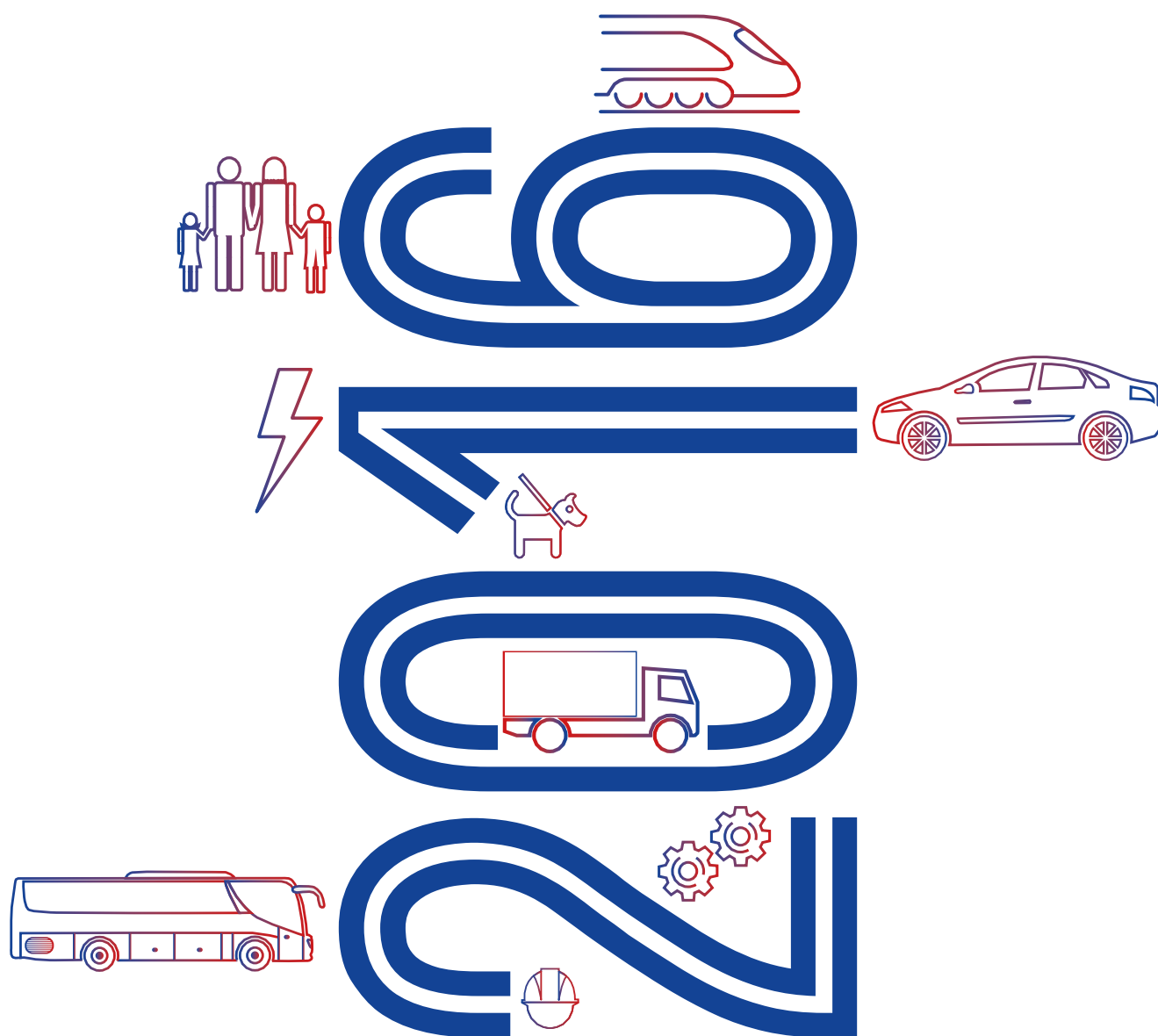


**GROUPE EUROTUNNEL SE
ANNUAL REVIEW
& CORPORATE SOCIAL
RESPONSIBILITY REPORT**



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



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FOR A MORE COMPLETE DESCRIPTION
OF THE EUROTUNNEL GROUP'S
ACTIVITIES AND FINANCIAL DATA,
PLEASE REFER TO THE GROUPE
EUROTUNNEL SE 2016 REGISTRATION
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WWW.EUROTUNNELGROUP.COM

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PROFILE

The Eurotunnel Group operates the cross-Channel Fixed Link, which is the fastest, safest and most environmentally friendly way of crossing the Short Straits. This rolling motorway, the busiest in the world, sees 25% of the trade between the UK and continental Europe pass through it. Traffic records have been broken month after month by the Eurotunnel Passenger and Truck Shuttles, both before and since the Brexit vote, thus confirming the vital role of this high-speed link, which also welcomes high-speed passenger trains and rail freight trains.

A vital connection, the Fixed Link will also contribute to secure the energy supply for the UK and France with the 1,000 MW electrical interconnector under construction in the Tunnel by ElecLink, a wholly-owned subsidiary of the Eurotunnel Group and a promising driver for growth.

With Europorte, the Eurotunnel Group is positioned as the leading private rail freight operator in France. The Group also leverages its know-how in railway training (CIFFCO), whilst continuing its mission as a land developer, as entrusted by the British and French governments more than 20 years ago.

Creating value for the future and with social responsibility at the heart of its strategy, the Eurotunnel Group holds the Channel Tunnel Concession until 2086. The outlook for the development of its business benefits from very long-term visibility under normal operating conditions, particularly in terms of recurring cash flow. Groupe Eurotunnel SE is a European company listed on NYSE Euronext Paris (Compartment A) and NYSE Euronext London.

"2016, THE BEST YEAR IN OUR HISTORY"

+€32M

growth in EBITDA in 2016

+19%

**growth in EBIT,
the operating result**



Dear Shareholder,

Regardless of the many external events that marked 2016, your Group has steadily continued to improve performance and to implement its long-term strategy based on the values of the Channel Tunnel Concession.

True to our long-term dividend policy, we propose that the 2017 Annual General Meeting further increases the dividend by 18%, to €0.26 per share. Our objective is to reach €0.35 per share for 2018. Since the distribution of the first dividend in 2008, €595M has been paid to shareholders.

€200M

**the net consolidated profit
for the Group in 2016**

+18%

**increase in dividend
for the financial year 2016
proposed to the 2017 Annual
General Meeting**

We have strengthened our position in the infrastructure sector by taking control of ElecLink, the new 1,000MW direct current electrical interconnector between the United Kingdom and France. Granted a 25-year exemption for the sale of capacity by regulators, this exceptional project will secure electricity supply between European countries, in particular in relation to energy transition and the inevitable increase in electricity consumption that will come for example with the development of electric cars. When it becomes operational at the beginning of 2020, it should, in time, bring us up to €100M additional EBITDA per year.

We have realised value from our railway know-how with the sale for a very good price of GB Railfreight, the British rail freight subsidiary of Europorte. The French subsidiary ended the year with a balanced EBITDA while its competitors Fret SNCF and DB Cargo incurred significant losses.

In 2016, the Channel Tunnel Concession broke the all-time truck traffic records by transporting more than 1.6 million HGVs. The car activity substantially outperformed the market with 2.61 million passenger cars transported and a 55% market share. It is clear that the rationalisation of the maritime market, with less capacity and

only two operators, has been of benefit.

For its part, Eurostar has overcome the impact of the terrorist attacks with a significant rise in traffic at the end of 2016 to remain above 10 million passengers.

The Fixed Link is vital: the Ernst & Young study has shown that 25% of all trade in goods between the United Kingdom and continental Europe are transported through the Channel Tunnel. Our position in the "just-in-time" and e-commerce segments is overwhelming: up to 1 million express delivery parcels are transported through the Tunnel each day! And the development of these flows is not going to stop.

Brexit, voted to everyone's surprise except ours, on 23 June 2016, has not led to the economic consequences that were threatened. As far as we are concerned, the British government has been very clear in its ambition: no brake on trade development and "frictionless" borders. This suits us very well.

We attach great importance to conduct all our business in the interests of sustainable development and social responsibility. The CSR report contained in this document describes all the actions undertaken - in particular in favour of employment, safety

at work, the reduction in greenhouse gas emissions and commitment to the local community - in which we are seeking to achieve excellence.

Fixed Link, ElecLink, Europorte: your Group has Anglo-French roots that we are very proud of, with unique skills, a diversified exposure to risks and a winning strategy that creates value. This is an attractive proposition for long-term investors seeking predictable cash flows superior to other infrastructure management companies that are more subject to vicissitudes of political decisions than us. We should note that the Le Shuttle pricing position is a fundamental tenet of the Treaty of Canterbury.

In 2016, your Group changed in dimension and has significantly strengthened its profitability prospects. As you read this annual review, you will share my confidence in the future.

Yours faithfully,

Jacques Gounon

Chairman and
Chief Executive Officer
28 February 2017



KEY FIGURES IN 2016

Revenue

€1.023Bn

€514M

EBITDA
operating margin

€401M

EBIT
operating profit

€200M

net consolidated profit,
an increase of

+€125M

€136M

Free Cash Flow
generated in 2016

€347M

cash position at
31 December 2016

THE CHANNEL TUNNEL

#VitalLink

for trade in goods with Europe

#JustInTime
#ExpressDelivery
#BringFreshness
#CreatingValue



27

European countries

listed as being either
the origin or destination
for products transported
via the Tunnel



26

million roses

are shipped through
the Tunnel, from Coquelles
to Folkestone,
for Valentine's Day



25%

of trade in goods
between the UK and continental
Europe goes through the Channel Tunnel,
which represents a total value
of **€115Bn per year**

265,000

jobs in the United Kingdom

supported by trade in goods
and tourists travelling through
the Channel Tunnel



€35Bn

value of postal and
courier freight
via the Tunnel
each year



c.1M

**express delivery
parcels each day**
are transported through
the Channel Tunnel

GOVERNANCE

Governance of the Eurotunnel Group is based on an expert Board of Directors, which is independent and diversified in its composition, ensuring effective oversight steering in partnership with all Group stakeholders.

The strong synergy within the Board of Directors is driven by the diversity of its members (nationalities, skills, etc.), the gender parity and the way they complement one another. The Board as a whole reflects the binational character of the business as well as the diversity of the communities within which the Eurotunnel Group operates. In 2016, as part of its reflections on the Board's composition, specifically the introduction of younger members and ensuring that gender equality is achieved, the Nomination and Remuneration Committee decided to appoint a new director whose impeccable knowledge of the digital and telecommunications sector will enhance the

Board's skills in this area.

The Board of Directors, which determines the Group's strategy and oversees its implementation, is composed of 11 members and organised into 5 committees with complementary expertise:

- **An Audit Committee**, composed of 3 members, which met 5 times in 2016,
- **A Nomination and Remuneration Committee**, composed of 3 members, which met 6 times in 2016,
- **A Safety and Security Committee** composed of 3 members, which met 4 times in 2016,
- **A Strategy and Sustainable Development Committee**, composed of 4 members,
- **An Ethics and Governance Committee**,

which met twice in 2016 and comprises all the chairpersons of the other Board committees and reflects the commitment of the Eurotunnel Group at the highest level to place ethics and compliance at the heart of its corporate concerns.

At the end of 2016, the Board decided to establish an **Energy Committee**.

According to the strategic orientations given to the Group's activity by the Board of Directors, the Executive Committee coordinates the various programmes and activities of the Group, and implements strategic and operational decisions.

BOARD OF DIRECTORS OF GROUPE EUROTUNNEL SE

Jacques GOUNON

Chairman and Chief Executive Officer
Chairman of the Ethics and Governance Committee

Corinne BACH*

Independent director

Philippe CAMU

Director

Patricia HEWITT

Independent director
Chairwoman of the Energy Committee

Peter LEVENE

Independent director

Colette LEWINER

Independent director
Chairwoman of the Audit Committee

Colette NEUVILLE

Independent director
Chairwoman of the Nomination and Remuneration Committee

Perrette REY

Independent director

Jean-Pierre TROTIGNON

Independent director
Chairman of the Safety and Security Committee

Philippe VASSEUR

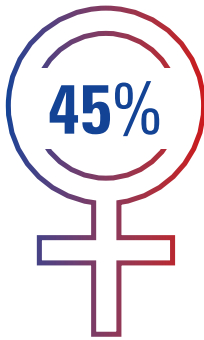
Independent director

Tim YEO

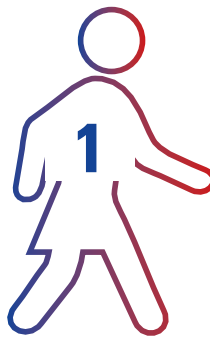
Independent director
Chairman of the Strategy and Sustainable Development Committee

** On 20 December 2016, the Board of Directors of the Eurotunnel Group co-opted Corinne Bach as an independent director.*

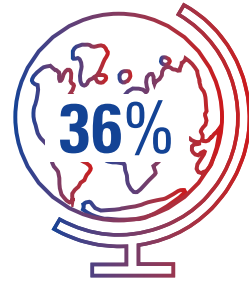
The Board of Directors of the Eurotunnel Group was composed, at 31 December 2016, of 11 members, including 9 independent members in accordance with the criteria set out in the Afep/Medef Code.



women



Senior director
(Colette Neuville)



non-French directors

97%

attendance rate
(Board of Directors)

13

meetings
of the Board
in 2016



66 years

the average age
of the directors,
at 31 December 2016

Audit Committee

100% women
100% independent
100% attendance

5

Committees of the Board
of Directors, meeting a total
of 19 times in 2016

82%

independence rate

EXECUTIVE COMMITTEE OF GROUPE EUROTUNNEL SE

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

Pascal Sainson

Chief Operating Officer – Europorte
Chairman of Europorte SAS

Patrick Etienne

Safety, Sustainable Development
and Business Services Director
Chairman of Euro Immo GET

Jo Willacy

Commercial Director – Concession

*The executive committee relies on
management committees (CODIR)
comprising of the directors of other key
functional departments.*



MORE INFORMATION
IN THE GROUPE EUROTUNNEL SE
2016 REGISTRATION DOCUMENT
AVAILABLE ON THE GROUP'S
WEBSITE AT
WWW.EUROTUNNELGROUP.COM



“The stability of our shareholders shows that institutional investors are strongly committed to the Eurotunnel Group.”

Michael Schuller

Corporate Finance Director
and co-Director of Investor Relations



Is Brexit weighing on economic growth in the UK and on the Fixed Link activity?

Michael Schuller — In contrast to what some people forecast, GDP in the UK has shown no sign of slowing since the referendum on 23 June and growth in 2016 remained strong at +2%, rather than 1.3% in France, according to IMF estimates. With regard to Eurotunnel Shuttles, their performance in 2016 and the expectations for 2017 allow us to be very confident about their prospects, in terms of volume, revenues and profits alike. Demand remains such that we are convinced that we will reach the objective set out in our

strategic plan and to have made the necessary investments to be able to manage 2 million trucks per year by 2020.

How did investors react?

M.S. — The stability of our shareholding shows that institutional investors are strongly committed to the Eurotunnel Group. They recognise that Brexit has not had any impact on our business. The fall in the share price observed from June 2016 onwards made GET shares attractive in the eyes of new investors, all the more so since its yield of around 2.5% is now very close to what we might expect elsewhere in the infrastructure sector.

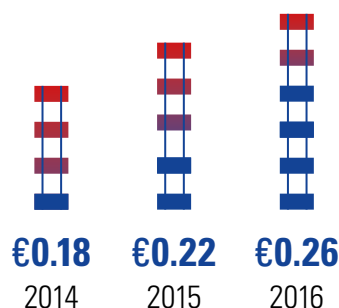


THE NEW EUROTUNNEL GROUP SHAREHOLDERS MOBILE APP

Launched in November 2016, the Eurotunnel Group Shareholders mobile app enables our shareholders and investors to follow all the Group's latest news in real time and gives them easy access to essential information when on the move. This new tool complements the information already available and forms part of the Group's strategy to develop digital and innovative solutions as key elements of the business activities. Easy-to-use, it is available in English and French on all mobile devices. Simply download it from the Google Play Store to your Android phone or tablet and from the App Store to your iPhone or iPad to stay connected anywhere at any time.

THE GROUP REWARDED FOR ITS INVESTOR RELATIONS IN 2016

In December, the Eurotunnel Group was awarded 3rd prize “all categories” just behind two CAC 40 companies, at the 9th edition of the Trophy for Best Investor Relations which rewards the companies listed on Euronext for the quality of their financial communications practices. This prize was awarded to the Group's Investor Relations team based on the results of an independent survey of French and international financial analysts and investors.

DIVIDEND
PER SHARE**+18%**increase
in dividend

GET SHARE FACT SHEET

ISIN code: FR0010533075**Ticker symbol:** GET**Trading platforms:** NYSE Euronext™
Paris and NYSE Euronext™ London**Share savings plan (PEA-PME)****scheme:** eligible**Main indices:** CAC Next 20, SBF 120, FTSE
All-World, FTSE Medium Cap, DJ Stoxx 600,
Next 150, MSCI World Index, MSCI Europe,
FTSE4Good, Low Carbon 100 EuropeSHAREHOLDING
STRUCTURE***220,000**
shareholdersAverage holding of
7,257
shares
(for holders of more
than 1,000 shares)

CAPITAL BREAKDOWN*

BY SHAREHOLDER
PROFILE**59%**

Custodians

3%

Treasury shares

9%Individual
shareholders**29%**Institutional
investorsBY LOCATION
OF ACCOUNT HOLDER**36%**United States
of America**5%**

Luxembourg

9%

Other countries

6%

Belgium

**26%**United Kingdom
Ireland**18%**

France

* Source: based on the January 2017 bearer identification analysis (TPI) covering holders of 1,000 or more shares, on the registers of Société Générale Securities Services and Computershare.

**REGISTERED SHAREHOLDERS:
OPT FOR E-STATEMENTS AND
E-NOTICES OF GENERAL MEETINGS**

As part of its CSR strategy and its digitalisation policy, the Eurotunnel Group has given its registered shareholders the opportunity to receive their account statements and notices of Meetings by email: log on to the Sharinbox website of Société Générale Securities Services and tick the E-statements and E-notices for

general meetings boxes in the E-services section of your Personal Information. You will then receive the documents more quickly and help make a substantial reduction in the paper used in the mass mailing of these documents. It's a simple, fast, economical and environmentally friendly solution!

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Investors Relations**

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+44 (0)1 303 288 749
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+33 (0)1 40 98 04 81

**Eurotunnel Group – Shareholder
Relations Centre**

PO Box 302 – Folkestone – Kent CT19 4QZ –
United Kingdom
Tel.: 0845 600 6634 (local rate call)
Monday to Friday,
from 8 a.m. to 11 a.m. and 1:30 p.m. to 4 p.m.
(UK time)
Email: shareholder.info@eurotunnel.com

Registered shareholders

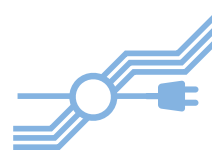
Société Générale Securities Services
32, rue du Champ de Tir – CS30812
44 308 Nantes Cedex 3 – France
Tel.: +33 (0)2 51 85 67 89
(no surcharge for call)
www.sharinbox.societegenerale.com

Full documentation available online on
www.eurotunnelgroup.com, accessible to
the visually impaired, and on the Eurotunnel
Group Shareholders mobile App.



€68M

investment in 2016 for the Fixed Link,
in particular in new Truck Shuttles,
GSM-R and Terminal 2015.



1st project

for an electrical interconnector between
the United Kingdom and France since 1986,
creating value for the Eurotunnel Group.



STRATEGY INVEST & INNOVATE FOR A SECURE FUTURE

Operational efficiency, continued growth in EBITDA and a strong and healthy financial position: the Eurotunnel Group has room to manoeuvre that enables it to innovate and invest, both within the Channel Tunnel Concession and beyond, with enhanced momentum and profitable growth.

VISION/HORIZON 2020

The Group's teams are mobilised to deliver ambitious operational projects within three years, in a collaborative approach entitled "Vision 2020", which is structured around seven themes for Eurotunnel and a "Horizon 2020" strategic plan based on three axes for Europorte.

VISION 2020 – EUROTUNNEL

Customer experience and digitalisation

From a GSM-R communications network and RFID chips to smartphone apps, geolocation and social networking, digital resources are being introduced across the board to better understand the expectations of each customer and to provide them with real-time personalised information at every stage of their Eurotunnel experience.

Optimisation of Truck Shuttle revenue

Determining the best average price for each crossing, depending on demand and available capacity, particularly at peak times, means that overall revenue and loading rates can be optimised, whilst making the most of available supply and service fluidity by spreading traffic over the week.

Enhancing the rolling stock fleet

Three new Truck Shuttles will come into service in 2017 which will increase the capacity of the Freight offer by 20%. In terms of the Passenger Shuttle, GSM chips fitted to the air conditioners in wagons send updates on the status of the equipment in real time, thus helping to maintain fleet availability.

Fluidity of terminals

Following the inauguration of Terminal 2015, Eurotunnel is already looking at investment post-2020 to continue adapting the Folkestone and Coquelles sites to meet growth in traffic.

Involvement of staff

From organisational agility and the sharing of expertise to the removal of boundaries between functional departments, the managerial culture plan that is being rolled out at all levels supports teamwork, shared ambition and collective performance.

Safety

One of the Eurotunnel Group's top priorities is safety at work as part of a continuous improvement approach which aims to raise the bar in terms of requirements



from both an individual and a collective perspective. This is highlighted by the specific plan made with subcontractors and the original video clip campaign broadcast internally since December 2016.

Innovation and infrastructure

Maintenance teams deploy significant resources to maintain the infrastructure without affecting the hundreds of trains that run through the Tunnel day and night at high speed. In 2017, for the first time in the world, the sleeper blocks on which the track is laid in the running tunnels will be inspected by modal vibration analysis.

HORIZON 2020 – EUROPORTE

Europorte is a young company established at the end of 2009, which first focused its efforts on developing its revenues to reach a critical size and become the leading private rail freight operator. Its strategic plan is now focused on productivity and growth of its margins, based on three axes in particular:

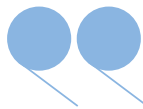
- Leverage of expertise and innovations already developed in contracted port railway network management,
- Concentration on the portfolio of rail traction customers,
- Diversification of the services delivered on industrial sidings.



“The Group is continuously investing to meet the needs of its different customers in terms of capacity, fluidity, quality of service and customer experience.”

François Gauthey

Deputy Chief Executive Officer



What is your assessment of 2016?

François Gauthey — Year after year, the Eurotunnel Group demonstrates its ability to steadily continue its development at an accelerated pace, with sound profitability, whatever the context. In 2015, with the full support of the French and UK governments, we managed to deal with an unprecedented migration crisis in just a few months. Since October 2015, there have been no further intrusions on the Coquelles site. This year, despite the attacks that severely affected the main destinations of the high-speed trains linking London with Paris, Brussels or the south of France, and despite the uncertainties arising from Brexit, the Group ended the period with record levels of traffic, made further gains in market share and a 7% increase in EBITDA, on a comparable basis.

What are the prospects for growth?

F.G. — The Channel Tunnel currently carries 25% of all trade in goods

between the British Isles and continental Europe, according to a study recently published by Ernst & Young. More than 21 million passengers make the crossing every year and the Truck Shuttles have broken records in terms of traffic levels month after month. This vital link, for which the Eurotunnel Group holds the Concession until 2086, is used at just 55% of its capacity.* The prospects are such that the Group is investing continuously to meet the needs of its different customers in terms of capacity, fluidity, quality of service and customer experience.

What are the drivers beyond the Concession?

F.G. — The Channel Tunnel, which is the busiest rolling motorway in the world, is a unique infrastructure due to its nature and intensive use, 24 hours a day, 365 days a year. The teams that maintain and operate it have acquired unique and highly sought-after expertise. It is also for these reasons that the main French ports

have entrusted Europorte with the management and maintenance of their railway networks since 2010. Our rail freight subsidiary won every call for tender issued by the port networks in 2016. The Group's healthy and robust financial position gives it the means to develop its know-how, both in the Tunnel itself, with the ElecLink project for the electrical interconnector between France and the United Kingdom, and in other rail or road transport infrastructure.

Following the sale of GB Railfreight, what are your objectives in terms of rail freight?

F.G. — The offer by EQT Infrastructure II was a great opportunity for the future, and for the further development of GB Railfreight in the UK. The success of our subsidiary, acquired for €30M in 2010 and sold for €130M in November 2016, shows that rail freight can create value. Europorte will continue to grow and confirm its position as the leading private rail freight operator in France.

* Capacity: the average occupancy rate, which corresponds to the total current consumption of paths (Eurotunnel Shuttle and Railways) to the total capacity available.



ELECLINK

SIGNIFICANT ADDED-VALUE FOR THE FIXED LINK

The construction works for the electrical interconnector project via the Channel Tunnel began in the 1st quarter of 2017. This €580M work investment represents a powerful driver for growth within the Group. It will generate cash flow which creates value in the long term.

Both before and after the Brexit vote, and regardless of the changing relationship between the United Kingdom and the European Union, the development of electrical interconnectors between European countries is set to remain a fundamental requirement to secure energy supplies. By linking the French and UK networks via the Channel Tunnel, ElecLink meets this strategic objective at a very competitive cost, whilst minimising the impact on the environment. The new interconnector will increase the current transmission capacity between the UK and France by 50%. The project obtained support from both countries when launched in 2012. Labelled a "European project of common interest" by the European Commission, it has already obtained all the necessary authorisations from the relevant regulatory authorities. In 2016, the Group acquired the 51% stake in ElecLink, held by its partner Star Capital, for the sum of €75M, equivalent to a valuation of €147M for 100% of the capital.

Building the 1,000 MW interconnector requires the installation of direct current cables in the North rail tunnel, the construction of two converter stations at Peuplingues and Folkestone and the burying of alternating current cables to reach the networks of French operator RTE and British operator NGET.

The €580M construction works to be made by ElecLink will be fully financed by private funds. After calls for tender, Siemens was selected for the general design of the system, as well as the construction and operation of both converter stations. Balfour Beatty and Prysmian will supply, install and maintain the cables. The construction project is expected to last 36 months, with entry into operational service scheduled for the beginning of 2020.



REGULATORY EXEMPTION

ElecLink, 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 to specific provisions of the regulation.





€147M
enterprise value.

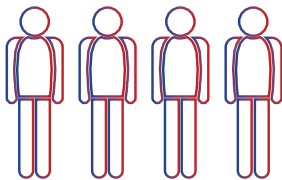


€580M

Investment for the construction works of the electric interconnector.

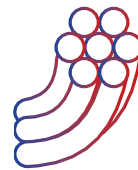
100%

of the capital held by the Eurotunnel Group.



340 jobs created,

i.e. 300 for the duration of the construction work and 40 on a permanent basis.

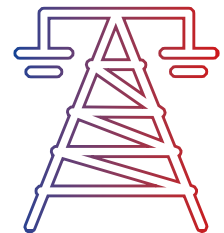


51 km

of DC cables (320 kV) in the Channel Tunnel.

0 metres

of overhead power lines or undersea cables.



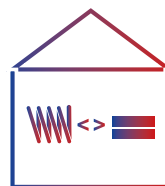
1,000 MW

of electrical interconnection between France and the United Kingdom, representing 50% additional capacity and the equivalent of enough to power almost 2 million homes.



6.1 million
tonne

reduction in CO₂ emissions: the estimated contribution of ElecLink's activity to CO₂ reduction over 10 years.



2 converter
stations

one in Peuplingues (France) and the other in Folkestone (UK), connected to AC transmission systems (400 kV) belonging to RTE in France, via the Mandarins substation in Bonningues-lès-Calais and to NGET in the UK, via the Sellindge substation in Kent.



MORE INFORMATION: VIDEO ON ELECLINK
WWW.EUROTUNNELGROUP.COM
AND ON WWW.ELECLINK.CO.UK



INVESTMENT

A LONG-TERM COMMITMENT

Eurotunnel is committed to a sustained investment strategy to increase the capacity of its transport system, to strengthen the flow of traffic, to protect its facilities against any external disruptions and to maintain the highest quality of service.



1. THREE NEW TRUCK SHUTTLES

The first of three new Truck Shuttles ordered in early 2015 entered service in February 2017 and the two remaining Shuttles will follow by the end of the year. This €50 million investment increases the capacity of our truck transport offer by 20%. It responds to the continued increase in traffic and will enable us to transport 2 million trucks by 2020, compared to 1.48 million in 2015. With a fleet of 18 Shuttles, the number of departures will be increased to eight per hour at peak times, compared with a maximum of six previously, thereby substantially increasing the quality of service. The new wagons are each delivered by road, from the WBN plant in Niesky (Germany) and arrive at Coquelles for final assembly before being subject to static tests on site followed by dynamic tests in the Tunnel prior to receiving clearance.

2 year

project including 1 year in manufacture.

3 Shuttles

built by Waggonbau Niesky GmbH.

111 wagons

of which 96 carrying wagons, 9 loading wagons and 6 replacement wagons.

1,400 plans

required for the design and manufacture of the wagons and the installation of equipment.

2. THE COMMUNICATIONS NETWORK GOES DIGITAL

Since September 2016, all exchanges between trains, the railway control centre and ground staff have been made using the GSM-R digital network (Global System for Mobile Communications - Railways), the European standard in railway telecommunications. This €48M investment represents considerable progress in terms of reliability, rail safety and operational exchanges. Such exchanges also enable contact to be made with a group of trains in conference mode and a connection to the GSM-R network with SNCF in France and with HS1 (high-speed rail link in the UK). GSM-R opens the way for ETCS, the European Train Control System, which when linked with the GSM-R, will unify rail traffic control systems across all European railway networks using the European Railway Traffic Management System (ERTMS). Eurotunnel has already started preliminary studies with this in mind.



MORE INFORMATION: GSM-R VIDEO ON
WWW.EUROTUNNELGROUP.COM



3.



3.

3. ENHANCED TERMINAL SECURITY

The service has not been disrupted by migrant intrusion attempts on Coquelles site since October 2015. The major investment programme and the support of the British and French governments have succeeded in restoring normal levels of security at the French terminal. The security plan continued in 2016 with two complementary objectives: to further increase the efficiency of security measures whilst maintaining the fluidity of traffic on site. Specifically it includes:

- The construction of a new Security Control Centre which, since it became operational at the beginning of 2017, manages 1,500 alarms and their connections to the 570 cameras of all types via a hypervisor and a video wall. If required, a crisis room can accommodate representatives from the various authorities concerned.

- Scanners for commercial vans are now in service on the Folkestone and Coquelles passenger terminals to check for the potential presence of weapons, explosives and illicit materials. This €5M investment means that Customs do not have to send these vehicles to the truck scanner, and thus maintains the flow of traffic.
- In Coquelles, two new buildings will allow heartbeat detection, in order to identify any possible human presence on board tankers and refrigerated trucks, allowing four vehicles to be checked simultaneously.
- From June 2017, if a human presence is detected on a Truck Shuttle, the train will be diverted to a siding track, under construction in Coquelles, before entering the Tunnel, allowing it to be inspected without other trains being disrupted.
- The installation of a 3rd scanner capable of comprehensively checking rail freight trains in Fréthun, on the national network, should contribute to the development of cross-Channel rail freight.

BORDER CONTROLS

The Franco-British border located on the Coquelles terminal enables highly effective joint control by the two States, simplifying the passengers' journey. Removing the British controls back to the United Kingdom would produce an additional pull effect for migrants, detrimental to the Calais area.

The Coquelles terminal in figures:



650
hectares in size.



37 km
of 4 m high security fencing, supplemented by infrared barriers, vibration detection cables, etc.



300
security agents, three times more than in 2014.



MORE: VIDEO OF THE NEW SECURITY CONTROL CENTRE VIDEO AT
WWW.EUROTUNNELGROUP.COM



INNOVATION PIONEERING PROGRESS

As the developer and operator of a transport infrastructure at the forefront of innovation, the Eurotunnel Group is today implementing digital and big data resources to continue to provide its customers with leading-edge services tomorrow.

1.

INNOVATIVE MAINTENANCE PLANNING

Used for the first time in the railway sector, the Quintiq software from *Dassault Systèmes* is now used for infrastructure maintenance planning. Its ability to combine organisation in the short and medium term with the optimisation of the scheduling of various operations is greatly valued, particularly when it comes to installing the ElecLink cables, which will have a significant impact on works in the Tunnel for the next three years. This software will also be implemented for the maintenance of rolling stock from 2017 onwards.

MONITORING OF AIR CONDITIONERS BY GSM

Fragile but important equipment, the air conditioners on Passenger Shuttles are now equipped with mobile telecommunication cards which send the key parameters of their operating status in real time via the GSM network, thus helping to plan maintenance operations in advance.



A CONTACTLESS CHIP IN BOARDING PASSES

In the not-too-distant future, cars will be able to drive with no user intervention and will even be able to board Le Shuttle with no driver. Eurotunnel is preparing for this eventuality by developing innovative digital processes, such as the real-time monitoring of vehicles on its terminals. The position of each car is sent continuously by the transponder of a contactless chip (RFID) inserted into the hanger which acts as a boarding pass. The data collected is used to provide each customer with tailored information and to optimise vehicle flow management. They also provide a better understanding of individual customer behaviour on the terminal, which is very useful in helping to establish the best fit between organisation, services and customer expectations. The pilot project was launched in 2016 with 20,000 RFID hangers distributed to customers opting for the premium Flexiplus service in Coquelles. The system will gradually be extended to all customers.

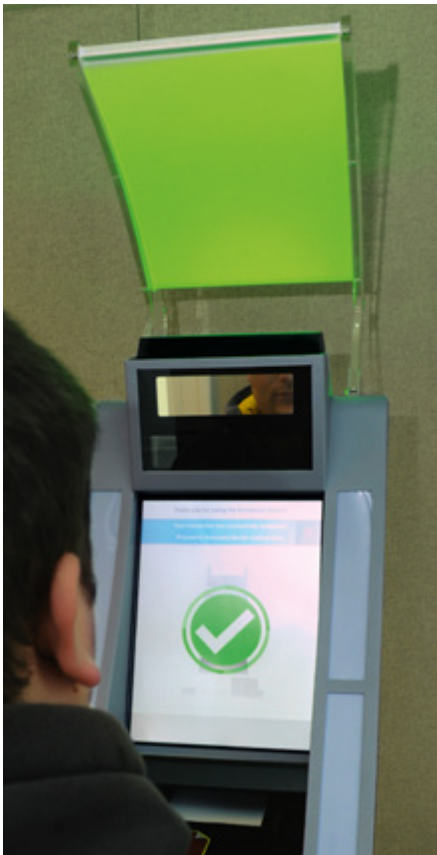


MOBILE APPS

In order to enhance the customer experience and quality of service, both in terms of operation and maintenance, apps that can be accessed from smartphones and tablets are being used increasingly:

- HADES enables crew members to report any anomalies they detect in the Shuttles to the maintenance teams.
- DEPAS manages the equipment used by crew members, monitors the status of tools and communicates with crews by text message about loans of equipment and returned items.
- AppSAS automates traffic management for the 70 road vehicles used in the service tunnel.

2.



2. BIOMETRIC BORDER CONTROL

Nearly three-quarters of drivers who use Truck Shuttles make at least one Tunnel crossing per week. With these very regular and experienced travellers, we are piloting a "Registered Driver Scheme". In future, it should enable border checks to be done at low speed, without having to come to a complete stop. Operationally biometric data (face shape, iris of the eye) are captured by a specialist service provider and recorded along with identity documents in a contactless smart card (RFID). Every time a truck arrives at the check-in booth, the driver's face and iris are recorded by a dual camera. The system compares the data with that of the RFID card. The short time between the check-in booth and the border crossing gives the controller the time needed to carry out any further checks deemed necessary before letting the truck through. The pilot project was launched at the end of February 2017 with around one hundred drivers from two hauliers.

3. BIG DATA AND PREDICTIVE MAINTENANCE

In late 2016, the Eurotunnel Group signed an agreement with the technological research institute Railenium to create a digital leading-edge railway maintenance vehicle. This wagon will also include infrastructure measurement modules that have already been implemented in the railway tunnels, along with a wide range of innovative equipment currently in development: an ultrasound control system capable of inspecting tracks centimetre by centimetre, and video monitoring devices for track, catenary lines and the railway tunnel linings. This integrated system, travelling at more than 100 km per hour between Folkestone and Coquelles, will allow for a much more frequent, refined and less resource intensive examination of infrastructure. Big data processing of the information collected will provide an accurate prediction of the timing and nature of future maintenance operations. These pioneering developments were made in association with prestigious public research

4.



bodies such as the ENPC (*Ecole nationale des ponts et chaussées*), the CRISTAL laboratory (Research centre in computer science, signalling and automatic control in Lille) and IFSTTAR (French institute of science and technology for transport, development and networks).

4. TUNNEL COOLING USING SEAWATER

The eight installations in Sangatte and Shakespeare Cliff, which kept the temperature inside the tunnel below 30°C have been replaced by four new larger refrigeration units (70 tonnes each), which are more powerful (10MW per unit) and whose refrigerant gases have a lower impact on the environment. A study recently demonstrated the feasibility of using water from the English Channel to cool the fresh water circulating in the cooling system. A preliminary project will soon be implemented, with a view to a possible deployment in four years' time.



>77M^{*}
vehicles through
the Tunnel.



>390M^{*}
passengers.



>360M
tonnes of goods
transported.

** Since 1994.*



FIXED LINK

A VITAL LINK, A LEADING POSITION IN THE MARKET

Did you say Brexit? The British will continue to eat Spanish oranges, drink French wine and to sell fish or Stilton to everywhere in Europe. Car manufacturers use just-in-time production methods across their sites in continental Europe and in the UK. Online purchases are growing exponentially. And nothing can compete with high-speed trains that connect central London to the heart of Paris in just 2 hours 15 minutes.

VITAL LINK UK/EU

Whether pre- or post-Brexit, the Channel Tunnel remains a leading contributor to the UK's prosperity. This is the main conclusion of the Ernst & Young study* published in November 2016 on the economic impact of the Fixed Link.

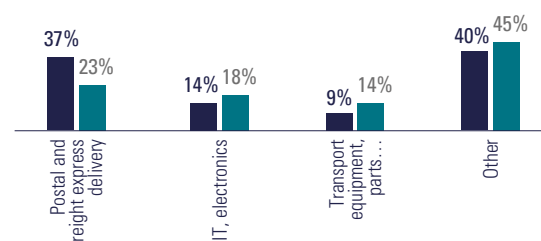
The Channel Tunnel facilitates trade in both countries

The Fixed Link plays a decisive role in the development of e-commerce (post and express courier) and in multi-site just-in-time organisation, allowing the time and cost of production to be optimised.

The Tunnel is also essential to the transportation of high-value and perishable products requiring rapid transit and represents a vital artery for the trade of fresh products (such as fish, fruit and vegetables, flowers and meat).

BREAKDOWN OF PRODUCTS EXPORTED AND IMPORTED VIA THE TUNNEL

IMPORTS FROM THE EU EXPORTS TO THE EU



25% of trade in goods between the UK and Europe goes through the Tunnel, worth €115 billion.

30% of British exports to the European Union (€55 billion) and 22% of British imports from European Union countries (€60 billion) depend on the Tunnel's speed.

220,000 jobs in the United Kingdom are supported by exports using the Fixed Link.

The Fixed Link is a key infrastructure for tourism

Post-Brexit, the Channel Tunnel will continue to play a full part in the economy of the United Kingdom and will remain the most effective and strongest link between the UK and continental Europe.



21M
people travel through the Tunnel each year.

840,000
business trips per year through the Tunnel.

€2.1Bn
billion spent in the UK by foreign tourists coming through the Tunnel.

45,000
jobs in the UK resulting from the arrival of overseas tourists using the Tunnel.

ECONOMIC DATA UNITED KINGDOM/ FRANCE FOR 2016**

		
GDP growth	1.2%	2%
Unemployment rate	9.9%	4.9%
Budget deficit	3.3%	3.5%
Public debt	97.9%	89.3%
Harmonised inflation rates	0.30%	0.64%

* All figures from the E&Y study focusing on 2014.

** Sources: IMF, OECD, European Commission, Office for Budget Responsibility UK, as at 1st February 2017.



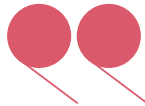
**“True to its innovative corporate culture,
the Group is already committed to the digital revolution”
and “continues to develop new offers to meet
the expectations of its customers.”**

Jo Willacy

Commercial Director - Concession

Michel Boudoussier

Chief Operating Officer - Concession



**The Vision 2020 strategic plan
aims specifically to transport
2 million trucks and 3 million
cars in Shuttles.**

What is the state of play today?

Michel Boudoussier — We are absolutely in line with the objectives in terms of investment and operational implementation. €74M was invested in 2015 and €68M in 2016, specifically allocated to the modernisation of terminals, the acquisition of three new Truck Shuttles, the GSM-R network and, with the support of the British government, the security reinforcement plan in Coquelles.

**Will Brexit, the terrorist threat
or migrant pressure jeopardise
the growth in traffic?**

Jo Willacy — With 22 years' hindsight, we can see that in the long term, our passenger and truck services do not develop in step with the global market. Terrorist attacks have affected British tourist trips to short-haul destinations, but those who continue to travel do so using our Shuttles. With Le Shuttle, our customers travel in their own car, in a

safe space, often to rural areas such as Normandy or the Dordogne, which are not so targeted by terrorist threats or migratory pressure. Thus we continued to gain market share in 2016.

In terms of Truck Shuttles too?

J.W. — Yes, we have achieved nearly 40% Short Straits market share in terms of cross-Channel freight. The speed with which we were able to stop the intrusion attempts on the Coquelles site really impressed our customers. Their confidence in our ability to deliver the fastest, most frequent, and most reliable service has never been stronger, as reflected in the record traffic levels achieved due particularly to the development of e-commerce.

**Surely traffic records affect
quality of service?**

M.B. — The three new Truck Shuttles and the transformation of our terminals provide an operating margin that enables us to make further progress in terms of the number of departures, the fluidity and the reliability of our offer.

What of the future?

M.B. — We must continue to invest beyond 2020 to give our customers services that are always reliable, on time and comfortable. True to its innovative corporate culture, Eurotunnel is already committed to the digital revolution, with a whole host of projects optimising maintenance, enhancing transit fluidity at terminals and delivering relevant information to customers in real time. In the future, vehicles be able to enter the Shuttles without driver intervention. This is something we are actively preparing for.

**Are you also innovating in terms
of the commercial proposition?**

J.W. — Yes, of course, we continue to create new offers tailored to the needs of our customers! Since November 2016, commercial vans have been able to travel with Le Shuttle, leading to greater flexibility, more departures and better flow management. In 2017, we will focus on our premium Flexiplus service in Coquelles, with the opening of the first lounge accessible to all types of passenger vehicles.

LE SHUTTLE FURTHER GAINS IN MARKET SHARE

Despite the terrorist attacks in Europe, Brexit and migratory pressure, business is booming for Le Shuttle, which broke its 18-year-old all-time record for cars in July 2016.



1.

Tourist travel from the UK continued to grow in 2016 (+4.5%). British people have focused once again on faraway destinations they had not considered since the crisis of 2008. Short-distance trips, such as the Short Straits, fell 2% in 2016. This fall in the market did not affect the Eurotunnel Passenger Shuttles which saw traffic grow by 2%, while maritime competitors posted a drop of -7%. Market share for cars taking Le Shuttle thus increased further, to 55% in 2016.

This performance once again highlights the resilience, in all circumstances, of our commercial proposition. Neither the attacks that hit France, Belgium and Germany, nor migratory pressure in the Calais area, nor Brexit impacted on business. On the contrary, when the number of cross-Channel tourists falls, those choosing to travel tend to favour Le Shuttle, which is safer, more comfortable, and provides more reassurance. The historic record set in 1998 was broken, with 317,424 vehicles transported in July, a 7% increase in traffic compared to July 2015. The year ended with traffic up 6% in the last quarter of 2016, with excellent profitability and satisfactory quality of service, despite constraints linked to systematic passport checks and strengthened border controls to counter the terrorist threat.



2,610,242

cars* transported in 2016 on Passenger Shuttles.

** Including motorcycles, vehicles with trailers, caravans and camper vans.*

+2%

growth in car traffic using Le Shuttle in 2016.



301,159

pets crossed the Short Straits on Le Shuttle in 2016, a +16% increase compared to 2015.

2.



3.

1. FREIGHT IN LE SHUTTLE

Commercial vans are now permitted on board Le Shuttle Passenger, as long as they meet the security requirements. Dedicated scanners installed on both Eurotunnel passenger terminals check that vehicles are not carrying illicit materials. This new service came into operation in November 2016. It provides more flexibility, especially for express couriers and enables us to optimise the overall Eurotunnel Shuttle fleet.

2. MORE COMFORT FOR PETS

In the new building dedicated to customers travelling with pets, two "drive-through" control lanes where cats and dogs are no longer required to get out of the vehicle, have been in service since the summer of 2016.

3. RECORD CUSTOMER SATISFACTION

- The satisfaction rate is calculated from approximately 1,000 surveys conducted each month. It reached 91.4% of satisfied/very satisfied customers in 2016.
- "Mystery shoppers" travel 30 anonymous trips per month. The score out of 100 stood at 87 on Shuttles and 87 in terminals.

A HIGH-LEVEL PREMIUM SERVICE

The Flexiplus service, which guarantees priority boarding in all circumstances, no matter what time you arrive at check-in, is attracting a growing number of customers. + 5% of vehicles transported in 2016 took advantage of this service with Le Shuttle. Just after the check-in booths in Coquelles, a video screen displays the actual time required to cross the border for Flexiplus customers which has reduced thanks to two new control lanes reserved for these customers. This valuable information is recorded and sent by radio via the RFID chip embedded in the hanger (see page 18). In 2017, the new Flexiplus lounge in Coquelles, and in 2018 its counterpart in Folkestone will be available 24/7 to all premium customers, including those with high vehicles travelling in the single-deck wagons.



MORE INFORMATION AT
WWW.EUROTUNNEL.COM

TRUCK SHUTTLES ALL-TIME TRAFFIC RECORDS

Month after month, Truck Shuttle traffic continues to reach new heights, with excellent quality of service and profitability.



Truck Shuttles had already broken all existing records in 2015, despite the migrant crisis which led to a sharp increase in intrusion attempts at the Coquelles terminal. 2016 was another record year, ending with an unprecedented 1.64 million trucks transported, an 11% increase which outperformed the 5% increase in the Short Straits truck market. On the Short Straits, Eurotunnel confirmed its place as the principal actor in the market with market share for the year of 39.2% as well as excellent quality of service and profitability. Hauliers have known for a long time that Truck Shuttles are the fastest, safest, most frequent, and most environmentally friendly way to cross the Channel. Their confidence was further strengthened in October 2015, when, after three months of

degraded operations, the impact of migrants was comprehensively brought under control, and the Eurotunnel service returned to full and peak effectiveness. The sizeable level of investment made in the site security plan in Coquelles, with the support of the British and French governments, is now bearing fruit, and the strengthened control procedures do not affect the flow of traffic. For their part, the three new Shuttles will help to absorb the strong growth in traffic and enable us to transport 2 million trucks by 2020. Everything indicates that after Brexit, economic and tourism exchanges will continue to grow over time through the Tunnel which, over the past 22 years, has proved itself to be the vital link between the UK and continental Europe.

1. ELITE, MULTICHANNEL INFORMATION

Developed in 2016, the Elite information system provides truck drivers with relevant information at each stage of their journey, via various channels. Before arriving at the check-in booths, large display screens provide their travel time between the motorway exit and arrival at check-in, as well as transit time through the terminal and the number of departures per hour. In the allocation lanes, other display panels indicate on which Truck Shuttles they will be travelling. The mobile Driver App also enable the drivers to check their departure time and receive text message alerts. As for hauliers, they can monitor the progress of their trucks on the terminals via the Eurotunnel Freight extranet. The version of Elite designed for the customers of the Passenger Shuttle will be deployed in 2017.



MORE INFORMATION ON
WWW.EUROTUNNELFREIGHT.COM

2. WIFI AND VIDEO SCREENS IN CLUB CARS

Club Cars, the Truck Shuttle carriages in which drivers travel across the Channel, are now equipped with a free WiFi network and three 22-inch video screens. They provide real-time information on travel (times, weather and traffic conditions upon arrival, etc.), safety instructions (which can be understood by all customers, regardless of their language) and promotional clips about onboard facilities and new services for freight customers.

3. EVEN EASIER ACCESS TO FOLKESTONE

The five new access lanes which opened on the UK terminal in early 2016 make traffic arriving from the M20 even more fluid and can process up to 300 trucks per hour onto site. With the new Truck Terminal and innovative check-in solutions in place, it is now possible to offer drivers a Truck Shuttle departure up to every seven minutes. The land available before check-in means that in the long term, we will have the option of adding a further three lanes. Meanwhile the former Freight Information Centre in Folkestone has been refurbished into a lounge where truck drivers now have video screens, free WiFi, showers and toilets.

TRUCK STORAGE AREA IN KENT

On 8 July 2016, the British government announced the creation of a new lorry area with space for 3,600 trucks at Stanford West, between junction 11 and the M20 motorway in Kent. This £250M investment is intended to ease congestion on the M20, the only motorway providing access to cross-Channel links, in the event of interruption or disruption to services in Dover or Folkestone. This decision, coming just after the referendum on 23 June, showed that public authorities still expect to see an increase in cross-Channel traffic.



1,641,638
vehicles transported
on the Truck Shuttles
in 2016.

+11%
growth in Eurotunnel
truck traffic.

2.



3.



RAILWAY NETWORK

1.

HIGH-SPEED PASSENGER TRAINS A NEW AMSTERDAM SERVICE IN 2017

Paris and Brussels, the two main destinations for Eurostar traffic from London were, with Nice, the cities hardest hit by the terrorist attacks. The number of Eurostar passengers fell by 4% in 2016. After a summer marked by a sharp fall in tourism to French cities and an almost total absence of American and Asian tourists, the market gradually returned to form thanks to promotional activity designed to boost visitor numbers. The result was a return to growth (+2%) in the 4th quarter of 2016 and record traffic levels in December (+9%). Eurostar also continued to improve its offer, with the introduction of new, more comfortable e320 trains which carry 20% more passengers than their predecessors and with the opening of a new Business Premier lounge at the Paris-Nord train station in early 2017. Confident in the future, Eurostar is preparing for the opening of the London-Amsterdam service. Its launch, scheduled for late 2017, initially with two return trips per day, will be a major driver for growth. A direct service from the heart of London to central Amsterdam in less than four hours, via the Channel Tunnel, presents a clear competitive advantage versus the airline route, which is at present one of the busiest in Europe.



1.



10,011,337

Eurostar passengers travelled through the Channel Tunnel in 2016.



MORE INFORMATION ON WWW.EUROSTAR.COM

2.



1,797

rail freight trains through the Channel Tunnel in 2016.

2.

RAIL FREIGHT TRAINS UPTURN IN THE SECOND HALF OF THE YEAR

Following the migrant crisis which, from July to October 2015, caused major disruption to freight services on the SNCF rail tracks at Fréthun, 2016 saw the implementation of effective security measures for cross-Channel rail freight, which consequently operated with no service disruption or intrusion. This clear improvement helped to stabilise traffic at the point reached at the end of 2015, after the loss of nearly half of all rail services and customers, some of whom had changed routes for their traffic. In 2016, traffic saw a drop of 26% in the number of trains and 27% in tonnes of goods transported. However, the shoots of recovery began to appear in the 4th quarter, with 10% growth in the number of trains, thanks to the development of existing services, supported by the ETICA scheme (Eurotunnel Incentive for Capacity Additions), pending the arrival of new flows attracted by the restored quality of service. Furthermore, the first intermodal freight train between China and the UK passed through the Channel Tunnel in January 2017: having left the station of Yiwu (south of Shanghai), it travelled 13,000 kilometres in 18 days, arriving in Barking (east London), along a modern version of the Silk Road. China plans to develop this mode of transport which, as well as being 80% cheaper than air freight, cuts the transit time of container-held goods by half compared to maritime transportation.

THE CHANNEL TUNNEL

#WorldLeaderPiggyBackTransport

**>125,000
TRAINS**

(Passenger and Truck Shuttles, Eurostar passenger trains and rail freight trains) used the Channel Tunnel, representing an average of 345 trains each day in 2016.

21

MILLION PEOPLE
travel through
the Channel Tunnel each year.

+13%

average annual
growth in the number
of trucks transported
on the Shuttle since
the first full year of
operation in 1995.



1
**TRAIN EVERY
4 MINUTES**
on average
in the Tunnel.

30TH

**ANNIVERSARY OF THE TREATY
OF CANTERBURY**

visionary and pragmatic founding document
of the Channel Tunnel, was celebrated
on 12 February 2016.

>90%
**OF CUSTOMERS QUOTE
SPEED, FREQUENCY AND
RELIABILITY**

as the main reasons for using
the Channel Tunnel.



182

locomotives of various types in Europorte's rolling stock fleet in France.



6.4M

tonnes net of goods transported by Europorte France in 2016.



1.7Bn

Tonne Kilometres for Europorte France in 2016.



RAIL FREIGHT CONSOLIDATING EUROPORTE'S POSITION IN FRANCE

Acquired by the Eurotunnel Group in May 2010 for €30 million and sold in November 2016 for an enterprise value of €180 million, GB Railfreight doubled its revenue during this period. Its success shows the potential of rail freight in the UK market which has for a long time been open to healthy and efficient private competition. In France, in a different environment, Europorte must continue its development by absorbing the additional costs incurred by the railway reform act of 4 August 2014.



EUROPORTE

A YEAR OF DISRUPTION FOR RAIL FREIGHT IN FRANCE

A rare combination of factors weighed on rail freight in France in 2016. In this difficult climate, Europorte managed to preserve its revenue and aims to achieve productivity gains of 10% in 2017.



1.



2.

Having enjoyed an increase in revenue in 2015, Europorte saw a decrease in revenue of 6% (excluding GB Railfreight) in 2016, due to the combined effect of several factors. All operators were penalised by the erratic allocation of train slots. These time slots are allocated a year in advance to freight operators by the manager of the national network. However, they are liable to changes, leading to severe disruption for railway companies and their customers. In the spring, the long strike staged by SNCF rail workers against the Employment Act also contributed to a fall in the quality of service. Between March and June, the blocking of railway tracks led to many delays and, in some weeks, the cancellation of a quarter of scheduled Europorte trains. This meant a significant loss in revenue, particularly in car transport. Europorte's business was also penalised in the cereals sector. In 2016 France

experienced its worst harvest for over 30 years, with yields falling by 40% to 50% in volume terms, due to bad weather.

In October 2016, the French Public Establishment for Rail Safety (EPSF) renewed Europorte's safety certificate for a period of five years, allowing it to continue to run its transportation services, including for hazardous goods, on the national rail network. Moreover, the very satisfactory conditions under which train slots were allocated for 2017 suggests an environment more favourable to quality of service this year. However, the entry into force of the new social provisions and the continued increase in toll prices on the French national network are set to increase operating costs. Europorte has set itself the target of increasing productivity by 10%. The reviews of planning methods and cost reduction already in progress are expected to lead to operating profitability in 2018.



1. MAJOR PORTS RENEW THEIR CONFIDENCE IN EUROPORTE

Europorte manages, operates and maintains the rail networks of a number of major French ports under the brand name Europorte Services, via its subsidiary Socorail. Six of these contracts expired in 2016 or early 2017: Nantes/Saint-Nazaire, La Rochelle, Dunkirk, Le Havre, Bordeaux and Strasbourg. The company once again won all the tenders, in the face of very stiff, high-quality competition. This performance reflects the expertise of its teams, its acknowledged quality of service and the competitiveness of Europorte's proposition. Customers appreciate the innovations introduced, including the ability to monitor the status of their network on a tablet device transparently and in real time. Two of Europorte's other port customers, Rouen and Lyon, will put the management of their networks out for tender in 2017.

2. DIVERSIFICATION OF SOCORAIL INTO MAINTENANCE

Given the gradual fall in activity in industrial sidings, the small private rail networks on large industrial sites, Socorail is widening its scope by focusing on the most profitable activities, such as track maintenance or first-level maintenance of wagons on site.

3. EUROPORTE IN THE DIGITAL ERA

- TAF-TSI (Telematics applications for freight): the core of this set of European interoperability standards is already operational at Europorte. Designed to allow freight companies to communicate using common formats and protocols, TAF-TSI will provide the relevant operators with all of the data about a freight train, in digital format: its composition, the load of each wagon, its mileage, destination, weight of goods, and so on. Europorte also uses it internally to computerise certain data, such as labels which describe the technical characteristics of each wagon.
- ADHOC is a unique documentary database for all the company's activities, and is accessible to all employees.
- RAILFLEET ONE allows Europorte drivers to send any anomalies they detect on locomotives from their mobile or tablet. This application marks a new step towards full digitisation in the monitoring of traction units. In turn, the locomotive logbook was switched to digital format in 2017.

TOWARDS THE RENOVATION OF FEEDER NETWORKS

Infrastructure essential to the development of rail freight, most small lines that lead to industrial sites or agricultural silos need to be renovated in order to be usable. The French government confirmed the extension until 2020 of its public funding of €10M per year devoted to this aim. SNCF Réseau has deferred to 2017 the launch of calls for tenders for the maintenance of feeder networks for which Europorte plans to bid, given its expertise and competitive advantages.



MORE INFORMATION
ON THE ONLINE VIDEO AT
WWW.EUROPORTE.COM



NEW CONTRACTS FOR TRACTION OPERATIONS

Although the rail freight sector in France saw a particularly difficult year in 2016, Europorte managed to limit the contraction of its business and to keep its market share in the rail freight traction business. As such, the Europorte France subsidiary developed a smaller portfolio of larger contracts, focusing on bigger customers. Gefco renewed its three-year contract to transport new Peugeot cars. New contracts won in 2015 with Total Petrochemicals and Kali and Salt, a German producer of potash and rock salt, started in 2016.

EUROPORTE SERVICES

MANAGEMENT OF RAILWAY INFRASTRUCTURE

(maintenance, rail operations and engineering)

Land-based

Sea port

River port


Railway operations

Maintenance

Engineering


LE HAVRE

135 km of track
340 points and crossings
125 level crossings
5 signal boxes
23 employees

 **Contract renewed in early 2017 for 5 years + optional 2 years**

ROUEN

80 km of track
261 points and crossings
36 level crossings
2 employees

 **Contract for renewal in August 2017**


DUNKIRK

143 km of track
65 km of catenary
300 points and crossings
49 level crossings
5 signal boxes
40 employees
479 trains per week
18.7M tonnes of goods transported per year

 **Contract: 4 optional years exercised in 2016**


NANTES SAINT-NAZAIRE

33 km of track
5 km of catenary
60 points and crossings
44 level crossings
5 employees
20 trains per week
1M tonnes of goods transported per year

 **Contract renewed in 2016 for 5 years + optional 3 years**


STRASBOURG

108 km of track
9 km of catenary
287 points and crossings
1 signal box
12 employees
296 trains per week
2M tonnes of goods transported per year

 **Contract: 4 optional years exercised in 2016**

LA ROCHELLE

45 km of track
6.5 km of catenary
100 points and crossings
27 level crossings
11 employees
42 trains per week
1.4M tonnes of goods transported per year

 **Contract renewed in 2016 for 5 years**


LYON (Edouard Herriot logistics port)

19 employees
35 trains per week
700,000 tonnes of goods transported per year

 **Contract for renewal in 2017**


BORDEAUX (BASSENS)

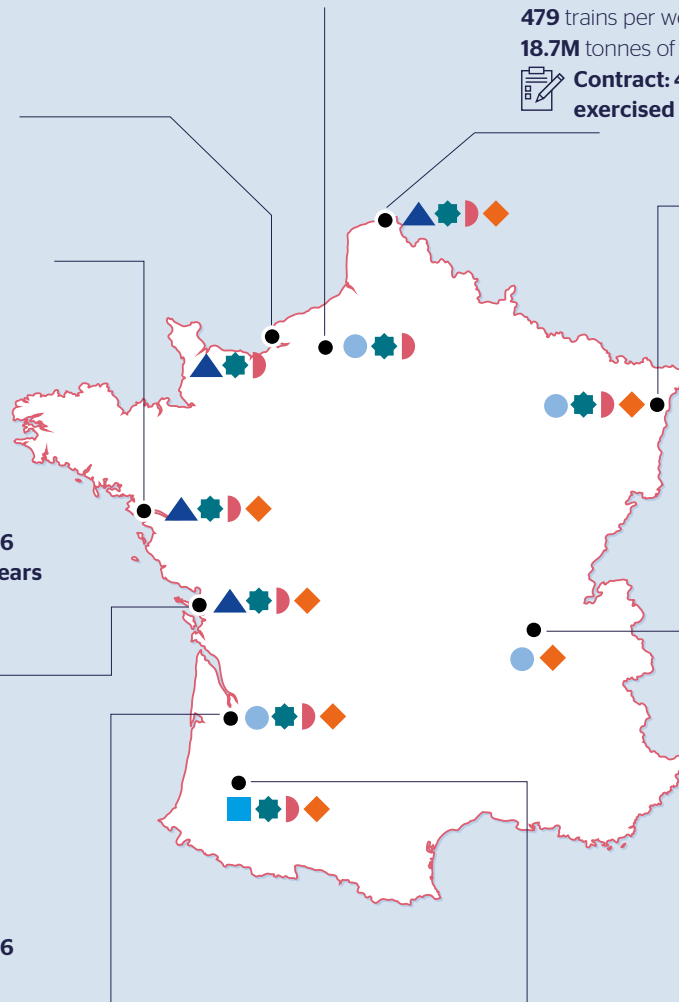
22 km of track
32 points and crossings
10 level crossings
2 employees
3 trains per week
45,000 tonnes of goods transported per year

 **Contract: 4 optional years exercised in 2016**

LALUQUE-TARTAS RAILWAY LINE

14 km of track
5 points and crossings
26 level crossings
1 employee
6 trains per week
70,000 tonnes of goods transported per year

 **Contract for renewal in January 2018**





GB RAILFREIGHT SALE OF THE BRITISH SUBSIDIARY

No company in the sector embodies the success of UK rail freight since privatisation better than GB Railfreight.

The Eurotunnel Group finalised the sale of its UK rail freight subsidiary GB Railfreight to EQT Infrastructure II on 15 November 2016, in order to give it new momentum in terms of the development and investment needed to continue its growth. The transaction was concluded for an amount of approximately €130M. The Eurotunnel Group acquired GB Railfreight in 2010 for €30M. Since then, the company's business has doubled with revenues of almost €130M achieved in the first 10 months of 2016 and greatly increased margins. The estimated internal rate of return stands at over 28% for 2010-2016, proving that it is possible to create value in rail freight.

1.

DIVERSIFICATION OF ACTIVITIES

In 2016, GB Railfreight, which celebrated 15 years of railway operations since the launch of the first trains in 2001, consolidated its position as the third-largest rail freight operator on the UK market. The increase in the carbon tax in the UK and the planned expiry of several sizeable contracts, particularly with London Underground, led to a decrease of GB Railfreight activity, but this was largely offset by the launch of major new contracts. As such, GB Railfreight locomotives began hauling the prestigious Belmond Royal Scotsman luxury train during the summer of 2016 for a 5-year term. Drax signed a new biomass contract, also for 5 years. Several major customers renewed their contracts, including Rio Tinto Alcan and STVA for 3 years, Sibelco for 5 years and British Gypsum for 6 months with an option on 5 years.

2.

A RAPIDLY GROWING FLEET

The development of the railway business means investment is required in rolling stock: seven new Class 66 locomotives were delivered in the first half of the year, bringing GB Railfreight locomotive fleet to over 130. In view of the Sibelco transport contract for aggregates, GB Railfreight invested in the leasing of 41 new high-capacity hopper wagons (70 tonnes payload). In total, GB Railfreight operated a fleet of over 1,100 wagons.





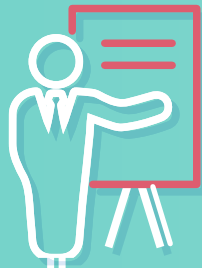
1,139

railway training certificates issued
by CIFFCO in 2016.



2,565 days

of railway training given to 235 trainees
by CIFFCO trainers.



OTHER ACTIVITIES **TRAIN, PLAN & DEVELOP**

The leading private centre in the field of rail careers training, CIFFCO opened the first MOOC (Massive Open Online Course) for jobs in the railway sector “On the right track to employment” in 2016. This innovative digital programme has been a runaway success since its launch. It has contributed significantly to attracting young people to promising careers for the future. The Eurotunnel Group is also continuing the regional development mission entrusted by the governments when the Tunnel was built.



OTHER ACTIVITIES

ECO-VILLAGE AND GOLF COURSE AT PORTE DES DEUX-CAPS

The coastal village of Sangatte Blériot-Plage, where an access shaft was bored for the construction of the Tunnel and which still houses a Fixed Link ventilation and cooling plant, has awarded the Eurotunnel Group subsidiary Euro Immo GET the development rights for a seaside eco-village resort and golf course following a public call to tender. Since the blueprint for the operation was given its near-final approval in 2015 after various changes were approved by political and technical stakeholders, the project management selection process has been launched. Of the 12 groups to have come forward, five applications have been selected for shortlist, decision scheduled for the 1st quarter of 2017. Preliminary studies and the submission of plans to the authorities will then be undertaken.

The project covers an area of 160 hectares, of which 40 hectares are intended for urban areas and 120 hectares for the Porte des Deux-Caps golf course. One-quarter of the land already belongs to the Eurotunnel Group and the rest remains to be acquired.

In 2017, the building programme will be launched by way of the signing of a sales agreement with a group specialising in real estate development for the land earmarked for the construction of a seafront spa-hotel. Thereafter, the application for planning permission will be made.



CITÉ-EUROPE



As part of the regional land developer mission entrusted to it by the governments when the cross-Channel Fixed Link concession was awarded, the Eurotunnel Group is finalising its real estate operations within the development zone (ZAC) adjacent to Cité Europe, which was itself previously developed by the Group and is now one of the largest shopping centres in Europe. After the last land sale, in late 2015, to enable the construction of an office building, only 11.5 hectares of land remain to be marketed. Negotiations are in progress with several interested investors.



6 million

visitors per year, 20% of whom are British, come to Cité Europe, creating 2,500 direct and indirect jobs.



CIFFCO

The Opal Coast International Railway Training Centre (CIFFCO) has innovation in its DNA. This wholly-owned subsidiary of the Eurotunnel Group is the leading private training centre in the sector and remains the only one in France authorised to issue train driver licences that are recognised by the Government.



A MULTI-FUNCTION CABIN SIMULATOR

In 2016, CIFFCO purchased a multi-function cabin simulator and six micro-simulators which perfectly complement the fleet of eight existing mobile simulators used on a daily basis by future freight train drivers.



lways in step with the latest advances in teaching, in 2016 CIFFCO turned its attention to the digital world, launching "On the right track to employment", the first MOOC (Massive Open Online Course) in the railway sector. Designed to raise awareness of railway jobs, to enhance the Eurotunnel brand and to generate wider interest in occupations that sometimes carry an outdated image, it has perfectly fulfilled its goals and met with a roaring success. While driver recruitment is currently hampered by a lack of candidates able to complete all the stages of the particularly rigorous selection process, the MOOC has had 5,300 registrations. Among these "MOOCers", 1,200 finished the standard 4-week course while 800 obtained the certificate of successful completion of the full 6-week course. As a reward, the

best students were given the opportunity to accompany a driver in the cab of a Shuttle during a Tunnel crossing. Having demonstrated a real appetite for the jobs, the MOOCers, who now have solid industry-approved railway training, are a genuine pool of potential candidates for the sector.

CIFFCO continues its operations at a rapid pace, offsetting the slowdown in internal demand for training by the development of its customer base of French and European rail companies, both private and public. In 2016, CIFFCO signed a partnership with the Eiffage-OPERE Group to provide training for works train drivers and ground staff of the future high-speed line between Le Mans and Rennes as well as hosting trainees from Fret SNCF to learn about manoeuvres on the Fréthun site.

31 videos

120 additional resources and references

3 educational video games including two 3D simulators

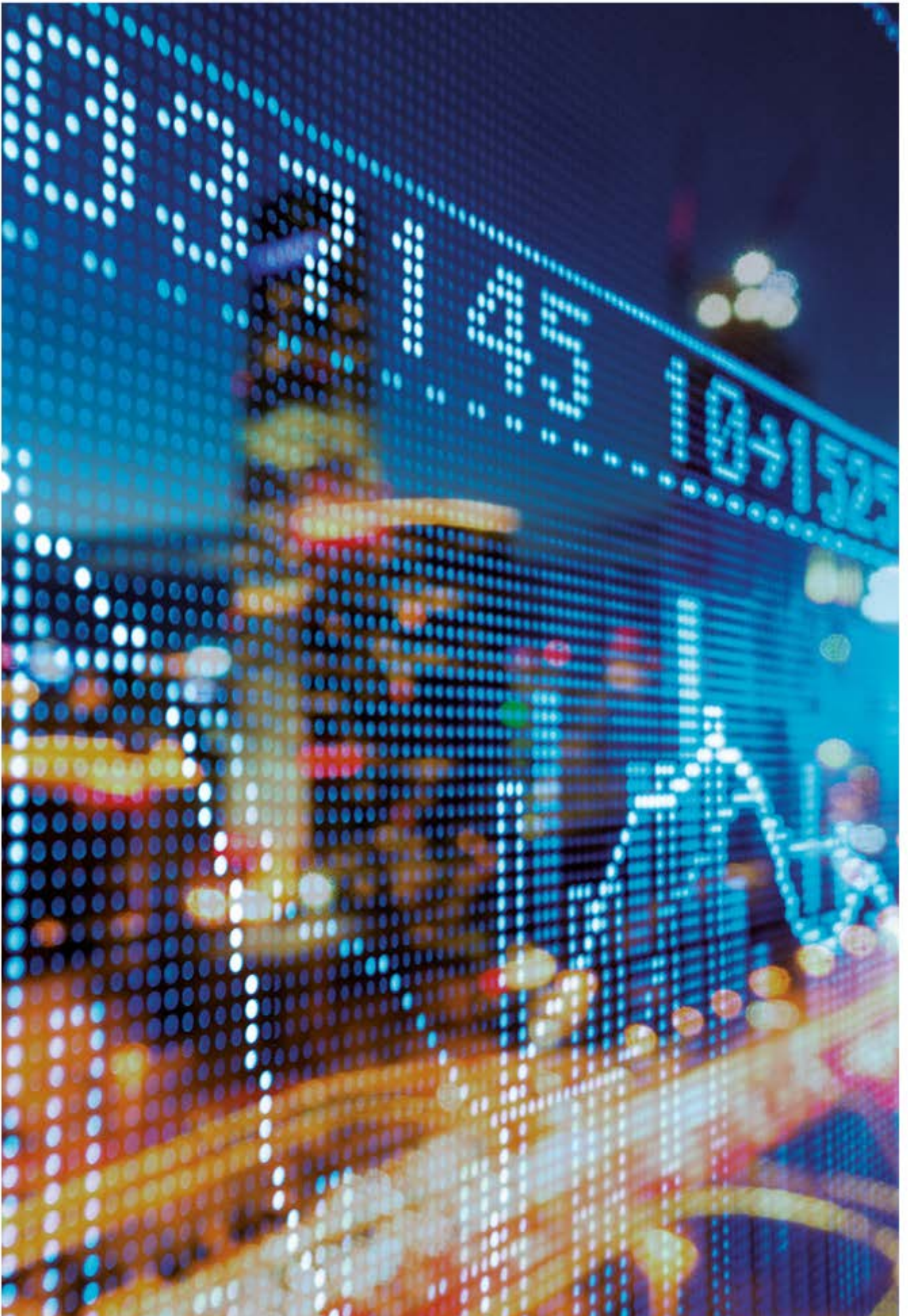


MORE INFORMATION AT
WWW.CIFFCO.COM



THREE AWARDS FOR THE MOOC

In 2016, the "On the right track to employment" MOOC won the "Digital Project and New Tools" award presented by the French Association of Human Resources Directors (ANDRH) and "HR Digital Favourite" presented by the jury at the *Trophies du cercle SIRH*, the association that brings together managers of information systems for human resources. In 2017, it received a further award for Best MOOC designed by a company for its innovative content, at the 1st edition of "MOOC of the Year" awards organised by MyMooc, Google and Le Journal du Net.



FINANCE

SOLID FOUNDATIONS TO ACHIEVE FURTHER GROWTH

The Eurotunnel Group achieved excellent performance in 2016 in a particular geopolitical context: growth of 4% in revenue, 7% in EBITDA, 19% in EBIT and €125M improvement in net consolidated profit. The resilience of the economic model is once more confirmed and prospects look promising in 2017 and beyond with the increased capacity of the Truck Shuttles and the opening of a new high-speed railway destination.

DATA BY SEGMENT

FIXED LINK CONCESSION

The Group's core business is the Channel Tunnel Fixed Link Concession which operates and directly markets its Passenger and Truck Shuttle services through the Tunnel between the terminals in Coquelles (France) and Folkestone (UK) 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.

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

Shuttle Services' revenue for 2016 amounted to €603M, up 10% (+€57M) compared to 2015.

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 transporting 1.64 million trucks (+11%), with a market share of 39.2% for 2016 and significantly outperformed the Short Straits market (+5%).

With more than 2.61 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. The Passenger Shuttle car market share increased to 55% in 2016. In a coach market that contracted by 9%, Eurotunnel coach traffic was down 8% so its coach market share increased slightly to 38.1%.

The Eurotunnel Group earned revenues of €290M 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%.

Operating costs amounted to €392M, an increase of 4% compared to 2015, due mainly to the impact of the increased activity of the Concession.

EUROPORTE

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

At €116M, Europorte's **revenues** are down by 6%, a €7M decrease mainly due to the long succession of SNCF strikes in the spring which totally paralysed the French national rail network and then to a reduction in the activity of customers in the cereals sector during the summer.

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.

ELECLINK

ElecLink's activity is the construction and operation of a 1,000 MW electricity interconnector between the United Kingdom and France, via the Channel Tunnel. Preliminary construction works began at the end of 2016 and the interconnector is expected to be in commercial operation at the beginning of 2020.

FINANCIAL DATA

SUMMARY

2016 ANNUAL RESULTS FOR THE EUROTUNNEL GROUP

- Revenues increased by 4%* to €1.023Bn
- EBITDA improved by €32M to €514M
- Operating profit (EBIT) increased by 19% to €401M (including a €50M profit arising from the full integration of ElecLink following the Group's acquisition of Star Capital's 51% holding)
- Pre-tax profit from the continuing activities: profit of €154 (+€74M), or €104M excluding the profit from the full integration of ElecLink (+€24M)
- Net consolidated result: profit of €200M, an improvement of €125M of which €114M was due to exceptional transactions (€50M ElecLink and €64M discontinued activities)
- Free Cash Flow generated in 2016: €136M
- Cash balances at 31 December 2016 : €347M (vs €406M at 31 December 2015)

** All comparisons with the 2015 income statement are made using the 2016 exchange rate of £1=€1.216 and with 2015 restated in accordance with IFRS 5 following the sale of GB Railfreight.*

OPERATING MARGIN (EBITDA)

At €514M, the Group's operating margin improved by €32M 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 €2M despite a reduction in activity. [The full consolidation of ElecLink since August 2016 has resulted in an increase in operating costs of €1M.]

OPERATING PROFIT (EBIT)

At €150M in 2016, the depreciation charges increased by €6M as a result of the completion of major projects such as Terminal 2015 and the GSM-R. Net other operating income 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. The operating profit for 2016 was €401M, an improvement of €65M (+19%).

NET RESULT FROM CONTINUING OPERATIONS

At €262M in 2016, net finance costs increased by €15M as a consequence of the rise in inflation rates and the resulting effect on the interest and the nominal value of the index-linked tranches of the debt.

The pre-tax result for continuing operations was a profit of €154M, an improvement of €74M compared to 2015, of which €50M resulted from the integration of ElecLink.

NET RESULT FROM DISCONTINUED OPERATIONS

The net profit of the discontinued activities was €64M, including €47M in relation to GB Railfreight and €17M for the maritime segment.

COMPARISON OF INCOME STATEMENTS

for the financial years ended 31 December 2016

€ MILLION	2016	2015 RESTATED ^{1,2}	VARIANCE		2015 RETREATED ²
Exchange rate € / £	1.216	1.216	€M	%	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

¹ Restated at the exchange rate used for the 2016 income statement: £1 = €1.216

² Restated in application of IFRS 5 following the sale of GB Railfreight

CONSOLIDATED DATA

NET CONSOLIDATED RESULT

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

CASH FLOWS

Free Cash Flow of €136M was generated in 2016 compared to €152M in 2015 restated. At 31 December 2016, the Group held cash balances of €347M (vs €406M at 31 December 2015), after €94M net capital expenditure, €118M paid in dividends, €59M for share buyback transactions and €285M in debt service costs.



FOR A BETTER UNDERSTANDING OF THIS ANALYSIS, PLEASE REFER TO THE EUROTUNNEL GROUP'S 2016 REGISTRATION DOCUMENT AVAILABLE AT WWW.EUROTUNNELGROUP.COM

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union at 31 December 2016. They were finalised by the Board of Directors of Groupe Eurotunnel SE on 28 February 2017 and have been certified by the Statutory Auditors.

OUTLOOK

In 2016, the Eurotunnel Group once again demonstrated its ability to deliver on its commitments and to progress.

The Group remains very confident in the robustness of the Fixed Link's economic model. The Tunnel increasingly confirms its place as the pre-eminent element in trade between the United Kingdom and continental Europe.

The Eurotunnel Group is determined to stimulate further traffic growth through the Channel Tunnel whilst at the same time increasing its margins through major investments in both capacity and quality of service.

The Eurotunnel Group, which created value in rail freight, will focus in 2017 on the development of Europorte, putting an accent on operating profitability. The Group intends to extract further value from the Tunnel infrastructure through the construction of a 1GW electrical connector between the UK and continental Europe, the preliminary construction works for which started at the end of 2016.

The Eurotunnel Group will continue to prepare the refinancing of its debt, particularly with regard to the floating rate tranches, in order to minimise, market conditions allowing, the cost of servicing its debt in the long term.

On the strength of this confidence in the future, the Group confirms its financial target of EBITDA for 2017, sets a financial target for 2018 and confirms its intention to continue its policy of regular dividend growth for shareholders with objectives for dividends for 2017 and 2018.

Objectives (at an exchange rate of £1 = €1.175 and on the basis of the existing scope):

- **EBITDA 2017** : €530M
- **Dividend 2017**: €0.30 per share
- **EBITDA 2018**: €560M
- **Dividend 2018**: €0.35 per share.



STRATEGY
SOCIAL
ENVIRONMENT
CORPORATE
INDICATORS



**CORPORATE SOCIAL
RESPONSIBILITY REPORT**

Respect for the environment, regional roots, economic and cultural ties were the drivers behind the Channel Tunnel project. Corporate social responsibility has therefore been at the heart of the Eurotunnel Group's strategy since the outset and this founding commitment has not wavered. Anchored in the development strategy of the Group's overall performance, it is further enhanced through concrete and quantifiable measures, reported in a wholly transparent way.



N°1

**company
in infrastructure
management**

according to the CSR study
published in June 2016
by Generali Investments
and based on quantitative,
social, environmental and
governance criteria.

#SOCIAL

- Continuously strengthen risk prevention and improve working conditions
- Develop staff employability
- Promote constructive social dialogue
- Encourage diversity and equal opportunities
- Identify and nurture talent
- Facilitate employment and integration of workers with disabilities

#ENVIRONMENT

- Minimise the impact of our activities on the environment
- Reduce our carbon footprint
- Preserve natural resources
- Protect and increase biodiversity
- Limit and make effective use of waste
- Control disturbance from operating activities

#CORPORATE

- Contribute to regional economic development
- Build lasting relationships with all stakeholders (shareholders, customers, subcontractors, suppliers, etc.)
- Act as an inclusive, public-minded company
- Provide support to local communities
- Encourage research, innovation and the sharing of expertise
- Participate in the development of culture and heritage

A responsible and sustainable policy

- Best practice in governance
- Economic responsibility for long term profitability
- Respect for human rights
- Ethics and compliance
- Strict purchasing policy

STRATEGY ACTING AS A CORPORATE CITIZEN

Even before the introduction of the concept of CSR, the cross-Channel Fixed Link project advocated the creation of wealth for all in tandem with corporate responsibility. Respect for Mankind, nature and territory have been among the Eurotunnel Group's greatest concerns since the start.

The Channel Tunnel is a physical link between peoples, and it has played host to more than 390 million passengers and 77 million vehicles of all types since its opening in 1994.

It is also an economic link, today accounting for 25% of the trade between the United Kingdom and Europe. In addition, it is an ecological link, and is the quickest, simplest and most environmentally-friendly way to cross the Channel. Excavated through the chalk marl 100 metres below sea level, this high-performance infrastructure does not interfere in any way with the marine ecosystem. Up to 400 trains per day, running at high-speed, consume electricity that is generated without emitting CO₂ into the atmosphere. A truck crossing the Short Straits in a Eurotunnel Shuttle emits up to 20 times less greenhouse gas than if it were to make the crossing from Dover to Calais on a ferry.

Corporate social responsibility is in the company's DNA, and it informs every aspect of its overall performance. The Group strives to combine entrepreneurial, environmental, social and societal challenges in its sustainable growth strategy by way of concrete, measurable actions which are reported on annually in a wholly transparent way. Indicators measuring the Group's efforts in terms of CSR are, whenever possible, common to all Group entities and subject to publication in the Registration Document approved by the *Autorité des Marchés Financiers* (AMF).

Responsible Economy Profitable Economy

A growth factor and a source of competitive advantage, corporate social responsibility means investing in social and environmental innovation. A factor for progress, CSR is also a source of productivity.

The introduction of digital tools in human resource management highlights

the Group's desire to establish a working environment that encourages development and personal growth, in order to attract and retain high-quality, qualified employees. From the selection of candidates for recruitment to the succession plan that helps to assess the long-term evolution of the workforce, as well as individual performance reviews, the digitisation of key processes refines knowledge, minimises the number of administrative tasks and allows HR specialists to focus on human relations.

The first and still the only cross-Channel operator to have completed a carbon assessment,

the Eurotunnel Group has reduced its carbon footprint by 55% since 2006. This ongoing commitment to combat global warming is measured and certified every two years by the Carbon Trust Standard, whose logo can be seen on every Eurotunnel locomotive.

A leading stakeholder in the economies around Calais and Kent, the Eurotunnel Group contributes to the dynamism of the regions surrounding its operations.

The studies all agree on the fact that since the commercial opening of the Channel Tunnel in 1994, the Fixed Link's activity has resulted in the creation of at least 8,100 jobs in Kent and the Calais area. The Group's involvement at a local level on a day-to-day basis is reflected in real terms by the activity of Clifco in Coquelles, the leading private organisation in training for rail careers, through the development of apprenticeship contracts with local educational establishments, and by various initiatives to support youth employment. In the field of innovation, the Group spearheads major projects in partnership with public and private research organisations located in its territory.

N°20 in the Gaïa Index out of 230 companies assessed

This index measures the degree of involvement of listed companies in terms of CSR issues, according to criteria of corporate governance, environment and social policy, as well as stakeholder involvement. This confirmation highlights the Group's CSR efforts with the financial community and investors, evidenced by a 35% increase in its overall score since 2012.



Eurotunnel Group confirmed in the FTSE4Good index

During the annual assessment in December 2016, the Eurotunnel Group again received confirmation of its inclusion in the FTSE4Good index (it was first included

in 2014). The index identifies those listed companies deemed ethical and responsible. This renewed recognition reflects the importance the Group

attaches to the development of its activities in compliance with non-financial criteria of corporate, environmental and social responsibility.

SOCIAL

THE GROUP'S EMPLOYEES AT THE HEART OF OUR CONCERNS

1. DIGITISING PROCESSES

The Eurotunnel Group is developing integrated human resources management with digital tools to pool data, to build a comprehensive view of processes and to ensure accurate performance monitoring. The Success Factors application was rolled out to mine the data collected during the annual performance reviews of 450 managers from the four highest grades. A powerful decision support tool, this software programme allows users to refine the review, to more accurately detect talent with high potential, and to better identify training needs. It will gradually be rolled out to intermediate levels of the hierarchy and ultimately to all employees. Upstream, the digitisation of information obtained from candidates - more than 6,000 CVs are received each year - will begin in 2017. The incorporation of this information within Success Factors will minimise administrative tasks and allow the focus to shift to relationships with people around a central aim: to recruit the best people, to develop our employees' skills and to create their succession plan.



2. NEW UNIFORMS FOR CUSTOMER SERVICES

Drivers and Chefs de train, Crew members, Check-in and terminal Agents: 1,000 employees in customer services wear a uniform. The new uniforms were designed working closely with the employees concerned to ensure that they are perfectly suited to all roles.

3. VOLUNTEERS FOR PEAK DAYS

Record levels of traffic in 2016 were reflected by 32 "Busy and Ready" (BAR) days when over 7,000 vehicles take Passenger Shuttles in one direction. Teams of volunteers are called upon to maintain a high level of quality of service. In total, 80 employees in roles that are not usually customer-facing volunteered, asking "How can I help?" in France and England, in return for specific remuneration, to help ease the flow of traffic, provide information and enhance customer comfort.



4.

4. EMPLOYEE INVOLVEMENT IN WORKPLACE SAFETY AT EUROTUNNEL

Safety, a top priority for the Eurotunnel Group, requires vigilance and the continuous reassessment of one's surroundings. Workshops organised in 2016 focused on the theme of Safety, bringing together many levels of the company's hierarchy alongside union partners. Other workshops were also set up for subcontractors, allowing for exchanges that provided a wealth of shared experience.

The desire for continuous improvement in performance resulted in:

- A new organisation that puts safety facilitators at the very heart of operating divisions,
- An internal communications campaign, "Safety goes to the movies", which addresses safety themes in video from a quirky angle,
- New tools that will facilitate the recording of safety events, faster sending of information and appropriate processing.

5. SAFETY IS EVERYONE'S BUSINESS AT EUROPORTE

Safety Week 2016 at Europorte focused on the risks of occupational accidents, with feedback on the least rare incidents (car accidents, hand injuries, falls when exiting a locomotive). Managers made 59 site visits to discuss a variety of topics with employees from the various entities. In addition, the company is actively

New sectoral agreement for freight

Europorte's executives participated in the development of the new labour rules now applicable to all rail freight companies in France. At the request of the government, the collective agreement effective from 13 December 2016 will lead for example to allocating locomotive drivers thirteen working time rest periods per full year, which will require increasing productivity gains in order to reach operating profitability.



preparing to renew its ISO 9001:2015 certification, a new, more stringent version of the standard that takes into account performance in terms of quality, safety and respect for the environment.

6. COMPANY SAVINGS PLAN

The Share Incentive Plan (SIP), set up in 2015 for employees under UK legislation allows them to acquire GET shares with an employer matching contribution for the same amount for the first £450 invested, after which a 25% contribution applies, up to a maximum of £1,800 per year. It was a great success, with over 50% of the eligible employees taking part. These employees thus benefit from provisions similar to those of the French Group Savings Plan (PEG), in which 80% of potential beneficiaries invested.

Both the PEG and the SIP can be boosted by securities received as part of the Free Share Award Programme. Since its launch in 2011, every Group employee who has been employed since the launch of the programme, with the exception of executives, has received 910 free GET shares.

Opened in 2016, the Collective Retirement Savings Plan (PERCO), featuring an investment fund receiving matching contributions from the Group, allows employees subject to French labour law to prepare for their retirement by saving either money or time.



N°1

The Share Incentive Plan

received the award for Best Share Savings Plan at the Employee Benefits Awards 2016 in London.



MANAGERIAL CULTURE

To promote the collaborative approach of the Vision 2020 project, more than 300 Concession managers attended training sessions in managerial culture over the year. The topics covered included team dynamics, the removal of silos within the organisation, the strengthening of interfaces between departments, managerial skills, openness and shared requirements in terms of safety.

ENVIRONMENT

THE LEADER IN ENVIRONMENTALLY FRIENDLY TRANSPORT

1. CONTINUOUS REDUCTION OF CO₂ EMISSIONS

The undisputed world leader in piggyback transport, Eurotunnel is a pioneer in low carbon transportation. The reduction of greenhouse gas emissions related to its activities represents a central line of its CSR process. The leading and still the only cross-Channel operator to have completed a carbon assessment, the continuous reduction in its emissions since 2006 has meant that it has achieved Carbon Trust certification four times.

Furthermore, the Group reduced its greenhouse gas emissions by 12% in 2016 compared to 2015 on a like-for-like basis (excluding GB Railfreight). The Eurotunnel Group joined the Global Union for Sustainability NGO in 2012. To this end, it is committed to further reducing its carbon footprint by 3% per year. In 2013, the Eurotunnel Group also joined the United Nations Global Compact. This plan specifically asks companies to:

- Apply a precautionary approach when dealing with environmental issues,
- Undertake initiatives aiming to promote greater environmental responsibility,
- Encourage the development and distribution of environmentally friendly technologies.

2. OUR CUSTOMERS SWITCH TO ELECTRIC

The number of customers taking their electric cars on Le Shuttle has increased sharply, from 40 in 2014 to 800 in 2015, then 3,533 in 2016, of which 70% driving Tesla cars, and probably 5,000 in 2017. The terminals at Coquelles and Folkestone provide customers a total of 16 charging points, including 8 Tesla superchargers.

3. “LOW CARBON” COOLING

Four new refrigeration units, located in the Sangatte and Shakespeare Cliff plants, replaced the former units, to cool the water supplied to keep the railway tunnel temperature below 30°C. The new units, though more powerful, consume 40% less electricity than their predecessors. Another major ecological plus comes from the fact they use an organic refrigerant, HFO, instead of the previous R22, which had a negative effect on the ozone layer in the upper atmosphere.



Clean locomotives

In accordance with Belgian law, Europorte equipped its Euro 4000 diesel locomotives with an anti-overflow protection system designed to prevent oil from spilling onto the ground while the machine is refuelled.

4. HALON REPLACEMENT

Halon, a hydrocarbon derivative used as a fire extinguishing gas in the 240 technical rooms of the Fixed Link rail tunnels was replaced in 2016 by Novec 1230, a gas that emits 7,000 times less CO₂ when used. Halon is also being replaced by a Stat-X aerosol system in the technical modules of the locomotives and by a water mist in the train driver cabs.

5. SAMPHIRE HOE WINS THREE AWARDS

This 40-hectare site, which is owned by the Eurotunnel Group, was reclaimed from the sea during the digging of the Channel Tunnel. It welcomes some 80,000 visitors per year, especially school trips. In July 2016, Samphire Hoe received its 12th consecutive Green Flag, awarded each year to British natural sites of the highest environmental quality. The nature reserve is home to many species of animals and hugely diverse flora. The site also won a gold medal in the "country park" category at the South and South East in Bloom Awards. In January 2017, the education shelter won the UK-wide Special Award for Innovation from the Green Flag Award Scheme for its high environmental quality and its contribution to local communities and school groups.

6. MOVING TOWARDS PAPERLESS

Saving time, space, energy, and forests, and increasing convenience, the digitisation of paper documents has many benefits, and has become even easier in this fully digital age. Since 2016, Fixed Link employees in France, ClFFCO and the holding company have, if they wish, been able to receive their payslips in electronic form, via the totally secure digital safe provided by Digi-poste, a subsidiary of La Poste Group. Around 500 employees, or 30% of all concerned, have already opted for this. A paperless invoice service is offered to Truck Shuttle customers. Similarly at Europorte, the RailFleet One application, used by drivers to pass on details of locomotive technical issues by mobile, marks a new stage in the complete digitisation of the monitoring of traction units.

Cycle to work

To encourage employees to leave their cars at home, the British government is encouraging them to buy a bike by providing a reduction in their social security contributions of at least 25% of the bike's price. In Folkestone, 52 Eurotunnel employees joined the scheme in 2016. It's a win-win for everyone, since employees save money on a bike and get fitter, public health improves and the company reduces its carbon footprint.



MORE INFORMATION
WWW.SAMPHIREHOE.COM



CORPORATE EUROTUNNEL GROUP, A COMMITTED PARTNER



1. EUROTUNNEL'S AMBASSADORS

The Eurotunnel Group highlighted the Fixed Link's binationality and its employees' commitment through a series of ten video portraits of the men and women working in Coquelles and Folkestone. This campaign was widely shared on social networks.



VIDEOS OF THE 10 AMBASSADORS AT
WWW.EUROTUNNELGROUP.COM

2. CAPITAL FILLES

For the second year running, the partnership with the *Capital Filles* association was renewed in 2016. Twelve female Eurotunnel mentors supported young girls in the final year of secondary school in France as they learned about promising careers of the future in the region, particularly in the technology and industrial fields, which, contrary to outdated beliefs that are all too often entrenched, are just as accessible to women.



3. EUROTUNNEL GROUP IS A PARTNER OF THE WORLD FORUM FOR A RESPONSIBLE ECONOMY

At the World Forum for a Responsible Economy 2016, chaired by Philippe Vasseur, Board director of Eurotunnel Group and chairman of the Alliances Network, thirty professional representatives of local and regional companies (Auchan, Bonduelle) took part, at the Coquelles site, in discussions on the various themes of corporate responsibility.

4. THE TUNNEL SERIES RETURNS

Eight episodes of the second series of this Franco-British production were shown in March 2016 on Canal+, and in April and May on Sky Atlantic. The two investigators, Elise Wassermann, commander of the judicial police in Calais (Clémence Poésy) and Karl Roebuck, senior police inspector in Kent (Stephen Dillane) joined forces once again, this time to look into a double kidnapping in the Channel Tunnel and a suspicious plane crash in the Short Straits. A number of the Fixed Link's facilities, such as the rail control centre, the maintenance workshops and the Shuttles themselves are featured in the programme, in which Group employees also appear as extras. Keep your eyes out for series 3 which goes into production in the spring of 2017!

5. A TELEGENIC INFRASTRUCTURE

Replacing 50 km of track in two rail tunnels without disrupting the densest traffic route in the world: in a report broadcast in December 2016, BBC South East Today introduced viewers to this technical feat performed every 5-7 years to maintain maximum safety levels in this exceptional infrastructure. Safety was also the theme chosen for the programme “*Le monde de Jamy*” on the France 3 channel, in an episode showing the Tunnel’s four SAFE stations, which are the first of their kind in the world: they enable a fire on an HGV in the Truck Shuttle to be quickly extinguished while maintaining maximum passenger safety and minimising damage to the Tunnel itself.

6. SUPPORT FOR CHARITABLE ASSOCIATIONS

A collection organised at the initiative of the works council, and partnered by the Group allowed the French associations *Les clowns de l'espoir*, *AFM Téléthon* and *Ligue contre le cancer* to each receive a cheque for €2,000.



JOBS TRANSFRONTALIERS FAIR

This year the Eurotunnel Group was again present at the cross-border employment forum, held in Fréthun on 6 October 2016. More than 40 French, British and Belgian recruiters were there with vacancies for some 1,600 jobs. It was a great opportunity to present the career opportunities within the Group, to showcase vacancies to the 1,100 participants and to collect hundreds of CVs.



9. FAMILY DAY

On Saturday 24 September 2016, Eurotunnel invited the families of its employees to join them at the Coquelles terminal and the Samphire Hoe site near Folkestone for a festive day around the theme of superheroes. Children got dressed up and, along with their parents, took part in competitions to find the Best Superhero or Super Family, followed by a fabulous Wonder *Soirée*. More than 1,400 people took part in the event, which was also a great opportunity to visit the facilities, which for security reasons are usually off limits to unauthorised persons.

7. THE TUNNEL'S ECONOMIC IMPACT CAPTURED THROUGH AERIAL PHOTOS

On the website of the French National Geographic Institute (IGN), the "Go Back In Time" (*Remonter le temps*) feature looks back at the development of a town, city or area by comparing maps over time, starting with the one drawn by Cassini in the 18th century, and aerial photographs taken since 1950. Using the feature, we can see that Coquelles, an agricultural village of 970 inhabitants 50 years ago, has grown thanks to the Channel Tunnel to become a town of 2,400 inhabitants equipped with one of the largest shopping centres in Europe, and the 650 hectares Eurotunnel terminal. The French statistical and economic body INSEE states that the municipality had 6,233 jobs in 2013, with 79% in the trade and transport sector.

8. GB RAILFREIGHT: 15 YEARS OF CHARITY RAILTOURS

For its 15th anniversary, GB Railfreight organised a four-day rail tour starting at Victoria Station in London on 8 September and ending on 11 September, calling at Reading and Edinburgh via Liverpool. During the trip, a record amount of £125,100 was collected for the benefit of three charities: the British Heart Foundation, Woking Homes and The Ripple Project. More than 30 employees took part in the preparation, starting a year ago, and completion of this operation, which was also supported by several of GB Railfreight's suppliers.

Wind turbine solidarity

Since the commissioning of the wind farm installed at the Eurotunnel terminal in Coquelles, the Group has paid 10% of the revenues from its operations to French charity Secours Populaire. This association chose to dedicate these funds to supporting dozens of families struggling to pay their gas and electricity bills.



INDICATORS

KEY SOCIAL AND ENVIRONMENTAL DATA

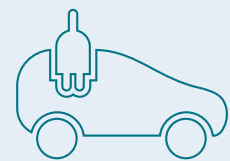
The Group's CSR actions are measured by a range of non-financial indicators audited and published each year in Groupe Eurotunnel SE's Registration Document, available online at www.eurotunnelgroup.com. As the 2016 indicators exclude GB Railfreight, the 2015 data has been restated for the purposes of comparison.



Carbon emissions generated by rail freight are **99 times** lower than those of air transport and **8 times** lower than those of ferries.



-12%
the reduction in the Group's greenhouse gas emissions in 2016, the equivalent to c.12,000 tonnes of CO₂ compared to 2015.

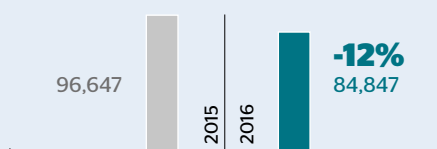


49 electric cars
In the 1st quarter of 2017, the fully electric car fleet in operation on the terminals consisted of 49 vehicles comprising 33 in Coquelles and 4 in Folkestone for Eurotunnel and 12 for Onet, a subcontractor performing various duties on the Coquelles site.

ENVIRONMENTAL INDICATORS

GREENHOUSE GAS EMISSIONS

(tonnes of CO₂ equivalent)

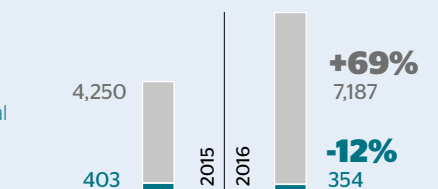


The improvement in 2016 is due in particular to the replacement of halon and cooling fluids, and this was achieved despite the significant increase in operating activities.

INDUSTRIAL WASTE

(in tonnes)

Non-hazardous industrial waste
Hazardous industrial waste

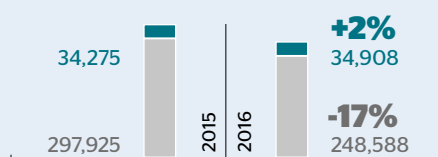


The increase in non-hazardous industrial waste is due mainly to increased work on terminals and the strengthening of security measures at the Coquelles terminal.

WATER CONSUMPTION

(in m³)

Water drawn from the water table
Water taken from the public system



The reduction in water consumption drawn from the public system is mainly due to a change in the method used to clean the Shuttles.

The increase in electricity and diesel consumption is mainly due to the growth in Shuttle activities and the reinforcement of security measures at the Coquelles terminal (deployment of lighting sources and a larger vehicle fleet).

ENERGY SOURCES	2016	
Electricity (in kWh)	561,376,759	+5%
Natural gas (in kWh)	7,691,510	-10%
Fuel and non-road diesel (NRD) (in litres)	7,094,665	-9%
Liquefied petroleum gas (LPG) (in litres)	7,290	-38%
Diesel (in litres)	808,243	+12%
Petrol (in litres)	43,970	-13%

SOCIALLY RESPONSIBLE INVESTMENT (SRI)

Evaluated for its performance in the environmental, social and governance areas by several non-financial rating agencies, the Eurotunnel Group qualified for listing on benchmark SRI indices in 2016: FTSE4Good, Low Carbon 100 Europe, the Dow Jones STOXX Global ESG Leaders, in particular EURO STOXX Sustainability and STOXX Europe Sustainability. The Eurotunnel Group also ranked 20th in the Gaia-Index, the SRI index for mid-cap stocks securities developed by IDMidCaps, Ethifinance, MiddleNext and SFAF, thus improving its overall score by 35% since 2012.

SOCIAL INDICATORS



76.6% men



23.4% women

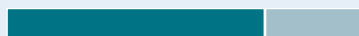
46 years

the average age of the Group's employees in 2016.

33%

of employees were aged under 40.

GROUP WORKFORCE BY COUNTRY



FRANCE 2,435 (73%)

UNITED KINGDOM 901 (27%)

WORKFORCE BY SUBSIDIARY

EUROTUNNEL	2,483
EUROPORTE	831
CIFFCO	7
EUROTUNNEL GROUP	15

268

recruitments

for the Group in 2016, of which 82.8% are on permanent contracts.

172 young people

on apprenticeship or professional training contracts were part of the Group's teams in 2016.



67%

of the Group's employees worked shifts in 2016 to ensure continuity of services, 24/7, 365 days a year.



WORKPLACE SAFETY

8.6

Frequency rate*

of lost-time work-related accidents in 2016 (compared to 11 in 2015).

0.6

Severity rate**

of work-related accidents is stable.

* Frequency rate: number of work-related accidents requiring time off work x 1,000,000/number of hours worked.

** Severity rate: number of days off work x 1,000/number of hours worked.

84,508 hours

of training dispensed to Group employees in 2016, an average of 25 hours per employee.

€4M

cost of training for Eurotunnel Group employees in 2016.

SOCIAL MEDIA



@LeShuttle

39,000 followers

@GroupEurotunnel

4,100 followers

@TruckShuttle

1,900 followers

@SamphireHoe1997

700 followers



**Eurotunnel Le Shuttle
Samphire Hoe**



**Eurotunnel Le Shuttle
Eurotunnel Freight**

LE BLOG Eurotunnel Le Shuttle

www.eurotunnel.com/uk/blog/

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