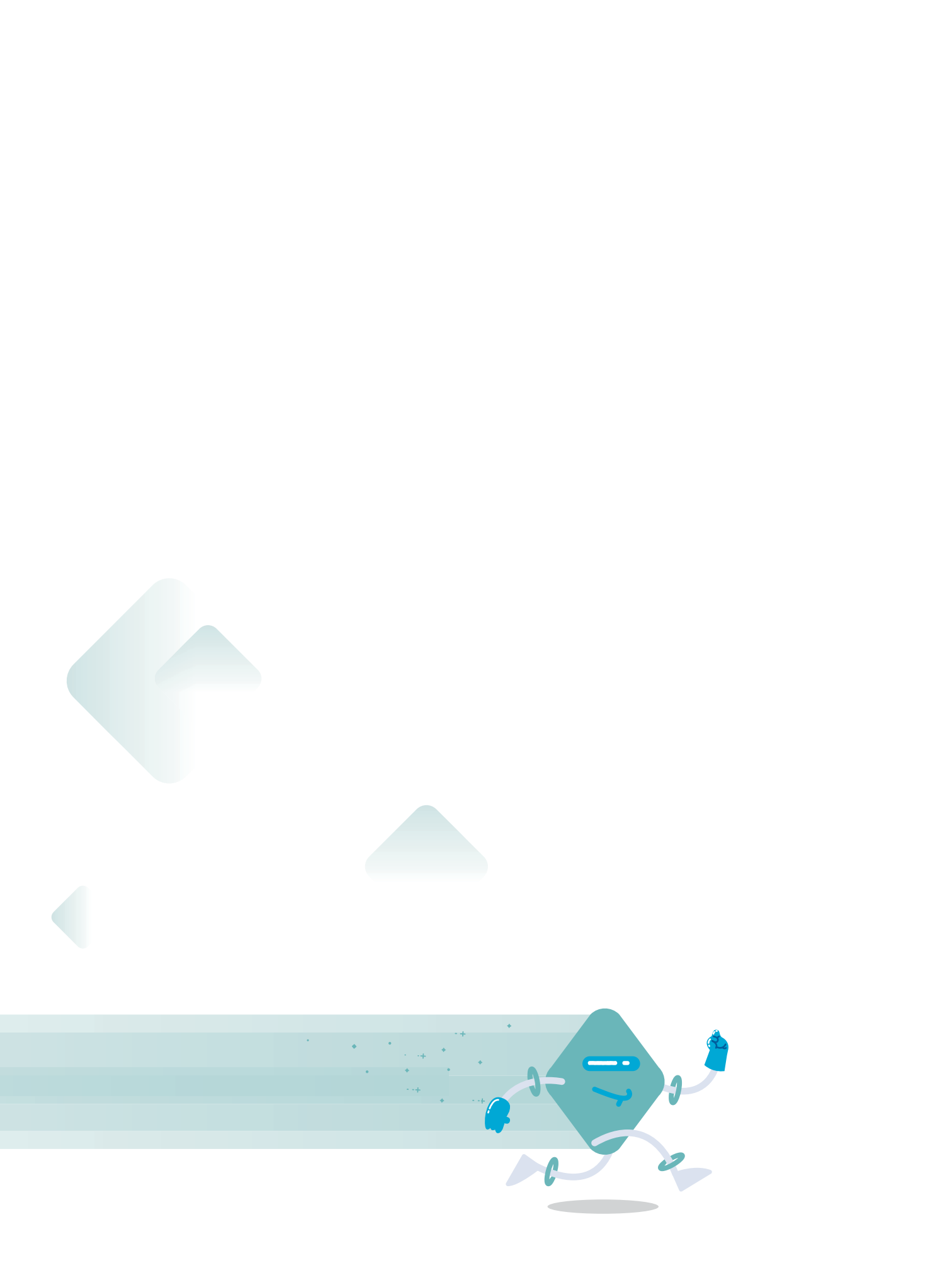


2015

FINANCIAL REPORT



Any day could be your lucky day.



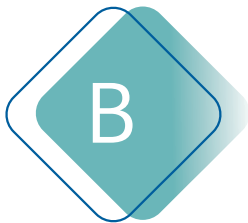


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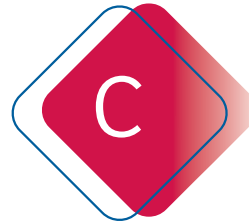
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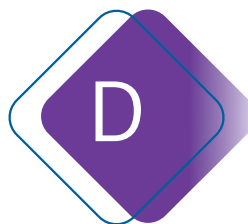
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CHAIRWOMAN'S STATEMENT

Stéphane Pallez



*To maintain and develop this strong potential, FDJ has drawn up a strategic plan entitled **FDJ 2020**, an enhanced vision of FDJ.*



First year of FDJ's 2020 strategic plan, 2015 was marked by a triple challenge taken up by the company: the challenge of growth with stakes worth €13.7 billion, up 5.4%; the challenge of the company's digital transformation, including within its physical network; and the challenge of a recreational and balanced gaming model of benefit to everyone.

The successful outcome of these challenges was brought about by placing innovation and digital technology at the very centre of the priorities in the FDJ 2020 strategic plan. In 2015, the company set out to leverage the potential of its drivers of growth, in particular sports betting, scratchcard games and online games (especially new-generation lottery games), while giving priority to a general public play-for-fun game. 26.3 million people in France stake an average €10 per week, equivalent to a net spend of approximately €3.4 per week. They come into contact with FDJ through a local store network consisting of more than 31,900 points of sale in 11,500 communes and a multiplatform web/mobile/tablet digital channel.

Our 2015 results show that FDJ® has successfully grown its market, a gaming sector synonymous with fun, fantasy and entertainment.

To maintain and develop this strong potential, FDJ has drawn up a strategic plan entitled "FDJ 2020, an enhanced vision of FDJ", unanimously approved by the Board of Directors on 1 July 2015. The aim of this project is to recruit customers, secure their loyalty and enhance their experience by incorporating the digital revolution into innovative products and modernised distribution networks.

FDJ is taking up these challenges while also remaining committed to its corporate social responsibility (CSR) policy which has been fully integrated into the work on its strategic plan and adapted to the new policies it contains.

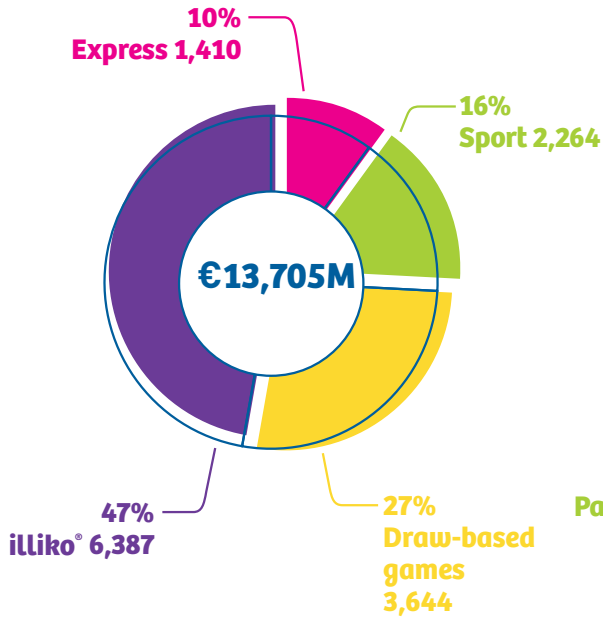
FDJ is also synonymous with first-rate operational and financial performance. In 2015, the Group's operational performance improved significantly with operating profit growing by almost 27% to a record €261.7 million. This was achieved by systematically seeking to improve performance, the best example of which is the commercial transformation process started in 2014, and which continued to be rolled out over the course of 2015, leading to a change in remuneration of the intermediate distribution network and an improvement in business and financial performance which retailers and customers will benefit from in terms of quality of service.

Last but not least, FDJ is a sound, debt-free company which has the cash flow and resources to finance the investment necessary for its strategic growth; the sum of €500 million will be used to transform its IT platform (€250 million), digitise the network (€180m) and support innovation through investment funds in start-ups (€25 million).

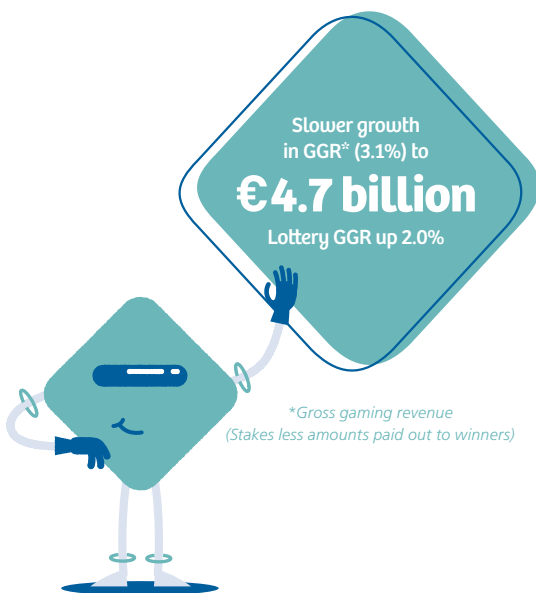
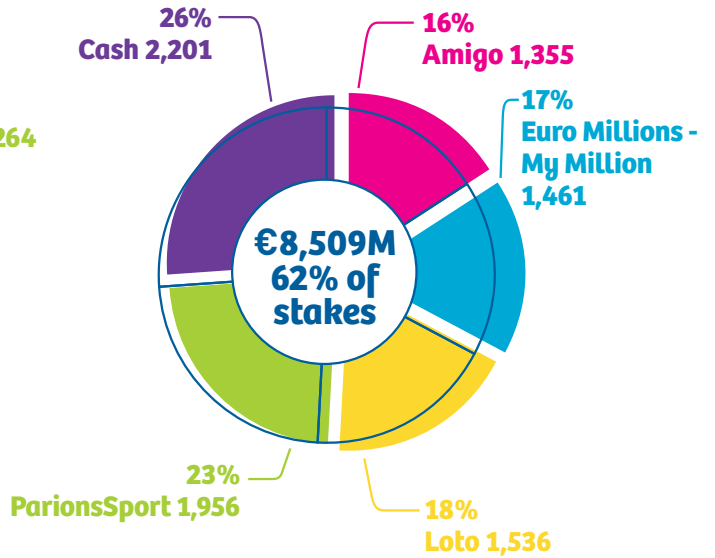
The new State-FDJ framework adopted in 2015 is also consistent with this approach. It governs the commission collected by the company, allowing the rollout of the FDJ 2020 project while guaranteeing a remuneration method consistent with the public interest objectives of the state.

1. KEY FIGURES

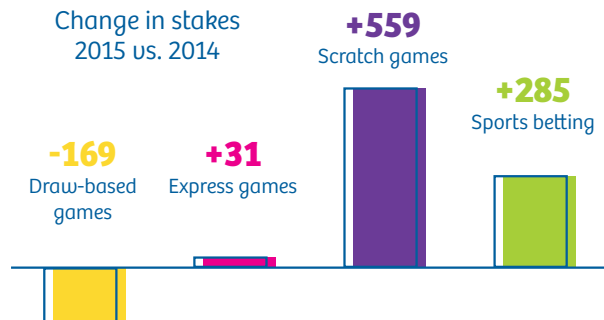
RECORD STAKES OF €13,705 MILLION



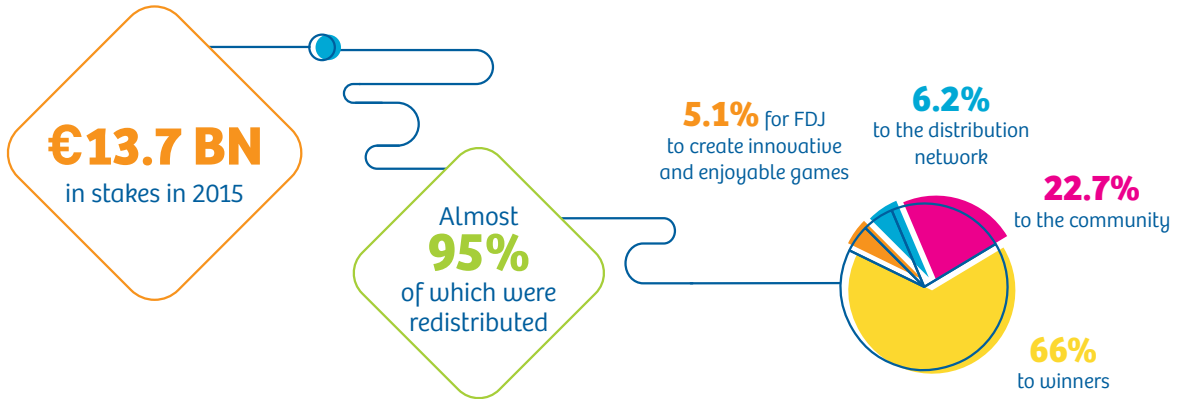
5 BILLIONAIRE GAMES GENERATING 62% OF TOTAL ANNUAL STAKES



STAKES DRIVEN BY ILLIKO® AND SPORTS BETTING (€M)

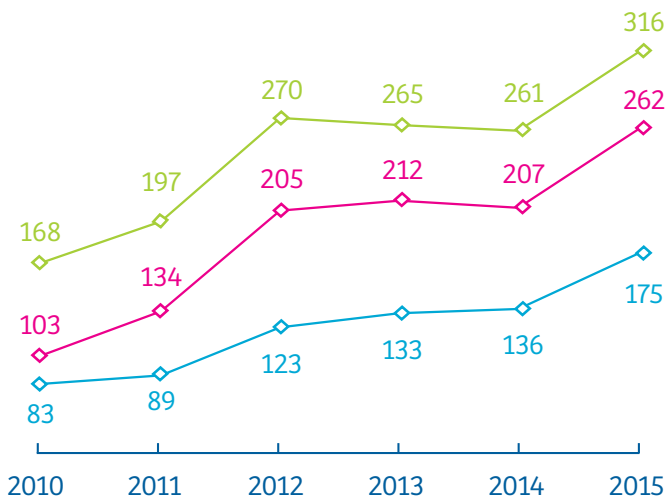


ALMOST 95% REDISTRIBUTED, OF WHICH 6.2% (€850 MILLION) TO THE DISTRIBUTION NETWORK



OPERATING PERFORMANCE (RECURRING) UP 27% (A€55 MILLION INCREASE) TO 16% OF REVENUE FROM ORDINARY ACTIVITIES

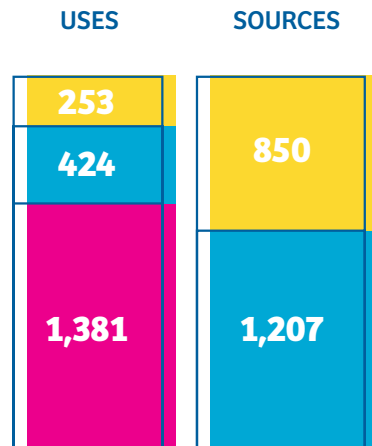
Consolidated **EBITDA** of **€316 million** (up €55 million vs. 2014)
Net profit of **€175 million** excluding restructuring costs
A consolidated financial return of **24.1%** excluding restructuring costs (vs. 20.1% in 2014)



— EBITDA
— Operating profit from ordinary activities
— Net profit excluding restructuring costs

SIMPLIFIED 2015 CONSOLIDATED BALANCE SHEET (€M)

Shareholders' equity of **27%** of total assets
No debt
Surplus working capital of almost **€800 million**
Almost **€1.4 billion** in cash



— Stable uses/sources
— Current assets/short-term payables
— Cash and cash equivalents

2. GROUP OPERATIONS

2.1. A BROAD BUT ERODING POOL OF PLAYERS

With 26.3 million customers, FDJ attracts French people of all categories. However, a more detailed analysis highlights that the pool of players is being slowly but steadily eroded at a rate of 1.5% a year (translating into a million fewer players over the past five years), particularly among women and under-45s.

At a time of digital revolution, it was important for FDJ to adapt its business model to attract new customers from among young adults (18-35-year-olds) and women while maintaining its identity.

The Opinionway research⁽¹⁾ carried out for FDJ clearly illustrates how the digital revolution has disrupted the habits of French people. In general terms, 73% of those interviewed felt that the internet and new media had changed their relationship with gaming. The perceived changes allow for greater control over games, making them more flexible, easier to use and more immersive. Sixty-three percent of respondents said that computers, tablets or smartphones had encouraged them to play more than they used to. This research also shows that the leisure market is a promising market, particularly when it comes to hobby gaming: “19% of French people play casual games at least once a day and 47% play traditional games via digital channels”. The same research points out that “59% of French people consider FDJ the most innovative company in the range of products it offers”.

The digital revolution does not, however, exclude traditional games. Nearly one out of every two French people plays Monopoly- or Scrabble-type board games via digital channels. Yet this adaptation of traditional games to digital media has not lessened French people's taste for their physical versions, as shown by the success of scratch card games. Since the French are genuine lovers of gaming, these changes are happening in an environment that is favourable to FDJ.

Digital technology is giving rise to new expectations among the French population, leading to an improved customer experience through simpler, faster access to the offering, and to a refreshed gaming experience through interaction with players. It also offers players better options for controlling their gaming.

FDJ aims to consolidate its leading position in the “leisure gaming” sector by adapting the critical success factors of such games to the lottery. The company wants to offer its customers the opportunity to try their luck at both games of expertise and games of chance, combining an entertaining experience with the possibility of changing their lives, whether alone or in community, through recreational gaming. It also wants to support its customers always and everywhere, by knowing and recognising them so that it can provide them with responsible, personalised guidance.

FDJ therefore offers an extended gaming model – i.e. one that allows as many people as possible to wager small amounts, resolutely focused on its environment, while making its partners and employees full stakeholders in growing its performance and meeting its social commitments. It positions itself as a world-class player in the areas of innovation, technology and performance.

To achieve its objectives, the company has drawn up a strategic plan, “FDJ 2020: an enhanced vision of FDJ”, which was unanimously approved by the Board of Directors on 1 July 2015. The challenge is to win back, in the next five years, customers lost over the past few years, by innovating through games that are more fun to play, interactive and collaborative, and by adapting access to its offering through digital channels accessible via the internet, tablets and smartphones as well as through the Group's traditional distribution network.

This plan is the fruit of nine months' intensive work across the Group. It harnesses the power of digital technology to enrich the Group's offering, its relationships with customers and the attractiveness of its bricks-and-mortar network. The development of this technological expertise will also support the company's international aims and help structure the digital gaming sector in France.

fdj 2020

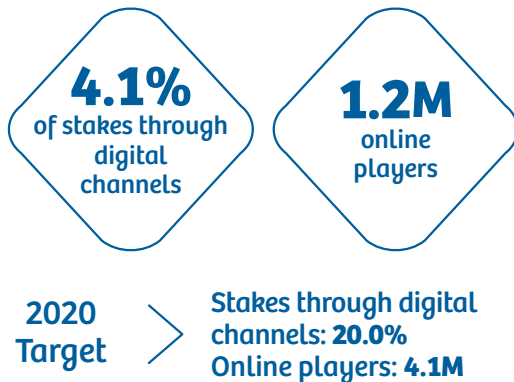
Une vision augmentée
de FDJ*

* An enhanced vision of FDJ

(1) Survey of 1,043 people analysing the impact of digital technology on gaming behaviour among the French population. Interviews took place on 26-28 August 2015.

2.2. AN AMBITIOUS STRATEGIC PLAN STRUCTURED AROUND FOUR PRIORITY THEMES, WITH THE AIM OF CONSOLIDATING AND GROWING THE CUSTOMER BASE...

2.2.1. Accelerating the digitisation of the offering and distribution



The Group's top priority is to combat the erosion of the player pool. Its number two priority is to refresh the gaming experience so that its offerings are always aligned with customers' usages and expectations and are therefore attractive to non-players. Digital technology provides a way to meet these two expectations by offering more modern games and improved knowledge of players so as to be able to personalise the relationship, develop multi-channel journeys and support the digital transformation of sales outlets.

The strategic plan aims to bring the proportion of digital sales – i.e. that portion of sales that uses a digital service, whether via the bricks-and-mortar network or online – to 20%. From this perspective, it is no longer a matter of delivering digital services via the internet and other services via the bricks-and-mortar network. In fact, the process of modernising and digitising the point of sale has already begun with the rollout of Neptune terminals and the switch to paperless format for the **ParionsSport** playslip. FDJ is set to invest €180 million over five years to ensure that outlets continue to benefit from the functionality offered by technological breakthroughs, bringing more and more digital services to the point of sale. For example, self-service or WiFi terminals will facilitate interactivity and allow players to log into FDJ applications at the point of sale. Digital technology simplifies retailers' day-to-day lives by facilitating point-of-sale betting, management and logistics and providing new services. It forms an integral part of retailers' sales activities, just as it is already part of their day-to-day lives. The 2015 survey of retailers⁽²⁾, designed to help better understand their expectations, shows that the fear of digital technology is beginning to be overcome. In 2014, 62% of retailers considered online gaming a competitor offering; in 2015, only 55% of them expressed this fear. More and more retailers are realising that a well-managed digital offering is also good for their physical business.

These adjustments are also perfectly aligned with the expectations of the French public. The Opinionway research (see section 2.1) shows that connoisseurs of FDJ are massively in favour of society encouraging the expansion of the network. Seventy-five percent of them think it would be a good thing if FDJ were to supply its retailers with digital tools (terminals, screens, tablets, WiFi, etc.).

At the same time, in-depth work has begun with the ultimate aim of improving the customer experience on digital media. For the registration process, FDJ has opted to call on the services of a leading French player in document handling, with effect from April 2015. As well as modernising the approach to managing administrative documents, the role of Responsible Gaming moderators has been strengthened following research to identify the expectations of the various stakeholders, starting with those of players themselves. The approach adopted also consists of building a catalogue of games accessible from most digital devices (personal computers, tablets and mobiles). The aim is to provide access to the same offering across all media by end 2016. Applications will evolve to provide more and more value-added services, as well as new webmarketing solutions to track players, improve knowledge of players and send them contextualised messages and special offers that match their profiles.

Since end 2014, the fdj.fr website has offered a tablet portal allowing users to play **Euro Millions – My Million**, **Loto** and around 15 **illiko**® and **Bingo Live** games direct from their tablets. An equivalent fdj.fr mobile portal went live in the first half of 2015, offering access to draw-based games as well as a number of **illiko**® games – for example **La Ruche d'Or**, which tends to appeal more to a female audience. A team of mobile experts has also been put in place, in partnership with a digital services firm, to regularly update existing applications and develop new applications including a "master" application bringing together all FDJ online services, due for release in a few months' time. Mobile technology is playing an increasingly important role in accelerating the Group's digital trajectory (with 29% of sales now through digital channels). It provides opportunities to improve the customer experience, notably by enhancing the gaming journey and service offering. FDJ has already developed a complete system modernising access to the **ParionsSport** offering, including in particular a mobile application offering paperless, smartphone-based betting and automatic checking of winnings so that ticket-holders know whether they hold a winning receipt wherever they are. In 2016, **Loto** and **Euro Millions** applications offering the same services will be launched.

Web and mobile applications will help FDJ personalise its player communications, thus supporting customer recruitment and retention.

The outcome of these various actions was very satisfactory in 2015: digital sales (€567 million) accounted for 4.1% of total sales, up 19%. Almost two thirds of this growth was driven by stakes, which are increasingly placed via digital channels, representing more than 26% of all stakes placed in December. Lottery games were also buoyed by digital growth, with stakes up 5.8% between 2014 and 2015 (vs. 3.7% in the network). This growth was spread across the entire product range.

(2) Survey of 607 retailers conducted by polling organisation CSA between 29 June and 6 July 2015

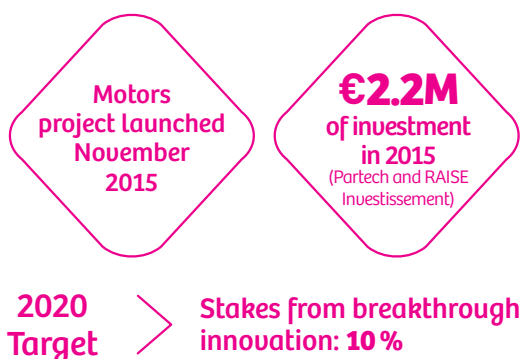
The acceleration in digitisation is significant for draw-based games via the fdj.fr site, which grew 4.6%, mainly thanks to new player recruitment.

A detailed analysis of the results of the digital lottery highlights that growth in draw-based games is mainly driven by mobile technology, with amounts staked through this channel up 16%; at the same time, amounts staked on draw-based games via personal computers increased by only 2% but still accounted for more than 79% of total stakes.

To further improve on these encouraging results, 2016 will see the launch of around 40 mobile games. FDJ is also set to continue with its planned hybrid offering through an initial game, **“La poule aux œufs d’or”**, due to be tested in northern France in 2016.

The digital transformation of FDJ also represents a more overarching challenge. A multidisciplinary working group is leading a “digital working” project with the aim of digitising not only the workplace but also the company’s processes. The company is also keen to begin negotiations between management and labour in 2016 to put in place a major company-wide agreement titled “Living and working better together in the digital era.”

2.2.2. Developing breakthrough innovation



Enhancing the gaming experience to meet players’ expectations and recruiting new players (particularly 18-35-year-olds and women) is critical for FDJ. The company adopted an in-house innovation approach in 2014 that accelerated significantly in 2015 and was supplemented by an open innovation approach (supported by innovative ecosystems to speed up content development) so as to meet the ambitious target laid down in the strategic plan of bringing the proportion of stakes generated via new games to 10% by 2020. Breakthrough innovation aimed at creating new games and services is at the heart of the company’s priorities and is overseen by the Innovation Strategy Committee, which includes several Executive Committee members as well as employees responsible for relevant projects.

Since 2014, FDJ has set up in-house incubators under a new innovation approach based on the following three points that aim to reproduce the critical success factors and agility of start-ups:

- focusing on a limited number of strategic subjects
- making business and technology work together throughout the project

- shortening time to market thanks to a conducive ecosystem (including project managers dedicated to innovation, clearly identified cross-functional contact points and regular reporting to senior management). Seven multidisciplinary incubation units that adopt a project-based approach have been set up to develop new mobile games of chance, and not merely digital reproductions of physical games.

The Motors project is the first FDJ project developed in an incubation unit to have been launched. It enabled the Group to develop a new technical platform (gaming engine) and new mechanisms for instant digital games of chance. These new games offer a richer and more entertaining gaming experience, where players take the driving seat and make choices that affect how the game unfolds. What makes this richer gaming experience possible is the use of successive random draws and persistent data. Two games are already available: **Gare O Loup** and **Ruée vers l’Or**.

While FDJ has its own fab lab⁽³⁾, it plans to take maximum advantage of companies specialising in gaming and start-ups dedicated to innovation. For example, it has teamed up with Asmodée⁽⁴⁾, a fast-growing firm whose development studios will help the Group develop licensed games.

FDJ has also made significant investments in funds. In 2015, it decided to invest €13 million in the Partech Ventures fund, which supports innovative flagship “French Tech”⁽⁵⁾ start-ups. This investment consists of two phases: investment of €5 million in a fund dedicated to technology and digital development and €8 million in partnership business, a segment dedicated to start-ups that are farther ahead in developing their business model. These investments enable FDJ to develop an open innovation policy that can leverage its in-house innovation units and increasingly open up to outside input.

This partnership places the emphasis on four areas of innovation: emerging consumer behaviours, new ways of using mobile devices, changes in distribution and innovations in entertainment. The aim is to provide a comprehensive FDJ offering by placing the emphasis on digital usages and services for customers, as well as on complementarity between the bricks-and-mortar network and online gaming.

FDJ has also decided invest €10 million in venture capital fund Level-Up and €2 million in investment company RAISE, both of which support the development of start-ups in areas of interest to the Group: gaming, digital technology and Big Data⁽⁶⁾. Level-Up is the first global investment fund specialising in mobile gaming studios, from seed phase through to profitability, with a strong industrial strategy. With FDJ’s backing, its ambition is to raise €150 million to finance around 30 studios.

(3) Short for “fabrication laboratory”.

(4) Europe’s number two maker of board games, including in particular Time’s Up and Jungle Speed.

(5) La French Tech denotes all stakeholders in the French start-up ecosystem.

(6) Big Data refers to sets of data that become so large that they are difficult to work with using traditional database management or information management tools.

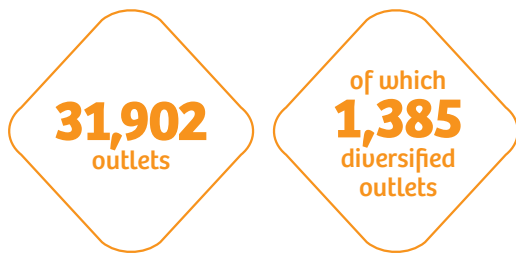
Moreover, the investment in RAISE, part of which is intended for the RAISE endowment fund dedicated to entrepreneurship, offers an innovative alternative for young, high-growth companies seeking operational support and looking for a different financing model.

FDJ has also signed an agreement with Web School Factory, a young Paris-based school specialising in the digital sector, to incorporate new generations into its projects. These students, who are “digital natives”, will work in particular on digitising the customer journey.

Finally, FDJ has begun a partnership with Google France, the parent company of YouTube. The agreement entered into should help FDJ move into online video so that its advertising reaches more internet users. An initial TV campaign on digital services available via the fdj.fr site was kicked off in June 2015, highlighting new mobile gaming and service options, online bingo and the availability of moderators on the fdj.fr site.

Innovation will also help with the Responsible Gaming policy, which will be strengthened by the ability to offer personalised online supported using digital technology, while continuing to comply with data protection rules. The “JR⁽⁷⁾ Inside” process, developed as part of work on the strategic plan, will ensure that all new generation games integrate a “test and learn” approach so that moderation tools are incorporated into gaming mechanisms.

2.2.3. Modernising and extending the distribution network



2020 Target > Number of outlets: **32,500**
of which diversified: **4,500**

The vast majority of FDJ outlets (96%) consist of bars, tobacconist’s and newsagents. The closure of the most vulnerable of these outlets has left FDJ unable to maintain sufficient geographical coverage, directly threatening the Group’s extended gaming model by contributing to the decline in the number of players. To counter this, one of the priority focuses in the strategic plan is a programme to modernise and extend the distribution network. FDJ wants to have the same number of outlets in 2020 as it had at the end of 2014, while increasing the pool of players.

One of the main challenges in achieving this goal is the “FDJ connected outlet”. The company is to invest €180 million on digitising the network, supported by the installation in 2015 of 23,000 new touch-screen gaming terminals with optical readers and contactless technology. Eventually, all outlets will be equipped with the new Neptune sales terminal: by end 2016, 32,200 terminals will have been rolled out. The terminal offers greater security and allows for the development of new services for retailers (e.g. registration of identity documents).



Neptune has gradually been rolling out to outlets since 2013. Thanks to its optical reader, the terminal can decode not only tickets but also playslips and identity documents. Players interact with it via a touch screen. A barcode reader in the player module allows retailers to validate gaming receipts in sight of the player, and allows players to place paperless bets by scanning a 2D code on their smartphone screen. The overall success of the Neptune project is mainly due to the commitment of 300 employees of FDJ and its subsidiary LotSys, who have been working on the project for six years.

At end October 2015, a new version of the terminal software was rolled out to all payment centres (of which there are around a hundred). This software includes functionality for scanning identity documents, as is required by regulations before paying out any winnings in excess of a predetermined threshold. This major step forward will be extended to outlets from March 2016. This project uses the digital capabilities of the Neptune terminal to modernise the payment of large prizes, with a particular focus on preventing fraud and money laundering. While this development forms part of the digitisation of the point of sale, it also aims to improve the management of risks arising from manual processes. It also helps speed up operations both in the network (during the payment process) and within FDJ’s inspection teams.

The new terminal will also enable FDJ to offer draw-based games more widely within the network. It will make it possible to offer new services such as paperless gaming, geolocation and alerts for exceptionally large jackpots when a player enters an outlet. It will also enable FDJ to propose to players that they open an account in the bricks-and-mortar network to which dedicated services can be linked. Such accounts would help the company develop its knowledge of customers while tightening monitoring of gaming practices and money laundering.

(7) Responsible Gaming.

While new equipment is a critical component in modernising the network, it is not enough. Work to update the point of sale and the sales transformation initiated in 2014 are also prerequisites for achieving the objectives set out by the Group.

The total number of outlets stood at 31,902 at end 2015 (800 fewer than at end 2014), compared with 35,800 at end 2010, equating to an 11% decrease in five years. To make up for the closure of traditional outlets, a programme to maintain the network's geographical coverage was kicked off in 2013, with the aim of staying close to the public and thus securing the long-term future of FDJ's extended model. Against this backdrop, and also in view of a targeted approach to diversifying the network, the Group has gradually opened up the distribution of its products to other types of local outlets beyond its network of bars, tobacconists and newsagents. This means French people who do not regularly visit traditional outlets can still access its gaming offering (in 2015, only 25.2% of the French population visited an FDJ outlet at least once a week).

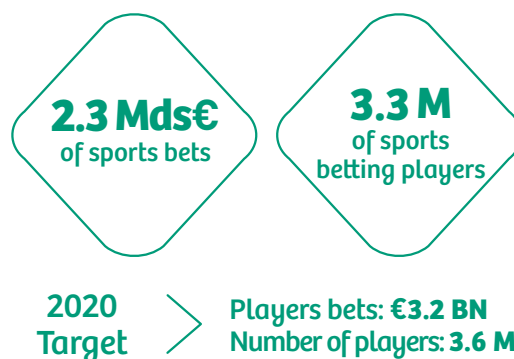
Until 2014, most marketing of FDJ games in outlets was undertaken by sales agents (75% of total amounts staked). The sales transformation programme that kicked off in 2014 is structured around two goals: to consolidate the existing network and to recruit new players, with a sales force suited to the new outlet profiles. This transformation includes greater use of in-house sales staff and geographical rationalisation of the number of sales areas. The main objective behind this fundamental shift is to better manage the network and refocus on sales activity, with logistical operations set to gradually make the switch between now and end 2018 to direct delivery to retailers from a centralised warehouse. Only a proportion of sales agents have agreed to the changes under the programme and signed a new agreement setting out their responsibilities, which are mainly focused on sales. By end 2016, all agreements will be terminated, once current notice periods have expired. Areas that are left with no sales agent will be taken on by either FDJ's distribution subsidiary FDP or independent intermediaries known as SDCs (Société de Développement Commercial – sales development company).

As such, 2016 is a transitional year that will gradually see FDJ's new sales organisation put in place. By end 2016, there will be around 60 sales areas, compared with 130 at the beginning of the transformation programme. More than two thirds of total amounts staked will be generated directly by FDP; the remaining one third will be generated by the SDCs under a new service agreement and an optimised approach to the business relationship. The introduction of the new system also provides an opportunity to better train and raise awareness among sales staff as regards the FDJ Group's values and social responsibilities. This is a key challenge, since sales staff are retailers' primary contact points.

Alongside this new sales organisation, a new distribution model is being introduced under which dispatches will be mechanically prepared and bundled at a central warehouse in the Paris region and logistics handled by specialist providers. By end 2018, all sales areas will have switched over to this new distribution model. This reorganisation of FDJ's logistical capabilities will enable the Group to manage up to 5,000 orders a day.

Finally, this sales organisation transformation programme should allow the company to gradually optimise its distribution costs.

2.2.4. Supporting growth in sports betting



FDJ is one of Europe's leading operators of network sports betting, with revenue growing strongly (€290 million in 2015, up from €330 million in 2014).

With 3.3 million players in 2015, and total stakes of almost €2.3 billion, sports betting is now a mass market consumer product. The French population's growing interest in sport – which is becoming a societal phenomenon, as demonstrated by record TV audiences for major sports events, and is good for sports betting – could be seen in 2015. While football, which accounts for 73% of sales, continued to drive the range with the French and European championships, other sports also experienced growth. For example, bets taken during the Rugby World Cup tripled relative to the previous tournament in 2011.



Sports betting grew by 14% (vs. 20% in 2014, the year of the football World Cup). It is a market of the future that is growing both in physical outlets and online. It is also a market that is gaining in popularity and catching up: 6% of French people bet, compared with 12% of Europeans. Growth in sports betting was driven by new player recruitment (with 300,000 new players), attracted in particular by the new **ParionsSport** application that simplifies the betting process. Since end 2014, the application includes e-slips and checks on winning receipts.

Players set up their bets on their mobile device (choice of bets, simulation of potential winnings, etc.) and the application then generates a QR code⁽⁸⁾ that is used to validate the bet via a Neptune terminal in a physical outlet, without the need to fill in any paper betting slip. The gaming application also allows players to locate nearby outlets equipped with a Neptune terminal required to read the QR code. Paperless betting slips, known as “e-slips”, already account for 8% of total amounts staked on **ParionsSport**. This figure has been rising steadily since end 2014, reflecting the success of this new service.

On 30 July 2015, FDJ introduced a new packaged offering in outlets, Combi Bonus. This consists of a combined bet on between two and eight matches where the individual bets are predetermined by FDJ and the total odds are raised by a bonus of around 20%. All players have to do is choose the amount they want to bet. A Combi Bonus wins if all the bets included in the combined bet win. This new packaged offering should help the Group recruit new players. For the time being, a single version of Combi Bonus is available each day, consisting of three football matches. Plans are in place to eventually offer up to five combinations a day. Depending on how successful the offering is, it could evolve to include various combinations of matches in different sports each day.

FDJ’s online sports betting continued to grow strongly in 2015, up 10%. However, growth remained less buoyant than in either the online market or the offering available in outlets. This is explained by the fact that two new entrants have adopted aggressive sales strategies since September 2014, leading to a redistribution of market share in 2015. The market has gone through three phases since 2010: an opening-up and growth phase in 2010-2011; a stabilisation phase in 2012-2014; and a reconfiguration phase in 2015. Against this backdrop, a focus on strengthening the online sports offering appears especially necessary given the continuing importance of this market for FDJ.

The Rio Olympics mean 2016 is a flagship year for sports. FDJ is taking the opportunity to double the number of sports available through its network of outlets (from 8 to 16, compared with 23 online via ParionsWeb). Baseball, beach volleyball, swimming, skiing, athletics, Formula 1 and rally will be added to the offering. FDJ is also set to double the number of types of bets available at its outlets by adding the ability to bet on, for example, the names of goal-scorers and rankings of sportspeople. The European football championships will also be held in 2016.

This event will also be an opportunity for FDJ to reaffirm its commitment to the educational and social value of sport, notably through a partnership between the FDJ corporate foundation and the Bernard Diomède Academy, including access to all facilities, equipment certified FSC⁽⁹⁾ or PEFC and an area dedicated to the prevention of excessive and underage gaming. FDJ predicts that total bets generated by this event – expected to reach at least €200 million – will exceed those generated by the 2014 football World Cup.

(8) Two-dimensional bar codes that store digital information.

(9) FSC (Forest Stewardship Council) and PEFC (Pan European Forest Certification) are environmental labels issued by accredited independent organisations certifying that the production of wood or wood-based products follows procedures that guarantee the sustainable management of forests.

2.3. ...ACCOMPANIED BY MAJOR TRANSFORMATION CHALLENGES

“FDJ 2020: an enhanced vision of FDJ” is a value-creating plan to develop performance by mobilising the entire workforce and investing in social commitments.

FDJ’s CSR policy is already firmly rooted in its strategy. The FDJ 2020 plan will reinforce the Group’s commitments by fully exploiting the potential offered by digital technology. For example, efforts to prevent problematic gaming practices will be supported by Playscan software to help players with their gaming experience, and by a Big Data approach that should see the Group implement new tools to prevent money laundering and excessive gaming across all channels.

All the actions forming part of the implementation of the 2020 strategic plan are supported by a “test and learn” approach similar to the one used for the new Motors gaming platform (see section 2.2.2): a short experimental phase; findings shared with the regulator on the basis of indicators of player behaviour; confirmation of or adjustments to certain gaming parameters depending on these findings; and finally, release of a final version of the game following a marketing and Responsible Gaming assessment. This decision to adopt a managed and phased approach is a key component in channelling gaming practices towards regulated legal offerings while bolstering the effectiveness of policies to prevent excessive gaming. The digitisation of FDJ’s business will also help strengthen the Group’s risk prevention policy.

New products and services, including both those launched and those yet to come, will have knock-on effects on the Group’s information system. For this reason, last year FDJ launched a digital transformation plan within IT⁽¹⁰⁾ affecting a quarter of the Group’s workforce or around 400 people. (The Group’s information systems manage more than 4 billion transactions a year, with over 20 million on peak days). To speed up FDJ’s efforts to digitise its offering and services such as breakthrough innovation, the company has decided to merge its Marketing and Digital departments and create an innovation-focused.

Continuing to grow FDJ and winning new customers requires a substantial focus on innovation, development and modernisation so as to usher in an across-the-board digital transformation. To achieve this, it is critical that the Group mobilise all necessary resources, both human and financial, and pursue an approach aimed at delivering continuous performance.

FDJ assesses performance at the aggregate level. The strategic plan determines the outline and priorities over a given time horizon.

Since performance is a key driver of FDJ’s transformation, the associated approaches are necessarily geared towards very different timescales:

- long term: sustainable performance must be supported by far-reaching cultural change, which inevitably has a long development cycle;
- medium term, where the strategic plan sits: adapting the company and its environment means implementing major approaches and projects;

(10) Information Technology.

- short term: quick wins are available in every part of the company.

In line with the 2020 vision, the new CSR action plan is geared towards both risk prevention and social engagement, and places the interests of all the Group's stakeholders at the centre of the approach adopted. A materiality study undertaken in spring 2015 helped prioritise expectations and compare them with FDJ's action plans. Responsible Gaming is naturally at the centre of the Group's CSR concerns; furthermore, FDJ has secured full AFNOR certification for its

adherence to the European Lotteries Responsible Gaming standards. The protection of customer data and transparency are also of concern to the Group's stakeholders. The continued work of the Social Laboratory, which fosters discussion with civil society organisations, has led to collective progress on issues such as responsible communication, underage gaming and support for regions. Work to update the strategic plan identified more than ten priority CSR workstreams that will be specifically monitored in 2016. Further information about FDJ's CSR policy can be found in section 4.

3. FINANCIAL ANALYSIS AND FINANCIAL RISK MANAGEMENT

3.1. ITEMS RELATED TO THE GROUP'S INCOME STATEMENT

3.1.1. Stakes

Stakes collected by the Group totalled €13,705 million, up 5.4% on 2014. A breakdown is as follows by range:

In millions of euros	2015	2014	% of total stakes	2015/2014 change	
Draw-based and point-of-sale games	5,053	5,192	37%	- 138	- 3%
Scratch card games	6,387	5,829	47%	559	10%
<i>Lottery game sub-total</i>	<i>11,441</i>	<i>11,020</i>	<i>83%</i>	<i>420</i>	<i>4%</i>
Sports betting	2,264	1,978	17%	285	14%
TOTAL GAMES	13,705	12,999	100 %	706	5%
<i>of which multimedia channel</i>	<i>567</i>	<i>478</i>	<i>4%</i>	<i>89</i>	<i>19%</i>

The range of **draw-based and point-of-sale games** is critically important for FDJ. Its two flagship brands, Loto and Euro Millions – My Million, remain the primary entry point for 10% and 31% of new players and players respectively. Draw-based games continue to appeal to a core aspiration: "winning big by betting small".

Draw-based games (Loto, Euro Millions, Keno, etc.) and point-of-sale games (mainly Amigo) accounted for 37% of FDJ's sales, generating revenue of €5,053 million in 2015, down 2.7% relative to the €5,192 million generated in 2014. Loto proved resilient, with sales of €1,536 million thanks to five long cycles (with record Loto winnings of €17 million in January and November), a favourable calendar (with three Friday 13ths in 2015, compared with just one in 2014) resulting in strong growth in additional bets (€72 million in 2015 vs. €21 million in 2014) and successful events like the UEFA Euro™ 2016 Jackpot on 12 December.

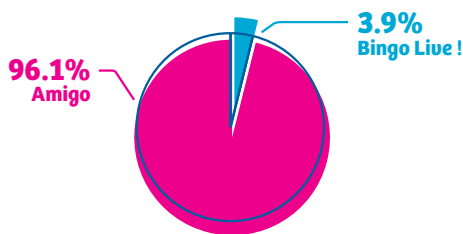


French people have a lot of affection for the "Loto" name, which celebrates its fortieth birthday in 2016. To capitalise on this public awareness and highlight its social role, in April 2015 FDJ introduced a "group play" offering (with over 1.7 million bets taken and an average of three players per group).

The main decline was in Euro Millions – My Million (down 11% in 2015), which offered less attractive jackpots than the previous year (€45 million in 2015 vs. €57 million in 2014). There were therefore fewer occasional players tempted by big jackpots, generally €100 million and above, in 2015. The same phenomenon was seen throughout Europe (with an average 8% decline).

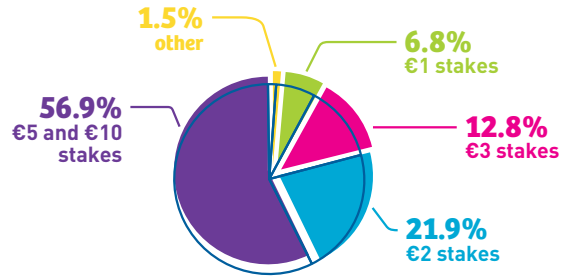
The gradual erosion of stakes across Europe (down 10% in 2013 and 3% in 2014) put heavy pressure on the Euro Millions lottery community to upgrade the game from 2016 onwards. At the domestic level, changes to the Euro Millions – My Millions game will be accompanied by the launch of a new complementary game in September.

Point-of-sale games generated sales of €1,410 million, representing 10.3% of total amounts staked in 2015, up 2.3% year on year, with 3.3 million players betting an average of €8.20 a week (compared with €9.80 in 2014).



Amigo generated total bets of €1,355 million (up 2.2%). It proved a powerful recruitment tool (12% of players recruited with recreational profiles and behaviours, and who have not stepped up their gaming practices over time).

Amounts staked on **scratch card games** accounted for 47% of FDJ's total sales. This type of game is exactly what FDJ is seeking to promote within its extended model, the public "try your luck" game par excellence (an average of one out of every four scratch card games is a winner): this is its strength and harks back to the motto "Any day could be your lucky day".



The illiko® umbrella brand continued its rapid growth, with revenue topping the symbolic €6 billion mark, up 9.6%. The twenty or so scratch card games, either permanent or temporary, based on a news story or theme, attracted 18.6 million customers (with an average weekly bet of €6.50), with over 2 billion tickets sold, confirming France's position as number two in the world in scratch card games and FDJ's expertise in this area.

This upward trend is also explained by efforts to move the brand upmarket and the search for symbolic jackpots, as demonstrated by the success of Cash (with €500,000 in winnings), with sales of €2,186 million (making it FDJ's number one game). However, most of the growth in 2015 was driven by newly launched games, which contributed almost €900 million to growth in scratch card sales, and relaunched games, which generated €475 million in additional sales: **Jackpot** (€5 a ticket and €500,000 in winnings), **Saphir** (€5 a ticket and €250,000 in winnings), **Pactole** (€2 a ticket and €200,000 in winnings) and **Multiplicator** (€10 a ticket and €1 million in winnings). FDJ also launched "Solidaires pour un monde meilleur". This game was born out of the desire of FDJ, WWF France and civil society to help prevent climate disruption and encourage action in favour of the environment. The game, which provides financial support to WWF France projects, is an innovative way to fund environmental projects. Players can win up to €30,000 with a €3 ticket. Four percent of total sales are used to fund around ten projects, the first of which is in the Amazon and aims to protect the world's biggest tropical rainforest. This action is fully aligned with FDJ's CSR policy.

Since FDJ's ambition is to fully leverage its portfolio of popular consumer brands, it will continue to run and optimise its entry-level games. The renovation plan will cover **Pactole**, **Solitaire** and **Black Jack** in 2016 and **Astro** and **Numéro Fétiche** in 2017. Promotional activity around **Banco** that began in 2015 will also continue. Furthermore, under the terms of the partnership agreement entered into with UEFA in connection with Euro 2016, FDJ has relaunched its **Goal!** game, with the logo "UEFA EURO 2016™".

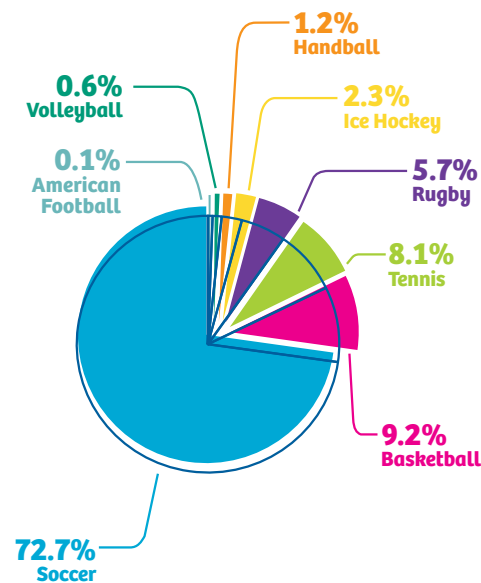
Sports bets totalled €2,264 million, 17% of FDJ's total sales, up 14% – the highest growth rate of any FDJ game in 2015 (vs. bets of €1,978 million and 20% growth thanks to the football World Cup in 2014). Sports bets were placed by 3.3 million customers

in 2015 (300,000 of whom were new bettors), confirming that sports betting is now a mass market consumer offering. The average weekly bet was €13.20 (up from €12.70 in 2014).

The French population's growing interest in sport – which is becoming a societal phenomenon and is good for sports betting – could be seen in 2015, as demonstrated by record TV audiences for major sports events. Football, which accounted for 73% of sales, continued to drive the range thanks to the French and European championships, with revenue up €173 million or 13%. After adjusting to exclude the impact of the 2014 World Cup, football grew by 31%, with revenue up €356 million.

Bets taken during the 2015 Rugby World Cup tripled relative to the previous tournament in 2011 (€19 million vs. €6 million). In 2015, four sports outpaced football in terms of growth, generating €108 million more than in 2014: tennis (up 46%), rugby (up 43%), ice hockey (up 39%) and handball (up 30%).

Sports bets available through the network of 25,880 outlets were up 14.4%. Online sports betting was up 9.9% in a market that grew by 30% in 2015 but was characterised by particularly intense competition, with new entrants gaining ground by offering very aggressive odds in an attempt to win market share.



3.1.2. Other Group financials

In millions of euros	12/31/2015	12/31/2014	2015/2014 Change	
Player stakes	13,705	12,999	706	5.4%
Revenue from ordinary activities	1,649	1,549	100	6.4%
Current operating profit	262	207	55	26.7%
Operating result	234	-24	258	N/A
Financial result	17	22	-4	-20.1%
Share of income from joint ventures	2	-5	6	N/A
Income taxes	94	1	94	N/A
NET PROFIT	159	-8	167	N/A

Income from ordinary activities totalled €1,649 million, compared with €1,549 million in 2014 (up 6.4%). This growth relative to 2014 was mainly driven by growth in gaming income consisting of both revenue growth and an increase in the number of unclaimed scratch-game winnings and counterparty spreads (up €24 million).

Operating profit from ordinary activities came in at €262 million, up €55 million or 26.7% thanks to growth in gaming income and controlled growth in expenses, which totalled €1,387 million in 2015, compared with €1,342 million in 2014 (up 3.4%). Distribution channel costs were increased by 4.2% as a result of growth in betting volumes in the year. Excluding distribution channel costs, purchases and external expenses increased by only 4.5%. The increase in IT subcontracting costs was driven by development work on various projects; the increase in fees was due to preparatory work on the FDJ 2020 strategic plan and the resulting internal

reorganisation. Operating profit came in at €234 million. In 2014, additions to provisions for restructuring (relating to the termination of contracts with sales agents) resulted in a €24 million loss.

Net financial income declined (€17 million, vs. €22 million in 2014), mainly as a result of lower rates of return on investments.

The Group posted a **consolidated net profit** of €159 million, compared with an €8 million loss in 2014, after taking into account €2 million in income from associates (compared with a €5 million loss from associates in 2014).

Research costs incurred by FDJ in 2015 and 2014 and recognised in expenses totalled €2 million and €0.8 million respectively. Rental payments on company vehicles totalled €0.2 million in 2015.

3.2. RESULTS FOR THE PAST FIVE FINANCIAL YEARS

In accordance with the provisions of Articles R225-81-3 and R225-83-6 of the French Commercial Code, the following table shows the company's results for each of the past five financial years.

In thousands of euros	2015	2014	2013	2012	2011
CAPITAL AT YEAR-END					
Share capital	76,400	76,400	76,400	76,400	76,400
Number of shares outstanding	200,000	200,000	200,000	200,000	200,000
OPERATIONS AND RESULTS					
Player stakes*	13,704,503	12,998,756	12,353,656	12,137,823	11,445,064
Revenue from gaming activities	1,545,175	1,466,996	1,397,315	1,349,674	1,272,230
Profit/loss before tax and employee profit sharing, depreciation and provisions	235,581	274,740	288,685	249,893	231,532
Corporate income tax	89,877	- 1,421	78,849	75,893	51,975
Employee profit-sharing	10,487	10,652	8,353	9,033	6,881
Net profit	139,626	- 11,407	136,692	114,777	98,780
Dividends paid**	137,400	133,000	137,000	114,600	84,200
EARNINGS PER SHARE (in euros)					
Profit/loss after tax and employee profit-sharing and before depreciation and provisions	676.09	1,327.55	1,007.41	824.84	863.38
Net profit	698.13	- 57.04	683.46	573.89	493.90
Dividend allocated**	687.00	665.00	685.00	573.00	421.00
EMPLOYEES					
Weighted average headcount	1,183	1,163	1,135	1,105	1,084
Payroll	72,197	68,669	65,310	62,149	59,038
Amounts paid for employee benefits	38,753	36,719	34,423	30,937	29,477
Amounts paid for employee benefits, including taxes on wages	43,536	41,496	39,159	35,895	34,166

* Gaming revenue consists of amounts staked by players, regardless of distribution channel.

** Dividends in respect of 2015 proposed at the shareholders' general meeting of 25 May 2016.

3.3. OPERATIONS OF SUBSIDIARIES AND ASSOCIATES

In millions of euros	Consolidation of euros method	Company revenue			Change	Contribution to consolidated Revenue from ordinary activities	Net profit	Contribution to consolidated net profit	
		2015	2014	2015/2014				2015	2015
LotSys	FC	15,467	14,810	657		1,239	226	257	182
Laverock Von Schoultz Ltd (LVS)	FC	10,687	10,443	244		8,298	1,263	1,521	770
Internationale des Jeux	FC	-	-	-		-	1,033	-325	-308
Beijing ZhongCai Printing Co Ltd (BZP)*	FC	21,298	21,448	-150		-	3,248	1,202	1,956
FDP	FC	38,784	32,639	6,145		-	1,775	1,626	3,128
FDJ Développement	FC	1,603	1,519	84		-	92	2,902	157
La Pacifique des Jeux	FC	5,713	6,133	-420		309	699	710	1,051
Société de Gestion de l'Échappée (SGE)	EM	12,443	12,875	-432		1,945	52	19	39
La Française d'Images	FC	13,221	13,135	86		-	297	288	-67
La Française de Motivation	N/A	8,937	8,995	-58		581	66	61	54
National Lotteries Common Services (NLCS)	N/A	3,538	4,599	-1,061		-	67	34	29
Services aux Loteries en Europe (SLE)	FC	3,983	3,563	420		-	61	16	16
LB Poker	EM	-	-	-		-	1,816	384	-6,596
TOTAL SUBSIDIARIES AND AFFILIATES		135,674	130,159	5,515		12,372	10,696	8,695	411

* Sub-subsidiary.

3.3.1. Technology division

LOTSYS

The purpose of LotSys is to develop, manufacture, market and supply gaming-related hardware, software and services, including in particular gaming terminals.

LotSys generated revenue of €15.5 million in 2015, compared with €14.8 million in 2014. Revenue on behalf of the Group totalled €12.9 million, buoyed by digital projects, mainly consisting of upgrades to the digital platform (€4.3 million) and game production (€1.9 million).

Non-Group B-to-B revenue totalled €2.5 million. In addition to the ongoing contract with ISBB (Israel) won in 2012, LotSys stepped up its activities in new markets, delivering an electronic draw system for SLE, terminals for PMU and terminals for the Stuttgart, Catalonia and Florida lotteries, rounding out its monitoring and maintenance business for legacy customers (which generated revenue of €1.7 million).

LotSys will see a further increase in revenue in 2016 as a result of FDJ modernisation projects and prospective sales of terminals in Germany and to PMU. Similarly, the completion of the Interactive Factory platform should enable the company to distribute interactive content and games to other international lotteries. A recruitment plan is currently being finalised to meet these challenges.

LAVEROCK VON SCHOULTZ LTD (LVS)

Laverock Von Schoultz Ltd (LVS) is a London-based IT services firm specialising in the creation and distribution of online gaming and betting software. It was acquired by FDJ on 22 March 2010.

The company reported revenue of €10.7 million in 2015, stable relative to 2014 (€10.5 million). Net profit totalled €1.3 million (compared with €0.5 million in 2014).

INTERNATIONALE DES JEUX

Internationale des Jeux is a holding company that owns Beijing Zhong Cai Printing Co Ltd (BZP). In 2015, as in 2014, its income consisted of interest on its current account and dividends received from BZP. Its net profit was stable at €1.0 million.

BEIJING ZHONGCAI PRINTING CO LTD (BZP)

Beijing Zhong Cai Printing Co Ltd (BZP) is a lottery ticket printing company located in China. It is jointly owned by Internationale des Jeux (37%), China Welfare Lottery (43%) and Malaysian partner Berjaya Group Limited (20%).

It generated revenue of €21.3 million in 2015 (compared with €21.5 million in 2014). This fall was driven by a decline in the Chinese gaming market.

Operating profit declined in the year, coming in at €4.4 million versus €6.3 million in 2014 (down 30%), and the company reported net profit of €3.2 million, compared with €5.3 million a year earlier. It paid €1.1 million in dividends to Internationale des Jeux in 2015.

3.3.2. Distribution division

FDP

FDP is FDJ's game distribution subsidiary. Formed on 30 April 2013 by merging 14 distribution companies, in 2015 it took over 12 sales areas from sales agents, 8 of them between November and December. FDP thus managed 33.8% of FDJ's total sales in 2015 (compared with 25.6% in full year 2014), totalling €3,676 million versus €3,064 million in 2014 (up 17%). This performance is reflected in operating income, up 19% at €39 million.

Operating expenses increased 23% to almost €34 million as a result of business growth, employees transferred in and the reorganisation of sales areas. Exceptional expenses mainly consisted of transformation costs (€1.6 million). Net profit came in at €1.8 million in 2015.

In 2016, FDP will take over 49 new sales areas, bringing the proportion of total stakes managed by the subsidiary in full year 2016 to 63%.

FDJ DÉVELOPPEMENT

FDJ Développement manages sales in the overseas departments of Martinique, Guadeloupe and French Guiana.

In 2015, total stakes collected by the company came to €129 million, up almost €5 million or 3.9% relative to 2014, mainly due to strong growth in scratch card games (up €3.6 million) as a result of point-of-sale promotions. Sports betting also grew (up €1.8 million), illustrating the player appeal of this offering, buoyed in particular by the rollout of Neptune terminals (between June and October 2015). This success comfortably made up for the decline in amounts staked on Euro Millions – My Million (down €0.8 million). Expenses remained under control. FDJ Développement became part of the FDJ consolidated tax Group on 1 January 2015. Its net profit was stable in 2015.

In 2016, the subsidiary hopes to further improve its performance in sports betting thanks to the Euro football championships and the Rio Olympics.

LA PACIFIQUE DES JEUX

La Pacifique des Jeux is the lottery operator in French Polynesia, under an agreement between FDJ and the Polynesian government.

In 2015, stakes collected by La Pacifique des Jeux totalled €38 million, down 8.8% relative to 2014. This decline was mainly driven by weaker performance in Euro Millions – My Million (down 24.5%) and Loto (down 5.7%). Conversely, the scratch card range, boosted by nine new and relaunched games (including not only Jackpot but also Numéro Fétiche 13 on Friday 13ths, Sport Football, Spot Rugby, Happy Summer, Happy Winter and Koh Lanta), saw total stakes grow 4.4% relative to 2014 (€6.2 million).

Operating income was down €0.6 million relative to 2014 at €5.7 million. Operating expenses, net financial income and net non-recurring income were stable overall, giving a net profit of €0.7 million in 2015, compared with €1.1 million in 2014.

3.3.3. Sport and sponsorship division

SOCIÉTÉ DE GESTION DE L'ÉCHAPPÉE (SGE)

Société de Gestion de l'Échappée (SGE) manages the FDJ cycling team under the fdj.fr visual identity. Meanwhile, L'Association l'Échappée remains responsible for managing ethical issues, defining the sports programme and managing any activities linked to amateur cycling. It owns 66% of Société de Gestion de l'Échappée, with the remaining 34% owned by FDJ.

SGE generated operating income of €12.9 million. The FDJ team had 15 wins in 2015, compared with 28 in 2014. This difference is partly explained by the departure of sprinter Nacer Bouhanni and a mediocre season for Arnaud Démare. It won a place in the UCI WorldTour rankings, where Thibaut Pinot finished tenth in the final individual general ranking. Operating expenses remained contained at €12.7 million. SGE's net profit was stable in both 2014 and 2015.

3.3.4. Resources division

LA FRANÇAISE D'IMAGES

La Française d'Images exists to produce audiovisual works of all kinds, mainly for the internal requirements of its parent company. It is also tasked with managing studio sets for programmes produced by FDJ. As such, it works with all Euro Millions partner lotteries.

In 2015, it designed the sets and pilots for Augmented Reality (Loto/My Million spot) and the Euro Millions teaser.

It generated revenue of €13.2 million in 2015, stable relative to 2014, and reported a net profit of €0.3 million

LA FRANÇAISE DE MOTIVATION

La Française de Motivation is a travel agency and business travel consulting firm: it mainly organises trips and events for prize-winners and for the distribution network of the FDJ Group, its main customer.

It generated revenue of €8.9 million in 2015, stable relative to 2014. A decline in revenue from network promotions (down €0.7 million) was partly offset by higher revenue from network training operations (up €0.2 million). La Française de Motivation ran a new promotional campaign in 2015 (generating a €0.3 million increase in revenue): gift packs containing travel prizes. Business travel by Group employees increased (up €0.2 million). Revenue from non-Group services, consisting of arranging incentive trips for third parties, grew by €0.3 million. Operating profit and net profit were both stable.

3.3.5. Partnerships division

NATIONAL LOTTERIES COMMON SERVICES (NLCS)

National Lotteries Common Services (NLCS): FDJ and the Portuguese state lottery, Santa Casa de la Misericordia de Lisboa (SCML), formed a French joint venture, National Lotteries Common Services (NLCS), on 22 February 2013. Under a cooperative approach, NLCS exists to bring together lotteries to pool their expertise and resources in the field of sports betting.

NLCS generated revenue of €3.5 million in 2015, compared with €4.6 million in 2014, an exceptional year when SCML launched its sports betting activities. Operating profit and net profit were both stable.

SERVICES AUX LOTERIES EN EUROPE (SLE)

Services aux loteries en europe (SLE) is a Belgian limited liability cooperative company based in Brussels, formed in October 2003 to conduct shared operations for the Euro Millions game (draws, centralisation of numbers, calculation of payback ratios and arrangements for transferring funds between operators to pay out winnings). The company is jointly owned by the ten participating lotteries, with FDJ holding a 26.57% stake.

The company reinvoices all its expenses – some with a margin on top – to its shareholders. It generated revenue of €4 million in 2015, up 12% on 2014. As in 2014, net profit was stable.

LB POKER

LB Poker ran an online poker offering via the barrierepoker.fr website. This joint venture, formed on 25 May 2010 and owned 43.84% by FDJ, 43.84% by Groupe Lucien Barrière and 12.32% by Online Gaming 3D, ceased B-to-C trading operations on 30 September 2013 (its ARJEL licence was withdrawn on 28 November 2013).

On 13 February 2014, La Française des Jeux exercised the put option entered into on 9 December 2013 between itself, Groupe Lucien Barrière and Online Gaming 3D. This option concerned the sale of LB Poker shares at par value by Online Gaming 3D. As a result, FDJ's interest in LB Poker increased from 43.84% to 50% on 27 February 2014, with the remaining shares held by Groupe Lucien Barrière.

On 30 July 2015, LB Poker formally concluded the transfer of intellectual property rights to its technology and of the strategic cooperation agreement with Caesars Interactive Entertainment to its two shareholders, generating €3.2 million in exceptional income. This exceptional income was partly offset by current account financial interest of €1.1 million, giving a 2015 net profit of €1.8 million.

3.4. KEY BALANCE SHEET RATIOS

In millions of euros	12/31/2015	12/31/2014	12/31/2013 restated*
Non-current assets	768	702	846
Current assets	1,289	1,371	1,031
TOTAL ASSETS	2,057	2,072	1,876
Shareholders' equity	556	531	678
Non-current liabilities	294	373	237
Current liabilities	1,207	1,169	961
TOTAL LIABILITIES	2,057	2,072	1,876

* 2013 financial statements restated after application of IFRS 10 and 11.

Almost 69% of **current and non-current assets** consist of financial assets. Financial investments consist of amounts invested by FDJ in low-risk, liquid instruments (mainly term investments, SICAVs and mutual funds) that do not qualify as cash equivalents (maturing in less than three months). With interest rates at all-time lows, in 2015 FDJ continued with its policy of making longer-term investments in term deposits.

Non-current assets increased by almost €27 million between 2014 and 2015 (up 14%). Investments in intangibles totalled €25 million in the year, mainly consisting of development work on live and back office information systems and gaming terminals.

Physical investments totalled €80 million, mainly relating to point-of-sale fittings and equipment (gaming terminals, sales counters and player areas). In 2015, 23,000 Neptune terminals were installed to replace Quartz terminals.

Shareholders' equity includes reserves totalling €310 million, with €139 million of this amount consisting of a statutory reserve to cover the risks set out in section 3.6.1.

The change in **provisions** mainly arose from restructuring costs linked to the sales transformation programme, which was launched in 2014 and continued in 2015 with the departure of 31 sales agents. FDJ also adjusted its provision to reflect a change in the baseline level of stakes used to calculate compensation payable to the 66 sales agents whose contracts expire in 2016.

Furthermore, the more than €36 million decrease in **winnings payable and deferred winnings** was mainly a result of specific deductions to finance promotional activity.

The increase in network payables and **government gaming levies** mainly arose from calendar effects.

3.5. CASH AND FINANCING FLOWS

In spite of a sharp increase in revenue over the period, cash flow from operations declined by €130 million due to the payment of compensation in the year to sales agents who ceased operations as a result of the restructuring plan implemented by FDJ in May 2014 to boost the performance of the company and its network. Compensation paid in 2015 totalled €94 million. In addition, implementation of the FDJ 2020 plan entailed a number of expenses in the year: IT subcontracting costs and other fees increased by €20 million relative to 2014.

Investments consisted of €25 million in development work on information systems, including €17 million in in-house development, and €47 million in point-of-sale fittings and equipment (mainly for the rollout of Neptune terminals). Outflows consisted of the payment of dividends.

Although cash and cash equivalents decreased to €562 million in the year, they still exceeded equity at the year-end (€556 million), with no financial debt. FDJ carries no liquidity or solvency risk and faces no potential threats to its autonomy.

3.6. RISK MANAGEMENT

3.6.1. Risk management

Shareholder's equity includes reserves totalling €310 million, with €139 million of this amount consisting of a statutory reserve to cover the following risks:

- operational risk that could materialise at any point in the gaming life cycle (design, production of materials, logistics, marketing, etc.), measured at 0.3% of total amounts staked after tax effects, equating to €39 million at end 2015, based on the 2014 financial statements;
- gaming counterparty risk in excess of ordinary risks that can be modelled and which are covered by the counterparty fund and the permanent fund. These risks are measured as and when there are major changes in the gaming offering or in player behaviour. At end 2015, they were covered up to the amount of €100 million. This measurement is in the process of being updated.

3.6.2. Ordinary risks arising from gaming operations

Some games are based on the fixed odds principle. The unit value of prizes is either fixed or calculated on the basis of probabilities. The number or value of prizes won is determined by chance. For these fixed odds games, the total amount payable to winners cannot be accurately determined in advance, but only assessed: it is sometimes lower and sometimes higher than the proportion of stakes designated to be returned to players by order of the Minister with responsibility for the budget. These positive or negative differences can result in either a gain or a financial risk for La Française des Jeux. They are managed via a specific counterparty fund for each game, allowing financial risk to be spread across all gaming events.

Furthermore, to limit overall counterparty risk for La Française des Jeux, all game-specific counterparty funds are backed by a permanent fund that serves to pool coverage of the risk. In accordance with the Decree of 1978, as amended by Decree 2006-174 of 17 February 2006, the permanent fund is capped at 1% of total stakes collected in the year, with any surplus paid to the government.

Finally, a statutory reserve (€139 million) can be called upon to cover risk in the event of a shortfall in the counterparty funds and the permanent fund. Counterparty funds totalled €51.5 million at end 2015, while the permanent fund stood at €137 million.

3.6.3. General business risk

La Française des Jeux is potentially exposed to risks arising from its business:

- rare and extreme counterparty risks linked to all fixed odds games operated and not covered by a specific fund;
- risks of fraud or human error attributable to FDJ's personnel, distribution network, players or IT system;
- risk of major incidents affecting the ability of IT systems to collect or process playslips, and their consequences in terms of loss of revenue, reputational damage and damage to player confidence.

These risks are covered by a statutory reserve totalling €139 million (see Note 11.2 in the notes to the consolidated financial statements).

3.6.4. Ongoing disputes and legal proceedings

In 2004, the company was brought before the Conseil des Prud'hommes (labour conciliation tribunal) of Aix-en-Provence by former employees in connection with its employee savings scheme. This tribunal declared that it did not have jurisdiction at end 2012; the proceeding has since been ongoing before the Conseil des Prud'hommes of Boulogne-Billancourt and Meaux, this time on its merits rather than on the matter of geographical or material jurisdiction. The tribunal hearing for former managerial staff (only) found in favour of La Française des Jeux and dismissed the complainants, who subsequently appealed to the appellate court in Versailles in 2014. The court once again ruled in favour of La Française des Jeux and dismissed the plaintiffs and all their claims. The plaintiffs then filed an appeal with the Court of Cassation. As regards the non-management aspect of this dispute, the hearing before the appellate court in Versailles is pending awaiting the aforementioned Court of Cassation decision.

In October and December 2011, the Union Nationale des Diffuseurs de Jeux (the union of French lottery distributors – UNDJ) brought two proceedings, one before the Court of First Instance in Nanterre and the other before the Court of First Instance in Paris. The second proceeding is ongoing, while the first was dropped by the UNDJ. Members brought a lawsuit against La Française des Jeux in May 2012 before the Commercial Court of Nanterre. This proceeding is suspended pending a decision in the second case brought before the Court of First Instance of Paris.

On 6 August 2015, 67 sales agents filed a lawsuit at short notice against La Française des Jeux before the Commercial Court of Paris, seeking damages after their contracts as sales agents were terminated.

3.7. TRADE PAYABLES BY MATURITY

2015:

Maturities (D=closing date) In thousands of euros	Payables due at closing	Maturities D to D+30	Maturities D+31 to D+60	Maturities beyond D+60	Total trade payables*
Trade payables	2,280	18,607	36,691	2,017	59,596
Suppliers of capital equipment	118	695	6,398	41	7,252
TOTAL PAYABLE	2,398	19,302	43,089	2,058	66,848

* including accounts payable debit balance.

2014:

Maturities (D=closing date) In thousands of euros	Payables due at closing	Maturities D to D+30	Maturities D+31 to D+60	Maturities beyond D+60	Total trade payables*
Trade payables	1,117	19,941	23,867	175	45,100
Suppliers of capital equipment	118	1,410	12,338	24	13,891
TOTAL PAYABLE	1,235	21,352	36,206	199	58,991

* including accounts payable debit balance.

3.8. SUBSEQUENT EVENTS

FDJ is not aware of any event after 31 December 2015 that might have a significant impact on the Group's business, financial position or assets.

4. CSR INFORMATION

4.1. GENERAL CSR POLICY

4.1.1. Background and governance of our CSR policy

Corporate social responsibility (CSR) is the implementation and governance of sustainable development at company level. It is the way in which a company exercises its responsibilities in relation to the impact of its decisions and activities on society and the environment, and it is why in this document the term CSR rather than sustainable development is used, thus ensuring consistency with ISO 26000.

The activity of La Française des Jeux is not an ordinary service activity, given the particular nature of gaming.

In 2006, FDJ deployed a Corporate Social Responsibility strategy (CSR) as a logical extension of its Responsible Gaming policy initiated in 2005. This approach has been integral to the company since its inception. As the heir of the French National Lottery, FDJ's recreational gaming model is run in the public interest. 95% of all stakes are in fact redistributed to the community, customers and the distribution network.

FDJ's CSR policy has attained a high degree of maturity and is an essential element in the company's new 2020 strategic plan. Integrated into the Group's strategy, the governance introduced in 2012 with the creation of a Sustainable Development Committee that reports to the Board of Directors, strengthens this approach. The permanent brief of this Committee centres on three missions:

- examining the company's sustainable development policy, and in particular, evaluating corporate social responsibility initiatives and, more widely, evaluating components essential to the business model, such as the Responsible Gaming model developed by the company, and its human resources policy;
- examining the relationship between the initiatives undertaken and corporate strategic policy, the company's management processes and development of the company's core assets;
- examining the development of the FDJ Corporate Foundation policy.

To this effect, the Comity for Sustainable Development prepares the Board of Directors' tasks and decisions, formulates propositions, recommendations or advises destined to the Board.

The Comity for Sustainable Development analyses the implementation of the Corporate Social Responsibility policies issued from the strategic plan and advises the Board of Directors on the projects relating to the FDJ Group's CSR.

As part of its continual improvement strategy, FDJ is committed to assessing the performance of its CSR strategy and developing it group-wide. Since 2008, a set of indicators associated with each CSR objective has been used to measure this performance. Our performance has also been ranked three times by the ratings agency Vigeo. In February 2015, a score of 78/100 was achieved (compared with 76/100 in 2013), representing a very high overall level of CSR performance.

This report is structured around the five objectives of our CSR policy:

1. Responsible and relaxed gaming
2. Responsible commercial and partnering practices
3. Dynamic local networks
4. Positive environmental footprint
5. Diversity and performance

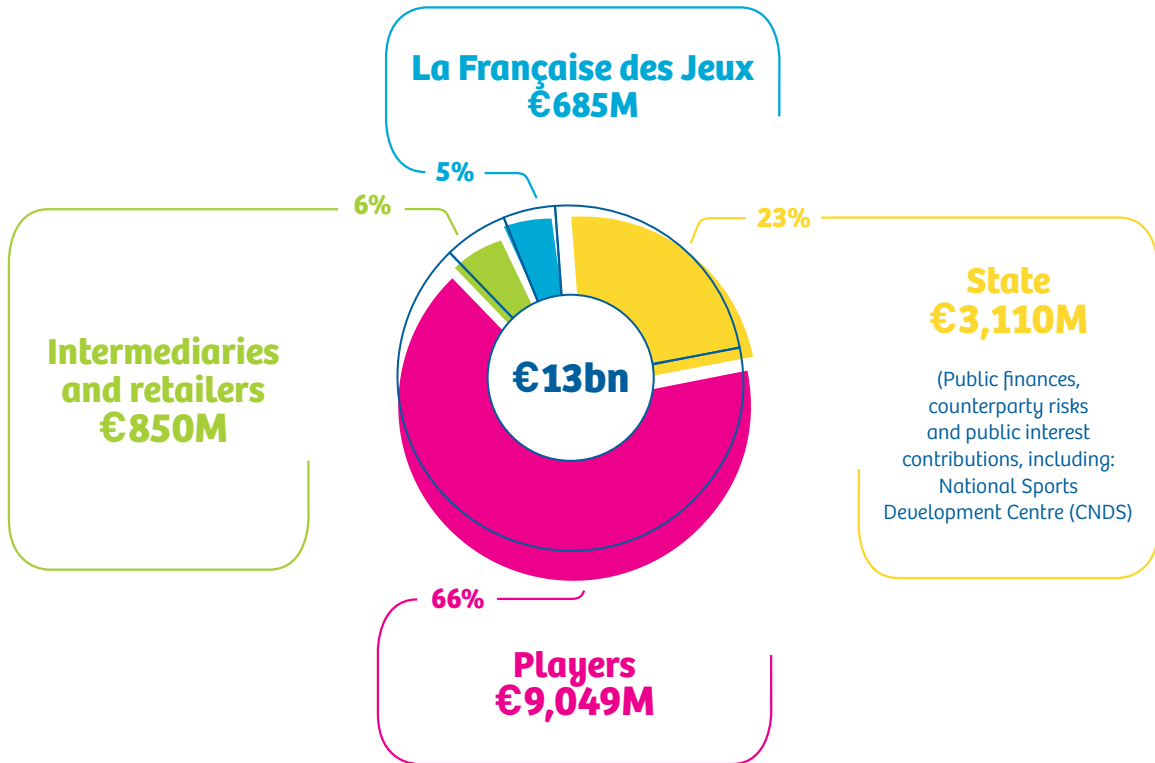
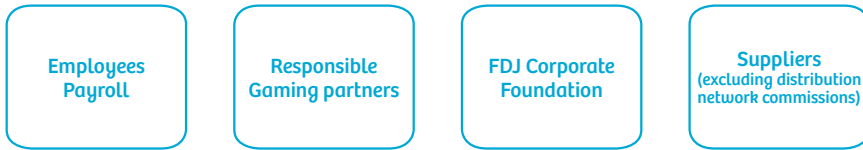
This structure will be reviewed in 2016 to encompass new objectives in the 2020 strategic plan.

4.1.2. Inclusion of stakeholders

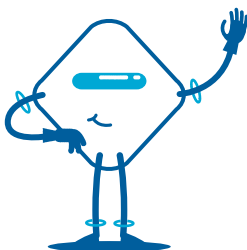
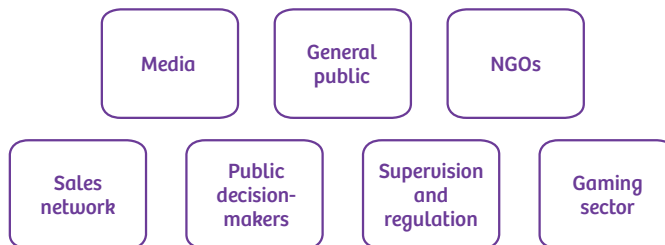
Inclusion of stakeholders is the cornerstone of any corporate social responsibility policy. In line with its general approach, FDJ inclusion of stakeholders has evolved in tandem with the growing maturity of its CSR policy.



MAP OF STAKEHOLDERS AND FINANCIAL FLOWS (2015)



Other stakeholders





RESULTS OF THE FDJ MATERIALITY ANALYSIS AND PRIORITY THEMES

In 2015, two major initiatives reinforced the bond between the FDJ and its stakeholders.

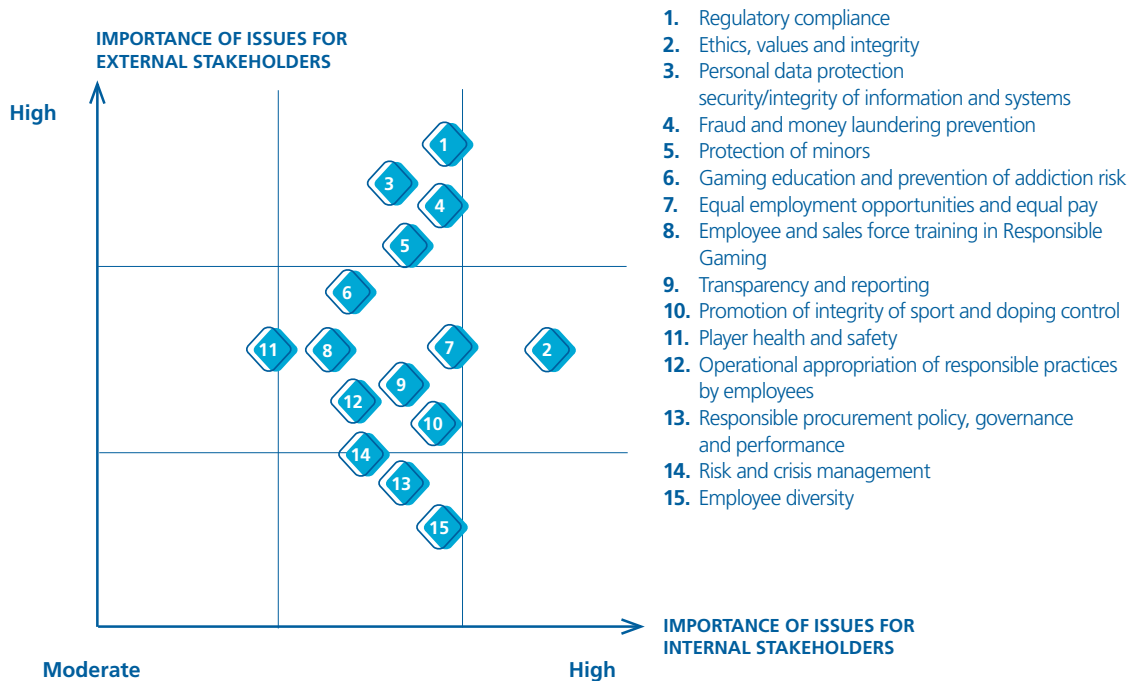
1. Materiality analysis

FDJ has carried out a materiality analysis to guide future actions and ensure that it meets the expectations of its various stakeholders as effectively as possible. This analysis has allowed FDJ to identify and rank its principle CSR objectives with respect to the commitments of the sector and expectations of stakeholders (employees, players, retailers, regulator, suppliers, civil society, etc.). The consultation was implemented via an online questionnaire sent by email to a wide-ranging panel of FDJ stakeholders consisting of 500 people.

The results echo the broad directions of FDJ’s CSR policy, in particular regarding risk prevention (control of underage gaming, problem gambling, fraud and money laundering). Themes related to ethics, integrity and governance are also considered priorities for stakeholders (see the top 15 issues in the FDJ materiality matrix above).

The materiality analysis is one of the tools used by FDJ to adjust its CSR policy and focus resources on strategic objectives which add value to the company and its stakeholders.

When compared with studies conducted by other European lotteries, the top 15 objectives in the FDJ materiality matrix are consistent with the priorities identified in the materiality analyses of other European lotteries.



2. Social Laboratory: ongoing dialogue with civil society

FDJ also maintains ongoing relations with civil society through its Social Laboratory set up in 2014. A permanent forum for dialogue and listening to the concerns of civil society, this body meets three times a year and is attended by associations and FDJ employees. Civil society is represented by a variety of organisations covering the principal social issues linked to FDJ’s operations: health and social matters, prevention of gaming-related problems, alternative economic models and inequalities, sustainable development advocacy and educational organisations, and consumer associations.

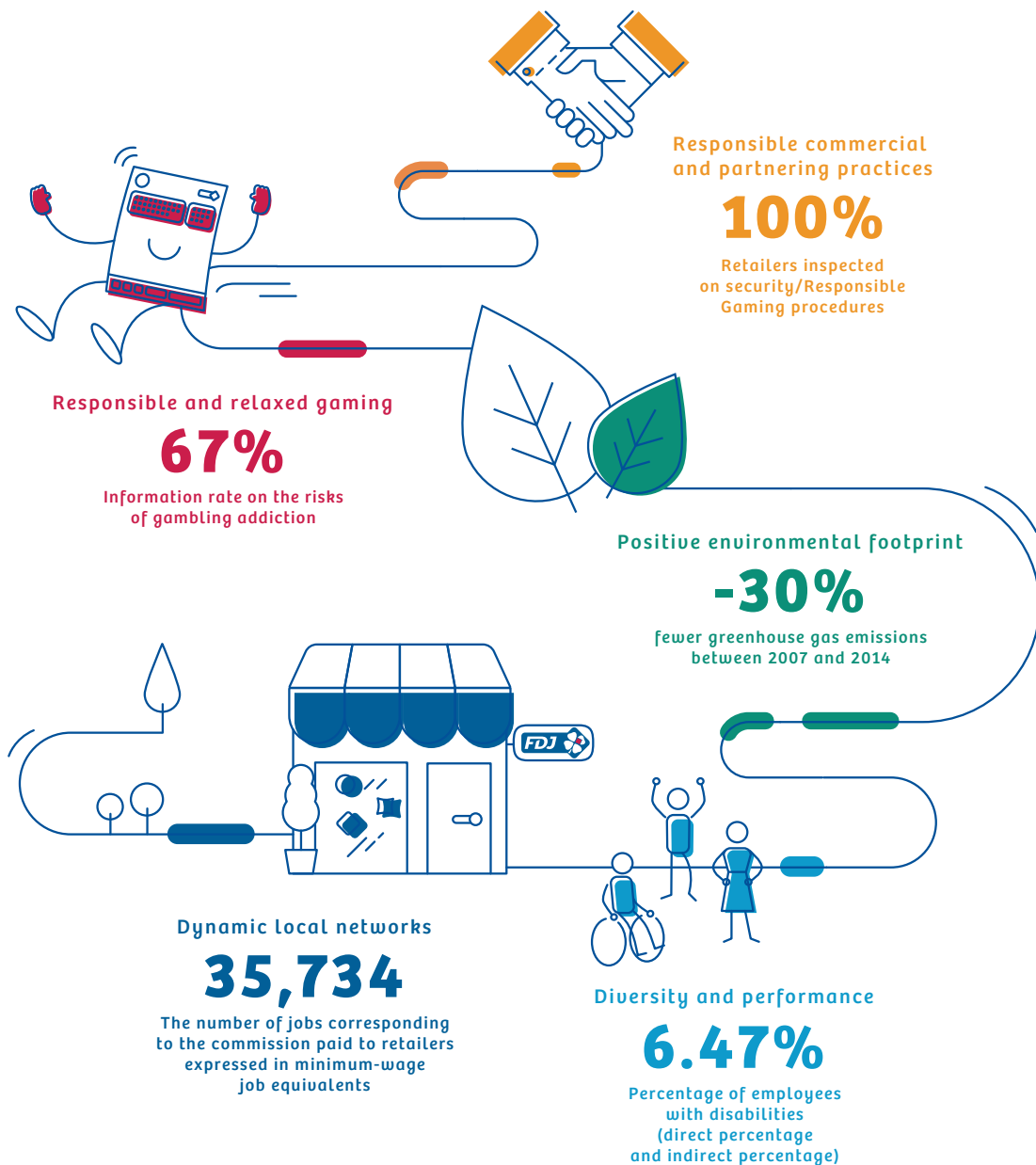
In 2015, the issues examined in the Social Laboratory were underage gaming, responsible communication and the role of FDJ in France’s regions.

4.1.3. Performance measurement

FDJ has been voluntarily publishing a CSR report with performance indicators since 2008. Since 2010, FDJ has also commissioned an external third party to verify the information published, in anticipation of implementation of Article 225 of the Grenelle II Act. The indicators presented reflect FDJ's CSR performance and chart progress from the previous year. The CSR report has been included in the financial report since 2012. 2015 CSR reporting is presented later in this document.

4.1.4. 2015 CSR performance in 5 key indicators

Based on FDJ's CSR objectives, the following graphic summarises the 5 main indicators of its CSR performance. These indicators reflect the significant CSR objectives relevant to the company's operations. The 5 CSR objectives are defined to facilitate inclusion of stakeholders and reporting back to them on actions implemented.



These results' commentaries are presented in the following page.



- Informing players on the risks of problem gambling is an important component of FDJ's Responsible Gaming policy. FDJ has therefore set an objective of giving customers all the necessary information to make informed choices, and especially in terms of gaming practices. Player perceptions of the information given on the risk of gambling addiction is measured each year. The percentage is calculated from a sample of people familiar with the FDJ brand and who answered the following survey question, "Would you say that the following statement about FDJ is accurate or inaccurate: FDJ is a company that keeps the public well informed about the risks of gambling addiction?" The response rate (67%) is a good result, remaining stable compared with previous years.



- Retailers are a major stakeholder in the FDJ ecosystem and play an essential role in promoting the company's gaming model. Points of sale are therefore inspected each year to check compliance with security and Responsible Gaming procedures. Since 2014, each point of sale has been inspected at least once a year. In 2015, FDJ conducted just under 32,000 point-of-sale inspections in mainland France and its overseas territories. As a result, practically all of the network has been checked for compliance with behavioural, commercial, contractual and regulatory criteria.



- The commission paid to retailers can be converted into a "number of jobs" equivalent. Through its point-of-sale network, FDJ helps to create jobs in France's regions. In 2015, FDJ paid €687.7 million in commissions to retailers, the equivalent of more than 35,700 jobs paid at the legal minimum wage (this measurement expresses an equivalence in legal minimum-wage jobs charged). This figure is up 7.0% from 2014. The principal reason for this change is explained by the increase in stakes received.



- FDJ is mindful of not only its players and retailers but also its impact on the environment. Actions implemented since 2008 have resulted in a 30% drop in greenhouse gas emissions over an expanded scope (from facilities to points of sale). This reduction was achieved by decreasing the energy consumption of facilities and optimising travel.



- Employee diversity is the component of FDJ's policy dedicated to internal stakeholders. For the third consecutive year, the disabled employment rate in 2015 was over 6%. Since the introduction of its Diversity policy, this percentage has increased from 2.6% in 2009 to 6.47% in 2015. The company was awarded AFNOR Diversity certification in recognition of this policy in 2013.

4.2. 2015 CSR HIGHLIGHTS

The 5 key indicators mentioned above together with most significant events and actions occurring in 2015 are further examined by objective and then by theme in the rest of this section.



4.2.1. “Responsible And Relaxed Gaming” Objective

The Responsible Gaming policy is the FDJ Group’s most important CSR objective, and the founding principle of its gaming model and of the trust of its 26.3 million players. Its aim is to promote a recreational gaming model guaranteeing a relaxed, entertaining and secure experience for its players.

The central tenet of FDJ’s Responsible and Relaxed Gaming policy is based on this observation: gaming is a pleasure for the great majority of players and should remain so. However, in

some cases, gaming can become problematic. FDJ has therefore paid close attention to the results of the second national ODJ/INPES/OFDT survey on the gaming practices of the French public published in April 2015. According to the study, the activity of gaming is “increasing significantly”. While the proportion of problem players has remained stable, the number of moderate-risk players is rising⁽¹¹⁾. The same study also reveals “the real involvement of underage players” despite the ban on their gaming.

At the request of civil society, FDJ has also undertaken a study in collaboration with scientific experts on the issue of minors and gaming. The results of this study provide guidance on a preventive approach targeting this group⁽¹²⁾.

(11) The ODJ/INPES/OFDT survey revealed that 1.2 million French people are considered problem players (i.e. 2.7% of the general population) broken down into 2.2% moderate-risk players (1 million people) and 0.5% problem gamblers (200,000 people).

(12) “Minors, Young Adults and Gaming”, published by Institut ABC+ between December 2014 and April 2015.

A variety of mechanisms have been introduced to combat these risks. Since 2006, FDJ has presented an annual Responsible Gaming action plan accompanied by its gaming and commercial activities programme to the Commission Consultative des Jeux sous droits EXclusifs (committee on gaming and betting under exclusive rights - COJEX) and the French Ministry of Finance (regulator). As part of the new 2020 strategic plan, FDJ has introduced a new working methodology designed in particular to tackle the challenges raised by development of its online business. The latter can of course be a source of new risk but it also offers numerous opportunities to provide better support for the gaming practices of the French public.

FDJ's proven expertise in Responsible Gaming and addiction control has made it a benchmark international operator. In December 2012, AFNOR renewed the company's certification of compliance with the Responsible Gaming standards of The European Lotteries association, giving it the highest possible mark. The full recertification audit conducted in December 2015 confirmed this high result with 100% compliance.

4.2.1.1. Developing a prevention ethic

With the assistance of the Institut de Recherche et d'Enseignement des Maladies Addictives (addiction research and teaching institute - IREMA), FDJ has defined the framework for a watertight "prevention ethic" to guide its Responsible Gaming policy.

To this end, the company declares links with supported organisations to ensure they are not perceived as potential sources of conflicts of interest.

It is also endeavouring to introduce a structured system for managing atypical behaviours⁽¹³⁾ through pilot risk and harm reduction operations run with the assistance of the Pôle Discrimination, Violence, Santé (discrimination, violence and health unit - DVS) of the Ligue Française de Santé Mentale (French league for mental health - LFSM) and Société d'Entraide et d'Action Psychologique (addiction support society - SEDAP) in order to support a number of voluntary retailers dealing with problem players. In 2016, these will be complemented by a social intermediation project involving young people working for the French national volunteer service. Specially trained and supervised young adults will offer a mobile assistance service to a number of voluntary retailers, identifying and guiding vulnerable players towards support organisations. The project is led by Fédération Addiction, the DVS Unit of the LFSM, the national volunteer service agency and four workers from Centres de Soins, d'Accompagnement et de Prévention en Addictologie (addiction care, support and prevention centres - CSAPA) who are responsible for inducting the volunteers.

4.2.1.2. Developing the product offering

To minimise risk, respond to changes in society and its own strategic ambitions, particularly in terms of online gaming, FDJ has improved its in-house offering design process. A more collaborative, agile mechanism has been created that enables constant interaction with the company's stakeholders.

FDJ rolls out its innovations through an authorisation process based on the decisions of the regulator (State) consisting of: a time-limited experimentation phase, shared assessment with the regulator based on player behaviour indicators, adjustment of certain game parameters if necessary, and a request for a permanent and fully completed version of the game to be shared by stakeholders.

By way of example, to enhance the recreational nature of the game Amigo, FDJ has modified some of its features. Its rollout started in July 2015 and is dependent on three changes:

- modification of the Amigo Live loop played on point-of-sale screens to strengthen the Responsible Gaming message (from January 2016);
- overhaul of the Amigo point-of-sale network to target a greater number of recreational players (from January 2016);
- and removal of the gaming possibilities least used by recreational players (at the end of 2016).

These design changes will ensure that the Amigo game attracts more recreational players.

Since 2012, requests sent to the Ministry of Finance to launch new games or relaunch existing games systematically incorporate the results of the Offering Risk Prevention matrix (Serenigame®).

(13) Atypical behaviour is the detection by FDJ of a significant and rapid increase in stakes over a given range, either in a point of sale or on the Internet.

4.2.1.3. Preventing problem gambling and underage play

The company has included four commitments in the 2015-2020 strategic plan to prevent problem gambling and underage play. These are set out in the 2015-2016 Responsible Gaming action plan:

1. Adapting the approach of its gaming moderators (or restrictions) to development of an online offer

The law on online gaming requires every player to set themselves limits before placing any stakes. FDJ currently goes beyond the law and imposes limits for players by game range. Following a study on player expectations, moderators will be encouraged to gradually switch from a range-based view to a player-based view as FDJ believes this is the best way to offer better protection to players.

2. Improving knowledge of player behaviours

Playscan has been operational since 2009 and is a tool used to analyse online player behaviour. A new version was rolled out in July 2015. This introduces a new “self-test” and allows more detailed diagnostics than the previous version (increasing the risk levels from 3 to 6). It also has the effect of personalising the relationships with the player.

3. Continuing to provide information to educate and prevent underage play and problem gambling

During the FDJ-NRJ12 2015 summer roadshow attended by several hundred thousand people, a prevention area known as the “Espace malin” (Smart Space) was set up in partnership with the charities SOS Joueurs and e-Enfance. The objective was to inform the general public about different forms of gaming and regulation, influential factors in problem gambling, and Internet best practices.

Using lessons learnt from the 2014 FIFA World Cup, FDJ also ran operations to prevent underage gaming at the Rugby World Cup in September 2015. These will be continued for the UEFA Euro competition in June 2016. A logo block with the words “Le sport on le vit, le pari on oublie” (Sport is For Playing, Not Betting) was shown on all promotional posters, and a tool to help retailers refuse sales to minors was provided.

During the 2014 FIFA World Cup, FDJ also broadcast a good-natured and humorous video on social media targeting the friends and families of minors. Featuring Bixente Lizarazu, a former France international and World Cup winner to encourage appropriation of the message, it depicted a retailer explaining the ban on underage sports betting to a teenager. FDJ intends to repeat this initiative at UEFA EURO 2016™, increasing its visibility further following this successful experiment. It also plans to implement a similar communication campaign in conjunction with its illiko® scratchcard range.

4. Scaling up Responsible Gaming training for employees and the sales network

FDJ has been training its employees in Responsible Gaming for many years. A first-level course is intended for all employees. It covers the risks associated with all forms of gambling and the company's Responsible Gaming policy. FDJ is aiming to update and digitise the content and incorporate it into a COOC module (Corporate Online Open Course) by July 2016. The second-level course is intended for people in direct contact with players. It explores the psychology of problem gamblers to understand their motivations. The training content is about to be updated with the assistance of charity SOS Joueurs. The company also helps retailers minimise the risk of underage gaming and problem gambling. For example, in 2015, it expanded the Responsible Gaming page of its magazine “Profession Jeux”, featuring expert advice on how to facilitate dialogue between retailers and minors and customers in difficulty. During the Rugby World Cup, FDJ also distributed a Best Practices Guide to 1000 retailers to help them construct arguments and more effectively prevent underage gaming and problem gambling.

Also of note is the fact that retailers, following implementation of the Responsible Gaming Bonus scheme, achieved a compliance rate of 71.7% in 2015 (compared with 72.2% in 2014).

4.2.1.4. Promoting production and dissemination of Responsible Gaming knowledge, and supporting organisations assisting players in difficulty

FDJ's policy is to adopt a global approach, developing research in human and social sciences to promote studies on the subject of gaming in its diverse forms. At the same time, risky and addictive behaviours are now considered to be issues of social concern.

In 2015, FDJ disbursed just over €1 million to all of its Responsible Gaming partnerships. This represents an increase of 66% since 2010. It is allocated as follows: 9% on prevention of underage gaming, 17% on prevention of problem gambling, 38% on assistance for vulnerable groups, and 36% on knowledge production and dissemination.

For example, in 2015 FDJ continued its partnerships, both with organisations assisting and supporting vulnerable people (SOS Joueurs, CRESUS, e-Enfance, École des Parents et des Éducateurs, the French Red Cross and Secours Populaire), and those involved in research and dissemination of knowledge (Centre de Référence du Jeu Excessif (problem gambling centre) in the Institut Fédératif des Addictions Comportementales (behavioural addictions institute), a Scientific Interest Group involving three universities: Paris-Nanterre-La Défense, Paris-Descartes and Paris XIII).

In 2015, FDJ funded the launch of a school prevention programme “Bien Jouer” (Play Well). The project is led by SEDAP and has received the support of the Mission Interministérielle de Lutte contre les Drogues et les Conduites Addictives (interdepartmental mission to combat drugs and addictive behaviours - MILDECA). Its aim is to roll out a preventive educational test on gaming to teenagers aged 12 to 18, based on the Québec programme “Bien Joué !” (Well Played!).

4.2.1.5. Inspecting the FDJ point-of-sale network

In 2015, network inspectors carried out just under 32,000 point-of-sale inspections in mainland France and overseas territories (French Antilles, French Guiana and Reunion). They featured both random and targeted inspections, the objective being to ensure point-of-sale compliance with behavioural, commercial, contractual and regulatory criteria.

More information on point-of-sale inspections is provided in the section on commercial and partnering practices.

4.2.1.6. Combatting money laundering

In terms of anti-money laundering measures, in addition to implementing the due diligence obligations required by law and under the guidelines set by regulators (Autorité de Régulation des Jeux en Ligne (online gaming regulator - ARJEL) and the Service Central des Courses et Jeux (national police force gaming unit), FDJ implemented the anti-money laundering action plan validated by the French Ministry of Finance. It is also closely monitored drafting of the future directive on preventing use of the financial system for money laundering and financing of terrorism (AML/CFT), known as the Fourth Money Laundering Directive, which will define future standards in terms of obligation.

For 2015, the main components of the strategic plan presented to COJEX were designed to improve knowledge of players and retailers.

Regarding knowledge of retailers, the aim is to understand them better in terms of money-laundering risk, and most importantly, to train them in money laundering due diligence. Specific training materials were created in 2015 for this purpose. A training plan for the largest “sports betting” retailers was launched to raise awareness before Euro 2016 using a film made with TRACFIN.

Regarding knowledge of players, measurement indicators on atypical potential stakes were defined.

4.2.1.7. Supporting big winners

Support for FDJ players winning more than €500,000 was given to 309 people in 2015 (compared with 211 in 2014). The services offered by FDJ are designed to support winners and minimise the stress of experiencing this sudden life-changing event. From €500,000 upwards, winners visit FDJ to receive their winnings and are given an educational booklet on best practices and ways of dealing with their new situation.

For winners⁽¹⁴⁾ of more than €1 million, group events are also offered. These can take a variety of forms: information workshops on finance and taxation, discussion days on the post-win period, and winner outings to discover new worlds and experiences. These events offer opportunities for sharing, discussion and making friends, allowing big winners to create connections with each other. In 2015, our support events were attended by 200 major winners.

4.2.1.8. Systematically illustrating and communicating on FDJ’S redistribution model

In early 2015, FDJ launched its new brand tagline “Any day could be your lucky day”. This now appears on all FDJ communications. In addition to the promised winnings of its commercial brands, FDJ also strives to show other aspects of the company, its social commitments and redistribution model.

Two TV films have been broadcast. They describe the FDJ redistribution model and the benefits of playing. The first film features the “visible” benefits of gaming – the fun of playing, a benefit perceived by players who are indulging in their passion and sharing emotions through gaming in all its forms. The second film depicts the hidden benefits of FDJ gaming which are much less familiar to the public – the virtuous model of redistributing player stakes to fund sport for all, charities and sports facilities (financing of the Centre national pour le développement du sport - national sport development centre - CNDS).

(14) This is the basis of the Euro Millions – My Million game, the new format of which automatically results in two €1 million winners each week.



CSR Information



4.2.2. “Responsible commercial and partnering practices” objective

The company’s CSR policy on relations with its partners, and especially economic relations, aims to foster responsible and sustainable commercial and partnering practices: FDJ is committed to improving the economic performance and “CSR profile” of its distribution network, sports partnerships and suppliers, both by stepping up what it expects of them in terms of CSR, and by setting the best possible example in its relationships with them.

4.2.2.1. Involving the distribution network in the Group’s CSR process – Responsible Gaming policy in points of sale

In 2015, FDJ increased the support given to its distribution network (retailers and salesforce) to apply the Group’s Responsible Gaming policy. A concrete outcome of this policy was the permanent introduction of the “Responsible Gaming Bonus” which entitles each retailer to additional remuneration of 0.2% when the criteria negotiated with professional organisations are complied with. The objective is to ensure point-of-sale compliance with behavioural, commercial, contractual and regulatory criteria.

These criteria are as follows:

- visibility of the results screen;
- correct operation of the receipt checker;
- return of losing game receipts/tickets;
- availability of the Responsible Gaming brochure;
- presence of underage gaming stickers/point-of-sale furniture poster;
- new underage gaming poster;
- no gaming sales or payments to minors;
- no selling of expired tickets.

In addition, as in 2014, FDJ put a suitable mechanism in place to control the risk of money laundering, fraud and corruption in order to ensure Responsible Gaming, in particular on sports betting.

In practical terms, on the basis of alerts and internal data, inspectors carry out checks to clarify this information. FDJ also conducts regular reviews with professional organisations to communicate results observed and discuss any new mechanisms implemented.

4.2.2.2. Involving the distribution network in the Group's CSR process – Accessibility in points of sale

Efforts to improve accessibility are a natural extension of FDJ's commitment to support people with disabilities. The company is in fact the heir of the National Lottery created in 1933 to help the war wounded, and is therefore keen to contribute to the current movement promoting greater inclusion of people with disabilities.

Rollout of a new generation of furniture

2015 was marked by the first phase in the rollout of a new generation of furniture in 205 points of sale. This new generation has been specially designed to facilitate access for the disabled (height of the change tray and writing board, playslip accessibility, counter identification, etc.). The till area and self-service area have also been certified compliant with current accessibility legislation. By the end of 2016, 2,400 additional points of sale will be equipped with the new generation of furniture. Compliance requests will be treated on an ad hoc basis using the eligibility criteria selected for the 2015 accessibility panel. By the end of 2018, 14,000 terminals will be deployed in the network, equivalent to 60% of the total number of points of sale, representing an estimated 80% of FDJ sales.

Raising retailer awareness of accessibility issues for people with disabilities

FDJ also introduced a variety of initiatives in 2015 to inform retailers of new legislation and raise awareness of accessibility for disabled people.

In collaboration with the organisation "Encore", a stand dedicated to accessibility for people with disabilities was set up for visitors to the newsagent trade fair (Expopresse/March 2015). At the same time, FDJ implemented a programme to raise retailer awareness by offering educational sessions on disabled access as part of the training delivered on its new gaming terminal. All of these initiatives and information on the issue provided in the "Profession Jeux" magazine have played a significant role in keeping retailers up-to-date with new legislation. A retailer survey conducted in August 2015 revealed that FDJ was their primary source of information on the new legislation (55%) ahead of trade bodies (52%), CCIs (45%), the government (44%), media (40%) and local councils (31%). In 2016, FDJ will continue this work with an awareness-raising initiative for 2500 scratchcard retailers as part of the training on the new gaming terminal, thus achieving a figure of 25,000 retailers in receipt of information on accessibility issues.

4.2.2.3. Adapting a consistent approach to commercial communications

Analysis was carried out over 2015 to ensure better adaptation of communication to players.

4.2.2.4 Strengthening the responsible procurement policy

In late 2015, FDJ updated its responsible procurement policy at Group level, through which connections are made between the company's CSR policy, its objectives and procurement operations.

Procurement risk mapping (which includes CSR risks) is updated annually, with particular attention paid to social risks related to any production of promotional items specially manufactured for FDJ in so-called "at risk" countries. In 2015, 98% (or more than €1 million) of the promotional items custom-made for FDJ were produced in factories covered by social audits or in receipt of SA8000 certification.

Each year, FDJ analyses its procurement-related economic footprint to monitor changes in the percentage of purchases made in France and those made from small and medium-sized businesses. The 2015 analysis revealed that 90% of purchases (in value and volume) are made from and by suppliers in France, of which 73% are SMEs. The 2015 analysis was used to produce mapping of active FDJ suppliers in France together with the purchase amount. This shows that FDJ contributed to the economic development of the following regions: Île-de-France, Auvergne-Rhône-Alpes and Provence-Alpes-Côte d'Azur.

"Socially responsible" purchases (around €500,000) were made from ESAT, an organisation supporting disabled people who are unable to work in ordinary environments or sheltered workshops.

The commitments supported through signature of the "Responsible Supplier Relations Charter" are currently being implemented at 16 suppliers in the point-of-sale advertising procurement group.

In 2016, FDJ will analyse the results of its internal customer and supplier satisfaction survey, formalise a mediation procedure, and define procedures for evaluating the social and environmental performance of suppliers.

4.2.2.5. Incorporating CSR accountability into sports partnerships

Creating a CSR benchmark applied to sports organisations

Throughout 2015, FDJ worked in collaboration with the French National Olympic and Sports Committee (CNOSF) to set up an organisational social responsibility (OSR) benchmark applicable to sport. Twelve working meetings attended by FDJ, CNOSF, the Centre de Droit et d'Économie du Sport (sports law and economics centre - CDES) and experts were held to produce a version of standard ISO 26000 adapted to sport. In 2016, FDJ will test the sport benchmark on its cycling team and other partners.

Continuing the “three in one” approach with sports partners

FDJ also continued to pursue its “three in one” philosophy in its sports partnerships (marketing, integrity and society). In addition to a traditional marketing component, FDJ requires its partners to educate their audiences (athletes, coaches, agents, etc.) on the risks of corruption in sport.

This approach is complemented by a social action programme led by the FDJ Corporate Foundation which aims to encourage mass participation in sport. The scheme applies to the federations, leagues and sports teams supported by FDJ: the French rugby, handball, basketball and volleyball federations, the Professional Football League, the French National Olympic and Sports Committee and the FDJ cycling team.

Notable initiatives targeting athletes and trainers include:

- benchmark integrity training courses delivered to the Professional Football League and National Handball League;
- training courses delivered to professional athletes and training centres (OM, OGC Nice, OL, Reims);
- creation of an educational mobile app with the French Federation of Handball and National Handball League (implementation underway for basketball);
- integrity training courses with the men’s and women’s French basketball teams and trainers of the French Federation of Basketball;
- a referee and delegate training course with the French Federation of Handball and National Handball League.

Promoting women’s sport

In 2016, FDJ has committed to supporting women’s sport. A dedicated committee consisting of sports personalities is working to increase the presence of women on management bodies and promote media coverage of women’s sport.

4.2.2.6. Zero tolerance of positive drug tests in the FDJ cycling team

FDJ has sponsored an international cycling team for the past 19 years. Managed entirely by a subsidiary, Société de Gestion l’Échappée, it embodies the company’s commitment to sports partnerships. In addition to its reputation, sports performance and community work through initiatives carried out with the FDJ Corporate Foundation, the cycling team is best known and recognised for its longstanding anti-doping commitment and training of young riders. Introduced in 1998, the company’s position on responsible sponsorship is formalised through rigorous awareness-raising initiatives for all team members (riders and personnel). This requirement is also included in the employment contracts of racing cyclists and its breach is grounds for disciplinary dismissal. In the sponsorship contract between the cycling team and FDJ, it is stipulated that a case of organised doping in the team can result in termination of sponsorship. This culture, which dates back 18 years, is now shared by all team members and is a “trademark” of the team. In addition, the general manager, sports directors and doctor have no financial interests in the results of the team.

In 2015, the principal initiatives undertaken consisted of:

- Optimising use of a data sharing platform by the whole team: in 2012, at the suggestion of its trainers, the FDJ cycling team set up an interactive platform for better monitoring of cyclist training. It allows daily monitoring of the activity of the cyclists who use it. By combining the Performance Record Profile developed by Frédéric Grappe (Director of the FDJ cycling team’s Performance Centre) and all cyclist data available from the platform, it can be used to detect any anomaly arising from misconduct. In 2015, 86% of cyclists used the platform on a daily basis. The benefits offered by the cycling team’s data sharing platform inspired the UCI’s recommendations requiring professional cycling teams to adopt such a mechanism. An improved version of the platform is currently being finalised in the FDJ cycling team. It will offer an expanded range of functions covering all aspects of relevance to a cycling team, from support to training as well as communications, logistics and medical matters.
- auditing organisation of the team’s medical setup by the Lausanne Institute (ISSUL): in compliance with new rules drawn up by the UCI governing allocation of a “World Tour” licence in 2017, FDJ commissioned an audit of its medical setup. The aim was to identify strengths and areas for improvement in the current system so that any reforms necessary would be in place by 2017;
- producing a quarterly “no-show” report: “no-shows” occur when riders in cycling teams breach the obligation to be in a certain time and place for doping tests. The “no-shows” report can be used to monitor the professionalism of riders in relation to this rule. In 2015, no “no-shows” were recorded in the FDJ team;
- working to raise cycling team awareness: each year, at the meeting marking the start of preparations for the following season, FDJ convenes all members of the cycling team (riders and coaching staff) to re-explain the philosophy promoted by the company. The principle of zero tolerance of doping and the serious consequences in the event of individual or organised doping are systematically mentioned at this event.



4.2.3. “Dynamic local networks” objective

The Group’s CSR policy on “dynamic local networks” is designed to promote the economic and social health of local regions.

The company has always supported local businesses through its operations. 31,900 points of sale in 11,500 French communes distribute its gaming offering. A total of €687.7 million was paid to retailers in commission in 2015, corresponding to 35,734 minimum-wage jobs.

FDJ is currently seeking to develop dialogue with local stakeholders to benefit France’s regions. The objective is to contribute to the development of local projects through a process of co-construction and focus some of its Corporate Foundation work on creating social ties and dynamic regions. FDJ is also investing in socially responsible funds (SRI).

The strategic actions associated with this issue are specifically aimed at supporting retailers in their role as important players in local economic and social life.

This commitment is embodied in actions taken by the FDJ Corporate Foundation such as the initiative “Détailants solidaires” (Socially Responsible Retailers), and the programme to help retailers make their establishments more disabled-friendly.

4.2.3.1. FDJ Corporate Foundation

In 2015, the FDJ Corporate Foundation continued its philanthropic initiatives for and by sport with sports associations and federations. The FDJ Corporate Foundation budget totalled €3.6 million, distributed between community causes (49%), disability groups (25%), elite sport (21%) and operating costs (5%). 120 projects were supported in total.

Community support

The FDJ Corporate Foundation continued its support for major national charities:

- The French Red Cross and its “Tous en Fête !” and “Tous en Forme !” projects.
- Charity Secours Populaire Français and its “Les Oubliés du Sport” initiative during the Tour de France, as well as payment of an endowment to fund sports licences for the children of beneficiary families.

In addition to these large national charities, the majority of support provided goes to smaller organisations, most of which at local or regional level.

The FDJ Corporate Foundation extended the Socially Responsible Retailers call for projects initiated in 2013. Retailers in the FDJ network are invited to present the project of a local charity that they support or would like to support. 15 winners determined by a jury receive a grant of €2000.

A budget of €150,000 is set aside for responding to one-off requests for support from charities, these requests being examined by a committee known as “Coup de Pouce” (Helping Hand) which includes volunteer FDJ employees. In 2015, 38 charities received grants awarded through this mechanism.

Disability

When defining the 2013-2017 action programme, disability initiatives were identified as an area for improvement. Two major projects were therefore implemented:

- A study to understand the reality of sporting practices for disabled people. The results were unveiled at the first Débats du Sport Solidaire (Community Sport Debates) in February 2016, organised by the Foundation and the European think tank Sport and Citizenship. Action priorities were formulated by a committee of experts at the event, which it is hoped will become a regular occurrence. Some of the priorities identified will be replicated in the FDJ Corporate Foundation action programme.
- Sponsoring a mixed disabled/able-bodied crew, including disabled skipper Damien Seguin, on the Tour de France à la Voile (Sailing Tour de France). This project was an opportunity to reiterate the company’s message on changing society’s view of disability. At the same time, the charity “Des Pieds et Des Mains”, of which Damien Seguin is a member, received the support of the FDJ Corporate Foundation. In conjunction with the competition, introductions to sailing for people in wheelchairs were offered on several stages of the Tour de France using a specially equipped yacht, while an FDJ Corporate Foundation stand in the Tour “village” was used to deliver key messages on championing sporting practices for the disabled. To extend the initiative, a facility giving wheelchair users access to the sea was offered to each of the cities on the course. The FDJ Corporate Foundation is planning to renew its support for “Des Pieds et Des Mains” and will once again sponsor a disabled/able-bodied crew in the 2016 Tour de France à la Voile.

Elite sport

The Challenge programme was continued for the 24th year. Through the programme, the FDJ Corporate Foundation awards grants to 12 up-and-coming elite young athletes each year to facilitate their training conditions. It also supports them through career management training courses. 380 elite athletes have been awarded the Challenge grant. Between them they have won 133 Olympic and Paralympic medals.

Regarding French sporting federations, the aim of the FDJ Corporate Foundation is to lead the social component of partnerships established by the company, in particular with the French federations of rugby, handball and basketball.

The FDJ Corporate Foundation monitors indicators used to measure stakeholder familiarity with its initiatives and their appropriation. The results vary widely among the different “audiences” of the Foundation. Although low among opinion leaders (29%), familiarity with the FDJ Corporate Foundation is growing among retailers (46% compared with 37% in 2013), 90% of whom (compared with 79% in 2013) are able to identify at least one of its initiatives.

FDJ employees are highly supportive of these initiatives. The Foundation Community is one of the most visited sections on the corporate social network. According to an internal study, a very large majority of employees (86%) said they would be willing to get involved in initiatives proposed by the FDJ Corporate Foundation.

4.2.3.2 Increasing the network’s involvement in local life

The aim here is to support a process of commercial transformation by developing the regional presence of the FDJ Group. FDJ has set up the subsidiary FDP to manage the commercial transformation process which consists of insourcing its sales activity by taking back exclusive control of its sales sectors. Establishing FDJ as an important player in local life requires better definition of the impact of its operations on France’s regions, identification of all its stakeholders, better understanding of their expectations, and definition of communication and working methods with the different parties involved. Development of a regional presence for the company will also require training of local FDJ Group representatives and definition of the resources and degree of independence they might have to lead this initiative.

Implementation of this process must accommodate the commercial transformation currently taking place. In the meantime, FDJ plans to identify its stakeholders and more accurately define where and how it will get involved, using a number of pilot regions.

In the last quarter of 2015, several initiatives were started to better understand the local role that FDJ could play.

A meeting of the FDJ Social Laboratory was held in early November to get feedback from several civil society organisations on potential local initiatives that FDJ might lead.

4.2.3.3 Contributing to the economic health of retailers and their viability

FDJ is keen to take an even more active role in supporting local businesses through its commercial operations. Retailers have seen the commission amount paid by FDJ increase very significantly over the last few years (up 35% since 2010), mainly thanks to the rise in player stakes.

Rollout of the new gaming terminal is contributing to the economic health of retailers. It means that a moratorium approach (maintaining the last draw-game point of sale in a commune without considering its level of profitability) can now be replaced by a more economic approach, based on the reduction in the level of profitability required to open a draw-game point of sale (the new unique gaming terminal for all FDJ games now permits the introduction of draw-based games in a larger number of stores).

Deployment of 3G in points of sale and the pilot used to test pared-down furniture adapted to the needs of the smallest points of sale are also part of this philosophy aimed at perpetuating point-of-sale business using the criteria of a lower breakeven point.

100% of draw-game points of sale were equipped with the new optical reader terminal on 31 December 2015. This objective was one of the company's 2015 CSR priorities.

In 2016, the aim will be to continue deployment of the new terminal in scratchcard points of sale and to continue the pared-down furniture pilot until the end of June.

4.2.3.4 Socially responsible investment

The company has been placing a proportion of its investments in socially responsible investments (SRIs) since 2011. In 2015, 15% of investments managed via UCITS (Undertakings for Collective Investment in Transferable Securities) were placed in SRI funds. FDJ invests in UCITS which lend money to bank counterparties or companies with good non-financial ratings. The proportion of SRI investments in 2016 is expected to be 16%.



Illustration of a WWF project supported by the game "Solidaires pour un monde meilleur". In the Surinamese Amerindian village of Tepu, inhabitants are actively involved in defining a new protected area on their land (©Laurens Gomes/WWF).



4.2.4. "Positive environmental footprint" objective

The environmental component of the company's CSR policy focuses on innovation to establish a positive environmental footprint. FDJ is reducing its environmental footprint (at points of sale, facilities and events) by minimising logistics flows and consumption of non-renewable resources, and by gradually implementing a paperless office policy. FDJ is committed to recycling and/or whenever possible ensuring end-of-life products, equipment and communication materials are reused. 2015 was also marked by FDJ's third Bilan Carbone™ (carbon accounting exercise) and by the launch of the game "Solidaires pour un monde meilleur".

4.2.4.1 FDJ's Bilan Carbone™

FDJ has been committed to reducing its environmental footprint across all of its operations, facilities and points of sale since 2007. FDJ has implemented numerous initiatives to limit its carbon footprint, from facilities to points of sale: unused scratchcards are recycled; the heat produced by its datacentre is recovered to heat company premises; since 2012, all gaming materials have been printed on paper from sustainably managed forests (FSC); end-of-life gaming terminals are now recycled; the lighting system of the play zone has been dispensed with, and new FDJ signs have an LED

lighting system which lasts longer, reduces maintenance operations and therefore travel.

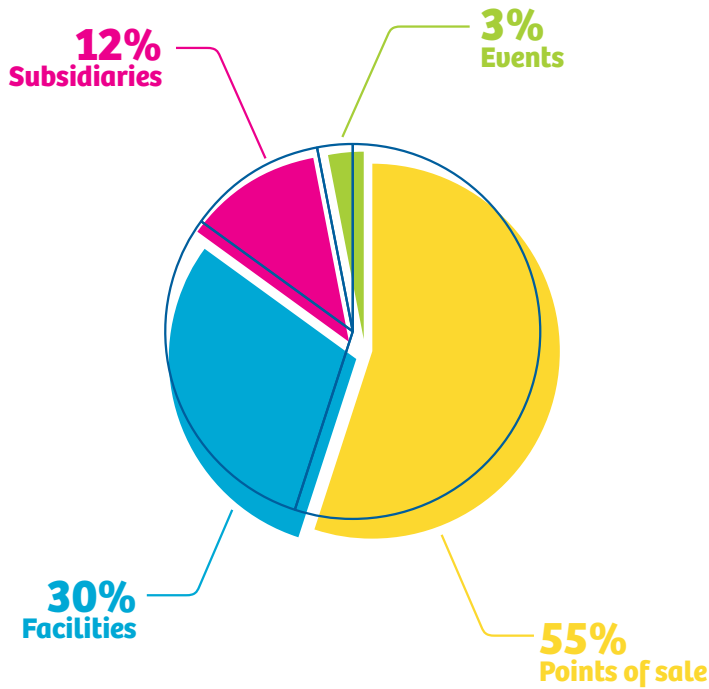
In 2015, FDJ commissioned its third carbon accounting exercise (after 2007 and 2011). In eight years, greenhouse gas (GHG) emissions have been reduced by 30%, dropping from a total of 40,000 to 27,000 tonnes of CO₂ emitted (equivalent scope), while over the same period the business grew by around 30%. For the measurement produced in 2015 taken over the year 2014, FDJ adopted a Group-wide approach, incorporating the GHG emissions of its subsidiaries. Total GHG emissions of 31,050 tonnes CO₂ equivalent were recorded.

The latest carbon accounting analysis has allowed the company to identify the breakdown of CO₂ emissions by type of activity (cf. diagram overleaf). FDJ has also been able to identify which items emit the most carbon: gaming materials (playslips, tickets and receipts) account for one third of emissions, or 9,000 tonnes, followed by employee travel (home-work journeys + business travel), with sales network travel representing 7,000 tonnes CO₂ equivalent.

Following the carbon accounting exercise, discussions were held with the business lines concerned to draw up an action plan to reduce GHG emissions. The plan focuses primarily on the most polluting items in company facilities and points of sale. The action plan has a target date of 2020, making it consistent with the objectives of the company's strategic plan. FDJ has set a 2020 GHG emissions reduction target of 10% from the 2014 figure.



BREAKDOWN OF FDJ GREENHOUSE GAS EMISSIONS BY TYPE OF ACTIVITY IN 2014



4.2.4.2. Recycling initiatives in points of sale

FDJ technical equipment

Following the rollout of the new Neptune gaming terminal between 2014 and 2016, around 23,000 old Quartz terminals have been recycled. Under the terms of the contract offer, 94% of terminal components are recycled. 77 automated game dispensers were also recycled in 2015. In 2016, other point-of-sale equipment will be recycled, in particular old furniture which will be replaced by versions accessible to people with disabilities.

Game tickets, playslips and receipts

FDJ has introduced initiatives covering the entire life-cycle of its gaming materials (game tickets, playslips and receipts). Upstream: since 2012, tickets are printed on FSC-certified paper (paper from sustainably managed forests). Downstream: collection and recycling of gaming materials was started in 2012 by recycling all gaming materials from the FDJ warehouse (9.3 tonnes of tickets in 2015). In 2015, FDJ informed retailers and players that its scratchcards are made from 100% recyclable paper, conveying this information on the back of scratchcards with the French Triman logo which suggests disposing of the ticket in an appropriate recycling bin and also shows that the ticket is recyclable. As part of its business digitisation strategy, FDJ plans to allow players to prepare their playslips with a mobile app and then validate them in a point of sale, thus reducing paper consumption.

4.2.4.3 Working environment initiatives

In 2015, the third carbon accounting exercise recorded a 20% reduction in the CO₂ emissions of FDJ facilities. This drop is the result of various initiatives implemented over the last few years (replacement of oil boilers on the Vitrolles and Saint-Witz sites; recovery of datacentre heat on the Vitrolles site, etc.). The energy audit of FDJ sites and all of its agencies highlighted a number of actions that can be implemented to reduce energy consumption on each site, representing gains of 317 to 558 tonnes CO₂ equivalent.

A waste management procedure was introduced in 2015 as recycling is an important component of the environmental initiatives run by FDJ at its facilities. Waste is recycled on-site directly or via service providers, ensuring complete management of waste, from sorting to the end of the recycling process. Since the start of 2015, 176 tonnes of waste have already been recycled. Regarding transport, haulier contracts require compliance with the EURO 5 standard on control of CO₂ emissions. Finally, air transport to France's overseas territories and departments is limited in favour of maritime transport.

4.2.4.4 Launch of "Solidaires pour un monde meilleur"

November 2015 saw the launch of the scratchcard game "Solidaires pour un monde meilleur", instigated by a variety of stakeholders, including FDJ and civil society groups, with the support of the French authorities.

The game echoed the message of the 21st Conference of the Parties to the United Nations Framework Convention on Climate or COP21, a major event in France and of global importance for the climate, held from 30 November to 11 December 2015 in Paris. "Solidaires pour un monde meilleur" has been used to financially support concrete projects, including those already undertaken by the WWF France Foundation to combat climate change and preserve biodiversity. It represents an innovative way of contributing to the funding of environmental projects, promoting good causes and raising player and general public awareness of climate change. Players have an essential role in determining the amount awarded to WWF France: the more successful sales are, the greater the amount donated, with a potential of €2.4 million by February 2016. By the end of January 2016, the amount donated to WWF France was €2.28 million.

During the summer of 2015, an 18-person selection committee was set up to identify suitable projects for support, consisting of representatives from FDJ, the WWF France Foundation, the French Development Agency (AFD), the French Ministry of Foreign Affairs and International Development, the Union Nationale des Diffuseurs de Presse (national union of newsagents - UNDP), and personalities representing players. Projects were selected using the following criteria:

- connection with climate change and preservation of biodiversity;
- projects already started by the WWF France Foundation;
- international projects and projects in France.

FDJ wanted to ensure that some of the projects supported would be implemented on French territory. France is the only European country to have territory in the Amazon forest (French Guiana). Offering this good causes scratchcard game allows FDJ to show that the company is involved in climate and environmental issues, and that it cares about them, while also working hard to reduce its environmental impact.

The following 10 projects were approved:

1. Creation of the world's largest carbon sink in the Amazon
2. Restoration of the forests and water reserves of Grand Nouméa in New Caledonia
3. Conservation of mangroves in Madagascar
4. Mobilisation of young people through Panda Cafés (lectures and challenges aimed at students)
5. Restoration of the Camargue wetlands for adaptation to climate change
6. Protection of large cetaceans from collisions in the Pelagos Sanctuary in the Mediterranean
7. Preservation of the Rwenzori Mountains National Park in Uganda
8. Management of concessions for the preservation and restoration of ecosystems in Sumatra, Indonesia
9. Promoting access to renewable energies in Madagascar
10. Conservation of the Congo Rainforest and Basin



4.2.5. “Diversity and performance” objective

Embracing the values of community, fairness and responsibility, the actions of the FDJ Group reflect its desire to be an exemplary member of society and a pioneering company in terms of social innovation. Offering the same opportunities for self-development and professional success to all employees, based on the richness and diversity of their individual profiles, has been a key commitment of the company for many years. FDJ strives to develop quality of life at work and employability through an ambitious HR policy. At a time of increasing complexity and the digital revolution, it is essential to make employees a core focus, and allow them to take a fully active role in realising the ambitions of the FDJ Group, creating sustainable performance and honouring our social commitments.

2015 marked a new direction in policy, with the Human Resources Department being replaced by the Human Relations and Transformation Department. This reflects our belief that human beings lie at the very centre of the transformations we need to undertake, and especially the digital transformation.

4.2.5.1 An HR strategy based on collective intelligence and transformation

The company’s HR policy aims to draw on the creative potential of all employees and the diversity of talent available to us, through the development of collective intelligence. Initiatives in this area were expanded in 2015 with the development of collective intelligence workshops (ZINC[®]) devised and facilitated by employees trained in the subject, on topics such as well-being at work, gender equality, and collaborative workshops to find solutions to a complex problem that “conventional” working methods had failed to resolve.

These activities led to the design of an innovative and multidisciplinary CSR online training programme for the FDJ Group. It will be delivered in mid-2016 via a Corporate Open Online Course (COOC).

FDJ is also involved in Humaninnov, a public utility foundation promoting collective intelligence to serve regional innovation initiatives on social topics (employment and intergenerational issues) by contributing to endowment funds and skills sponsorship.

4.2.5.2 An innovative managerial policy

Since 2008, managerial policy has been based on a set of training modules for managers on various topics, including diversity and CSR. The modules are delivered to small groups of managers, and using innovative teaching techniques, are co-facilitated by a two-person team consisting of a company employee with expertise in the relevant area and an external contributor.

After identifying the main areas for progress, associated improvement actions and alignment with the 2015-2020 FDJ strategic plan, a facilitation plan organised by managerial segment will be implemented in 2016, together with the simultaneous launch of communal actions intended for all of the managerial line. These activities will be enhanced through appropriation of best practices observed in other companies. A new training course entitled “Manager à l’ère du numérique” (Managing in the Digital Era) will also be made available.

4.2.5.3 Disability employment policy of the FDJ group

Fairness and equal opportunities are a core value of the FDJ Group, whether in terms of its product offering or HR policy. All types of talent have the opportunity to join FDJ and develop their skills. Numerous initiatives have been carried out under the company’s diversity policy: changing perceptions of disability, promoting gender equality, and ensuring that all employees, regardless of social background, qualifications or age, find their niche within the company and develop their talents to the full. The diversity policy has been a proven success for the third consecutive year, with a disabled employment rate of more than 6% in 2015. The FDJ Group’s philosophy is to “contribute to the social integration of people with disabilities as an employer, gaming operator and member of society.”

In 2015, several projects were implemented, including raising awareness of disability among company doctors via deployment of the official report “Hangagés”. The company also supported its subsidiary FDP to begin collaboration with work integration social enterprises (WISE). This initiative was one of the company’s 2015 CSR priorities.

In 2016, the objectives will be to maintain FDJ’s level of excellence, and support subsidiaries in achieving the 6% target in the medium term (particularly FDP) through instigating collaboration between FDP and WISEs on outsourced distribution, and deployment of a Group-wide operation, “THANDY QUOI”, introduced to make employees aware of the benefits of declaring themselves “disabled workers”.

4.2.5.4 Gender equality in the workplace at FDJ

An in-house community has been exploring the theme of gender equality on the corporate social network since 2014. In 2015, FDJ targeted two priority themes:

- the role of women in FDJ governance, and especially management positions
- equal pay in the subsidiary FDP.

Regarding the role of women in FDJ governance, a pilot training course “Oser au féminin” (She Who Dares Wins) was devised in 2015 to give women extra support at key points in their careers. The training is available to women only, thus facilitating group discussion and exploration of the cognitive biases and social conditioning linked to women’s position in society. An FDJ company agreement on “gender equality in the workplace” has also been signed, allowing integration of a management indicator so that the proportion of women managers in 2020 will reflect the proportion of women in the company (44% in 2015).

Another example of the FDJ Group’s commitment is the participation of Stéphane Pallez, Chairwoman and Chief Executive Officer, in the “CEO Champions” initiative. Run by the Women’s Forum, it explores best practices to support representation of women in corporate governance. Stéphane Pallez has also signed a call for action to support UNESCO’s SAGA programme which aims to track the trajectory of women’s careers in technology and innovation through the introduction of relevant indicators.

In 2016, the principal objectives are to implement the resources to increase the number of women in management positions with the training module “She Who Dares Wins”, a communication campaign for employees and collaborative workshops to devise innovative initiatives to support the progress of women in management, and production of a guide on parenting.

Regarding equal pay in the subsidiary FDP, a “retroactive adjustment” budget has been incorporated this year for application from 2016. Goals for next year include measuring the discrepancy between women and men’s pay at FDP and devising a multi-year adjustment action plan.

4.2.5.5 Background diversity

Fostering social diversity is also a key component of the FDJ Group's diversity policy. 2015 saw a partnership with the organisation Mozaik RH (recruitment of employees from a wide range of social backgrounds), and the launch of mentoring programme "Nos Quartiers ont des Talents" (Our Neighbourhoods Have Talent) in the FDJ Group, with 28 men and women mentors supporting young people to find jobs.

Both these partnerships will be pursued in 2016, together with the introduction of tests for young graduates and apprentices (prior to sourcing) to foster diversity in the choice of CVs from non-managerial applicants.

4.2.5.6 Age diversity

With more than 6% of its workforce consisting of young people on work-study programmes (apprenticeships and professional training contracts), FDJ has been rated "outstanding" (Vigeo/Diversity label). To achieve this level, FDJ took on 88 work-study employees, five of whom were recruited at the end of their contract (permanent or fixed-term), exceeding the target set under the French government's "generation contract" (objective of 45 work-study employees for 2015, of whom 10% recruited at the end of their contract). FDJ also recruited 28 trainees in 2015. Partnerships with three colleges (AMOS, SUP des RH and Web School Factory) were also established in 2015.

Regarding the company's older employee management policy, in 2016 a community dedicated to seniors and collaborative workshops will be set up to identify their expectations and needs (e.g.: reverse mentoring and support during the company's digital transformation).

4.2.5.7 From well-being at work to "living and working together better"

Until now, FDJ has been implementing a well-being at work policy, capitalising on the findings of its "Well-being at Work Unit" (OBET) consisting of 14 employees. In 2014, this process led to obtaining OHSAS 18001 certification (occupational health and safety management system) for FDJ's facilities (a demanding process requiring consultation and close collaboration with all company stakeholders).

In 2015, workshops were held to define a new vision for the FDJ group (living and working together better). In 2016, the aim will be to launch two concrete projects based on this new approach.



4.2.6. CSR multidisciplinary project

The CSR multidisciplinary project is organised via governance appropriate to achieving the five CSR objectives, and has a guiding, managing and advising remit.

Responsibilities are divided between the Sustainable Development Committee formed from the company’s Board of Directors and the company’s business lines:

- The Sustainable Development Committee met three times in 2015.
- Management bodies monitor proper implementation of the CSR policy and CSR component of strategic programmes, arbitrate on key decisions and monitor CSR macro-indicators.
- CSR targets were included in the 2015 roadmaps of managers responsible for CSR initiatives in FDJ’s different business lines.

4.2.6.1 Integrated management system (IMS)

FDJ is evolving within a highly regulated sector because of the particular nature of its business. Since 2011, FDJ has been using an integrated management system (IMS) known as SMILE which to date has combined internal control and quality components.

This integrated management system gives FDJ an organisational framework to guide the operational implementation of strategic policies and the commitments of each employee, in compliance with regulations and standards. FDJ’s integrated management system is based on 6 core pillars, of which CSR is an integral part, derived from ISO 26000⁽¹⁵⁾.

In 2015, FDJ enhanced its IMS and continued its programme of deployment, in conformity with its governance, risk and compliance process, and aligned it with the new strategy of the FDJ group. Work has also been concentrated on FDJ macro-processes (including three main families: management, business lines and support). This has resulted in production and updating of risk management plans.

(15) The IMS core pillars are “internal control” (based on the reference framework of the Financial Markets Regulator), “quality” (derived from ISO 9001), “information security” (based on ISO 27001), “sustainable development-CSR” (derived from ISO 26000), “occupational health and safety” (based on OHSAS 18001) and “ethics”.

Monitoring work conducted over the whole spectrum of benchmarks applicable to the FDJ group's integrated management system has allowed the company to anticipate changes required for compliance with the new version of ISO 9001 published in September 2015. FDJ has already obtained certification in two areas of SMILE ("managing operations to support the sales network" and "property and working environment") on the basis of this new benchmark.

Introduction of the integrated management system in the group's subsidiaries continued in 2015, the priority being FDP.

Deployment will continue in 2016, with the goal of consolidating the results already achieved, reinforcing ongoing initiatives, and expanding their scope within FDJ and its subsidiaries, thus making an effective contribution to controlling risk and improving Group performance.

4.2.6.2 CSR training by business line

To ensure proper appropriation of CSR action plans and understanding of their objectives by each of the company's business lines, a specific, tailored training plan has been delivered since 2012. The aim of each business line-based CSR training course is to allow employees to understand and integrate the CSR strategy into the missions of their line. One of the 2015 CSR priorities was to deliver a training course known as "CSR Inside" designed for sales and marketing teams. The training was attended by more than 60 employees

and managers over two sessions jointly facilitated by an external trainer and FDJ staff, and illustrated with external testimonials. The successful objective of training 60 employees was one of the company's incentive criteria for 2015.

4.2.6.3 Internal communication

As part of the CSR multidisciplinary project, raising CSR awareness among all employees is further fostered each year during Sustainable Development Week through events held on the company's different sites. In 2015, the theme of Sustainable Development Week was protection of the environment in reference to COP21. "Sustainable Development Breaks" consisting of a 45-minute meeting were organised on the 3 FDJ sites and attended by WWF France. Employees heard about the initiatives to protect biodiversity and combat climate change in projects that will be funded by FDJ through the game "Solidaires pour un monde meilleur."

A CSR community for all employees has also been created on the corporate social network. This community is a place to share information (articles, documents, videos, etc.) and exchange corporate social responsibility best practices. The forum is used to pass on important sustainable development news and increase employee awareness of CSR.

4.3. 2016 OUTLOOK

The guiding principles of FDJ's CSR strategy for 2016 have been defined in light of the company's new strategic plan for 2020, the results of its materiality analysis, and the maturity acquired in CSR over many years. FDJ's CSR policy is therefore based on a strong risk prevention component linked to Responsible Gaming and a firm commitment to continue its social initiatives.

In view of this new context, adjusting the architecture of the CSR policy was a natural and relevant step. FDJ's CSR policy will therefore now be based around 4 commitments designed to deliver benefits to each of its stakeholders. Through these commitments, FDJ is expressing a desire to work hard in the interest of all its target audiences, acting for them and with them.

In the future, FDJ will have to meet new challenges against a rapidly changing backdrop in terms of its business, consumer behaviour and social concerns.

Its mission, however, remains the same: to entertain the French public within a protective framework. FDJ will need to run its business in a way that takes account of potential new risks raised by innovations in its product offering and digitisation. This digital transformation will also be a source of opportunities to provide ever greater protection and support for its players.

Growing its business gives the company multiple opportunities to assert its role as a committed operator. FDJ will therefore step up initiatives to minimise risk, from design of its product offering (nimble internal processes, modernisation of product offering assessment tools) to support for players (playing practice management tools and information) and the sales network. FDJ also intends to strengthen its action plans to ensure better prevention of underage gaming, one of the major concerns of the company and its stakeholders. In order to offer a secure range of games, FDJ will improve knowledge of its customers to better meet their expectations and protection requirements. This process of acquiring better knowledge will involve the gradual identification of players (particularly those involved in sports betting), so as to combat fraud and money laundering, and better protect its customers and sales network. Because the integrity of its gaming operations and more generally of all FDJ business is essential, the company will also pursue ambitious targets in this area.

While risk prevention in conjunction with Responsible Gaming is a major and imperative component of its corporate social responsibility strategy, FDJ will also continue to be a committed company, unafraid to introduce new ideas. The company will therefore pursue its community initiatives through the Corporate Foundation and initiate a mechanism aimed at contributing to the economic health of France's regions in collaboration with its sales network. As a committed employer, FDJ will continue to promote diversity (of gender, age, social background and disability) as a source of richness and performance for its 1,800 employees.

Finally, being a pioneer, defending its convictions, and moving forward and collaborating ever more closely with its stakeholders, are the values the FDJ Group will adopt to drive and expand its Social Responsibility policy.

4.4. 2015 CSR REPORTING

4.4.1. 2015 indicators review

Each year, FDJ publishes a non-financial report, the aim of which is to assess and give an account of its CSR performance to stakeholders. It consists of two parts:

- A regulatory report to comply with non-financial reporting legislation applicable to FDJ in accordance with Article 225 of the Grenelle II Act. One of the statutory auditors, declared an independent third party, checks that the 29 themes required by Grenelle II are present.
- A performance report, a voluntary initiative since 2008, is used to measure performance of the CSR policy and guide its action programme. These indicators are checked by the same independent third party in order to obtain an assurance certificate.

In 2015, for the purposes of improved legibility and consistency, FDJ has grouped the two CSR reports into a single section: the regulatory report and the CSR performance report. A code has been used to distinguish between indicators that must be certified present under Grenelle II and performance indicators.

To ensure compliance with legislation requiring that the regulatory report is included in the management report, the 2015 CSR report is therefore an integral part of the management report.

FDJ performance is monitored on the basis of indicators relevant to its business. These are aligned in accordance with the implementing decree of the Grenelle II Act and with the recommendations of the GRI (Global Reporting Initiative, version G4): at the end of this document, FDJ presents two tables showing the relationship between the FDJ CSR indicators and the GRI G4 benchmark and Article 225 of the Grenelle II Act.

This year, FDJ has published 70 indicators (37 of which respond to Grenelle II). Of the 70 indicators published, 33 have been verified by the independent third party.

A reporting protocol clarifies the rules and methods for collecting, calculating, checking and consolidating information. A methodology note explaining the methods used to calculate the indicators can be found on the groupefdj.com website.

The CSR information presented in the report is published over two years (N and N-1) for the parent company (FDJ scope), and for the Group (Group scope) when this is possible. For indicators relevant only to certain subsidiaries, it was decided to assume that the Group scope was covered when all of these subsidiaries provided information. Scope exclusions are mentioned under the relevant indicators.

The Group scope adopted for 2015 consists of the parent company and all fully-consolidated subsidiaries: La Française d'Images, LotSys, La Française de Motivation, La Pacifique des Jeux, Société de Gestion de l'Échappée, FDJ Développement and FDP. Two fully-consolidated subsidiaries in the financial statements are excluded from the scope:

- Internationale des Jeux, as it is a holding company with the sole activity of holding the shares of another subsidiary consolidated using the equity method
- Laverock von Schoultz (LVS), which represents only 2% of the Group's headcount and could not be included in the scope analysed. The FDJ group will examine how this subsidiary can be gradually integrated into the scope over future years.

Consequently, the Group scope used for 2015 covers 98% of staff.

The CSR information included in the 2015 CSR report is presented in the following order: CSR multidisciplinary management, responsible and relaxed gaming, responsible commercial and partnering practices, positive environmental footprint, dynamic local networks, and diversity and performance.



CSR MULTIDISCIPLINARY MANAGEMENT

Group Scope

003 - WLA SCS (Security Control Standard) / ISO 27001 certification	2014	2015
	yes	yes

Contractually, FDJ and the nine other lotteries that operate the Euro Millions game must obtain a special licence. Securing this licence requires compliance with criteria specific to gaming and WLA (World Lottery Association) SCS certification, the latter being based on ISO 27001 certification. ISO 27001 standards cover implementation of a system to manage information security risk. FDJ has chosen to extend the scope of this certification to all of its processes. The annual certification audit was held from 5 to 9 October 2015 and WLA SCS certification, obtained for the first time in 2008, was once again awarded.

Group Scope

▲ 004 - Qualitative information on conditions for dialogue with stakeholders

FDJ has set up a forum for exchanging dialogue with civil society, known as the “Social Laboratory”. This body is a logical extension of the regular exchanges organised since 2006 between civil society organisations (CSO) and FDJ. The Social Laboratory is made up of a variety of organisations which examine the main social issues linked to FDJ’s operations. These CSOs work in the following areas: health and social welfare, prevention of gaming-related problems, alternative economic models and inequalities, sustainable development advocacy and educational organisations, and consumer associations. FDJ employees who are experts in the areas covered are also members of the Social Laboratory. For FDJ, the Social Laboratory is a way of permanently listening to the needs of civil society. It is used to inform our CSR strategy, and enhance and adjust our action plans in light of social concerns connected with certain impacts of FDJ’s operations. The issue of Responsible Gaming is a frequent subject of discussion in the Laboratory. This exchange forum also allows collective exploration of themes that are still at an embryonic stage. Three meetings were held in 2015. The first meeting of the year in March examined the theme of responsible communication. In June, the results of the study “Minors, young adults and gaming” were shared, and subgroups explored the main lessons from the study in more depth. The study, conducted by a private institute, was commissioned in response to a request made from CSOs. The aim of the Social Laboratory November session was to identify potential work on the following question: “How can FDJ meet social needs in France’s regions?”. This last meeting of the year took the form of a collective intelligence workshop facilitated by a specialist in the area who also happened to be a member of the Social Laboratory through their organisation.

FDJ Scope

011 - Number of permanent and fixed-term contract staff trained in sustainable development during the year	2014	2015
	348	340
013 - Number of permanent and fixed-term contract staff trained in sustainable development by business line characteristic during the year	97	62

FDJ is extending its commitment to sustainable development through its training offer. The company provides several training sessions for managers through “Managerial Action Plans” (MAP) which include modules on Diversity and Responsible Gaming. Other modules are MAP 1 (Managing HR Issues) for new managers, MAP 6 (Leadership), MAP 7 (Change Management) and MAP 8 (Recognition and Remuneration). FDJ is also developing specific sustainable development training adapted to some of the company’s business lines. In 2015, MAP 5 was adapted to the marketing and sales business lines. A total of 340 employees were trained in sustainable development this year, including 62 in 2015 for the marketing and sales business lines.

- Green indicators are performance indicators
- Pink indicators are regulatory indicators
- Blue triangles ▲ identify indicators that have been checked by an external third party



RESPONSIBLE AND RELAXED GAMING

Group Scope

▲ 101 - Certification under Responsible Gaming standards	2014	2015
	yes	yes

FDJ's proven expertise in Responsible Gaming and addiction control has made it a benchmark international operator. In December 2012, AFNOR renewed the company's certification of compliance with the Responsible Gaming standards of The European Lotteries association, giving it the highest possible mark. The full recertification audit conducted in December 2015 confirmed this high result with 100% compliance.

Group Scope*

▲ 102 - Sums disbursed under FDJ's Responsible Gaming partnerships during the year	2014	2015
	€816,000	€1,032,000

* Excluded: Pacifique des Jeux

The financial assistance awarded by FDJ to research (scientific and academic) and support organisations amounted to just over €1m (€1,032,000) in 2015, up 66% from 2010. FDJ pursued and consolidated the long-term links it has developed with organisations supporting vulnerable people and problem players (SOS Joueurs, CRESUS⁽¹⁶⁾, SEDAP⁽¹⁷⁾, e-Enfance, FNEPE⁽¹⁸⁾, the French Red Cross, Secours Populaire Français, etc.), and the scientific world (IFAC⁽¹⁹⁾ at Nantes University Hospital) and universities ("Gaming and Societies" SIG: it should be noted that this SIG⁽²⁰⁾ lies outside the scope of FDJ's operations). It encourages the undertaking of studies to better identify the cultural, economic and social phenomena associated with the gaming sector in general, including games of chance. In 2015, it stepped up support for science and university hospitals, awarding a philanthropic endowment to the Foundation for Medical Research, Diderot university and Fonds Actions Addictions (addiction action fund). It also facilitated knowledge sharing related to research and action on "vulnerable situations in FDJ points of sale/bars" for medical staff and social workers specialising in addiction (mainly through the assistance of the regional unions of Fédération Addiction).

2015 also saw the test and launch of risk reduction initiatives adapted to gaming and actively supported by FDJ: in FDJ points of sale, medical and social experts discussed potential strategies with volunteer retailers confronted with problem gamblers and who had been unable to resolve these situations with the tools provided.

This work will continue in 2016 through an experimental programme designed to foster cooperation between gaming venues and CSAPA⁽²¹⁾ volunteers trained in non-substance addiction working in pairs. Regarding early identification of problem gambling in schools, FDJ provided financial support to the prevention programme "Bien Jouer" run by SEDAP in conjunction with CRESUS (education on gambling and finances). MILDECA⁽²²⁾ has expressed interest in the ongoing evaluation of the programme. In a context of developing pilot risk reduction programmes adapted to gaming, and in order to refocus on FDJ's core activity, the following actions have been decided for the future:

- 1) to prioritise research and studies directly connected with gaming, through support given to addiction-related scientific disciplines
- 2) to refocus as much as possible on prevention of problem gambling and underage gaming, through partnerships targeting vulnerable people and problem gamblers (discussions in progress with the French Red Cross and FNEPE).

Finally, FDJ pays close attention to links of interest with organisations supported by the Responsible Gaming programme. To this end, and in order not to undermine them, discussions on supervisory rules and working methods were initiated in 2015: in a first step, the sponsorship agreement was reworked to clarify FDJ's mission and strengthen the independence of the "sponsoree".

(16) CRESUS: Chambre Régionale du Surendettement Social (regional social debt chamber).

(17) SEDAP: Société d'Entraide et D'Action Psychologique (addiction support society).

(18) FNEPE: Fédération Nationale des Écoles, des Parents et des Éducateurs (national federation of schools, parents and educators).

(19) IFAC: Institut de Formation, d'Animation et de Conseil (training, leadership and consultancy institute).

(20) SIG: Scientific Interest Group.

(21) CSAPA: Centres de Soins, d'Accompagnement et de Prévention en Addictologie (addiction care, support and prevention centres).

(22) MILDECA: Mission Interministérielle de Lutte contre les Drogues et les Conduites Addictives (interdepartmental mission to combat drugs and addictive behaviours).

Group Scope

▲ 103 - Qualitative information on actions to prevent corruption and money laundering

In terms of anti-money laundering measures, in addition to implementing the due diligence obligations required by law and under the guidelines set by regulators (ARJEL⁽²³⁾ and the Service Central des Courses et Jeux), FDJ implemented the anti-money laundering action plan validated by our regulatory ministry. We will of course be vigilant in complying with the provisions planned in the law resulting from the Fourth Directive on preventing use of the financial system for money laundering and financing of terrorism (AML/CFT). This confidential action plan details a series of transaction control measures related to collection of stakes, payment of winnings, payment beneficiaries and the sales network. In 2015, the main components of the strategic plan presented to the Commission Consultative des Jeux et Paris sous droits EXclusifs (COJEX) were designed to improve knowledge of players and retailers. Regarding knowledge of players, measurement indicators such as last name, first name and date of birth are required for payments of at least €200 for scratchcard games and €300 for draw-based games and sports betting. In order to learn more about retailers and thus minimise money-laundering risk, training courses on due diligence in money-laundering risk have been organised. Specific training materials were created in 2015 for this purpose. A training plan for the 500 largest “sports betting” retailers in terms of sales has been rolled out to raise awareness before UEFA EURO 2016™, during which the gaming-related intervention of TRACFIN has proved to be of key importance.

	Group Scope*	
	2014	2015
113 - Number of unique retailers inspected for security procedures during the year	99.8%	100%

* Excluded: Pacifique des Jeux.

31,886 inspections were carried out in 2015 (mainland France, French Antilles, French Guiana and Reunion). The objective of these inspections is to ensure point-of-sale compliance with commercial, contractual, regulatory and behavioural criteria. FDJ supports retailers to apply these criteria essential to ensuring their commercial growth.

	Group Scope*	
	2014	2015
▲ 114 - Percentage of retailers inspected during the year where “Which Player Are You?” brochures are available and clearly visible	96%	96%

* Excluded: Pacifique des Jeux.

The “Which Player Are You?” brochure allows players to self-assess their gaming behaviour. Large numbers of the brochure are present and clearly visible in points of sale.

	Group Scope	
	2014	2015
▲ 121 - Number of FDJ players (in millions)	26.9	26.3
▲ 123 - Average total weekly stake per player during the year (in €/week)	9.30	10.02

The number of players was calculated following an annual barometric survey conducted by market research company TNS. A sample of 5014 individuals aged 18 and over representative of the French population were questioned to identify their gaming practices. The number of players was calculated by extrapolating the results obtained over the sample to the whole population.

In 2015, a very high proportion of the French public continued to place moderate stakes, despite a slight drop in the number of Euro Millions-My Million players.

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(23) ARJEL: Autorité de Régulation des Jeux En Ligne (online gaming regulator).

131 - Number of monthly unique visitors to the Responsible Gaming tab of the fdj.fr website	Group Scope	
	2014	2015
	29,040	23,820

The number of monthly visitors to the Responsible Gaming tab dropped because of lower visitor numbers to the fdj.fr website (down 19% compared with 2014). The Responsible Gaming tab supports players in their gaming practices by providing advice and tools to assess their behaviour.

▲ 133 - Number of big winners taking advantage of the services offered by FDJ through its support programme	Group Scope*	
	2014	2015
	209	199

* Excluded: Pacifique des Jeux.

In 2015, the Winner Relations service offered 18 information sessions to big winners (vs 20 in 2014). The number of participants per session was 11 vs 9 in 2014. Winners are usually accompanied by spouses or family, creating groups of 20 people on average, which guarantees good levels of discussion. Winners of between €500,000 and €1 million are only eligible to attend workshops on finance and taxation. Winners of €1 million and over can take part in all of the workshops offered through the programme.

134 - Satisfaction rating of big winners participating in the services offered by FDJ through its support programme	Group Scope*	
	2014	2015
	96%	98%

* Excluded: Pacifique des Jeux.

A support programme is offered to big winners involving a variety of activities: information workshops, informal lunch discussions, social events and outings. 98% of participants declared themselves satisfied or very satisfied with the sessions offered (content and format). After each workshop, participants complete a satisfaction questionnaire so that the rating can be monitored.

▲ 135 - Percentage of Playscan registrations identified as green risk out of FDJ players placing stakes on the fdj.fr website over the previous 10 weeks	Group Scope*	
	2014	2015
▲ 136 - Percentage of Playscan registrations identified as orange risk out of FDJ players placing stakes on the fdj.fr website over the previous 10 weeks	N/A	96%
▲ 137 - Percentage of Playscan registrations identified as red risk out of FDJ players placing stakes on the fdj.fr website over the previous 10 weeks	N/A	3%
	N/A	1%

* Excluded: Pacifique des Jeux.

These rates are taken from Playscan software purchased off-the-shelf by FDJ, the aim of which is to assess player behaviour on the fdj.fr website. Multi-criteria analysis is used to mark a player with a colour (green, orange or red) based on their playing behaviour (stake amounts, number of stakes placed, etc.) over the previous 10 weeks. 96% of the players registered are recreational. When gaming practices result in a change of colour, the player is directly informed of this. Players marked red receive no further marketing materials. A new version of the software was rolled out in July 2015 and the results therefore relate to the second half of the year only. Figures are not available for 2014 as the software version was different at that time and the indicator is new.

▲ 138 - Effectiveness rating of FDJ communications and Responsible Gaming focus	FDJ Scope	
	2014	2015
	47%	57%

This indicator is new. The rating reflects the percentage of people polled who, from a range of possible answers, felt that “FDJ communications encourage people to play but only in moderation”. The question was included in the Marque survey run by OpinionWay market research company and asked of 2,000 people (aged 18 and over) who had seen, read or heard recent FDJ communications/advertising. The significant increase in 2015 is a reflection of FDJ’s responsible image, particularly in the area of communications.

▲ 204 - Information rate on the risks of gambling addiction	FDJ Scope	
	2014	2015
	66%	67%

The information rate on the risks of gambling addiction remained stable from 2014. This result reflects FDJ’s ongoing commitment to limit gambling addiction risk. The rating is derived from the following question: “Would you say that the following statement about FDJ is accurate or inaccurate: FDJ is a company that keeps the public well informed about the risks of gambling addiction?”. The question was included in an annual survey run by OpinionWay market research company and asked of 2,000 people aged 18 and over, and intended for people familiar with the FDJ brand.



RESPONSIBLE COMMERCIAL AND PARTNERING PRACTICES

201 - Satisfaction rating of Internet customers using Customer Services	Group Scope*	
	2014	2015
	83%	84%

* Excluded: Pacifique des Jeux.

FDJ conducts an annual satisfaction survey of Internet customers who have contacted Customer Services by telephone or email (the majority of Customer Services activity is devoted to these customers). Customers were considered satisfied if their issue was resolved and they gave a rating of 7 or over. The rating has remained stable and reflects a good level of satisfaction with Customer Services.

▲ 203 - Information rating on the chances of winning	FDJ Scope	
	2014	2015
	60%	64%

Compared with 2014, more players believe that FDJ is a company that keeps them well-informed about their chances of winning. This rating is consistent with the level of confidence respondents had in FDJ, which was also up (60% vs 57% in 2014). The rating was obtained in response to the question: “Would you say that the following information about FDJ is accurate or inaccurate: FDJ is a company that keeps the public well-informed about their chances of winning?”. The question was included in an annual survey run by OpinionWay market research company and asked of 2,000 people aged 18 and over, and intended for people familiar with the FDJ brand.

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205 - FDJ image in terms of ethics and values	FDJ Scope	
	2014	2015
	49%	53%

This rating has returned to its 2013 level. The rating is derived from the following question: "Would you say that the following statement about FDJ is accurate or inaccurate: FDJ is a company that has moral values and ethics?". The question was included in an annual survey run by OpinionWay market research company and asked of 2,000 people aged 18 and over, and intended for people familiar with the FDJ brand.

▲ 211 - Percentage of tender documents incorporating social and/or environmental criteria	FDJ Scope	
	2014	2015
	100%	100%

One of the commitments of FDJ's CSR policy is to promote responsible procurement. Since 2013, all tender documents have included at least one of the following CSR criteria: a signed supplier commitment charter, CSR data entered in the tender documents and/or a CSR clause.

▲ 214 - Percentage of sales from orders for production of promotional items placed with factories in at-risk countries and certified SA8000 or covered by a social audit	FDJ Scope	
	2014	2015
	100%	98%

Sales generated by promotional items increased in 2015 as a result of operations run around the Euro 2016 event and Amigo game. Regarding promotional items, special production runs in at-risk countries accounted for 56% of all promotional item orders. 98% of production was covered by audits, based on either SA8000 or social criteria.

▲ 216 - Qualitative information on inclusion of CSR objectives in the procurement policy	FDJ Scope	
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The Responsible Procurement policy was reviewed in 2015. Actions implemented including updating the CSR questionnaire appended to tender documents to cover social and ethical criteria. Mapping of procurement risks, including CSR risks, was also updated. A 2015 analysis of FDJ's procurement-related economic footprint revealed that out of purchases worth €374 million in 2015, 90% (in value and volume) were made from and by suppliers in France, of which 73% were SMEs. FDJ therefore contributed to the economic development of the following regions: "Île-de-France", "Auvergne-Rhône-Alpes" and "Provence-Alpes-Côte d'Azur". A project to standardise the procurement policy at Group level is planned for 2016.



DYNAMIC LOCAL NETWORKS

313 - Financial assistance given to public interest causes by the FDJ Corporate Foundation during the year	FDJ Scope	
	2014	2015
	€2,995,000	€3,414,000

The rise in expenditure in 2015 reflects the launch of several new projects and partnerships benefiting all of the causes supported by the FDJ Corporate Foundation (elite sport, community support), with a particular focus on the "Disability" cause, which in 2015 accounted for 25% of FDJ Corporate Foundation philanthropic expenditure (compared with 20% in 2014). Highlights in 2015 were the Foundation's first participation in the Tour de France à la Voile with skipper Damien Seguin, implementation of a "Sport and Disability" survey, and a partnership with the Paralympic Committee. These new projects complement the support given to a variety of partner organisations over several years.

314 - Total government levies on stakes	Group Scope	
	2014	2015
	€2,967 million	€3,038 million

The rise in government levies results from a change in the breakdown of sales by game category. Sports betting, which attracts a lower levy rate, rose, while conventional draw-based games were down slightly over the period.

315 - FDJ Corporate Foundation budget	Group Scope	
	2014	2015
	€3.076 million	€3.545 million

The FDJ Corporate Foundation budget totalled €3.545 million distributed between community causes (49%), disability groups (25%), elite sport (21%) and miscellaneous operating costs (5%). 120 projects were supported in total. The budget has grown as new projects have been added: launch of new partnerships and projects (Tour de France à la Voile, partnership with the Paralympic Committee and Clichy fencing club), launch of a survey on the sporting practices of people with disabilities and a partnership with the Sport and Citizenship think tank to set up a series of panel discussions on sport in the community (“Débats du Sport Solidaire”).

318 - Contribution to the Centre National pour le Développement du Sport (CNDS) for the year	Group Scope	
	2014	2015
	€266 million	€280 million

FDJ is the largest partner of French sport and the main source of funding for the CNDS since 2000. The 2015 contribution, calculated on the basis of stakes collected, automatically rose to €280 million (stakes were up 5.4% compared with 2014).

319 - “Elite sport” budget of the FDJ Corporate Foundation	Group Scope	
	2014	2015
	€683,000	€760,000

The budget rose this year as three projects were supported under the “Communities Challenge” initiative compared with one in 2014. The “Cycle Training” scheme was also expanded through signature of a partnership with the organisation BTWIN U19, the aim being to provide better coaching for young riders. 13 Challengers were awarded the FDJ Corporate Foundation grant (+1 vs 2014).

321 - Number of minimum-wage jobs equivalent to the commission paid to retailers	Group Scope	
	2014	2015
	33,387	35,734

In 2015, FDJ paid nearly €688 million in commission to retailers. This amount is the equivalent of almost 35,800 jobs paid at the legal minimum wage. This figure is up 7% compared with 2014 (mainly as a result of the increase in stakes collected).

Group Scope	
▲ 322 - Qualitative information on the regional, economic and social impact of operations in terms of employment and regional development	

FDJ's CSR policy on contributing to dynamic local networks is designed to promote the economic and social health of local regions. The company has always supported local businesses through its operations. 31,900 points of sale (32,700 points of sale in 2014) in 11,500 French communes distribute its gaming offering. A total of €690 million was paid to retailers in commission in 2015, corresponding to 35,800 minimum-wage jobs. This figure is up 5.4% compared with 2014, or more than €21,600 on average per point of sale.

- Green indicators are performance indicators
- Pink indicators are regulatory indicators
- Blue triangles ▲ identify indicators that have been checked by an external third party

Group Scope

▲ 323 - Qualitative information on the regional, economic and social impact of operations on neighbouring and local populations

To support the process of commercial transformation by developing the regional presence of the FDJ Group, establishing FDJ as an important player in local life requires better definition of the impact of its operations on France's regions, identification of all its stakeholders, better understanding of their expectations, and definition of communication and working methods with the different parties involved. Development of a regional presence for the company will also require training of local FDJ Group representatives and definition of the resources and degree of independence they might have to lead this initiative. In the last quarter of 2015, several initiatives were started to better understand the local role that FDJ could play. A meeting of the FDJ Social Laboratory was held in early November to get feedback from several civil society organisations on potential local initiatives that FDJ might lead. FDJ is currently seeking to develop dialogue with local stakeholders to benefit France's regions. The objective is to contribute to the development of local projects through a process of co-construction and focus some of its Corporate Foundation work on creating social ties and dynamic regions. The strategic actions associated with this issue are specifically aimed at supporting retailers in their role as important players in local economic and social life. This commitment is embodied in actions taken by the FDJ Corporate Foundation such as the initiative "Détailants solidaires" (Socially Responsible Retailers), and the programme to help retailers make their establishments more disabled-friendly. In 2015, FDJ also launched an experimental risk reduction initiative adapted to gaming. This involved medical and social experts in points of sale discussing potential strategies with volunteer retailers confronted with problem gamblers and who had been unable to resolve these situations with the tools provided. This work will continue through an innovative social intermediation initiative between gaming venues and medical and social professionals including CSAPA⁽²⁴⁾ volunteers trained in non-substance addiction. A pilot programme visiting volunteer points of sale was launched in partnership with MILDECA⁽²⁵⁾, the national volunteer service agency, the SEDAP⁽²⁶⁾ Innovation and Experimentation Unit on Problem Gambling, the Discrimination, Violence and Health unit of the Ligue Française de Santé Mentale and Fédération Addiction.

Group Scope

▲ 324 - Qualitative information on partnership and corporate philanthropy

Partnerships were set up under the company's policy to promote Responsible Gaming (see indicator 102 in the report).

In 2015, the FDJ Corporate Foundation continued to sponsor sports associations and federations in community initiatives through and for sport. The FDJ Corporate Foundation budget totalled €3.545m, distributed between community causes (49%), disability groups (25%), elite sport (21%) and operating costs (5 %). 120 projects were supported in total. The FDJ Corporate Foundation continued its support for major national charities: the French Red Cross, for the projects "Tous en Fête !" and "Tous en Forme !", charity Secours Populaire Français and its "Les Oubliés du Sport" initiative during the Tour de France, and for payment of licenses allowing children of beneficiary families to practice a sporting activity throughout the year. In terms of numbers, the majority of support provided goes to small organisations, most of which are local or regional. The FDJ Corporate Foundation extended the Socially Responsible Retailers call for projects (launched in 2013), through which it invites retailers in the FDJ network to present the project of a local charity that they support or would like to support (15 winners determined by a jury receive a grant of €2,000). A budget of €150,000 is also set aside for responding to one-off requests for support from charities. In 2015, 38 charities received grants awarded through this mechanism totalling €130,000. Participation in the Tour de France à la Voile in the summer of 2015 was an opportunity to reiterate the company's message on changing society's view of disability, the FDJ boat featuring a mixed disabled/able-bodied crew led by disabled skipper Damien Seguin. The company also supported the charity "Des Pieds et Des Mains", of which Damien Seguin is a member. The Challenge programme was continued for the 24th year. Through the programme, the FDJ Corporate Foundation awards grants to 12 up-and-coming elite young athletes each year to facilitate their training conditions. It also supports them through career management training courses. 380 elite athletes have been awarded the Challenge grant. Regarding French sporting federations, the aim of the FDJ Corporate Foundation is to lead the social component of partnerships established by the company, and it does this with the French rugby, handball and basketball federations. The FDJ Corporate Foundation also supports the French Rowing Federation, and the partnership renewed for 3 years in 2015 aims not only to support the "men's eight", women's rowing and talented young rowers up to selection for the French teams, but it has also decided to support the development of para-rowing.

(24) CSAPA: Centres de Soins, d'Accompagnement et de Prévention en Addictologie (addiction care, support and prevention centres).

(25) MILDECA: Mission Interministérielle de Lutte contre les Drogues et les Conduites Addictives (interdepartmental mission to combat drugs and addictive behaviours).

(26) SEDAP: Société d'Entraide et D'Action Psychologique (addiction support society).



POSITIVE ENVIRONMENTAL FOOTPRINT

Group Scope

▲ 401 - Qualitative information on the company's efforts to take environmental issues into account and, where appropriate, environmental assessments or certification

The environmental component of the company's CSR policy focuses on innovation to establish a positive environmental footprint. FDJ is reducing its environmental footprint (at points of sale, facilities and events) by minimising logistics flows and consumption of non-renewable resources, and by gradually implementing a paperless office policy. FDJ is committed to recycling and/or whenever possible ensuring end-of-life products, equipment and communication materials are reused. 2015 was also marked by FDJ's third Bilan Carbone™ (carbon accounting exercise) and by the launch of the game "Solidaires pour un monde meilleur", which has been used to financially support concrete projects, including those already undertaken by the WWF France Foundation to combat climate change and preserve biodiversity.

Group Scope

402 - Qualitative information on the resources devoted to preventing environmental risks and pollution, and expenditure incurred to prevent operations impacting on the environment

The tertiary nature of the FDJ Group's business does not generate pollution with significant impacts on the environment. The pollution and risk components are therefore not applicable. However, the FDJ Group continues to be vigilant, measuring its carbon footprint every three years in conjunction with action plans to reduce it.

411 - Oil consumption during the year (in L)	FDJ Scope		FDP Scope	
	2014	2015	2014	2015
	0	0	3,660	5,000

Installation of a heat pump in 2013 eliminated consumption of oil at FDJ's facilities. Only the FDP subsidiary continues to use oil. As part of a continual improvement process to extend the CSR policy to the entire Group, more and more agencies in the FDP subsidiary are increasing their consumption (60 agencies compared with 48 in 2014).

412 - Natural gas consumption during the year (in kWh)	FDJ Scope		FDP and FDJ Scope	
	2014	2015	2014	2015
	3,491,625	3,995,624	3,730,840	4,384,899

The 2014 figure has been modified following identification of a faulty meter on the Moussy site in May 2015. As in the case of the previous indicator, the change from 2014 was caused by a more significant rise in the consumption of agencies in the FDP subsidiary.

- Green indicators are performance indicators
- Pink indicators are regulatory indicators
- Blue triangles ▲ identify indicators that have been checked by an external third party

	FDJ Scope		Group Scope	
	2014	2015	2014	2015
413 - Electricity consumption during the year (in kWh)	15,402,063	14,877,078	18,767,585	18,046,970

	FDJ Scope		Group Scope	
	2014	2015	2014	2015
414 - CO ₂ emissions generated by energy consumption during the year (in kg CO ₂ eq.)	1,950,430	2,034,095	2,266,414	2,375,528

Emissions increased as a result of rising gas consumption. In addition, the emission factors for electricity in France in 2014 and 2015 were adjusted to correspond to the carbon base value v 7.2 used as source. The factor dropped from 78 to 72 g CO₂/kWh.

	Group Scope
415 - Qualitative information on changes in FDJ's Bilan Carbone™ results	

In 2015, FDJ commissioned its third carbon accounting exercise (after 2007 and 2011). In eight years, greenhouse gas emissions have been reduced by 30%, dropping from a total of 40,000 to 27,000 tonnes of CO₂ emitted (equivalent scope). For the measurement produced in 2015 taken over the year 2014, FDJ adopted a Group-wide approach, incorporating the GHG emissions of its subsidiaries. Group GHG emissions of 31,050 tonnes CO₂ equivalent were recorded.

	FDJ Scope		Group Scope	
	2014	2015	2014	2015
416 - Water consumption during the year (in m ³)	20,317	17,343	21,676	18,879

FDJ consumed less drinking water in 2015 than in 2014. Consumption remained stable for the other subsidiaries in the Group. Following a fault in the non-drinking water meter on the Vitrolles site in 2015, an estimate was based on 2014 consumption figures.

	FDJ Scope	
	2014	2015
423 - Total waste recycled in tonnes	225	79

In 2014, a major archive disposal campaign was undertaken, explaining the large volume of waste. In 2015, FDJ generated less waste. Most paper waste was recycled.

	Group Scope*
▲ 424 - Qualitative information on waste prevention, recycling and disposal measures	

* Excluded: Pacifique des Jeux, LotSys and FDJ Développement.

Several waste management initiatives have been introduced: in terms of prevention, information is regularly communicated to employees via the corporate social network (eco-friendly actions, etc.). In 2015, more than 176 tonnes of waste was recycled at the company's facilities. In addition, more than 94% of the components in end-of-life gaming terminals are recycled. In 2015, FDJ adopted a new environmental logo on the back of its tickets, the Triman, to inform retailers and players that scratchcards are recyclable. Its introduction will be extended to all gaming materials during 2016. Other measures have also been taken: "cleaning days" when employees are encouraged to dispose of waste in dedicated skips to encourage recycling, installation of a badge system on printers to reduce unnecessary printing with software used to monitor printing-related environmental statistics (CO₂ emissions, cost, etc.). As part of its business digitisation strategy, FDJ plans to allow players to prepare their playslips with a mobile app and then validate them in a point of sale.

	FDJ Scope		Group Scope*
	2014	2015	2015
443 - Journeys made by train as a percentage of all train and short-haul aircraft journeys during the year	36%	35%	48%

* Exclusion : La Française de Motivation et FDJ Développement.

The number of journeys made by train as a percentage of all train and short-haul aircraft journeys remained stable for FDJ. In 2015, the reporting scope changed with the integration of new subsidiaries, including FDP, a travel-intensive subsidiary because of its sales activity (network management).

For the record, analysis of short-haul aircraft travel (journeys that could be made by train) concerns domestic travel (excluding Corsica) and journeys to European cities such as Amsterdam, Brussels, Geneva and London.

Group Scope

452 - Qualitative information on environmental protection training and educational initiatives for employees
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To ensure proper appropriation of CSR action plans and understanding of their objectives by each of the company's business lines, a specific, tailored training plan has been delivered since 2012. The aim of each business line-based CSR training course is to allow employees to understand and integrate the CSR strategy into the missions of their line. One of the 2015 CSR priorities was to deliver a training course known as "CSR Inside" designed for sales and marketing teams. The training was attended by more than 60 employees and managers over two one-day sessions jointly facilitated by an external trainer and FDJ staff, and illustrated with external testimonials. The successful objective of training at least 60 employees was one of the company's incentive criteria for 2015. These specific training programmes incorporate a strong environmental focus. The environment was also championed during Sustainable Development Week when WWF France representatives visited every FDJ site to raise employee awareness of the issues at stake at COP21 and regarding climate change and its impact on biodiversity.

Group Scope

453 - Qualitative information on measures to prevent, reduce or remedy discharges into the air, water and soil with a serious impact on the environment

The FDJ Group's sector of activity does not generate pollution with a serious impact on the environment. However, FDJ continues to be vigilant on this matter, mainly through its carbon accounting exercises and implementation of an action plan to reduce greenhouse gases by 2020.

Group Scope

454 - Qualitative information on management of noise pollution and other forms of pollution specific to an activity

The FDJ Group does not create noise pollution or any other form of pollution specific to its sector of activity.

Group Scope

455 - Qualitative information on measures taken to preserve or enhance biodiversity

FDJ's sector of activity has no major negative impacts on biodiversity. All FDJ gaming materials are FSC-certified (paper produced from sustainably managed forests) and therefore contribute indirectly to the protection of biodiversity. FDJ has also introduced initiatives in this area: beehives have been installed on the Moussy site, and a scratchcard game has been launched in partnership with WWF to finance projects to protect and preserve biodiversity.

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- Pink indicators are regulatory indicators
- Blue triangles ▲ identify indicators that have been checked by an external third party

Group Scope

456 - Qualitative information on consumption of raw materials and measures taken to improve their efficient use

In 2012, FDJ became FSC certified (paper produced from sustainably managed forests) in order to take direct action on its raw materials and all of its gaming media. Regular carbon accounting exercises have also shown that consumption of paper for gaming materials has remained relatively stable for several years now.



DIVERSITY AND PERFORMANCE

	FDJ Scope		Group Scope	
	2014	2015	2014	2015
501 - Number of permanent staff on 31 December of the year	1,089	1,106	1,552	1,636
565 - Number of fixed-term and permanent contract paid staff on 31 December of the year, including departures in December of the relevant year	1,179	1,209	1,698	1,799
▲ 502 - Number of fixed-term and permanent contract paid staff on 31 December of the year	1,164	1,196	1,671	1,782

FDJ manages its workforce in line with its strategic plan and confirmed its position as a responsible employer, with more than 92% of its staff employed on permanent contracts on 31 December 2015. All FDJ employees are located in mainland France. On 31 December 2015, the FDJ Group had a total workforce of 1,799 permanent and fixed-term paid employees.

FDJ Scope

	2014	2015
504 - Number of work-study contracts during the year	82	88

With more than 6% of its workforce consisting of young people on work-study programmes (apprenticeships and professional training contracts), FDJ has been rated "outstanding" (Vigeo and Diversity label). To achieve this level, in 2015 FDJ took on 39 young people on apprenticeship contracts and 49 young people on professional training contracts, five of whom were recruited at the end of their contract (permanent or fixed-term), exceeding the target set under the French government's "generation contract" (objective of 45 work-study employees for 2015, of whom 10% recruited at the end of their contract).

	FDJ Scope		Group Scope	
	2014	2015	2014	2015
505 - Number of part-time permanent staff on 31 December of the year	21	12	41	37

The majority of FDJ employees are on day-rate contracts or full-time flexitime contracts. It should be noted that all part-time employees have chosen to work part-time voluntarily in order to maintain a good work-life balance.

However, depending on the type of job, certain teams have to work fixed hours (scheduling and staggered hours). They manage the following activities: drawing and announcing the results of our games, production of sports betting odds, security and monitoring of games on all of our distribution channels, sales network contact centre, and management and supervision of IT production.

	FDJ Scope		Group Scope	
	2014	2015	2014	2015
▲ 512 - Proportion of women in the workforce on fixed-term and permanent contracts on 31 December of the year	43%	44%	43%	43%
▲ 514 - Proportion of women in management on fixed-term and permanent contracts on 31 December of the year	40%	41%	40%	38%

The proportion of women managers remained stable in 2015; in contrast, women managers as a percentage of all women employed by the Group was 53.16%, up from the 2014 figure (47.6%).

	FDJ Scope
▲ 515 - Qualitative information on the effect of gender equality measures on wage policy	
▲ 517 - Qualitative information on employee promotion	

As part of its gender equality policy, FDJ pays particular attention to pay increase and promotion proposals, and works to reduce the pay gap between women and men, business line by business line and function by function.

The 2015 wage policy saw 48 employees (46 women and 2 men) benefit from an additional individual pay rise via the dedicated gender equality budget. In addition, 189 employees moved into a higher pay bracket in 2015 (96 women/93 men).

Another example of the FDJ Group’s commitment is the participation of Stéphane Pallez, Chairwoman and Chief Executive Officer, in the “CEO Champions” initiative. Run by the Women’s Forum, it explores best practices to support representation of women in corporate governance. Stéphane Pallez has also signed a call for action to support UNESCO’s SAGA programme which aims to track the trajectory of women’s careers in technology and innovation through the introduction of relevant indicators.

	Group Scope
516 - Qualitative information on the anti-discrimination policy	

A Diversity and Well-being at Work unit has been set up. Its role is to define and support the company’s anti-discrimination policy through the four components of its diversity policy: gender equality in the workplace, disability, inter-generational relations and social background. Initiatives to raise awareness of gender stereotyping and a diagnosis of FDJ gender stereotypes were implemented in 2015.

	FDJ Scope	
	2014	2015
▲ 518 - Percentage of employees with disabilities (of which direct % and indirect %)	6.46%	6.47%

For the third consecutive year, FDJ achieved a disabled employment rate of more than 6% in 2015.

- Green indicators are performance indicators
 - Pink indicators are regulatory indicators
 - Blue triangles ▲ identify indicators that have been checked by an external third party

	FDJ Scope		Group Scope	
	2014	2015	2014	2015
▲ 523 - Number of permanent contract hires, excluding intra-Group and intra-FDJ transfers	39	69	81	89

Under FDJ's voluntary employment/training policy aimed at fostering the professional development of employees and internal mobility, there were 25 relocations in 2015, in addition to 182 employees who transferred to new jobs. This increase in transfers and relocations resulted from a series of organisational changes in 2015.

Creation of the Group and its distribution subsidiary FDP increased employee mobility by facilitating movement from FDJ to its subsidiaries (13 relocations to FDP in 2015).

	FDJ Scope		Group Scope	
	2014	2015	2014	2015
▲ 524 - Number of departures (excluding expired contracts) during the year	51	58	87	96

In 2015, the number of departures (excluding expired contracts) was 96, i.e. 5.38% of the Group's total workforce (dismissals represented 2.13% of the Group's headcount).

	FDJ Scope		Group Scope	
	2014	2015	2014	2015
▲ 531 - Average full-time equivalent monthly basic salary of permanent and fixed-term contract staff on 31 December of the year (first line of payslip)	4.02 K€	4.10 K€	3.97 K€	4.06 K€
532 - Qualitative information on the annual wage policy	Group Scope			

The annual wage policy is part of the Mandatory Annual Negotiation process required by French law, through which the budget and methods for apportioning the amounts allocated as general pay rises, individual pay rises, exceptional bonuses and professional fairness measures are negotiated. The variation in average FTE monthly basic salary on 31/12 was mainly due to two factors: the changing structure of the workforce, including an increasing number of managers in the FDJ workforce, and the variation in basic salary during the annual wage review.

	FDJ Scope	
	2014	2015
▲ 541 - Percentage of total payroll spent on training	Approx. 4.7%	4.32%

To support the company's transformation and performance objectives, FDJ has provided the resources to roll out a dynamic continuous training policy promoting the concept of a learning business. The FDJ training budget is significantly higher than the minimum legal requirement (Law no. 2014-288 which stipulates 1%).

	FDJ Scope		Group Scope	
	2014	2015	2014	2015
▲ 542 - Total training hours	24,386	20,674	35,882	32,763

The training plan was significantly affected in 2015 by reorganisation of the International Development Technology Unit and led to a drop in the number of initiatives compared with previous years. In addition, with the period for registration of training needs extending from January to March followed by allocation decisions in April, training courses took place from April to December. From 2016, the training plan will run from April to March of the following year.

Group Scope

552 - Qualitative information on occupational health and safety

Occupational health and safety (OHS) is a key factor in the “Quality of Life at Work” initiative in the FDJ Group. In 2014, the FDJ occupational health and safety management system (OHSMS) was certified under international standard OHSAS 18001. This year, in addition to FDJ maintaining its OHSMS certification through the follow-up audit, the Property and Working Environment Department was awarded ISO 9001: 2015 quality certification to facilitate even more effective organisation of these activities and provide a solid base for the Group OHSMS.

Initiatives undertaken in 2015 include provision of a defibrillator to all establishments in the FDJ Group, from FDP agencies to French Polynesia.

No agreement on occupational health and safety with staff organisations and representatives was signed in 2015. However, the intergenerational employment agreement dated 12 June 2015 contains information on implementation of the “difficult working conditions” procedure for employees aged 50 and above.

Group Scope

561 - Qualitative information on social dialogue during the year
562 - Qualitative information on assessment of collective agreements

A total of six agreements were signed in 2015, including a new agreement on manpower planning strategy concluded on 6 November 2015, and an agreement on gender equality at work for 2016-2017-2018 signed on 10 December 2015. A Group mobility charter was introduced following dialogue with some of the Group’s subsidiaries (FDP, LotSys, l’Échappée, Française d’Images and Française de Motivation).

- Green indicators are performance indicators
- Pink indicators are regulatory indicators
- Blue triangles ▲ identify indicators that have been checked by an external third party

Group Scope

563 - Qualitative information on breakdown of employees by age group

As a responsible employer, FDJ is committed to employing older people, and just under 43% of its workforce is aged over 45. FDJ also strives to promote employment of young people through work-study programmes and placements. FDJ recruited 28 trainees in 2015.

Workforce age structure:

	60 and over	55 to 59	50 to 54	45 to 49	40 to 44	35 to 39	30 to 34	25 to 29	20 to 24	15 to 19	Total
FDJ	41	155	147	172	183	192	171	108	27	0	1,196
GROUP	57	210	226	288	299	284	230	143	45	0	1,782

Breakdown of employees by geographical area:

MAINLAND FRANCE	1,747
FRENCH OVERSEAS DEPARTMENTS AND TERRITORIES	35
TOTAL	1,782

Breakdown of employees by gender:

MEN	1,009
WOMEN	773
TOTAL	1,782

FDJ Scope

564 - Qualitative information on training policies implemented

The training offer has evolved to support FDJ's digital transformation. It includes new teaching methods for developing employee skills such as internal reverse mentoring workshops (knowledge transfer between employees), e-learning and video training. A CSR Corporate Open Online Course (COOC) is also being developed. A new training module "Oser au féminin" (She Who Dares Wins) aimed at promoting gender equality and developing the role of women in governance was tested in 2015 and should be rolled out in 2016.

4.4.2. Equivalence tables with the implementing decree of Article 225 of the Grenelle II Act and the GRI G4 benchmark

To further strengthen its CSR policy, and as part of its commitment to continual development, in addition to meeting the requirements of Article 225 of Grenelle II, FDJ intends to achieve the closest possible compliance with the guidelines of international benchmark GRI G4. An equivalence table between the FDJ report and GRI G4 standards is therefore included. This information will provide FDJ's stakeholders with even greater transparency.

Grenelle II Theme	Grenelle II Title	FDJ
SOCIAL COMPONENT		
Employment	The total number and breakdown of employees by gender, age, and geographical area	CSR reporting: 501: Number of permanent staff on 31 December of the year 502: Number of fixed-term and permanent contract paid staff on 31 December of the year 512: Proportion of women in the workforce on fixed-term and permanent contracts on 31 December of the year 514: Proportion of women in management on fixed-term and permanent contracts on 31 December of the year 563: Qualitative information on breakdown of employees by age group
	Hiring and firing of employees	CSR reporting: 523: Number of permanent contract hires, excluding intra-Group and intra-FDJ transfers 524: Number of departures (excluding expired contracts) during the year
	Current salaries and salary progression	CSR reporting: 531: Average full-time equivalent monthly basic salary of permanent and fixed-term contract staff on 31 December of the year (first line of payslip) 532: Qualitative information on the annual wage policy
Work organisation	Working hours	CSR reporting: 505: Number of part-time permanent staff on 31 December of the year
	Absenteeism*	Not published
Social relations	Organisation of social dialogue, including procedures for informing, consulting and negotiating with staff	CSR reporting: 561: Qualitative information on social dialogue during the year
	Assessment of collective bargaining agreements	CSR reporting: 562: Qualitative information on assessment of collective agreements
Health and safety	Health and safety conditions	CSR reporting: 552: Qualitative information on occupational health and safety
	Assessment of agreements signed with trade unions or staff representatives on health and safety	CSR reporting: 552: Qualitative information on occupational health and safety
	Occupational accidents, including frequency and severity, and occupational diseases*	Given the nature of FDJ's activities, occupational diseases and accidents are rare.
Training	Training policies	CSR reporting: 541: Percentage of total payroll spent on training 564: Qualitative information on training policies implemented
	Total training hours	CSR reporting: 542: Total training hours

*Information requested only of companies operating in a regulated market

Grenelle II Theme	Grenelle II Title	FDJ
Equal treatment	Measures taken to promote gender equality	CSR reporting: 512: Proportion of women in the workforce on fixed-term and permanent contracts on 31 December of the year 514: Proportion of women in management on fixed-term and permanent contracts on 31 December of the year 515: Qualitative information on the effect of gender equality measures on wage policy
	Measures taken to promote the employment and integration of disabled people	CSR reporting: 516: Qualitative information on the anti-discrimination policy 518: Percentage of employees with disabilities (of which direct % and indirect %)
	Anti-discrimination policy	CSR reporting: 516: Qualitative information on the anti-discrimination policy
Promotion and enforcement of the ILO's basic conventions on:	- freedom of association and collective bargaining*	FDJ complies with current legislation which guarantees the right to freedom of association and collective bargaining
	- elimination of employment and occupational discrimination*	CSR reporting: 516: Qualitative information on the anti-discrimination policy
	- elimination of forced or compulsory labour*	FDJ complies with current legislation which guarantees elimination of forced or compulsory labour and effective abolition of child labour
	- effective abolition of child labour*	
ENVIRONMENTAL COMPONENT		
General environmental policy	Company efforts to take environmental issues into account and, where appropriate, environmental assessments or certifications	CSR reporting: 401: Qualitative information on the company's efforts to take environmental issues into account and, where appropriate, environmental assessments or certifications
	Employee training programmes on environmental protection	CSR reporting: 011: Number of permanent and fixed-term contract staff trained in sustainable development during the year 452: Qualitative information on environmental protection training and educational initiatives for employees
	Resources devoted to prevention of environmental risks and pollution	CSR reporting: 402: Qualitative information on the resources devoted to preventing environmental risks and pollution, and expenditure incurred to prevent operations impacting on the environment
	Amount of provisions and guarantees for environmental risks, provided that such information is not likely to cause serious harm to the company in ongoing litigation*	Insignificant considering FDJ's business (service sector)
Pollution and waste management	Measures to prevent, reduce or remedy discharges into the air, water and soil with a serious impact on the environment	CSR reporting: 415: Qualitative information on changes in FDJ's Bilan Carbone™ results 453: Qualitative information on measures to prevent, reduce or remedy discharges into the air, water and soil with a serious impact on the environment
	Measures to prevent, recycle and dispose of waste	CSR reporting: 424: Qualitative information on waste prevention, recycling and disposal measures
	Management of noise pollution and other forms of pollution specific to an activity	CSR reporting: 454: Qualitative information on management of noise pollution and other forms of pollution specific to an activity

*Information requested only of companies operating in a regulated market

Grenelle II Theme	Grenelle II Title	FDJ
Sustainable use of resources	Water use and water supply based on local constraints	CSR reporting: 416: Water consumption during the year
	Consumption of raw materials and measures taken to improve their efficient use	CSR reporting: 423: Total waste recycled in tonnes 456: Qualitative information on consumption of raw materials and measures taken to improve their efficient use
	Energy consumption, measures to improve energy efficiency and use of renewable energies	CSR reporting: 411: Oil consumption during the year 412: Natural gas consumption during the year 413: Electricity consumption during the year 414: CO ₂ emissions generated by energy consumption during the year (in kg CO ₂ eq.)
	Land use*	FDJ's activities have no significant impact on land use
Climate change	Greenhouse gas emissions	CSR reporting: 414: CO ₂ emissions generated by energy consumption during the year (in kg CO ₂ eq.) 415: Qualitative information on changes in FDJ's Bilan Carbone™ results
	Adaptation to climate change impacts*	CSR reporting: 414: CO ₂ emissions generated by energy consumption during the year (in kg CO ₂ eq.) 415: Qualitative information on changes in FDJ's Bilan Carbone™ results
Protection of biodiversity	Measures taken to preserve or enhance biodiversity	CSR reporting: 455: Qualitative information on measures taken to preserve or enhance biodiversity
SOCIAL COMPONENT		
Regional, economic and social impact of operations:	- on employment and regional development	CSR reporting: 322: Qualitative information on the regional, economic and social impact of operations in terms of employment and regional development
	- on neighbouring and local populations	CSR reporting: 323: Qualitative information on the regional, economic and social impact of operations on neighbouring and local populations
Relations with individuals or organisations interested in the company's activities	Opportunities for dialogue with these individuals or organisations	CSR reporting: 004: Qualitative information on conditions for dialogue with stakeholders
	Partnership or corporate philanthropy	CSR reporting: 102: Sums disbursed under FDJ's Responsible Gaming partnerships during the year 319: "Elite sport" budget of the Foundation 324: Qualitative information on partnership and corporate philanthropy
Subcontracting and suppliers	Inclusion of social and environmental issues in procurement policy	CSR reporting: 216: Qualitative information on inclusion of CSR objectives in the procurement policy
	Percentage of outsourced work and the inclusion of social and environmental responsibility in conversations with suppliers and subcontractors*	CSR reporting: 211: Percentage of tender documents incorporating social and/or environmental criteria 214: Percentage of sales from orders for production of promotional items placed with factories in at-risk countries and certified SA8000 or covered by a social audit 216: Qualitative information on inclusion of CSR objectives in the procurement policy

*Information requested only of companies operating in a regulated market

Grenelle II Theme	Grenelle II Title	FDJ
Fair practices	Actions taken to prevent corruption*	CSR reporting: 003: WLA SCS (Security Control Standard) / ISO 27001 certification 103: Qualitative information on actions to prevent corruption and money laundering 113: Number of unique retailers inspected for security procedures during the year
	Measures taken to promote consumer health and safety*	CSR reporting: 101: Certification under Responsible Gaming standards 113: Number of unique retailers inspected for security procedures during the year 114: Percentage of retailers inspected during the year where the "Which Player Are You?" brochures are available and clearly visible 131: Number of monthly unique visitors to the Responsible Gaming tab of the fdj.fr website 133: Number of big winners participating in the services offered by FDJ through its support programme 134: Satisfaction rating of big winners participating in the services offered by FDJ through its support programme 135: Percentage of Playscan registrations identified as green risk out of FDJ players who placed stakes over the previous 10 weeks visiting the fdj.fr website 136: Percentage of Playscan registrations identified as orange risk out of FDJ players who placed stakes over the previous 10 weeks visiting the fdj.fr website 137: Percentage of Playscan registrations identified as red risk out of FDJ players who placed stakes over the previous 10 weeks visiting the fdj.fr website 204: Information rate on the risks of gambling addiction
Other actions taken to promote human rights	Other actions taken to promote human rights*	FDJ complies with current legislation

*Information requested only of companies operating in a regulated market

GRI G4 Number	Title	FDJ
GENERAL DISCLOSURES		
G4-1	Statement from the most senior decision-maker	Management report introduction: Chairwoman's statement
G4-2	Description of key impacts, risks, and opportunities	Management report introduction: Chairwoman's statement
G4-3	Organisation name	Back cover of the management report
G4-4	Primary brands, products, and services	Management report: section entitled "A recreational activity for the general public: draw-based games, scratchcard games and sports betting"
G4-5	Location of the organisation's headquarters	Back cover of the management report
G4-6	Number and names of countries where the organisation operates	Management report: section on "Financial analysis and financial risk management: operations by subsidiary and participation"
G4-7	Nature of ownership and legal form	FDJ is a semi-public limited company under French law
G4-8	Markets served	Management report: section on "Group operations: modernising and completing the distribution network"
G4-9	Organisation scale	CSR reporting: 501: Number of permanent staff on 31 December of the year 502: Number of fixed-term and permanent contract paid staff on 31 December of the year Management report: section on "Financial analysis and financial risk management: results from the last 5 financial years and operations by subsidiary and participation"
G4-10	Organisation workforce	CSR reporting: 501: Number of permanent staff on 31 December of the year 512: Proportion of women in the workforce on fixed-term and permanent contracts on 31 December of the year 514: Proportion of women in management on fixed-term and permanent contracts on 31 December of the year 563: Qualitative information on
G4-11	Percentage of total employees covered by collective bargaining agreements	Not provided
G4-12	Description of the supply chain	CSR reporting: 211: Percentage of tender documents incorporating social and/or environmental criteria 214: Percentage of sales from orders for production of promotional items placed with factories in at-risk countries and certified SA8000 or covered by a social audit 216: Qualitative information on inclusion of CSR objectives in the procurement policy
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership or supply chain	Consolidated financial statements
G4-14	Precautionary principle	CSR analysis: section on "Responsible and relaxed gaming" CSR reporting: 214: Percentage of sales from orders for production of promotional items placed with factories in at-risk countries and certified SA8000 or covered by a social audit

GRI G4 Number	Title	FDJ
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes	CSR analysis: section on “Diversity and performance: Age diversity (Diversity label) and From well-being at work to living together better (OHSAS 18001 certification)” Section on “Positive environmental footprint” Section on “Multidisciplinary project: integrated management system (ISO 9001)” CSR reporting: 003: WLA Security Control Standard certification 101: Certification under Responsible Gaming standards
G4-16	Membership of associations and national or international organisations	Not provided
G4-17	Operational structure of the organisation, description of the main divisions, operational entities, subsidiaries and joint ventures	Management report: section on “Financial analysis and financial risk management: operations by subsidiary and participation” CSR analysis: section on “2015 indicators review”
G4-18	Process for defining the report content and material Aspect Boundaries	CSR analysis: section on “General policy: Materiality analysis”
G4-19	Relevant Aspects identified in the process for defining report content	CSR analysis: section on “2015 indicators review”
G4-20	Relevance of the Aspect within the organisation	CSR analysis: section on “General policy”
G4-21	Aspect Boundary outside the organisation	CSR analysis: section on “General policy: Inclusion of stakeholders (materiality analysis)”
G4-22	Explain the effects of any restatements of information provided in previous reports and the reasons for such restatements	Indicators 412 (Natural gas consumption during the year) and 414 (CO ₂ emissions generated by energy consumption during the year) have been modified
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries or measurement methods used in the report	CSR analysis: section on “Indicator review” Reporting methodology note (www.groupefdj.com)
G4-24 to 27	Dialogue with stakeholders	CSR analysis: section on “General CSR policy: Inclusion of stakeholders” CSR reporting: 004: Qualitative information on conditions for dialogue with stakeholders
G4-28	Reporting period	Reporting from 01/01/15 to 31/12/15
G4-29	Date of most recent previous report	The 2014 report was published in June 2015
G4-30	Reporting cycle	Reports are annual
G4-31	Contact point for questions regarding the report or its contents	Christine Prouin: +33 (0)1 41 10 35 00
G4-32	“In accordance” option the organisation has chosen	FDJ is aligned with ISO 26000
G4-33	Assurance report of statutory auditors	CSR analysis: section on “Report by one of the statutory auditors”

GRI G4 Number	Title	FDJ
G4-34 to 49	Corporate governance	Management report: section on "Corporate governance: List of functions and corporate offices of FDJ company agents" CSR analysis: section on "General policy" CSR reporting: 004: Qualitative information on conditions for dialogue with stakeholders Internal control: section on "Corporate governance and operating procedures of the Board of Directors" Activity report: section on "Governance" Management report: section on "Corporate governance: List of functions and corporate offices of FDJ company agents"
G4-50 to 58	Remuneration policies and corporate ethics	CSR reporting: 531: Average full-time equivalent monthly basic salary of permanent and fixed-term contract staff on 31 December of the year (first line of payslip) 532: Qualitative information on the annual wage policy Internal control: section on "Nominations and Remuneration Committee"
MANAGEMENT APPROACH		
G4-DMA	Material Aspects of the CSR policy	CSR analysis: section on "2015 CSR highlights"
ECONOMIC PERFORMANCE		
G4-EC1	Direct economic value generated and distributed	
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	CSR analysis: section on "General policy: Map of stakeholders and financial flows (2015)" CSR reporting: 102: Sums disbursed under FDJ's Responsible Gaming partnerships during the year
G4-EC3	Coverage of the organisation's defined benefit plan obligations	312: Percentage of FDJ net income allocated to the FDJ Corporate Foundation during year N-1 319: "Elite sport" budget of the FDJ Corporate Foundation
G4-EC4	Financial assistance received from government	321: Number of minimum-wage jobs equivalent to the commissions paid to retailers
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	322: Qualitative information on the regional, economic and social impact of operations in terms of employment and regional development 323: Qualitative information on the regional, economic and social impact of operations on neighbouring and local populations
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	324: Qualitative information on partnership and corporate philanthropy 523: Number of permanent contract hires, excluding intra-Group and intra-FDJ transfers
G4-EC7	Development and impact of infrastructure investments and services supported	524: Number of departures (excluding expired contracts) during the year
G4-EC8	Significant indirect economic impacts, including the extent of impacts	531: Average FTE monthly basic salary of permanent and fixed-term contract staff on 31 December of the year (first line of payslip) 532: Qualitative information on the annual wage policy
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	

GRI G4 Number	Title	FDJ
ENVIRONMENTAL PERFORMANCE		
G4-EN1	Materials used by weight or volume	CSR reporting: 423: Total waste recycled
G4-EN2	Percentage of recycled input materials used	456: Qualitative information on consumption of raw materials and measures taken to improve their efficient use
G4-EN3	Energy consumption within the organisation	CSR reporting: 411: Oil consumption during the year 412: Natural gas consumption during the year 413: Electricity consumption during the year
G4-EN4	Energy consumption outside of the organisation	414: CO ₂ emissions generated by energy consumption during the year
G4-EN5	Energy intensity	The Group does not have figures for this ratio
G4-EN6	Reduction of energy consumption	CSR reporting: 411: Oil consumption during the year 412: Natural gas consumption during the year 413: Electricity consumption during the year
G4-EN7	Reductions in energy requirements of products and services	414: CO ₂ emissions generated by energy consumption during the year
G4-EN8	Total water withdrawal by source	CSR reporting: 416: Water consumption during the year
G4-EN9	Water sources significantly affected by withdrawal of water	FDJ's activities do not require use of water sources significantly affected by withdrawal of water
G4-EN10	Percentage and total volume of water recycled and reused	CSR reporting: 415: Qualitative information on changes in FDJ's Bilan Carbone™ results 453: Qualitative information on measures to prevent, reduce or remedy discharges into the air, water and soil with a serious impact on the environment The Group does not recycle its water as it is treated in public water treatment plant. Its impact is not judged significant with regard to the Group's activities
G4-EN11 to EN14	Impacts of the activity on biodiversity	CSR reporting: 455: Qualitative information on measures taken to preserve or enhance biodiversity FDJ's operations have no significant impact on land
G4-EN15 to EN21	Greenhouse gas emissions and other emissions responsible for atmospheric pollution	CSR reporting: 414: CO ₂ emissions generated by energy consumption during the year 415: Qualitative information on changes in FDJ's Bilan Carbone™ results
G4-EN22	Total water discharge by quality and destination	CSR reporting: 453: Qualitative information on measures to prevent, reduce or remedy discharges into the air, water and soil with a serious impact on the environment The Group does not emit highly polluting gases Its operations do not have a significant impact on water and do not cause the discharge of polluted water
G4-EN23	Total weight of waste by type and disposal method	CSR reporting: 423: Total waste recycled 424: Qualitative information on waste prevention, recycling and disposal measures

GRI G4 Number	Title	FDJ
G4-EN24 to EN26	Hazardous waste	These indicators are not relevant to FDJ's operations
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	CSR reporting: 415: Qualitative information on changes in FDJ's Bilan Carbone™ results
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	CSR analysis: section on "Positive environmental footprint: Recycling initiatives in points of sale"
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	FDJ has not been fined or sanctioned.
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce	CSR analysis: section on "Positive environmental footprint: FDJ's Bilan Carbone™" CSR reporting: 402: Qualitative information on the resources devoted to preventing environmental risks and pollution, and expenditure incurred to prevent operations impacting on the environment 415: Qualitative information on changes in FDJ's Bilan Carbone™ results
G4-EN31	Total environmental protection expenditures and investments by type	FDJ's operations are not of the type to have a serious impact on the environment
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	CSR analysis: section on "Responsible commercial and partnering practices: Strengthening the responsible procurement policy" CSR reporting:
G4-EN33	Environmental impacts in the supply chain	211: Percentage of tender documents incorporating social and/or environmental criteria
G4-EN34	Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms	The Group has not received any grievances about environmental impacts
SOCIAL PERFORMANCE		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	CSR reporting: 523: Number of permanent contract hires, excluding intra-Group and intra-FDJ transfers 524: Number of departures (excluding expired contracts) during the year
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	The French public health model offers these benefits
G4-LA3	Return to work and retention rates after parental leave, by gender	Not provided
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Not provided
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety	CSR reporting: 552: Qualitative information on occupational health and safety
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Given the nature of FDJ's operations, occupational diseases and accidents are rare

GRI G4 Number	Title	FDJ
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	Given the nature of FDJ’s operations, occupational diseases and accidents are rare
G4-LA8	Health and safety topics covered in formal agreements with trade unions	CSR analysis: section on “CSR multidisciplinary project: Integrated management system” CSR reporting: 552: Qualitative information on occupational health and safety
G4-LA9	Average hours of training per year per employee by gender, and by employee category	CSR reporting: 542: Total training hours
G4-LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	CSR analysis: section on “Diversity and performance: Age diversity” CSR reporting: 541: Percentage of total payroll spent on training 564: Qualitative information on training policies implemented
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Not provided
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	CSR reporting: 501: Number of permanent staff on 31 December of the year 512: Proportion of women in the workforce on fixed-term and permanent contracts on 31 December of the year 514: Proportion of women in management on fixed-term and permanent contracts on 31 December of the year 515: Qualitative information on the effect of gender equality measures on wage policy 516: Qualitative information on the anti-discrimination policy 518: Percentage of employees with disabilities (of which direct % and indirect %) 563: Qualitative information on breakdown of employees by age group
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	CSR reporting: 512: Proportion of women in the workforce on fixed-term and permanent contracts on 31 December of the year 514: Proportion of women in management on fixed-term and permanent contracts on 31 December of the year 515: Qualitative information on the effect of gender equality measures on wage policy
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria	CSR reporting: 211: Percentage of tender documents incorporating social and/or environmental criteria 214: Percentage of sales from orders for production of promotional items placed with factories in at-risk countries and certified SA8000 or covered by a social audit
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken	216: Qualitative information on inclusion of CSR objectives in the procurement policy
G4-LA16	Number of grievances about labour practices filed, addressed and resolved through formal grievance mechanisms	Not provided

GRI G4 Number	Title	FDJ
HUMAN RIGHTS		
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	CSR reporting: 211: Percentage of tender documents incorporating social and/or environmental criteria 214: Percentage of sales from orders for production of promotional items placed with factories in at-risk countries and certified SA8000 or covered by a social audit
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Not provided
G4-HR3	Total number of incidents of discrimination and corrective actions taken	CSR reporting: 516: Qualitative information on the anti-discrimination policy
G4-HR4 to HR12	Inclusion of human rights principles at facilities and in relation to suppliers	CSR reporting: 211: Percentage of tender documents incorporating social and/or environmental criteria 214: Percentage of sales from orders for production of promotional items placed with factories in at-risk countries and certified SA8000 or covered by a social audit
SOCIETY		
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	CSR reporting: 321: Number of minimum-wage jobs equivalent to the commissions paid to retailers 322: Qualitative information on the regional, economic and social impact of operations in terms of employment and regional development 323: Qualitative information on the regional, economic and social impact of operations on neighbouring and local populations
G4-SO2	Operations with significant actual or potential negative impacts on local communities	
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	CSR analysis: section on "Responsible commercial and partnering practices: Involving the distribution network in the Group's CSR process – Responsible Gaming policy in points of sale" CSR reporting: 103: Qualitative information on actions to prevent corruption and money laundering 113: Number of unique retailers inspected for security procedures during the year
G4-SO4	Communication and training on anti-corruption policies and procedures	
G4-SO5	Confirmed incidents of corruption and actions taken	
G4-SO6 à SO8	Anti-competitive behaviour	Not provided
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	CSR reporting: 211: Percentage of tender documents incorporating social and/or environmental criteria 214: Percentage of sales from orders for production of promotional items placed with factories in at-risk countries and certified SA8000 or covered by a social audit
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	216: Qualitative information on inclusion of CSR objectives in the procurement policy

GRI G4 Number	Title	FDJ
G4-SO11	Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms	Not provided
PRODUCT RESPONSIBILITY		
G4-PR1 to PR9	Compliance with regulations and impacts on health and safety	<p>CSR analysis: section on “Responsible and relaxed gaming: Developing the product offering and Preventing problem gambling and underage play”</p> <p>CSR reporting:</p> <p>101: Certification under Responsible Gaming standards</p> <p>102: Sums disbursed under FDJ’s Responsible Gaming partnerships during the year</p> <p>113: Number of unique retailers inspected for security procedures during the year</p> <p>114: Percentage of retailers inspected during the year where the “Which Player Are You?” brochures are available and clearly visible</p> <p>131: Number of monthly unique visitors to the Responsible Gaming tab of the fdj.fr website</p> <p>133: Number of big winners participating in the services offered by FDJ through its support programme</p> <p>134: Satisfaction rating of big winners participating in the services offered by FDJ through its support programme</p> <p>135: Percentage of Playscan registrations identified as green risk out of FDJ players who placed stakes over the previous 10 weeks visiting the fdj.fr website</p> <p>136: Percentage of Playscan registrations identified as orange risk out of FDJ players who placed stakes over the previous 10 weeks visiting the fdj.fr website</p> <p>137: Percentage of Playscan registrations identified as red risk out of FDJ players who placed stakes over the previous 10 weeks visiting the fdj.fr website</p> <p>201: Satisfaction rating of Internet customers using Customer Services</p> <p>204: Information rate on the risks of gambling addiction</p>

REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE HUMAN RESOURCES, ENVIRONMENTAL AND SOCIAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT

For the year ended December 31st, 2015

To the Shareholders,

In our capacity as Statutory Auditor of the Française des Jeux company appointed as independent third party and certified by COFRAC under number(s) 3-1048⁽¹⁾, we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31st, 2015 included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code (Code de commerce).

Company's responsibility

The Management Board is responsible for preparing the company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the reporting guidelines used by the company (hereinafter the "Guidelines"), summarised in a methodological note available on the company's website (www.groupefdj.fr) and from the company's head office.

Independence and quality control

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

Statutory Auditor's responsibility

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

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that a selection of the CSR Information made by the company⁽²⁾ is, in all material respects, fairly presented in accordance with the Guidelines (Limited assurance report on a selection of CSR Information).

Our work involved 4 persons and was conducted between October 2015 and March 2016 during a 3 week period. We were assisted in our work by our sustainability experts.

We performed our work in accordance with the French professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement, and with ISAE 3000 concerning our conclusion on the fairness of CSR Information.

1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

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

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

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

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

Conclusion

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

2. Limited assurance report on a selection of CSR Information

Nature and scope of our work

In response to a request formulated by the company on a voluntary basis, we verified a part of the CSR Information (hereinafter "the Data") that was selected by the Company and that is included in the section of the management report which pertains to CSR Information.

We performed on these Data limited diligences with the aim to:

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

- referring to documentary sources and conducting interviews with persons responsible for preparing the Data;

- performing tests of details, using sampling techniques, in order to verify the calculations and to reconcile the Data with the supporting documents.

- performing analytical procedures on the quantitative information and verifying, using sampling techniques, the consolidation of the Data.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion on the Data; a higher level of assurance would have required us to carry out more extensive procedures. Furthermore, the conclusion formulated hereinafter refers only to the Data and not to the complete CSR Information presented in the CSR report of the management report.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the data selected by the Company and included in the section of the management report which pertains to CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

(1) Whose scope is available at www.cofrac.fr

(2) Indicators number 004, 101, 102, 103, 114, 121, 123, 133, 135, 136, 137, 138, 203, 204, 211, 214, 216, 322, 323, 324, 401, 424, 501, 512, 514, 515, 517, 518, 523, 524, 531, 541, 542.

Neuilly-sur-Seine, le 23rd of March 2016

One of the Statutory Auditors

Deloitte & Associés

Anne Philipona-Hintzy
Partner

Julien Rivals
Partner, Sustainability Services

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CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros	Note	12/31/2015	12/31/2014
ASSETS			
Goodwill	6.1	1,108	1,108
Intangible assets	6.2	73,360	64,672
Property, plant and equipment	6.3	146,747	128,865
Non-current financial assets	8.1	515,166	479,326
Other non-current financial assets	8.1	18,371	15,348
Investments in joint-ventures	9.1	13,024	12,303
Non-current assets		767,776	701,623
Inventories	4.5	6,328	5,493
Current receivables	4.6	410,389	355,156
Current income tax assets	10.1	7,036	63,531
Current financial assets	8.1	303,062	260,660
Cash and cash equivalents	8.2	562,446	685,889
Current assets		1 289,261	1,370,729
TOTAL ASSETS		2,057,037	2,072,352

In thousands of euros	Note	12/31/2015	12/31/2014
LIABILITIES			
Share capital		76,400	76,400
Reserves		309,673	451,598
Other transferable equity		7,352	7,703
Translation adjustment		3,494	2,822
Net income, Group share		159,104	-7,749
Total equity, Group share	11	556,023	530,774
Minority interests		296	273
Shareholders' equity		556,319	531,047
Non-current provisions	7.1	81,066	169,281
Deferred tax liabilities	10.2	23,983	21,725
Non-current player funds	4.5	188,545	181,587
Non-current financial liabilities	8.1	-	-
Non-current liabilities		293,594	372,592
Current provisions	7.1	181,895	157,384
Current debts	4.6	1,006,183	980,494
Tax liabilities payable	10.1	417	705
Other financial liabilities	8.1	18,628	30,130
Current liabilities		1,207,123	1,168,713
TOTAL LIABILITIES		2,057,037	2,072,352

CONSOLIDATED INCOME STATEMENT

In thousands of euros	Note	12/31/2015	12/31/2014
Player stakes	4.1	13,704,503	12,998,758
Government levies	4.1	-3,037,546	-2,967,264
Prize payout	4.1	-9,048,951	-8,482,325
Additions to counterparty funds	4.1	-72,831	-82,173
Miscellaneous revenues	4.1	68,600	45,061
Revenue from gaming activities	4.1	1,613,775	1,512,057
Revenue from other activities	4.1	34,854	36,845
Revenue from ordinary activities	4.1	1,648,629	1,548,902
External purchases and expenses	4.2	1,132,330	1,085,331
Taxes and duties		18,317	17,448
Personnel expenses	5.2	172,304	173,876
Depreciation and provisions		53,867	54,830
Other current operating income and expenses	4.3	10,067	10,887
Current operating profit		261,744	206,531
Other net operating expenses	4.4	27,427	230,701
Operating result		234,317	-24,170
Finance income		18,592	22,295
Finance expenses		1,126	436
Financial result	8.3	17,466	21,859
Share of income from joint ventures	9.1	1,635	-4,595
Profit before tax		253,418	-6,905
Income tax expense	10.1	94,278	767
NET INCOME FOR THE PERIOD		159,140	-7,672
Attributable to			
- minority interests		36	77
- parent company shareholders		159,104	-7,749

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros	12/31/2015	12/31/2014
Net income for the period	159,140	-7,672
Change in the value of assets held for sale	31	2 397
Taxes on change in the value of assets held for sale	-382	-1 098
Change in exchange gains or losses	673	1 202
OCI recycled	322	2,501
Actuarial gains and losses recognised in equity	-1,722	-7,408
Taxes on actuarial gains and losses recognised in equity	545	2,478
Other	-	-21
OCI not recycled	-1,177	-4,951
COMPREHENSIVE INCOME FOR THE PERIOD	158,286	-10,122
Attributable to		
- minority interests	23	80
- parent company shareholders	158,262	-10,202

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euros	Note	12/31/2015	12/31/2014
OPERATING ACTIVITIES			
Consolidated net profit		159,140	-7,672
Change in depreciation, amortisation and impairment of non-current assets		46,881	42,090
Change in provisions		-65,081	232,160
Gains / losses on disposals		909	1,282
Change in deferred tax		2,375	294
Share of income from joint ventures		-518	5,762
<i>including dividends received from joint ventures</i>		<i>1,118</i>	<i>1,167</i>
Non-cash items		-15,433	281,589
Change in trade receivables and other current assets		1,648	-96,563
Change in inventories		-835	1,525
Change in trade payables and other current liabilities		22,614	97,536
Change in working capital requirements related to business		23,427	2,499
Change in current financial assets		-42,402	-110,666
Change in non-current financial assets		-35,840	142,979
Gains and losses on revaluation at fair value		266	2,440
Change in current and non-current financial assets (including fair value)		-77,976	34,753
NET CASH FLOWS FROM OPERATING ACTIVITIES		89,159	311,169
INVESTMENT ACTIVITIES			
Acquisitions of property, plant and equipment and intangible assets		-77,046	-37,226
Acquisitions of financial assets		-3,407	-3,437
Disposals of property, plant and equipment and intangible assets		396	152
Disposals of financial assets		169	185
Changes in loans and advances granted		30	32
NET CASH FLOW USED FOR INVESTING ACTIVITIES		-79,857	-40,294
FINANCING AND SHORT-TERM INVESTMENT ACTIVITIES			
Dividends paid to ordinary shareholders of the parent company		-133,000	-137,000
NET CASH FLOW USED FOR FINANCIAL AND INVESTING ACTIVITIES		-133,000	-137,000
Impact of changes in exchange rates		255	245
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		-123,443	134,119
Cash and cash equivalents at 1 January		685,889	551,770
Cash and cash equivalents at 31 December	8.2	562,446	685,889

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

In thousands of euros	Share capital	Reserves consolidated & transferable equity	Translation adjustment	Net income Group share	Total equity, Group share	Minority interest	Total equity
EQUITY AS AT 31 DECEMBER 2013 RESTATE*	76,400	466,561	1,620	133,395	677,976	193	678,169
Income and expenses recognised directly in equity	-	-3,655	-	-	-3,655	3	-3,652
Net income for 2014	-	-	-	-7,749	-7,749	77	-7,672
Change in translation differences	-	-	1,202	-	1,202	-	1,202
Comprehensive income for the period	-	-3,655	1,202	-7,749	-10,202	80	-10,122
Allocation of 2013 net income	-	133,395	-	-133,395	-	-	-
2013 dividends paid	-	-137,000	-	-	-137,000	-	-137,000
Change in translation differences	-	-	-	-	-	-	-
EQUITY AS AT 31 DECEMBER 2014	76,400	459,301	2,822	-7,749	530,774	273	531,047
Income and expenses recognised directly in equity	-	-1,527	-	-	-1,527	-13	-1,540
Net income for 2015	-	-	-	159,104	159,104	36	159,140
Change in translation differences	-	-	672	-	672	-	672
Comprehensive income for the period	-	-1,527	672	159,104	158,249	23	158,272
Allocation of 2014 net income	-	-7,749	-	7,749	-	-	-
2014 dividends paid	-	-133,000	-	-	-133,000	-	-133,000
Change in translation differences	-	-	-	-	-	-	-
EQUITY AS AT 31 DECEMBER 2015	76,400	317,025	3,494	159,104	556,023	296	556,319

* Restated 2013 financial statements after application of IFRS 10 and 11 (Note 2.1.1.1).

Note: income and expenses recognised directly in equity consist primarily of changes in the fair value of assets, actuarial gains and losses on pension obligations, healthcare commitments and related taxes.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL PRESENTATION OF THE GROUP

1.1. GENERAL INFORMATION

La Française des Jeux is a semi-public limited company under French law, subject to all the laws on commercial companies in France, in particular the provisions of the French Commercial Code and the provisions of the legal framework as described in Note 1.2. Its registered office is located at 126 rue Gallieni, 92643 Boulogne-Billancourt. It is 72% owned by the French State.

The Group, which includes 14 entities, operates its gaming business in mainland France and in French overseas departments. It is present internationally through investments in the following companies:

- Beijing Zhongcai Printing (BZP), a lottery ticket printer located in China;
- SLE (Services aux Loteries en Europe), the Belgian cooperative company created as part of the Euro Millions lottery to provide draw services and administration for the participating lotteries;
- LVS (Laverock von Schoultz Ltd), a UK software company specialising in Internet technologies.

Based on the opinion of the Audit Committee of 15 March 2016, the Board of Directors, at its meeting on 22 March 2016, approved the consolidated financial statements, which will be submitted for the approval at the Annual General Meeting on 25 May 2016.

1.2. REGULATORY BACKGROUND OF LA FRANÇAISE DES JEUX GROUP (“THE GROUP”)

La Française des Jeux operates in the heavily-regulated gambling sector which is strictly monitored by the French government.

Under its activities subject to exclusive rights, namely sports betting sold in points of sale and its lottery games offered online and in points of sale, La Française des Jeux is obliged by specific legal texts to meet mandatory general interest goals entailing “ensuring the integrity, safety and reliability of gaming operations and ensuring the transparency of their operation; channelling the demand for gambling through a channel controlled by the public authority in order to prevent risks of gambling operations being used for fraudulent or criminal purposes and fighting against money laundering and supervising gaming consumption in order to prevent the onset of addictions”.

The Minister in charge of the Budget also plays the role of regulator for all the activities of La Française des Jeux maintained under monopoly and to do so, receives the advice of the Comité Consultatif des Jeux or CCJ, the French gaming advisory committee, a body composed of members of parliament, judges and specialists in addiction and games regulation. In this way, La Française des Jeux’s annual games programme, as well as any proposed new games to be launched alongside this programme, the action plan for Responsible Gaming, and its reports on anti-money laundering are subject to the approval of the Budget Minister, after consulting the CCJ in charge of games with exclusive rights.

In addition, La Française des Jeux’s online sports betting activities are operated in open competition under a licence that was issued on 8 June 2010 by ARJEL, the regulatory authority for online gaming. FDJ requested the renewal of this licence, awarded for a period of five years.

Furthermore, regulatory provisions entered into force on 1 January 2016 significantly modernising the supervision and commercial and financial terms of operation of point-of-sale sports betting and lottery games. As well as tightening government supervision of such games and betting, this reform supports the development of the company’s business

Under one of the measures enacted, unclaimed winnings and counterparty spreads on scratch card games sold through the bricks-and-mortar distribution network will no longer be recognised in operating income at the end of the year. Instead, they will be added to the permanent fund to cover risks linked to gaming operations, any surplus funds in which are paid over to the government at the end of the year. The loss of operating income resulting from this regulatory change will be partly offset by an overall increase in the commission collected by the company. Moreover, the cap on the permanent fund will decrease from 1% to 0.5% of total stakes with effect from 31 December 2016.

2. REPORTING GUIDELINES AND ACCOUNTING PRINCIPLES

2.1. APPLIED REPORTING STANDARDS

The consolidated financial statements of La Française des Jeux Group were prepared in accordance with IFRS issued by the International Accounting Standards Board (IASB) and adopted by the European Union.

2.1.1. Standards, interpretations and amendments mandatory as at 1st January 2015

The following amendments and interpretations, approved by the European Union and applicable for the first time for annual periods beginning on or after 1 January 2015, either had no material impact on the Group's financial statements or could not be applied to the Group:

- IFRIC 21 – Levies charged by public authorities
- “Annual improvements” (2011-2013 cycle):
 - IAS 40 – Investment property
 - IFRS 3 – Business combinations
 - IFRS 13 – Fair value measurement

2.1.2. Texts adopted by the European Union and not applied early by the Group

- “Annual improvements” (2010-2012 cycle) – annual improvements to standards, applicable for annual periods beginning on or after 1 February 2015:
 - IFRS 2 – Share-based payment
 - IFRS 3 – Business combinations – conditional payments
 - IAS 24 – Related party disclosures – key management personnel
 - IFRS 8 – Operating segments
 - IAS 16 and IAS 38 – Revaluation
 - IFRS 13 – Fair value measurement – basis for conclusions
- Amendments:
 - IAS 19 – Employee contributions, applicable for annual periods beginning on or after 1 February 2015
 - IFRS 11 – Acquisition of an interest in a joint operation, applicable prospectively as at 1 January 2016
- New standards:
 - IFRS 14, “Regulated activities”, applicable for annual periods beginning on or after 1 January 2016, subject to adoption by the European Union
 - IFRS 9, “Financial instruments”, applicable for annual periods beginning on or after 1 January 2018, subject to adoption by the European Union

- IFRS 15, “Revenue from contracts with customers”, applicable for annual periods beginning on or after 1 January 2018, subject to adoption by the European Union
- IFRS 16, “Leases”, applicable for annual periods beginning on or after 1 January 2019, subject to adoption by the European Union

The impact of applying these new standards is currently under analysis.

2.1.3. Estimates and judgements

The preparation of financial statements in accordance with IFRS requires Management to make judgements, estimates and assumptions which affect the application of accounting policies and the reported amounts of assets and liabilities, and revenues and expenses. The underlying estimates and assumptions are reviewed on a regular basis.

Details about the key assumptions relating to estimates and judgements exercised in applying the accounting policies, whose effect on the amounts recognised in the financial statements is significant, are provided in the following notes:

- Impairment of intangible assets and property, plant and equipment (Note 2.2.6.);
- Financial assets (Note 2.2.7.);
- Employee benefits (Note 2.2.11.);
- Other provisions (Note 2.2.12.);
- Tax (note 2.2.14.).

Given the uncertainties inherent in all valuation processes, the group revises its estimates on the basis of regularly updated information. Future results for the relevant transactions may therefore differ from these estimates.

Besides using estimates, the Group's management makes judgements to determine the proper accounting treatment of certain activities and transactions when the IFRS and the interpretations in force do not deal specifically with the accounting issues involved.

2.2. ACCOUNTING POLICIES

The main accounting policies applied in preparing the consolidated financial statements are presented below. Unless otherwise noted, these methods have been applied consistently to all periods presented.

The consolidated financial statements have been prepared in accordance with the principles of business continuity and independence of accounting periods. They have been prepared under the historical cost basis, except for assets and liabilities measured at fair value.

2.2.1. Consolidation

The consolidated financial statements as at 31 December 2015 combine the financial statements of the parent company La Française des Jeux and the subsidiaries and affiliates it controls or over which it exercises joint control. All of these companies close their books on 31 December or cut-off their accounts on that date:

- the companies over which La Française des Jeux has exclusive control, directly or indirectly, are fully consolidated;
- the companies in which La Française des Jeux exercises any direct or indirect rights over net assets are accounted for using the equity method.

Transactions between the consolidated companies, as well as the results internal to the Group, are eliminated.

2.2.2. Currency translation

The consolidated financial statements are presented in euros.

Transactions denominated in foreign currency are translated at the current exchange rate at the time of the transaction. Receivables and payables denominated in foreign currency are translated at the exchange rate applicable at the balance sheet date. Translation differences are recorded in the income statement.

The financial statements of foreign entities with a functional currency other than that of La Française des Jeux are translated into euros using the exchange rates applicable at the balance sheet date for assets and liabilities, and using the average exchange rate for income and expense items.

Foreign currency translation adjustments are recognised directly in equity under "Translation adjustments" and will be recognised in income for the year at the date on which the business is sold.

2.2.3. Goodwill

Business combinations are accounted for under the purchase method. The purchase price is allocated to the assets, liabilities and contingent liabilities of the acquired entity based on the estimated fair value at the acquisition date. Purchase price adjustments dependent on future events (earn-out payments) are included in the valuation of the cost of acquiring the target company at the date of acquisition of a controlling interest. If the contingent events do not materialise, or if the estimate has to be revised after the acquisition date, any change is recorded in the income statement.

The positive difference between the acquisition cost, plus any earn-out payments as defined above, and the interest portion of La Française des Jeux in the fair value of assets and liabilities acquired, is recognised as goodwill and is tested at least once a year for impairment as defined in Note 2.2.6.

Costs directly attributable to the acquisition are recorded in the income statement when incurred.

2.2.4. Intangible assets

2.2.4.1. Research and development expenditure

Research expenditure undertaken by the Group for its own account is expensed as and when incurred.

Development expenditure is capitalised as intangible assets provided it relates to projects with serious prospects for technical success and economic viability. It includes the valuation of internal man-days and subcontracting.

2.2.4.2. Other intangible assets

Other intangible assets are measured at acquisition cost (purchase cost plus incidental expenses), less any accumulated amortisation or accumulated impairment losses.

2.2.4.3. Amortisation

Assets are amortised over their estimated useful lives using the straight-line method, unless those lives are indefinite. Development costs are amortised over the expected useful life of the intangible asset using the straight-line method from the time at which it is available for use. Software programs are amortised over a period of one to nineteen years using the straight-line method. Brands acquired are normally amortised over 10 years.

These amortisation rates are reviewed at the close of each financial year. All changes to the expected useful life or to the expected pattern of consumption of the expected future economic benefits of the asset are taken into account prospectively.

2.2.5. Property, plant and equipment

2.2.5.1. Initial measurement

Property, plant and equipment are measured at acquisition cost (purchase price plus incidental expenses). If particular items of property, plant and equipment have different useful lives, they are recognised separately on the balance sheet.

2.2.5.2. Amortisation

Property, plant and equipment are depreciated over the useful lives, using the straight-line method as follows:

- Buildings years between 20 and 25
- Building improvements years 10 years
- Lottery terminals years between 5 and 8
- Furniture and equipment years between 5 and 10

Residual values and useful lives of assets are reviewed, and adjusted if necessary, at each balance sheet date.

2.2.6. Impairment of intangible assets and property, plant and equipment

In accordance with IAS 36, intangible assets and property, plant and equipment are tested for impairment whenever events or changes in the market environment or internal circumstances indicate that such assets may be impaired. Intangible assets not yet in service are tested for impairment annually.

The main indicators of impairment used by the Group are regulatory developments, market trends and the performance of games and equipment, changes in the technological environment that can make some equipment prematurely obsolete and changes in the offer.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recorded in the income statement.

Impairment losses on goodwill are recorded in operating income and are irreversible.

2.2.7. Financial assets

At initial recognition, financial assets are measured at purchase cost, transaction costs that are directly attributable to the acquisition.

Securities whose holding period at the balance sheet date is more than 12 months are classified as non-current financial assets. Securities whose holding period at the balance sheet date is less than 12 months are classified as current financial assets. Securities whose holding period at the balance sheet date is less than 3 months are classified as cash and cash equivalents.

Securities held in the portfolio classified as available-for-sale assets and as assets at fair value through profit or loss are measured by reference to market prices organised at the balance sheet date. For financial assets for which there is no active market, fair value is determined using valuation techniques (using recent arm's length market transactions, reference to the current fair value of another equivalent instrument, discounted cash flow analysis or other valuation models).

Potential gains and losses on assets held for sale are recognised directly in transferable equity; those relating to assets at fair value through profit or loss are recognised in income. If there is objective evidence of significant long-term impairment of an available-for-sale financial asset, the cumulative loss is irreversibly recognised in income. Once a financial asset available for sale is sold, the cumulative profit or loss previously carried in equity is recognised in income.

2.2.8. Inventories

Inventories are measured at cost or at net realisable value, whichever is lower. The cost of game equipment and supplies is determined using the "first in, first out" (FIFO) method. Inventories are depreciated according to their technical or commercial obsolescence.

2.2.9. Trade receivables

Receivables are recognised at their nominal value. They are impaired if the debtor's situation indicates that the amount may not be recoverable.

2.2.10. Cash and cash equivalents

Cash and cash equivalents consist of demand deposits and short-term money-market investments that are fully liquid, have a maturity equal to or less than three months on the date of acquisition, and present an insignificant risk of change in value as required by IAS 7 criteria.

Overdrafts are recognised as current financial liabilities.

2.2.11. Employee benefits

A provision is recognised for pension obligations, which are administered under a defined benefit plan.

To determine the present value of the obligations, the Group uses the Projected Unit Credit Method, a retrospective method with projection of final salary. The obligations are measured annually, taking account of seniority, life expectancy, employee turnover by category, benefits negotiated under collective bargaining agreements, as well as economic assumptions such as inflation and the discount rate.

The expense recognised during the financial year incorporates:

- additional benefits received by employees;
- the change, as the year goes by, in the discounting of benefits existing at the beginning of the financial year;
- the impact on the year of any changes to plans, or of new plans.

In application of the amendment to IAS 19, actuarial gains and losses are recognised directly in equity and the impact of any changes on plans or new plans is included in the expense recognised in income.

The other long-term benefits, which relate solely to La Française des Jeux, are:

- service recognition awards. These consist of days of leave and are thus subject to social security charges. The annual expense is equal to the net change in the obligation;
- health coverage. Employees of La Française des Jeux retain their health coverage upon retirement (or in the event of disability/redundancy), in accordance with the requirements of the Evin Law of 31 December 1989 and the inter-professional national agreement of 11 January 2008. The scheme for former employees and assets reported a loss and generated a liability.

The net obligations of the Group companies are recognised on the balance sheet as a liability, under "Non-current provisions".

2.2.12. Other provisions

A provision is recognised if, at the close of the financial year, the Group has an obligation to a third party arising from a past event, the settlement of which is expected to result in an outflow of resources from the entity without at least an equivalent payment, and the amount of which can be estimated reliably. This obligation may be legal, regulatory, contractual or implied. The estimated amount of provisions reported corresponds to an outflow of resources that the Group has deemed probable. With the exception of those for employee benefits, provisions are not updated.

2.2.13. Derivative financial instruments

Risk or litigation provisions estimated by FDJ to be settled within twelve months after the balance sheet date, and those related to the normal operating cycle are presented as current liabilities. The other provisions are presented as non-current liabilities. It is the Group's policy to use the financial markets solely for hedging obligations associated with its business, never for speculative purposes. The Group therefore uses derivative financial instruments to hedge its exposure to currency and interest rate risks. It does not, however, qualify them as hedge instruments as defined in IAS 39. Derivative instruments are measured at fair value when initially recognised and revalued at each balance sheet date until settled. Changes in fair value are recognised in income.

Fair value is determined from valuation techniques that make use of mathematical calculation methods based on recognised financial theories and parameters whose value is determined from the prices of instruments traded on the capital markets.

2.2.14. Tax

Income tax comprises current tax expense and deferred tax expense. It is recognised in income except when related to items recognised directly in equity.

Current tax is the amount of tax due for the reporting period. Deferred tax arises from temporary differences between the carrying amounts of assets and liabilities and their tax bases. It is determined using the variable carryforward method. A deferred tax asset is only recognised to the extent that it is probable that a future taxable profit will be available to the Group against which this asset can be charged within a foreseeable time frame, or else against deferred tax liabilities of the same maturity. Deferred tax assets and liabilities are offset on the balance sheet.

3. CHANGES IN THE SCOPE OF CONSOLIDATION

As at 31 December 2015, the Group consolidates the 14 companies listed in Note 15.

3.1. CHANGES IN THE SCOPE OF CONSOLIDATION IN 2015

There were no changes in the scope of consolidation during the financial year ended 31 December 2015.

3.2. CHANGES IN THE SCOPE OF CONSOLIDATION IN 2014

3.2.1. Modification of the consolidation method by application of new standards

Pursuant to IFRS 10 (Consolidated financial statements), IFRS 11 (Joint Arrangements) and their amendments, the companies LB Poker and NLCS are now consolidated under the equity method.

3.2.2. Additional acquisition in LB poker

On 13 February 2014, La Française des Jeux exercised the put option entered into on 9 December 2013 between itself, Groupe Lucien Barrière and Online Gaming 3D. This option concerned the sale of LB Poker shares at par value by Online Gaming 3D. As a result, FDJ's interest in LB Poker increased from 43.84% to 50% on 27 February 2014, with the remaining shares held by Groupe Lucien Barrière.

4. OPERATING DATA

4.1. GAMING REVENUE AND REVENUE FROM ORDINARY ACTIVITIES

In thousands of euros	12/31/2015	12/31/2014
Player stakes	13,704,503	12,998,758
Prizes	-9,048,951	-8,482,325
Gross Gaming Revenue (GGR)	4,655,552	4,516,433
Structural increases and counterparty spread	-72,831	-82,173
Government levies	-3,037,546	-2,967,264
Miscellaneous revenues	68,600	45,061
REVENUE FROM GAMING ACTIVITIES	1,613,775	1,512,057

La Française des Jeux operates a service business, namely the development and operation for the french government of lottery games and sports betting.

Revenue from gaming activities (“gaming revenue” or gr) consists of player stakes, less government levies, winnings returned to players and the hedging of current counterparty risks, plus unclaimed scratch-game winnings and counterparty spreads, which totalled €1,614 million at 31 December 2015. Its increase of 6.7% was mainly due to a 5.2% increase in player stakes.

Revenue from ordinary activities (ROA) includes GR, plus revenues from other activities consisting primarily of revenues generated by La Française des Jeux from rentals to intermediaries and retailers of sales tools, financial provisions and other income from joint arrangement with SGE and sales of maintenance and software development services provided by LotSys and LVS. ROA totalled €1,649 million up by 6.4%.

4.2. EXTERNAL PURCHASES AND EXPENSES

Distribution channel costs increased 4.2% to €804 million as a result of growth in betting volumes in the year.

Excluding distribution channel costs, other purchases and external expenses increased by €14 million (up 4.5%), mainly driven by an 8.5% increase in its **subcontracting costs** arising from development work on various it projects and the change in the recognition method for it projects, as well as a 32.8% increase in fees, mainly due to internal reorganisations and preparatory work on the new FDJ strategic plan.

Statutory auditors’ fees for La Française des Jeux totalled €0.7 million in 2015, including €0.1 million for other work and services directly linked to statutory audit. For subsidiaries, recurring fee expenses totalled €0.2 million.

4.3. OTHER CURRENT OPERATING INCOME AND EXPENSES

The change in other operating income and expenses was mainly driven by reversals of provisions and a €1.8 million reduction in sundry operating expenses.

4.4. OTHER NET OPERATING EXPENSES

Other net operating expenses mainly consist of the payment of compensation and reversals of provisions relating to sales agents who ceased operations as a result of the restructuring plan implemented by la française des jeux in may 2014 to boost the performance of the company and its network.

In 2015, FDJ adjusted its provision to reflect a change in the baseline level of stakes used to calculate compensation payable to the 66 sales agents leaving in 2016

4.5. STOCKS

In thousands of euros	Gross	Impairment	Net
Balance at 12/31/2013 restated*	8,201	-1,183	7,018
Additions / (Disposals)	-1,906	-	-1,906
(Provision) / Reversal of impairment	-	381	381
Balance at 12/31/2014	6,295	-802	5,493
Additions / (Disposals)	1,555	-	1,555
(Provision) / Reversal of impairment	-	-720	-720
BALANCE AT 12/31/2015	7,850	-1,522	6,328

* Restated 2013 financial statements after application of IFRS 10 and 11.

4.6. CURRENT RECEIVABLES AND DEBTS

In thousands of euros	12/31/2015	12/31/2014
Total trade and other receivables	17,024	14,322
Distribution network receivables	266,665	218,293
Other current assets	126,700	122,541
TOTAL ASSETS	410,389	355,156

In thousands of euros	12/31/2015	12/31/2014
Trade and other payables	- 104,522	- 93,033
Non-current player funds	- 188,545	- 181,587
Distribution network payables	- 171,996	- 153,198
Government gaming levies	- 234,970	- 220,250
Winnings payable and distributable, current player funds	- 362,748	- 399,068
Other current liabilities	- 131,947	- 114,945
TOTAL LIABILITIES	- 1,194,728	- 1,162,081

4.6.1. Net management liabilities

In thousands of euros	12/31/2015	12/31/2014
Total trade and other receivables	17,000	14,322
Other current assets, management	55,141	53,681
Trade and other payables	- 104,522	- 93,033
Other current liabilities, management	- 92,801	- 84,116
NET MANAGEMENT LIABILITIES	- 125,183	- 109,146

4.6.2. Net distribution network receivables

In thousands of euros	12/31/2015	12/31/2014
Distribution network receivables	266,665	218,293
Distribution network payables	- 171,996	- 153,198
NETWORK RECEIVABLES, NET	94,669	65,095

Every week, **gaming retailers** are debited for the amount of player stakes collected, net of winnings paid out and commissions. The change in **distribution network receivables and payables** can be mainly explained by a calendar effect.

4.6.3. Net game-related liabilities

In thousands of euros	12/31/2015	12/31/2014
Total trade and other receivables - gaming	24	-
Other current assets, gaming	71,559	68,860
Non-current player funds	- 188,545	- 181,587
Government gaming levies	- 234,970	- 220,250
Winnings payable and distributable, current player funds	- 362,748	- 399,068
Other current liabilities, gaming	- 39,146	- 30,829
NET GAMING LIABILITIES	- 753,825	- 762,874

The €15 million increase in **government gaming levies** is mainly attributable to calendar effects, partly offset by a reduction in the surplus applicable to the permanent fund.

The decrease in **winnings payable and deferred winnings** was mainly the result of deductions against reserve funds to finance promotional activity.

4.7. COVERAGE OF OPERATING RISKS

4.7.1. Coverage of receivables risks

The Group's trade receivables consist primarily of receivables from its retail distribution network corresponding to the stakes collected by them. The necessary approval to market La Française des Jeux games is given to retailers upon analysis of their financial situation. In some cases, a guarantee deposit is required.

The risk attached to receivables from retailers is analysed in particular by a monitoring committee, which regularly brings together persons responsible at the marketing, financial, legal, security and Responsible Gaming departments whose task it is to rule on particular, material cases of non-payment, as well as on guarantee demands and on whether to litigate over certain receivables. The rules for the impairment of receivables are based on their amount and age. The Group considers the risk of retailer default, with a potentially material impact on its financial positions and results, to be limited.

Other receivables are impaired on a case-by-case basis.

A maturity schedule for receivables not yet paid and not impaired, excluding receivables from associates, is as follows:

In thousands of euros	12/31/2015							
	Gross amount		Impairments of past due receivables	Net amounts past due	Net amounts overdue by			
	Non overdue	Overdue			0-3 months	3-6 months	6-12 months	> 1 year
Non-current loans and receivables	9,960	93	-36	57	1	25	-	31
Current loans and receivables	383,573	20,284	-14,399	5,885	3,131	1,793	772	189
TOTAL LOANS AND RECEIVABLES	393,533	20,377	-14,435	5,942	3,132	1,819	772	220

In thousands of euros	12/31/2014							
	Gross amount		Impairments of past due receivables	Net amounts past due	Net amounts overdue by			
	Non overdue	Overdue			0-3 months	3-6 months	6-12 months	> 1 year
Non-current loans and receivables	6,799	38	-38	-	-	-	-	-
Current loans and receivables	325,297	21,099	-12,891	8,208	2,741	136	3,771	1,560
TOTAL LOANS AND RECEIVABLES	332,096	21,137	-12,929	8,208	2,741	136	3,771	1,560

Changes in impairment of overdue and not-yet due receivables are as follows:

In thousands of euros	Total impairments	including loans and receivables	including receivables from associates
Balance at 12/31/2013 restated*	22,322	12,923	9,399
Allowances	4,271	4,271	-
Reversals used	-2,383	-2,383	-
Reversals of unused remainders	-2,892	-1,887	-1,005
Other movements	21	21	-
Balance at 12/31/2014	21,339	12,945	8,394
Allowances	4,118	4,118	-
Reversals used	-1,989	-1,989	-
Reversals of unused remainders	-662	-662	-
Other movements	-5	23	-28
BALANCE AT 12/31/2015	22,801	14,435	8,366

* Restated 2013 financial statements after application of IFRS 10 and 11.

4.7.2. Management of foreign exchange risk

In its normal business activity, the Group is exposed to foreign exchange risks resulting from supplier invoices denominated in foreign currencies. The risk is measured in aggregate for each currency. The general Group policy is to hedge this risk over each budgetary period. The only currency to which the Group had significant exposure during the financial year ended 31 December 2015 is the US dollar, for a maximum equivalent of €25 million. Purchases term foreign currency (US dollars) amounted on 31 December 2015 to \$15 million.

The fair value of the currency-based derivatives (forward purchase contracts) was +€0.3 million in 2015 versus -€0.6million in 2014, corresponding to the amount that the Group would have received (2015) or paid (2014) if it had cancelled its position.

An increase of \$0.10 per €1.00 in the EUR/USD exchange rate applicable to forward contracts held for economic hedging purposes but not eligible as hedges would have reduced the Group's income by €1.1 million. A decrease of \$0.10 would have increased income by €1.3 million.

4.7.3. Current risks associated with the business of game operator

Some games are based on the fixed-odds principle. The face value of the prizes is fixed or derived from a probability calculation. The number or value of prizes won is determined by chance. For these fixed-odds games, the total amounts which will actually be distributed to winners cannot be determined in a precise fashion; it can only be estimated. It will sometimes be less and sometimes more than the share of the stakes designated for return to players by decree of the Budget Minister. These negative and positive differences can result in financial gains for La Française des Jeux or in financial risks. Such risks are managed in a counterparty fund specific to each game, which allows the financial risk to be spread across all gaming events.

Furthermore, to limit the overall counterparty risk for La Française des Jeux, all of its counterparty funds for each game have been combined into a permanent fund to spread hedging of the counterparty risk. In accordance with the Decree of 1978, as amended by Decree No. 2006-174 of 17 February 2006, the permanent fund is capped at 1% of player stakes for the year. The surplus is paid to the State. In addition, a statutory reserve (€139 million) can be raised to cover unusual and extreme risks in case of insufficient counterparty and permanent funds. Counterparty funds raise to €51,5 million by the end of 2015, and permanent funds to €137 million.

5. EMPLOYEE-RELATED EXPENSES AND BENEFITS

5.1. GROUP HEADCOUNT

The weighted average headcount (WAH) in 2015 and 2014 for La Française des Jeux and fully-consolidated companies were as follows:

	12/31/2015	12/31/2014
La Française des Jeux	1,183	1,163
Société de Gestion de l'Échappée	62	60
LotSys	62	62
FDJ Développement	17	17
La Française d'Images	54	55
La Pacifique des Jeux	21	22
La Française de Motivation	15	17
LVS	37	37
FDP	325	300
TOTAL WEIGHTED AVERAGE HEADCOUNT	1,776	1,733

The increase in the group's weighted average headcount is linked to La Française des Jeux and FDP in line with the transformation of the sales organisation (as part of which the group took control over 12 sales areas).

5.2. PERSONNEL EXPENSES

In thousands of euros	12/31/2015	12/31/2014
Wages and salaries	103,166	106,052
Social security contributions	53,670	50,761
Employee profit-sharing and incentives	15,861	14,476
Long-term benefits	2,164	2,087
Individual training entitlement	-2,556	500
TOTAL PERSONNEL EXPENSES	172,304	173,876

In spite of an increase in the workforce, employee expenses decreased as a result of the reversal of the individual training entitlement (droit individuel à la formation – DIF) and the increase in capitalised expenditure (netted off within employee expenses).

5.3. LIABILITIES ASSOCIATED WITH PERSONNEL

In thousands of euros	12/31/2013 restated*	Allowances	Reversals of provisions		Other movements	12/31/2014
			Used	Unused		
Pension obligations	21,461	2,195	-1,237	-	6,170	28,589
Service recognition awards	4,091	948	-152	-	-	4,887
Health care costs	4,410	397	-64	-	1,233	5,976
Provisions for non-current personnel expenses	29,962	3,540	-1,453	-	7,403	39,452
Provisions for current personnel expenses	11,966	7,391	-4,426	-383	190	14,738
TOTAL PROVISIONS FOR PERSONNEL EXPENSES	41,928	10,931	-5,879	-383	7,593	54,190

* Restated 2013 financial statements after application of IFRS 10 and 11.

In thousands of euros	12/31/2014	Allowances	Reversals of provisions		Other movements	12/31/2015
			Used	Unused		
Pension obligations	28,589	2,644	-948	-	1,715	32,000
Service recognition awards	4,887	151	-124	-	-	4,914
Health care costs	5,976	489	-	-74	26	6,417
Provisions for non-current personnel expenses	39,452	3,284	-1,072	-74	1,741	43,331
Provisions for current personnel expenses	14,738	2,953	-5,077	-504	-	12,110
TOTAL PROVISIONS FOR PERSONNEL EXPENSES	54,190	6,237	-6,149	-578	1,741	55,441

5.3.1. Pension obligations

The parameters below are used to determine the provision for pension obligations:

	12/31/2015	12/31/2014
Discount rate*	2.07%	1.70%
Salary increase rate** of which inflation	2.80% 2.00%	2.80% 2.00%
Employee turnover rate**	management non-management	1.26% 0.57%
Mortality table	INSEE TH-TF	INSEE TH-TF

* The discount rate is derived from the benchmark rate for AA corporate bonds with 10 and 15-year maturities.

** Age-adjusted.

Debts associated with pension obligations increased by €3 million. Consumption (departures) stood at €1 million.

In thousands of euros	12/31/2015	12/31/2014
Actuarial obligation at the beginning of the period	28,589	21,461
Normal cost	2,128	1,550
Interest on the actuarial obligation	514	663
Past service cost and actuarial gains and losses	1,715	6,171
Pensions paid	-946	-1,254
Provision at the end of the period	32,000	28,589

Pursuant to IAS 19 revised, changes in actuarial assumptions and experience adjustments give rise to actuarial differences that are recognised fully in equity and cannot be recycled when they occur.

In thousands of euros	12/31/2015	12/31/2014
Normal cost	2,128	1,550
Interest on the actuarial obligation	514	663
Costs for past service	-	-
Pensions theoretically paid	-946	-1,254
NET COST IN INCOME	1,696	958
RECOGNISED IN OTHER TRANSFERABLE EQUITY	1,715	6,171

The results of sensitivity tests show that a 25 basis point increase or decrease in the discount rate would lead to a corresponding 3% decrease or increase in the current provision for retirement benefits.

5.3.2. Other liabilities associated with employees

Provisions for current employee expenses mainly cover labour litigation risks and the employee departure costs.

6. INTANGIBLE ASSETS, AND PROPERTY, PLANT AND EQUIPMENT

6.1. GOODWILL

No acquisition was made in 2015.

In thousands of euros	12/31/2015	12/31/2014
Net book value at opening	1,108	1,108
Impairment losses	-	-
Net book value at closing	1,108	1,108
Gross value at closing	6,772	6,772
Accumulated impairment losses at closing	-5,664	-5,664

Impairment testing did not show any losses to be recognised.

6.2. OTHER INTANGIBLE ASSETS

In thousands of euros	12/31/2015			12/31/2014		
	Gross	Amortis. Provisions	Net	Gross	Amortis. Provisions	Net
Development costs	67,529	-46,222	21,307	60,847	-40,735	20,112
Patents, licences	144,316	-105,364	38,952	133,637	-95,473	38,164
Business assets	296	-	296	296	-	296
Other intangible assets	251	-247	4	248	-243	5
Intangible assets in progress	13,187	-387	12,800	6,325	-230	6,095
TOTAL INTANGIBLE ASSETS	225,580	-152,220	73,360	201,353	-136,681	64,672

In thousands of euros	12/31/13 restated*	Acquisitions Allowances	Disposals Reversals	Other movements	12/31/2014
Development costs	57,699	951	-	2,197	60,847
Patents, licences	124,793	8,398	-2,111	2,557	133,637
Business assets	296	-	-	-	296
Other intangible assets	255	-	-7	-	248
Intangible assets in progress	6,439	4,231	-910	-3,435	6,325
Gross amounts	189,482	13,580	-3,028	1,319	201,353
Development costs	-36,761	-3,974	-	-	-40,735
Patents, licences	-88,224	-9,053	1,945	-141	-95,473
Other intangible assets	-244	-6	7	-	-243
Intangible assets in progress	-119	-99	-	-12	-231
Amortisation and provisions	-125,348	-13,132	1,952	-153	-136,681
INTANGIBLE ASSETS, NET	64,134	448	-1,076	1,166	64,672

* Restated 2013 financial statements after application of IFRS 10 and 11.

In thousands of euros	12/31/2014	Acquisitions Allowances	Disposals Reversals	Other movements	12/31/2015
Development costs	60,847	5,649	-394	1,427	67,529
Patents, licences	133,637	8,115	-478	3,042	144,316
Business assets	296	-	-	-	296
Other intangible assets	248	3	-	-	251
Intangible assets in progress	6,325	10,026	-38	-3,126	13,187
Gross amounts	201,353	23,793	-910	1,343	225,579
Development costs	-40,735	-5,661	174	-	-46,222
Patents, licences	-95,473	-10,006	252	-136	-105,364
Other intangible assets	-243	-4	-	-	-247
Intangible assets in progress	-231	-145	-	-12	-387
Amortisation and provisions	-136,681	-15,816	426	-148	-152,219
INTANGIBLE ASSETS, NET	64,672	7,977	-484	1,195	73,360

Note: other movements relate to the reclassification of tangible assets in progress to property, plant and equipment, and currency translation effects.

The main acquisitions and disposals in 2013 and 2014 concern the parent company and are primarily linked to developments relating to production information systems, back-office and gaming terminal systems.

6.3. PROPERTY, PLANT AND EQUIPMENT

In thousands of euros	12/31/2015			12/31/2014		
	Gross	Amortis. Provisions	Net	Gross	Amortis. Provisions	Net
Land and improvements	3,103	-1,848	1,255	3,055	-1,673	1,382
Buildings	57,446	-49,241	8,205	56,608	-47,960	8,648
Technical install., materials, equipment	178,191	-101,533	76,658	205,157	-164,493	40,664
Other property, plant and equipment	220,395	-172,928	47,467	209,217	-161,086	48,131
Property, plant and equipment under construction	11,760	-	11,760	9,723	-	9,723
Advances and payments on account	1,402	-	1,402	20,317	-	20,317
TOTAL PROPERTY, PLANT AND EQUIPMENT	472,297	-325,550	146,747	504,077	-375,212	128,865

In thousands of euros	12/31/2013 restated*	Acquisitions Allowances	Disposals Reversals	Other movements	12/31/2014
Land and improvements	3,055	-	-	-	3,055
Buildings	55,936	798	-253	127	56,608
Technical install., materials, equipment	204,774	4,945	-13 250	8,688	205,157
Other property, plant and equipment	204,934	10,166	-7 922	2,039	209,217
Property, plant and equipment under construction	12,477	4,393	-30	-7,117	9,723
Advances and payments on account	22,028	3,064	-8	-4,767	20,317
Gross amounts	503,204	23,366	-21,463	-1,030	504,077
Land and improvements	-1,490	-183	-	-	-1,673
Buildings	-46,764	-1,423	227	-	-47,960
Technical install., materials, equipment	-165,111	-12,863	13,481	-	-164,493
Other property, plant and equipment	-152,743	-16,015	7,688	-16	-161,086
Property, plant and equipment under construction	-4	-	4	-	-
Advances and payments on account	-	-	-	-	-
Amortisation and provisions	-366,112	-30,484	21,400	-16	-375,212
PROPERTY, PLANT AND EQUIPMENT, NET	137,092	-7,118	-63	-1,046	128,865

* Restated 2013 financial statements after application of IFRS 10 and 11.

In thousands of euros	12/31/2014	Acquisitions Allowances	Disposals Reversals	Other movements	12/31/2015
Land and improvements	3,055	48	-	-	3,103
Buildings	56,608	823	-	15	57,446
Technical install., materials, equipment	205,157	26,289	-77,460	24,205	178,191
Other property, plant and equipment	209,217	12,790	-3,479	1,866	220,395
Property, plant and equipment under construction	9,723	10,441	-437	-7,967	11,760
Advances and payments on account	20,317	306	-	-19,222	1,401
Gross amounts	504,077	50,697	-81,376	-1,103	472,296
Land and improvements	-1,673	-175	-	-	-1,848
Buildings	-47,960	-1,281	-	-	-49,241
Technical install., materials, equipment	-164,493	-14,387	77,346	2	-101,532
Other property, plant and equipment	-161,086	-15,044	3,217	-14	-172,928
Property, plant and equipment under construction	-	-	-	-	-
Advances and payments on account	-	-	-	-	-
Amortisation and provisions	-375,212	-30,887	80,562	-12	-325,549
PROPERTY, PLANT AND EQUIPMENT, NET	128,865	19,810	-813	-1,115	146,747

Note: other movements relate to the reclassification of tangible assets in progress to property, plant and equipment, and currency translation effects.

The main movements in financial years 2014 and 2015 are related to the parent company. They concerned the rollout of point-of-sale fittings and equipment (in 2015, 23,000 neptune terminals were installed to replace quartz terminals).

7. OTHER PROVISIONS AND CONTINGENT LIABILITIES

7.1. OTHER PROVISIONS

In thousands of euros	Note	12/31/2013 restated*	Allowances	Reversals		Other movements	12/31/2014
				Used	Unused		
Provisions for non-current employee expenses	5.3.	29,962	3,540	-1,453	-	7,403	39,452
Provisions for non-current restructuring		-	129,829	-	-	-	129,829
TOTAL NON-CURRENT		29,962	133,369	-1,453	-	7,403	169,281
Provisions for current personnel expenses	5.3.	11,966	7,391	-4,426	-383	190	14,738
Provisions for current restructuring		-	93,170	-	-	-	93,170
Other current provisions		38,566	6,118	-25	-1,601	6,418	49,476
TOTAL CURRENT PROVISIONS		50,532	106,679	-4,451	-1,984	6,608	157,384

* Restated 2013 financial statements after application of IFRS 10 and 11.

In thousands of euros	Note	12/31/2014	Allowances	Reversals		Other movements	12/31/2015
				Used	Unused		
Provisions for non-current personnel expenses	5.3.	39,452	3,284	-1,072	-74	1 741	43,331
Provisions for non-current restructuring		129,829	2,815	-	-	-94,909	37,735
TOTAL NON-CURRENT PROVISIONS		169,281	6,099	-1,072	-74	-93,168	81,066
Provisions for current personnel expenses	5.3.	14,738	2,953	-5,077	-504	-	12,110
Provisions for current restructuring		93,170	27,317	-94,209	-33	94,909	121,154
Other current provisions		49,476	1,388	-244	-1,625	-364	48,631
TOTAL CURRENT PROVISIONS		157,384	31,658	-99,530	-2,162	94,545	181,895

Other current provisions mainly cover litigation risk (see Note 13), the destruction of gaming devices and operating risk, as well as the negative net assets of LB Poker. The change in the latter is due to a share of the subsidiary's income amounting to -€3 million in 2014 and €0.4 million in 2015.

Other movements primarily include changes to provisions linked to:

- actuarial gains and losses from pension and healthcare commitments, for which a counter-entry is recorded in transferable equity (Note 6.3.1).
- the negative net asset of LB Poker, for which a counter-entry is recorded in "Share in the earnings of joint ventures" (Note 9.1).

7.2. OFF-BALANCE-SHEET COMMITMENTS

7.2.1. Commitments given

• FDJ is the head of a tax consolidation group that includes the following companies: La Française de Patrimoine, FDJ Développement, La Française d’Images, La Française de Motivation and Internationale des Jeux. The tax consolidation agreement, renewed with effect from 1 January 2015, stipulates that, where a subsidiary leaves the tax consolidation group and has been subject to additional tax costs as a result of belonging to that group, compensation may be provided for by mutual agreement.

No provisions have been set aside in this respect.

At 31 December 2015, the stock of subsidiaries’ tax losses totalled €0.6 million for FDI and €4 million for IJ.

• Pursuant to legislation and regulations governing employee savings, and to ensure the liquidity of the “FDJ Actionnariat” employee investment fund through which employees own 5% of the company, La Française des Jeux chose to ask Crédit Lyonnais to grant the fund a first-demand guarantee in the amount of €9 million. La Française des Jeux granted Crédit Lyonnais a cross-guarantee in the same amount. Finally, the fund entered into an agreement with La Française des Jeux to repay funds collected or received from the sale of shares. These commitments were renewed for a period of two years with effect from 1 June 2014.

7.2.2. Reciprocal commitments

• La Française des Jeux granted commitments to employees transferred to La Française de Maintenance when the latter was formed. EDS France, now known as HP Entreprise Services France, in turn granted La Française des Jeux a cross-guarantee covering some of these commitments.

7.2.3. Other commitments

The other commitments are described in the table below:

In thousands of euros	12/31/2015	12/31/2014
Commitments given		
Deposits and first-demand guarantees	8,975	6,460
Innovation Fund	13,075	-
Performance bonds	61,725	90,511
Image rights for cyclists and commitment to the L’Échappée association	665	630
Escrow account	1,126	1,114
Property rental (buildings and vehicles)	38,098	37,688
TOTAL COMMITMENTS GIVEN	123,664	136,402
Commitments received		
Performance bonds and return of payments on account	28,838	158,414
Guarantees for return of stakes and payment of winnings	42,448	31,076
TOTAL COMMITMENTS RECEIVED	10,650	15,039
Other	2,224	1,899
TOTAL COMMITMENTS RECEIVED	84,160	206,428

* Including printers’ contracts: €17 million vs. €34 million in 2014 ; maintenance terminal suppliers: €36 M vs. €44 million in 2014.

The innovation funds are Partech and Raise, both of them support the development of the start-ups.

8. CASH AND FINANCIAL INSTRUMENTS

8.1. FINANCIAL ASSETS AND LIABILITIES

In thousands of euros	12/31/2015	12/31/2014
Euro Millions guarantee deposits	9,419	10,362
Non-current available-for-sale financial assets	490,294	428,512
Non-current securities measured at fair value through profit or loss	15,453	40,452
Total other non-current financial assets	515,166	479,326
Current available-for-sale financial assets	301,976	258,308
Current derivatives	387	643
Other	699	1,709
Total current financial assets	303,062	260,660
TOTAL FINANCIAL ASSETS	818,228	739,986
Non-current liability derivatives	-	-
Total other non-current financial liabilities	-	-
Current derivatives	-	-
Payable to banks	18,628	30,130
Total other financial liabilities	18,628	30,130
TOTAL FINANCIAL LIABILITIES	18,628	30,130

With interest rates at all-time lows, in 2015 La Française des Jeux continued with its policy of making investments in five-year term deposits, resulting in an increase in non-current financial assets.

Some of these investments now mature in less than one year, explaining the increase in current financial assets.

In thousands of euros	12/31/2015	12/31/2014
Receivables related to investments	16,737	16,737
Capitalised securities	2,318	143
Loans	66	95
Guarantees and security deposits	7,638	6,569
Other financial assets	14	12
Total other non-current financial assets, gross	26,773	23,556
Impairment	-8,402	-8,208
TOTAL OTHER NET NON-CURRENT FINANCIAL ASSETS	18,371	15,348

In 2015, the balance paid under the surety trust agreement totalled €3.6 million, €0.6 million more than in 2014. The purpose of this agreement is to protect the assets of online players.

Impairment losses concern related receivables.

8.2. CASH AND CASH EQUIVALENTS

In thousands of euros	12/31/2015	12/31/2014
Short-term investments, cash equivalents	490,200	629,033
Bank accounts and other credit balances	72,246	56,856
CASH AND CASH EQUIVALENTS	562,446	685,889

In line with its investment policy, La Française des Jeux reallocated significant amounts into long-term time deposits, leading to a reduction in investments in cash equivalents at end 2015 (see note 8.1).

8.3. FINANCIAL RESULT

In thousands of euros	12/31/2015	12/31/2014
Proceeds from the sale of investment securities ⁽¹⁾	2,132	2,292
Income from investment securities	11,979	13,971
Derivatives	261	725
Financial income on securities measured at fair value through profit or loss	810	864
Other financial income	3,410	4,443
Finance income	18,592	22,295
Expenses on the sale of investment securities ⁽¹⁾	-41	-225
Derivatives*	-517	-14
Finance expenses on cash transactions	-21	-1
Other financial expenses	-548	-196
Finance expenses	-1 126	-436
FINANCIAL RESULTS	17,466	21,859
<i>(1) Net proceeds from the sale of investment securities</i>	<i>2,091</i>	<i>2,067</i>

* Note 8.4.w

The reduction in revenue from short-term investment securities is a result of the combined fall in both the average annual balance, down from €1,302 million to €1,289 million, and interest rates (with interest rates continuing to fall in 2015 and eonia negative throughout the year).

8.4. FINANCIAL RISK MANAGEMENT POLICY

8.4.1. Credit risk from investments and derivatives

Credit risk or counterparty risk of investments and derivative financial instruments is monitored by the treasury committee. This risk corresponds to the loss that the Group would incur if a counterparty defaults, resulting in a failure to meet its obligations vis-à-vis La Française des Jeux.

For investments and derivatives, the Group's policy is to limit transactions, weighted by the nature of the risks, to a maximum amount per approved counterparty. This list of approved counterparties is established by the Treasury Committee, selected according to two criteria based on their credit rating and the transaction's maturity. It is reviewed periodically, at least once every six months. In the event that a counterparty is downgraded below the minimum rating, the Treasury Committee decides whether to maintain the existing transactions to maturity.

The Group considers that the risk of counterparty default, with a potentially material impact on its financial position and results, is limited, due to the policy in place for counterparty management, and more particularly because of the minimum long-term rating stipulated for these transactions.

In thousands of euros	12/31/2015	12/31/2014
Non-current available-for-sale financial assets	490,294	428,512
Non-current assets measured at fair value through profit or loss	15,453	40,452
Total non-current investment securities	505,747	468,964
Current available-for-sale financial assets	301,976	258,308
Investments, cash equivalents	490,200	629,033
TOTAL INVESTMENTS	1,297,923	1,356,305

At 31 December 2015, investments consisted of €588 million in UCITS and €710 million in investments with counterparties, compared to €705 million and €651 million, respectively, at 31 December 2014.

The credit risk analysis breaks down as follows:

Amounts outstanding	Total amount outstanding (€ million) at 12/31/2015	€0-25 million	€25-50 million	€50-100 million	€100-200 million
RATING					
AA / Financial institutions	263	2	2	1	1
A / Financial institutions	447	6	5	2	
TOTAL	710				

8.4.2. Liquidity risk

Liquidity risk is the risk of not being able to raise the funds necessary to meet future financial obligations. In particular, the cash necessary to cover counterparty risks on certain games, for which amounts are potentially high, must be immediately available. It corresponds to the amounts recognised in the counterparty funds, the permanent fund and, for extreme cases, in the statutory reserve fund.

The allocation of investments at La Française des Jeux provides that more than 33% of assets must be invested in standard short-term instruments (cash equivalents or current financial assets).

The Group has no debt.

8.4.3. Interest rate risk

The Group's exposure to changes in interest rates is related primarily to its future investments. The Group implements a policy of dynamic interest rate risk management supervised by the Treasury Committee. The objective of this policy is to ensure a minimum return, in the context of a five-year investment horizon and using the three-month Euribor as the benchmark rate, for a portion of the amounts invested.

Sensitivity to interest rate risk arises from fixed rate investments (bonds and negotiable debt instruments) and interest rate derivatives. At 31 December 2015, investments totalling €10 million exposed to interest rate risk were due to mature in less than five months. A 0.5% increase or decrease across the entire yield curve would have no material impact on the fair value of these investments.

8.5. IMPACT OF FINANCIAL INSTRUMENTS

8.5.1. Impact on the balance sheet

In thousands of euros	12/31/2015			
	Amount	Analysis by IAS 39 category		
		Loans and receivables liabilities at amortised cost	Available-for-sale financial assets	Derivative financial instruments*
Financial assets at historic value	435,796	435,796	-	-
Financial assets at fair value	1,380,674	72,945	1,291,889	15,840
of which non-current financial assets	515,166	-	499,713	15,453
of which current financial assets	303,062	699	301,976	387
of which cash and cash equivalents	562,446	72,246	490,200	-
TOTAL FINANCIAL ASSETS	1,816,470	508,741	1,291,889	15,840
Financial liabilities at historic value	-	-	-	-
Financial liabilities at fair value	1,213,773	1,213,773	-	-
TOTAL FINANCIAL LIABILITIES	1,213,773	1,213,773	-	-

* Fair value through profit or loss.

In thousands of euros	12/31/2014			
	Amount	Analysis by IAS 39 category		
		Loans and receivables liabilities at amortised cost	Available-for-sale financial assets	Derivative financial instruments*
Financial assets at historic value	434,036	434,036	-	-
Financial assets at fair value	1,425,875	58,565	1,326,215	41,095
of which non-current financial assets	479,326	-	438,874	40,452
of which current financial assets	260,660	1,709	258,308	643
of which cash and cash equivalents	685,889	56,856	629,033	-
FINANCIAL LIABILITIES AT HISTORIC VALUE	1,859,911	492,601	1,326,215	41,095
Financial liabilities at historic value	-	-	-	-
Financial liabilities at fair value	1,192,916	1,192,916	-	-
TOTAL FINANCIAL LIABILITIES	1,192,916	1,192,916	-	-

* Fair value through profit or loss.

All balance sheet items are at historic value except for financial assets and liabilities which are at fair value.

8.5.2 Impact on the income statement

In thousands of euros	Financial result		Operating result	
	Interest	Fair value through profit or loss	Gain or loss on disposal	Other*
Available-for-sale financial assets**	13,971	224	-	-
Securities measured at fair value through profit or loss	-	640	-	-
Loans and receivables	-	-	-	-2,623
Derivatives	-	706	5	-
Total at 12/31/2014	13,971	1,570	5	-2,623
Available-for-sale financial assets**	11,979	-	-	-
Securities measured at fair value through profit or loss	-	810	-	-
Loans and receivables	-	-	-	-2,070
Derivatives	-	-256	-	-
TOTAL AT 12/31/15	11,979	554	-	-2,070

* Losses on bad debts.

** Note 8.1.

8.5.3. Impact on transferable equity

In thousands of euros	Gross amount	Tax	Net amount
Balance at 31 December 2013 restated*	9,879	-3,475	6,404
Changes in fair value	3,975	-	3,975
Impairment charges reclassified to the income statement	-	-	-
Amounts from disposals reclassified to the income statement	-1,578	-	-1,578
Change in taxes	-	-1,098	-1,098
Balance at 31 December 2014	12,276	-4,573	7,703
Changes in fair value	1,828	-	1,828
Impairment charges reclassified to the income statement	-	-	-
Amounts from disposals reclassified to the income statement	-1,798	-	-1,798
Change in taxes	-	45	45
BALANCE AT 31 DECEMBER 2015	12,307	-4,528	7,779

* 2013 financial statements restated following the application of IFRS 10 and 11.

9. JOINT VENTURES

9.1. SHARE OF INCOME IN JOINT VENTURES

In thousands of euros	BZP	LB Poker	SLE	NLCS	Total
Value of securities at 12/31/2013 restated*	10,087	-	129	96	10,311
Group share of 2014 earnings	1,956	-6,596	16	29	-4,595
Gross dividends	-1,167	-	-	-	-1,167
Changes in foreign exchange rates	1,158	-	-	-	1,158
Reclassification as current provisions	-	6,596	-	-	6,596
Value of securities at 12/31/14	12,034	-	144	125	12,303
Group share of 2014 earnings	1,202	384	16	34	1,635
Gross dividends	-1,144	-	-	-	-1,144
Changes in foreign exchange rates	612	-	-	-	612
Reclassification in current provisions	-	-384	-	-	-384
VALUE OF SECURITIES AT 12/31/2015	12,704	-	160	159	13,023

* 2013 financial statements restated following the application of IFRS 10 and 11.

Lb poker's contributions to consolidated net profit in 2015 and 2014 were +€0.4 million and -€6.5 million respectively. The change in La Française des Jeux's percentage ownership of LB Poker in 2014 had a negative impact on the value of the investment.

It has now been reclassified under current provisions (see note 7.1).

9.2. JOINT VENTURE DATA

9.2.1. Beijing Zhongcai Printing

La Française des Jeux holds a 37% interest in Beijing Zhongcai Printing Co Ltd (BZP), a lottery ticket printing company located in China and consolidated using the equity method. The other shareholders are a Malaysian group (23%) and China Welfare Lottery (40%).

The Group has no significant business relationship with this company. BZP paid out dividends, net of currency translation effects and withholding taxes, of €1 million in 2015 and €1 million in 2014.

The main figures for BZP are as follows:

In thousands of euros	12/31/2015	12/31/2014
Non-current assets	9,844	10,602
Current assets	29,104	27,646
Current liabilities	4,180	5,723
NET ASSETS	34,768	32,524

In thousands of euros	12/31/2015	12/31/2014
Revenue	21,034	21,448
Operating result	4,388	6,255
NET PROFIT	3,208	5,286

9.2.2. Services aux Loteries en Europe

The Group holds a joint-venture interest in Service aux Loteries en Europe (SLE), a limited-liability cooperative company under Belgian law located in Brussels, created in October 2003 to carry out common operations for the Euro Millions game, such as draws, centralisation of numbers, payback ratio calculation and arrangements for transferring funds between operators to distribute winnings. The company's capital is held by the ten participating lotteries, including La Française des Jeux which owns 26.57%. None of the transactions with this company has a significant influence on the Group. SLE is consolidated using the equity method (Note 3.2.1).

9.2.3. National Lotteries Common Services

The Group holds a stake in a joint venture, National Lotteries Common Services (NLCS), a French company established in February 2013 to bring together lotteries in a process and pool their skills and resources in the field of sports betting. The capital is held by two lotteries (the Portuguese state lottery Santa Casa de Misericordia de Lisboa (SCML) and La Française des Jeux), which each hold a 50% stake. None of the transactions with this company has a significant influence on the Group. NLCS is consolidated using the equity method (Note 3.2.1).

9.2.4. LB Poker

The Group owns a 50% joint-venture interest (Note 3.2.2) in LB Poker, created on 25 May 2010 with Group Lucien Barrière.

The main financial elements relating to LB Poker are as follows:

In thousands of euros	12/31/2015	12/31/2014
Revenue	-	-
Operating result	- 130	-4,522
NET PROFIT	1,816	-9,894

LB Poker ceased b-to-c trading operations on 30 september 2013. Lb poker is consolidated using the equity method.

10. INCOME TAXES

10.1. INCOME TAX EXPENSE

In thousands of euros		12/31/2015	12/31/2014
<i>Non-current</i>	Deferred tax	2,610	338
<i>Current</i>	Current tax	91,667	429
TOTAL INCOME TAX EXPENSE		94,278	767

The change in current tax is due to the tax deficit of La Française des Jeux in 2015.

10.2. DEFERRED TAX

In thousands of euros	12/31/2015		12/31/2014	
	Assets	Liabilities	Assets	Liabilities
Non-deductible provisions	3,332	-	2,864	-
Temporarily non-deductible expenses	4,154	-	4,819	-
Other consolidation adjustments*	-	-30,273	-	-26,844
Other temporary differences	-1,195	-	-2,563	-
Total deferred taxes	6,291	-30,273	5 120	-26 844
NET DEFERRED TAX	-	-23,983	-	-21,724

* Main special depreciation allowances

10.3. PREUVE D'IMPÔT

In thousands of euros	12/31/2015	12/31/2014
Consolidated accounting profit before tax and effect of equity-accounting	251,783	-2,309
Standard theoretical income tax rate	38 %	38 %
Theoretical tax expense	95,678	-877
Effects of items generating differences from theoretical tax		
- Permanent differences	841	6
- Tax rate effect	-3,760	1,126
- Tax credits	-2,528	-3,771
- Unused tax loss carryforwards net of uses	-206	-225
- Additional contribution on dividends	4,253	4,509
Total differences between effective tax and theoretical tax	-1,400	1,644
TOTAL EFFECTIVE TAXES	94,278	767

11. SHAREHOLDERS' EQUITY

11.1. SHARE CAPITAL

The share capital of La Française des Jeux is €76,400,000 and is composed of 200,000 shares with a nominal value of €382. It has been unchanged over the last three fiscal years.

Shareholders owning at least 5% of the share capital at 31 December 2014 were as follows:

	Number of shares	% of capital
French government	144,000	72.0%
Union des Blessés de la Face et de la Tête	18,400	9.2%
FDJ employees' mutual fund	10,000	5.0%
Other (individuals holding less than 5% of the share capital)	27,600	13.8%
TOTAL	200,000	100%

The dividends paid in 2015 and 2014 for the 2014 and 2013 financial years were €133.0 million and €137.0 million, respectively, i.e. €665 and €685 per share.

The total dividend proposed to the Annual General Meeting is €137,000,000, or €687 per share.

11.2. RESERVES

The Group's business of organising and operating betting games involves specific risks and commitments of particular significance which must be anticipated through appropriate coverage.

Some of these risks and commitments are covered by the statutory reserve of €139 million created by La Française des Jeux as at 31 December 2015.

The risks covered are:

- operating risks that may arise at any time during the life cycle of the games (design, production of game equipment, logistics, marketing, etc.). They are measured, after-tax, at 0.3% of stakes, or €39 million at the end of 2015, based on the 2014 financial statements;
- rare and extreme-case counterparty risks, exceeding ordinary risk for which models are available, are covered by counterparty funds and the permanent fund. These risks are measured as and when a major change occurs in the gaming offer and in players' behaviour. At the end of 2014, they were covered up to €100 million by the statutory reserve.

12. TRANSACTIONS WITH RELATED PARTIES

12.1. FRENCH GOVERNMENT

The Budget Minister determines how player stakes are distributed, taking into account the statutory levies on gaming including the levy to finance the national sports development programme (CNDS), the social security debt retirement tax (CRDS) and the supplementary social security tax (CSG).

The amounts reported for this in the income statement and on the balance sheet for the last two years are as follows:

In thousands of euros		12/31/2015	12/31/2014
Income statement	Government levies	3,037,546	2,967,264
Balance sheet (liabilities)	Government gaming levies	234,970	220,250

An agreement between the French government and La Française des Jeux sets the legal and financial conditions governing the devolution of the fixed assets required to accomplish the mission entrusted to the company if La Française de Jeux loses its gaming operator's licence.

Transactions between La Française des Jeux and other public sector entities (France Télévisions, EDF, SNCF, La Poste) are all conducted at arm's length

12.2. OTHER RELATED PARTIES EXERCISING SIGNIFICANT INFLUENCE OVER THE GROUP

Transactions between La Française des Jeux and its subsidiaries, which are related parties, were eliminated on consolidation and are not described in this note.

No material transactions have been entered into with members of governing bodies having a significant influence on the Group.

Remuneration allocated to executives (corporate officers) in 2015 amounted to €272k (vs. €234k in 2014) for the chairwoman and chief executive officer and €252k (vs. €230k in 2014) for the deputy chief executive officer, for a total of €524k.

13. PENDING LEGAL PROCEEDINGS AND OTHER DISPUTES

In 2004, the Company was brought before the Conseil des Prud'hommes (Labour Conciliation Tribunal) of Aix-en-Provence by former employees on the matter of the employee savings plan. Because this tribunal was declared not to have jurisdiction at the end of 2012, the case is ongoing at the Conseil de Prud'hommes of Boulogne-Billancourt and of Meaux on its merits and not on the geographical or material jurisdiction. The Prud'hommes case for former managerial staff (only) ruled in favour of La Française de Jeux and dismissed the complainants. The latter therefore appealed to the Versailles court of appeal in 2014. The court ruled in favour again of La Française des Jeux and dismissed all of the plaintiffs' claims. The plaintiffs then filed an appeal with the Court of Cassation. As regards the non-management aspect of this dispute, the hearing before the appellate court in Versailles is pending awaiting the aforementioned Court of Cassation decision.

In October and December 2011, the Union Nationale des Diffuseurs de Jeux (French lottery distributors' syndicate - UNDJ) brought two actions, one before the Court of First Instance in Nanterre and the other before the Court of First Instance in Paris. The second case is ongoing, the first having been abandoned by the UNDJ. Members filed a lawsuit against La Française des Jeux in May 2012 before the Commercial Court of Nanterre. This case is subject to a stay of proceedings pending the decision of the second claim before the Paris District Court.

On 6 august 2015, 67 sales agents filed a lawsuit at short notice against la française des jeux before the commercial court of paris, seeking damages after their contracts as sales agents were terminated.

14. SUBSEQUENT EVENTS

La Française des Jeux is not aware of any event after 31 December 2014 that may have a significant impact on the Group's business, financial position or assets.

15. LIST OF CONSOLIDATED COMPANIES

Control is defined as the practical ability to exercise a right to manage key activities (that have a major impact on returns), exposure to variable returns (dividends, changes in fair value, tax savings) and the ability to act on these returns: decision-making ability to influence the returns.

The group is not aware of any major restrictions that would limit its ability to access the assets of subsidiaries controlled by it.

Name of entity	Consolidation method ⁽¹⁾	Activity	2015 Percentage controlled	2014 Percentage controlled
La Française des Jeux	FC	Organisation of lottery games and betting	100%	100%
LotSys	FC	Development and supply of materials, software and services related to games of chance	100%	100%
Internationale des Jeux	FC	Export activities for gaming	100%	100%
↳ Beijing ZhongCai Printing	EM	Printing of lottery tickets	37%	37%
La Française de Motivation	FC	Business travel consulting agency Tourism agency	100%	100%
La Pacifique des Jeux	FC	Operation of lottery games in French Polynesia	99.99%	99.99%
FDJ Développement	FC	Distribution of lottery games and betting in the French Antilles and French Guyana	100%	100%
La Française d'Images	FC	Technical audiovisual services	100%	100%
Société de Gestion de L'Échappée	FC	Management and promotion of a cycling team	100%	100%
FDP	FC	Distribution of lottery games and betting in mainland France	100%	100%
Services aux Loteries en Europe	EM*	Provision of services for national lottery agents in connection with the operation of Euro Millions	26.57%	26.57%
Laverock von Schoultz Limited (LVS)	FC	Software development	100%	100%
LB Poker	EM*	Development of a platform for online poker	50.00%	50.00%
NLCS	EM*	Provision of services associated with the operation of sports betting	50.00%	50,00 %

(1) FC: full consolidation; EM: Equity method.

* See note 3.2.1.

The ownership interest (the share held directly or indirectly by the consolidating entity in the capital of the consolidated entity) is identical to the percentage of control for all subsidiaries, with the exception of Société de Gestion de L'Échappée, in which the ownership interest is 34%.

Given the non-material nature of L'Association Échappée and the FDJ Corporate Foundation, these two entities are not consolidated.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

To the Shareholders,

In accordance with the appointment conferred on us by your Annual General Meeting, we hereby present to you our report for the year ended on 31 December 2015 on:

- the audit of the accompanying consolidated financial statements of La Française des Jeux;
- the justification of our assessments;
- the specific verification and information required by law.

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

I. Opinion on the consolidated financial statements

We conducted our audit according to the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis or using other methods of selection, evidence supporting the amounts and disclosures in the financial statements. An audit also includes evaluating the accounting policies used and the significant estimates made, as well as the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

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

Without detracting from the opinion expressed above, we wish to draw your attention to:

- Note 1.2 "Regulatory background of La Française des Jeux Group ("the Group")" to the consolidated financial statements, which sets out the specific legal nature of the company;

II. Basis for our assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters

- Note 2.1.3 "Estimates and judgements" to the consolidated financial statements describes the significant estimates and judgements that management has made in the course of preparing the financial statements. For the measurement of intangible assets, goodwill and provisions for restructuring, our work mainly consisted of assessing the appropriateness of the data used and the assumptions underlying these judgements and estimates, reviewing, on a test basis, the calculations performed by the Group, and examining the procedures for approving these judgements and estimates by management.

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

III. Specific verification

In accordance with the professional standards applicable in France, and as required by law, we have also verified the disclosures concerning the Group contained in the management report.

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

Neuilly-sur-Seine and Paris, 23 March 2016

Statutory Auditors

Deloitte & Associés

Éric GINS

Anne PHILIPONA-HINTZY

GRANT THORNTON

French member of Grant Thornton International

Gilles HENGOAT

Virginie PALETHORPE



INDIVIDUAL FINANCIAL STATEMENTS

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STATEMENT OF FINANCIAL POSITION

In thousands of euros		12/31/2015			12/31/2014
	Note	Gross	Amortisation and provisions	Net	Net
Intangible assets	5.1				
Research and development expenditure		63,466	43,376	20,090	19,040
Trademarks, software, copyrights and similar assets		143,402	102,980	40,422	40,559
Intangible assets in progress		13,134	-	13,134	3,963
Property, plant and equipment	5.2				
Land		3,027	1,848	1,180	1,307
Buildings		56,722	48,517	8,205	8,648
Technical facilities, equipment and tools		154,071	82,124	71,946	35,172
Other property, plant and equipment		205,112	162,235	42,877	44,870
Property, plant and equipment under construction		11,693	-	11,693	9,773
Advances and payments on account		1,402	-	1,402	20,318
Financial assets	7.1				
Equity investments		38,827	18,961	19,866	18,759
Receivables related to investments		16,737	16,737	-	-
Fixed assets in the portfolio activity		2,175	-	2,175	-
Loans		46	36	10	25
Other		16,122	-	16,122	16,236
Fixed assets		725,935	476,814	249,121	218,669
Inventories		7,236	1,354	5,882	5,012
Advances and payments on account		3,651	-	3,651	1,179
Receivables	3.4				
Game distributors		305,431	13,263	292,168	230,411
Other trade accounts receivable		6,897	420	6,476	4,647
Other receivables		60,733	68	60,666	118,661
Group current accounts		29,308	22,386	6,922	9,957
Transferable securities	7.2	649,566	623	648,943	767,774
Cash and cash equivalents	7.2	663,086	-	663,086	586,636
Current assets		1,725,908	38,115	1,687,793	1,724,277
Prepaid expenses					
Operating expenses		13,388	-	13,388	12,607
Game-related expenses	3.4	36,544	-	36,544	28,329
Unrealised exchange gains		137	-	137	321
TOTAL ASSETS		2,501,911	514,928	1,986,983	1,984,203

In thousands of euros	Note	12/31/2015	12/31/2014
Share capital		76,400	76,400
Reserves			
Legal reserve		7,640	7,640
Statutory reserve		138,996	249,805
Optional reserve		104,989	138,588
Net income for the period		139,626	-11,407
Regulated provisions		87,011	69,737
Shareholders' equity	10	554,662	530,762
Provisions for contingencies		12,929	12,014
Provisions for losses		199,179	266,035
Provisions for contingencies and losses	4.3 and 6.1	212,108	278,049
Loans from credit institutions	7.2	833	12,544
Payables	3.4		
Trade and similar payables		102,633	86,236
Game distributors		181,941	153,273
Tax and employee-related liabilities		70,970	67,635
Government gaming levies		234,852	220,154
Other operating payables		15	593
Winnings payable and distributable		549,787	577,945
Payables relating to fixed assets		8,789	14,476
Group current accounts		26,409	11,324
Other payables		4,730	698
Payables		1,180,960	1,144,877
Deferred income			
Prepaid income (player stakes)		38,964	30,325
Unrealised exchange losses		290	189
TOTAL LIABILITIES		1,986,983	1,984,203

INCOME STATEMENT

In thousands of euros	Note	12/31/2015	12/31/2014
Player stakes		13,704,503	12,998,757
Government levies		- 3,037,546	- 2,967,264
Share returned to winners		- 9,048,951	- 8,482,325
Additions to counterparty funds		- 72,831	- 82,173
Revenue from gaming activities		1,545,175	1,466,996
Revenue from other activities		26,455	26,771
Total revenue from ordinary activities		1,571,630	1,493,767
Capitalised production		16,798	2,525
Operating subsidies		13	50
Reversals of provisions and of depreciation and amortisation		8,484	7,944
Transfers of expenses		875	325
Other operating income		68,560	45,293
Total operating income		1,666,360	1,549,903
Inventory purchases used		26,147	23,101
Other external purchases and expenses		1,171,085	1,113,444
Taxes and duties		15,523	14,612
Wages and salaries		75,348	72,174
Social security contributions		38,753	36,719
Depreciation of fixed assets		43,470	40,468
Provisions for current assets		4,858	4,581
Provisions for contingencies and losses		6,208	11,176
Other expenses		13,374	15,452
Total operating expenses		1,394,766	1,331,727
Operating profit	3.3	271,594	218,176
Interest and similar income		16,089	18,196
Reversals of provisions and transfers of expenses		1,987	2,124
Realised exchange gains		767	546
Net income on disposal of transferable securities		2,131	2,286
Total financial income		20,974	23,151
Depreciation, amortisation and provisions		611	1,834
Interest and similar charges		155	68
Realised exchange losses		461	69
Net losses on disposal of transferable securities		41	225
Total financial expenses		1,268	2,196
Financial result	7.3	19,706	20,955

In thousands of euros	Note	12/31/2015	12/31/2014
Pre-tax profit/(loss)		291,301	239,132
Non-Recurring income from operations		60	141
Income arising on asset disposal		393	141
Reversals of provisions and transfers of expenses		114,167	19,749
Total Non-Recurring income		114,620	20,030
Non-Recurring operating expenses		96,094	8,753
Net book value of asset disposals		933	1,126
Allowances to regulated provisions		35,830	17,054
Depreciation, amortisation and provisions		29 252	231 620
Total Non-Recurring expenses		162,109	258,552
Non-Recurring profit	8	-47,490	-238,522
Employee profit-sharing	4.2	10,487	10,652
Employee incentives	4.2	3,821	2,786
Income tax		89,877	- 1,421
TOTAL INCOME		139,626	- 11,407

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL PRESENTATION OF THE COMPANY

1.1. GENERAL INFORMATION

La Française des Jeux is a semi-public limited company under French law, subject to all the laws on commercial companies in France, in particular the provisions of the French Commercial Code and the provisions of the legal framework as described in Note 1.2. Its registered office is located at 126 rue Gallieni, 92643 Boulogne-Billancourt. It is 72% held by the French State.

La Française des Jeux is the parent company of a Group which included 14 entities at the end of December 2015 and operates its gaming business in mainland France and in the overseas departments. It is present internationally through investments in the following companies:

- Beijing ZhongCai Printing (BZP), a lottery ticket printer located in China;
- Services aux Loteries en Europe (SLE), the Belgian cooperative company created as part of the Euro Millions lottery to provide draw services and administration for the participating lotteries;
- Laverock von Schoultz Ltd (LVS), a UK software company specialising in Internet technologies.

Based on the opinion of the Audit Committee of 15 March 2016, the Board of Directors, at its meeting on 22 March 2016, approved the individual financial statements, which will be submitted for the approval of the Annual General Meeting on 25 May 2016.

1.2. REGULATORY ENVIRONMENT

La Française des Jeux operates in the heavily-regulated gambling sector which is strictly monitored by the French government.

Under its activities subject to exclusive rights, namely the sports bets that it sells in points of sale and its lottery games proposed on line and at points of sale, La Française des Jeux is obliged, by specific legal texts, to meet mandatory general interest goals entailing “ensuring the integrity, safety and reliability of gaming operations and ensuring the transparency of their operation; channelling the demand for gambling through a channel controlled by the public authority in order to prevent risks of gambling operations being used for fraudulent or criminal purposes and fighting against money laundering and supervising gaming consumption in order to prevent the onset of addictions”.

The Minister in charge of the Budget also plays the role of regulator of all the activities of La Française des Jeux maintained under monopoly and to do so, receives the advice of the Comité Consultatif des Jeux or CCJ, the French gaming advisory committee, a body composed of members of parliament, judges and specialists in addiction and games regulation. In this way, La Française des Jeux’s annual games programme and the action plan for Responsible Gaming, and its reports on the fight against money laundering, are subject to the approval of the Budget Minister, after consulting the CCJ with the exclusive rights to game control.

The online sports betting activities of La Française des Jeux are operated in open competition under a licence issued to it in June 2010 by ARJEL, the regulatory authority for online gaming, renewed for a five-year period by this same authority, in 2015.

In addition, regulatory provisions which came into force on 1 January 2016 have significantly modernised the framework and conditions for the commercial and financial operation of sports betting in sales outlets and lottery games. While consolidating the actual control of these games and betting activities by the French State, this reform supports the development of the company’s activity.

Among the measures taken, unclaimed prizes and counterparty spreads on scratch card games sold in the physical distribution network will no longer be integrated in the company’s end-of-year operating revenue. They will contribute to the permanent fund intended notably to cover risks associated with the operation of games. This fund’s surplus is paid to the French State at the end of the financial year. Loss of operating income resulting from this regulatory change will be compensated for in part by a global increase in the commission charged by the company. Moreover, as of 31 December 2016, the permanent fund’s capping will be reduced from 1% to 0.5% of player stakes.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. GENERAL PRINCIPLES

The financial statements of La Française des Jeux are prepared in accordance with generally accepted accounting principles in France, pursuant to the laws, decrees and regulations in force. They are prepared on a going concern basis.

2.2. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets and property, plant and equipment acquired are valued at their acquisition cost (purchase price plus related fees).

Development expenditures of internally developed fixed assets are recognised as assets if they relate to clearly identifiable projects that have a genuine chance of technical success and commercial profitability or economic viability. In accordance with CRC Regulation No. 2004-15, only expenses incurred during the development phase are capitalised as assets; expenses incurred during the research phase are recognised as expenses.

The development expenditures of La Française des Jeux relate to software projects that are part of a development project.

- These costs include:
 - internal man-days measured at a rate incorporating the payroll and costs relating to the project (operating costs, office technology, buildings, etc.);
 - costs of subcontracting.
- Development projects are amortised on a straight-line basis over their useful life. In the case of projects relating to several applications, the useful life adopted is that of the most significant application.

The amortisation and depreciation periods in 2014 are as follows:

- Intangible assets:
 - **Straight-line basis:**

Software	between 1 and 15 years
Brands acquired	10 years
- Property, plant and equipment:
 - **Straight-line basis:**

Buildings	between 20 and 25 years
Building improvements	10 years
Lottery terminals	between 5 and 8 years
Equipment and furniture	between 5 and 10 years
 - **Declining-balance method:**

Hardware	between 5 and 7 years
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If there is an indication of a loss of value, and in accordance with CRC Regulation No. n° 2002-10 relative to the depreciation and amortisation of assets, La Française des Jeux performs an impairment test on the assets concerned at the balance sheet date. The market value and the value in use are then compared and the asset is written down for impairment if the market value falls below the value in use.

2.3. EQUITY INVESTMENTS

Equity investments are recorded on the balance sheet at their acquisition cost. Their value is reviewed annually by reference to their value in use, which takes particular account of the current and projected profitability of the subsidiary or the share of equity held. Impairment is recorded if the value in use falls below the net carrying amount.

2.4. INVENTORIES

Inventories are measured at cost, provided that this amount does not exceed the net realisable value. Cost is established based on the "first in, first out" method for games and according to the weighted average cost method for other products.

Inventories are depreciated according to their technical or commercial obsolescence.

2.5. RECEIVABLES

Receivables are recognised at their nominal value. They are impaired if the debtor's situation indicates that the amount may not be recoverable.

2.6. TRANSFERABLE SECURITIES

Transferable securities are recorded on the balance sheet at historical cost. However, if at the balance sheet date their market value is less than their initial value, an impairment is recognised (except for securities with guaranteed capital and securities with a maturity of less than six months). Market value is determined (i) for listed securities, by reference to the stock market price at year-end, (ii) for unlisted securities, by reference to the last net asset value published or the estimated realisable value.

2.7. REGULATED PROVISIONS

The provision for investments is calculated based on employee profit-sharing agreements.

Accelerated depreciation is determined based on the difference between fiscal depreciation and accounting depreciation.

2.8. PROVISIONS FOR CONTINGENCES AND LOSSES

A provision is recognised if, at the close of the financial year, the company has an obligation to a third party arising from a past event, the settlement of which is expected to result in an outflow of resources for the company without at least an equivalent payment, and the amount of which can be estimated reliably. This obligation may be legal, regulatory, contractual or implied. The estimated amount of provisions reported corresponds to the outflow of resources deemed probable by the company. With the exception of those for employee benefits, provisions are not subject to a discount calculation.

The company's obligations for post-employment benefits are covered by a provision for charges using the corridor method. In accordance with Recommendation No. 2003-R-01 of the French National Accounting Council, these are calculated retrospectively according to the projected unit credit method based on salary at retirement. In addition, employees of La Française des Jeux retain their health coverage upon retirement (or in the event of disability/redundancy), which is in keeping with the requirements of the Evin Law of 31 December 1989 and the interprofessional national agreement of 11 January 2008. The system for former employees runs at a deficit and is covered by a provision.

2.9. COUNTERPARTY AND PERMANENT FUNDS

Some games are based on the fixed-odds principle: (i) the face value of prizes is fixed or determined by a probability calculation, (ii) the number or value of prizes won is determined by chance.

The total amount effectively paid out to winners cannot be precisely predetermined, but only estimated: it may be more or less than the share of player stakes set aside for players in the Budget Minister's decree. Depending on whether these

differences are positive or negative, they may entail a financial risk for La Française des Jeux. Such risks are managed in a counterparty fund specific to each game, which allows the financial risk to be spread across all gaming events.

Furthermore, to limit the overall counterparty risk for La Française des Jeux, all of its counterparty funds for each game have been combined into a permanent fund to spread hedging of the counterparty risk.

According to the amended 1978 decree, the permanent fund is capped at 1% of the player stakes for the year and the surplus, recognised at the end of the year after setting aside the initial allowances for the various counterparty funds, is paid to the government.

2.10. FOREIGN CURRENCY TRANSACTIONS

In respect of currency hedges, income and expenses in a foreign currency are recorded at their equivalent value in euros at the hedging rate.

Payables and receivables in a foreign currency carried on the balance sheet at year-end are translated at the exchange rate in force at 31 December. The difference resulting from this conversion is recognised in the balance sheet under "Translation adjustments".

Excluding currency hedges, income and expenses in foreign currency are recognised at their equivalent value in euros at the transaction date. Payables and receivables in foreign currency carried on the balance sheet at year-end are translated at the exchange rate in force at 31 December. The difference resulting from this conversion is recognised in the balance sheet under "Translation adjustments". Any unrealised exchange losses are covered by a contingency provision.

3. OPERATING DATA

3.1. INCOME FROM GAMING ACTIVITIES AND OTHER ACTIVITIES – OTHER OPERATING INCOME

In thousands of euros	2015	2014	%
Player stakes	13,704,503	12,998,757	5.4%
Prizes	9,048,951	8,482,325	6.7%
Gross Gaming Revenue (GGR)	4,655,552	4,516,433	3.1%
Structural increases and counterparty spread	72,831	82,173	-11.4%
Government levies	3,037,546	2,967,264	2.4%
REVENUE FROM GAMING ACTIVITIES	1,545,175	1,466,996	5.3%

Revenue from gaming activities corresponds to the remuneration paid to La Française des Jeux as the organiser. It amounted to €1,545 million, up by €78 million (+ 5.3%) compared with 2014 fuelled by the growth in activity.

Revenue from other activities, mainly concerning the rental of point-of-sale furniture to retailers and intermediaries, and the charge back to subsidiaries of services carried out on their behalf, was relatively stable and amounted to €26.5 million in 2015 vs. €26.8 million in 2014.

Other operating income reached €68.6 million, an increase of €23.3 million over 2014, mainly as a result of the increase in unclaimed prizes and counterparty spreads on scratch card games due in particular to a large number of foreclosures in 2015.

Capitalised production reached €16.8 million in 2015, an increase of €14.3 compared to the previous year. This variation is mainly due to the change of accounting method for IT projects over the financial year. A single method of recognising IT fixed assets was defined by removing the possibility of directly capitalising fixed amounts and retaining only the recognition of fixed assets via the activation of capitalised production costs. The different costs are first recognised as operating expenses before being offset by the capitalised production and then entered on the assets side. If this accounting method had been applied in 2014, capitalised production would have stood at €14.3 million.

3.2. OTHER EXTERNAL PURCHASES AND EXPENSES

The **cost of the distribution channel** of the physical network (€850.0 million) increased by 4.7% (+ €38.5 million) driven by the increase in player stakes during the year.

The 6.3% increase in **external purchases and expenses (€19.1 million)**, excluding distribution channel costs, is mainly explained by the 58.5% increase in IT subcontracting expenses due to the IT development of a number of projects, and the change of accounting method for IT projects, as well as by the 35.8% increase in fees associated in particular with internal reorganisations and with the preparation of the new FDJ 2020 strategic plan.

3.3. OPERATING PROFIT

The increase in **operating profit**, which reached €53.4 million in 2015, can be explained mainly by the pick-up in activity and the increase in unclaimed prizes and counterparty spreads on scratch card games, offset in part by a controlled growth of expenses. Operating profit reached €271.6 million in 2015 vs. €218.2 million in 2014.

3.4. RECEIVABLES AND PAYABLES

In thousands of euros	12/31/2015	12/31/2014
Game distributors	292,168	230,411
Other trade accounts receivable	6,476	4,647
Other receivables	60,666	118,661
Group current accounts	6,922	9,957
TOTAL ASSETS	366,232	363,676

In thousands of euros	12/31/2015	12/31/2014
Trade and similar payables	- 102,633	- 86,236
Game distributors	- 181,941	- 153,273
Tax and employee-related liabilities	- 70,970	- 67,635
Government gaming levies	- 234,852	- 220,154
Other operating payables	- 15	- 593
Winnings payable and distributable	- 549,787	- 577,945
Payables relating to fixed assets	- 8,789	- 14,476
Group current accounts	- 26,409	- 11,324
Other payables	- 4,730	- 698
TOTAL LIABILITIES	- 1,180,127	- 1,132,333

Receivables and payables are mostly related to gaming operations.

3.4.1. Gaming receivables and payables

In thousands of euros	12/31/2015	12/31/2014
Receivables - game distributors	292,168	230,411
Payables - game distributors	- 181,941	- 153,273
NET RECEIVABLES FROM GAME DISTRIBUTORS	110,226	77,138

Every week, **game distributors** are debited for the amount of player stakes collected, net of winnings paid out and commissions. The change in **FDJ's receivables and payables to them** can be mainly explained by a calendar effect.

In thousands of euros	12/31/2015	12/31/2014
Other receivables, gaming	35,073	40,350
Winnings payable and distributable	- 549,787	- 577,945
Government gaming levies	- 234,852	- 220,154
Other liabilities, gaming	- 182	- 505
NET GAMING PAYABLES	- 749,748	- 758,254

The €28 million drop in **winnings payable and distributable** is mainly due to a reduction of €21 million in reserved funds following deductions to finance promotional operations.

The increase of €15 million in the **French government's gaming levies** ties in mainly with a calendar effect, partly offset by the €10 million increase in the permanent fund surplus.

Other gaming receivables mainly comprise the €35 million interim payment to the permanent fund surplus in December 2015 vs. €40 million in December 2014.

In addition, **deferred income** consisting of €39.0 million in player stakes on future draws were up €8.6 million compared with 31 December 2014. **Prepaid expenses** totalled €36.6 million, up €8.2 million over the previous year. This figure corresponds to the network's remuneration, the share of player stakes, and other levies on stakes received in advance. The variation in these items is mainly due to a calendar effect on the Euro Millions and Loto draws.

3.4.2. Operating receivables and payables

In thousands of euros	12/31/2015	12/31/2014
Other trade accounts receivable	6,476	4,647
Other operating receivables	25,593	78,311
Group current accounts	6,922	9,957
Trade and similar payables	- 102,633	- 86,236
Tax and employee-related liabilities	- 70,970	- 67,635
Other operating payables	- 15	- 593
Payables relating to fixed assets	- 8,789	- 14,476
Other operating liabilities	- 4,548	- 194
Group current accounts	- 26,409	- 11,324
NET OPERATING LIABILITIES	- 174,374	- 87,542

Due to the profit recognised in 2015 vs. the loss in 2014, the tax credit on profits corresponding to interim payments dropped by €56.3 million, primarily explaining the drop of €52.7 million for **other management receivables** which totalled €25.6 million at 31 December 2015.

On 31 December 2015, operating liabilities stood at €213.4 million, an increase of €32.9 million over the previous year. This variation can be mainly explained by the increase in trade payables of €16.4 million, current accounts with a credit balance of €15.1 million, and other operating liabilities of €4.4 million, of which €3.9 million in termination fees for brokers. The drop in payables relating to fixed assets (€-5.7 million) offsets these variations.

3.4.3. Receivables and payables with subsidiaries

12/31/2015	Receivables					Payables				
In thousands of euros	Advances and payments on accounts	Trade and similar receivables	Other operating receivables	Accrued assets	Current account Receivable gross	Trade and similar payables	Payables on fixed-assets and other accounts payable	Assets to be determined	Current Account payable	
1 - Subsidiaries (> – 50%)	1,584	54,055	19	-	29,308	14,281	-	95	26,409	
LotSys	40	-	-	-	-	4,510	-	-	7,037	
Internationale des Jeux	-	-	-	-	-	-	-	-	6,988	
La Pacifique des Jeux	-	-	19	-	-	-	-	-	-	
La Française d'Images	-	95	-	-	2,694	2,857	-	95	-	
La Française de Motivation	1,482	-	-	-	-	1,367	-	-	2,077	
FDP	62	50,530	-	-	-	2,625	-	-	9,026	
FDJ Développement	-	1,033	-	-	-	81	-	-	1,281	
NLCS	-	2,291	-	-	-	1,994	-	-	-	
LVS	-	106	-	-	5,716	847	-	-	-	
LB Poker	-	-	-	-	20,898	-	-	-	-	
2 - Participations (> 10% and < 50%)	-	828	-	5	-	4,031	-	-	-	
Services aux Loteries en Europe	-	784	-	5	-	199	-	-	-	
Société de Gestion de L'Échappée	-	44	-	-	-	3,832	-	-	-	
TOTAL	1,584	54,883	19	5	29,308	18,312	-	95	26,409	

12/31/2014	Receivables					Payables			
In thousands of euros	Advances and payments on accounts	Trade and similar receivables	Other operating receivables	Accrued assets	Current account receivable gross	Trade and similar payables	Payables on fixed-assets and other accounts payable	Accrued assets	Current account payable
1 - Subsidiaries (> – 50 %)	204	23,096	44	472	33,207	9,874	3,121	95	11,323
LotSys	-9	-	-	-	-	1,099	3,103	-	6,012
Internationale des Jeux	-	-	-	-	-	-	-	-	4,751
La Pacifique des Jeux	-	-	44	-	17	-	-	-	-
La Française d'Images	-	40	-	472	2,935	2,993	-	95	-
La Française de Motivation	213	2	-	-	-	1,601	-	-	499
FDP	-	22,056	-	-	-	3,245	-	-	61
FDJ Développement	-	35	-	-	2,086	7	-	-	-
NLCS	-	725	-	-	-	926	-	-	-
LVS	-	239	-	-	6,407	4	18	-	-
LB Poker	-	-	-	-	21,761	-	-	-	-
Participations (> 10 % and < 50 %)	-	407	-	12	-	275	-	-	-
Services aux Loteries en Europe	-	364	-	12	-	239	-	-	-
Société de Gestion de L'Échappée	-	43	-	-	-	36	-	-	-
TOTAL	204	23,503	44	483	33,207	10,149	3,121	95	11,323

4. EMPLOYEE-RELATED EXPENSES AND BENEFITS

4.1. PERSONNEL EXPENSES AND HEADCOUNT

The increase in **personnel expenses** is mainly due to the increase in weighted average headcount, which rose from 1,163 in 2014 to 1,183 in 2015, as well as the application of the wage policy.

4.2. EMPLOYEE PROFIT-SHARING AND INCENTIVES

An exceptional profit-sharing agreement was signed on 20 June 2013 for financial years 2013-2015. Employee profit-sharing totalled €10.5 million in 2015, compared to €10.7 million in 2014. The net expense for the provision for 2015 incentives totalled €3.8 million, compared to €2.8 million in 2014.

4.3. PROVISIONS RELATED TO PERSONNEL

In thousands of euros	12/31/2014	Allowances	Reversal of used provisions	Reversal of unused provisions	12/31/2015
Post-employment benefits	12,402	2,747	889	-	14,260
Service recognition awards	4,887	151	124	-	4,914
Health care costs	5,976	515	-	74	6,417
Other provisions for contingencies and losses	7,146	3,663	4,029	287	6,492
TOTAL PROVISIONS RELATED TO PERSONNEL	30,410	7,076	5,042	361	32,082
<i>of which Non-Recurring profit</i>		<i>1,273</i>	<i>918</i>	<i>37</i>	

The **post-employment benefits** scheme corresponds to benefits paid to employees when they retire, as set out in the relevant national industry agreement, in accordance with the criteria governing length of service, age and terms and conditions of retirement.

The discounting rate used was 2.07%, based on the AA corporate reference rate for a maturity of between 10 and 15 years in the eurozone, of which 2% is for inflation. Using the corridor method, the actuarial gains and losses still to be amortised at 31 December 2015 stood at €12.8 million.

The change in liability and provision, and the net cost for the period were as follows:

In thousands of euros	
Actual actuarial liability at 12/31/2014	24,232
Normal cost	1,757
Interest on the actuarial liability	434
Actuarial gains generated at year-end	1,243
Costs for past service	-
Pensions paid	-888
Actual actuarial liability at 12/31/15	26,777
Actuarial losses accrued	12,826
Accrued costs of past service	-309
Provision at 12/31/15	14,260
Normal cost	1,757
Interest on the actuarial liability	434
Amortisation of actuarial gains and losses	626
Amortisation of cost of past services	-70
Pensions theoretically paid	-888
NET COST	1,859

Service recognition awards consist of days of leave, and are therefore subject to social security contributions.

The **other provisions for contingencies and charges** are primarily related to employee departures and labour disputes.

5. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

5.1. INTANGIBLE ASSETS

In thousands of euros	12/31/2015			12/31/2014		
	Gross	Amort. and provisions	Net	Gross	Amort. and provisions	Net
Trademarks, copyrights and similar assets	4,546	-1,460	3,085	2,941	-1,406	1,535
Internally developed fixed assets	63,466	-43,376	20,090	57,036	-37,996	19,040
Software	138,856	-101,520	37,337	131,028	-92,005	39,024
Fixed assets under construction	13,134	-	13,134	3,963	-	3,963
TOTAL INTANGIBLE ASSETS	220,002	- 146,356	73,646	194,968	- 131,406	63,562

In thousands of euros	Gross	Amort. and provisions	Net
Balance at 12/31/2014	194,968	-131,406	63,562
Acquisitions	24,847	-	24,847
<i>of which internally generated</i>	16,798	-	16,798
Disposals and scrappage	-883	-	-883
<i>of which internally generated</i>	-363	-	-363
Reclassification of fixed assets under construction	1,070	-	1,070
(Allowance to)/reversal of depreciation, amortisation and provisions	-	-14,949	-14,949
BALANCE AT 12/31/2015	220,002	-146,356	73,646

Acquisitions during the period related mainly to software development for its production and back-office information systems and for gaming terminals.

5.2. PROPERTY, PLANT AND EQUIPMENT

In thousands of euros	12/31/2015			12/31/2014		
	Gross	Amort. and provisions	Net	Gross	Amort. and provisions	Net
Land and improvements	3,027	-1,848	1,180	2,979	-1,672	1,307
Buildings	56,722	-48,517	8,205	55,884	-47,237	8,648
Technical installations, materials, equipment	154,071	-82,124	71,946	181,806	-146,635	35,172
Other property, plant and equipment	205,112	-162,235	42,877	196,055	-151,184	44,870
Property, plant and equipment under construction	11,693	-	11,693	9,773	-	9,773
Advances and payments on account	1,402	-	1,402	20,318	-	20,318
TOTAL PROPERTY, PLANT AND EQUIPMENT	432,027	-294,724	137,302	466,815	-346,727	120,087

In thousands of euros	Gross	Amort. and provisions	Net
Balance at 12/31/2014	466,815	-346,727	120,087
Acquisitions*	46,950	-	46,950
Disposals and scrappage*	-80,668	-	-80,668
Reclassification as intangible assets**	-1,070	-	-1,070
(Provisions)/reversal of depreciation, amortisation and provisions	-	52,003	52,003
BALANCE AT 12/31/2015	432,027	-294,724	137,302

* Excluding the reclassification from fixed assets under construction and advances and payments on account.

** Reclassification from fixed assets under construction and advances and payments on account.

The main changes during the period (acquisitions and disposals) concern furniture and equipment at points of sale (gaming terminals, sales counters and players' areas). In 2015, 23,000 Neptune terminals were deployed to replace the former Quartz terminals.

6. OTHER PROVISIONS AND CONTINGENT LIABILITIES

6.1. OTHER PROVISIONS

In thousands of euros	Note	12/31/2014	Provisions	Reversal of used provisions	Reversal of unused provisions	12/31/2015
Provisions for employees	4.3	30,410	7,076	5,042	361	32,082
Other provisions for contingencies and losses		247,639	28,393	94,350	1,658	180,025
<i>of which provision for restructuring</i>	8	225,814	27,317	94,209	33	158,889
TOTAL PROVISIONS FOR CONTINGENCIES AND LOSSES		278,049	35,469	99,392	2,019	212,107
<i>of which Non-Recurring profit</i>			29,252	95,266	344	

Other provisions for contingencies and losses are linked to ongoing court cases and disputes (Note 11).

6.2. OFF BALANCE SHEET COMMITMENTS

6.2.1. Commitments given

• FDJ heads a tax consolidation group that comprises the following companies: La Française de Patrimoine, FDJ Développement, La Française d'Images, La Française de Motivation and Internationale des Jeux. Renewed as of 1 January 2015, the tax consolidation agreement stipulates that, should a subsidiary become deconsolidated or should it suffer a tax burden because of its membership with the Group, it may be indemnified by mutual agreement. No provision has been established in this respect.

On 31 December 2015, the respective stocks of the subsidiaries' tax losses totalled €0.6 million for FDI and €4.0 million for IJ.

• To comply with the legislation on employee savings and to guarantee the liquidity of the "FDJ Actionnariat" employees' mutual fund, through which employees own 5% of the company's share capital, La Française des Jeux has made the choice of requesting Credit Lyonnais to grant the fund a first-demand guarantee for €8.8 million. La Française des Jeux has given Crédit Lyonnais a counter-guarantee in the same amount. Lastly, the fund has signed an agreement with La Française des Jeux to repay funds collected or from the sale of shares. The commitments were renewed for a period of two years, beginning on 1 June 2014.

• La Française des Jeux granted guarantees to the employees it transferred to La Française de Maintenance when that company was created. EDS France, now HP Entreprise Services France, in turn gave La Française des Jeux a counter-guarantee on some of these commitments (see Note 6.2.2.).

Other commitments are presented in the table below:

In thousands of euros	12/31/2015	12/31/2014
Deposits and first-demand guarantees	3,825	3,775
Fonds Innovation	13,075	-
Performance bonds*	60,823	89,132
Regular lease contracts	20,508	25,357
Cycling team sponsorship	10,500	21,000
Cyclists' image contracts	530	480
Association L'Échappée	135	150
Escrow account	1,126	1,114
Foundation	7,600	5,800
TOTAL OTHER COMMITMENTS GIVEN	118,122	146,808

* Of which printer contracts: €17 million (vs. €34 million in 2014); terminal supplier maintenance: €36.0 million (vs. €44 million in 2014).

The innovation funds are Partech and Raise, which both support the development of start-ups.

6.2.2. COMMITMENTS RECEIVED

• La Française des Jeux rents the furnishings installed at points of sale to retailers. The rentals take the form of operating leases and the proceeds are recognised as revenue in the period in which they are earned. Rents receivable under these leases amounted to €4.1 million due within 1 year and €6.6 million due between one and five years.

• As a counterpart to the guarantees granted by La Française des Jeux to the employees, which it transferred to La Française de Maintenance when that company was created, EDS France, now HP Entreprise Services France, in turn gave La Française des Jeux a counter-guarantee on some of these commitments (see Note 6.2.1.).

Other commitments are presented below:

In thousands of euros	12/31/2015	12/31/2014
Performance bonds and return of payments on account	28,838	158,414
Guarantees for return of stakes and payment of winnings	10,592	9,220
TOTAL OTHER COMMITMENTS RECEIVED	39,430	167,634

6.2.3. Reciprocal commitments

Reciprocal commitments are presented below:

In thousands of euros	12/31/2015	12/31/2014
Currency and interest rate hedges:		
Purchases of floors with a maturity of more than one year based on a notional annual average amount of:	-	-
Forward purchases of dollars with a maximum maturity of 7 July 2016 for an overall amount of:	13,000	13,000

7. FINANCIAL ASSETS AND CASH

7.1. FINANCIAL ASSETS

7.1.1. Equity investments and receivables related to investments

In thousands of euros	Shareholders' Equity 12/31/2015	of which share capital	Share of capital held by FDJ	Gross carrying amount of shares held	Net carrying amount of shares held	Current account and receivables related to investments	Revenue in 2015	Profit/ (loss) 2015	Dividends paid in 2015
1 - Subsidiaries (≥ 50%)				38,709	19,748	19,636	97,808	7,334	3,219
LotSys	9,103	2,943	100.00%	3,153	3,153	-7,037	15,467	226	-
Internationale des Jeux	8,724	2,200	100.00%	15,832	8,723	-6,988	-	1,033	-
La Pacifique des Jeux	2,083	1,258	99.99%	1,313	1,313	-	5,713	699	887
La Française d'Images	2,227	229	100.00%	282	282	2,694	13,221	297	-
La Française de Motivation	1,583	706	100.00%	1,840	1,547	-2,077	8,937	66	-
FDP	5,790	42	100.00%	4,389	4,389	-9,026	38,784	1,775	2,332
FDJ Développement	1,002	229	100.00%	267	267	-1,281	1,603	92	-
LVS	-552	2,725	100.00%	4,289	-	5,716	10,687	1,263	-
NLCS	317	150	50.00%	75	75	-	3,396	67	-
LB Poker	-59,900	14,539	50.00%	7,270	-	37,634	-	1,816	-
2 - Equity investments (> 10% and < 50%)				118	118	-	16,426	113	-
Services aux Loteries en Europe	604	376	26.57%	100	100	-	3,983	61	-
Société de Gestion de L'Échappée	387	53	34.01%	18	18	-	12,443	52	-
TOTAL				38,827	19,866	19,636	114,234	7,447	3,219

* Receivable (+) or payable (-) of La Française des Jeux towards its subsidiary.

7.1.2. Loans and other financial assets

In thousands of euros	Gross amount 12/31/2015	Gross amount 12/31/2014
Fixed assets in the portfolio activity	2,175	-
Loans	46	63
Other (deposits and guarantees)	16,122	16,236

The fixed assets in the portfolio activity correspond to holdings taken by FDJ in the Raise (€1.1 million) and Partech (€1 million) investment funds.

The deposits and guarantees are all more than one year. They include the guarantee deposit in the amount of €9.4 million, indexed to stakes, intended to cover the third-party risk related

to this pooled game (this deposit was reduced to €0.9 million during the financial year). Deposits for the various sites rented by the company remained stable at €2.0 million during the year. In 2015, the amount paid under the surety trust agreement totalled €3.6 million, an increase of €0.6 million vs. 2014. This agreement sets out to protect the assets of online players.

7.2. NET CASH FLOW

In thousands of euros	12/31/2015			12/31/2014
	Gross	Provisions	Net	Net
Shares in UCITS and investment funds	574,930	-623	574,307	693,105
Transferable debt securities	65,000	-	65,000	65,000
Bonds	9,636	-	9,636	9,669
Total transferable securities	649,566	-623	648,943	767,774
Short-term deposits, including cash instruments	663,086	-	663,086	586,636
Payable to banks*	-833	-	-833	-12,544
TOTAL NET CASH	-	-	-	-
SHARES IN UCITS AND INVESTMENT FUNDS	1,311,819	-623	1,311,196	1,341,865

* Accounts that are payable for accounting purposes.

This cash position comes from a surplus in working capital mainly inherent in gaming (€517.6 million) and from working capital (€590.1 million).

In an uncertain and difficult environment, in 2015 La Française des Jeux maintained a conservative investment policy, whose primary objective was an orientation towards products that were secure in terms of capital, were liquid and were as profitable as possible.

Faced with a more pronounced drop in interest rates, FDJ oriented its strategy towards investments in deposit accounts (+€71.1 million) and, to a lesser extent, in investment funds (+€8.6 million).

Given their more attractive profitability in the prevailing market environment, these investments were made to the detriment of other less profitable monetary investments (money market SICAVs for the most part, €-126.8 million, or -21.7%).

Furthermore, due to low interest rates and the low ratings of a large number of counterparties, there have been no new direct investments in bonds since 2013. Bonds held in the portfolio will be retained until their expiry dates.

The change in the balance of amounts payable to banks is due to the payment of large prizes at year end.

7.3. FINANCIAL RESULT

In an uncertain market environment, with still falling interest rates, the financial result of FDJ's cash investments totalled €13.8 million, vs €17.6 million in 2014 (-21%).

The financial result from investments held by FDJ represented a gain of €5.9 million vs. €3.4 million in 2014 due mainly to the recording of expenses and provision reversals on the LB Poker current account.

The **financial data for each subsidiary and equity investment** are as follows:

In thousands of euros	12/31/2015	12/31/2014
Dividends received	3,219	3,311
Net interest on current accounts	692	811
Net provisions for investments and related receivables	1,107	1,050
Reversals of provisions for risks	864	-1,793

Expense (-) / income (+).

Net provisions for current accounts and receivables related to investments mainly concern the LB Poker current account as at 31 December 2015 (same situation as at 31 December 2014).

8. NON-RECURRING PROFIT

In thousands of euros	12/31/2015
Non-recurring income (and expenses) from management transactions	-96,034
Non-recurring income (and expenses) from capital transactions operations	-540
Depreciation, amortisation and provisions	-65,082
<i>of which:</i>	
<i>provisions for contingencies and losses (see 6.1.)</i>	-29,252
<i>Regulated provisions (see 10.)</i>	-35,830
Reversals of provisions and transfers of non-recurring expenses	114,167
<i>of which:</i>	
<i>provisions for contingencies and losses (see 6.1.)</i>	95,610
<i>Regulated provisions (see 10.)</i>	18,557
TOTAL	-47,490

Non-recurring income from management transactions, for €94 million, concern the payment of compensations to brokers-agents whose activities were terminated following the restructuring plan introduced by La Française des Jeux in May 2014, and intended to consolidate the performance of the company and its network.

In 2015, FDJ adjusted its provision to take account of changes in the stakes basis on which the compensation of brokers terminated in 2016 is calculated.

Most of the expenses and reversals of regulated provisions concern special depreciation allowances.

9. INCOME TAX

9.1. TAX CONSOLIDATION AGREEMENT

La Française des Jeux has signed a tax consolidation agreement with the following subsidiaries:

- FDP,
- FDJ Développement,
- Internationale des Jeux,
- La Française d'Images,
- La Française de Motivation.

The tax position of the subsidiaries concerned is not affected by the agreement: it is the same as it would be if they were taxed separately. The difference between the tax recognised by each of the companies and the tax resulting from the calculation of the Group's taxable income is recognised in the financial statements of La Française des Jeux.

This year, given the restructuring provision, the Group is in fiscal deficit, thus generating a corporate tax credit. The tax loss carryforwards of subsidiaries are disclosed in Note 6.2.1

9.2. BREAKDOWN OF TAX LIABILITY

In thousands of euros	Current result	Non-Recurring profit, profit-sharing and incentives
Accounting income before tax	291,301	-61,798
Taxable income	294,992	-62,108
FDJ tax	105,345	-15,589
Net profit before tax consolidation	185,956	-46,209
Impact of tax consolidation		121
NET PROFIT		139,626

9.3. FUTURE TAX LIABILITY IS SUBJECT TO THE FOLLOWING RELIEF

Future tax liability is subject to the following relief:

In thousands of euros	01/01/2015		Change		12/31/2015		Bases for determining future tax liability	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Relief	Increase
I. CERTAIN OR POSSIBLE DIFFERENCES								
Transactions recognised								
1 Regulated provisions	-	69,799	18,618	35,830	-	87,011	-	87,011
1.1 Provisions released conditionally								
- provision for investment		30	30			-	-	
1.2 Accelerated depreciation								
- intangible assets		53,780	13,451	24,594		64,923		64,923
- property, plant and equipment		15,747	5,137	11,223		21,833		21,833
- financial assets		241		13		254		254
2 Temporarily non-deductible expenses	-	30,174	12,759	14,994	-	32,408	32,408	-
2.1								
- social solidarity contribution		1,145	1,145	1,244		1,244	1,244	
- employee profit-sharing		10,652	10,652	10,487		10,487	10,487	
2.2								
- provision for retirement		12,402	889	2,747		14,260	14,260	
- provision for health care		5,976	74	515		6,417	6,417	
3 Pre-paid expenses	14,050	-	-	-	15,399	-	15,399	-
- management "expenses"	12,607				13,369		13,369	
- "gaming" expenses	1,443				2,030		2,030	
4 Deferred income	-	3,453	-	-	-	2,030	-	2,030
- management "income"								-
- "gaming" income		3,453				2,030		2,030
5 Translation differences	321	189	-	-	137	290	290	137
- assets	321				137			137
- liabilities		189				290	290	
Transactions not yet recognised								
6 Taxable income		-	-	-	-	-	11,516	-
- unrealised gains on UCITS							11,516	
							59,612	89,177
II. ITEMS TO BE ALLOCATED								
Transactions recognised								
7 Tax decrease	10,038	-	1,444	5,451	6,032	-		
Government payables								
- philanthropy and donations	10,038		1,444	5,451	6,032			

10. SHAREHOLDERS' EQUITY

The share capital of La Française des Jeux is €76,400,000 and is composed of 200,000 shares with a nominal value of €382. Shareholders' equity stands at €554.7 million.

In thousands of euros

Balance at 12/31/2014	530,762
Dividends paid	- 133,000
2015 net profit	139,626
Change in regulated provisions	17,273
BALANCE AT 12/31/2015	554,662

Regulated provisions, whose increases and decreases impact Non-Recurring income, mainly concern accelerated depreciation on technical facilities and software.

In thousands of euros	12/31/2014	Dotations	Reprises	12/31/2015
Provision for investment	30	-	- 30	-
Accelerated depreciation	69,707	35,830	- 18,526	87,011
TOTAL REGULATED PROVISIONS	69,737	35,830	- 18,557	87,011

11. PENDING LEGAL PROCEEDINGS AND OTHER DISPUTES

In 2004, the Company was brought before the Conseil des Prud'hommes (Labour Conciliation Tribunal) of Aix-en-Provence by former employees on the matter of the employee savings plan. Because this tribunal was declared not to have jurisdiction at the end of 2012, the case is ongoing at the Conseil de Prud'hommes of Boulogne-Billancourt and of Meaux on its merits and not on the geographical or material jurisdiction. The labour tribunal hearing for former managerial staff (only) ruled in favour of La Française des Jeux and dismissed the plaintiffs. In 2014 the plaintiffs then appealed to the appellate court at Versailles, which again ruled in favour of La Française des Jeux and dismissed all of the claims of the plaintiffs. They filed an appeal with the Court of Cassation. For the non-management portion of this litigation, the hearing before the Versailles Court of Appeal is suspended pending the decision of the aforementioned Court of Cassation.

In October and December 2011, the Union Nationale des Diffuseurs de Jeux (French lottery distributors' syndicate - UNDJ) brought two actions, one before the Court of First Instance in Nanterre and the other before the Court of First Instance in Paris. The second case is ongoing, the first having been abandoned by the UNDJ. Members filed a lawsuit against La Française des Jeux in May 2012 before the Commercial Court of Nanterre. This case is subject to a stay of proceedings pending the decision of the second claim before the Paris District Court

On 6 August 2015, 67 brokers-agents served a summons on La Française des Jeux to appear before the Paris Commercial Court at short notice. They formulated claims for compensation in damages following the termination of their broker-agent contracts.

12. OTHER INFORMATION

12.1. EXECUTIVE REMUNERATION

Remuneration for the executives (corporate officers) in 2015 totalled €272,000 (vs €234,000 in 2014) for the Chairman and CEO and €252,000 (vs €230,000 in 2014), for the Deputy Chief Executive, or €524,000 in total.

12.2. SPECIAL PROVISIONS IN CASE OF LOSS OF THE RIGHT TO ORGANISE AND OPERATE LOTTERY GAMES AND SPORTS BETTING

An agreement between the French government and La Française des Jeux establishes the legal and financial conditions in the case that, should La Française des Jeux cease to be mandated by decree to organise and operate lottery games online and in sales outlets and of sports betting in sales outlets, the assets necessary to accomplish its mission shall be returned to the State

INDEPENDENT AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Financial year ended 31 December 2015

To the Shareholders,

In accordance with the appointment conferred on us by your Annual General Meeting, we hereby present to you our report for the year ended on 31 December 2015 on:

- the audit of the accompanying parent company financial statements of La Française des Jeux;
- the justification of our assessments;
- the specific audits and information required by law.

The parent company financial statements were approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the annual financial statements

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

In our opinion, the financial statements give a true and fair view of the assets, liabilities and the financial position of the company La Française des Jeux at 31 December 2015 and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

Without detracting from the opinion expressed above, we wish to draw your attention to:

- The specific legal nature of the company, set out in paragraph

1.2 of the appended notes entitled "Regulatory background".

II. Basis of assessment

In accordance with the requirements of Article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- As indicated in notes 2.2 "Intangible assets and property, plant and equipment" and 2.8 "Provisions for contingencies and losses" in the annex to the annual financial statements. More specifically, as regards the assessment of intangible assets and provisions for contingencies and losses, our work notably consisted in evaluating the data and assumptions on which these judgements and estimates are based, reviewing, on a test basis, the calculations performed by the company, examining the procedures for approving these estimates by management.

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

III. Specific verifications and disclosures

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to the shareholders with respect to the financial position and the parent company financial statements.

Neuilly-sur-Seine and Paris, 23 March 2016

Statutory Auditors

Deloitte & Associés

Eric Gins

Anne Philipona-Hintzy

Grant Thornton

French member of Grant Thornton International

Gilles Hengoat

Virginie Palethorpe

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INTERNAL CONTROL

Report on the internal control procedures
of La Française des Jeux Group

**CORPORATE GOVERNANCE AND OPERATING
PROCEDURES OF THE BOARD OF DIRECTORS** p. 142

**INTERNAL CONTROL PROCEDURES
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ACTION PLAN p. 152

Despite being exempt from any legal obligation in this regard since Law No. 2005-842 of 26 July 2005, La Française des Jeux still informs its Audit Committee, Board of Directors and shareholders about the preparation and organisation of the work of the Board and the internal control procedures implemented by the Group. A report on the internal control procedures in place within La Française des Jeux Group is therefore prepared at the end of each reporting period by the Group's Audit, Internal Control and Quality Department for the Audit Committee and the Board of Directors.

1. CORPORATE GOVERNANCE AND OPERATING PROCEDURES OF THE BOARD OF DIRECTORS

La Française des Jeux is a semi-public limited liability company with share capital of €76,400,000. The French government owns 72% of the company, while the remaining 20% is held by the former issuers of Loterie Nationale tickets, 5% by the employee mutual fund and 3% by the sales agents of La Française des Jeux.

1.1. MEMBERS OF THE BOARD OF DIRECTORS

1.1.1. Appointment of directors

Pending the decision by the Board of Directors to apply the provisions set out in Order No. 2014-948 dated 20 August 2014, La Française des Jeux remains subject to the provisions of the Law dated 26 July 1983. In accordance with Law No. 83-675 of 26 July 1983, the Board of Directors of La Française des Jeux is composed of nine government representatives, six staff representatives elected by employees and three directors appointed by the General Shareholders' Meeting, which includes the Chairman and CEO of La Française des Jeux. The latter is appointed to this position for a term of five years by decree of the French President on the proposal of the Board of Directors. Pursuant to the decree of 5 November 2014, the French President appointed Stéphane Pallez Chairwoman and Chief Executive Officer.

1.1.2. Directors' term of appointment

Directors are appointed for five years and are re-eligible for office. In accordance with Article 7 of Decree No. 83-1160 of 26 December 1983, the term of office of all members of the Board of Directors starts on the date of the first meeting of the newly appointed or reappointed Board. In 2014, the Board of Directors was reappointed in its entirety.

1.1.3. Equal representation of men and women

Article 66 of Law No. 2014-873 of 4 August 2014 modifies the first paragraph of Article 6-1 of Law No. 83-675 of 26 July 1983 to provide that the difference between the number of women and the number of men that are members of the Board of Directors appointed by decree cannot exceed one. Article 66 II of the aforementioned Law of 2014 states that this provision applies as of the second renewal of members of the Board of Directors following the publication of the said Law, and adds that the proportion of members of each gender may not be lower than 20% as of their first renewal following the aforementioned publication.

The present composition of the Board of Directors of La Française des Jeux (comprising 5 male directors and 4 female directors appointed by decree), which was renewed subsequent to the implementation of the Law of 4 August 2014, complies with these requirements.

1.2. OPERATION AND MEETINGS OF THE BOARD OF DIRECTORS

1.2.1. Operation of the Board of Directors

Article 24 of the Articles of Association states that the Board of Directors determines the company's business strategies and oversees their implementation. Notwithstanding the powers expressly granted to the shareholders and in line with the object of the company, the Board of Directors considers any matter affecting the operation of the company and, through its proceedings, decides on the matters within its remit. Article 24 also states that the Board of Directors carries out the controls and verifications that it deems appropriate, and that each director shall be given all of the information required to perform his or her duties and may request any documents he or she considers relevant for this purpose.

Furthermore, pursuant to Article 7 of Law No. 83-675 of 26 July 1983 relating to the democratisation of the public sector, the Board of Directors decides on the major strategic, economic, financial and technological matters of the company's activity.

The Board of Directors sets the annual budget and approves the annual and interim parent company and consolidated financial statements, prepared by the Executive Management, after obtaining the opinion of the Audit Committee and reviewing the work of the Statutory Auditors, and presents these financial statements to the shareholders' meeting. It prepares a written management report on the Group's operations during the previous year, its outlook, significant subsequent events, and its research and development activities.

The Board of Directors also decides on any proposals to be made to the shareholders' meetings, convenes these meetings and draws up the agenda.

The head of mission of the Economic and Financial Control Unit is entitled to attend meetings of the Board of Directors, its Committees and the General Shareholders' Meeting.

The Chairwoman and CEO reports to the Board of Directors on her activities at meetings convened by her in accordance with the Articles of Association of La Française des Jeux, as often as the interests of the company so require, and at least four times a year.

The Board is regularly provided with operating reports to inform it about changes in the legal framework of La Française des Jeux, both at the national and European level, as well as the major commercial, legal or technical developments that occurred during the period, based on a management chart.

1.2.2. Subjects discussed by the Board of Directors during 2015

In 2015, the Board of Directors convened five times with an attendance rate of 99%, to discuss specific matters, namely: the closing of the 2014 financial statements, the review of the management planning documents and update on 2014 cash management, the approval of the consolidated financial statements at 30 June 2015, the proposal to appoint a Statutory Auditor, the appointment of a new Chairperson of the Audit Committee, the setting of the 2014 variable portions of remuneration and the 2015 objectives of the Chairman and Chief Executive Officer and of the Deputy Chief Executive, then of the Chairwoman and Chief Executive Officer and of the Deputy Chief Executive, the review of the 2016 budget, the approval of the strategic plan and the monitoring of its implementation, notably through the information systems transformation plan, the presentation of the company's major risks map and the related action plans, the presentation of the manpower planning strategy, and the company's policy in terms of professional gender equality and equal pay.

1.2.3. Rules of procedure of the Board of Directors

The rules of procedure of the Board of Directors, adopted on 12 June 2008, and updated on 25 January 2012, restrict the powers of the Executive Management by listing the operations that require prior authorisation by the Board of Directors and takes into account the prevention and management of conflicts of interest.

In 2012, the operations of the Board of Directors and its special committees were reviewed. Generally speaking, the directors who were interviewed individually expressed their satisfaction with the organisation and functioning of the Board of Directors and its Committees. Discussions with the directors served to identify areas that needed to be addressed which were collectively debated during a Board meeting, after which technical specifications for the recurrent evaluation of the corporate governance bodies were established, and then approved by the Audit Committee on 14 October 2013. Moreover, within the framework of the non-financial rating awarded by Vigeo, in 2015 La Française des Jeux maintained its score of 81/100 in the area of corporate governance.

1.3. AUDIT COMMITTEE

1.3.1. Composition and missions of the Audit Committee

In 1999, the Board of Directors set up an Audit Committee, selecting its members from among the company's directors. At present, the Audit Committee comprises four government representatives, including France EDF's Financial Director, who chairs it, and one staff representative. The head of mission of the Economic and Financial Control Unit is entitled to attend meetings of the Audit Committee.

The Audit Committee is an advisory committee acting on the authority of the Board of Directors. Its remit extends to the entire Group.

In accordance with the rules of procedure adopted by the Board of Directors on 12 June 2008, the Audit Committee performs the following main tasks:

- preliminary examination of the accounting and financial documents to be submitted to the Board of Directors, including the interim and annual financial statements (parent company and consolidated), financial forecasts and budgets, multi-year plans, the management report and its notes;
- examination of the quality and reliability of the financial disclosures of La Française des Jeux;
- examination of the relevance and permanence of the accounting standards and policies, as well as the options for closing the annual financial statements;
- examination of the general risk management policy based on a mapping of the risks;
- examination of the nature and extent of off-balance-sheet commitments;
- examination of changes to internal control procedures, especially by analysing the findings of internal audit reports and the follow-up given by the company, issuing an opinion on the annual internal audit programmes;
- supervision of the appointment or re-election procedure by calling for proposals from the Statutory Auditors and expressing an opinion on the choice of the aforementioned auditors, as well as their work programme, fees and the quality of their work;
- periodic review of the work of the Statutory Auditors and their recommendations.

The Audit Committee may also be entrusted with other specific or recurring assignments by the Board of Directors. Furthermore, the Audit Committee may also suggest to the Board of Directors that any specific matter be referred to it where this seems necessary or relevant.

1.3.2. Subjects discussed by the Audit Committee in 2015

In 2015, the Audit Committee convened eight times to discuss specific matters, namely: the closing of the 2014 financial statements, the review of the management planning documents and the update on 2014 cash management, the assessment of 2014 projects and the main projects for 2015, the review of the 2014 report on internal control procedures and of the 2014 report on Corporate Social Responsibility (CSR), the review of the consolidated financial statements at 30 June 2015 and the management planning documents, the presentation of the 2016 budget, the 2015-2020 business plan, the investments in innovation funds, the subsidiaries, the work of the Statutory Auditors and the hearing of applicant Statutory Auditors for the renewal of the tenure of one of them, the summary of work carried out in 2014 by the Audit, Internal Control and Quality Department, the work agenda for 2015-2017 and the mid-year progress report, the presentation of the company's major risks map, and the assets allocation policy.

The Audit Committee reports on its work to the Board of Directors.

1.4. NOMINATIONS AND REMUNERATION COMMITTEE

1.4.1. Composition and operation of the Nominations and Remuneration Committee

This committee is responsible for issuing an opinion to the Board of Directors on the remuneration of corporate officers, in compliance with the applicable regulations, especially Articles L. 225-44, L. 225-47 and L. 225-53 of the French Commercial Code and Decree No. 53-707 of 9 August 1953.

On 15 October 2008, the Board of Directors decided to create a Nominations and Remuneration Committee. It comprises five directors appointed by the Board of Directors from among its members, three government representatives, including one department head, deputy to the Budget Department's Budget Director attached to the Ministry of Finance and Public Accounts and who chairs it, one representative of the Union des Blessés de la Face et de la Tête and one staff representative.

1.4.2. Subjects discussed by the Nominations and Remuneration Committee in 2015

In 2015, the Nominations and Remuneration Committee convened twice to establish the level of achievement of 2014 objectives and to recommend the 2015 targets for the Chairman and CEO and the Deputy Chief Executive to the Board of Directors, then to propose the level of remuneration of the Chairman and CEO in relation to his duties in 2014 and to propose the level of 2015 remuneration of the newly-appointed Chairwoman and CEO and the Deputy Chief Executive

1.5. SUSTAINABLE DEVELOPMENT COMMITTEE

1.5.1. Composition and missions Sustainable Development Committee

Following its decision on 25 January 2012, the Board of Directors decided to create a Sustainable Development Committee and to supplement its rules of procedure of 12 June 2008 with a rule specifically concerning this committee. At present, the Sustainable Development Committee comprises one director representing the Union des Blessés de la Face et de la Tête, two directors representing the French government, including one General Mining Engineer at the General Council of the Economy who chairs it, and one staff representative director. The Sustainable Development Committee convenes at least twice a year.

Its remit includes the following:

- to examine the company's Sustainable Development policy and, in particular, to evaluate initiatives taken in the framework of its corporate social responsibility and, more widely, components essential to the business model, such as the Responsible Gaming model developed by the company, and the management model;
- to examine the link between the policies implemented and the overall business strategy, the corporate management processes and the enhancement of business assets;
- to examine changes in the policy of the FDJ Corporate Foundation.

The Sustainable Development Committee reports on its work to the Board of Directors. It may also examine any other ongoing or specific matter referred to it by the Board of Directors, and may also suggest to the Board of Directors that it examine any particular point that seems necessary or relevant.

1.5.2. Subjects discussed by the Sustainable Development Committee in 2015

In 2015, the Sustainable Development Committee convened three times to discuss specific matters, namely: the presentation of the CSR strategy in light of the company's strategic plan for 2020, the results of its materiality analysis, the scratchcard game "Solidaires pour un monde meilleur" project, the 2015-2016 Responsible Gaming action plan, the result of the carbon accounting exercise and the associated lines of action, and the presentation of the 2014 CSR report.

1.6. THE STRATEGY COMMITTEE

1.6.1. Composition and missions of the Strategy Committee

During its 16 December 2014 meeting, the Board of Directors decided to create a Strategy Committee, in line with the possibility provided for in the rules of procedure. The Strategy Committee currently has eight members, including the Chairwoman and Chief Executive Officer, who chairs it, five French government representatives, one representative of the Union des Blessés de la Face et de la Tête and one staff representative. It is provided that the Strategy Committee meets as often as is required, and at least twice a year. The Strategy Committee gives its opinion to the Board of Directors on the company's major strategic guidelines. Its remit includes the following:

- preparing for discussions during the Board of Directors' meetings on the multi-year strategic plan and examining the monitoring of its implementation;
- being aware of major problems and issues that may have impact the strategic plan;

- offering its opinion to the Board of Directors on projects relating to the Group's expansion, the monitoring of changes in industrial partnerships, strategic agreement projects, changes in the competitive environment and in the Group's position;

- addressing all recommendations that it considers useful to the Board of Directors.

1.6.2. Subjects discussed by the Strategy Committee in 2015

In 2015, the Strategy Committee convened three times to discuss specific matters, namely: the gaming model of La Française des Jeux, ambitions for 2020-2025, innovation partnerships, the FDJ brand, and the technological strategy of La Française des Jeux.

2. INTERNAL CONTROL PROCEDURES WITHIN LA FRANÇAISE DES JEUX GROUP

2.1. REFERENCE FRAMEWORK

Although it is exempted from any legal requirement regarding internal control, La Française des Jeux has chosen to structure its approach based on the recommendations of the French financial markets authority (Autorité des Marchés Financiers - AMF). In addition, because of the particular requirements relating to the fight against fraud and money laundering that apply to La Française des Jeux, the Group has opted to supplement this framework with the elements specific to fraud prevention issued by COSO (the Committee Of Sponsoring Organizations of the treadway commission).

2.2. DEFINITION, OBJECTIVES AND LIMITATIONS OF INTERNAL CONTROL

2.2.1. Definition of internal control

Internal control is a corporate system, defined and implemented under the company's responsibility. It includes a set of resources, behaviours, procedures and actions tailored to the unique features of the company, that:

- facilitate the control of its activities, the effectiveness of its operations, and the efficient use of its resources;
- and enable it to take appropriate measures for significant risks relating to operations, financial transactions and compliance.

2.2.2. Internal control objectives

The aims of the internal control system include ensuring:

- compliance with laws and regulations;
- the application of instructions and strategies set by the Executive Management;
- the proper functioning of the company's internal processes, especially those that contribute to safeguarding its assets;
- the reliability of financial reporting.

2.2.3. Inherent limits of internal control

However, like any control system, it cannot provide absolute assurance that risks, including errors or frauds, resulting from the activity of La Française des Jeux Group are totally eliminated.

2.3. INTERNAL CONTROL STRUCTURE

2.3.1. Organisational principles

The organisational principles of the parent company La Française des Jeux, based on the adoption of a collegiate and multidisciplinary internal management model, consist of two key approaches:

- the position of Deputy Chief Executive allowing the Chairwoman and CEO to be present outside the company to contribute to the changing environment and anticipate demands on the company, while continuously overseeing the Group's operational management;
- management bodies and procedures allowing strategic decision-making roles and processes to be distinguished more clearly from operational management roles and processes.

The Executive Management team is built around three Divisions: the Technology, Development and International Division, the Digital, Sales Marketing and Operations Division, and the Performance, Finance and Regulation Division, together with five support departments: Communications and Sustainable Development; Human Relations and Group Transformation; Security; Legal; and Audit, Internal Control and Quality.

The wholly-owned subsidiaries of La Française des Jeux provide support services or expertise directly relating to the business of the parent company. Regarding internal control, the segregation of duties principle, the documentation of procedures, continuous improvement initiatives and the formalisation of controls are implemented generally within the operating limits that the size of such entities allows. However, the rules to be observed relating to operations, reporting and transparency are issued and monitored by La Française des Jeux.

2.3.2. Delegated powers

The company's Executive Management has granted powers to its department and division heads according to their responsibilities and operations, with financial thresholds. These powers enable them to fulfil their duties. Department heads can also delegate some of these powers, on a case-by-case basis, to their teams.

Banking authorisation has been given to La Française des Jeux employees for corporate treasury management and to intermediaries and their employees for paying out prizes to winners from specific accounts. These are updated as staff changes and are subject to an annual bank confirmation.

2.3.3. Actors of internal control

2.3.3.1. Factors specific to the Group

The company's divisions and support departments, under the supervision of the Executive Management, as the Group's subsidiaries, set up the internal control procedures governing their activities.

The Group's operations are primarily monitored and controlled by:

- The Security Department, specifically responsible for:
 - ensuring the integrity and security of gaming operations within the distribution network (physical and online) as part of the fight against fraud and money laundering and in the framework of WLA-SCS and ISO 27001 certifications;
 - managing and ensuring the safety of the company;
- the Performance, Finance and Regulation Division, which guarantees and monitors the consideration of business performance issues across all dimensions:
 - financial;
 - strategic;
 - organisational;
 - operational;
 - regulatory;
 - projects;
 - decisional;
- the Audit, Internal Control and Quality Department, specifically responsible through:
 - its Internal Control and Quality entity, for coordinating the internal control and quality assurance system at the Group level, combining the following elements:
 - ▶ an internal control approach that secures the company's daily operations by strengthening the control of activities through properly controlled and optimised processes, whose effectiveness is regularly monitored;
 - ▶ a quality approach that helps to guarantee the ongoing implementation within the company of a long-term method of continuous improvement of operations of the Internal Control, Quality, Ethical, Information Security, Corporate Social Responsibility, and Health and Safety at Work procedures, coordinated within the Group's Integrated Management System,
 - its Risk Management entity, for coordinating the risk management system at the Group level, in particular through:
 - ▶ the definition and implementation of risk governance,
 - ▶ the continuous improvement of the management and handling of risks,
 - ▶ the coordination of risk management initiatives within the Group,

- its Ethics and Compliance entity, to build a dedicated, sustainable and integrated ethics approach in accordance with regulations and with best practices,
- its Internal Audit entity, to:
 - ▶ assure the company's governing bodies and the Audit Committee as to the degree of control of the Group's operations, offer its advice for improvement and help to create added value,
 - ▶ provide recommendations for improvement, with the ongoing aim of consolidating the effectiveness of the operating, internal control and risk management systems.

2.3.3.2. Factors external to the group

French government control

La Française des Jeux is subject to French government control over public enterprises established as commercial companies, in application of modified Decree No. 53-707 of 9 August 1953. This control is exercised by the Minister in charge of the Budget and the Minister in charge of the Economy, or, when this is delegated by the Ministers, by the State Budget Department and the Government Shareholding Agency.

Furthermore, pursuant to Decree No. 55-733 of 26 May 1955 relating to Economic and Financial Control Unit, the General Inspector exercises permanent control within La Française des Jeux and its subsidiaries over the economic activity and financial management of the company.

Moreover, the Minister in charge of the Budget is responsible for regulating all activities for which La Française des Jeux has exclusive rights, i.e. lottery games sold online and via its distribution network and sports betting distributed in the network.

Online gaming regulation authority

Finally, for its competitive activity (online sports betting), La Française des Jeux is subject to audits by ARJEL, the body responsible for ensuring compliance with the requirements defined by the Law of 12 May 2010 and its ensuing regulatory texts (implementing acts, decrees, the decisions of the ARJEL panel, record of technical requirements and its annexes).

Other control authorities

La Française des Jeux and its subsidiaries are also regularly subject to:

- audits by the Cour des Comptes (French Court of Audits);
- inspections by the Inspection Générale des Finances (French tax authority).

Lastly, La Française des Jeux is also subject to audits by the Statutory Auditors, Deloitte and Grant Thornton.

2.4. INTERNAL DISTRIBUTION OF RELEVANT INFORMATION

La Française des Jeux Group has established a regular communications system allowing its divisions, support departments and subsidiaries to have relevant and reliable information in a timely manner to fulfil their responsibilities.

2.5. RISK MANAGEMENT SYSTEM

2.5.1. Risk management - general principles

The framework of the AMF (Securities and Markets Authority), on which La Française des Jeux has structured its system, outlines the definition and objectives of risk management.

2.5.1.1. Definition

Risk management concerns every stakeholder of a company. It should be comprehensive and cover all of the company's activities, processes and assets. Risk management is a dynamic approach, defined and implemented under the company's responsibility.

Risk management comprises a set of resources, behaviours, procedures and actions adapted to the characteristics of the organisation so that Executive managers can maintain risks at an acceptable level for the company.

Risk represents the possibility of an event occurring, the consequences of which could affect the organisation's ability to meet its strategic objectives, its personnel, assets, environment, reputation or the environment.

2.5.1.2. Risk management objectives

Currently being redeployed, risk management is a high value-added strategic management tool that contributes to:

- creating and preserving the company's value, assets and reputation;
- securing the company's decision-making and processes to promote the achievement of strategic objectives and the completion of the company's everyday activities;
- promoting the consistency of the company's actions with its values;
- bringing the company's employees together around a shared vision of the main risks and raise awareness of the risks inherent in their activity.

2.5.1.3. Risk management components

The risk management system includes:

- an organisational framework and dedicated governance;
- a system for identifying, evaluating and dealing with risks, notably represented by an annual map of Group risks based on a risk universe;
- ongoing oversight of priority action plans and a periodic reappraisal of strategic risks.

2.5.2. Linkage between risk management and internal control

Risk management and internal control systems complement each other in monitoring the company's activities. The coordination and balance between the two approaches depend on the control environment, which constitutes their shared foundation, and, more specifically, the company's own risk and control culture, and its ethical values.

In addition, the company must ensure that senior management and personnel at all levels, know and apply these operating principles to all of their technical and commercial activities. To do so, it has implemented several mechanisms at various levels of maturity.

2.5.3. Integrated Governance, Risk and Compliance approach

This approach is centred around three lines of defence, based on the market position of IFACI (the French Audit and Internal Control Institute) – AMRAE (the French Risk Management Association) – IFA (the French Institute of Administrators):

- the first line of defence comprises operational teams and their supervisors, whose daily involvement is all-important;
- the second line of defence comprises the Ethics, Risk Management, and Internal Control & Quality entities, together with support entities and initiatives;
- the Internal Audit entity represents the third line of defence.

This dynamic approach aims to provide Executive Management, the Audit Committee and the Board of Directors with a regular analysis of the risk management and internal control systems.

2.6. SYSTEMS SPECIFICALLY RELATED TO THE WLA-SCS AND ISO 27001 CERTIFICATIONS

2.6.1. Assessment of risks associated with information security (ISO 27001)

The company's risk management process is informed by the principles of the international standard ISO 31000: 2009 "Risk management – Principles and guidelines". As it relates specifically to the risks linked to data security, the company relies on the internationally recognised model of ISO 27001, which requires the company to:

- formalise its approach to risk assessment, identifying a methodology for assessing risk and developing criteria for accepting these risks, all based on producing comparable and reproducible results from one year to the next;
- identify assets and their owners;
- identify the threats faced by these assets;
- identify weak points;
- identify the impacts that any loss of confidentiality, integrity, availability, etc. might have on these assets;
- formalise procedures for handling the risks (applying appropriate measures, justified acceptance, avoidance, denial, risk transfer, etc.).

In the framework of the WLA-SCS and ISO 27001 certifications, the Security Department is tasked with the following in particular:

- coordinating and guiding the company's risk management process as part of WLA-SCS/ISO 27001 certification, backed operationally by a network of Risk Management Managers from the company's various entities;
- organising and supporting the escalation and crisis management process of La Française des Jeux Group;
- ensuring technical expertise in terms of security for the projects and activities of La Française des Jeux Group.

2.6.2. Warning and crisis management systems

Created in July 2008, an escalation and crisis management system, covering all of La Française des Jeux operations, defines a framework dedicated to the processing of critical incidents and the management of crisis communication, and ensures the appropriate level of responsiveness to deal with these events. This system is one of the pillars of WLA-SCS and ISO 27001 certifications, and is part of the continual improvement process.

In addition, call centers serve to report, identify and resolve problems raised by the distribution network and by players. Draw incidents and incidents that concern the processing and publication of results are also closely monitored to allow an immediate response at all times via an on-call system.

2.6.3. Game security and distribution network surveillance

In the context of its monopoly and licence for the open competition offer, the obligations of La Française des Jeux concerning the fight against money laundering, criminal activities and fraud lead it to continuously strengthen its mechanisms for detecting and handling irregularities in its gaming operations and distribution networks (points of sale and digital).

The Gaming Security unit within the Security Department is responsible for the following:

- ensuring the integrity and security of gaming operations in the distribution channels (point-of-sale network, digital channels and physical inspections of the points of sale through network inspectors responsible for covering the French market, including the overseas departments and territories) as part of the fight against fraud and money laundering and, in the digital channel, monitoring the reliability of access to online games;
- thereby ensuring compliance with statutory and regulatory requirements (duty of care, strengthened review and reporting of suspicious activity to the TRACFIN anti-money laundering unit of the French Finance Ministry, in particular).

La Française des Jeux reports to the Minister in charge of the Budget, in accordance with the procedures defined by the Minister, on the steps taken to apply the action plan concerning the fight against fraud and money laundering, as approved by the Minister, and presents the actions envisaged for the coming year. Accordingly, each year, it delivers a report to the Minister in charge of the Budget and to TRACFIN.

COJEX (Committee On Gaming And Betting Under Exclusive Rights) advises the Minister in charge of the Budget on the action plans and initiatives taken by La Française des Jeux in this area.

In addition, for online gaming which is subject to licence, La Française des Jeux reports annually to ARJEL on the results of the checks it performs in combating criminal or fraudulent activities, money laundering and terrorism financing.

For activities in the context of its monopoly, it reports biannually to the Service Central des Courses et Jeux (Central Service for Racing and Gaming) of the Judicial Police in connection with the implementation of the anti-money laundering directives implemented on 4 April 2013.

In 2015, more than 32,000 inspections were conducted within the sales network by network inspectors. The nature of these inspections is either random or targeted. Their objective is to ensure point-of-sale compliance with behavioural, commercial, contractual and regulatory criteria.

2.7. RISK MANAGEMENT ACTIVITIES

The company is potentially exposed to the following risks, which are inherent in its business:

- counterparty risks relating to all fixed-odds games offered/ the operation of games;
- risks of fraud or human error caused by the company's employees, its distribution network or its IT system;
- risks of major incidents concerning the IT systems' capability of collecting or processing playslips, and their consequences in terms of loss of player stakes and damage to reputation and player confidence.

Secure transactions and stringent monitoring procedures are two fundamental imperatives for La Française des Jeux. These satisfy the integrity requirements issued by the public authorities, and are legitimately expected by the players. They are made as reliable as possible by elaborate computer technology and regular updates to all those concerned within the company.

La Française des Jeux Group communicates these principles through internal procedures for sensitive operating processes. As a member of the European Lotteries Association and World Lotteries Association, the company is also involved in defining best practices and standards, based on the rules of law governing procurement and security of IT systems, etc, in addition to specific obligations applying to lottery operator.

2.7.1. Internal procedures

2.7.1.1. Counterparty risks relating to all fixed-odds games offered/Game operation

The operation of lottery games and of sports betting in points of sale is entrusted to La Française des Jeux pursuant to two separate decrees.

The ruling of 30 April 2012 relating to La Française des Jeux's commercial offer sets out the terms under which the company carries out its tasks. In particular it provides that La Française des Jeux must submit before 31 October each year, for the approval of the Minister in charge of the Budget, a gaming programme for the following year.

In addition to the gaming programme which is approved each year by the Minister in charge of the budget for the following year, in particular with regard to the launch of certain games, La Française des Jeux submits files to the French government informing it of the conditions for the launch and operation of each of its games throughout the year.

Before being launched, each game undergoes a legal analysis on compliance with gaming regulations in particular. All of the rules for games are available at www.fdj.fr and the rules for each game and bet under exclusive rights are published in the Journal Officiel (France's official gazette). The rules of the game represent a contract between the player and the company and, in accordance with the decrees applicable to activities under exclusive rights, the rules define the technical characteristics of the game, the conditions of entry, the stakes and jackpots, the technical procedures for the calculation and payout of prizes or jackpots, the payment methods and the time limit for claiming prizes.

The breakdown of gaming stakes between winners, organisational expenses, the share allocated for the management of counterparty risks and public levies is established by the ruling of the Minister in charge of the Budget, in accordance with the decrees entrusting the operation of lottery games and of sports betting in points of sale.

Counterparty risks result from the differences between the theoretical share of stakes set aside for winners and the total amount of prizes actually distributed. They are covered by a two-tier system comprising counterparty funds specific to each game, and the permanent fund, whose principles of operation are defined by two decrees.

2.7.1.2. Risks of fraud or human error caused by the company's personnel, its distribution network or its IT system

Draws

When televised, draws are conducted in close cooperation between La Française des Jeux and La Française d'Images, under the supervision of the Security Department. Draws take place under the supervision of a bailiff, who certifies the results. The most frequent draws are subject to specific controls. The results are announced, after verification, using dedicated tools.

Payment of winnings

La Française des Jeux has strict procedures for the payment of winnings in order to fulfil its obligations resulting from Decree No. 2015-741 of 24 June 2015 in pursuance of Article L 112-6 of the Monetary and Financial Code concerning the threshold above which payment in cash is prohibited, and of Decree No. 2015-1858 of 30 December 2015. To ensure secure financial transactions, La Française des Jeux limits the payments of small cash prizes by applying thresholds, which are below the current legal thresholds, above which payments must be made by cheque or by bank transfer. In 2014, the threshold for the payment of small cash prizes was lowered again in order to limit the handling of cash in points of sale, and to ensure the traceability of payment transactions. Large prizes are paid in accordance with required confidentiality and security conditions. Prize payments beyond a threshold of €500,000 are only made subsequent to a detailed analysis.

Prize winners

La Française des Jeux applies its code of ethics with regard to prize winners. It ensures that the necessary measures are taken to guarantee the confidentiality of the prize payouts. Any media publicity is subject to the consent of prize winners. La Française des Jeux provides major prize winners with guidance on how to cope with this life-changing event, but for ethical reasons prohibits itself from influencing their financial decisions.

2.7.1.3. Risks of major incidents concerning the information systems' capability of collecting or processing stakes, and their consequences in terms of loss of player stakes and damage to reputation and player confidence.

Information systems

Information systems are central to the business of La Française des Jeux. Subject to strict operating procedures, they facilitate management of all games offered by La Française des Jeux. They are managed by the Technology, Development and International Division. The Security Department is responsible for the proper implementation of the security principles of La Française des Jeux, mainly through the use of systems that are constantly being tested and upgraded.

Information security

Security and integrity are major concerns for La Française des Jeux, which is subject to the obligations of the Monetary and Financial Code concerning the fight against money laundering and terrorism financing, and those of the gaming liberalisation and regulation law of 12 May 2010.

At the end of 2008, La Française des Jeux obtained certification under the rules of the World Lottery Association (WLA), known as the "WLA Security Control Standard: 2006" requiring:

- the implementation of a Management and Information Security Systems (MISS) defined by the international standard ISO 27001;
- compliance with 72 industry control measures specific to the gaming sector;
- compliance with the specific criteria of the partner lotteries of the Euro Millions game.

Through its ISO 27001 certification, La Française des Jeux agreed to the requirement to maintain an ongoing improvement process, thus ensuring the security and integrity of Management and Information Security Systems (MISS).

In 2014, La Française des Jeux was awarded full recertification on both WLA SCS: 2012 and ISO 27001: 2013 for all its activities.

2.7.2. Internal control and quality

Since 2011, La Française des Jeux has put in place an Integrated Management System, thereby developing its approach which, until then, had been based on Internal Control and Quality.

This Integrated Management System gives La Française des Jeux an organisational framework to guide the operational implementation of strategic policies and the commitments of each employee, in compliance with regulations and standards. The Integrated Management System of La Française des Jeux Group rests on 6 fundamental pillars: Internal Control (based on the reference framework of the French Financial Markets Authority – AMF), Quality (based on the ISO 9001 standard version 2015), Information Security based on the ISO 27001 standard), Ethics, Sustainable Development-CSR (based on the ISO 26000 standard), Occupational Health and Safety (based on the OHSAS 18001 standard).

In 2015, La Française des Jeux enhanced its Integrated Management System and continued its programme of deployment, in conformity with its Governance, Risk and Compliance approach, and aligned it with the new strategy of La Française des Jeux Group. Risk management plans have thus been established or updated.

Monitoring work conducted over the whole spectrum of frameworks applicable to La Française des Jeux Group's Integrated Management System has allowed the company to anticipate changes required for compliance with the new version of the ISO 9001 quality standard published in September 2015. Accordingly, La Française des Jeux has already obtained certification in two areas ("managing operations to support the sales network" and "property and working environment") on the basis of this new benchmark.

Introduction of the Integrated Management System in the group's subsidiaries continued in 2015, the priority being FDP.

Deployment will continue in 2016, with the goal of consolidating the results already achieved, reinforcing ongoing initiatives, and expanding their scope within La Française des Jeux and its subsidiaries, thus making an effective contribution to the control of risks and the improvement of La Française des Jeux Group performance.

2.7.3. Budget and management control

The company updates its business plan each year. A business and financial framework for the upcoming year is developed based on this work and used to determine the budget. The budget is prepared by the operating departments under the guidance of the Performance, Finance and Regulation division, and approved by Executive Management before being approved by the Board of Directors. During the financial year, the company implements a number of updates to its budget, referred to as year-end projections, which are then submitted for approval by Executive Management.

In addition, monthly reports are prepared by the Performance Management department in order to provide management with continual updates based on the month-end closing and on information fed back by departments. These reports allow the achievement of targets established for the budget, in the roadmap of projects, and performance indicators to be regularly monitored.

Since September 2015, the company has also introduced a strategic dashboard, presented each month to Executive Management so that it can monitor the implementation of the strategy.

2.7.4. Legal, financial and operational controls by the parent company over its subsidiaries

The companies of la Française des Jeux Group, with the exception of Société de Gestion de L'Echappée, Beijing ZhongCai Printing Co. Ltd., Services aux Loteries en Europe and National Lotteries Common Services, for which La Française des Jeux holds only an interest, are run by representatives of La Française des Jeux. Their strategy is coordinated with that of La Française des Jeux.

Subsidiaries report back each quarter in order to provide management with continual oversight over the activities of subsidiaries and key decisions.

The subsidiaries use the support services of La Française des Jeux, namely Accounting, Procurement, Legal Affairs, and Human Resources, as needed. Their activities systematically fall within the scope of the Audit, Internal Control and Quality Department.

2.7.5. Internal control relating to the preparation of the parent company's financial and accounting information

2.7.5.1. Organisation of the accounting and finance function

Accounting and financial information is prepared by the Performance, Finance and Regulation Division, attached to the Executive Management of La Française des Jeux and especially by the following entities:

- the Group Accounting and Finance department is responsible for the preparation of the parent company and consolidated financial statements. It ensures and guarantees the integrity of the recognition of game-related transactions, payments to gaming beneficiaries and the collection of receivables from retailers;
- the Treasury and Finance department manages and controls all transactions and short-term investments;
- the Performance Control department, aided by the management controllers assigned to each department and subsidiary, analyses the results;
- the Regulation and European Affairs department ensures compliance with the regulatory texts for the allocation of stakes for each game, and the financial integrity of the games.

The law of 12 May 2010 requires online game operators to establish, in their internal accounting, separate accounts for the gaming and betting services offered within the framework of the licences granted on the basis of this law and for the company's other activities in France and abroad. For operators with exclusive rights, such as La Française des Jeux, the separation of accounts refers to the separation of the accounts for its monopoly activities from those for its competitive activities. As a result, each year La Française des Jeux produces, as part of its management accounting system, separate operating accounts for its ParionsWeb activity.

2.7.5.2. General information

Since 31 December 2008, the consolidated financial statements of La Française des Jeux Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Financial closing procedure

A closing report is produced each year. It indicates the dates of key deadlines and describes any legislative changes affecting the closing. Outstanding items are reported daily to ensure that there are no blocking points and to monitor their follow-up.

Closing dates

The Group Accounting and Finance division prepares the interim consolidated financial statements. The account closing date of La Française des Jeux and of the Group is on 31 December of each year.

Procedures for management and processing of off-balance sheet commitments

The procedures provide for systematic updating of off-balance sheet commitments when a new contract, agreement or other significant transaction to be declared is signed. La Française des Jeux updates its off-balance-sheet commitments each year.

2.7.5.3. Preparation of periodic financial statements

A monthly report and scorecard on general accounting are prepared each month. The consolidated financial statements are prepared at the end of the first semester.

2.7.5.4. Financial consolidation procedures

The consolidation criteria are summarised in the guide to consolidation packages. The consolidated financial statements prepared at the end of the first half and at year-end by the Finance Department, and are approved by the Board of Directors. These undergo an annual audit, while interim reporting is also reviewed by the Statutory Auditors.

2.7.5.5. Liaising with the Statutory Auditors

In accordance with current best practice, the Statutory Auditors study the Group's accounting and internal control systems in order to plan their audit and design an effective audit strategy. They are thus required to identify the strengths and weaknesses of internal control, which form the basis for their opinion and according to which they tailor their audit. They report their findings to the Audit Committee, the Finance Department, the Audit, Internal Control and Quality Department during two meetings with the panel of Statutory Auditors following the interim and final review phases of the annual financial statements.

2.8. OVERSIGHT AND SUPERVISION OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The internal control system is supervised in part by the Board of Directors, particularly through its Audit Committee, which verifies its relevance and appropriateness to the aims of La Française des Jeux Group.

The Executive Management Board also supervises the system through regular reviews of the Group's activities, including key performance indicators, a review of major projects and a minimum four meetings a year in Risk Committee format.

The Audit, Internal Control and Quality Department also participates in this supervision. Based on the annual map of the Group's major risks, the Group's Audit, Internal Control and Quality Department prepares a multi-year and then an annual programme of its work, approved by the Audit Committee, to facilitate the periodic evaluation of the main activities of La Française des Jeux Group. The Audit, Internal Control and Quality Department regularly reports to the Audit Committee.

3. ACTION PLAN

While no control system can offer an absolute guarantee, the collegiate operation of La Française des Jeux, with its Board of Directors, Audit Committee, Nominations and Remuneration Committee, Sustainable Development Committee, Strategy Committee and Executive Management bodies, in addition to the chairmen of the subsidiaries, internal and external supervisory bodies, and actions carried out or in progress, such as those described in this report, demonstrate the commitment of La Française des Jeux Group to implementing an effective system of internal control, designed to be continuously improved.

Furthermore, La Française des Jeux Group has undertaken global progress and performance initiatives, notably to optimise synergies on its lines of defence, i.e. ethics, risk management, internal control and quality, and internal audit. The integrated

approach, which is being phased in, consists of a cycle of continuous improvements aimed at identifying the major risks to Group strategy, as well as the links between risk management and internal control and quality, and the Group's multi-year internal audit plan.

La Française des Jeux Group is committed to implementing an ever stronger internal control evaluation system in the future and to making any improvements that might be deemed necessary, in line with a continuous improvement approach.



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