median of the TSR of the components of the Dow Jones Infrastructure Index. This element determines 40% of the total number of shares that can be granted. The final attribution of ordinary shares linked to this condition will vary according to the stages reached in the objective, keeping in mind that:
 - should the TSR of the GET ordinary share be less than the median of the TSR of the components of the index over the aforementioned period of three years, there will not be any attribution;
 - should the TSR of the GET ordinary share be equal to the median of the TSR of the components of the index over the aforementioned period of three years, 15% of the number that can be granted will be granted; with a maximum total of 40% of the number that can be granted;
- the first **internal performance** condition (the “EBITDA weighting”) is based on the Group’s financial performance, assessed by reference to the average rate of achievement of EBITDA over a period of two years covering 2017 and 2018. This element determines 50% of the total number of shares that can be granted. The final attribution of shares linked to this condition will vary according to the stages reached in the objective, keeping in mind that:
 - should the average rate of achievement of EBITDA in 2017 and 2018 be less than 100% of the average of the EBITDA communicated to the market by Groupe Eurotunnel SE for the periods 2017/2018, there will not be any attribution; and
 - should the average rate of achievement of EBITDA in 2017 and 2018 be equal to 100% of the average of the EBITDA communicated to the market by Groupe Eurotunnel SE for the periods 2017/2018, 15% of the number that can be granted would effectively be granted; with the total amount being limited to 50% of the total number that can be granted.
- finally, the second internal performance condition (the “CSR weighting”) is based on the CSR composite index (the “CSR index”): tightened, stable, pertinent and balanced, this index is structured around four themes with a direct link to the Group’s activities:
 - health/safety (frequency rate of work-related accidents which, for the Group, measures the change in the number of lost time accidents);
 - absenteeism (rate of absence which measures unscheduled absences);
 - greenhouse gas emissions which measures the efforts to reduce the Group’s emissions; and
 - the customer satisfaction rate, which assesses the quality of the service offered to the customers of the Concession.

Indicators and targets are determined for each of these items, so as to calculate the level of achievement of the composite index, in accordance with the criteria set out for each item for the year 2018. This element determines 10% of the total number of shares that can be granted.

The final vesting of shares linked to this condition will vary according to the stages reached in the objective, keeping in mind that should the CSR performance at the end of 2018 be below the Target CSR Index for 2018, there will not be any grant; with the whole being limited to 10% of the number that can be granted.

The exact number of ordinary shares that will be acquired by the beneficiaries at the end of the vesting period will depend on the degree of achievement of the performance, keeping in mind that should the target objective not be met, no shares will be granted, that starting at 100% achievement, the grant will be made according to a progressive scale in stages, depending on the degree of achievement of the objectives and keeping in mind that 100% of the shares will be acquired only if the global weighted performance reaches 112%.

5.1.3 ALIGNMENT ASSESSMENT OF REMUNERATION AGAINST PERFORMANCE

In order to assess the remuneration with the total return for shareholders, the Nomination and Remuneration Committee referred to two comparative analyses prepared by an independent firm specialising in executive compensation studies (Mercer).

5 REMUNERATION AND BENEFITS

The first study was designed to measure the relative remuneration of the Chairman and Chief Executive Officer and of the Deputy Chief Executive Officer compared to peers. This study focused on the remuneration of chairmen and chief executive officers of an inter-sectoral panel of 23 French companies in the SBF 120, with characteristics in common with the Group in terms of number of employees and revenue. The comparison of the remuneration of the Chairman and Chief Executive Officer with the practice of these companies showed that:

- the annual base salary of Jacques Gounon (€500,000) is below the first quartile (€663,000);
- the annual variable remuneration in 2015 for Jacques Gounon (€495,000) is between the first quartile (€420,000) and the median (€882,800); it is much less than the average (€876,600);
- long-term share-based incentives granted in 2015 to Jacques Gounon, are below the first quartile;
- total annual remuneration in 2015 for Jacques Gounon is less than the median (€2,078,600) and the average of the panel (€2,212,300); and
- the breakdown of the remuneration of Jacques Gounon is in line with that of this panel (1/3 base salary, 1/3 annual variable and 1/3 long-term share-based incentive).

The annual base salary of François Gauthey (€375,000) is above the first quartile (€290,000) and his potential annual variable remuneration is above the first quartile (€213,700) and translates into a maximum annual cash total (€618,750) below the average (€821,600). His long-term share-based incentives for 2016 (€564,300) is above the median (€346,100) and below the third quartile (€876,600). The total potential annual remuneration in 2016 for François Gauthey (€977,656) is above the median (€941,900), but below the average of the panel (€1,338,500).

The second study was designed to assess changes in the remuneration of the Chairman and Chief Executive Officer in relation to that of the relative performance of the company compared to a historical panel of its peers, consisting of twelve comparable companies in terms of nature of business.

The performance of these companies has been measured using three performance indicators: revenue, the total return on equity (Total Shareholder Return) and net profit or loss. The results of these three indicators were compared with changes in the remuneration of the Chairman and Chief Executive Officer of the Eurotunnel Group, as presented in this chapter, given however, that for this second study, to take the method used by some analysts, the instruments granted in the long-term compensation are only taken into account at the time they are vested, that is to say, when all the performance conditions related to the instruments have been met. Thus, for option plans, the value of options granted to executive officers was assessed when they may be exercised, to the extent that the performance conditions have been met.

This analysis showed an absolute alignment of the total remuneration of Jacques Gounon for the Eurotunnel Group, with a correlation coefficient of 0.72 compared to an optimal alignment measurement of one.

The Committee also considered the absolute measure of performance comparing the trend of the remuneration of the Chairman and Chief Executive Officer of Groupe Eurotunnel SE, compared to the performance of an investment in GET SE ordinary shares over the last five years; this showed that the pay trend correlates with financial performance.

5.1.4 TOTAL AMOUNT SET ASIDE OR OTHERWISE RECOGNISED BY GET SE AND ITS SUBSIDIARIES TO PAY FOR PENSIONS, RETIREMENT AND OTHER BENEFITS

Jacques Gounon and François Gauthey do not benefit from any specific retirement benefits.

5.2. SUMMARY TABLES OF REMUNERATION OWED OR AWARDED TO EACH CHIEF EXECUTIVE OFFICER

As recommended by the Afep/Medef Code, as amended, to which the company refers pursuant to article L. 225-37 of the French Commercial Code, the following remuneration elements owed or awarded to each chief executive officer of the company must be submitted to the vote of the shareholders:

- the fixed part;
- the annual variable part and, where applicable, the multi-annual variable part with the targets on which it is based;
- any exceptional remuneration;
- share options, performance shares or other elements of long-term remuneration;
- compensation linked to taking up or leaving a position;
- the supplementary retirement plan;
- benefits of any type.

5.2.1 ELEMENTS OF REMUNERATION OWED OR AWARDED IN RELATION TO THE 2016 FINANCIAL YEAR TO JACQUES GOUNON, CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Element of remuneration Chairman-CEO	Amount owed (euros)	Comments
Fixed remuneration	500,000	Gross annual fixed remuneration set by the Board on 1 April 2013, and which has not changed since.
Annual variable remuneration	555,000	<p>Target: 100% of the gross annual fixed remuneration. Maximum: 120% of the gross annual fixed remuneration.</p> <p>On the recommendation of the Nomination and Remuneration Committee, at the meeting on 28 February 2017, the Board evaluated Jacques Gounon's annual variable remuneration for 2016. The amount of the annual variable portion amounted to 92.5% of the maximum.</p> <p>€555,000 awarded on the basis of the achievement of the following criteria:</p> <p><i>Financial objectives:</i></p> <ul style="list-style-type: none"> • Net result: in line with the budget: 27% of the total bonus. • EBITDA: in line with published 2016 EBITDA target objective: 23% of the total bonus. <p><i>Quantitative:</i></p> <ul style="list-style-type: none"> • Refinancing process: 8% of the total bonus. • Adequacy of the security plans: 16% of the total bonus. • Composite CSR Index: 10% of the total bonus. <p><i>Qualitative:</i></p> <ul style="list-style-type: none"> • Institutional strategy and growth drivers: 16% of the total bonus. <p>Taking into account the quantitative and qualitative criteria determined and the achievements recorded by the Board at its meeting on 28 February 2017, the variable part was valued at €555,000, i.e. 92.5%, of the maximum.</p>
Multi-annual variable remuneration	N/A	<p>Jacques Gounon does not receive any multi-annual variable remuneration.</p> <p>There is no provision for any multi-annual variable remuneration.</p>
Deferred variable remuneration	N/A	<p>Jacques Gounon does not receive any deferred variable remuneration.</p> <p>There is no provision for any deferred variable remuneration.</p>
Attendance fees	69,050	(Amounts before withholding tax or deductions at source).
Exceptional remuneration	N/A	<p>Jacques Gounon did not receive any exceptional remuneration.</p> <p>There is no provision for any exceptional remuneration.</p>
Allocation of stock options and/or performance shares	615,600	<p>120,000 free shares subject to performance conditions in 2019.</p> <p>Internal performance condition (50%): long-term economic performance of the Group assessed in reference to the average rate of achievement of the EBITDA objectives announced to the market for the years 2017 and 2018.</p> <p>External performance condition (TSR): (40%) performance of the GET SE ordinary share price compared to the median performance of the components of the DJI Index (with dividend) over a period of 3 years.</p> <p>CSR performance: (10%) the performance of the CSR Composite Index target 2018.</p> <p>Percentage of share capital: 0.02%.</p> <p>The fair value on the date of allocation of the rights granted under the scheme has been calculated using the Monte Carlo model.</p> <p>Authorised by the combined General Meeting on 27 April 2016 (resolution 14) and granted by decision of the Board on 20 October 2016.</p>

5 REMUNERATION AND BENEFITS

Element of remuneration Chairman-CEO	Amount owed (euros)	Comments
Benefits in kind	11,674	Jacques Gounon receives an allowance of £800 per month for the use of his personal vehicle in accordance with the Group's policy.
Compensation linked to taking up or leaving a position	N/A	The company has undertaken no commitment regarding leaving the position of the chief executive officer.
Non-competition payment	N/A	There is no non-competition clause. Jacques Gounon does not have a non-competition agreement.
Supplementary pension plan	No amount is owed for the period	Jacques Gounon benefits, with respect to the French part of his remuneration, from the same supplementary pension plan available to any other senior manager above the B remuneration bracket. This plan, whose beneficiaries include people other than the Group's executive officers, is not a defined benefit plan. It is a defined contribution plan, as defined by article 83 of the French General Tax Code and article L. 242-1 of the French Social Security Code.
Death, disability and health insurance schemes		Jacques Gounon is a member of the company's death, disability and health insurance scheme. The General Meeting has an obligation to vote pursuant to the French law dated 26 July 2005. The decision to admit Jacques Gounon to this scheme was taken before publication of said law; as this decision is not subject to the regulated agreements procedure, it is not necessary for this agreement to be ratified by the General Meeting based on a special auditors' report (L. 225-42).

Shares granted to Jacques Gounon during the year subject to performance conditions

	2016 plan: performance condition shares
Number of free shares granted during the financial year, subject to performance conditions	120,000
Value of the shares based on the method used for the consolidated financial statements	€5.13* per share subject to performance conditions, i.e. €615,600 for 120,000 ordinary shares
Vesting date	October 2019
Availability date	October 2019

* The fair value on the date of allocation of the rights granted has been calculated using the Monte Carlo model.

Remuneration summary: Jacques Gounon, Chairman and Chief Executive Officer

GROSS AMOUNTS IN EUROS	2016		2015		2014	
	(1) owed	(2) paid	(1) owed	(2) paid	(1) owed	(2) paid
Fixed remuneration	500,000	498,203	500,000	(3) 500,138	500,000	502,405
Annual variable remuneration	555,000	(5)(3) 488,395	495,000	(6)(3) 500,109	500,000	(3) 496,426
Multi-annual variable remuneration	N/A	N/A	N/A	N/A	N/A	N/A
Exceptional remuneration	N/A	N/A	N/A	N/A	N/A	N/A
Attendance fees	69,050	(4) 48,335	65,650	(4) 45,955	63,500	44,450
Benefits in kind	11,674	11,674	8,910	8,910	8,152	8,152
Total	1,135,724	1,046,607	1,069,560	1,055,112	1,071,652	1,051,433

(1) Sums owed for the year.

(2) Amounts paid during the year. The annual variable remuneration awarded for a financial year is paid in the course of the following financial year. Thus, the variable remuneration paid in 2016 corresponds to variable remuneration owed for the 2015 financial year.

(3) Sums paid in whole or in part in sterling, the euro value of which, restated above at the exchange rate used for the income statement, reflects movements in exchange rates during the year. Sums actually paid, based on the exchange rate effective at the time, were equivalent to the sums owed.

(4) 30% tax having been deducted at source (€20,715 in 2016).

(5) Variable remuneration for 2015.

(6) Variable remuneration for 2014.

Summary of remuneration, options and shares: Jacques Gounon, Chairman and Chief Executive Officer

<i>GROSS AMOUNTS IN EUROS</i>	Year 2016	Year 2015
Remuneration owed for the year	1,135,724	1,069,560
Value of multi-annual variable remuneration attributed during the year	N/A	N/A
Value of options granted during the year	N/A	N/A
Value of preference and performance shares granted during the year	615,600	533,000
Total	1,751,324	1,602,560

Share options granted during the year to Jacques Gounon by the issuer and by any Group company

<i>Plan date and number</i>	2016	2015	2014	2013	2012	2011	2010
Type of option (existing or newly issued shares)	N/A	N/A	N/A	N/A	purchase	purchase	purchase
Value of options based on the method used for the consolidated financial statements	N/A	N/A	N/A	N/A	€2.13	€2.69	€2.02
Number of options granted during the year	N/A	N/A	N/A	N/A	137,000	130,000	116,000
Exercise price	N/A	N/A	N/A	N/A	€6.33	€7.52	€6.42
Exercise period	N/A	N/A	N/A	N/A	July 2016 – July 2022	July 2015 – July 2021	July 2014 – July 2020

The terms and exercise conditions for the 2010, 2011 and 2012 share option plans are restated in note E.5.i. to the consolidated accounts in section 2.2.1 of this Registration Document.

Shares subject to performance conditions available during the financial year for Jacques Gounon

	Performance condition shares 2016
Number and date of the plan	N/A
Number of shares available during the financial year	N/A
Conditions	N/A
Vesting year	N/A

Share options exercised by Jacques Gounon during the year

Plan date and number	N/A
Value of options based on the method used for the consolidated financial statements	N/A
Number of options granted during the year	N/A
Exercise price	N/A
Exercise period	N/A

On 5 January 2017, Jacques Gounon exercised 20,872 shares from the 2010 plan via a Group savings plan at a price of €6.42. The shares will be blocked for five years starting on this date.

Table of multi annual variable remuneration

	Year	Year	Year
Jacques Gounon	N/A	N/A	N/A

5 REMUNERATION AND BENEFITS

Chairman and Chief Executive Officer

	Employment contract with GET SE		Supplementary pension scheme		Payments or other benefits due or liable to be due as a result of termination of duties or change of role		Compensation in respect of a non-compete clause	
	Yes	No ^(*)	Yes	No	Yes	No ^(*)	Yes	No
J. Gounon, Chairman and Chief Executive Officer, 2007 to date		X	X			X		X

* Other than the minima provided by English law. ESL employment contract by effect of English law (see section 4.1.3).

As indicated in section 4.1.3 of this Registration Document, Jacques Gounon, as Chief Executive Officer and Chairman of the Group receives part of his remuneration from ESL, which reflects the binational nature of the Concession. Such payments technically create under English law, which cannot be derogated or waived, a service contract governed by English law. There is no undertaking by GET SE for Jacques Gounon's benefit, who has not been granted any contractual severance package.

5.2.2 ELEMENTS OF REMUNERATION OWED OR AWARDED IN RELATION TO THE 2016 FINANCIAL YEAR TO FRANÇOIS GAUTHEY, DEPUTY CHIEF EXECUTIVE OFFICER (EIGHT-MONTH TERM)

Element of remuneration Deputy Chief Executive Officer	Amount (euros)	Comments
Fixed remuneration	250,000	Gross annual fixed remuneration for eight months (full year: €375,000)
Annual variable remuneration	161,687	<p>Target: 65% of the gross annual fixed remuneration; €161,687 awarded on the basis of the achievement of the following criteria:</p> <p><i>Financial objectives:</i></p> <ul style="list-style-type: none"> • EBITDA target (25% of the total bonus) • Free cash flow (30% of the total bonus): free cash flow generated compared to the budget <p><i>Quantitative objectives:</i></p> <ul style="list-style-type: none"> • Debt refinancing process (15% of the total bonus) • Work-related accidents and absenteeism (4.5% of the total bonus) <p><i>Qualitative objectives:</i></p> <ul style="list-style-type: none"> • Europorte operational management in France (25% of the total bonus)
Multi-annual variable remuneration	N/A	François Gauthey did not receive any multi-annual variable remuneration.
Deferred variable remuneration	N/A	François Gauthey did not receive any deferred variable remuneration.
Attendance fees	N/A	As François Gauthey is not a member of the GET SE Board, he did not receive attendance fees.
Exceptional remuneration	N/A	François Gauthey did not receive any exceptional remuneration.

Element of remuneration Deputy Chief Executive Officer	Amount (euros)	Comments
Allocation of stock options and/or performance shares	564,300	<p>110,000 free shares subject to performance conditions in 2019.</p> <p>Internal performance condition (50%): long-term economic performance of the Group assessed by reference to the average rate of achievement of the EBITDA objectives announced to the market for the years 2017 and 2018.</p> <p>External performance conditions (TSR): (40%) performance of the GET SE ordinary share price compared with median performance of the components of the DJI Index (with dividend) over a period of 3 years.</p> <p>CSR performance: (10%) the performance of the CSR Composite Index target 2018.</p> <p>Percentage of share capital: 0.02%.</p> <p>The fair value on the date of allocation of the rights granted under the scheme has been calculated using the Monte Carlo model.</p> <p>Authorised by the combined General Meeting on 27 April 2016 (resolution 14) and allocated by decision of the Board on 20 October 2016.</p>
Benefits in kind	1,669	François Gauthey has a company car which represents a benefit in kind worth €208.64 per month for the eight months of his term of office in 2016.
Compensation linked to taking up or leaving a position	N/A	François Gauthey received no payment linked to his taking the position of Deputy Chief Executive Officer.
Non-competition payment	NA	François Gauthey did not benefit from any non-competition agreement indemnity.
Supplementary pension plan	No amount is owed for the period	François Gauthey benefited from the same supplementary pension plan offered to all senior managers above the B remuneration bracket. This plan, whose beneficiaries include people other than the Group's executive officers, is not a defined benefit plan. It is a defined contribution plan, as defined by article 83 of the French General Tax Code and article L. 242-1 of the French Social Security Code.
Death, disability and health insurance schemes		The decision to admit François Gauthey to this scheme was subject to the regulated agreements procedure and the General Meeting ratified this agreement based on a special auditors' report (L. 225-42). François Gauthey benefited from the company's death, disability and health insurance scheme.

No service provision agreement has been concluded with the executive officers.

Performance condition shares and convertible preference shares into ordinary shares granted during the year to François Gauthey by the issuer and by any Group company

	Plan 2016: performance condition shares
Number of preference shares/free shares subject to performance conditions allocated during the period	110,000
Value of shares based on the method used for the consolidated financial statements	564,300
Vesting date	October 2019
End of lock-in period	October 2019

5 REMUNERATION AND BENEFITS

Performance condition shares and preference shares (convertible into ordinary shares) reaching the end of the lock-in period for François Gauthey during the year

	Performance condition shares 2016
Plan date and number	N/A
Number of shares reaching the end of the lock-in period during the year	N/A
Vesting terms	N/A
Year of grant	N/A

Remuneration summary: François Gauthey, Deputy Chief Executive Officer: term of eight months

GROSS AMOUNTS IN EUROS	2016 (8 months)		2015	
	(*) owed	paid	(*) owed	paid
Fixed remuneration	250,000	201,506	N/A	N/A
Annual variable remuneration	161,687	N/A	N/A	N/A
Multi-annual variable remuneration	N/A	N/A	N/A	N/A
Exceptional remuneration	N/A	N/A	N/A	N/A
Attendance fees	N/A	N/A	N/A	N/A
Benefits in kind	1,669	1,669	N/A	N/A
Total	413,356	203,175	N/A	N/A

* Sums owed for the period.

Summary of remuneration, options and shares: François Gauthey, Deputy Chief Executive Officer

GROSS AMOUNTS IN EUROS	Year 2016	Year 2015
Remuneration owed for the year (8 months)	413,356	N/A
Value of multi-annual variable remuneration attributed during the year	N/A	N/A
Value of options granted during the year	N/A	N/A
Value of preference and performance shares granted during the year	564,300	N/A
Total	977,656	N/A

Multi-annual variable remuneration

	Year	Year	Year
François Gauthey	N/A	N/A	N/A

Employment contract

	Employment contract with GET SE		Supplementary pension plan		Payments or other benefits owed or liable to be owed as a result of termination of duties or change of role		Compensation in respect of a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
François Gauthey, Deputy Chief Executive Officer 1 May 2016 to date		X	X			X		X

5.3. SHARE OPTION PLANS/ALLOCATIONS OF PREFERENCE SHARES: PAST ALLOCATIONS TO CHIEF EXECUTIVE OFFICERS

Past options allocations	2010 plan	2011 plan	2012 plan	B preference shares – 2014	C preference shares – 2015	2016 performance condition shares
General Meeting date	26 May 2010	26 May 2010	26 May 2010	29 April 2014	29 April 2015	27 April 2016
Board of Directors or of the directory, as appropriate	16 July 2010	21 July 2011	20 July 2012	29 April 2014	29 April 2015	20 Oct 2016
Total number of shares which can be subscribed or purchased, the number of which can be subscribed or purchased by:		3,900,000		1,500,000	1,000,000	1,200,000
Chief executive officers						
J. Gounon, Chairman-CEO	116,000	130,000	137,000	30	200	120,000
F. Gauthey, Deputy CEO	N/A	N/A	N/A	N/A	N/A	110,000
Total number of recipients	57	56	57	36	63	60
Starting point for exercising options	July 2014	July 2015	July 2016	April 2018	April 2019	Oct. 2019
Expiry date	July 2020	July 2021	July 2022	April 2018	April 2019	Oct 2019
Subscription or purchase price	€6.42	€7.52	€6.33	N/A	N/A	N/A
Forms of exercising right (when the plan consists of several brackets)	N/A	N/A	N/A	N/A	N/A	N/A
Number of subscribed shares at 28 February 2017 ⁽¹⁾	20,872	N/A	N/A	N/A	N/A	N/A
Cumulative number of subscription or purchase shares cancelled or expired: J. Gounon, Chairman-CEO	N/A	65,000	34,250	N/A	N/A	N/A
Subscription or purchase share options remaining: J. Gounon, Chairman-CEO	95,128	65,000	102,750	30	200	120,000
Subscription or purchase share options remaining: François Gauthey, Deputy Chief Executive Officer	N/A	N/A	N/A	N/A	N/A	110,000

⁽¹⁾ On 5 January 2017, Jacques Gounon exercised 20,872 shares from the 2010 plan via a Group savings plan at a price of €6.42. The shares will be blocked for five years starting on this date.

The characteristics and performance conditions of the class B and C preference shares are set out in section 8.2.2 of this Registration Document. The characteristics and performance conditions of the share option plans for 2010, 2011 and 2012 are set out in note E.5.i to the consolidated financial statements in section 2.2.1 of this Registration Document.

5.4. REMUNERATION OF BOARD MEMBERS AND NON-CORPORATE OFFICERS

5.4.1 ATTENDANCE FEES

The Directors of GET SE receive attendance fees.

The maximum total amount of attendance fees was set by the combined General Meeting of 20 June 2007. The rules governing the distribution of attendance fees were decided by the Board. In principle, they consist of a fixed part and a variable part, in proportion to the Director's attendance at Board meetings and committee meetings. The committee chairmen receive an additional fixed fee. Fixed and variable fees are paid monthly.

The amount and breakdown of attendance fees were reviewed by the Board in 2014, following the recommendation of the Nomination and Remuneration Committee. Consequently, in accordance with article 21 of the Afep/Medef Code, this

5 REMUNERATION AND BENEFITS

remuneration, which already took into account the actual attendance of Directors at Board and committee meetings, will henceforth predominantly be variable.

The total amount of attendance fees^(*) for 2016 for GET SE's Directors is €685,050 (2015: €718,700), as detailed in the table below:

IN EUROS	2016*	2015*
Jacques Gounon	69,050	65,650
Philippe Camu	48,500	48,500
Patricia Hewitt	58,950	60,650
Peter Levene	44,600	50,450
Colette Lewiner	58,950	60,400
Colette Neuville	79,250	80,950
Perrette Rey	67,450	72,550
Robert Rochefort	64,650	85,050
Jean-Pierre Trotignon	74,150	75,250
Philippe Vasseur	57,250	58,700
Tim Yeo	62,250	60,550
Total	685,050	718,700

* Amounts before withholding tax or deductions at source.

Non-executive directors do not receive any other form of remuneration.

It will be proposed to the General Meeting on 27 April 2017, to adjust the value of the global envelope for attendance fees in line with the average general inflation recorded in France and in England since it was initially set back in 2007. It is proposed to adjust the value of the global envelope by 10% by increasing it from €750,000 to €825,000 per calendar year. This proposal is justified by the substantial increase in the missions and the responsibilities of the directors and the increase in their work load. The level of remuneration reflects the time and the effort required from the members to assume their responsibilities within the Board of Directors and its committees. The remuneration structure is also designed to make it possible to reinforce the internationalisation of the Board, attract and retain highly-qualified individuals to sit on the Board and to ensure that the variable part of the attendance fees remains preponderant.

Each member of the Board of Directors receives a monthly lump sum payment and a payment for participation at meetings. It is planned to reduce the amount of the payment for participation at meetings of the Board of Directors by telephone or video conference, and to increase the amount for attendance in person when travel involves crossing a border.

Executive officers and senior management do not receive attendance fees for their terms of office in other companies in the Group.

In addition, members of the Board of GET SE benefit, along with all other persons who act as officers of any Eurotunnel Group company, from directors' and officers' liability insurance.

5.4.2 REMUNERATION OF THE MEMBERS OF THE EXECUTIVE COMMITTEE

As stated in chapter 6 of this Registration Document, the Eurotunnel Group's remuneration policy is based on fair and transparent remuneration to ensure complete consistency between individual goals and business objectives. The Group's strategy is also to share its success with its employees in order to involve them in the Group's growth. The Group's remuneration policy aims to promote the achievement of economic, social and market performance, enhance the growth of skills, meet and outperform objectives and increase the commitment of employees and managers in the long term, while strengthening employee ownership.

The members of the Nomination and Remuneration Committee ensure consistency between the policy applied to chief executive officers and the policy applied to the senior managers of the Group. The members of the Nomination and Remuneration Committee also examine the alignment of the managers' remuneration principles.

The remuneration of the Chief Operating Officers, which is decided by the chief executive officers, is made up of fixed annual remuneration supplemented by an incentivising variable part, the criteria for which are largely based on the Group's economic performance, as is the case with the variable remuneration of the Chief Executive Officer and Deputy Chief Executive Officer. The variable financial part is accompanied by qualitative criteria to assess individual performance.

The members of the Executive Committee also receive remuneration made up of a fixed part, the amount of which is proportional to each one's responsibilities, supplemented by a variable part whose quantitative criteria depend on the Group's results in order to improve the sense of solidarity.

6. CORPORATE SOCIAL RESPONSIBILITY

6.1.	OVERVIEW OF THE EUROTUNNEL GROUP'S CSR PROCEDURE	197
6.1.1	Origin of the CSR procedure and the Eurotunnel Group's commitments	197
6.1.2	Materiality and dialogue with stakeholders	197
6.1.3	Main dimensions of the CSR policy and 2016 highlights	199
6.1.4	Policy steering and organisation	199
6.1.5	Reporting methods and data certification	200
6.1.6	Indices and awards	200
6.2.	PEOPLE	200
6.2.1	Health and safety	201
6.2.2	Working conditions	203
6.2.3	Dialogue and labour relations	204
6.2.4	Employment	206
6.2.5	Training	211
6.2.6	2014/2015 figures including GBRf and MyFerryLink	212
6.3.	REGION	213
6.3.1	Customer satisfaction and loyalty-building	213
6.3.2	Promotion of rail transportation	214
6.3.3	Regional development	215
6.3.4	Best business practices: being fair and responsible	217
6.4.	NATURE	218
6.4.1	General environmental policy	218
6.4.2	Climate change and energy policy	219
6.4.3	Circular economy and waste management	221
6.4.4	Protection of biodiversity	222
6.5.	2014/2015 FIGURES INCLUDING GBRf	223
6.6.	CROSS-REFERENCE TABLE	224
6.7.	CSR POLICY: PRINCIPLES, CHALLENGES AND COMMITMENTS	228
6.8.	METHODOLOGICAL NOTE RELATING TO CORPORATE SOCIAL RESPONSIBILITY	231
6.9.	REPORT BY THE INDEPENDENT THIRD PARTY ON THE CONSOLIDATED HUMAN RESOURCES, ENVIRONMENTAL AND SOCIAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT	232

6.1. OVERVIEW OF THE EUROTUNNEL GROUP'S CSR PROCEDURE

6.1.1 ORIGIN OF THE CSR PROCEDURE AND THE EUROTUNNEL GROUP'S COMMITMENTS

Group's history and commitments

From the very beginning, as an innovative rail company and responsible infrastructure manager, the Eurotunnel Group has adopted a social responsibility policy, which seeks to reconcile financial performance, social equity and environmental protection, within a framework of continuous improvement.

The Eurotunnel Group has placed social responsibility at the heart of its business activities and in its interactions with the various internal and external stakeholders, clearly demonstrating its commitments to its partners such as employees, customers, suppliers, shareholders, investors, regional government bodies, local authorities, associations and communities.

Overview of the CSR policy

The Eurotunnel Group has set up a formal CSR policy, supported and sustained at the highest level of the organisation by the Chairman and Chief Executive Officer and the Board. This policy, which entered into force in 2015, dictates the Group's principles, challenges and commitments. The CSR objectives are defined each year and are included in the objectives assigned to the directors and the heads of the various entities of the Group.

True to its principles, the Group has implemented for over twenty years now, a policy that is both demanding and concrete, mainly in three main areas that represent the strategic priorities of its business:

- **People**, i.e. each of the 3,336 men and women employed by Eurotunnel Group;
- **Region**, i.e. all communities the Group is connected to everywhere in France, in the UK and in Europe;
- **Nature**, i.e. the environment and ecosystems with which its growing operations interact.

The Eurotunnel Group's CSR policy is in line with the observance of fundamental rights as defined in the major international principles – the 1948 Universal Declaration of Human Rights, the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization, OECD guidelines for multinational companies, and the principles of the United Nations Global Compact. As a signatory of the United Nations Global Compact, the Group communicates annually on its Corporate Social Responsibility (CSR) best practices within a "Communication on Progress" (COP) report. In 2016, this Group report was classified at the highest Global Compact level (GC Advanced), thereby placing the Eurotunnel Group amongst the 60 French companies that reached this classification in 2016 out of more than one thousand signatories in France. The Eurotunnel Group supports, adheres to and actively participates in the World Forum for a Responsible Economy and the values it promotes.

Scope

As indicated in section 6.8 (methodological note) of this Registration Document, consolidation of the 2016 data covers all entities of the Group except GBRf (due to its sale during the year), the maritime segment and the ElecLink project. All data in this chapter excludes GBRf, the maritime segment and ElecLink except for sections 6.2.6 and 6.5 of this Registration Document. To facilitate comparability, data for 2015 has been restated accordingly.

6.1.2 MATERIALITY AND DIALOGUE WITH STAKEHOLDERS

Group teams in each of their respective areas, are listening to their stakeholders and primarily to their clients in order to match their expectations and the Group's long-term goals. Constructive dialogue based on trust is clearly established with the various stakeholders. To go even further, the Group seeks to formalise the results of this dialogue at different levels of its organisation. In 2015, the Eurotunnel Group conducted a materiality analysis to determine its most significant ethical, social or environmental challenges, both internal and external to the company, in light of the potentially major impact on its stakeholders, its environment or its economic performance. The procedure included consulting with the main stakeholders within and outside the Group, to identify and rank the Group's primary CSR challenges, both internal and external. It also allowed the Group to identify present and future opportunities and risks that could have a significant impact on its stakeholders, its environment or its economic performance.

Methodology

A materiality analysis consists in identifying and ranking the main CSR challenges, based on its operations and its stakeholders' expectations. This analysis was conducted by KPMG in three main steps:

Step 1 – Identification: 57 challenges were identified through an internal and external documentary review of the Eurotunnel Group (Group's publications and publications by companies in the same sector, analysis of media coverage, and benchmarks).

Step 2 – Assessment by the stakeholders: 25 internal and external stakeholders were polled by an independent third party based on a questionnaire. The top 25 CSR challenges were identified.

Step 3 – Prioritising challenges: This is represented as a materiality matrix that reflects the importance given by the respondent stakeholders and the impact that each challenge has on the Group's business.

RESULTS

By establishing this ranking, the analysis identified a list of challenges arranged in their order of priority (top priority, very important, important):

CHALLENGES	1	Development of the business activity	Safety and security of sites
	2	Development of the business activity	Efficiency and reliability of equipment and infrastructures
	3	Investing in our employees	Employee safety
	4	Development of the business activity	Safety of travellers and goods
	5	Environmental performance	General policy governing environmental management

The Eurotunnel Group assessed all the policies, procedures and means adopted for each of the challenges in order to determine the actions to be conducted to consolidate or step up its performance, as part of a continuous improvement process.

This procedure highlighted the primary values of the Group according to its stakeholders: safety and security, service, employees, environment, innovation.

6.1.3 MAIN DIMENSIONS OF THE CSR POLICY AND 2016 HIGHLIGHTS

The table below illustrates the most material challenges for the Eurotunnel Group in each of its three areas of responsibility, as identified by the materiality analysis, and shows the key events for 2016:

	Ambition	The most material challenges	Key events in 2016
People	As a responsible employer, the Eurotunnel Group is committed to providing a working environment that fosters personal development and fulfilment in order to attract and retain good and qualified staff.	Health and safety (including that of infrastructures and the industrial sites) Working conditions Dialogue and labour relations Employment Training	Awareness campaign, "Safety makes its cinema", in the Fixed Link 5 th edition of Europorte Safety Week on the theme of safety in the workplace and sharing feedback. The MOOC (Massive Online Open Course) "Sur les rails de l'emploi", opened on 11 January 2016 (see section 6.3.2)
Region	As a committed partner in the economic and social environment in which it operates, the Eurotunnel Group is actively engaged in establishing its regional foothold and has created several thousand direct, indirect and related jobs in Kent and the Calais area since its establishment. The Group also demonstrates its corporate social responsibility in its concrete commitments and solidarity with the community, in partnership with the local authorities and associations.	Traveller safety Customer satisfaction and loyalty-building Promotion of rail transportation Regional development	
Nature	As part of its commitment to low-carbon transport, the Group undertakes to reduce the impacts of its own operations on the environment, raise awareness among its staff about civic environmentalism practices, opt for innovative and environmentally-friendly products, and strengthen actions that promote the protection of diversity.	Climate change and energy policy Circular economy Protection of biodiversity	In June 2016, a study on Corporate Social Responsibility (CSR) conducted by Generali Investments ranked Eurotunnel Group the number one top company in the infrastructure management sector, taking into account social, environmental and governance quantitative criteria. 12 th successive Green Flag

6.1.4 POLICY STEERING AND ORGANISATION

Governance – Board

The Strategy and Sustainable Development Committee of the Board examines questions concerning the environmental objectives of the company or the Group and reports on these to the Board. The Committee is responsible for regularly examining the performance of GET SE and the Group in environmental matters and the strategic initiatives designed to promote environmental management, preserve natural resources and limit the impact of GET SE's and the Group's activities on the environment.

The work undertaken by the Committee composed of Tim Yeo, Chairman, Philippe Camu, Peter Levene and Jacques Gounon, Chairman and CEO of GET SE, is described in chapter 4 of this Registration Document. The Committee oversees the establishment of the Group's CSR policy and sets environmental priorities, structured around the themes included in the global CSR policy.

Remuneration

For the year 2016, the Nomination and Remuneration Committee maintained the composite CSR performance index: stringent, stable, pertinent and balanced, this index is structured around four areas that are directly linked to the Group's activities: safety / security, labour relations, GHG emission and customer satisfaction. For each of these areas, indicators and targets were established so as to calculate a completion rate with respect to the composite index, according to the objectives set for each area. This index is used to calculate 10% of the annual variable remuneration of the Chairman and CEO and 10% of the free share grant

plans subject to performance conditions. The composite index was audited in 2016, as part of the audit of social information by the statutory auditors.

6.1.5 REPORTING METHODS AND DATA CERTIFICATION

The Eurotunnel Group's social and environmental reporting is based on the labour and environmental information stipulated in article 225 of French law 2010-788 of 12 July 2010, known as "Grenelle 2", and on the transparency principles of the Global Reporting Initiative (GRI). Following the materiality analysis conducted by KPMG in 2015, the challenges deemed as the most material by the internal and external stakeholders were also identified as such by the Eurotunnel Group.

6.1.6 INDICES AND AWARDS

Indices

In 2016, Eurotunnel Group was included in the following sustainable development indices:

- Dow Jones' STOXX Global ESG Leaders indices, in particular EURO STOXX Sustainability and Stoxx Europe Sustainability;
- Gaia Index, the ISR index for midcaps developed by IDMidCaps and EthiFinance for the sixth year running;
- The Euronext Low Carbon 100 Europe® index: In December 2015, the Eurotunnel Group entered the new version of the Low Carbon 100 Europe® index that measures the performance of the 100 largest European companies with the lowest CO₂ emission levels in their respective business sectors. The selection is based on an in-depth and accurate assessment of the carbon footprint of each company and is overseen by a scientific committee composed of experts, NGOs, public partners and financial sectors;
- The FTSE4Good index, included following the update in September 2014: the FTSE4Good index measures the performance of companies whose commitment to the environmental, social and corporate social responsibility (CRS) fields is significant.

In this respect, the Eurotunnel Group is regularly monitored by several non-financial rating agencies.

Awards

In 2016, the Eurotunnel Group won the following awards:

- 3rd prize in the 9th edition of the Best Investor Relations Award for all categories which rewards Euronext listed companies for the quality of their financial communication practices.
- Green Flag Award: For the 12th year running, the Eurotunnel Group received the green flag in recognition of its accomplishments in safeguarding the environment at Samphire Hoe, a natural reserve in England that is home to many rare species of fauna and flora. The Eurotunnel Group in collaboration with White Cliffs Countryside Partnership jointly manages Samphire Hoe which welcomes over 80,000 visitors each year.
- The "Digital Project and new tools" prize, awarded by the National Association of HRMs at the 3rd edition of the Digital HRM Awards by the ANDRH, and the "Digital HR Coup de Cœur" from the jury of the HRIS Awards for the MOOC "Sur les rails de l'emploi".
- The "Best Share Savings Plan" award at the Employee Benefits Awards for the Share Incentive Plan set up in 2015 by the Group for its British employees.

6.2. PEOPLE

Overview of the Group's policy

As a responsible employer, the Eurotunnel Group seeks to promote the personal fulfilment and development of its employees, which it considers a key factor in its corporate strategy. Its human resources policies have been developed in order to foster equal opportunities and treatment for all Group employees throughout their career.

These human resources policies recognise each employee's contribution, taking account of the employee's qualifications, level of responsibility and individual performance.

The Eurotunnel Group staff members who work for the Fixed Link are employees of ESL in the United Kingdom, and ESGIE in France, Germany, the Netherlands and Spain. The employees coming under the rail freight transport and port infrastructure management activities are employed by the entities of the Europorte segment. Staff may also be seconded to other Group companies. The company who acts as employer bills the other Group companies for their respective staff costs. The Group's senior managers are mostly employed by GET SE.

The most material challenges

The Group's commitment is focussed on the challenges that have been deemed the most material in the materiality analysis:

- Safety of employees, travellers, goods and sites, as well as the efficiency and reliability of the equipment and infrastructures;
- Well-being at work and work-life balance;
- Implementation of efficient forms of dialogue with employees;
- Working conditions;
- Employment and development of appeal.

6.2.1 HEALTH AND SAFETY

Group's challenges and policy

Site safety and security, safety of employees, travellers and goods, as well as the efficiency and reliability of equipment and infrastructures were identified by the Eurotunnel Group's stakeholders during the materiality analysis as being the priority challenges for the Group. Several mechanisms and procedures, which are reinforced on a regular basis, are used within the Eurotunnel Group and its entities to ensure and reinforce work safety and security:

- The Group defines security as protection against external risks, resulting more specifically from deliberate, malicious acts;
- Safety involves the protection against risks arising from faults, damage, errors and hazards, of a physical, emotional or psychological nature, etc.

For the Eurotunnel Group, health is a comprehensive state of physical, mental and social well-being that is promoted in the company by monitoring employees, listening to them and conducting preventive actions with the department of occupational health (monitoring of aptitudes, interviews with medical staff, psychological help, vaccination campaigns, improvement of working conditions, recognising hardship, etc.).

Performance in matters of safety is monitored regularly as part of the continuous improvement process with appropriate corrective actions taken as needed. The Group has adopted policies and procedures to ensure the health, safety and well-being of its staff (SAFD and OENV).

Security was at the heart of the Fixed Link design. The transport system has a level of safety recognised as good, reinforced by feedback received since the beginning of operations. The health and safety measures put in place by the Eurotunnel Group ensure that employees are guaranteed work conditions in accordance with the legislation in force in each of its locations and the human resources policies of each subsidiary.

In order to test response plans for the emergency services and good coordination in the event of an accident in the Tunnel, the Eurotunnel Group and the authorities organise an annual major full-scale safety exercise: the Binat (as in binational). Held in January 2017, the latest Binat was the 27th since the construction of the Tunnel and the 20th since the opening of commercial services began in 1994. The United Kingdom was the pilot State this year for the purposes of the exercise.

The Group recognises the adherence to best practices and has established a set of procedures to ensure that the infrastructure and equipment are used efficiently. Effective management of these risk areas provides the foundation for overall safety performance.

Like safety, health has always been a major concern for the Group. Its policy in this area is based on transparency, discipline and discussion at all levels in the company. It is communicated to everyone and reviewed regularly.

In France, a charter on the handling of work-related psychosocial risks has been in force since April 2009 for ESGIE employees. This establishes the procedure adopted by the company to deal with cases of suffering at work. In keeping with this charter, a commission was set up to anticipate and address work-related psychosocial risks and a psychological unit was created in July 2015 with the members of the CHSCT. The commission meets quarterly with an associated plan of action. In July 2015, ESGIE also signed a company agreement on the donation of days off to parents of seriously ill children which was extended to cover spouses and co-workers who are seriously ill, isolated and vulnerable.

Actions and means implemented

Organisation

Within the Board, the Safety and Security Committee ensures that mechanisms and procedures designed to ensure the safety of customers, employees, subcontractors and all stakeholders are implemented. Additionally, each segment of the Group has its own safety and sustainable development department whose main task is to define the company's safety objectives and to guarantee the implementation and application of all the safety rules. It is also responsible for measuring performance within the various departments, with the objective of steadily establishing a safe and healthy work environment. Safety performance is regularly monitored by each of the entities as part of a programme for continuous improvement and any corrective actions are taken as necessary.

The main security expenditure (to ensure System security) in 2016 totalled a net amount of approximately €19 million (€29 million in 2015 and €12 million in 2014) for the Fixed Link.

Safety of facilities

The safety management system of Europorte's French entities licensed as rail companies is governed by the legislation of the different countries in which they operate.

The operating system for the Shuttle was designed under the supervision of the Intergovernmental Commission (IGC) and the Safety and Security Committee. Each phase of the initial design was examined by the IGC and formally acknowledged by way of a no-objection statement.

IGC and the Safety and Security Committee were created under the Treaty of Canterbury and the Concession agreement. IGC and the Safety and Security Committee are charged with supervising the construction and operation of the System on behalf of the United Kingdom and France. In addition, EPSF, the French rail safety authority, carries out audits under a specific mandate from the French delegation of the Safety and Security Committee.

Safety features and procedures are updated regularly and are part of the Safety Management System, which ensures the validity of the operating certificate issued by IGC, in accordance with laws and regulations resulting from the enactment of the European Union's Railway Safety Directive 2004/49/EC of 29 April 2004.

More generally, the System has detailed safety, security and policing features meeting the requirements of the United Kingdom and French authorities. These measures have been reinforced in the geopolitical context of the past two years, as indicated in section 1.2.1 of this Registration Document.

Safety and security measures for high-speed passenger trains and for freight train operators have been developed by the operators after discussion with, and with the approval of, the United Kingdom and France. The Train Operators work with Eurotunnel Group as the infrastructure manager to implement and continuously improve these safety measures. Automated passport control incorporating facial recognition technology is operational for the Eurostar departing Gare du Nord in Paris⁽¹⁾. Identical systems are used at Saint-Pancras station in London since June 2016. These systems check the traveller's identity using facial recognition. After London and Paris, Eurostar plans to install the same systems at the Brussels Midi station.

In the course of 2016, IGC transferred its economic regulation authority to two regulators in France and the United Kingdom (ARAFER and ORR). Checks and terms of operation of the user rail companies are now overseen by ARAFER and ORR.

Safety, the utmost priority for the Fixed Link

The Channel Tunnel has a team of 48 rescue mission specialists who patrol the service tunnel round the clock. Since 2011, four SAFE stations are operational in the intervals in the centre of the Tunnel, so that in the event of a fire on a Truck Shuttle, the 800 metre-long train can rapidly reach one of these stations. The Channel Tunnel is the only infrastructure of its type in the world equipped with a system of this kind.

Site safety

Intrusion attempts at the Coquelles site (Hauts-de-France) decreased in 2016 compared to 2015, thanks in particular to the setting up by the Eurotunnel Group of an important program with the support of the French and British states, responsible for border control. This multi-year action plan is described in section 1.6.2b) of this Registration Document.

Health and safety in the workplace

All safety events are recorded and analysed in order to issue recommendations and produce action plans. Additionally, various safety indicators are monitored continuously and systematically, notably by the safety and security committee at Board level, in order to ensure improved overall performance. This is particularly true for the indicators concerning the safety of employees and subcontractors and the transportation system.

Prominence is also given to feedback that is implemented routinely in the Group's subsidiaries after an exercise or following a significant event. This feedback allows the integration of lessons learned and contributes to the effective development of organisational methods, with a view to making them more efficient.

The Group takes special care to ensure that its safety and security rules and procedures are enforced by its sub-contractors who are required to sign a contractual agreement on compliance with labour laws and regulations. Despite these efforts and vigilance, the risk of an accident cannot be totally avoided, as stated in section 3.1.2 of this Registration Document.

⁽¹⁾ Source: Eurostar press release, 15 February 2017

Each subsidiary deploys procedures and action programmes to limit and prevent the major risks inherent to the activities of its employees and to improve their quality of life at the workplace.

A committee dedicated to improving working conditions

In France, committees on hygiene, safety and working conditions (CHSCT) are set up and tasked with ensuring the protection of the health and safety of employees, and the improvement of their working conditions. This committee, that is comprised notably of staff representatives, analyses occupational risk and ensures – through means including surveys and inspections – compliance with the regulations in place. It is consulted prior to any major modification to working conditions.

In the United Kingdom, the occupational health service plays a key role in preventing occupational illnesses through the education and the promotion of health issues, and through the suitable control measures that are set up to improve working conditions. Composed of representatives of employees and company managers, the committee aims to promote safety at work and improve working conditions.

From a medical standpoint, employees have regular medical check-ups with occupational healthcare professionals and can request a medical examination independently of these check-ups. For ESGIE in France and ESL in the United Kingdom, the Group has appointed an occupational healthcare professional and two nurses to monitor employees' health.

In 2016, the Eurotunnel Group also continued its actions in favour of health and safety by conducting awareness-raising and training sessions for its employees:

- Europorte organised the 5th edition of the Safety Week on the theme of safety at work and the sharing of feedback, based on the main causes of workplace accidents in the company. In 2016, Europorte's CODIR carried out 59 site visits, during which the statistics were presented and examined in the context of extensive exchanges.
- An awareness-raising campaign, entitled "Safety makes its cinema", was launched by the general management of the Fixed Link in 2016 and will continue in 2017. Based on short format videos broadcast on the corporate intranet, this campaign aims to achieve greater awareness of security issues and to promote and share best practices.

Results of the year

Work-related accidents

Work-related accidents resulting in time off	Frequency rate⁽¹⁾	Severity rate⁽²⁾
2016	✓ 8.6	✓ 0.6
2015	✓ 11.0	✓ 0.6

⁽¹⁾ The frequency rate for work-related accidents resulting in time off corresponds to the number of accidents resulting in time off which occurred during the year for the Group's workforce and temporary workers multiplied by 1,000,000 and divided by the number of hours actually worked and paid.

⁽²⁾ The severity rate of work-related accidents resulting in time off is the number of calendar days taken off by the workforce concerned during the year resulting from work-related accident, multiplied by 1,000 and divided by the number of hours actually worked and paid by the whole workforce.

All information identified by the symbol ✓ was verified with a reasonable level of accuracy by an independent third party.

In 2015, the Group's work-related accident data was impacted by the results of the Europorte segment. The efforts and actions deployed in 2016 by Europorte have improved their safety performance. In 2016, the Group recorded a decrease in the frequency of work-related accidents to 8.6 (compared with 11 in 2015).

Also, in France, fourteen applications requesting the recognition of occupational disease were recorded (13 files for ESGIE and one for Socorail), during 2016. Most of the requests concern musculoskeletal problems caused by certain movements and postures at work, linked to manual handling activities.

The Group had no fatal accidents in 2016.

6.2.2 WORKING CONDITIONS

Group's challenges and policy

As regards work time organisation, the Eurotunnel Group's policy is based on the compromise sought between two major priorities: the determination to satisfy and best serve the company's customers, and the need to maintain a balance between its employees' work and family life.

The Group's policy is driven by a flexible and responsive approach that enables the company – in particular the Fixed Link – to operate 24/7, 365 days of the year under the Concession agreement.

Actions and means implemented

The Eurotunnel Group ensures that all its subsidiaries comply with legal and contractual obligations regarding working hours. In the United Kingdom, the average working week for ESL employees is 37 hours (i.e. 1,924 hours per year) based on individual contracts and agreements in place with the labour union Unite and the staff representative bodies.

In France, employees' working hours (with the exception of certain senior managers and directors) must not exceed an average of 35 hours a week over the year, and in any event, not more than 1,600 hours per year.

Results for the year*Working hours*

Breakdown of workforce	2016	2015
Staggered hours	67.2%	66.1%
Office hours	32.8%	33.9%
Part-time	5.8%	5.7%
Full-time	94.2%	94.3%

Overtime

No Group entity makes routine use of overtime. Overtime hours worked are usually in response to the unplanned events that may affect any transport business and the organisation of its operations.

Indicator: number of overtime hours

	2016	2015
Number of overtime hours	117,190	113,685

Absenteeism

	2016	2015
Absenteeism rate	✓ 4.5%	4.4%

The absenteeism rate of 4.5% in 2016 is slightly up compared to 2015 (4.4%). The main reason for absenteeism is sickness other than occupational disease. This increase is due, amongst other things, to a major increase in therapeutic part-time working following long-term sick leave in ESGIE (31 employees in 2016 for more than 7,500 hours compared to 23 employees and nearly 5,700 hours in 2015), to an increase in the number of unjustified absences in ESL (78 employees for 1,400 hours in 2016 compared with 33 employees and 517 hours in 2015) and a significant increase in sick leave for Europorte Proximité employees (1,281 hours in 2016 compared with 413 hours in 2015).

6.2.3 DIALOGUE AND LABOUR RELATIONS**Group's challenges and policy**

The implementation of efficient forms of dialogue with employees was identified as a highly important challenge in the materiality analysis. Labour relations are very important for the Group, particularly negotiations with staff representative bodies. The Group has always strived to establish long-term and constructive relations with all its employees.

Actions and means implemented

The Eurotunnel Group has created the following bodies for dialogue with its employees:

	Tasks & working	Actions in 2016
Works Councils Health, hygiene and safety	<p>In France, all subsidiaries have a Works Council and a Health and Safety Committee, which meet according to the specific operational rules governing each committee.</p> <p>In the United Kingdom, the Company Council and the Safety, Health and Environment Committee are the two organisations for ESL employees with which permanent dialogue has been established. These two committees meet once every two months.</p>	<p>12 meetings were held during 2016 between ESGIE management and HSC and 11 with Works Council members.</p> <p>The Company Council met six times in 2016, and the Safety, Health and Environment Committee met six times during the same year.</p> <p>Eight meetings were held in 2016 between the ESL management and the labour union Unite.</p>
European Works Council for the Fixed Link	<p>The Fixed Link's European Works Council, a truly transnational body, is a venue for information, consultation, exchange of views and dialogue. The European Works Council supplements the existing national staff representative bodies, with its own prerogatives. The Fixed Link's European Works Council re-appointed its members in December 2010. The Fixed Link's European Works Council normally meets twice a year. It is informed about and, where appropriate, consulted on transnational issues having an impact on the Fixed Link's employees.</p> <p>The Group's European Works Council is composed of 16 incumbents. It is informed about the economic, financial and employee-related strategies of the Group.</p>	No meetings in 2016.
Eurotunnel Group Committee	<p>The committee was set up on 31 January 2014 following a unanimous agreement between the Group's management and four unions. It is intended to operate as a forum for mutual information, to exchange views and to maintain dialogue between staff representatives and management on strategic guidelines and major employee-related issues. To this end, it is informed annually of the developments that have taken place and the future outlook.</p> <p>The Group Committee comprises six incumbent staff representatives and six alternate staff representatives appointed by the labour unions. It is supplemented by a union representative for each labour union. It meets twice a year in a plenary session, when convened by the Chairman or the Chairman's representative.</p>	The Committee met twice in 2016 in the presence of the Group Chairman and CEO, the Deputy CEO and the Group Head of human resources.
European Company Committee	<p>The staff representatives on the European Company Committee are employees of Group Eurotunnel SE's subsidiaries who are elected or appointed according to the rules applicable in the country that employs them, for a four-year period, as from 1 January 2015.</p> <p>The committee is composed of 12 incumbent staff representatives and 12 alternate staff representatives who are elected or appointed according to the rules applicable in the country that employs them, and is supplemented by a union representative for each participating labour union that appointed members to the European Company Committee.</p> <p>The committee is informed formally prior to any significant decision relating to the European company's scope, legal or financial structures, and the consequences, if any, on employment.</p> <p>The committee meets twice a year in an ordinary plenary session. Extraordinary meetings may be held in the event of exceptional circumstances that are likely to affect the employee's interests.</p>	The Committee met twice in the presence of the Group Chairman and CEO, the Deputy CEO and the Group Head of human resources, who outlined the Group's operations, financial results and key events.
Committee for occupational health and well-being	<p>The committee was set up in 2015 following the conclusions of a study performed by an outside firm to assess the workplace health and well-being of ESGIE employees.</p> <p>In addition to the CHSCT, this committee is in charge of considering actions aimed at improving working conditions and well-being at work, as an observer.</p>	The Committee met three times in 2016.

Dialogue and internal communication

The Eurotunnel Group regularly holds meetings with staff representatives and directors. These procedures testify to the Group's determination to reinforce internal communication and social dialogue.

In addition, internal communications are mainly intended to nurture and strengthen the commitment and involvement of all employees. The Eurotunnel Group uses different tools to communicate with and inform these employees (magazine, intranet, project-specific communications, etc.). The circulation of information relating to the Group strategy, objectives and results as well as the promotion of achievements and/or innovative initiatives are examples of actions taken to keep the employees of the Group informed in real time.

In February 2016, Europorte decided to carry out a survey called "Europorte And You", which it entrusted to an independent company. The approach enabled the identification of areas for improvement in modes of communication, relations within the company and life in the workplace. Three areas of progress were identified, for which action will be taken from 2017: supporting mobility, sharing company strategy and promoting communication between services.

Results of the year

No labour disputes or strikes disrupted operations in 2016.

Summary of collective bargaining agreements

During the year 2016, 16 company-level agreements were signed by the Group's subsidiaries on topics such as profit-sharing, the strategic workforce planning (GPEC) and wage negotiations. Two agreements introducing a Savings Plan for collective retirement and a Group Savings Plan were also signed at Group level on 7 March 2016. An amendment to the PEG was also signed on 7 March 2016.

In France, employees of ESGIE are represented by four trade unions and covered by a collective bargaining agreement as part of a company-level agreement. The employees of Europorte subsidiaries are also represented by four unions and come under two collective bargaining agreements.

The employees of ESGIE come under the collective bargaining agreements mainly relating to the 35-hour work week, night work, strategic workforce planning, profit-sharing, and professional equality and efficiency gains. Specifically, in 2016, ESGIE signed three agreements and riders on profit-sharing, GPEC and the mandatory annual pay negotiations. ESL entered into an agreement in March 2016 following wage negotiations.

In the United Kingdom, due to the voluntary agreement on single union representation signed in 2000 by ESL with the union Unite, all employees of ESL (with the exception of supervisory staff) are represented by Unite during collective negotiations. Employees may nevertheless belong to the union of their choice for their individual representation.

Company welfare facilities

In 2016, in France, ESGIE paid 0.8% of its gross total wage bill as restated to the Works Council, amounting to €580,702 for the development and management of its company welfare facilities (compared to €568,484 in 2015). ESGIE also contributed 0.2% of its total gross wage bill, i.e. €145,175, towards the operation of the Works Council (€142,121 in 2015).

For 2016, Socorail and Europorte France contributed 0.56% of their gross total wage bill respectively to their Works Council for developing and managing company welfare facilities, of which 0.2% for their operation (compared to 0.56% and 0.2% in 2015).

In the United Kingdom, the company council, which receives contributions from ESL equal to 0.8% of its gross total wage bill as restated, received £243,916 in 2016 for developing and managing company welfare activities (compared to £232,696 in 2015). ESL also contributed 0.2% of its gross total wage bill, i.e. £60,979, towards the operation of the Company Council (£58,174 in 2015).

6.2.4 EMPLOYMENT**Group's challenges and policy**

The Eurotunnel Group pays particular attention to the recruitment and employment of its employees and their remuneration in order to closely match workforce numbers and skills to its actual business needs.

Age pyramid

The Group continued its prospective management of the age pyramid and is committed to promoting the maintenance of employees aged 55 and over in active employment, and to improve the working conditions of older employees. Specifically, this entails improving the current representation of the work done by older workers and fostering career development throughout their working life.

Recruitment

The recruitment policy aims to equip the Group with the best skills in order to support its development. True to its values, the Eurotunnel Group's recruitment process places great importance on the applicants' cultural openness, their ability to work as part of a team, and their entrepreneurial spirit.

Remuneration

The Eurotunnel Group's remuneration policy is based on equitable and transparent remuneration, which ensures full cohesion between individual and company objectives. Its strategy consists of sharing its success with its employees and making them a partner to its growth.

Recognition of individual performance is a major element in the Eurotunnel Group's remuneration policy, and is intended to motivate all Group's employees, with a view to rewarding and retaining the most talented. The differences in remuneration between employees can be justified and reflect the responsibilities shouldered, the work experience and the potential of each person.

Career management

The Group is committed to the improvement of its employees' performance, and considers the individual annual performance review as an indispensable management tool for human resources management. It therefore fixes the target number of interviews at 100% for all the managers of the company.

Since 2015, Eurotunnel Group uses a new computer application called Success Factors that centralises the information gathered from annual performance reviews of the Group's managerial staff. This tool measures the needs of the different entities in the short, medium and long term and enables an assessment of the individual and collective potential of human capital and their deployment, as well, when necessary, the anticipation of the succession process for key jobs.

Employee share ownership and profit-sharing

The Group has put in place a number of mechanisms related to statutory and non-statutory profit-sharing, stock options and free shares, which are all systems intended to involve each of the employees in the Group's financial performance.

Temporary employment and subcontracting

The Group employs temporary staff, mainly to replace employees who are absent due to sickness or on leave, or to handle exceptional traffic peaks. It also relies on subcontractors to manage activities outside its core businesses or those requiring specific skills.

Actions and means implemented

The Group has taken various measures to cope with the risk of mismatch between the development of its activities and the human resources necessary to implement its strategy.

For several years now, the Group has been holding discussions with the staff representative bodies of Europorte France and Socorail that, in 2013 and 2014, led to the introduction of an action plan concerning the employment of older staff members. Socorail implemented a new action plan concerning the employment of older staff members in 2016.

Recruitment

The Group tends to favour permanent work contracts, keen to demonstrate its commitment to its employees over the long term and guarantee them lasting employment.

Since 2014, the Eurotunnel Group has been working with Réseau Alliances to promote an employment support programme for new graduates.

Remuneration

Under a bonus system, half based on safety and service quality indicators and half on cash flow performance, all Concession employees are entitled to receive a bonus of up to 6% of annual basic salary.

For three years now, the Group's employees have received (this year in dematerialised form) a Total Benefits Statement detailing their overall remuneration and all the benefits they receive.

Employee share ownership and profit-sharing

The Eurotunnel Group pursues an active policy of encouraging employee shareholders so that they can share in the company's success. Thus, the Board has awarded shares to all employees of GET SE and its related companies or groups (excluding

executives and corporate officers of GET SE), as indicated in note E.5 to the consolidated financial statements included in section 2.2.1 of this Registration Document.

In addition, all employees of GET SE's French subsidiaries have the possibility to invest in ordinary shares in a Group savings plan via a "corporate shareholding plan" (*Plan Commun de Placement d'Entreprise* – PCPE) "Eurotunnel shareholding". The sums invested in this fund receive a matching contribution within the legal caps in force. At 31 December 2016, 1,166,800 ordinary shares were held under this plan, representing 0.21% of outstanding share capital.

The Group's employees also receive statutory and non-statutory profit-sharing bonuses. Thus, in France, amendments to the profit-sharing agreements were put in place within Europorte Proximité, Europorte France and Socorail in 2016. For 2016, ESGIE staff received a profit-sharing bonus of €1,607.81.

Although the French statutory profit-sharing scheme is not transposable to the United Kingdom, employees of ESL nevertheless benefit from a collective bonus scheme that resulted in the payment of £1,035 per ESL employee in 2016 (£1,254.50 in 2015).

Work-study

Each year, the different entities of the Group offer training opportunities in the form of a work-study programme. Such agreements have been signed with various high schools and universities in the Nord-Pas-de-Calais region and in the Paris region.

In this area, Europorte has initiated a collaboration with E2C Grand Lille (Second Chance school in Lille) to guide unskilled and unemployed young adults aged 18 to 25 into first-time employment and social inclusion, by providing them with professionalisation contracts, work-study training or internships.

In 2016, a recruitment session for a professionalisation contract was organised between CIFFCO, the French "Pôle Emploi" and the Eurotunnel Group. The Group also plans to recruit 17 employees under professionalisation contracts in 2017.

The various subsidiaries of the Group also take on interns, apprentices and young people under professionalisation contracts. In France, 276 trainees, apprentices and young people under professionalisation contracts joined the Group in 2016. In addition, ESGIE welcomed young graduates as part of the International Business Volunteering scheme that allows French companies to give a young person (up to 28 years old) a professional post abroad.

As a part of its commitment and active involvement to promote the employability of young people, in 2016 the Group participated in several forums dedicated to recruitment to introduce its line of business and propose jobs or internships (the "Jeunes d'Avenirs" fair, the "Job d'Avenirs" Forum, the 7th edition of Cross-border job fair at Fréthun, and the salon "Permis Sport Emplois" organised by FACE Calais).

Diversity and equal opportunity

The Eurotunnel Group has taken an open stance in fighting discrimination in its Charter of Ethics and Behaviour and through fair human resources policies for recruitment, remuneration and training. Moreover, the Group is a signatory of the United Nations Global Compact, and fully adheres to its ten fundamental principles, notably those relating to Human Rights and Rights at Work. The Group's human resources policies are also geared towards combating discrimination, and are designed to guarantee equal treatment and opportunities for all employees at every stage of their career. The Group never bases its decisions on criteria linked to gender, race, nationality, religion, ethnic origin, political opinions or union activities. The only valid decision-making criteria for the Eurotunnel Group are each employee's professional qualities, qualifications and skills.

Professional equality between men and women is a particularly important lever in the Group's diversity policy. Its adherence to the principles of gender equality is reflected in the application of an equal opportunities policy in recruitment, access to training, remuneration and promotion. The human resources policies of every Group entity are based on the inviolable principle of gender equality, and the Charter of Ethics and Behaviour addressed to all Group employees describes the principles that must govern the behaviour of every employee in relation to respect for people, of which the principle of non-discrimination is one of the most important.

Disability is another important aspect of the Group's diversity policy, which supports the first-time employment, professional training and continued employment of disabled people.

Under its human resources policy, the Eurotunnel Group conducts various actions and develops partnerships with economic stakeholders, the business sector and local players to foster employment. Since 2015, the Group entered into a partnership with the "Capital Filles" association that organises mentoring of young girls in technical high schools by female professionals to promote accessibility by women to traditionally male dominated job sectors. In 2016, 12 sponsorships of this kind were established at the Calais high school, Lycée Léonard de Vinci.

An agreement on professional equality to do away with wage gaps between men and women was signed in June 2009 by ESGIE with the labour unions for an indefinite period.

In the United Kingdom, the Rate for the job remuneration system and the HAY method (that notably measures the extent of the responsibilities entrusted and the difficulty inherent to them) ensures fair remuneration for ESL employees.

Together with its actions to promote the continued employment of disabled people, the Group works hand in hand with the sheltered and supported sectors by using employment agencies for disabled workers and/or sheltered job centres. An ongoing agreement was concluded in 2010 for the benefit of disabled workers with AFAPEI and ESGIE. On 23 July 2013, a partnership framework agreement was signed between the Eurotunnel Group and APF (the French association for people suffering from paralysis) in which the Group undertook to approach APF for any service falling within its areas of competence. ESGIE approached APF several times in connection with this partnership, for various services. Through this collaboration, three persons have been provided with permanent, full-time employment.

As in 2015, the Group conducted several awareness-raising actions within the Group on disability with the specialised company "Made in TH", by appointing a dedicated ambassador, setting up a monthly consultation session on site, conducting interviews and setting up support measures. In addition, a training program was set up within the framework of a partnership between the Eurotunnel Group and a temporary employment agency specialising in helping disabled people. As part of this partnership, CFFCO organised the training of 12 people as reception agents in 2016. At the same time, another action was carried out with the Direccte of the Hauts-de-France, which allowed the insertion of a handicapped worker for a one-year service contract.

Europorte signed a contract for the cleaning of work clothes with an ESAT organisation helping people back to work in the North-West region. This option will be considered when renewing contracts in other regions.

Results of the year

During the year, the Group experienced a decrease of just over 1% in its workforce compared to 2015 (excluding the GBRf and the maritime segment). This trend is mainly concentrated in the Europorte segment. In contrast, the workforce increased by more than 4% between 2013 and 2016 on a like-for-like basis.

Workforce and geographical distribution

Number of employees	France	United Kingdom	Total
At 31 December 2016	2,435	901	✓ 3,336
At 31 December 2015	2,512	862	✓ 3,374

At 31 December 2016, Eurotunnel Group employed 3,336 persons.

73% of the workforce is employed in France and 27% in the United Kingdom (2015: 74.5% and 25.5% respectively and 2014: 74.2% and 25.8% respectively).

Breakdown of workforce by gender

Number of employees	Men	Women
At 31 December 2016	✓ 2,556	✓ 780
At 31 December 2015	✓ 2,607	✓ 767

At 31 December 2016, women made up 23.4% of the total workforce (22.7% in 2015, and 22.8% in 2014). This breakdown reflects the specific requirements of jobs within the Group, especially those related to rail maintenance.

Breakdown of workforce by age group

Number of employees	Under 25 years	25 – 29 years	30 – 34 years	35 – 39 years	40 – 44 years	45 – 49 years	50 – 54 years	55 – 59 years	60 – 64 years	65 years and over
At 31 December 2016	134	325	323	308	463	751	498	346	161	27
At 31 December 2015	147	340	302	317	572	720	464	331	150	31

At the end of the 2016 financial year, approximately 23% of the Group's workforce are under 35 years of age and around 47% are under 45 years of age. The number of employees aged 55 and over is slightly higher than in the previous year: they represent 16% of the workforce, compared to 15% in 2015. There are 188 employees over 59 years of age representing 5.6% of the workforce (compared with 181 in 2015, i.e. 5.3%).

The average age of the workforce is ✓46 years (45 years in 2015, and 44 years in 2014).

As indicated in section 6.2.4 of this Registration Document, the Group is continuing its work on the age pyramid.

Breakdown of workforce by category

At 31 December 2016, the proportion of managerial staff in the Group's workforce was ✓ 23.3% of which 22.4% were women.

Recruitment

Number of persons	Permanent employment	Fixed-term employment	Total
2016	222	46	268
2015	210	84	294

At 31 December 2016, 83% of all persons recruited were hired under permanent work contracts. The rate of temporary employment (fixed-term contracts/temporary work contract) was ✓ 6.4% in 2016 compared to 7.2% in 2015.

Departures

Number of employees	Dismissal	Layoff	Contractual termination and termination by mutual consent	Resignation	Retirement	End of contract	Transfer within the Group	Transfer outside the Group	Unsuccessful trial period	Death	Total
2016	38	18	27	66	34	64	16	25	14	6	308
2015	31	8	16	46	29	48	14	2	26	8	228

In a context of low staff turnover (as shown below), the balance between hirings (268) and departures (308) is negative. Resignations (21% in 2016, 22% in 2015, 41.5% in 2014) constitute the main reason for employees leaving in 2014 and 2016.

Staff turnover

In 2016, the average turnover rate for the Group's workforce was 7.1% (5.4% in 2015 and 4.9% in 2014). This increase is partly explained by an aging workforce and retirements. It is also explained by transfers outside the Group (25 in 2016 compared to 2 in 2015).

Remuneration

In France, all employees received a collective increase in basic salary and of all allowance payments linked to working conditions from 1 January 2016, representing 0.8% for ESGIE staff. For 2016, this increase was 0.3% for Socorail staff and 0.3% for EPP staff. For EPF employees, the negotiations were held during the second half of 2016 and a general 0.2% increase was applied with effect from 1 July 2016.

In the United Kingdom, a 1% collective increase to pay and allowance payments linked to working conditions was negotiated by the management and Unite for ESL on 1 April 2016. For 2016, the results of the Fixed Link (ESGIE and ESL) translated into an operating bonus of 0.89% and a financial bonus of 3.0%, representing a general bonus of 3.89% (2015: 0.49%, 2.1% and 2.59%, respectively). A management bonus is also paid to management staff, equal to a salary percentage that changes with the management level. In addition to this general bonus, ESGIE – ESL employees received an exceptional bonus of 0.11%, giving a total bonus of 4.0%.

Indicator: gross total wage bill and employee contributions

€000	2016	2015
Gross total wage bill	146,403	147,718
Social security contributions	33,648	35,636

Data is consolidated in euros at the exchange rate used for the income statement for the year. The gross total wage bill and the social security contributions cover 100% of the workforce as at 31 December 2016.

Workforce external to the company: average monthly temporary workforce

	2016	2015
Average monthly temporary workforce	215	228

Indicator: subcontracting costs

€000	2016	2015
Subcontracting costs	72,521	73,642

Gender equality

At 31 December 2016, there were 780 women in the Group's workforce. There are 174 women in the managerial population, representing a manager rate of 22.37% (22.39% in 2015).

Employment and inclusion of disabled employees

In France, the employment rate for disabled workers in 2016 for ESGIE, EPF and Socorail, calculated on the basis of the data contained in the mandatory annual declaration of employment submitted to the AGEFIPH (National Association responsible for managing the fund for disabled employees), is 4.06%, 0.75%, and 0.69%, respectively (2015: 3.73%, 0.45%, and 0.92% and 2014: 4.10%, 0.42% and 0.94%).

While data cannot be gathered for this indicator in the United Kingdom as there is no specific "disabled worker" status, the British entities of the Group, like all the Group, are nevertheless bound by the same commitments and the fundamental principles of the Group's Charter of Ethics and Behaviour as concerns equality. Also, they implement an equal opportunities policy intended to ensure that all employees are treated identically, as in the French subsidiaries.

6.2.5 TRAINING

Group's challenges and policy

The Eurotunnel Group, which operates in highly technical business segments, has always placed training at the forefront of its concerns.

The main focus of the Group's training policy is to strengthen the key competencies of its employees and to maintain a high level of operational performance within teams, enabling them to contribute to the development of the business. Emphasising a common culture in the areas of safety, security and the environment and improving the adaptation of employees to their job position are key priorities.

Actions and means implemented

The Eurotunnel Group opened a training centre, CIFFCO, to both manage the training plan and to conduct the training for the Concession, as well as support the development of the rail freight industry and local train operators. It provides dedicated training programmes with a focus on rail-related activities in the national Railways and other networks, as described in section 6.3.2 of this Registration Document.

Results of the year

	2016	2015
Number of training hours	✓ 84,508	✓ 98,984
Cost of training (in €000)	4,025	6,119
Proportion of the total wage bill represented by training	2.75%	4.14%

In 2016, 84,508 hours were devoted to employee vocational training, representing an average of just over 25 training hours per employee. The cost of training represents nearly 2.75% of the total wage bill and totalled €4,024,759 in 2016, compared to €6,119,050 in 2015 and €5,094,498 in 2015 on a like-for-like basis.

6.2.6 2014/2015 FIGURES INCLUDING GBRf AND MyFerryLink

Work-related accidents

Work-related accidents resulting in time off	Frequency rate	Severity rate
2015	✓ 9.8	✓ 0.5
2014	✓ 8.0	✓ 0.4

Working hours

Breakdown of workforce	2015	2014
Staggered hours	67.7%	67.4%
Office hours	32.3%	32.6%
Part-time	5.2%	5.2%
Full-time	94.8%	94.8%
Overtime	2015	2014
Number of overtime hours	266,368	255,679

Absenteeism

	2015	2014
Absenteeism rate	✓ 4.05	✓ 3.9

Workforce and geographical distribution

Number of employees	France	United Kingdom	Total
At 31 December 2015	2,512	1,480	✓ 3,992
At 31 December 2014	2,470	1,479	✓ 3,949

Breakdown of workforce by gender

Number of employees	Men	Women
At 31 December 2015	✓ 3,180	✓ 812
At 31 December 2014	✓ 3,141	✓ 808

Breakdown of workforce by age group

Number of employees	Under 25 years	25 – 29 years	30 – 34 years	35 – 39 years	40 – 44 years	45 – 49 years	50 – 54 years	55 – 59 years	60 – 64 years	65 years and over
At 31 December 2015	184	387	357	378	664	852	577	393	165	35
At 31 December 2014	197	368	342	388	757	791	557	358	160	31

Recruitment

Number of employees	Permanent employment	Fixed-term employment	Total
2015	268	85	353
2014	371	88	459

Departures

Number of people	Dismissal	Layoff	Contractual termination and termination by mutual consent	Resignation	Retirement	End of contract	Transfer within the Group	Transfer outside the Group	Unsuccessful trial period	Death	Total
2015	32	43	22	65	30	52	14	2	26	9	295
2014	30	7	12	108	15	54	20		11	3	260

Indicator: gross total wage bill and employee contributions

€000	2015	2014
Gross total wage bill	193,851	176,075*
Social security contributions	45,778	40,202*

* Adjustment at the end of the financial year to integrate the European subsidiaries into the reporting scope of the indicator.

Workforce external to the company: average monthly temporary workforce

	2015	2014
Average monthly temporary workforce	228	176

Indicator: subcontracting costs

€000	2015	2014
Subcontracting costs	77,622	74,134

Training

	2015	2014
Number of training hours	✓ 159,837	✓ 227,289
Cost of training (in €'000)	6,276	5,461
Proportion of the total wage bill represented by training	3.24%	3.1%

6.3. REGION

Overview of the Group's policy

Corporate social commitment is deeply ingrained in the Eurotunnel Group's history and culture. The Group wishes to establish close ties with all the communities that it interacts with – customers, local authorities, economic partners – in France, in Great Britain and in Europe.

Recap of the biggest challenges

The Group's commitment is focussed on the most pressing challenges as indicated in the materiality analysis:

- Customer satisfaction and loyalty-building;
- Expansion of the railways and in particular, the links with national and European regulations;
- Development of the local employment and economy.

6.3.1 CUSTOMER SATISFACTION AND LOYALTY-BUILDING

Group's challenges and policy

The materiality analysis placed customer satisfaction and loyalty-building, as well as the management of traffic, capacity and railway line availability among the very important challenges for the Group. Free movement of goods and people are included in the important challenges.

The Eurotunnel Group has placed customer care at the heart of its development strategy. For the staff in all of its subsidiaries, security and quality of service are a priority as well as a daily and strategic requirement. Deeply rooted in a bi-national and customer-centric culture, the Eurotunnel Group invests continuously in adapting its services, in quality care to customers,

punctuality, smooth operation, comfort and safety, hinging on a central goal: to constantly expand the high-level quality of service which is the foundation for its economic growth.

Actions and means implemented

Passenger reception

The “Terminal 2015” project described in section 1.6.2 of this Registration Document places customer satisfaction at the centre of the Group’s development strategy.

Development of traffic

In the run-up to the Vision 2020 project, the Eurotunnel Group has ordered three new Truck Shuttles to increase its capacity by 20% and to switch to a peak period of eight departures per hour, compared to six currently. The reinforcement of the fleet is accompanied by a program to extend the terminals at Coquelles and Folkestone in order to ensure smooth traffic at the site.

Europorte’s sales policy seeks to transform the traditional approach of the rail transport sector based on short-term traffic into structured medium-term partnerships.

At the beginning of 2016, Nantes Saint-Nazaire Port chose, following an invitation to tender, to renew Europorte for the management, operation and maintenance of its railway infrastructure. As the port has set itself the objective of doubling its rail traffic by 2020, the awarding of this new contract is a recognition of Europorte’s railway expertise.

6.3.2 PROMOTION OF RAIL TRANSPORTATION

Group’s challenges and policy

The Group’s dependence on national and European railway regulations was identified as a very important challenge by the materiality analysis. As world leader in rolling motorway and rail-road transport, the Eurotunnel Group campaigns for the use of railways to leverage the development of regions while keeping environmental impact low.

Actions and means implemented

Vocational training in the rail industry

The Eurotunnel Group established CIFFCO in 2011, the first private training centre dedicated to rail industry professions. CIFFCO is open to all European rail companies, to infrastructure maintenance companies and their subcontractors for the training of their staff.

The CIFFCO has:

- a Franco-British team with expertise in railway training;
- a building entirely devoted to training;
- 14 modern and efficient micro-simulators essential for the training of train drivers;
- a new platform for distance learning;
- the necessary approvals to operate as a railway training centre; CIFFCO is certified by EPSF to provide train safety training on the French national rail network. The train driver training of CIFFCO is listed in the French national directory of professional certifications since 2014. It can award a professional qualification recognised by the French State. The CIFFCO is therefore today the first, and only, private training organisation authorised to offer this qualification, in addition to the French public operator.

Furthermore, since 20 November 2015, the CIFFCO is the only railway training organisation to have its train driver training recognised for its quality and its results in terms of employability, by the I-trans labelling, a railway reference centre for railways at national level.

During the 1st quarter of 2016, the CIFFCO set up the 1st MOOC (Massive Open On line Course) *Emploi du Ferroviaire*: six weeks of digitalised training to discover railway related jobs, and particularly the job of train driver. This MOOC attracted more than 5,300 registrations for a final result of 1,200 people who completed the standard four-week course and 800 certified candidates who successfully completed the full six-week course.

The content developed for the MOOC has been integrated into the construction of a new digital learning platform for railway trainees (e-ferro).

In addition, the MOOC:

- was nominated for the “Prix de l’Innovation Logistique” at the SITL fair (the international meeting of transport, freight forwarding and supply chain professionals) in Villepinte in March 2016;

- received the “Coup de Coeur Digital HR” award from the Trophies SIRH jury (association of managers SIRH independent solutions publishers);
- received the “Prize for the Digital Project and the new tools” awarded by the National Association of HRDs during the third edition of the Digital HRD Award by ANDRH.

In 2016, CIFFCO provided a total of 2,565 railways training days for 235 people from all over France but also from Belgium, Switzerland, Italy and the United Kingdom (Group employees and outside companies). In total, since the opening of the centre, 220 ground staff and nearly 500 trainee train drivers have been trained, with half of the training provided to companies outside the Eurotunnel Group.

During the year, the training mainly concerned train drivers entering the French railway network, as well as ground staff. CIFFCO contributes to creating skilled jobs and promoting employability. It also is a key driver in the development of railway transport and of its related jobs and, more generally, is involved in the economic development and the enhanced influence of the Hauts-de-France region. In 2016, the CIFFCO, ESGIE, the GRETA of Calais and Cap Intérim, arranged a seven week training course for disabled jobs seekers to facilitate their employability and their integration into the professional work place.

As part of its commitment to young people, the Group develops its relations with universities and schools in order to promote better knowledge of the jobs it offers and help young people enter the world of employment:

- Training diploma in railway engineering and maintenance professions set up and developed by Europorte in close collaboration with CNAM;
- Agreement with the Ecole Nationale des Ponts et Chaussées engineering school to establish an education and research “Railway transport sciences” chair dedicated to the study of railway activity, until the year 2018. The aim of this chair is training and research on the topics associated with infrastructure and transport services. This initiative attests to the Group’s willingness to share its expertise in order to advance science and innovation, and to position the railway industry as a profession of the future;
- Partnerships with the ICAM and IAE Lille institutions to develop a new approach to maintenance professions;
- Participation in November 2016 in the “Professeurs en entreprises” operation initiated by Fondation C Génial, a foundation for scientific and technical culture. This operation is aimed at teachers (and other members of the national education system) at the secondary level and, in addition to the professional integration of young people, it makes it possible to promote the sectors and the scientific and technical professions of the companies visited. Several managers of the Fixed Link Rolling Stock were mobilised in favour of this action.

Group partnerships for the development of the railways

The Eurotunnel Group offers its expertise in managing transport infrastructures and rail activities to various public bodies at European, national and regional levels.

The Eurotunnel Group also contributes to the work of the European Committee for Standardisation as part of the working group responsible for drafting a proposed standard for calculating the greenhouse gas emissions of transport services.

The Eurotunnel Group is a founding member of the Fer de France association which was created in 2012 to bring together the leading players in the French railway industry. The work presided over by the Group led to proposals for the French State to recognise different professions in this developing sector.

The Eurotunnel Group is also an active member of I-Trans, the global competitiveness cluster and the reference cluster for railways in France. The Group’s Human Resources Director participates as the controller in the CAPFOR (training project management and coordination circle) operational group that aims to make existing training more consistent with the industry’s expectations, creating a pool of expertise in the region and developing high-quality higher education with international influence.

6.3.3 REGIONAL DEVELOPMENT

Group’s challenges and policy

The development of local employment and the local economy are listed among the important challenges in the materiality analysis.

The Eurotunnel Group has carved a niche for itself in its environment and has shaped that environment in a positive manner. As an employer, it participates directly and actively in local economic development, and pursues its mission as developer in consultation with stakeholders. As a committed partner in its economic and social environment, the Eurotunnel Group has always been a leading economic player and local employer. Its mission is fully in line with the “regional foothold” approach ISO 26000 defines as an “organisation’s proactive outreach to the community, aimed at preventing and solving problems, fostering partnerships with local organisations and stakeholders, and adopting civic behaviour towards that community”.

The Eurotunnel Group considers its commitment to regional matters to be crucial, especially as it contributes to improving the overall performance of the company, internal climate and social cohesion, and to enhancing employee loyalty.

To meet these challenges, the Eurotunnel Group endeavours to establish links with all the local communities by providing active support to the associations, schools, universities and organisations with which it works closely on both sides of the Fixed Link. This commitment notably relies on its dialogue with all its stakeholders.

Actions and means implemented

Development of local employment

For over 20 years now, the Tunnel is a vital link between Great Britain and continental Europe. Since the Tunnel came into operation, it has created 8,100 direct and indirect jobs in the Kent and Pas-de-Calais regions, and led to the building of large-scale associated infrastructure, notably new motorways, high-speed railway lines and international railway stations.

As indicated in section 1.1.1 of this Registration Document, Ernst and Young published a report evaluating the economic contribution of the Tunnel to trade and tourism and its role in the economic growth of the United Kingdom. Pursuant to the regeneration agreement signed in 2006 with the French State, the Eurotunnel Group continues to contribute financially and through its expertise to Calais Promotion, the Pas-de-Calais development agency. This contribution is earmarked primarily for supporting job creation. Similarly, the Group provides financial support and actively participates in the Cross-border Job Fairs, a local initiative that facilitates the professional mobility of young people between France, the United Kingdom and Belgium.

Through its commitment to Fondation Agir Contre l'Exclusion (FACE), which provides assistance to those most in need, the Eurotunnel Group encourages its employees to get involved in and initiate humanitarian and charity projects. Several part-time work contracts have been signed since 2013 between the subsidiary ESGIE and persons assisted by FACE Calais. A recent contract concerned an environmental protection assignment totalling 400 hours of work.

Other subcontracting and service partnerships were signed between ESGIE and local companies to develop employment and guarantee the regional foothold for the Group's activities. These partnerships represented about 1,470 full time equivalent in 2016 for various work including services.

Development of the local economy

In connection with its role as a developer, the Eurotunnel Group, through its subsidiary Euro-Immo GET, was chosen in January 2013 by the municipality of Sangatte Blériot Plage to develop the seaside eco-village and golf resort at Porte des Deux Caps. This project will involve building an international-standard golf course, a luxury hotel, and an eco-friendly residential development of 500 housing units.

The Group's land banks at Coquelles (Pas-de-Calais) were gradually transformed into a 700-hectare mixed development zone (ZAC) that now includes a shopping centre drawing 6 million visitors per year on average.

In France, the Europorte companies as a whole are developing their rail freight haulage activities, which enable disused marshalling yards and railway lines, as well as lines with restricted traffic, to continue operating or to be brought back into service. However, without political will on the part of the actors responsible for developing transport infrastructure, the progressive deterioration or eventual disappearance of the feeder networks could have, as described in chapter 3 of this Registration Document, a major impact on the income of EPF, which obtains an important part of its business from the transportation of grain.

Under an agreement similar to a public-private partnership, the Eurotunnel Group, alongside the French State, the Hauts-de-France region, the CCI Cote d'Opale, and the urban community of Dunkirk and SNCF Réseau, is financing feasibility studies on the modernisation of the Fréthun-Calais-Dunkirk railway line, which would involve its electrification and an increase in rail freight path availability.

Solidarity actions

A key player in the natural, economic and human environment, the Eurotunnel Group fulfils its social responsibility through concrete commitments and solidarity actions for community support:

- Payment since 2010 of 10% of the land rental of the wind farm on its Coquelles site to Secours Populaire, which distributes the payments in the form of "energy vouchers" to families in Pas-de-Calais. Following its expiry, the partnership agreement between the Eurotunnel Group and Secours Populaire, was renewed for two more years (2015-2017).
- Active support to the French Second Chance Foundation, a recognised public interest group committed to the rehabilitation of people who have faced great difficulties in their lives.
- Solidarity actions in favour of Papa Tohanga, an association for social aid to populations of the Democratic Republic of Congo, whose founding chairman is an ESGIE staff member. In 2015, a bus was gifted to the association.
- Common actions set up with the French Red Cross for customers in the French terminal of the Concession.

- Donations to various associations such as “La Ressourcerie du Calaisis” as part of a crowdfunding campaign conducted by the FACE Calaisis association.

Sponsorship

The Eurotunnel Group financially supports the World Forum for a Responsible Economy in Lille. Launched by the Réseau Alliances, this organisation aims to promote a responsible global economy, by sharing the best business practices of responsible companies.

6.3.4 BEST BUSINESS PRACTICES: BEING FAIR AND RESPONSIBLE

Group's challenges and policy

The setting up of the code of ethics and the responsible purchasing policy were identified as important challenges in the materiality analysis. The Eurotunnel Group is committed to building a climate of trust and fair relations with all of its stakeholders both inside and outside the Group. As a signatory of the United Nations Global Compact, the Eurotunnel Group endorses its fundamental principles, including the tenth principle, which states that “businesses should work against corruption in all its forms, including extortion and bribery”.

Actions and means implemented

Ethics

In its Charter of Ethics and Behaviour, approved by the Board in 2013, the Eurotunnel Group sets out the common rules regarding respect for people, fair competition, internal controls and environmental protection.

The Group operates as a collection of entities in various sectors of activity and geographical areas. These principles and guidelines for action apply to all the employees of the Group and its subsidiaries, as well as to their subcontractors and suppliers. Failure to abide by these ethical rules by employees of the Group can lead to disciplinary action.

Relations with suppliers

The relations between the Eurotunnel Group and its suppliers go beyond the mere purchasing of goods and services. In compliance with the principles set down by the Charter of Ethics and Behaviour, the ACHA 0019 procedure (professional ethics code) set out the Group's ethics standards. These standards not only ensure compliance with applicable laws and regulations, but beyond legal criteria, they make for the building of a climate of trust in exchanges between Group representatives and third parties. Each Group buyer or other employee undertakes to abide by the professional ethics code and to seek suppliers who share these commitments. The tender process is designed to guarantee the fair treatment of suppliers during consultations.

In representing the Group's CSR values and engagements, the Procurement Departments of the various entities have taken actions that, beyond referring to the Eurotunnel Group's Charter of Ethics and Behaviour in all new contracts, require their suppliers to comply with its fundamental principles and to sign the Compliance Policy (Article 23). Article 23.2.1 requires that suppliers “comply with the French regulations on corruption, as well as UK corruption laws, notably the Bribery Act 2010”.

The sustainable development aspect is included by Concessionaires as part of their tendering process for sub-contracted work on their Fixed Link sites. Subcontractors are required to commit contractually to respecting labour laws and regulations. As Europorte operates mainly on its customers' sites, as regards the management of port infrastructure, it integrates the port authorities' requirements into its own subcontracting contracts.

In January 2012, the Eurotunnel Group signed the “Charter for responsible supplier relations”. This charter includes ten commitments for responsible purchasing, ensuring a genuine partnership between customers and their suppliers with due regard to their respective rights and obligations. It is committed, in particular, to ensuring financial equity towards suppliers, to respecting the principle of transparency, to incorporating the environmental dimension or even to ensuring the territorial responsibility of its company. It thereby represents a measure to prevent corruption.

The Eurotunnel Group is also a member of steering committees for the “Responsible supplier relations” charter and certification, and has clearly demonstrated its wish to be a part of this certification process, as an extension of the implementation of the charter's ten engagements. In addition, the ethics and compliance steering committee worked on the implementation of a Group anti-corruption policy, approved by the Board Ethics and Governance Committee and the Board of Directors, which aims to reinforce the dissemination of the rules of conduct which form the foundation of the Eurotunnel Group's integrity and ethics.

6.4. NATURE

Overview of the Group's policy

In a world of limited natural resources, to ensure their sustainability, companies must make constant efforts to have full control over their energy consumption and reduce the impact of their operations on the environment. For the Eurotunnel Group, this is obvious: there can be no success in the long term without strict control over one's environmental impact.

The most material challenges

The Group's environmental commitment is focussed on the challenges that have been deemed the most material in the materiality analysis:

- the general policy for environmental management and in particular, training of employees in environmental issues;
- the management of energy consumption and the increased use of renewable energies;
- the circular economy policy and waste management;
- the Tunnel and its rail transport system provide certain intrinsic environmental advantages;
- the Tunnel runs entirely underground and does not interfere in any way with the marine environment; and
- the use of electric power, 90% of which is of nuclear or hydraulic origin, for haulage produces minimal atmospheric pollution and much lower greenhouse gas emission levels than fossil fuels.

Spurred on by the Group, Europorte has stepped up its environmental procedure. Alongside the implementation of transparent reporting on abstractions from and discharge into the environment, an environmental impact assessment of the activities of Europorte's French entities was completed in 2013, resulting in various measures being taken to mitigate the impacts:

- energy consumption optimised to reduce contributions to the greenhouse effect;
- environmental criteria taken into account when planning maintenance programmes for its shunting engines (oil leaks and particulate emissions). At the end of 2016, 42% of the Socorail site is now equipped with new-generation engines;
- appropriate mechanisms set up for sorting/collecting and treating the various types of waste produced;
- environmentally friendly products chosen;
- green areas created for the parking and maintenance of machines;
- improved management of hazardous situations involving customers;
- awareness-raising among staff about civic environmentalism practices.

6.4.1 GENERAL ENVIRONMENTAL POLICY

In the materiality analysis, the general policy for the environment was classified amongst the priorities, and environmental training for employees was included amongst the important challenges for the Eurotunnel Group.

Governance/steering

Above and beyond compliance with the legal and regulatory constraints for which a review is conducted and published each month, the Concessionaires, true to this constant commitment to the environment, created a safety and sustainable development department in 2006.

The general policy of Europorte subsidiaries lays down environmental considerations that require Europorte to be involved in controlling its environmental impacts, particularly as regards energy consumption. Progress on the resulting environmental action plans is monitored monthly by the Europorte safety committee and during management reviews. The deployment and the implementation of this plan are handled by Europorte's central safety, quality and environment department and more specifically, the environment quality department and taken up by the regional safety and quality officers.

Certifications and labels

As early as 2002, the Concessionaires installed an environmental management system based on the requirements of the ISO 14001 standard, and put in place trained environment officers and internal auditors. An "Environmental Requirements" clause was also introduced into agreements with its subcontractors. Each year, targeted audits are carried out in France and the United Kingdom by the safety and sustainable development department; in 2016, eight internal audits were carried out – one in the operational divisions and seven on subcontractors.

With the SQAS Rail (Safety and Quality Assessment System) assessment procedure every three years since 2014 for the entire scope of its subsidiaries, Europorte implements a continuous improvement procedure. This assessment supplements the MASE and ISO 9001 certifications mentioned in section 3.1.2 of this Registration Document.

Within the framework of the regulatory developments arising from France's Grenelle Environment Round Table programme, in September 2013, Socorail obtained EcoPhyto certification for weeding activities conducted on the rail networks of certain ports

and industrial sites. The system implemented is intended to limit the use of crop protection products and better control their impact.

Risk prevention

Pursuant to French law no. 76-663 of 19 July 1976 relating to installations classified for the protection of the environment (ICPE) both terminals in Coquelles and Sangatte are designated ICPE sites due to the potential dangers and risks that their activities may pose to the surrounding area and to health, safety, nature and the environment, such as refrigeration, air-conditioning, storage and use of flammable liquids, maintenance workshops and paints. These activities are set out in a list which, on the basis of the severity of the dangers or risks that they may represent, requires Eurotunnel Group to either report to or request authorisation from the Prefecture of the Pas-de-Calais. These activities are monitored by the regional authority for the environment, planning and housing (DREAL). Similarly, pursuant to French law no. 92-3 of 3 January 1992 on water, the Concessionaire France Manche must request authorisation from the relevant administrative authority for any proposed construction, work or activities to be carried out outside of the ICPE area, which may pose a danger to public health and safety, endanger the free flow of water, reduce the availability of water, substantially increase the risk of floods or seriously damage the quality or diversity of the marine environment.

From the construction of the Tunnel, expenditure has been incurred to prevent the harmful consequences of business activities for the environment. There are separate sewer systems for rain water and waste water, retention ponds, and treatment plants.

The Group has not set aside any provisions for environmental risks, nor did it pay out any court-ordered compensation for environmental damage during the course of the year. The obligation to establish a financial guarantee, as defined in article L. 516-1 of the French Environmental Code, against any environmental damage does not apply to the Group's activities.

No fine of any nature has been imposed on the Group nor has it been reported for non-compliance of its operations.

Employee awareness/training

As part of their induction to the company, every new employee learns about the company's environmental policy, its targets, and the organisation put in place to minimise the environmental impacts of its activity. Moreover, the Group is working on setting up digital CSR training, aimed at increasing employee awareness of the actions undertaken in the areas of social responsibility and of the stakes facing the Group.

6.4.2 CLIMATE CHANGE AND ENERGY POLICY

Group's challenges and policy

The materiality review identified the management of energy consumption and the increased use of renewable energies as very important and important priorities respectively.

As part of its commitment to "low-carbon" transport, the Group pursues an ambitious strategy combining the development of its core activity, cross-Channel transport, with external growth in its two main businesses and areas of expertise other than the Fixed Link: infrastructure management and railways operations. In line with this strategy, the Eurotunnel Group and the Europorte subsidiaries are developing a broad-based offering of rail freight transport and associated logistics services throughout France and the United Kingdom.

Actions and means implemented

Emission level measurement

The Eurotunnel Group is developing a policy for monitoring and managing the greenhouse gas emissions of its subsidiaries in anticipation of the publication of the implementing regulations of article 228 – II of the Grenelle 2 law regarding mandatory disclosures by entities providing transport services or organising the provision of transport services, on the quantity of carbon dioxide emitted by the mode(s) of transport used to carry out that service. In order to better satisfy the transparency requirements imposed by article 173 of law no. 2015-992 of 17 August 2015 on energy transition for green growth, the Group has initiated a study aimed at identifying the primary sources of greenhouse gas emissions which, beyond the Fixed Link, should make it possible to provide a detailed qualitative analysis for the next financial period.

The Eurotunnel Group is certified by The Carbon Trust Standard since 2009. In 2011, the Group's management of greenhouse gas emissions was audited by this independent organisation that set the baseline level for greenhouse gas emissions for the whole of the Group's activities at 2010 levels. In 2015, for the Fixed Link scope, Eurotunnel Group's Carbon Trust Standard certification was renewed in recognition of its carbon footprint reduction policy for the period 2013-2014. An audit is scheduled for the spring of 2017, for the purpose of renewing certification for the period 2015-2016.

Furthermore, the Eurotunnel Group is the sole cross-Channel operator to have conducted and published a carbon footprint assessment. In France and the United Kingdom, an exhaustive carbon footprint assessment of the Fixed Link was performed in

2007, using the method developed by ADEME. This carbon footprint assessment identified the Fixed Link's primary sources of greenhouse gas emissions. This was followed by the implementation of an action plan focused on two factors that accounted for 80% of the emissions, namely the use of energy provided by electricity and fossil fuels, and refrigeration fluid leakages.

In the United Kingdom, the Concessionaires, as managers of infrastructure of major importance to the British economy, were asked by the British Department for Environment, Food and Rural Affairs, in line with the 2008 Climate Change Act, to carry out a study of the infrastructure's ability to withstand the foreseeable effects of climate change.

In keeping with the 1992 Montreal protocol, actions were implemented to reduce emissions of all gases leading to ozone layer depletion. Halon is being dismantled from the infrastructures of the Fixed Link. Also, the refrigerants used in the cooling ducts in Sangatte and Shakespeare Cliff were also entirely replaced for the French portion and for half of the British portion with new cooling units that are more energy-efficient and have no negative impact on the environment.

Customer offer

The Group is committed to leading the way in environmentally responsible transport and makes its expertise and leadership available to its subsidiaries and customers to help them reduce the carbon footprint of their activities.

An eco-comparison tool is available on the Fixed Link website and can be used by customers to calculate the average savings on CO₂ emission levels in using the Truck Shuttles.

Since 2015, Eurotunnel Group provides passengers with electric cars with a fast recharge facility free of charge, at the Fixed Link site in Coquelles (Pas-de-Calais) and in Folkestone (Kent) – in thirty minutes, they can charge 80% of the battery capacity (universal battery chargers) providing a range of over 250 km. There are sixteen dedicated spots that can be used simultaneously at the two terminals of the Channel Tunnel. These are the only sites in Europe to provide such a comprehensive offering. The number of customers using the Passenger Shuttle in electric cars increased from 40 in 2014 to 800 in 2015, and more than 3,500 in 2016. This number is expected to reach 5,000 in 2017.

Since 2014, Europorte's subsidiaries have been certified TK' Blue label by the European TK' Blue Agency. This label measures the ecoresponsible engagement level and the technical, economic, environmental and social performance of its transport services.

Energy policy

Comprehensive energy audits spanning the full range of energy consumption for the Concession's operations – going beyond the regulatory requirements – were conducted in 2015 by an external auditor. The conclusions rendered in 2016, suggest various actions for energy performance as well as paths for improvement for further environmental gains.

The purchase of Truck Shuttles will result in the grant of Energy savings certificates which will be allocated to EDF pursuant to the partnership agreement signed in 2015 between France Manche and EDF. In addition, new generation electronic variable speed drives, which use less energy, were purchased and installed in France in 2016, making it possible to modulate one speed of the cooling fans. At the end of 2016, the fleet of 100% electric vehicles operating on the Concession terminals reached 37 vehicles. 12 other vehicles have been ordered and are to be delivered in March 2017.

Europorte France has set up an eco-driving initiative to increase awareness among high-main line installation of technical equipment to cut down fuel consumption by locomotives, as well as driver assistance systems depending on the railways network and the train, so that drivers can adopt a more environmentally-friendly driving style. In 2015, Europorte France also commissioned – a first in France – seven medium horsepower locomotives in a new model (Vossloh DE18) which, for an equivalent level of use, provide a 15% to 20% reduction in fuel consumption.

The energy audits conducted by an approved body for Europorte made it possible to identify opportunities for reducing energy consumption. As such, an initial experience in car self-sharing of company cars was set up in the Lyons area. Arval awarded the eco-responsible mobility award to Europorte for this initiative.

Results of the year

Greenhouse gases (GHG) emission indicator (scope 1 and scope 2 of the Kyoto protocol⁽¹⁾)

Tonnes of CO ₂ equivalent	France	United Kingdom	Total
2016	62,740	22,106	✓ 84,847
2015	64,368	32,279	✓ 96,647

⁽¹⁾ Emissions resulting from the use of fossil fuels in combustion facilities or in transport vehicles (scope 1), as well as fugitive emission of refrigerant fluids, SF6 and halon 1301 (scope 1) and indirect emissions from electrical power purchase (scope 2).

The Eurotunnel Group constantly strives to limit the impact of its activities on the environment. This year the Group's GHG emission levels decreased 12% compared to the previous year on a like-for-like basis.

This reduction in greenhouse gas emissions is the result, at Fixed Link level, of the replacement of halon in the technical rooms of the service tunnel and at the two terminals of the Fixed Link with less polluting gases. An investment of more than €40,000 was also made to replace certain refrigerants.

Note that efforts are continuously being made to reduce the energy consumption of the Group and consequently CO₂ emissions. Thus, tests have been carried out, since 2015, to equip the on-board air conditioning systems with GSM datacards that will take readings, every two hours, of the pressure and temperature of the generators. This will minimise leakage by making detection easier and quicker. We are moreover considering replacing some of these on-board air-conditioning systems.

An investment in 2016 and 2017 is moreover allocated to the purchase of new HVAC (heating, ventilation and air conditioning) units for the Passenger Shuttles (150 out of a fleet of 450) in order to overcome the ageing of this equipment.

Since the commissioning of the Truck Shuttles, the Eurotunnel Group has enabled savings of nearly 3.7 million tonnes of CO₂ compared to ferries, and since 2006, the Group's carbon footprint and GHG emission levels have fallen by 55%.

Energy source indicator

Energy source	Total consumption in 2016	Total consumption in 2015	Unit
Electricity	561,376,759	533,498,858	kWh
Natural gas	7,691,510	8,565,506	kWh
Non-road diesel (NRD)	7,094,665	7,800,886	Litres
Liquid petroleum gas (LPG)	7,290	11,753	Litres
Diesel	808,243	720,135	Litres
Petrol	43,970	50,351	Litres

The 5% increase in electricity consumption compared to the previous year is linked to the increase in activity and therefore the growth in energy consumption for traction with a higher number of rotations. In addition, new lighting points have been added at the French terminal of the Fixed Link for safety reasons. NRD consumption is down slightly due to lower activity in its volumes. The increase in the consumption of diesel (12%) is for the Fixed Link due to the increase in the fleet of rental vehicles in order to allow, in the context of the migration crisis, the setting up of the anti-intrusion plan which required more vehicles. For Europorte, the increase is linked to occasional traffic on the non-electric network. Natural gas consumption dropped 10%, due primarily to a significant drop (65%) at Europorte linked to a change in the estimation method. Indeed gas consumption is no longer estimated based on the average gas consumption/m² ratio provided by ADEME but on the basis of an average estimate per m² and per day on the Europorte sites that have a meter. LPG and petrol consumption also dropped by 38% and 13%, respectively, compared to the previous year and on a like-for-like basis.

Water consumption indicator

Cubic metres	Water from public network			Groundwater		
	France	United Kingdom	Total	France	United Kingdom	Total
2016	125,811	122,777	248,588	34,908	0	✓ 34,908
2015	162,813	135,111	297,925	34,275	0	✓ 34,275

The consumption of water from the public network dropped sharply compared to the previous year (about 17%), a decrease that in France is primary due to a change in the process for shuttle cleaning, which requires less water. Consumption taken from the underground water table rose 2% across the Group.

In addition, water offtakes respect the relevant legal constraints.

6.4.3 CIRCULAR ECONOMY AND WASTE MANAGEMENT

Group's challenges and policy

According to the findings of the materiality analysis, the circular economy policy and waste management were included among the important challenges for the Eurotunnel Group. The Group has a waste collection and treatment strategy that prioritises recovery

or reuse. Most waste products come from industrial activities and vary in type and quantity from year to year depending on the projects being undertaken.

Note moreover that given the nature of its activities, food wastage is not a material issue for the Group. This subject concerns only food services on the site and data on this subject will not be published for the 2016 financial period.

Actions and means implemented

In France, the Fixed Link sorts non-hazardous industrial waste, 94% of which is recycled as briquettes used in industrial boilers. This process was made possible by the emergence of new solid recovered fuel sectors. There are three ways of recovering waste: improved sorting, waste buyback and outlets, recycling or free takeback.

For Europorte, almost all the waste produced comes from the maintenance of rolling stock and rail infrastructure. At industrial sites, waste management procedures are generally the responsibility of the customer. Europorte applies its own waste management procedures to its port rail infrastructure services at Dunkirk, Nantes-Saint Nazaire and Le Havre-Rouen, and Europorte Proximité's locomotive maintenance workshop at Arc-les-Gray. In both these activities, waste is sorted internally and passed on to a waste service provider for treatment. In addition, the measures to prevent soil pollution were strengthened at the Europorte Proximité workshop by setting up a system for drywashing locomotives.

Results of the year

Waste indicator

Tonnes	Hazardous industrial waste			Non-hazardous industrial waste		
	France	United Kingdom	Total	France	United Kingdom	Total
2016	186	168	354	5,499	1,688	✓ 7,187
2015	114	290	403	2,914	1,336	✓ 4,250

The production of hazardous industrial waste dropped 12% compared to last year on a like-for-like basis. This decrease is due to the lower frequency of tunnel cleaning operations in 2016, which resulted in less waste (soap, large quantities of contaminated water, detergents). On the other hand the quantities of non-hazardous industrial waste increased sharply (69%) due in particular to an increase in on-site work and the cutting down, for safety reasons, of trees at the French terminal.

The noise of commercial activities and maintenance is also closely monitored around installations. A study in 2009 showed that the activities of the Fixed Link breached no noise standards, either at the edge of the property or in regulated surrounding areas, during the day or at night. Measurements were taken in compliance with (i) the technical annex to the Ministerial Order dated 23 January 1997 on limiting environmental noise by installations classified for environmental protection (ICPE) without derogating from any of its provisions, and (ii) Standard NF S 31-010 of December 1996 on the characterisation and measurement of environmental noise-specific measurement methods.

By the nature of its activities, raw materials consumption and improving the efficiency of use are not relevant issues for the Group.

6.4.4 PROTECTION OF BIODIVERSITY

Group's challenges and policy

In the area of biodiversity, the Eurotunnel Group complies with the letter and the spirit of the Convention on Biological Diversity whose main goals include the conservation of biodiversity and the sustainable use of its elements.

Actions and means implemented

The Concessionaires have large land reserves in France and the United Kingdom and have, since the Tunnel's construction, created several dozen hectares of nature reserves for the conservation and development of biodiversity. In France, nature reserves are located within the Concession perimeter and therefore not open to the public. In France, the "Jardins Ordonnés" with the seven-hectare lake situated next to the Coquelles terminal is a much-used haven for migrating species and an essential nest-building site for many birds.

In the United Kingdom, the Samphire Hoe site is a concrete example of the Group's determination to take measures to develop biodiversity and protect the environment. Samphire Hoe, a nature reserve spanning about thirty hectares at the foot of the Dover cliffs, was created using 5 million cubic metres of blue chalk and marl extracted from the Channel subsoil when the Tunnel was bored. This strip of land reclaimed from the sea was gradually transformed into a nature reserve. The White Cliffs Countryside Partnership (WCCP), in charge of the day-to-day management of this protected space, is supported by many volunteers living in

and around Kent. The partnership between the Concessionaires and WCCP was awarded its twelfth successive Green Flag Award® in 2016, recognising the high ecological quality of this nature reserve.

Samphire Hoe attracts over 80,000 visitors each year. Since 2014, a new reception centre, financed jointly by Eurotunnel and the Heritage Lottery Fund, provides a fully-equipped educational centre for school groups all year round.

In another partnership with WCCP, the Concessionaires are also involved in the upkeep and conservation of the Doll's House Hill site, the steep slope overlooking the Folkestone terminal facilities, whose plant and wildlife belong to a Site of Special Scientific Interest (SSSI).

The soil and plant life in Biggins Wood were removed when the Folkestone terminal was built and replanted close by, to safeguard this testimony of Britain's primary forest.

6.5. 2014/2015 FIGURES INCLUDING GBRf

Greenhouse gases emission indicator

Tonnes of CO ₂ equivalent	France	United Kingdom	Total
2015	64,369	108,924	✓ 173,292
2014	62,911	93,349	✓ 156,260

Energy source indicator

Energy source	Total consumption in 2015	Total consumption in 2014	Unit
Electricity	533,659,961	515,816,892	kWh
Natural gas	8,578,914	8,871,267	kWh
Non-road diesel (NRD)	37,104,110	33,816,154	Litres
Liquid petroleum gas (LPG)	40,310	44,332	Litres
Diesel	825,038	865,983	Litres
Petrol	50,370	102,692	Litres

Water consumption indicator

Cubic metres	Water from public network			Groundwater		
	France	United Kingdom	Total	France	United Kingdom	Total
2015	162,814	135,439	✓ 298,253	34,275	0	✓ 34,275
2014	143,112	138,960	✓ 282,072	31,368	0	✓ 31,368

Waste indicator

Tonnes	Hazardous industrial waste			Non-hazardous industrial waste		
	France	United Kingdom	Total	France	United Kingdom	Total
2015	114	362	✓ 476	2,914	1,783	✓ 4,697
2014	156	326	✓ 482	2,355	2,362	✓ 4,717

6.6. CROSS-REFERENCE TABLE

Grenelle 2 – article R.225-105-1	GRI Equivalent G4	Title	Equivalent in chapter 6 of the Registration Document
WORKFORCE INFORMATION			
Employment			
Total workforce	LA1	Total number and percentage of new employees hired and staff turnover by age, gender, and geographical distribution	6.2.4 Employment: Workforce and geographical distribution
Breakdown of employees by gender	LA1	Total number and percentage of new employees hired and staff turnover by age, gender, and geographical distribution	6.2.4 Employment: Breakdown of workforce by gender
Breakdown of employees by age	LA1	Total number and percentage of new employees hired and staff turnover by age, gender, and geographical distribution	6.2.4 Employment: Breakdown of workforce by age group
Breakdown of employees by geographical region	LA1	Total number and percentage of new employees hired and staff turnover by age, gender, and geographical distribution	6.2.4 Employment: Workforce and geographical distribution
Hirings	LA1	Total number and percentage of new employees hired and staff turnover by age, gender, and geographical distribution	6.2.4 Employment: Recruitment
Dismissals	LA1	Total number and percentage of new employees hired and staff turnover by age, gender, and geographical distribution	6.2.4 Employment: Departures
Remuneration	LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	6.2.4 Employment: Remuneration
Changes in remuneration	LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	6.2.4 Employment: Remuneration
Work Organisation			
Organisation of work time	LA	Labour Practices and Decent Work	6.2.2. Working conditions: Working hours
Absenteeism	LA6	Rate and type of work-related accidents, occupational disease, absenteeism, proportion of lost workdays and total number of work-related fatalities by region and gender	6.2.2. Working conditions: Absenteeism
Labour Relations			
Organisation of social dialogue	HR4	Identified sites and suppliers in which the right to freedom of association and to collective bargaining may be not respected or seriously under threat and measure taken to ensure respect for this right <i>Equivalence Charter of Ethics and Behaviour: pages 2 and 3</i>	6.2.3 Dialogue and labour relations
Organisation of social dialogue	LA4	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements <i>Equivalence Charter of Ethics and Behaviour: pages 2 and 3</i>	6.2.3 Dialogue and labour relations: Summary of collective bargaining agreements

Grenelle 2 – article R.225-105-1	GRI Equivalent G4	Title	Equivalent in chapter 6 of the Registration Document
Health and Safety			
Occupational Health and Safety	LA5	Percentage of total workforce represented in joint occupational health and safety committees that help monitor and advise	6.2.1 Health and safety: Health and safety in the workplace
Agreements signed with trade unions on workplace health and safety	LA8	Health and safety topics covered in formal agreements with trade unions	6.2.1 Health and safety: Health and safety in the workplace
Frequency rate of workplace accidents	LA6	Rate and type of work-related accidents, occupational disease, absenteeism, proportion of lost workdays and total number of work-related fatalities by region and gender	6.2.1 Health and safety: Work-related accidents
Severity rate of workplace accidents	LA6	Rate and type of work-related accidents, occupational disease, absenteeism, proportion of lost workdays and total number of work-related fatalities by region and gender	6.2.1 Health and safety: Work-related accidents
Occupational diseases	LA7	Employees exposed directly and frequently to diseases related to their activity	6.2.1 Health and safety: Work-related accidents
Training policy			
Total number of training hours	LA9 / LA10	Average hours of training per year per employee, by gender and employee category. Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	6.2.5 Training
Diversity and equal opportunities			
Diversity and equal opportunities policy and actions	LA12 / EC5 / EC7	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity <i>Equivalence Ethics and Behaviours Charter: page 2</i>	6.2.4 Employment: Diversity and equal opportunity
Gender equality	LA13	Ratio of basic salary and remuneration of women to men by employee category and by significant locations of operation <i>Equivalence Charter of Ethics and Behaviour: page 2</i>	6.2.4 Employment: Diversity and equal opportunity, Gender equality
Employment and integration of disabled people	LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	6.2.4 Employment: Employment and inclusion of disabled employees
Policies to prevent discrimination and promote diversity	LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity <i>Equivalence Charter of Ethics and Behaviour: page 2</i>	6.2.4 Employment: Diversity and equal opportunity
Promotion and respect of ILO values (Human Rights)			
	LA and HR	Labour Practices and Decent Work / Human Rights <i>Equivalence Charter of Ethics and Behaviour: page 2</i>	6.1.1 Origin of the CSR procedure and Eurotunnel's commitments

Grenelle 2 – article R.225-105-1	GRI Equivalent G4	Title	Equivalent in chapter 6 of the Registration Document
ENVIRONMENTAL INFORMATION			
General Environmental Policy			
Company organisation to take into account environmental issues. Environmental assessment or certification where required	Management approach	Disclosures that cover how an organisation addresses a given set of topics in order to provide context for understanding performance in a specific area <i>Equivalence Charter of Ethics and Behaviour: page 6</i>	6.4.1 General Environmental Policy
Employee training and communication on environmental protection	Management approach	Disclosures that cover how an organisation addresses a given set of topics in order to provide context for understanding performance in a specific area <i>Equivalence Charter of Ethics and Behaviour: page 6</i>	6.4.1 General Environmental Policy
Allocation of resources to prevent environmental risks and pollution	EN31	Total environmental protection expenditures and investments by type	6.4.1 General Environmental Policy: Risk prevention
Amount of provisions and guarantees for environmental risks (unless there is risk of serious harm)	EN29 / EN34	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations Number of environmental impact grievances filed, reviewed and resolved through formal grievance mechanisms	6.4.1 General Environmental Policy: Risk prevention
Pollution			
Prevention, reduction or compensation measures for air emissions or water and soil discharges that seriously affect the environment	EN23 / EN24 / EN25	Total weight of waste by type and disposal method Total number and volume of significant spills Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	6.4.3 Circular economy and waste management: waste indicator
Taking account of noise and other forms of pollution specific to an activity	EN24	Number and total volume of substantial discharges	6.4.3 Circular economy and waste management
Circular economy			
Waste prevention and waste management			
Measures for the prevention, recycling, reuse, other forms of recovery and elimination of waste	EN23 / EN25	Total weight of waste by type and disposal method Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	NA
Fight against food waste		N/A	NA
Circular economy			
Sustainable use of resources			
Water consumption and water supply according to local constraints	EN8 / EN9 / EN10	Total water withdrawal by source Water sources significantly affected by withdrawal of water Percentage and total volume of recycled and reused water	6.4.2 Climate change and energy policy: water consumption indicator
Consumption of raw materials and measures taken to improve efficiency in their use	EN1 / EN2	Consumption of materials by weight or volume Percentage of materials from recycled materials	
Energy consumption and measures taken to improve energy efficiency and renewable energy use	EN3 / EN6 / EN7	Energy consumption within the organisation Reduction of energy consumption Reduction of energy requirements for products and services	6.4.2 Climate change and energy policy: energy source indicator
Soil use	EN5 / EN6 / EN7		6.4.2 Climate change and energy policy: energy policy

Grenelle 2 – article R.225-105-1	GRI Equivalent G4	Title	Equivalent in chapter 6 of the Registration Document
Climate change			
The significant sources of greenhouse gas emissions	EN15 to EN21	Direct greenhouse gas emissions (SCOPE 1) Indirect greenhouse gas emissions (SCOPE 2) related to energy Other Indirect Greenhouse Gas Emissions (SCOPE 3) Intensity of greenhouse gas emissions Reduction of greenhouse gas emissions Emissions of ozone-depleting substances NOx, SOx and other significant air emissions Total water discharges by type and destination Total weight of waste by type and method of treatment Number and Total Volume of Substantial Discharges	6.4.2 Climate change and energy policy: greenhouse gases emission indicator (scope 1 and scope 2 of Kyoto protocol)
Adaptation to the impact of climate change	EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	6.4.2 Climate change and energy policy
Protection of biodiversity			
Measures taken to protect and improve biodiversity	EN11 to EN14	Operational sites held, leased or managed in or adjacent to protected areas, as well as areas rich in biodiversity outside these protected areas Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas Habitats protected or restored Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	6.4.4 Protection of biodiversity
SOCIETAL INFORMATION			
Territorial, economic and social impact of activity			
On employment and regional development	EC7 / EC8	Development and impact of infrastructure investments and services supported Substantial indirect economic impacts, including the extent of impacts.	6.3.3 Regional development: Development of local employment, Development of the local economy
On residents or local populations	SO1 / SO2	Percentage of sites having implemented local community engagement, impacts assessments and development programs. Operations with significant actual and potential negative impacts on local communities.	6.3.3 Regional development: Development of local employment 6.3.4 Best business practices: being fair and responsible
Relations with stakeholders			
Conditions of dialogue with people and organisation	G4-24 to G4-27		
Sponsorship and partnership actions	EC1	Direct economic value generated and distributed	6.3.3 Regional development: Solidarity actions, Sponsorship
Subcontracting and suppliers			
Consideration of social and environmental issues in procurement policies	EC6 / HR10	Percentage of new suppliers that were screened using human rights criteria	6.3.4 Best business practices: Being fair and responsible
Importance of subcontracting and consideration of CSR in relations with suppliers and subcontractors	SO9	Percentage of new suppliers that were screened using criteria for impacts on society	6.3.4 Best business practices: Being fair and responsible

Grenelle 2 – article R.225-105-1	GRI Equivalent G4	Title	Equivalent in chapter 6 of the Registration Document
Fair practices			
Actions taken to prevent all forms of corruption	SO3 / SO4 / SO5	Percentage and total number of business units assessed for risks related to corruption and significant risks identified. Communication and training on anti-corruption policies and procedures. Confirmed incidents of corruption and actions taken <i>Equivalence Charter of Ethics and Behaviour: page 3</i>	6.3.4 Best business practices: Being fair and responsible
Measures taken for consumer health and safety	PR1 / PR2	Percentage of significant categories of products and services for which health and safety impacts are assessed for improvement. Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	6.2.1 Health and safety: Safety of facilities, Site safety

6.7. CSR POLICY: PRINCIPLES, CHALLENGES AND COMMITMENTS

CSR at the heart of the Group's strategy

Corporate social responsibility (CSR) requires companies to integrate environmental and social issues into their business model and plan. A self-regulation initiative which in its early days was adopted on a voluntary basis, CSR has been enshrined in a regulatory framework initiated in France since 2001-2002 by the law on new economic regulations (Nouvelles Régulations Economiques). The verification of sociological, social and environmental data by an independent third party has gone on to become mandatory for French businesses following the publication in 2012 of the Decree implementing Article 225 of the Grenelle 2 law and subsequently the Ruling of 13 May 2013. Eurotunnel Group has exceeded this obligation and its initiative goes beyond simple verification.

The Eurotunnel Group places social responsibility at the heart of its activities and its interactions with its various internal and external stakeholders and provides clear information about its commitments to its partners: employees, customers, suppliers, shareholders, investors, territorial collectivities, governments, associations and communities. True to its principles, it has operated a policy for more than twenty years which is both challenging and supportive of corporate social responsibility, which it applies in three main areas, the strategic areas of focus linked to its activities:

- People, i.e. each of the 3,336 Eurotunnel Group employees;
- Nature, in other words the environment and the eco-systems with which its increasing activities interact;
- Region, or all communities with which the Group has a relationship, particularly in France, the UK and Europe.

The Eurotunnel Group has developed a CSR policy which is based on the respect of fundamental rights as defined by the major founding international texts: the Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

The Eurotunnel Group's Board and its Chairman and Chief Executive Officer fully support the principles stated in these international codes and standards. The purpose of this policy is to translate this support into a set of operational procedures defining a common approach for all Group entities.

Compliance with this policy will be continuously monitored under the close scrutiny of the Group's Board supported by the Committee for Sustainable Development. Stakeholders shall also be informed of the policy via the Group's various annual reports.

The CSR targets will be defined each year and will form part of the targets set for the directors and managers of the various Group entities. They shall be monitored and assessed during individual annual reviews.

Each manager shall be charged with ensuring that the stated principles are communicated to all employees and are further understood and observed by them.

Challenges

The Eurotunnel Group has identified five major challenges which correspond to core issues set out in the major founding texts and the various international frameworks and standards (Global Compact; GRL, ISO 26000). These challenges can be split into several categories: social, regional, environmental, economic and ethical.

- Social challenges: respect the rights of employees
- Regional challenges: develop close links with the region
- Environmental challenges: reduce the impact of the business activity on the environment
- Economic challenges: manage relationships with customers
- Ethical challenges: continue with policy development and value sharing within the Group in connection with stakeholders.

Answering these challenges has been and remains a priority for the Eurotunnel Group which, since its inception, has been committed to a social responsibility policy reconciling economic performance, social equity and environmental protection as part of a programme of continuous improvement.

Social challenges

For the Group, responding to the social challenges involves a commitment to fully support a work environment which fosters the personal development and growth of its workers. The human resources policies are developed on the basis of criteria which support truly equal opportunities and treatment for all employees. In its Charter of Ethics and Behaviour, the Eurotunnel Group has effectively committed itself to combating all forms of discrimination. In the same Charter, it strongly reasserts its adherence to the principles and values of the 1948 Universal Declaration of Human Rights and to the fundamental conventions of the International Labour Organization as well as to the principles of the United Nations Global Compact.

In order to reinforce the development of its workers and to guarantee a stable and safe working environment for them, the Eurotunnel Group has made the issue of improving security and health at work a major concern with the renewed and expressed target of zero accidents. Mindful of the progression of its employees' performance, the Group considers the individual annual review to be an essential management tool for human resources and has therefore set a target for all managers in the company of 100% reviews.

The Group invests heavily in young people and is developing its relationships with universities and schools with the aim of fostering a better understanding of its business and of better integrating young people into the world of work. This is why an agreement was signed in January 2013 with the Ecole nationale des Ponts et Chaussées creating for a period of 5 years an education and research chair for the science of railway transport dedicated to the study of railway activity. The aim of this chair is training and research on the topics associated with infrastructure and transport service. This initiative attests to the Eurotunnel Group's willingness to share its expertise in order to advance science and innovation and to position the railway sector as a profession of the future.

The Eurotunnel Group also is also strongly focused on training for careers in the railway sector. Created by the Group in 2011, the international railway training centre CIFFCO contributes to the creation of skilled jobs and professional integration. It plays a leading role in the development of railway transport and its associated businesses and, more generally, plays a part in the economic development and influence of the Nord-Pas-de-Calais region.

Regional challenges

As a committed partner in its economic and social environment, the Eurotunnel Group has always been a leading economic actor and local employer. As part of its mission, it fully subscribes to a logic of "community involvement", understood as defined by ISO 26000 "proactive outreach work undertaken by an organisation within the community with the aim of preventing and solving problems, fostering partnerships with local organisations and stakeholders and being a good citizen of the community".

The Eurotunnel Group has contributed to the creation of several thousand direct, indirect and induced jobs in Kent and the Calais region and has, as part of its role as a developer, strongly contributed to the growth of the local economy at either end of the Tunnel and to the positive transformation of the environment in which it operates.

The Eurotunnel Group is conscious of the fact that community involvement is not limited to responsibility for the impact of its activities on the environment but involves responsible behaviour and good citizenship. It is also constantly seeking ways to strengthen its integration into its immediate environment by means of firm commitments and actions of solidarity geared towards the community. The Group also supports education and culture and is conscious that sharing knowledge is a factor which promotes more equal opportunities.

The Eurotunnel Group considers its regional commitment to be essential as it contributes to the company's overall performance, to the internal climate and social cohesion and to the loyalty of its employees.

In order to meet these challenges, the Eurotunnel Group is committed to strengthening links with local communities by actively supporting associations, schools, universities and organisations with which it works closely on both sides of the Fixed Link.

Environmental challenges

In a world with limited natural resources, companies cannot ensure their continuity without making constant efforts to control their energy consumption and reduce the impact of their activities on the environment. For the Eurotunnel Group it is clear: it is impossible to have success in the long term without better control of environmental impacts.

Committed to “low-carbon” transportation, the Group is pursuing an ambitious strategy which combines developing its core activity – cross-Channel transport – and external growth beyond the Fixed Link in its two major disciplines and areas of expertise: the management of infrastructures and railway operations.

Since the construction of the Tunnel, expenditure has been incurred to prevent the harmful consequences of business activities for the environment. There are two separate sewer systems for rain water and waste water, retention ponds, treatment stations, etc. Furthermore, an environmental management system based on the requirements of ISO 14001 was put in place by the Concessionaires in 2002.

For 2016, the Eurotunnel Group is committed to acting in line with the principles of sustainable development and in accordance with the principles of the Global Compact relating to the environment. In order to achieve this, the Group has four commitments:

- to reduce the environmental impacts of its own operations by focusing on reducing greenhouse gas emissions, reducing its energy consumption, increasing its fleet of electric vehicles and optimising waste management;
- to raise awareness amongst staff of their responsibilities as eco-citizens;
- to choose innovative and environmentally friendly products;
- to strengthen actions which support the protection of diversity.

In addition to these commitments, the Eurotunnel Group will pay special attention to the environmental approach of its suppliers and will ask them to implement actions which would support the protection of the environment.

Economic challenges

The Eurotunnel Group places a focus on each individual customer at the heart of its development plan. Quality of service is both an everyday and a strategic priority and expectation for its teams within all of its subsidiaries.

Rooted in a bi-national culture where the concept of “customer” prevails, the Eurotunnel Group is continually investing in adapting its offer, the quality of customer services, punctuality, smoothness, comfort and security around a central objective: to constantly increase the high level of quality of service which forms the basis of its economic growth. A golden rule is applied: every innovation and every investment project must demonstrate that it benefits customers before being adopted. This continuous improvement initiative is of particular importance today when, more than 20 years after the start of operations, a new generation of customers is emerging.

This commitment was consolidated in 2013 by the launch of important projects in the various Group subsidiaries, such as the creation of a Customer Experience Department, the renovation of the terminals and Truck Shuttle wagons, a mobile telephone service throughout the Tunnel, etc.

The number one private railway operator in France and the UK, Europorte, a subsidiary of the Eurotunnel Group, stands out by the quality of service.

Committed to a continuous improvement initiative, the Eurotunnel Group is carrying out a transformation project in its terminals where the reception capacity will be increased in order to offer, as of 2015, more departures and toll lanes and secure parking to respond smoothly to the expected growth in truck traffic.

The Eurotunnel Group and its subsidiary service companies aim to achieve a higher level of quality of service for 2016. Customer satisfaction is an absolute priority for the Group. For 2016, it has set a central goal for the sector of a customer satisfaction rate of 90% for the passenger activity and 85% for commercial truck activity.

In order to meet the challenges of responsible supply, the Group has undertaken work to identify and evaluate its main suppliers in the field of sustainable development.

Ethical challenges

In order to define its priorities, the Eurotunnel Group is involved in and is continuing an ongoing dialogue with its internal and external stakeholders including employees, customers, suppliers, shareholders, local communities, competitors, public authorities and trade unions. This dialogue helps the Group to better understand societal developments and the associated challenges, to develop new topics and to start reflecting on the pilot projects.

The Eurotunnel Group's aim is to be viewed as a benchmark and a model within the transport industry in the area of corporate social responsibility and intends to maintain its role as a major player in cross-Channel transport and its position as global leader in piggyback transport.

This ambition requires clearly stated commitments. The Eurotunnel Group achieves this by committing through this policy to developing a climate of trust and loyal relationships with all of its internal and external stakeholders. It is particularly committed to:

- staying loyal to its customers and partners;
- instigating, maintaining and encouraging an open dialogue with the various stakeholders;
- strengthening its community involvement;
- strictly observing the fundamental rights as defined in the major international principles: the Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work;
- reporting its economic, social and environmental results with the greatest transparency.

6.8. METHODOLOGICAL NOTE RELATING TO CORPORATE SOCIAL RESPONSIBILITY

The Eurotunnel Group's social and environmental reporting is based on information stipulated in Article 225 of French law no. 2010 788 of 12 July 2010, known as the "Grenelle 2" law, and the transparency principles of the Global Reporting Initiative (GRI).

The Group's CSR data is consolidated under the responsibility of the Group Human Resources Department.

Consolidation period for CSR reporting

The period used for annual reporting of workforce and societal data is the calendar year (1 January 2016 to 31 December 2016).

Environmental data, however, is reported on a rolling year basis (from 1 October 2015 to 30 September 2016) as data and supporting evidence for the full year is not available within a timescale compatible with the publication date of the Registration Document.

Scope of consolidation

Data is consolidated for all Group entities, with the exception of GBRf due to its sale to EQT Infrastructure II during 2016. After consulting the relevant staff representatives at Group level, the sale of the subsidiary was completed on 15 November 2016.

In order to strengthen comparability of data, the indicators have been published excluding GBRf from the scope for 2015 and 2016. Indicators including GBRf for the years 2014 and 2015, are presented separately in section 6.5 of this Registration Document.

Choice of indicators

The purpose of the indicators is to monitor the commitments made by the Group and its progress in terms of environmental and workforce performance. The indicators were chosen by the Group because they are appropriate to its activities and serve the needs of stakeholders as well as its regulatory obligations.

Workforce indicators have been chosen to:

- measure the results of the human resources policy and the Group's social commitments,
- take account of cultural differences and local disparities (different national law, varying legal obligations, etc.).

Environmental indicators have been chosen to:

- serve environmental policy and reflect progress in the Group's different activities; the indicators chosen are appropriate to the Group's activities,
- allow monitoring of the Group's performance on key environmental issues.

Internal consolidation and control

Workforce information is collected from each entity through a computerised data feedback system, which includes consistency checks. The data is checked and validated by the Group's entities and consolidated across the entire scope by the Group Human Resources Department.

Each entity's environmental information is collected through the computerised data feedback system. The data is checked and validated by each Group entity and is then consolidated by the Group Human Resources Department.

During consolidation of workforce and environmental data, consistency checks are carried out at Group level. Comparisons are made with the results from previous years and discrepancies deemed significant are analysed and examined in greater detail.

Societal information is collected, checked and validated at the level of each entity. It is then centralised by the Group Human Resources Department.

Further information and methodological limits of the indicators collected

The methodologies used for some workforce and environmental indicators may in practice be limited by:

- a lack of harmonisation in national/international definitions and legislation,
- the representativeness of the measurements taken or limited availability of external data needed to calculate the indicator,
- the qualitative and therefore subjective nature of some data,
- the practical methods used to collect and input this data.

The calculation of emissions of greenhouse gases is based on the methodology developed by the Carbon Trust. For some incoming refrigerant data, the emission factors are based on the product safety data sheets. For SF6 and Halon and the purchase of electricity in France, the emission factors are based on DEFRA.

Data relating to waste generated by operations at customers' sites, collected for the monitoring of the activities of contractors, is excluded from the scope of reporting.

The method of estimating the natural gas consumption of sites of Europorte subsidiaries which are not equipped with meters has changed. Consumption was extrapolated on the basis of a ratio of natural gas consumption / m² / day. This ratio was calculated based on data from sites equipped with meters.

Water consumption for Europorte un-metered sites was extrapolated by applying a ratio of water consumption in m³ per employee present on site. This ratio was calculated based on data from sites which are metered.

A readjustment was made in year 2016 for the 2015 water consumption at the Shakespeare Cliff site of the UK Fixed Link following receipt of invoices.

The quantities of SF6 released into the atmosphere were estimated during the current financial year for the Fixed Link scope, but will be subject to more precision in future reporting following the acquisition of a new DILLO machine which makes it possible to measure the quantities of SF6 withdrawn or added.

In the calculation of the rate of absenteeism for the four French Europorte entities, the number of scheduled hours is obtained by multiplying the number of full time equivalent staff by the number of theoretical hours.

The training budget is the sum of logistics costs (when available), external costs and the related staff costs.

Salary and employers' costs are extracted from the payroll systems by the human resources departments.

External audit

In order to ensure that it provides reliable information, each year the Eurotunnel Group requests the opinion of an independent third party regarding the quality of its workforce and environmental information collection and reporting procedures. In 2016, the audit was carried out by Mazars. The 2016 assurance report expresses reasonable assurance for three environmental indicators, ten social indicators (information marked ✓) and one societal indicator, and limited assurance for all other information presented in chapter 6 of this Registration Document.

6.9. REPORT BY THE INDEPENDENT THIRD PARTY ON THE CONSOLIDATED HUMAN RESOURCES, ENVIRONMENTAL AND SOCIAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT

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

For the year ended 31 December 2016

To the Shareholders,

In our capacity as independent third party, certified by COFRAC Inspection under number 3-1058⁽¹⁾ and member of Mazars' network, Groupe Eurotunnel S.E.'s Statutory Auditor, we hereby report to you on the consolidated human resources, environmental and social information for the year ended 31 December 2016, included in the management report (hereinafter named "CSR Information"), pursuant to article L. 225-102-1 of the French Commercial Code (Code de commerce).

⁽¹⁾ the scope is available at www.cofrac.fr

Company's responsibility

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

Independence and quality control

Our independence is defined by regulatory texts, the French Code of ethics (Code de déontologie) of our profession and the requirements of article L. 822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, professional guidance issued by the national auditing body (Compagnie nationale des commissaires aux comptes) and applicable legal and regulatory requirements.

Responsibility of the independent third party

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

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure, that an explanation is provided in accordance with the third paragraph of article R. 225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information);
- provide, at the request of the Company, a reasonable assurance conclusion as to whether the information identified by the symbol ✓ in chapter 6 of the management report was prepared, in all material respects, in accordance with the adopted Guidelines.

Our work involved 5 persons and was conducted between October 2016 and March 2017 during a 15-week intervention period.

We performed our work in accordance with the professional guidance issued by the national auditing body and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with ISAE 30,002⁽²⁾ concerning our conclusion on the fairness of CSR Information and the reasonable assurance report.

I Attestation regarding the completeness of CSR Information

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

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

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

We verified that the CSR Information covers the scope of consolidation, i.e., the company, its subsidiaries as defined by article L. 233-1 and the controlled entities as defined by article L. 233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in chapter 6.8 of the management report.

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

II Conclusion on the fairness of CSR Information*Nature and scope of our work*

We conducted about twenty interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

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

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

⁽²⁾ ISAE 30,002 – Assurance engagements other than audits or reviews of historical financial information

Regarding the CSR Information that we considered to be the most important (detailed in Annex):

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

The selected sample represents 99% of the headcount and 100% of quantitative environmental data disclosed.

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

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

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

Conclusion

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

III Reasonable assurance report on selected CSR information

Nature and scope of procedures

Regarding information selected by the Group and identified by the symbol ✓, we conducted similar work as described in paragraph 2 above for CSR information that we consider to be most significant, but in greater depth, especially regarding the number of tests.

The selected sites contribution to Group data represents to 99% of the headcount and 100% of quantitative environmental data identified by the symbol ✓.

We consider this work allows us to express a reasonable assurance conclusion on the information selected by the company and identified by the symbol ✓.

Conclusion

In our opinion, the Information selected by the Group and identified by the symbol ✓ was prepared, in all material respects, in accordance with the Guidelines.

Paris – La Défense, 28 February 2017
Mazars SAS

Francisco Sanchez
Partner

Edwige Rey
Partner
CSR & Sustainable Development

⁽³⁾ Legal entities for the verification of human resources and health, safety information: Eurotunnel Services GIE (ESGIE), Eurotunnel Services LTD (ESL), Europorte France (Europorte France – EPF, Socorail, Europorte Proximité – EPP, Europorte SAS)
Legal entities for the verification of environmental information: France Manche SA (FM SA), The Channel Tunnel Group Limited (CTG), Europorte France

Appendix

List of CSR Information considered to be the most important:

Human resources indicators	Reasonable assurance report
Workforce and distribution by gender	X
Average age of workforce	X
Management to workforce ratio	X
Temporary staff rate	X
Number of students-apprentices and employee on work-experience	X
Number of training hours	X
Frequency rate of work-related accidents resulting in time off	X
Severity rate of work-related accidents resulting in time off	X
Absence rate	X
Training costs	X
Environmental indicators	Reasonable assurance report
Water consumption	X
Greenhouse gas emission (scope 1 and 2)	X
Waste (hazardous and non-hazardous)	X
Social indicators	Reasonable assurance report
Composite Index	X

7. SHARE CAPITAL AND SHAREHOLDING

7.1.	SHARE CAPITAL	237
7.1.1	Amount of share capital (article 6 of GET SE's by-laws)	237
7.1.2	Form and transfer of ordinary shares (articles 9 and 10 of GET SE's by-laws)	237
7.1.3	Other securities	237
7.1.4	Authorised but unissued share capital, commitments to share capital increases	237
7.1.5	Share capital history over the last three years	240
7.2.	DIVIDEND POLICY	241
7.3.	ACQUISITION BY GET SE OF ITS OWN SHARES	241
7.3.1	Description of the 2016 share buyback programme	241
7.3.2	Summary of transactions carried out by GET SE on its own securities under the buyback programme approved by the combined General Meeting on 27 April 2016	242
7.4.	MAJOR SHAREHOLDERS	243
7.4.1	Major shareholders	243
7.4.2	Control	245
7.5.	TRAVEL PRIVILEGES	245

7.1. SHARE CAPITAL

7.1.1 AMOUNT OF SHARE CAPITAL (ARTICLE 6 OF GET SE'S BY-LAWS)

On 31 December 2016, the share capital of GET SE was €220,000,002.67, divided into 550,000,000 ordinary shares with a nominal value of €0.40 each, fully paid-up and 267 preference shares with a nominal value of €0.01 fully paid-up.

On 28 February 2017, the Board of Directors acknowledged the cancellation of 22 preference B shares, a reduction in the share capital of €0.22. At the date of present Registration Document, the share capital of GET SE was €220,000,002.45, divided into 550,000,000 ordinary shares with a nominal value of €0.40 each, fully paid-up and 245 preference shares with a nominal value of €0.01 fully paid-up.

The share capital may be increased or reduced by a collective decision of the shareholders in accordance with applicable laws and the by-laws of GET SE.

As at the date of this Registration Document, GET SE is not aware of any charge over any significant proportion of its share capital.

7.1.2 FORM AND TRANSFER OF ORDINARY SHARES (ARTICLES 9 AND 10 OF GET SE'S BY-LAWS)

Unless otherwise provided by law or regulations, ordinary shares are held in registered or bearer form, at the shareholder's discretion.

The ordinary shares are freely tradable. They must be held in a securities account and are transferred by inter account transfer under the conditions set forth by applicable laws and regulations.

7.1.3 OTHER SECURITIES

As at the date of this Registration Document, there are no securities that do not represent share capital and there are no securities redeemable in shares or securities with warrants attached in issue.

7.1.4 AUTHORISED BUT UNISSUED SHARE CAPITAL, COMMITMENTS TO SHARE CAPITAL INCREASES

There were 550,000,000 ordinary shares in issue as at 31 December 2016.

The table below summarises the authorisations granted to the Board by the GET SE combined General Meeting, held on first notice on 29 April 2015, in order to increase the share capital. The authorisations will expire this year. It is planned to present the

renewal of two delegations to the vote of the shareholders at the general meeting of 27 April 2017. These operations may not be carried out during public offer periods on the capital of the company.

Brief summary	Date of grant of the delegation of authority	Duration	Maximum nominal amount of the authorisation	Use made as of the date of this Registration Document	Authorisations presented to the vote of the general meeting of 27 April 2017	Duration
Delegation of authority granted to the Board to increase the share capital by issuing ordinary shares or any other securities that give access to the capital, with pre-emptive rights (8 th resolution)	29 April 2015	26 months	50% of the share capital €110 million €900 million (debt instruments)	N/A	50% of the share capital €110 million €900 million (debt instruments)	26 months
Delegation of competence granted to the Board to issue by way of offer to the public ordinary shares of the company and negotiable securities convertible into ordinary shares of the company or of companies in the company's group, without pre-emptive rights but with a priority right (9 th resolution)	29 April 2015	26 months	20% of the share capital €44 million €900 million (debt instruments)	N/A	N/A	N/A
Delegation of authority granted to the Board to issue ordinary shares or securities convertible into or exchangeable for ordinary shares in consideration to contributions in kind or capital securities (10 th resolution)	29 April 2015	26 months	10% of share capital €22 million	N/A	10% of share capital €22 million	26 months
Delegation of authority granted to the Board to increase the share capital to the benefit of employees (15 th resolution)	29 April 2015	26 months	€2 million	N/A	€2 million	26 months
Overall limitation of the authorisations above, i.e. resolutions 8, 9 and 10 (14 th resolution)	29 April 2015	26 months	50% of share capital €110 million including a lower limit of 20% of share capital for increases without preferential subscription rights. €900 million (debt instruments)	N/A	50% of share capital €110 million including a lower limit of 10% of share capital for increases without preferential subscription rights. €900 million (debt instruments)	26 months

Share capital subject to options

The combined General Meeting of the company held on 26 May 2010, in its 25th resolution, authorised the Board to grant, on one or more occasion, options over ordinary shares in the company, to senior staff and executive officers of GET SE and its subsidiaries, during a period of 38 months from the date of the General Meeting. Pursuant to this authorisation, on the recommendation of the Remuneration Committee, the Board approved the terms of a share option scheme and proceeded to make three grants in 2010, 2011 and 2012. The exercise price and performance conditions for these options are detailed in note E.5 to the consolidated financial statement in section 2.2.1 of this Registration Document.

Date of grant / main staff concerned	Number of options/ free shares 31 December 2015	Conditions for acquiring rights	Contractual duration of options
2010 options granted to key executives and senior staff	Granted: 1,164,000 Exercisable: 237,000	Staff must remain as employees of the Group until the exercise of options. Internal performance (EBITDA and dividend) and market conditions (performance of the ordinary share superior to that of the SBF120 index) were met for 100% of the options.	4 years
2011 options granted to key executives and senior staff	Granted: 1,430,000 Exercisable: 446,500	Staff must remain as employees of the Group until the exercise of options. Internal performance conditions (EBITDA and dividend) have been met for 50% of the options and 50% of the options were forfeited in 2012 and 2013, as the market conditions (performance of the ordinary share superior to that of the SBF120 index) were not met.	4 years
2012 options granted to key executives and senior staff	Granted: 1,405,000 Exercisable: 957,750	Staff must remain as employees of the Group until the exercise of options. Internal performance conditions (EBITDA and dividend) were met for 50% of the options and 25% of the options were forfeited in 2013 as the market conditions in 2012 were not met. The market conditions in 2013 were met.	4 years

The performance conditions and the extent to which they have been met are described in chapter 5 of this Registration Document.

The Board has allocated 1,641,250 ordinary shares held as part of the share buyback programme to cover these options.

Free shares – collective plans

The General Meeting of shareholders of 28 April 2011, in its 7th resolution, authorised the Board to proceed, on one or more occasions, to grant free ordinary shares already in issue, in accordance with applicable law, to all employees of GET SE and of companies or entities related to it pursuant to article L. 225-197-2 of the French Commercial Code, including companies or entities located abroad (except for executive employees and executive officers of GET SE referred to in article L. 225-197-1 II of the French Commercial Code who waived their rights). The total number of free ordinary shares granted pursuant to the 7th resolution approved at the general meeting of shareholders of 28 April 2011, cannot, over three years, exceed 1,748,000 ordinary shares. On 28 April 2011 and 26 April 2012, GET SE awarded each of the Group's employees (excluding executive employees and executive officers) free of charge, 200 ordinary shares (2011) and 310 ordinary shares (2012). The definitive acquisition of these ordinary shares is conditional on staff remaining as employees of the Group and the shares continuing to be held for a minimum period of four years.

Further to the General Meeting of shareholders of 29 April 2014, the Board granted 369,100 free ordinary shares already in issue to all employees of GET SE and of companies or entities related to it (except for senior management and executive officers of GET SE) on the basis of 100 ordinary shares per employee. Employees must remain as employees of the Group and the shares must continue to be held until the end of the four year period.

Further to the General Meeting of shareholders of 29 April 2015, the Board granted 583,500 free ordinary shares to all employees of GET SE and of companies or entities related to it (except for senior management and executive officers of GET SE) on the basis of 150 ordinary shares per employee. Employees must remain as employees of the Group and the shares must continue to be held until the end of the four year period.

Further to the General Meeting of shareholders of 27 April 2016, the Board granted 302,325 free ordinary shares to all employees of GET SE and of companies or entities related to it (except for senior management and executive officers of GET SE) on the basis of 75 ordinary shares per employee. Employees must remain as employees of the Group and the shares must continue to be held until the end of the four year period.

Potential volume of all share plans

As at 31 December 2016, the total number of free ordinary shares granted to employees still with the Group was 954,550 ordinary shares (compared to 1,264,750 ordinary shares at 31 December 2015), representing 0.17% of the share capital as at 31 December 2016.

As at 31 December 2016, the total number of stock options granted but not yet exercised (after deduction, if applicable, of stock options cancelled in accordance with the terms of the relevant plan) was 1,641,250 (compared to 1,741,700 at 31 December 2015) representing approximately 0.30% of the capital of GET SE as at 31 December 2016.

As at 31 December 2016, the total number of preference B shares allotted but not yet irrevocably vested (after deduction, if applicable, of shares cancelled in accordance with the terms of the relevant plan) was 278 (compared to 300 at 31 December 2015), representing 1,390,000 ordinary shares, representing approximately 0.25% of the capital of GET SE as at 31 December 2016.

As at 31 December 2016, the total number of preference C shares allotted but not yet irrevocably vested (after deduction, if applicable, of shares cancelled in accordance with the terms of the relevant plan) was 1,784 (compared to 1,995 at 31 December 2015), representing 892,000 ordinary shares, representing approximately 0.16% of the capital of GET SE as at 31 December 2016.

As at 31 December 2016, the total number of free ordinary shares with performance conditions, granted but not yet irrevocably vested (after deduction, if applicable, of shares cancelled in accordance with the terms of the relevant plan) was 1,179,750, representing 0.21% of the share capital as at 31 December 2016.

The potential volume of all shares plans existing above, would correspond to 1.1% of GET SE's share capital.

The average annual burn rate of the company over the past three fiscal years corresponds to 0.30%.

Year	2016	2015	2014
Annual ratio	0.27%	0.29%	0.34%
Burn rate over 3 years			0.30%

On 31 December 2016, the Group's employees held 1,949,107 ordinary shares, which represented 0.35% of the share capital. Of these, 1,166,800 ordinary shares (approximately 0.21% of the total share capital) were held in the French Group's saving plan and 173,518 ordinary shares held in the Share Incentive Plan in the United Kingdom. In addition, French and British employees hold, under the free shares scheme, 482,798 ordinary shares in French registered form and, through a trustee, 125,991 ordinary shares in British registered form.

The number of free shares which have been granted or waived during the financial period is detailed in note E.5 to the consolidated financial statements in section 2.2.1 of this Registration Document.

7.1.5 SHARE CAPITAL HISTORY OVER THE LAST THREE YEARS

Share cancellation

On 3 December 2012, the Eurotunnel Group cancelled 10,572,129 ordinary shares, exercising the powers granted by the 13th resolution of the General Meeting of 26 April 2012. These shares had been purchased as part of the company's share buyback programme and were cancelled. Following this transaction, the share capital was divided into 550,000,000 ordinary shares with a nominal value of €0.40 each.

Class B preference shares

The General Meeting held on 29 April 2014 authorised under resolution 14, the creation of a new category of shares, the B preference shares, which may, after a four year period, be converted into ordinary shares if market performance conditions of the ordinary shares are met. Description of the terms and conditions of the B preference shares is set out under section 8.2.2 of this Registration Document.

Class C preference shares

The General Meeting held on 29 April 2015 authorised the Board to grant to executive officers and executive employees of the company and its subsidiaries, preference shares with a nominal value of €0.01 (C preference shares) without voting rights, which may, after a four year period, be converted into ordinary shares subject to performance conditions. Description of the terms and conditions of the C preference shares is set out under section 8.2.2 of this Registration Document.

GET SE's eligibility for Euronext's PEA-PME share savings plan

On 7 March 2016, GET SE confirmed the renewal of its eligibility for Euronext's PEA-PME share savings plan for 2016-2017 in accordance with decree no. 2014-283 of 4 March 2014.

7.2. DIVIDEND POLICY

GET SE's net profit for the 2016 financial year amounted to €86,272,829. It will be proposed at the General Meeting of 27 April 2017, to approve the company's statutory accounts for the year ended 31 December 2016 which show this profit, as well as the transactions reflected in those financial statements, including non-deductible charges (€44,469) corresponding to the surplus of the depreciation of the rent on tourist vehicles (article 39-4 of the *Code général des impôts*).

GET SE intends to maintain and to reinforce its dividend policy. On 27 April 2017, GET SE will propose to its shareholders a dividend distribution of €0.26 per ordinary share of €0.40 each comprising the share capital and with a right to dividend. GET SE will propose to its shareholders a distribution of dividends of €143 million for the 550,000,000 ordinary shares comprising the share capital and with a right to dividend and excluding shares held by the company on the date of distribution. It will be proposed at the annual General Meeting to allocate the entire profit for the 2016 financial year to the distribution of dividends as the legal reserve has been fully allocated and to input €56,727,171 to retained earnings from previous years.

Net profit for the financial year	€86,272,829
Profits carried forward	€326,117,063
Legal reserve	€22,422,885
Dividends	€143,000,000
Balance carried forward	€269,389,892

If, on the date of the distribution of the dividend, the company holds some of its own shares, the amount not paid because of these ordinary treasury shares would be allocated to retained earnings.

GET SE has made the following dividend distributions over the course of the last three years:

Financial year	2015	2014	2013
Dividend per ordinary share	€0.22	€0.18	€0.15
Theoretical number of ordinary shares involved	550,000,000	550,000,000	550,000,000
Theoretical value of amount allocated to distribution	€121,000,000	€99,000,000	€82,500,000
Actual number of ordinary shares involved ^(*)	537,065,436	540,399,917	539,240,517
Actual value of amount allocated to distribution ^(*)	€118,154,396	€97,271,985	€80,886,078

* After adjustment resulting from treasury shares.

The dividend policy is determined by the Board; it takes into account the Group's investment needs, the economic context and other facts deemed relevant.

The Group's priority is to ensure a regular increase in the remuneration of its shareholders, while preserving sufficient self-financing capacity to enable investment in the Tunnel and to ensure the Group's development. As a result, the Group intends to pursue its policy of steady dividend growth for its shareholders with a view to achieving an objective of a dividend of €0.35 per share for the 2018 financial year. In this perspective, the Group will therefore propose to increase the dividend for the 2016 financial year to €0.26 per ordinary share with dividend rights.

This objective is by no means a commitment by the Group; future dividends will depend, in particular, on the Group's results and financial position.

7.3. ACQUISITION BY GET SE OF ITS OWN SHARES

The General Meeting of shareholders held on 27 April 2016, authorised GET SE to purchase, or procure the purchase of its own ordinary shares, under the conditions set by articles L. 225-209 et seq. of the French Commercial Code.

7.3.1 DESCRIPTION OF THE 2016 SHARE BUYBACK PROGRAMME

The characteristics of the share buyback programme were determined by the Board on 27 April 2016 and published pursuant to article 241-2 of the General Regulations of the AMF. Pursuant to the 2016 buyback programme, GET SE is authorised, for a period of 18 months to purchase, or to procure the purchase of, its own ordinary shares under the conditions set out in articles L. 225-209 et seq. of the French Commercial Code, in the General Regulations of the AMF and in EC Regulation 2273/2003 of 22 December 2003.

7 SHARE CAPITAL AND SHAREHOLDING

The following applies in respect of the programme:

- the purchase price per share must not exceed €16, it being stipulated that the Board may nevertheless adjust this purchase price should transactions occur giving rise to an increase in the nominal value of ordinary shares or the creation and grant of free shares, as well as a decrease of the nominal value of the ordinary shares or the consolidation of ordinary shares or any other transaction affecting equity in order to reflect the impact of such transaction on the value of the ordinary shares;
- the maximum amount of funds allocated for the purchase of ordinary shares under this programme may not, based on the number of shares in issue at 17 February 2016, exceed €880,000,000 (corresponding to a maximum of 55,000,000 ordinary shares at a maximum price of €16 per share, as stated above);
- the maximum proportion of the share capital authorised by shareholders at the GET SE combined General Meeting of 27 April 2016 for purchase under the buyback programme was limited to 10% of the total ordinary shares composing GET SE's share capital at the time.

The transactions carried out by GET SE within the scope of the 2016 buyback programme may be effected with a view to any allocation permissible by law or that may become permissible by the law, in particular for the following purposes:

- to implement market practices accepted by the AMF, such as (i) the purchase of ordinary shares in GET SE, to be retained and subsequently delivered by way of exchange or payment in the context of any external growth transactions, provided that the number of ordinary shares purchased with a view to their subsequent delivery in the context of a merger, demerger or asset transfer transaction may not exceed 5% of the company's capital at the time of the purchase, or (ii) purchase or sale transactions in the context of a liquidity contract entered into with an investment services provider in accordance with professional conduct rules issued by the French Financial Markets Association (AMAFI) and recognised by the AMF, and (iii) any market practice that might subsequently be accepted by the AMF or by law;
- to put in place and honour obligations and in particular to deliver ordinary shares upon the exercise of rights attached to negotiable securities convertible into ordinary shares in GET SE, by any means and whether immediately or in the future, and to enter into any hedging transactions in respect of the obligations of GET SE (or those of any of its subsidiaries) in connection with such negotiable securities, under the conditions provided by market authorities and at any such times as the Board or the person delegated by the Board acting as they see fit;
- to cover the share schemes granted under the conditions provided by articles L. 225-177 et seq. of the French Commercial Code to employees or corporate officers of GET SE or of companies or economical interest groupings associated with the company within the meaning of regulations in force, and which might subsequently be authorised;
- to allocated ordinary shares in GET SE free of charge, under the conditions referred in articles L. 225-197-1 et seq. of the French Commercial Code, to employees or officers of GET SE or of companies or groupings associated with it within to the meaning of the regulations in force, pursuant to any previous or subsequent authority;
- to propose that employees acquire ordinary shares, in particular in the context of a company savings plan, under the conditions provided by articles L. 3332-1 et seq. of the French Employment Code;
- to transfer or grant ordinary shares, including under an employee saving plan, including for the purposes of the Share Incentive Plan in the United Kingdom, including by way of free matching ordinary shares;
- to reduce the capital of GET SE pursuant to the 15th resolution of the General Meeting of 27 April 2016 or any similar decision.

7.3.2 SUMMARY OF TRANSACTIONS CARRIED OUT BY GET SE ON ITS OWN SECURITIES UNDER THE BUYBACK PROGRAMME APPROVED BY THE COMBINED GENERAL MEETING ON 27 APRIL 2016

Between 1 January 2016 and 31 December 2016, GET SE purchased a total of 6,255,000 ordinary shares for an average purchase price of €9.441.

On 31 December 2016, GET SE held⁽¹⁾ 15,684,151 of its own ordinary shares, mainly to cover stock option (1,641,250) and free share plans (954,550), the conversion of preference shares into ordinary shares (2,282,000) and to be reserved for the subsequent use to be exchanged or used as payment in connection with possible external growth transactions (8,372,283). These own shares

⁽¹⁾ Excluding shares acquired by Oddo Seydler Corporate Finance under the liquidity contract and excluding shares held by Eurotunnel's employee shareholding vehicle (1,166,800 GET SE ordinary shares) and Eurotunnel Trustees Limited (1,463 GET SE ordinary shares).

represented 2.85% of GET SE's share capital at 31 December 2016, with a nominal value of €6,273,660.40 and a value, based on the average purchase price (€7.6408), of €119,840,200 not including the liquidity contract.

	Summary as at 31 December 2016
Percentage of share capital held by GET SE	2.85%
Number of ordinary shares cancelled over the preceding 24 months	None
Number of ordinary shares in the portfolio	15,684,151
Book value of the portfolio	119,840,200 euros
Market value of the portfolio	141,690,620 euros
Positions opened/closed on derivatives	None

As at the date of this Registration Document, with the exception of the ordinary shares acquired by GET SE in accordance with the terms and conditions described above, neither GET SE nor its subsidiaries hold any ordinary shares.

7.4. MAJOR SHAREHOLDERS

7.4.1 MAJOR SHAREHOLDERS

As at the 31 December 2016 and as at the date of this Registration Document, the GET SE share capital comprised 550,000,000 ordinary shares and the theoretical number of voting rights to be used to determine the thresholds was 639,198,460. The total number of exercisable voting rights in General Meeting was 622,752,846.

The difference:

- between the theoretical number of voting rights and the number of exercisable voting rights at General Meeting is not significant: it arises from the treasury shares held by GET SE as part of its share buyback programme described in section 7.3.1 of this Registration Document and the voting rights for which have been suspended; and
- between the number of shares comprising the share capital and the theoretical number of voting rights is not significant: it arises from double voting rights granted to shareholders holding their shares in registered form as indicated in section 8.2.4 of this Registration Document.

The distribution of GET SE's share capital is as follows:

Shareholding (% of capital)	31 December 2016	31 December 2015
– Individuals	9.39%	9.98%
– Custodian	59.12%	52.01%
– Institutions	28.64%	36.21%
– Treasury	2.85%	1.80%
Number of shares	550,000,000	550,000,000

Source: TPI analysis and register.

The company may, in accordance with regulations, at any time ask the securities clearing house for the name, nationality and address of persons holding securities that, immediately or in future, give the right to vote at its shareholders' meetings, as well as the number of securities held by each. The company may limit its request for the above information to persons holding a certain number of shares. On the basis of the last such request on 31 December 2016, the geographical distribution of shareholdings was estimated as follows:

	% of capital
France	18%
United Kingdom	26%
United States	36%
Rest of World	20%
TOTAL	100%

At 28 February 2017, two shareholders held more than 5% of the share capital:

Shareholders ⁽¹⁾	Ordinary shares	% capital ⁽²⁾	Theoretical voting rights	% of theoretical voting rights ⁽³⁾
Aero	85,170,758	15.48	170,341,516	26.65
The Capital Group Companies Inc.	31,936,776	5.81	31,936,776	4.996

⁽¹⁾ Basis: declaration to the AMF at the time.

⁽²⁾ On the basis of 550,000,000 ordinary shares as at 31 December 2016.

⁽³⁾ On the basis of 639,198,460 theoretical voting rights at 31 December 2016.

Aero 1 Global & International S.à.r.l. (Aero)

In a letter to the AMF dated 26 September 2011, The Goldman Sachs Group, Inc., incorporated in Delaware (Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, Delaware, USA), stated (AMF declaration 211C1770) that its holding of shares in GET SE had, on 22 September 2011, indirectly, via the companies it controls, exceeded the thresholds of 20% and 25% of voting rights for GET SE and held indirectly, 85,289,551 ordinary shares, representing 163,315,953 voting rights, i.e. 15.64% of the capital and 26.05% of the voting rights, based on capital comprising 545,344,183 ordinary shares representing 626,903,140 voting rights, pursuant to the 2nd paragraph of article 223-11 of the general regulations, distributed as follows:

	Shares	% capital	Voting rights	% of voting rights
Aero 1 Global & International S.à.r.l (Aero)	85,170,758	15.62	163,197,160	26.03
Goldman Sachs & Co (GSCO)	3,862	ns	3,862	ns
Goldman Sachs International (GSI)	114,931	0.02	114,931	0.02

The Capital Group Companies Inc.

In a letter to the AMF received on 18 May 2016, the Capital Group Companies Inc. (333 South Hope Street, 55th Floor, Los Angeles, CA 90071-1406, United States), stated (AMF declaration 216C1148) that its holding of shares in GET SE had, on 16 May 2016, exceeded the threshold of 5% of voting rights of GET SE and that it held 31,936,776 ordinary shares, representing the same number of voting rights, i.e. 5.81% of the capital and 5.0003% of the voting rights of the company, based on capital comprising 550,000,000 ordinary shares representing 638,701,981 voting rights. This threshold crossing results from a purchase of ordinary shares on the market.

To the best of the knowledge of GET SE, no other shareholder jointly or solely holds directly or indirectly more than 5% of the share capital or the voting rights.

Historic

For the record, BlackRock, Inc, have, since 2016, reduced their participation below the 5% threshold of the share capital:

- In a letter to the AMF received on 19 December 2016, BlackRock, Inc. (55 East 52nd Street, New York, 10055, United-States), acting on behalf of clients and funds which it manages, stated (AMF declaration 216C2863) that its holding of shares in GET SE had, on 16 December 2016, decreased below the threshold of 5% of the share capital of GET SE and that it held on behalf of its clients and funds, 26,397,403 ordinary shares, i.e. 4.80% of the capital and 4.13% of the voting rights, based on capital comprising 550,000,000 ordinary shares representing 639,179,626 voting rights. This threshold crossing results from a sale of ordinary shares on the market.

For the record, Rare Infrastructure Limited/Legg Masson, Inc, have, since 2016, reduced their participation below the 5% threshold of the share capital:

- In letter to the AMF received on 13 July 2016, the Maryland state law governed company Legg Masson, Inc. (100 International Drive, Baltimore Maryland 21202, United States), stated (AMF declaration 216C1644) that its holding of shares in GET SE had, on 8 July 2016, indirectly through the company it controls (Rare Infrastructure Limited), decreased below the threshold of 5% of the share capital of GET SE and held 27,415,128 ordinary shares, representing the same number of voting rights, i.e. 4.98% of the capital and 4.29% of the voting rights, based on capital comprising 550,000,000 ordinary shares representing 638,713,323 voting rights. This threshold crossing resulted from a sale of shares on the market.

The rules relating to the reporting obligations of threshold crossings consist of legislative and regulatory provisions since there are no provisions of the statutes governing the ownership threshold above which shareholder ownership must be disclosed.

7.4.2 CONTROL

To the best of the knowledge of GET SE, there are no agreements that, if implemented, would bring about a change of control of GET SE.

Apart from the double voting rights described in section 8.2.4 of this Registration Document, there are no specific voting rights attached to any GET SE shares. However, the preference shares, known as B shares and C shares, referred to in section 8.2.2 of this Registration Document, do not carry voting rights at ordinary and extraordinary general shareholders' meetings for holders of ordinary shares, although it should be noted that they do carry voting rights at special shareholders' meetings for holders of B shares and C shares.

7.5. TRAVEL PRIVILEGES

GET SE offers its shareholders a travel privilege programme for Passenger Shuttle crossings. This programme offers a 30% reduction on the standard fare up to a limit of six one-way tickets (equivalent to three round-trip tickets) per year. Shareholders holding at least 750 ordinary shares continuously for more than three months are eligible for the programme. GET SE's Board renewed this programme on identical terms for a new period of three years until 31 December 2019.

The general conditions of this travel privilege programme are available on the Group's website www.eurotunnelgroup.com.

8. ADDITIONAL INFORMATION

8.1.	MATERIAL CONTRACTS	247
8.1.1	<i>The Treaty of Canterbury</i>	247
8.1.2	<i>The Concession Agreement</i>	247
8.1.3	<i>Railway Usage Contract</i>	250
8.1.4	<i>The Term Loan and ancillary agreements</i>	251
8.1.5	<i>Master Intra-Group Debt Agreement</i>	254
8.1.6	<i>Maritime activity</i>	254
8.2.	CONSTITUTIONAL DOCUMENT AND BY-LAWS	255
8.2.1	<i>Corporate purpose (article 2 of GET SE's by-laws)</i>	255
8.2.2	<i>Rights and obligations attached to the shares (article 11 of GET SE's by-laws)</i>	255
8.2.3	<i>Allocation of profits (article 31 of GET SE's by-laws)</i>	256
8.2.4	<i>Modifications of shareholders' rights</i>	257
8.2.5	<i>Clauses that may have an impact on the control of GET SE</i>	258
8.2.6	<i>Identification of shareholders (article 14 of GET SE's by-laws)</i>	258
8.3.	INFORMATION ON SHAREHOLDINGS	259
8.4.	GET SE'S STATUTORY AUDITORS	263
8.4.1	<i>Statutory auditors</i>	263
8.4.2	<i>Alternate statutory auditors</i>	264
8.5.	PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT	264
8.5.1	<i>Person responsible for the Registration Document and the financial information</i>	264
8.5.2	<i>Declaration by the person responsible for the Registration Document</i>	264
8.6.	INFORMATION RECEIVED FROM THIRD PARTIES, STATEMENTS OF EXPERTS AND INTERESTED PARTIES	265
8.7.	DOCUMENTS AVAILABLE TO THE PUBLIC	265
8.7.1	<i>Location of the documents and information that can be consulted regarding GET SE</i>	265
8.7.2	<i>Other information</i>	265

The Tunnel is governed by Franco-British agreements (the Treaty of Canterbury, signed on 12 February 1986 and the Concession contract of 14 March 1986) and by the relevant European rules and regulations and Franco-British binational transposition regulations.

The Treaty of Canterbury, which authorised the construction and operation of the Fixed Link by private concessionary companies, prohibits the use of government funds: concessionaires who do not benefit from public funds are not bound by the separation obligation imposed on the railway companies and on the infrastructure managers of their activities and purporting to prevent possible cross-subsidies between activities financed by public funds and other activities, mainly competitive ones.

The Concessionaires do not receive public funds, are not railway companies and are not subject to the separation obligation. This derogatory status is enshrined by the article 2.9 of the 2012/34/EU Directive of 21 November 2012: the 4th railway package, presented by the European Commission in January 2013, confirms the exemption for the Eurotunnel Group's Shuttles.

8.1. MATERIAL CONTRACTS

Other than the material agreements described in this section, the Eurotunnel Group's business activity is not dependent on any industrial, commercial or financial contract. Furthermore, the Eurotunnel Group's business is not dependent on any patent or licence agreement.

8.1.1 THE TREATY OF CANTERBURY

The principal purpose of the Treaty of Canterbury is to authorise the construction and operation of the Fixed Link by private concessionaire companies, without any government funds.

Under the terms of the Treaty of Canterbury, the States guarantee FM and CTG, as Concessionaires, under national and EU law, freedom to determine their commercial policy, tariffs and the nature of the services they offer to customers.

The Treaty of Canterbury also includes various other provisions relating to the Fixed Link such as:

- the establishment of the IGC, to deal with all issues relating to the construction and operation of the Fixed Link in the name of the States and by express delegation of their authority;
- the establishment of the Safety Authority to advise and assist the IGC on all issues relating to the safety of the construction and operation of the Fixed Link. The Safety Authority also assists in drawing up regulations applicable to the safety of the Fixed Link and monitors compliance of such regulations with applicable national or international rules and regulations. The members of the Safety Authority are appointed on an equal basis by each of the States;
- the establishment of an arbitration tribunal to settle disputes between the States and the Concessionaires relating to the Concession Agreement;
- the taxation by the two States of profits and revenues generated by the construction and operation of the Fixed Link is governed by applicable legislation, including any double taxation treaties for the prevention of tax evasion in force between the two States and relating to direct taxes, together with any related protocols;
- compliance by the two States with the principle of non-discrimination with respect to taxes relating to charges payable by customers of other directly competing modes of crossing the Channel;
- the absence of any withholding tax by the two States on the transfer of funds and financial payments required for the operation of the Fixed Link, either between the two States, or coming from or going to other countries, other than the general taxation of payments represented by such transfers or financial payments; and
- the commitment of the States to cooperate in a number of areas, including defence, security, policing, border controls, interpretation or application of the Treaty of Canterbury and the Concession Agreement.

8.1.2 THE CONCESSION AGREEMENT

The Concession Agreement was signed on 14 March 1986 between the States and the Concessionaires, pursuant to the Treaty of Canterbury.

Initially entered into for a period of 55 years, the Concession Agreement was extended by 10 years and then 34 years by successive amendments dated, respectively, 29 June 1994 and 29 March 1999, duly ratified by legislative provisions in France and the United Kingdom. The term of the Concession Agreement was therefore extended first from 55 to 65 years, then from 65 to 99 years and expires in 2086.

Pursuant to the terms of the Concession Agreement, the Concessionaires have the right and the obligation, jointly and severally, to design, finance, construct and operate the Fixed Link, and the Concessionaires do so at their own risk and without any

government funds or state guarantees regardless of the risks that may materialise during the performance of the Concession Agreement. In particular, the Concessionaires are solely liable for any loss or damage caused to users of the Fixed Link or third parties resulting from its operation.

Accordingly, the principal obligations of the Concessionaires under the Concession Agreement are:

- to operate and maintain the Fixed Link and employ all means necessary to permit the continuous and fluid flow of traffic in safe and convenient conditions; and
- to comply with applicable laws and regulations in relation to the operation of the System and in particular in relation to customs, immigration, security, sanitary and road transport controls and rescue services.

The Fixed Link is an integrated transport system comprising shuttle services for road vehicles (for cars and trucks) and railway network services (for passenger and rail freight trains) with no internal transactions between the two activities. The principle of uniqueness of the Concession arises from article 2.2 of the Concession Agreement, which states that “[t]he Fixed Link shall include the ancillary installations, connections to the existing transport network and all plant, machinery, movable and immovable equipment and railway shuttle rolling stock, necessary for safe and efficient operation between the two terminals”.

Given the specific nature of the project and its financing, the Fixed Link has a special status. European Union Directive 2012/34/EU of the European Parliament and of the Council dated 21 November 2012 establishing a single European railway area includes an exemption for the Eurotunnel Group: article 2.9: “*This Directive shall not apply to undertakings the business of which is limited to providing solely shuttle services for road vehicles through undersea tunnels or to transport operations in the form of shuttle services for road vehicles through such tunnels [. . .]*.”

The activities of infrastructure management and Shuttle operations are legally and financially integrated. There is therefore no intra-group flow on these activities to be reported.

a) Tariffs and commercial policy

The Concessionaires are free to set their fares. National laws relating to price and fare controls by public authorities do not apply to the Fixed Link. However, these provisions are without prejudice to the application of national or EU rules relating to competition and abuse of dominant positions. The Concessionaires must not discriminate between users of the Fixed Link, in particular with respect to their nationality or direction of travel. They may however adjust tariffs in accordance with normal commercial practices.

b) Role of the IGC

The IGC, established by the Treaty of Canterbury, was created to monitor, on behalf and with the authority of the States, all issues relating to the construction and operation of the System. The IGC is made up of representatives of each of the States on an equal basis.

The IGC acts as concession authority vis-à-vis the Eurotunnel Group on behalf of and under the control of the States, and its duties in this regard are:

- to supervise the construction and operation of the System;
- to take decisions on behalf of the States in relation to the performance of the Concession Agreement, including the right to impose penalties on the Concessionaires in the event of a breach of their obligations under the Concession Agreement;
- to approve the proposals of the Safety Authority;
- to prepare or participate in the preparation of all regulations applicable to the System and monitor their application, including those in relation to maritime and environmental matters; and
- to issue advice and recommendations concerning the States and the Concessionaires.

The functions of the independent railway control body for the economic regulation of the Fixed Link's railway activities provided for in the European Union's Directive 2012/34 were conferred on the Arafer in France and its British counterpart, the Office of Rail and Road (ORR). This transfer from the IGC to the Arafer and the ORR was formalised by a binational regulation dated 23 March 2015, which took effect on 15 June 2016 by virtue of the implementing decree of 6 July 2016.

In 2016, the Group accounted for €6 million in respect of its contribution to the operating costs of the IGC.

c) Penalties

Any failure by the Concessionaires to perform their obligations under the Concession Agreement shall entitle the States to impose penalties, but no other measure under the Concession Agreement.

Should a breach be identified by the IGC, it would inform the Concessionaires in writing, specifying the nature and subject of the breach. After the Concessionaires have been heard, the IGC may issue a formal notice to remedy the breach within a sufficiently long period of time which may not be less than thirty days.

If at the end of such period, the Concessionaires have not remedied the breach identified by the IGC, it may impose a penalty on the basis of a fixed initial daily sum of between 10,000 and 100,000 ecus at 1986 values (changed to euros at a rate of one to one on 1 January 1999) and proportionate to the seriousness of the breach giving rise to the penalty.

d) Early termination of the Concession Agreement and compensation

Each party to the Concession Agreement may request the arbitration tribunal, established pursuant to the Treaty of Canterbury, to declare the termination of the Concession Agreement in exceptional circumstances, such as war, invasion, nuclear explosion or natural disaster. In such cases, in principle, no compensation is owed to the Concessionaires. However, the States may pay the Concessionaires an amount representing the financial benefits, if any, that they may derive from such termination.

Each of the States may terminate the Concession for reasons of national defence. In such case, the Concessionaires may claim compensation under the conditions laid down in the Treaty of Canterbury. The Treaty of Canterbury specifies that such compensation shall be governed by the law of the relevant State.

Each of the States may terminate the Concession Agreement in the event of a fault committed by the Concessionaires. The Concession Agreement defines a fault as a breach of a particularly serious nature of the obligations under the Concession Agreement or ceasing to operate the Fixed Link. The States may issue a formal notice to the Concessionaires giving them a period of three months, which may be extended up to a maximum period of six months, to remedy the breach. This formal notice is also sent to the lenders that financed the construction and operation of the Fixed Link. If, within such period, the Concessionaires have not remedied the breaches complained of, the States may terminate the Concession Agreement, subject to giving prior notice to the lenders of their right of substitution.

Any termination of the Concession Agreement by the States, other than in a situation described above, gives the Concessionaires the right to payment of compensation. Such compensation shall be for the entire direct and certain loss actually suffered by the Concessionaires and attributable to the States, within the limits of what can reasonably be estimated at the date of the termination, including the damage suffered and operating losses. To calculate this compensation, account is taken of the share of liability of the Concessionaires, if any, in the events which led to the termination.

e) Assignment and substitution by lenders

The Concession Agreement provides that each of the Concessionaires has the right to transfer the Concession Agreement or the rights it confers, with the agreement of the States.

In addition, upon the occurrence of one of the events set out below, and for as long as the effects of the event persist, or any other action or intention that could lead to the termination of the Concession Agreement, the lenders, approved as such by the States pursuant to the Concession Agreement (the "Lenders") may request of the States that substitution be operated in favour of entities controlled by them (referred to as the "Substituted Entities" in the Concession Agreement) if:

- (i) the Concessionaires fail to pay, within a contractual grace period, any sum due and payable under the terms of the finance documents,
- (ii) the Concessionaires do not have and cannot procure sufficient funds to finance the forecasted operating costs of the Fixed Link, and the related finance charges,
- (iii) it appears that the date of full and final payment of all receivables of the Lenders must be postponed for a significant length of time, or
- (iv) in the event of the Fixed Link being abandoned, insolvency, liquidation, enforcement of security by other creditors and related events.

The Substituted Entities must prove to the States, at the time of the substitution, that they have sufficient technical and financial capacity to continue performance of the Concession Agreement.

The amendment to the Concession Agreement dated 29 March 1999 granted an extension to the term of the Concession Agreement for the sole benefit of the Concessionaires, such that the extension would not apply if the Lenders exercised their Substitution Right.

In accordance with Article 32 of the Concession Agreement, the lenders of the Term Loan have been approved by the States as Lenders able to benefit from the Substitution Right under the terms set out in the Concession Agreement.

f) Taxation and sharing of profits

Taxation and customs matters are decided by the States in accordance with the provisions of the Treaty of Canterbury. If it appears that changes in tax or customs legislation have a discriminatory effect on the Fixed Link, the relevant State will examine the issue with the Concessionaires. Furthermore, in accordance with Article 19 of the Concession Agreement, as a matter of principle, the Concessionaires share equally between CTG and FM at cost price all expenses and all revenues from the Fixed Link for the period during which they operate it. To this end, the consequences of any indirect taxation on the supply of goods or services levied only on one of the Concessionaires will be taken into account in the costs to be shared. Any equalising payment made between FM and CTG will be treated as a capital expense or a revenue payment as determined by the tax legislation of the two States.

With respect to the period between 2052 and 2086, the Concessionaires will be obliged to pay to the States a total annual sum, including all corporate taxes of any kind whatsoever, equal to 59% of all pre-tax profits.

g) Litigation

Disputes relating to the application of the Concession Agreement must be submitted to an arbitration tribunal which will apply the relevant provisions of the Treaty of Canterbury and the Concession Agreement. Provisions of French or English law may, if necessary, be applied, if this is dictated by the performance of specific obligations under French or English law. Relevant principles of international law and, if the parties so agree, the principles of equity may be applied.

8.1.3 RAILWAY USAGE CONTRACT

The Railway Usage Contract was entered into on 29 July 1987 between the Concessionaires and the BRB and SNCF rail networks. It sets out the basis on which the Railways undertake and are authorised to use the Fixed Link. The Railway Usage Contract specifies the conditions under which the Concessionaires allow the trains of the Railways to use the Fixed Link from the date the Railway Usage Contract came into force until 2052, and the conditions under which the Railways undertake to supply certain railway infrastructure to the Concessionaires, and develop certain services.

The Railway Usage Contract also sets out the obligations of the Railways, with respect to the railway infrastructure and the rolling stock utilised, to ensure a sufficient level and quality of traffic in the Tunnel. Likewise, the Concessionaires subscribe to a number of commitments relating to maintenance of the Fixed Link. Pursuant to the Railway Usage Contract, the Railways are authorised to use up to 50% of the capacity of the Fixed Link per hour and in each direction, up until 2052.

Under the terms of the Railway Usage Contract, the Railways are obliged to pay the Concessionaires fixed annual charges and variable charges depending on the number of passengers travelling on passenger trains and the freight tonnage carried through the Fixed Link. Adjustment mechanisms for annual charges are set out in the event that the Fixed Link is unavailable. Finally, under the Railway Usage Contract, the Railways must pay a contribution to the Concessionaires' operating costs. To this end, the Railways make monthly provisional payments to the Concessionaires against operating costs for the current period. Payments are subsequently adjusted to take account of real operating costs, with the final amount of the contribution determined in accordance with the formula set out in the Railway Usage Contract, and agreements reached for its implementation.

The Railway Usage Contract is governed by French law.

In addition, the strategy for the re-launch of freight services offers a simplified pricing structure mechanism for goods trains, with a toll per freight train rather than per tonne of freight, based on a charging regime published annually by Eurotunnel in its Network Statement.

A substantial majority of the Eurotunnel Group's revenues emanating from its rail network (see chapter 1) is made up of the annual fixed and variable charges as referred to above.

In the context of the privatisation of the British railways, BRB entered into back-to-back contracts with certain entities, including Network Rail, DB Schenker Rail UK (formerly EWS) and Eurostar International Limited (formerly Eurostar UK Limited), under the terms of which BRB delegated to them operational execution of some of its obligations to the Concessionaires. As part of the agreement with the British and French governments regarding the extension of the Concession Agreement until 2086, the Eurotunnel Group undertook, under certain conditions, to work with the entities to which execution of these obligations had been delegated, to ensure the development of passenger train services and goods train services.

In accordance with EU directives governing the liberalisation of the international rail transport market, the Eurotunnel Group publishes its Network Statement annually offering equivalent conditions of access to its rail network as those set out by the Railway Usage Contract for other Railway Companies.

8.1.4 THE TERM LOAN AND ANCILLARY AGREEMENTS

FM and CTG entered into the Term Loan dated 20 March 2007 (as amended and restated by the amendments and restatement agreement dated 27 June 2007, 20 August 2007, 30 November 2007, 31 January 2008, 13 May 2009, 20 April 2011, 24 September 2014 and 18 December 2015 and as further amended from time to time), under which credit facilities in a principal amount of £1,500 million and €1,965 million (the “Senior Facilities”) were made available to FM and CTG on 28 June 2007 by Goldman Sachs Credit Partners L.P. and Deutsche Bank A.G. (London Branch) (together, the “Initial Lenders”). The financing of the Senior Facilities was arranged by Goldman Sachs International and Deutsche Bank AG (London Branch) (the “MLAs”).

For the purposes of the management of the Senior Facilities, these loans were securitised on 20 August 2007 with Channel Link Enterprises Finance Plc (CLEF).

a) Principal provisions of the Term Loan

Summary of the tranching and the financial conditions of the Term Loan

The Senior Facilities consist of:

- tranches A1, A2, A3 each denominated in sterling, bearing interest at a fixed rate, indexed on inflation in the United Kingdom;
- tranches A4, A5, A6 each denominated in euros, bearing interest at a fixed rate, indexed on inflation in France;
- a tranche B1 loan denominated in sterling, bearing interest at a fixed rate;
- a tranche B2 loan denominated in euros, bearing interest at a fixed rate;
- a tranche C1 loan denominated in sterling, bearing interest at a variable rate; and
- a tranche C2 loan denominated in euros, bearing interest at a variable rate.

The tranches C1 and C2, bearing interest at a variable rate, are hedged as indicated in the paragraph “Hedging arrangements in respect of the Term Loan” below.

The weighted average interest rate applicable to the Senior Facilities and payments relating to the servicing of debt under the Term Loan, are detailed in notes G.5 and G.7 to the consolidated financial statements in section 2.2.1 of this Registration Document.

The borrowings denominated in sterling have been made available to CTG and those in euros have been made available to FM.

Repayment of the Term Loan

The funds borrowed under the Term Loan will be repayable in accordance with their respective repayment schedules.

Repayment of the A tranche loans will begin 11 years after the start of availability of such loans and will be completed at least 35 years after the date of signature of the Term Loan.

Repayment of the tranche B1 and B2 loans began in 2013, six years after the date on which the Term Loan was signed.

Repayment of the tranche C1 and C2 loans will begin respectively 39 and 34 years after the date on which such loans become available and will be completed in June 2050.

Prepayment of the Term Loan

The amounts borrowed under the Senior Facilities may be voluntarily prepaid at the instigation of the relevant borrower, subject to the payment of certain market standard prepayment premia.

The amounts borrowed under the Senior Facilities may also be subject to mandatory prepayment, under certain conditions and in certain proportions, in particular from funds arising from insurance proceeds, permitted asset transfers, expropriation of such assets, compensation under the Concession Agreement and, in certain instances, excess cash flow.

If the Eurotunnel Group does not meet certain financial targets, excess cash flow must (i) during the first years following drawdown on the Senior Facilities, be paid into a secured account set up for prepayment of amounts lent under the Senior Facilities and (ii) subsequently be used directly for such prepayment until the Eurotunnel Group once again meets the above mentioned financial targets.

Undertakings and prohibitions under the Term Loan

The Term Loan includes certain undertakings and prohibitions which are customary for a loan of its nature, in particular restrictions relating to:

- the creation or maintenance of liens on the assets of the Eurotunnel Group;
- the sale or transfer of Eurotunnel Group assets and the acquisition by the Eurotunnel Group of new assets;
- the granting of loans, securities or guarantees for the benefit of third parties; and

- the amendment of contracts which were conditions precedent under the Term Loan, including inter alia the Railway Usage Contract.

In addition, pursuant to the terms of the Term Loan, the Eurotunnel Group is required to meet the following financial covenants: at each reference date, the debt-service coverage ratio must not be less than 1.10 since 28 June 2012. For the purposes of this test, the ratio is calculated, on a rolling 12-month period, on a consolidated basis taking into account (i) as regards the calculation of available cash flow for the servicing of debt, the borrowers and guarantors in connection with the Senior Facilities, and (ii) as regards the calculation of debt servicing, the Eurotunnel Group. GET SE has respected the debt-service coverage ratio for 2016.

While the Term Loan restricts any increase in the financial indebtedness of the Eurotunnel Group, it permits, amongst other items, (i) the borrowing of revolving facilities, bonding facilities or guarantee facilities up to a maximum amount of €75 million (provided that the relevant lender accedes to the Intercreditor Deed (as such term is defined in section “Agreement between Creditors” below)) and (ii) indebtedness of up to £225 million of its Euro equivalent (provided that (A) such indebtedness is unsecured and structurally and (through the accession of the new lender(s) to the Intercreditor Deed) contractually subordinated to all amounts payable under the Term Loan and (B) that the ratings of the Term Loan are affirmed).

The Term Loan permits the Eurotunnel Group to pay dividends, provided that such dividends are paid out of excess cash flow (as defined in the Term Loan) or funds arising from a permitted disposal under the Term Loan (insofar as these funds do not have to be allocated to mandatory prepayment) on the condition that no default is continuing under the Term Loan and that the debt-service coverage ratio is not less than 1.25. For the purposes of this test, the ratio is calculated on the basis of a rolling 12-month period, on a consolidated basis, such consolidation to include (i) as regards the calculation of available cash flow for the servicing of debt, the borrowers and guarantors in connection with the Senior Facilities and (ii) as regards the calculation of debt service, the Eurotunnel Group (with amortisation being calculated by reference to the greater of (i) the hypothetical amortisation of the loan based on an annuity and (ii) the contractual amortisation). Failure to meet this ratio on a six-monthly testing date would not constitute an event of default but would lead to restrictions on the use of the Group’s excess available cash flow on the date of the next interest payment on the Term Loan until such time as the test is met once again. If these conditions are not met on an interest repayment date in connection with the Term Loan, the excess cash flow and funds will be placed into an account dedicated to so-called “capex” expenditure. Failure to meet this test on three consecutive six-monthly testing dates would trigger a prepayment event, under which the Group’s excess available cash flow would have to be used towards prepayment of the Term Loan until the testing date on which the ratio is met once again.

Event of default and acceleration

The Term Loan contains a number of events of default which, in certain instances subject to grace periods, enable the lenders to declare the Term Loan immediately due and payable, to enforce the liens described below or to demand the start of the substitution mechanism provided for under the terms of the Concession Agreement and described in section 8.1.2 of this Registration Document.

The events of default include in particular:

- any failure to pay under the Term Loan;
- a failure to comply with any provision of the Term Loan, the Intercreditor Agreement or related documents. These provisions impose limits relative to indebtedness, acquisitions, sales and other transfers, mergers, loans, guarantees and the granting of new securities by the member companies of the Eurotunnel Group, and include in particular:
 - (i) a financial commitment pursuant to which GET SE is obliged to ensure that at each half-yearly test date subsequent to 31 December 2007, the ratio of cash flow from operational activities over the total cost of servicing the debt resulting from the Senior Facilities is not below 1.10 since 28 June 2012, the said ratio being calculated by reference to the twelve-month period preceding the date of the test; and
 - (ii) certain commitments related to the tax treatment of the Eurotunnel Group and where non-compliance is reasonably likely to substantially affect the financial situation of FM, CTG or the Eurotunnel Group;
- a declaration or statement made or deemed to have been made by a borrower or a guarantor in relation to the Term Loan, or any other financial document related to it or any other document presented by or on behalf of a borrower or a guarantor in relation to the said financial documents (which contain the declarations and statements that are usual for this type of financing), which proves to have been erroneous or misleading at the time when it was made or deemed to have been made;
- the occurrence of a cross default under any other indebtedness (greater than a certain amount) of any of the companies within the Eurotunnel Group;
- the inability of any borrower or guarantor to pay its debts as they fall due, the insolvency or the opening of any legal proceedings in relation to any borrower or guarantor under the Term Loan;
- the illegality or invalidity of the Term Loan, any related liens or the subordination created under the Intercreditor Agreement;

- the permanent impossibility of carrying on the business of operating the Tunnel, or the destruction of the Tunnel, or the cessation of a substantial part of its activities by a borrower or a guarantor;
- a guarantor ceases to be a wholly-owned subsidiary of GET SE;
- any act or omission of France or the United Kingdom which renders a borrower or guarantor under the Term Loan incapable of performing its obligations under the Term Loan and related documents; and
- the occurrence of litigation (or similar proceedings) against any Eurotunnel Group member company or its assets, which is reasonably likely to be adversely determined against the relevant company and to have a substantial adverse effect on the financial position of FM, CTG or the Eurotunnel Group.

The Term Loan also provides that no event of default may be deemed to have occurred because of (i) the Safeguard Procedure having been initiated for the benefit of certain TNU group companies or the implementation of the Safeguard Plan, (ii) the commencement or continuation of any litigation (including any appeal thereof) prior to the disbursement date for the Term Loan disputing the validity of the Safeguard Procedure or the Safeguard Plan, (iii) any act or omission of any TNU group company under the Safeguard Procedure which is required by the legal provisions relating to the Safeguard Plan or which is made for the purpose of implementing the Safeguard Plan, and (iv) any failure by any TNU group company to make a payment when due where such payment has not been made solely because that company is prevented from making such payment by the legal provisions relating to the Safeguard Plan.

The Term Loan also includes other events of default that are usual for this type of funding.

Hedging arrangements in respect of the Term Loan

FM and CTG, prior to the drawdown under the Term Loan, entered into various hedging arrangements in order to hedge their respective exposure to interest rate fluctuation in connection with their payment obligations under the Term Loan as indicated in note G.5 to the consolidated accounts figuring in section 2.2.1 of this Registration Document.

Agreement between Creditors

Prior to drawdown under the Term Loan, the Eurotunnel Group entered into an intercreditor deed with its bank lenders and its intra-group creditors (the "Intercreditor Deed") pursuant to which the claims of all intra-group creditors are subordinated to the claims of the bank lenders.

The Intercreditor Deed also provides for the security and the guarantees described below to be held by a Security Trustee for the benefit of the lenders under the Term Loan, and, as the case may be, for the benefit of lenders under certain permitted financial indebtedness acceding to the Intercreditor Deed.

b) Guarantees and security relating to the Term Loan

Guarantees

Under the Intercreditor Deed, GET SE, FM, EFL, CTG, ESGIE, Eurotunnel SE, ESL, EurotunnelPlus Limited and Gamond Insurance Company (the "Original Guarantors") each jointly and severally guarantee the commitments made by FM and CTG, in their capacity as borrowers under the Term Loan vis-à-vis the Initial Lenders, the arrangers, the Agents and the hedging counterparties of the Term Loan. EGP, TNU SA and TNU PLC, each of which were Original Guarantors, have been merged into GET SE, and EurotunnelPlus Distribution SAS, which was also an Original Guarantor, has been merged into Eurotunnel SE.

The Term Loan provides that, following its execution, certain of the Eurotunnel Group companies (other than the Original Guarantors) will be required also to become guarantors of the Term Loan if, in particular, their contribution to the EBITDA, gross value of assets or turnover of the Eurotunnel Group increases above a specified pre-determined threshold.

In order to guarantee their obligations as borrowers under the Term Loan and guarantors under the Intercreditor Deed, the Initial Guarantors granted security, the terms and scope of which, unlike the security granted in connection with the debt prior to the financial restructuring of the business in 2007, takes into account the operational needs of the business of the Eurotunnel Group.

Security granted by the Eurotunnel Group under French law

To secure their obligations as borrower under the Term Loan or guarantor under the Intercreditor Deed, the Initial Guarantors owning French assets have granted the following security:

- assignment of trade receivables by way of guarantee under which (i) FM assigns its receivables under the Concession Agreement and the Railway Usage Contract as well as its trade receivables owed by the freight transporters and coach operators and its insurance receivables and intercompany receivables held by it on the French subsidiaries of the Eurotunnel Group, (ii) CTG assigns the same categories of receivables as FM with the exception of its trade receivables owed by the freight transporters and coach operators, and (iii) other members of the Eurotunnel Group qualifying as guarantor assign their insurance receivables and intercompany receivables held against French companies of the Eurotunnel Group;

- ii) unregistered mortgages over FM's main real estate assets that are not the subject of short- or medium-term development projects;
- iii) a non-possessory lien over FM's rolling stock;
- iv) a pledge on all bank and investment accounts open in France in the name of any borrower or guarantor under the Term Loan;
- v) a pledge on shares in the Eurotunnel Group members held by the borrowers or guarantors under the Term Loan;
- vi) a pledge on the main Eurotunnel Group trademarks; and
- vii) a pledge on receivables held by FM under certain pieces of land comprised in the "ZAC 1" and which is the subject of long-term construction leases (*baux à construction*).

Security granted by the Eurotunnel Group under English law

To secure their obligations as borrower under the Term Loan or guarantor under the Intercreditor Deed, the Initial Guarantors have each granted security over all of their assets held at the date of execution of the Term Loan as well as over their future assets.

Security over the other assets of the Eurotunnel Group

All of the shares of members of the Eurotunnel Group that are not subject to security as described above (with the exception of Europorte SAS and its subsidiaries) have been pledged by way of security for the obligations of the borrowers under the Term Loan and guarantors under the Intercreditor Deed.

8.1.5 MASTER INTRA-GROUP DEBT AGREEMENT

Intra-group debts existed between the various companies of the Group. Some of them were expressed in contracts concluded between 2007 and 2009 for the financial restructuring or simplification of the structure of the Group ("Intra-Group Debts"). Certain of these Intra-Group Debts for which contracts were concluded in 2007 were reorganised in 2009 as part of the transactions prior to the merger of TNU SA into GET SE which gave rise to the conclusion of new contracts for intra-group loans.

The Intra-Group Debts, because they were concluded over a period from 2007 to 2009 and partly re-organised in 2009, had different characteristics as to interest rate and maturity which complicated the financial and accounting management of Group companies.

Group companies have therefore concluded a contract entitled the "Master Intra-Group Debt Agreement" the principal object of which is the harmonisation of (i) the rules for current accounts between Group companies, (ii) the interest rates of the various Intra-Group Debts and (iii) where possible, the other conditions of these Intra-Group Debts in order to facilitate the financial and accounting management of Group companies and to reflect the financial policy between the Group's companies.

8.1.6 MARITIME ACTIVITY

Following the decision of the Competition Appeal Tribunal in January 2015 and of the Supreme Court in December 2015, which prohibited to the vessels of the Group (the *Berlioz*, the *Rodin* and the *Nord Pas-de-Calais*) to operate out of the port of Dover, the Group withdrew from its maritime activity and found a buyer for its three ferries.

In June 2015, the Group reached an agreement with the DFDS group in relation to the bareboat charter of two of the ferries, the *Berlioz* and the *Rodin*. Due to the condition imposed at the time of the purchase in 2012 prohibiting the sale of the ferries for a period of five years, the agreement provides for the lease of the two ferries from the date of their definitive delivery to DFDS and includes an option for their subsequent sale exercisable by the Group in June 2017.

The *Rodin* and the *Berlioz* having been occupied by staff of the SCOP SeaFrance; the two ferries were delivered to DFDS on 9 and 11 February 2016 respectively for the start of their finance leases.

In May 2016, the Group reached an agreement of the same nature with Vansea Shipping Company Limited for the bareboat charter of the *Nord Pas-de-Calais*.

8.2. CONSTITUTIONAL DOCUMENT AND BY-LAWS

GET SE is governed by the French law provisions relating to *sociétés anonymes* with a board of directors, compatible with the SE regulations.

The GET SE by-laws were updated by the general meeting on 27 April 2016.

8.2.1 CORPORATE PURPOSE (ARTICLE 2 OF GET SE'S BY-LAWS)

The corporate purpose of GET SE is:

- acquire equity interests by way of the purchase, subscription, transfer or exchange of corporate rights, shares, partnership interests or otherwise, with any co-contracting party, French or foreign, in any company whose purpose is directly or indirectly related to the operation of the Tunnel between France and the United Kingdom or any other fixed links, infrastructure or transport activities;
- participate in any manner whatsoever, directly or indirectly, in any transactions connected with its corporate purpose via the creation of new companies, the contribution, subscription or purchase of securities or corporate rights, merger or otherwise, creation, acquisition, leasing, lease management of all businesses or establishments; taking, acquiring, operating or selling any procedures or patents relating to its activities;
- generally, all industrial, commercial, financial, civil, personal or real property transactions, directly or indirectly related to any of the purposes referred to above or any similar or connected purposes, including in particular, any transport business.

8.2.2 RIGHTS AND OBLIGATIONS ATTACHED TO THE SHARES (ARTICLE 11 OF GET SE'S BY-LAWS)

Ownership of one ordinary share implies acceptance of the terms of the by-laws of GET SE and of all decisions taken by GET SE shareholders in general meetings.

Shares (ordinary shares)

In addition to voting rights, each ordinary share grants the right to a share in the ownership of the company's assets, profits and liquidation proceeds, in proportion to the fraction of the share capital that it represents.

Class B preference shares

The 14th resolution of the general meeting of 29 April 2014 authorised the creation of class B preference shares, convertible at the end of a period of four years into ordinary shares if market performance conditions of the ordinary shares are met. Class B preference shares will be vested after a period of two years (29 April 2016) for the French scheme and four years for beneficiaries who are not French tax residents (29 April 2018).

Class B preference shares may be converted into ordinary shares, depending on the evolution of the average market price of the GET SE ordinary shares at the conversion date, and the average market price at the grant date, determined by reference to the higher value of the following averages:

- the average of the six months, according to the Board's decision, preceding the date of grant or conversion;
- the average repurchase price of ordinary shares held in treasury by the company at the date of grant or conversion, pursuant to articles L. 225-208 and L. 225-209 of the French Commercial Code.

The average market price at the grant date was €8.17. The conversion ratio will be a maximum of 5,000 ordinary shares per class B preference share for a target objective 100% met, with a tapering scale corresponding to the percentage of the objective met and set such that, as appropriate, the entire amount of ordinary shares may be allocated.

The target objective for the market price of GET SE ordinary shares on the conversion date, calculated according to the above terms, is set at €11.50.

Class B preference shares will have a nominal value of €0.01. They carry no voting rights at ordinary and extraordinary general meetings of holders of ordinary shares, although they carry voting rights at special general meetings of holders of the class B preference shares. Holders of class B preference shares meet at a special meeting for any proposed modification to the rights attached to class B preference shares. Moreover, in accordance with the provisions of article L. 228-17 of the French Commercial Code, any company merger or spinoff plans pursuant to which class B preference shares cannot be exchanged for shares carrying specific equivalent rights will be subject to approval by any special general meeting concerned.

Class B preference shares issue entitlement to only 1/5,000th of the amount of any distribution or, where applicable, asset sharing, decided to the benefit of each ordinary share. They have no preferential subscription rights in any rights issue or operations with rights to ordinary shares; the conversion ratio, however, may be adjusted so as to maintain the rights of holders of class B preference shares, in accordance with legal and regulatory conditions, as stated in article 37 of the company's by-laws. With respect to ownership of assets, class B preference shares issue entitlement to the proceeds of liquidation in proportion to the amount of share capital they represent.

Class C preference shares

The 12th resolution of the general meeting of 29 April 2015 authorised the creation of class C preference shares, convertible at the end of a period of four years to ordinary shares if performance conditions are met.

The definitive grant of the class C preference shares is subject to an over-performance condition of EBITDA for 2015 and 2016 as compared to the published objectives for the relevant year with no grant when the achievement is below 100% of the objectives. The number of class C preference shares is fixed on basis of the level of over-performance of the objectives without exceeding a total number of 2,000 class C preference shares. Allocation of class C preference shares to beneficiaries will be definitive after a vesting period of two years (ending on 29 April 2017), and beneficiaries must keep these shares for two years following their definitive allocation. For beneficiaries who are not resident in France for tax purposes, class C preference shares will be converted after the period of four years stipulated in the free share allocation plan.

Class C preference shares will have a nominal value of €0.01. They will not grant any voting rights at general meetings of the holders of ordinary shares, although the holders of class C preference shares will be entitled to attend a special meeting in the event of any amendments to the rights attached to this category of shares.

Each class C preference share will have distribution rights equal to 1/5,000th of distribution rights and, in the event of dissolution of GET SE, rights to the proceeds of liquidation in proportion to the nominal amount represented in share capital. Class C preference shares will have no preferential subscription rights for rights issues or operations with rights to ordinary shares, although the conversion ratio will be adjusted to maintain the rights of holders, in accordance with the legal, regulatory and contractual conditions.

Class C preference shares will be converted into ordinary shares on the basis of the conversion ratio, determined on the basis of the level of achievement of a performance condition calculated at the end of a four year period, from the date of allocation of the class C preference shares by the Board, as a mean of the achievement for the following three criteria:

- average percentage of over performance of the EBITDA for 2015, 2016, 2017 and 2018, as compared with the objective announced to the market for 2015, 2016, 2017 and 2018 (70%);
- average percentage of GET ordinary shares (with dividends) over performance as compared with Dow Jones Infrastructure Index for 2015, 2016, 2017 and 2018 (20%);
- average rate of achievement of the CSR composite index for 2015, 2016, 2017 and 2018 (10%).

Subject to any adjustment in accordance with legal and regulatory conditions, the class C preference shares conversion ratio will be a maximum of 500 Shares for each class C preference share, for a maximum over-performance of 115% and 135 ordinary shares when the objectives have been 100% achieved, with a scale by step so that no class C preference shares will be converted into ordinary shares in the event of any percentage achievement below 100% of the target objective. After a period of four years, class C preference shares will either be converted into ordinary shares according to the conversion ratio or, if the performance conditions have not been met, purchased by GET SE at their nominal value, in order to cancel them.

8.2.3 ALLOCATION OF PROFITS (ARTICLE 31 OF GET SE'S BY-LAWS)

The following deductions are made from the profits of each financial year, minus any prior losses, in the order set out below:

- at least 5% to constitute the reserve account required by law;
- the amounts determined by the general meeting to constitute such reserves for which it determines the distribution and use; and
- the amounts that the general meeting decides to carry forward.

The balance, if any, shall be distributed among all of the shareholders in proportion to the number of ordinary shares held by each of them.

If the balance sheet prepared during or at the end of the financial year and certified by the statutory auditors indicates that GET SE, since the end of the previous financial year, after any necessary depreciation and reserves and after deducting any previous losses and amounts required to constitute the necessary reserves pursuant to applicable laws or the by-laws, has made a profit, interim dividends may be distributed before the accounts for the financial year have been approved. The amount of the interim dividend may not exceed the amount of profit as defined above.

The conditions for the payment of dividends in cash are set by the shareholders' general meeting, or failing that, by the Board. Each class B and class C preference share will have one distribution right equal to 1/5,000th of distribution right and, in the event of dissolution of GET SE, one right to the liquidation proceeds in proportion to the share that its nominal amount represent in share capital.

Payment of dividends in cash must be carried out within a maximum period of nine months following the end of the financial year, unless extended by a court authorisation.

8.2.4 MODIFICATIONS OF SHAREHOLDERS' RIGHTS

The modification of the by-laws requires the approval of an extraordinary general meeting in accordance with the quorum and majority required by applicable laws and regulations.

Notice of meeting (article 27 of GET SE's by-laws)

General meetings are convened in accordance with applicable laws and regulations.

Venue of meetings (article 27 of GET SE's by-laws)

General meetings are held at the registered office of GET SE or at any other place referred to in the notice of the meeting.

Attendance at general meetings (article 27 of the by-laws of GET SE)

Admission to participate at the General Meetings is subject to the registration of the shares under the shareholder's name or that of his/her financial intermediary, by midnight (Paris time) on the second business day preceding the date of the General Meeting.

Any shareholder may attend general meetings in person or by proxy, regardless of the number of ordinary shares held, upon providing proof of identity and proof of ownership of the ordinary shares, by registering the ordinary shares in the shareholders' name or in the name of the intermediary registered on his behalf, either in the registered accounts held by GET SE, or in the bearer's form accounts held by the authorised intermediary in accordance with the provisions of article R. 225-85 of the French Commercial Code. Class B and C preference shares carry no voting rights at ordinary and extraordinary general meetings of holders of ordinary Shares, although they carry voting rights at special general meetings of holders of class B and C preference shares.

Use of electronic means of communication (article 27 of GET SE's by-laws)

If the Board so decides at the time the meeting is convened, any shareholder may participate and vote at general meetings by video conference or any other electronic means of communication in accordance with applicable laws and regulations.

For the purposes of calculating the quorum and majority, shareholders participating in the meeting by video conference or another form of electronic communication enabling them to be identified, and the nature and conditions of application of which are set in accordance with applicable laws and regulations, are deemed to be present.

Representation at general meetings (article 27 of GET SE's by-laws and articles L. 225-106 et seq. of the French Commercial Code)

Pursuant to articles L. 225-106 et seq. of the French Commercial Code, shareholders may be represented at meetings by the individual or legal entity of their choice under the conditions stipulated in current regulations. The proxy must prove his authority in accordance with article L. 225-106 of the French Commercial Code. He is bound by the disclosure obligations stipulated in current regulations. In addition, owners of securities referred to in the 3rd paragraph of article L. 228-1 of the French Commercial Code may be represented by a registered intermediary in accordance with the provisions of article L. 228-3-2 of the French Commercial Code.

Legal representatives of shareholders without legal capacity and individuals representing corporate shareholders may participate in general meetings, whether or not they are shareholders.

Authority to act as a proxy may be given for one meeting only and shall be in respect of the agenda of that meeting only. The authorisation must specify the meeting for which it is granted and provide necessary information to identify the ordinary shares. Authority may however be given for two meetings, one ordinary and the other extraordinary, held on the same day or within a period of fifteen days. The authority given for one meeting shall be valid for all successive meetings convened with the same agenda. The proxy named in person on the proxy form may not substitute any other person.

All documents required by applicable laws and regulations must be attached to all proxy forms sent to shareholders.

The proxy form must be signed by the shareholder being represented and provide the last name, the first name, the address, the number of ordinary shares owned and the number of votes attached to those ordinary shares. Only proxy forms which have been received two days prior to the meeting will be taken into account by GET SE.

The intermediary referred to in article L. 228-1 of the French Commercial Code may, pursuant to a securities management general mandate, send votes or powers of attorney on behalf of a shareholder as defined in article L. 228-1 of the French Commercial Code for the purposes of a general meeting.

Exercise of voting rights (article 27 of GET SE's by-laws)

All shareholders may vote by postal ballot under the conditions and within the time limits provided for by law by using a form prepared by GET SE and sent to shareholders requesting the form and provided such forms reach GET SE two days prior to the general meeting.

Chairmanship of general meetings (article 27 of GET SE's by-laws)

General meetings of shareholders are chaired by the Chairman of the Board or, in his absence, by the most senior Director present at the meeting. If the meeting has been convened by the statutory auditors, provisional liquidator or receivers, the general meeting shall be chaired by the person, or one of those persons, who called the meeting.

Quorum and majority at general meetings (articles 28 and 29 of GET SE's by-laws)

Ordinary, extraordinary, combined or special general meetings shall be subject to the quorum and majority conditions provided by applicable laws and regulations governing such meetings and shall exercise the powers conferred on them by law. The votes cast do not include those relating to ordinary shares for which the shareholder has not taken part in the vote or has abstained or voted blank or invalid.

Voting rights of holders of ordinary shares and double voting rights (article 11 of GET SE's by-laws)

Subject to the provisions set forth below, each member of a general meeting is entitled to as many voting rights and to cast as many votes as the number of fully paid-up ordinary shares he owns or is representing.

However, each fully paid-up ordinary share which has been held by the same shareholder in registered form for two years will carry a double voting right in accordance with applicable laws and regulations.

In the event of a share capital increase by incorporation of reserves, profits or share premiums, this double voting right is conferred from their date of issue to ordinary shares held in registered form and allocated for free to a shareholder by virtue of the existing ordinary shares from which he derived this right.

A merger or demerger of GET SE has no effect on the double voting right that may be exercised at shareholder meetings of the surviving companies if the by-laws of such companies so provide.

Any ordinary share converted into bearer form or which is transferred shall lose the double voting right conferred on it as described in the preceding three paragraphs. However, the double voting right is not lost and the time proceeds are not affected by a transfer by inheritance, liquidation of assets held jointly by spouses or inter vivos gifts in favour of a spouse or relative entitled to inherit.

Voting rights of holders of class B or C preference shares (article 11 of GET SE's by-laws)

Class B and C preference shares do not grant any voting rights at general meetings of the holders of ordinary shares; however, the holders of class B and C preference shares will be entitled to attend a special meeting, in the event of any amendments to the rights attached to this category of shares.

8.2.5 CLAUSES THAT MAY HAVE AN IMPACT ON THE CONTROL OF GET SE

There are no provisions in the by-laws that could have the effect of delaying, deferring or preventing a change of control of GET SE.

8.2.6 IDENTIFICATION OF SHAREHOLDERS (ARTICLE 14 OF GET SE'S BY-LAWS)

GET SE has the right to request the securities clearing house for information relating to the identification of its shareholders in accordance with applicable laws and regulations (articles L. 228-2 et seq. of the French Commercial Code) as follows: their name or in the case of legal entities, their company name, nationality, address, number of shares held by each of them, any restrictions affecting the shares, the year of birth of the holder, or in the case of a legal entity, the date of its incorporation.

8.3. INFORMATION ON SHAREHOLDINGS

TABLE OF SHAREHOLDINGS AS AT 31 DECEMBER 2016

Company name	Registered office	Country	Activities	% of capital and voting rights held by		TOTAL ⁽¹⁾
				Holding company ⁽¹⁾	Subsidiaries ⁽¹⁾	
France Manche SA	3 rue La Boétie, 75008 Paris, France	France	Operation of the Fixed Link	100		100
The Channel Tunnel Group Limited	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	Operation of the Fixed Link	100		100
Eurotunnel Services GIE	3 rue La Boétie, 75008 Paris, France	France	Management of staff in France	38	62	100
Eurotunnel Services Limited	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	Management of UK staff		100	100
Europorte SAS	Tour LillEurope, 11 parvis de Rotterdam, 59777 Euralille, Lille, France	France	Railways operator	100		100
Europorte Channel SAS	Tour LillEurope, 11 parvis de Rotterdam, 59777 Euralille, Lille, France	France	Traction provider		100	100
Europorte France SAS	Tour LillEurope, 11 parvis de Rotterdam, 59777 Euralille, Lille, France	France	Rail freight operator		100	100
Socorail SAS	Tour LillEurope, 11 parvis de Rotterdam, 59777 Euralille, Lille, France	France	Railway operations		100	100
Europorte Proximité SAS	Tour LillEurope, 11 parvis de Rotterdam, 59777 Euralille, Lille, France	France	Goods transport by rail		100	100
EuroSco SAS	Tour LillEurope, 11 parvis de Rotterdam, 59777 Euralille, Lille, France	France	Rolling stock fleet management		100	100
Manutention Transport Service SAS	7 rue de Dunkerque 67000 Strasbourg	France	Non-cargo handling		20	20
Europorte Terminal Container du Sud-Ouest SAS	6 rue du Courant 33310 Lormont France	France	Chartering and logistics		62.7	62.7
Bourgogne Fret Services SAS	45 rue Longvic 21300 Chenôve, France	France	Chartering and logistics		62.7	62.7

Company name	Registered office	Country	Activities	% of capital and voting rights held by		TOTAL ⁽¹⁾
				Holding company ⁽¹⁾	Subsidiaries ⁽¹⁾	
JP Services Logistic Transport SARL	Tour LillEurope, 11 parvis de Rotterdam, 59777 Euralille, Lille, France	France	Local road freight transport		62.7	62.7
Société Immobilière et Foncière Eurotunnel SAS ^(*)	1, boulevard de l'Europe, 62231 Coquelles, France	France	Property development	100		100
Euro-Immo GET SAS ^(*)	1, boulevard de l'Europe, 62231 Coquelles, France	France	Property development		100	100
Centre International de Formation Ferroviaire de la Côte d'Opale SAS (CIFFCO)	1, boulevard de l'Europe, 62231 Coquelles, France	France	Vocational training		100	100
Eurotunnel Management Services Limited	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	Senior executive management	100		100
Euro-TransManche Holding SAS	Tour LillEurope, 11 parvis de Rotterdam, 59777 Euralille, Lille, France	France	Asset management	100		100
GET Finances SAS (formerly Euro-TransManche 3 SAS) ^(*)	3 rue La Boétie 75008 Paris France	France	Asset management		100	100
Euro-TransManche 3NPC SAS	Tour LillEurope, 11 parvis de Rotterdam, 59777 Euralille, Lille, France	France	Finance lease of ferry		100	100
Euro-TransManche SAS	Tour LillEurope, 11 parvis de Rotterdam, 59777 Euralille, Lille, France	France	Finance lease of ferry		100	100
Euro-TransManche 3Be SAS	Tour LillEurope, 11 parvis de Rotterdam, 59777 Euralille, Lille, France	France	Finance lease of ferry		100	100
NTMO SAS ^(*)	3 rue La Boétie 75008 Paris France	France	Asset management		100	100
MyFerryLink SAS ^(*)	Tour LillEurope, 11 parvis de Rotterdam, 59777 Euralille, Lille, France	France	Asset management		100	100
MyFerryLink Limited ^(*)	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	None		100	100

Company name	Registered office	Country	Activities	% of capital and voting rights held by		TOTAL ⁽¹⁾
				Holding company ⁽¹⁾	Subsidiaries ⁽¹⁾	
Eurotunnel Projet SAS ^(*)	3 rue La Boétie 75008 Paris, France	France	None	100		100
Cheriton Leasing Limited ^(*)	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	Financing	100		100
Cheriton Resources 1 Limited	UK Terminal, Ashford Road, Folkestone, CT18 8XX, United Kingdom	United Kingdom	None	100		100
Cheriton Resources 2 Limited	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	None	100		100
Cheriton Resources 3 Limited	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	None	100		100
Cheriton Resources 6 Limited	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	None	100		100
Cheriton Resources 7 Limited	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	None	100		100
Cheriton Resources 8 Limited	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	None	100		100
Cheriton Resources 9 Limited	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	None	100		100
Cheriton Resources 10 Limited	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	None		100	100
Cheriton Resources 11 Limited	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	None		100	100
Cheriton Resources 12 Limited ^(*)	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	Financing		100	100

Company name	Registered office	Country	Activities	% of capital and voting rights held by		TOTAL ⁽¹⁾
				Holding company ⁽¹⁾	Subsidiaries ⁽¹⁾	
Cheriton Resources 13 Limited ⁽⁴⁾	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	Financing		100	100
Cheriton Resources 14 Limited	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	Financing		100	100
Cheriton Resources 15 Limited ⁽⁴⁾	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	Financing		100	100
Cheriton Resources 16 Limited	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	None		100	100
Eurotunnel Agent Services Limited	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	Financing	100		100
Eurotunnel Developments Limited	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	None	100		100
Orbital Park Limited	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	None		100	100
Le Shuttle Limited	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	None	100		100
London Carex Limited	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	None	100		100
Eurotunnel Finance Limited ⁽⁴⁾	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	Financing	79	21	100
Eurotunnel Financial Services Limited	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	Resale of insurance products		100	100
Gamond Insurance Company Limited	Maison Trinity, Trinity Square, St Peter Port, Guernsey Channel Islands	Guernsey	Insurance		100	100

Company name	Registered office	Country	Activities	% of capital and voting rights held by		TOTAL ⁽¹⁾
				Holding company ⁽¹⁾	Subsidiaries ⁽¹⁾	
Eurotunnel Trustees Limited	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	None		100	100
Eurotunnel SE	35 Square De Meeûs 1000 Brussels Belgium	Belgium	Centralising, management, development and sale of freight tickets		100	100
EurotunnelPlus Limited	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	None		100	100
EurotunnelPlus GmbH	Axel-Springer-Platz 3, 20355 Hamburg, Germany	Germany	None		100	100
GET Elec Limited	UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX, United Kingdom	United Kingdom	Holding of investment in ElecLink project	100		100
ElecLink Limited	91 Wimpole Street London W1G 0EF United Kingdom	United Kingdom	Electricity transmission		100	100

⁽¹⁾ Excluding shares held by Directors.

^(*) These companies did not have any significant activity in 2016.

The Group's related party transactions in 2016 are mentioned in note G.8 to the consolidated financial statements in section 2.2.1 and in note U to the GET SE parent financial statements in section 2.2.2 of this Registration Document.

8.4. GET SE'S STATUTORY AUDITORS

8.4.1 STATUTORY AUDITORS

KPMG Audit, a division of KPMG SA

2, avenue Gambetta – Tour Egho – 92066 Paris La Défense Cedex, France.

Date of initial appointment: 9 March 2007.

Date of expiry of term of office: general meeting called to approve the financial statements for the financial year ending on 31 December 2018.

In accordance with the French Financial Security Act of 1 August 2003, rotation of KPMG Audit's signatory took place in 2013.

Mazars SA

61, rue Henri Regnault – 92075 Paris La Défense Cedex, France.

Date of initial appointment: 9 March 2007.

Date of expiry of term of office: general meeting called to approve the financial statements for the financial year ending on 31 December 2018.

In accordance with the French Financial Security Act of 1 August 2003, rotation of Mazars' signatory took place in 2016.

8.4.2 ALTERNATE STATUTORY AUDITORS

KMPG Audit IS

2, avenue Gambetta – Tour Egho – 92066 Paris La Défense Cedex, France.

Date of initial appointment: 15 May 2013.

Date of expiry of term of office: general meeting called to approve the financial statements for the financial year ending on 31 December 2018.

Mr Hervé Hélias

61, rue Henri Regnault – 92075 Paris La Défense Cedex, France.

Date of initial appointment: 15 May 2013.

Date of expiry of term of office: general meeting called to approve the financial statements for the financial year ending on 31 December 2018.

8.5. PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

8.5.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND THE FINANCIAL INFORMATION

Name and position of person responsible: Jacques Gounon, Chairman of the Board and Chief Executive Officer of Groupe Eurotunnel SE.

E-mail: PresidentGET@eurotunnel.com

8.5.2 DECLARATION BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I declare, having taken all reasonable care to ensure that such is the case, that the information contained in this Registration Document and its annexes is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its significance.

I declare that, to the best of my knowledge: (i) the financial statements for Groupe Eurotunnel SE have been prepared in accordance with the applicable accounting standards and represent an accurate view of the assets, financial position and results of Groupe Eurotunnel SE and of the companies comprised in the consolidation; and (ii) the management report made up of the sections of this Registration Document listed in the cross reference table set out in the annex to this Registration Document represents an accurate view of the development of the business, the results and the financial position of Groupe Eurotunnel SE and of the companies comprised in the consolidation, and that it describes the main risks and uncertainties facing them.

I have been provided with a final report from the statutory auditors stating that they have verified the information relating to the financial position and accounting data contained in this Registration Document and have read the whole document.

This report does not contain any observations relating to this Registration Document.

The statutory auditors have reviewed the 2016 financial information presented in this Registration Document, and their corresponding reports are given in sections 2.2.1 and 2.2.2 of this Registration Document. The historical financial information and reports of the statutory auditors on the historical financial information are incorporated by reference in this Registration Document.

8.6. INFORMATION RECEIVED FROM THIRD PARTIES, STATEMENTS OF EXPERTS AND INTERESTED PARTIES

Nothing to report.

8.7. DOCUMENTS AVAILABLE TO THE PUBLIC

8.7.1 LOCATION OF THE DOCUMENTS AND INFORMATION THAT CAN BE CONSULTED REGARDING GET SE

All of the corporate documents of GET SE which are to be made available to shareholders are accessible, as the case may be, on GET SE's website (www.eurotunnelgroup.com) or paper copies may be consulted during normal office hours at the registered office of GET SE (3 rue La Boétie, 75008 Paris), telephone: +33 (01) 40 98 04 06.

8.7.2 OTHER INFORMATION

Analysts and investors

Contacts: Michael Schuller / Jean-Baptiste Roussille

Telephone: +44 (0) 1303 288719 / +33 (0) 140980481

Email: michael.schuller@eurotunnel.com / jean-baptiste.roussille@eurotunnel.com

Individual shareholders

Telephone: 0845 600 6634 (United Kingdom)

0809 100 627 (France)

Email: shareholder.info@eurotunnel.com or info.actionnaires@eurotunnel.com

General questions

Email: CommunicationInternet@eurotunnel.com

DEFINITIONS



2013 Registration Document	means the registration document relating to Groupe Eurotunnel registered by the <i>Autorité des marchés financiers</i> on 21 March 2014;
2014 Registration Document	means the registration document relating to Groupe Eurotunnel registered by the <i>Autorité des marchés financiers</i> on 27 March 2015;
2015 Registration Document	means the registration document relating to Groupe Eurotunnel registered by the <i>Autorité des marchés financiers</i> on 10 March 2016;
Afep/Medef code	means the corporate governance principles deriving from the combined report by two employers' organisations, the <i>Association Française des Entreprises Privées</i> (AFEP) and the <i>Mouvement des Entreprises de France</i> (MEDEF) and last updated in November 2016;
AMF	means the Autorité des Marchés Financiers, an independent public organisation, being a legal entity, created pursuant to French Financial Security Act no 2003-706 of 1 August 2003 and which is tasked in particular with protecting the investment of savings in financial instruments, the information of investors and the proper conduct of the markets in financial instruments;
ARAFER	means the l'Autorité de Régulation des Activités Ferroviaires et Routières, an independent public authority responsible for the smooth running of the opening to competition of rail and road transport in France;
BFS	means the simplified limited liability company Bourgogne Freight Services;
BRB	means the British Railways Board;
CDI	means the Crest Depositary Interests representing ordinary shares;
CHSCT	means the <i>comité d'hygiène, de sécurité et des conditions de travail</i> , the health, hygiene, security and working conditions committee, composed of representatives of employees and the employer, responsible for contributing to the protection of the health and safety of employees;
CIFFCO	means the simplified limited liability company Centre International de Formation Ferroviaire de la Côte d'Opale;
Concession	means the concession forming the subject matter of the Concession Agreement;
Concession Agreement	means the concession agreement dated 14 March 1986 between the States and the Concessionaires, under which the States granted to the Concessionaires the right and the obligation to design, finance, construct and operate the Channel Tunnel until 2086 as amended;
Concession Coordination Committee	means the single executive specified by clause 18 of the Concession Agreement composed of members nominated by the Concessionaires;
Concessionaire(s)	means FM and CTG, the concessionaires pursuant to the Concession Agreement;
Crossover Junction	means one of the two rail junctions allowing trains and Shuttles to switch from one rail tunnel to the other, particularly during maintenance or renovation works. The two Crossover Junctions divide each rail tunnel into three sections;
CSR or Corporate Social Responsibility	means the integration by companies, on a voluntary basis, of social, environmental and economic concerns in their business and in their interactions with stakeholders;
CTG	means The Channel Tunnel Group Limited, a company incorporated under English law and wholly-owned by GET SE;
Debt	means the debt owed on the Term Loan;



EFL	means Eurotunnel Finance Limited, a company incorporated under English law;
EGP	means Eurotunnel Group UK PLC, a company incorporated under English law and merged with GET SE on 31 October 2010;
EPF	means Europorte France SAS;
EPP	means Europorte Proximité SAS;
EPSF	means the French public rail safety authority, <i>l'Etablissement Public de Sécurité Ferroviaire</i> which is under the authority of the French Minister of Transport;
EPTSCO	means the simplified limited liability company Europorte TCSO;
ERTMS	means the European Rail Traffic Management System, a European aimed at harmonising European rail signalling;
ESGIE	means Eurotunnel Services GIE;
ESL	means Eurotunnel Services Limited;
ETICA	means Eurotunnel Incentive for Capacity Additions, a Groupe Eurotunnel's system of financial support for railway operators launching new intermodal rail freight services through the Channel Tunnel;
Europorte	means all rail-freight operation and ancillary activities carried out by Europorte SAS and its subsidiaries;
Europorte SAS	means the holding company of all the Europorte companies;
Eurostar	means the brand name used by SNCF, Eurostar International Limited and SNCB for the joint operation of direct high speed passenger rail services which they operate between the United Kingdom and continental Europe;
Eurotunnel Group/the Group	means the group of companies comprising GET SE and its subsidiaries;
Fixed Link	means the fixed link across the English Channel;
FM	means France Manche SA, a Concessionnaire incorporated under French law and wholly-owned by GET SE;
Free Cash Flow	means net cash flow from operating activities less net cash flow from investing activities (retreated) and net cash flow from financing activities relating to the service of the debt (Term Loan and hedging instruments) plus interest received (on cash and cash equivalents). The calculation is shown in section 2.1.3 of this Registration Document;
GBRf	means GB Railfreight Limited, a company incorporated under English law wholly-owned by Europorte SAS up to its sale in November 2016 to EQT Infrastructure II;
GET SE	means Groupe Eurotunnel SE (<i>Societas Europaea</i>);
GSM-R	means Global System for Mobile communications – Railways, a wireless communication standard based on GSM technology and developed specifically for railway communications and applications;
High Speed 1/HS1	means the high-speed rail link and its infrastructure between London and the British end of the Tunnel;
High Speed Passenger Train	means Eurostar high speed passenger train and any other future entrant;
IGC	means the intergovernmental commission, to which the British and French governments appoint an equal number of members and which was established pursuant to the Treaty of Canterbury and the Concession Agreement in order to supervise the construction and operation of the System on behalf of the States;
Intermodal	means containers or swap bodies carried by train from one terminal to another, then transferred to another mode of transport (boat, road, etc.), also referred to as combined transport;

DEFINITIONS

Interval	means the sections of each rail tunnel between the entry portal and a Crossover Junction or between the two Crossover Junctions;
Lift-On/Lift-Off	means the top-loading method using a crane (for mobile containers and swap bodies);
MOOC	means Massive Online Open Course, the first free online training course open to all and provided by CIFFCO and called "Sur les rails de l'emploi", open since 11 January 2016;
MyFerryLink	means the maritime activities carried out by Euro-TransManche SAS and its subsidiaries including MyFerryLink SAS;
Network	means together SNCF and BRB;
Network Statement	means the document published annually by Eurotunnel which sets out the conditions of access to its rail network;
NRS	means the notes redeemable in GET SE ordinary shares issued by EGP pursuant to the safeguard plan which have been admitted to Euronext Paris and to the London Stock Exchange, in accordance with the 2007 securities note approved by the AMF on 4 April 2007 under number 07-113;
ORR	means the economic regulator of Britain's mainline railway, and health and safety regulator on all Britain's railways as well as monitoring England's strategic highways network;
Passenger Shuttle Service	means the Eurotunnel Group's passenger service, which provides for the transport of cars, motor homes, caravans, coaches, motorcycles and trailers (and their passengers) on shuttles between the United Kingdom and France;
Passenger Shuttles	means the Shuttles used by the Eurotunnel Group for the Passenger Shuttle Service;
Railway Company(ies)	means a licensed company (or undertaking) whose main business is to provide rail transport services for freight and/or passengers;
Railway Network	means the railway network located within the perimeter of the Concession;
Railway Usage Contract	means the railway usage contract dated 29 July 1987 between the Concessionaires and the Railways, governing the relationship between the Eurotunnel Group and the Railways and setting out the basis upon which the Railways will use the System until the expiry of the Railway Usage Contract;
Railways	means, together, SNCF and BRB;
Registration Document	means this registration document relating to Groupe Eurotunnel SE;
Roll-On/Roll-Off	means the method of horizontal loading on wheels (for trucks and trailers);
SAFE	means the fire-fighting stations, specially fitted Tunnel areas intended to facilitate the management of a fire;
Salamandre Plan	means the procedures designed to prevent and optimise control of risks pertaining to fire in the Tunnel;
Safeguard Procedure	means the safeguard procedure opened for the benefit of 17 TNU group companies on 2 August 2006, under which the company was financially restructured in application of the safeguard plan determined by the Paris commercial court on 15 January 2007, which recognised its complete implementation on 23 December 2008;
Safety Authority	means the authority established pursuant to the Treaty of Canterbury and the Concession Agreement to advise and assist the IGC on all matters concerning the safety of the construction and operation of the System;
SCOP	means a cooperative company which refers to a worker owned company in which majority shareholders are employees;
Senior Independent Director	means an independent board member, appointed to assist the Chairman and Chief Executive Officer, on the proper functioning of governance bodies and the prevention of



	potential conflicts of interest and whose duties are set out in chapter 4 of this Registration Document;
Short Straits	means any passenger or freight link connecting Dover, Folkestone or Ramsgate to Calais, Boulogne-sur-Mer, Ostende or Dunkirk;
Shuttle Service(s)	means the Truck Shuttle Services and the Passenger Shuttle Services;
Shuttles	means the Truck Shuttles and the Passenger Shuttles;
SMS	means Safety Management System;
SNCB	means Société Nationale des Chemins de Fer Belges;
SNCF	means Société Nationale des Chemins de Fer Français;
SNCF Réseau (previously RFF)	means the former EPIC (French public industrial and commercial institution) owner and manager of rail infrastructure in France, Réseau Ferré de France, that under article 12 of the law of 4 August 2014, became SNCF Réseau. This amendment created a public rail group, headed up by a public body (SNCF) which controls and directs the strategy, economic consistency, industrial integration and social unity of the group and that of its two subsidiaries: the manager of the rail infrastructure (SNCF Réseau) and the rail operator (SNCF Mobilités);
States	means the French Republic and the United Kingdom of Great Britain and Northern Ireland;
Sustainable development	means a type of economic growth which seeks to reconcile economic and social progress with the protection of the environment, understanding the latter as being the inheritance to be passed on to future generations. The principle of sustainable development involves the development of the business whilst taking into account its short, medium and long-term impact on the environment, social conditions and ethics;
System	means the system made up of the Tunnel together with the related terminals, fixed equipment and annex buildings;
Term Loan	means the term loan, the main characteristics of which are described in section 8.1.4 of this Registration Document;
TNU	means the group of companies comprising TNU SA and TNU PLC;
TNU PLC	means TNU PLC, formerly Eurotunnel P.L.C. merged with GET SE on 31 October 2010 and subsequently dissolved;
TNU SA	means TNU SA, formerly Eurotunnel SA, merged with GET SE on 6 May 2009 and subsequently dissolved;
Train Operators' Rail freight Services	means the rail freight services between the United Kingdom and continental Europe operated by Railway Companies such as SNCF, DB Schenker, Europorte, and potentially any freight train operator in open access;
Treaty of Canterbury	means the Treaty between France and the United Kingdom, signed on 12 February 1986 and ratified on 29 July 1987, authorising the construction and operation by the private concessionaires of the Fixed Link;
Truck Shuttle Service	means the Eurotunnel Group's road freight service, which provides for the transport of trucks on Shuttles between the United Kingdom and France;
Truck Shuttles	means the Shuttles used by the Eurotunnel Group for the Truck Shuttle Service;
Tunnel	means the two rail tunnels and the service tunnel under the English Channel;
Vision 2020	means the long-term collaborative policy launched by the Fixed Link employees in preparation for 2020.



REGISTRATION DOCUMENT CHECKLIST

The number of the chapter, section or paragraph of this Registration Document containing the information referred to under each heading of Annex I of Commission Regulation (EC) no. 809/2004 of 29 April 2004 are set out in the following table.

Number	Heading as set out in the Regulation	chapter(s)/section(s)
1	Persons responsible	section 8.5
1.1	Persons responsible for the information contained in the Registration Document	section 8.5.1
1.2	Declaration by those responsible for the Registration Document	section 8.5.2
2	Statutory auditors	section 8.4
2.1	Names and addresses of the issuer's statutory auditors	Section 8.4
2.2	Statutory auditors having resigned or having been removed during the period covered	not applicable
3	Selected financial information	section 1.1.3
3.1	Selected historical financial information	section 1.1.3
3.2	Selected financial information for the interim periods, and comparative data covering the same period in the prior financial year	section 1.1.3
4	Risk factors	chapter 3
5	Information about the issuer	sections 1.1 and 1.6.2
5.1	History and development of the issuer	section 1.1.1
5.1.1	<i>Legal and commercial name of the issuer</i>	section 1.1.2
5.1.2	<i>Place of registration and registration number of the issuer</i>	section 1.1.2
5.1.3	<i>Date of incorporation and length of life of the issuer</i>	section 1.1.2
5.1.4	<i>Domicile and legal form of the issuer, legislation under which it operates, country of incorporation, address and telephone number of its registered office</i>	sections 1.1.2 and 8.7
5.1.5	<i>Important events in the development of the issuer's business</i>	section 2.1 and 3.1.1
5.2	Investments	section 1.6.2
5.2.1	<i>Principal investments made by the issuer for each financial year for the period covered by the historical financial information</i>	section 1.6.2 a)
5.2.2	<i>Principal investments of the issuer that are currently in progress</i>	section 1.6.2 a)
5.2.3	<i>Information concerning the issuer's principal future investments on which it has already made firm commitments</i>	section 1.6.2 b)



Number	Heading as set out in the Regulation	chapter(s)/section(s)
6	Business overview	chapter 1
6.1	Principal activities	section 1.2, 1.3 and 1.4
6.1.1	<i>Nature of the operations and principal activities performed by the issuer</i>	sections 1.2 to 1.5
6.1.2	<i>Significant new products and/or services introduced into the market</i>	sections 1.2 to 1.5
6.2	Principal markets	sections 1.2 to 1.5
6.3	Exceptional factors which have influenced the information provided pursuant to items 6.1 and 6.2	section 2.2.1 (note A) and section 3.3.1
6.4	Extent of the issuer's dependence on patents and licences, industrial, commercial or financial contracts, or new manufacturing processes	section 1.6.3
6.5	Basis for any statement made by the issuer regarding its competitive position	Sections 1.2.2 (a) and (b)
7	Organisational structure	section 1.1.2
7.1	Description of the Group and the issuer's position within the Group	section 1.1.2
7.2	List of the issuer's significant subsidiaries	sections 1.1.2 and 8.3
8	Property, plants and equipment	section 1.6
8.1	Information regarding any existing or planned material tangible fixed assets, including leased properties	section 1.6.1
8.2	Environmental issues that may affect the issuer's utilisation of the tangible fixed assets	Section 6.4.2
9	Operating and financial review	section 2.1
9.1	The issuer's financial condition, changes in financial condition, and results of operations conducted during each financial year and interim period for which historical financial information is required	sections 1.1.3 and 2.1 ⁽¹⁾
9.2	Operating results	section 2.1.1
9.2.1	<i>Significant factors including unusual or infrequent events or new developments materially influencing the issuer's income from operations</i>	section 2.1 and section 2.2.1 (note A)
9.2.2	<i>Material changes in net sales or revenues and explanations thereof</i>	section 2.1.1
9.2.3	<i>Strategy or governmental, economic, fiscal, monetary or political factors that have substantially influenced or could substantially influence the issuer's operations</i>	section 3.1.1
10	Capital resources	chapter 2
10.1	Information on the issuer's capital resources (short and long-term)	section 2.1.2
10.2	Sources and amounts of the issuer's cash flows	section 2.1.3
10.3	Information on the borrowing requirements and funding structure of the issuer	section 8.1.4
10.4	Information on any restriction on the use of capital resources	Section 8.1.4
10.5	Information concerning the anticipated sources of funds	section 1.6.2 b)
11	Research and development, patents and licences	section 1.6.3
	Description of the research and development policies and the amount spent on issuer-sponsored research and development activities	

⁽¹⁾ In application of Article 28-1 of Regulation 809/2004/EC of the European Commission, the operating and financial review for the financial year 2015 has been incorporated by reference in this Registration Document. It appears in chapter 9 of the 2015 Registration Document.



REGISTRATION DOCUMENT CHECKLIST

Number	Heading as set out in the Regulation	chapter(s)/section(s)
12	Trend information	section 2.3
12.1	Significant trends in production, sales and inventory, and costs and selling prices since the end of the last financial year up to the date of the Registration Document	
12.2	Known trends, uncertainty, demand, commitment or event that are reasonably likely to have a material effect on the issuer's prospects, for at least the current financial year	
13	Profit forecasts or estimates	not applicable
13.1	Statement setting out the principal assumptions upon which the issuer based its forecast, or estimate	not applicable
13.2	Report prepared by independent accountants or auditors stating that, in the opinion of the independent accountants or auditors, the forecast or estimate has been properly compiled on the basis stated, and that the basis of accounting used for the profit forecast or estimate is consistent with the accounting policies of the issuer	not applicable
14	Administrative, management and supervisory bodies and senior management	chapter 4
14.1	Information on the activities, absence of convictions and the roles of: <ul style="list-style-type: none"> – members of the administrative, management or supervisory bodies and senior management; and – any senior manager who is relevant to establishing that the issuer has the appropriate expertise and experience for the management of the issuer's business 	sections 4.1, 4.2.1 and 4.2.4
14.2	Conflicts of interest at the level of the administrative, management and supervisory bodies and senior management	section 4.2.2
	Arrangements or understandings with major shareholders, customers, suppliers or others pursuant to which any of the persons referred to in item 14.1 was selected as a member of an administrative, management or supervisory board or as a member of senior management; details of any restriction accepted by the persons described in item 14.1 concerning the sale, within a certain period of time, of their holdings in the securities of the issuer	section 4.5
15	Remuneration and benefits of persons described in point 14.1	chapter 5
15.1	The amount of remuneration paid and benefits in kind granted by the issuer and its subsidiaries	section 5.1.2
15.2	The total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits	section 5.1.4
16	Board practices	chapter 4
16.1	The date of expiration of the current term of office of members of the administrative, management or supervisory bodies	section 4.2.1
16.2	Information about service contracts of members of the administrative, management or supervisory bodies	section 4.1.3
16.3	Information about the issuer's audit committee and remuneration committee	section 4.2.5
16.4	Statement indicating whether or not the issuer is in compliance with its country's incorporation corporate governance regime	section 4.4



Number	Heading as set out in the Regulation	chapter(s)/section(s)
17	Employees	section 6.2
17.1	Number of employees at the end of the period covered by the historical financial information or the average for each financial year of this period and breakdown of the employees	section 6.2.4
17.2	Shareholding and stock options: With respect to each person referred to in item 14.1, information as to their share ownership and any options over such shares in the issuer	Section 4.2.3 Section 5.2
17.3	Arrangements for involving the employees in the capital of the issuer	section 6.2.4
18	Major shareholders	section 7.4
18.1	Identity of any person other than a member of the administrative, management or supervisory bodies who holds, directly or indirectly, an interest in the capital or voting rights in the issuer which is notifiable under the applicable national laws governing the issuer	section 7.4.1
18.2	The existence of different voting rights	section 8.2.4
18.3	Ownership or control of the issuer and the measures taken to ensure that such control is not abused	section 7.4.2
18.4	Arrangements, the operation of which may result in a change in control of the issuer	section 7.4.2
19	Related party transactions	section 8.3
20	Financial information concerning the issuer's assets and liabilities, financial position and profit and losses	chapter 2
20.1	Historical financial information	Section 2.4
20.2	Pro forma financial information	none
20.3	Financial statements (company accounts and consolidated accounts)	section 2.2
20.4	Auditing of historical annual financial information	section 2.4
20.4.1	<i>Statement that the historical financial information has been audited</i>	section 20.2
20.4.2	<i>Other information contained in the registration document which has been audited by the auditors</i>	sections 4.3 and 6.9
20.4.3	<i>Where financial information contained in the registration document is not taken from the issuer's audited financial statements, state the source and state that the data is unaudited</i>	not applicable
20.5	Date of the latest audited financial information	section 2.4
20.6	Interim and other financial information	none
20.7	Dividend policy	section 7.2
20.7.1	<i>Dividend per share</i>	section 7.2
20.8	Legal and arbitration proceedings	section 3.2
20.9	Any significant change in the financial or trading position of the group which has occurred since the end of the last financial year	section 2.1



REGISTRATION DOCUMENT CHECKLIST

Number	Heading as set out in the Regulation	chapter(s)/section(s)
21	Additional information	Chapters 7 and 8
21.1	Share capital	Section 7.1.1
21.1.1	<i>The amount of share capital subscribed for, the number of shares issued, their nominal value and difference between the number of shares in circulation at the beginning of the financial year and at the end</i>	section 7.1.1
21.1.2	<i>Shares not representing capital</i>	section 7.1.3
21.1.3	<i>The number, book value and face value of the shares held by the issuer or its subsidiaries</i>	section 7.3.2
21.1.4	<i>Convertible or exchangeable securities or securities with warrants</i>	sections 7.1.3
21.1.5	<i>Information about and terms of any acquisition rights and obligation attached to the capital subscribed but not paid up, or undertaking to increase the capital</i>	section 7.1.4
21.1.6	<i>Information on the capital of any member of the group that is subject to an option or to an agreement providing for the capital to be subject to an option</i>	section 7.1.4
21.1.7	<i>History of the share capital for the period covered by the historical financial information</i>	section 7.1.5
21.2	Memorandum and Articles of Association	section 8.2
21.2.1	<i>Description of the issuer's objects and corporate purpose</i>	section 8.2.1
21.2.2	<i>Members of the administrative, management and supervisory bodies</i>	section 4.2.5
21.2.3	<i>Rights, preferences and restrictions attached to each class of existing shares</i>	section 8.2.2
21.2.4	<i>Number of shares required to modify the rights of the shareholders</i>	section 8.2.4
21.2.5	<i>Conditions for admission to, and calling of annual general meetings and special meetings of shareholders</i>	section 4.5
21.2.6	<i>By-laws provisions that could have the effect of delaying, deferring or preventing a change of control</i>	none
21.2.7	<i>By-laws provisions fixing the minimum thresholds for disclosure of shareholder ownership</i>	none
21.2.8	<i>By-laws provisions regarding the modification of the capital, where such conditions are more strict than those required by law</i>	none
22	Material contracts	section 8.1
23	Third party information, statement by experts and declarations of any interest	section 8.6
24	Documents on display	section 8.7
25	Information on holdings	section 8.3
	Information concerning companies in which the issuer holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses	section 8.3



TABLE OF CROSS-REFERENCES

This Registration Document includes all the elements of the management report of GET SE required by articles L. 225-100 et seq., L. 232-1, II and R. 225-102 of the French Commercial Code. It also contains all the information from the annual financial report required by articles L. 451-1-2 of the French Monetary and Financial Code and 222-3 of the General Regulations of the AMF.

In order to make it easier to read the management and annual financial reports mentioned above, the following table of cross references identifies the sections which make up those reports. The table of cross references also covers the other reports of the Board and of the statutory auditors.

Number	Information	Reference
I	MANAGEMENT REPORT	
1	Situation and business of GET SE during the current financial year and, if applicable, of its subsidiaries and the companies it controls	chapter 1, section 2.1 and 2.2, note A to the accounts contained in section 2.2.1 and 2.2.2
2	Amendments made to the presentation of the accounts or the assessment method used in prior years	note B to the accounts contained in section 2.2.1 and 2.2.2
3	Results from the business activities of GET SE, its subsidiaries and companies it controls	sections 2.1, 2.3, 2.4 and 2.2.3
4	Key financial performance indicators	sections 2.1.3 and 2.1.4
5	Analysis of the development of business, results and financial situation	section 2.1
6	Progress made or difficulties encountered	section 2.1 and chapter 1
7	Description of the main risks and uncertainties facing GET SE (including GET SE's exposure to financial risks)	chapter 3
8	Indications concerning the use of financial instruments and aims and policy of GET SE relating to the management of financial risks	section 3.1.1 and 3.4.2
9	Important events that have occurred since the end of the financial year	section 2.3
10	Anticipated developments concerning GET SE and prospects for the future	section 2.3
11	Research and development activities	section 1.6.3
12	List of appointments and offices held by each director in any company during the past financial year	section 4.2.1
13	Total remuneration and benefits of any nature paid to each executive officer during the past financial year ⁽²⁾ Report on the principles and criteria of fixed and variable element of the remuneration of the chief executive officers	chapter 5 section 5.1
14	Commitments of any nature made by GET SE for the benefit of its executive officers corresponding to items of remuneration, indemnities or advantages due or that may become due as a result of the commencement, the termination or any change to their appointment	chapter 5
15	Dealings in GET SE securities by directors	section 4.2.3
16	Key environmental and social indicators	chapter 6

⁽²⁾ This includes remuneration and benefits from GET SE and its subsidiaries, including in the form of grant of equity securities, debt instruments or securities convertible into shares. The fixed, variable and exceptional elements comprising the remuneration and benefits must be clearly distinguished together with the criteria according to which they were calculated or the circumstances pursuant to which they were determined.



TABLE OF CROSS-REFERENCES

Number	Information	Reference
17	Workforce information: <ul style="list-style-type: none"> • Employment • Work organisation • Employee relations • Health and safety • Training • Diversity and equal opportunities • Promotion and compliance with the provisions of the fundamental texts of the International Labour Organisation 	<p>section 6.2</p> <p>section 6.2.4</p> <p>section 6.2.2</p> <p>section 6.2.3</p> <p>section 6.2.1</p> <p>section 6.2.5</p> <p>section 6.2.4</p> <p>sections 6.1.1, 6.2.3 and 6.2.4</p>
18	Employees shareholdings	sections 7.1.4
19	Environmental information: <ul style="list-style-type: none"> • General environmental policy Pollution <ul style="list-style-type: none"> • Circular economy: <ul style="list-style-type: none"> – prevention and management of waste – Sustainable use of resources • Climate change • Protection of biodiversity 	<p>section 6.4</p> <p>section 6.4.1</p> <p>section 6.4.2</p> <p>sections 6.4.2 and 6.4.3</p> <p>section 6.4.2</p> <p>section 6.4.4</p>
20	Information regarding social commitments to support sustainable development: <ul style="list-style-type: none"> • Territorial, economic and social impact of the business of the company • Relations with persons or organisations with an interest in the business of the company, in particular associations working towards integration, educational bodies, environmental protection associations, consumer associations and neighbouring people • Sub-contracting and suppliers • Good commercial practices • Other actions taken in favour of human rights 	<p>section 6.3</p> <p>section 6.3.3</p> <p>section 6.3.2</p> <p>section 6.3.4</p> <p>section 6.3.4</p> <p>section 6.1.1</p>
21	Information on policy concerning the prevention of technological accidents, GET SE's ability to cover its public liability risk in relation to any classified facilities, and the measures planned to indemnify victims of any such technological accident for which GET SE was found liable	sections 3.1.2 h) and 3.3
22	Holdings in any company having their registered office in France representing more than $\frac{1}{20}$, $\frac{1}{10}$, $\frac{1}{5}$, $\frac{1}{3}$, $\frac{1}{2}$ or $\frac{2}{3}$ of the share capital or the voting rights of such company	section 8.3
23	Disposals of shares for the purpose of regularising cross-holdings	not applicable
24	Natural or legal persons holding directly or indirectly more than $\frac{1}{20}$, $\frac{1}{10}$, $\frac{3}{20}$, $\frac{1}{5}$, $\frac{1}{4}$, $\frac{1}{3}$, $\frac{1}{2}$, $\frac{2}{3}$ or $\frac{19}{20}$ of the share capital or the GET SE voting rights at general meetings	section 7.4
25	Injunctions or fines for anti-competitive practices	section 3.1.1(i)



Number	Information	Reference
26	<p>Elements likely to have an impact on any public offer:</p> <ul style="list-style-type: none"> • Structure of the capital of GET SE • Statutory restrictions on the exercise of voting rights, transfers of shares, and provisions of agreements of which GET SE is made aware pursuant to article L. 233-11 of the French Commercial Code • Direct or indirect holdings in the capital of GET SE, of which GET SE is aware in accordance with articles L. 233-7 and L. 233-12 of the French Commercial Code • List of holders of all securities carrying special rights of control and a description of those rights • Control mechanism in any employee share ownership scheme where such control rights are not exercised by employees • Agreements between shareholders of which GET SE is aware and which may involve restrictions on the transfer of shares and the exercise of voting rights • Rules applicable to the appointment and replacement of members of the board of directors, as well as amendment of the by-laws of GET SE • Powers of the board of directors, in particular the issue or buyback of shares • Agreements entered into by GET SE which may be amended or terminated on a change of control • Agreements providing for indemnities to be paid to members of the board of directors or employees if they resign or are dismissed without cause or if their employment is terminated as a result of a public offer 	<p>section 7.1</p> <p>section 8.2</p> <p>section 7.4</p> <p>section 7.4</p> <p>not applicable</p> <p>not applicable</p> <p>sections 4.2.1, 4.5 and 8.4</p> <p>sections 4.2.5 b) and 7.3</p> <p>none</p> <p>none</p>
27	GET SE general management (only in the event of amendment)	not applicable
28	Elements for the calculations and results of the adjustment of the basis of conversion or exercise of securities giving access to the share capital and options to subscribe for or purchase shares	not applicable
29	Information on share buyback programmes ⁽³⁾	section 7.3
30	Summary table of authorisations in force concerning share capital increases	section 7.1.4
31	Table of results of GET SE over the course of the past five financial years	section 2.2.3
32	Amount of any dividend distributed over the last three financial years	section 7.2
33	Information on holdings	section 8.3

⁽³⁾ This information includes average prices of sales and purchases, the total amount of brokering fees, the number of shares registered in the name of GET SE at the end of the financial year and their estimated market value as well as their nominal value, reasons for the acquisitions made and the fraction of capital they represent.



TABLE OF CROSS-REFERENCES

Number	Information	Reference
II	ANNUAL FINANCIAL REPORT	
1	Company accounts	section 2.2.2
2	Consolidated accounts	section 2.2.1
3	Statutory auditors' report on the company accounts	section 2.2.2
4	Statutory auditors' report on the consolidated accounts	section 2.2.1
5	Management report including at least the information referred to in articles L. 225-100, L. 225-100-2, L. 225-100-3 and L. 225-211 paragraph 2 of the French Commercial Code Declaration of the persons responsible for the management report	please refer to the management report mentioned in I above section 8.5
6	Statutory auditors' fees	section 2.4
7	Chairman's report on the preparation and organisation of the work of the board, as well as internal control and risk management procedures in place within GET SE	sections 4.1, 4.2, 4.4 and 4.6 (list given at the start of chapter 4)
8	Statutory auditors' report on internal controls	section 4.3.1
III	OTHER REPORTS	
1	Statutory auditors' special report on regulated agreements	section 4.3.2
2	Independent third party's attestation of disclosure and limited assurance report on the social, environmental and societal information published in the management report of Groupe Eurotunnel SE	section 6.9



GROUPE EUROTUNNEL SE

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