REGISTRATION DOCUMENT

2016

Annual Financial Report

PUBLICIS
GROUPE

Contents

The elements of the Annual Financial Report are clearly identified in the table of contents using the pictogram ✤

PUBLICIS GROUPE

2016 REGISTRATION DOCUMENT

ANNUAL FINANCIAL REPORT

GROUP PROFILE

Publicis Groupe is a world leader in the marketing, communication and digital transformation of businesses.

Present throughout the value chain from consulting to creation and production, Publicis Groupe serves its clients through an interdisciplinary, unified and fluid organization that facilitates access to all its expertise worldwide.

It focuses on **four major solution hubs**: Publicis Communications, Publicis Media, Publicis.Sapient and Publicis Health. Each of these four solution hubs operates on the Group's main global markets and is supported by Publicis One on the other markets. Publicis One combines all of the Group's agencies under one roof and offers our clients the full range of available services. The Group is present in **more than 100 countries**.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

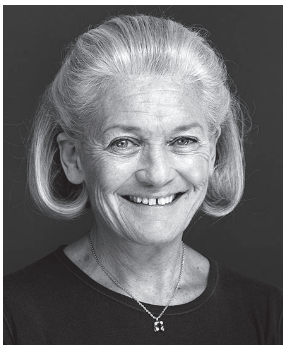
This Registration Document was filed with the Autorité des marchés financiers (the French Financial Markets Authority, or AMF) on May 9, 2017, in accordance with article 212-13 of the AMF General Regulation. It may be used in the framework of a financial transaction only if supplemented by a Transaction Note certified by the AMF.

This document has been prepared by the issuer and involves the liability of its signatories.

Copies of the Registration Document are available from Publicis Groupe SA, 133, avenue des Champs-Élysées, 75008 Paris, and on the Publicis Groupe SA website: **www.publicisgroupe.com** and that of the AMF: **www.amf-france.org.**

This english language version of the 2016 Registration Document is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate presentation of the original. However, in all matters of interpretation, views or opinion expressed in the original language version of the document in French take precedence over the translation.

This Registration Document contains all the elements of the annual financial report.



Message from the Chairperson

Élisabeth Badinter

Staying young at heart, curious, and with an appetite for life: this is undoubtedly the secret behind Publicis' longevity. My father, Marcel Bleustein-Blanchet, was a strong believer in this and he was passionate about growing our Groupe's brand. Publicis' ability to stay current, together with its great strength and aptitude for self-renewal, have continuously contributed to the outstanding success the Groupe has seen thus far.

“Nine decades later, Publicis is still here, the same strong and innovative entity it has always been, yet also completely transformed.”

Nine decades later, Publicis is still here, the same strong and innovative entity it has always been, yet also completely transformed.

And when I look back on our journey, I am proud to see that we have steadfastly kept to our founding values, and that these still apply today: ethics, courage, loyalty and confidence in our talented employees, without whom nothing would be possible. Our motivated teams, both today and in the past, their investment, creativity and boldness, are the keystone to the Groupe's vitality. I would like to take this opportunity to express our sincere gratitude to them all.

2017 is the start of a new chapter in the Publicis story, a 90-year adventure originally conceived of by two exceptional men: Marcel Bleustein-Blanchet and Maurice Lévy, both of whom were driven by the same entrepreneurial spirit and the same vision of the future.

One of these men, the founder, laid the foundations for the methods of communication. The other, his successor, extended the geographical scope of the business. They also shared the same ambition; to play an important role in changing the business landscape, both at that time and in the future. And so, they developed this small family business with a unique and special personality. When the Company expanded globally, it always remained true to its culture.

The trust and respect between these two men was the key to Publicis' success.

Maurice Lévy's era has been a fundamental part of the Groupe's history.

His achievements are nothing short of impressive: he has led Publicis through major expansions and transformations, at a rapid pace, and he has established new standards and a new stature for the Company. Under his leadership, our Groupe has become the third largest in the world, increasing from 3,000 employees to 80,000. Revenue has grown fiftyfold and market capitalization by almost 100%.

Maurice Lévy was able to tackle the digital revolution with ease – well before the rest of the world – and ensured that Publicis would become a world leader in this industry. Lastly, in 2016, his decisions have strengthened the Groupe's founding principles and its commitment to the economy of the future.

A man of ethics, with strong beliefs, Maurice Lévy is a profound humanist and undoubtedly one of the world's most influential people.

On behalf of the Supervisory Board and myself, I would like to thank him for his unwavering devotion and commitment – for the past 46 years! – to a successful Publicis Groupe.

On May 31, 2017, Maurice Lévy's term of office will come to an end, following 30 years as Chairman of the Groupe's *Directoire*.

And we were confident that his replacement would be a current employee. Publicis has no shortage of high-performing, first-class individuals who are familiar with how our Groupe operates, its history and who share its values.

Maurice Lévy and I have spent much time pondering this decision. Following the work carried out by the Appointments Committee and a rigorous selection process during which we considered some exceedingly talented individuals, our final decision was to appoint a bright young man by the name of Arthur Sadoun.

Arthur Sadoun possesses all of the skills required to take the reins. In particular, he has a quality that is rare and invaluable in our business: a passion for client satisfaction. He possesses a unique understanding of client needs and the challenges they face – including the transformation of their own economic models.

In addition to his professional and personal attributes, Arthur Sadoun has another, very precious, asset: he is part of the new generation, someone who has grown up with digital technology.

A mighty task awaits him: to guide Publicis through a new era, with fast-changing, digitally led codes, and more uncertainty for major economic players than ever seen before but at the same time, even more exciting and full of opportunities.

And the Groupe is certainly well equipped to make the most of these opportunities. We made some brave decisions in 2016, reflecting our desire to hand over to the new management team a healthy Groupe, full of potential created by its own transformation. But Arthur Sadoun will also need to further strengthen the bonds with our clients while maintaining a winning spirit, to return to growth while continuing to improve our margins and to definitively instill the concept of the "Power of One". This new organizational structure is a key factor in our future growth, and its recent successes with major brands indicate that it is in line with our clients' needs.

To help in his performance of these tasks, Arthur Sadoun will be able to rely on the Supervisory Board, which already has great faith in him. He will also be able to count on the vast range of skills offered by the *Directoire*, which has recently welcomed the arrival of Steve King, CEO of Publicis Media.

Exemplary governance is part of what sets us apart, and it is essential that this be maintained.

The unconditional trust that has prevailed between Maurice Lévy and me over the past 20 years has undeniably contributed to Publicis' success. It has enabled us to run the Company efficiently, to hold discussions in a constructive and calm manner, and has facilitated the decision-making process.

In my opinion, it is vital that this fluidity continue to be part of our governance.

For the past ten years or so, Arthur Sadoun has worked alongside Maurice Lévy, in an environment of shared trust. Within their profound mutual respect and close bond that has grown closer over the years, I have witnessed all of the ingredients for success.

It is for this reason that I have suggested that Maurice Lévy take over from me as Chairman of the Supervisory Board. Maurice Lévy and Arthur Sadoun will be the perfect duo to lead our Company and its stakeholders to a bright future.

> *"Exemplary governance is part of what sets us apart."*

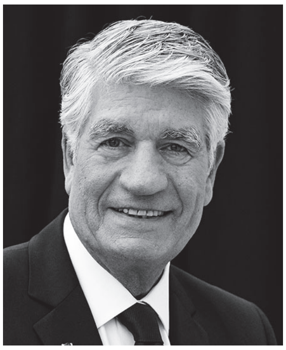
As for me, I will remain a member of the Board, to support the Groupe's policy and look after its interests.

If the General Shareholders' Meeting approves my proposal, we will continue on our path toward the future with full peace of mind, with a solid Groupe, streamlined for this new era, and with the security of an ever-stronger governance.

On behalf of the Supervisory Board and myself, I would once again like to express our gratitude to Maurice Lévy for all he has accomplished and thank him for his valuable advice, from which Publicis will continue to benefit.

We wish Arthur Sadoun all the best in his new role. We know we can count on him.

Élisabeth Badinter
Chair of the Supervisory Board



Message from the Chairman

Maurice Lévy

How can I end this year without looking back over the past 30 years? This has been my final year as Chairman & CEO. When the founder of Publicis, Marcel Bleustein-Blanchet, handed over to me, in his words, "the keys to the future" of the Groupe, he set us the mission: "Sow the seeds for the future, in a world where everything is changing rapidly: mind-sets, techniques and markets."

> *"Sowing the seeds for the future" means inventing a new ladder that can be used to scale new heights."*

Looking at the past 30 years is an interesting exercise. Not so much in terms of the satisfaction we can proudly have about what has been achieved, but in the way we did it: respecting our core values, always having the interest of our clients at heart and acting, behaving differently, hence our motto "*Viva La Difference!*". We tried to anticipate the industry's trends and took some measured risks: from a European to a Global network, from a single to a multinetwork approach, from purely advertising with leading positions in creative (Publicis, Saatchi, Leo Burnett) and media (Starcom, MediaVest, Zenithoptimedia), to holistic, adding digital (Digitas, Razorfish) and finally technology and consulting with Sapient.

All our moves have always been made to get one result: to best serve our clients. We consider that if we are successful in best serving them, we'll achieve all our other objectives: quality of the work, attracting the best people, growing faster, delivering margin, and bringing good to all our stakeholders: clients, talents, partners, investors.

But what does it mean to "sow the seeds for the future" in a world of globalization, fierce competition, low growth, disrupted by technology and with huge changes in people's behavior, mobile apps that allow them to be more connected than ever, a totally different media landscape dominated by global giants such as Google and Facebook, and innovations that disrupt well-established business models?

In this context, it is vital that we go back to basics, that we define what "sowing the seeds for the future" means for a business like ours. Our *raison d'être* has always been, and always will be, to best serve our clients.

Hence, only a one-word answer: transformation. Sowing the seeds for the future today means staying relevant while our clients go through their own transformations. And to stay relevant, it is essential that we ourselves also transform. How could we claim to be able to help clients transform without first proving that we are able to apply the same discipline to ourselves?

Although we do recognize the great contribution made by the verticalization of roles in our industry, it has unfortunately led to silo-type operating structures becoming the norm, with specialized teams working on specific projects and losing sight of the big picture.

Some transformations occur via evolution; others are the result of ruptures. In 2015, we decided, after a lengthy process, to create our own rupture to the classic approach of the holding company.

How? By sharing the full potential of our abilities – unlike any others – based on a new organizational structure that draws on the best elements of all our assets: the "Power of One" approach, changing the holding company into an operating entity, an agile body in the world of connected and connecting businesses. And so Publicis Groupe transformed from a holding company into a connected company.

Connected, first of all, through the union of all of our activities that could logically be grouped together into major solutions businesses to address the increasingly complex issues facing our clients: Publicis Communications for creative solutions, Publicis Media for connecting solutions, Publicis.Sapient for technological and consulting solutions, and Publicis Health for healthcare solutions.

Second, connected to ensure that serving our clients remains at the heart of everything we do: the creation of a new position, the Global Client Leaders helping clients have access, simply and directly, to the full range of the Group's services and skills.

Last, connected so as to be able to best serve the major markets, as well as the smaller markets, thanks to the creation of Publicis One, with all our operations under one leadership, one roof, per country.

As part of this transformation of our Group, thousands of individuals have changed their roles: thousands of employees have had to become responsive to this new method of operating. Collectively, we have managed to meet the great challenge of staying relevant head on, and I would like to commend the Management team for their hard work, and thank all of our talented people for their unwavering commitment.

Alongside this invaluable strategic relevance, sowing the seeds for the future also means having the ability to look forward calmly and with exceptional strength.

From this point of view, the risks taken by Publicis Groupe in 2016 have paid off. In fact, in the context of very modest organic growth – attributable to the decline in our activities in the United States, mainly as a result of the loss of media accounts in 2015 and early 2016, in addition to the problems with Razorfish – we have successfully transformed without jeopardizing our future. Figuratively speaking, this mammoth task was equivalent to replacing the engine of an aircraft, while flying.

Yet it was this incredible feat of strength that led us to success. All indicators showed increase in 2016: revenue, operating margin – both in absolute value and as a percentage of revenue – diluted earnings per share and payout ratio. Our cash flow generation was highly satisfactory, and our balance sheet is looking very healthy, even considering the impairment of assets recorded this year in our books. Once again, Publicis Groupe has made choices for the future, with no shortage of consequences, without relinquishing any of its independence or freedom.

These achievements were made possible by the trust that our clients place in us. They acknowledge our commitment to them, our loyalty, our ability to support them with clever, creative, technologically advanced, relevant and profitable solutions. Solutions that are aligned with their values and ours, created with precision and integrity.

These achievements were made possible because Publicis Groupe can rely on exceptional men and women who are devoted to our clients and passionate about their work. They have learned to adapt to all of these changes and I am very grateful to them for their hard work.

Finally, sowing the seeds for the future means building on our strengths. Publicis Groupe has no shortage of these and 2017 will undoubtedly be a milestone year in our history, with the significant handing over of the baton.

Indeed, for the second time in its 91 years of existence, the "keys to the future" of the Groupe have been entrusted to the next generation. Élisabeth Badinter, as Chairperson of the Supervisory Board and the Nominating Committee, has led rigorous, in-depth and transparent process to identify the best candidate to take over as Chair of the Group's Management Board and CEO. This process led to the appointment of Arthur Sadoun, who will take office on June 1, 2017.

I am delighted with this well-thought-out and considered choice. I believe it to be the fairest and most appropriate choice for our Group and for its future. Arthur Sadoun is a highly regarded professional who has demonstrated the broad range of his abilities over the past ten years. He is passionate about our clients and what we can do to help them. He understands the world of tomorrow and he knows how to attract the best talents and use their skills in multi-disciplinary teams, an essential skill as we are to push forward with the already proven "Power of One" approach.

To help him in his future challenges, Arthur Sadoun can rely on the skills of our first-class Directoire (Management Board) members – Jean-Michel Etienne and Anne-Gabrielle Heilbronner – enhanced by the arrival of Steve King and his admirable expertise and experience. From the foundations of a French family success story, Publicis has been able to position itself among the global advertising giants. I recognize the winning spirit that lives within Arthur Sadoun and I have complete confidence in his ability to steer the Groupe to new heights, with the help of a great and broad management team and fantastic talents who go the extra mile day after day.

To successfully carry out this task, the new Management team can count on the enduring support of the Supervisory Board and, at its head, Élisabeth Badinter, who will continue to keep a close eye on them. Élisabeth Badinter is the ultimate guardian of the Publicis values, and at key moments, she has never hesitated to make difficult decisions to preserve the interests of the Group and the original dream – her voice will be invaluable to the new members of the Directoire. As for me, if the shareholders should so decide, I will soon join the Conseil de surveillance (Supervisory Board) to take over as Chairman and I will continue to tirelessly help achieve the success of this Groupe.

I would like to end this message, my final one as Chairman of the Management Board, with words of thanks. First of all, I am infinitely grateful to Élisabeth Badinter, who has shown me incredible trust over these past twenty years. The synergy that has always been there between the Conseil de surveillance and the Directoire, and the smooth collaboration between Élisabeth Badinter and me are, without a doubt, the secret behind the success of Publicis; the success of the past 30 years is as much hers as it is mine and of course, all of yours: all our loyal talents who have done a wonderful job.

I would like to thank the extraordinary Publicis Groupe teams; no two are the same, but they have always been bright beacons along my journey. From the rebuilding of the business after the fire in 1972 to the launch of the "Power of One" in 2016, including some major campaigns and new businesses, they have always shown themselves to be exceptional. And 2016 was no exception: well done and thank you to everyone.

These 30 years – what am I saying, these 46 years, since I joined the Group in 1971, yes, I have actually been here 46 years – have allowed me to witness the significant appeal of the Publicis brand, its worldwide influence and its ability to attract talent.

I have also seen at what stages we were able to build trusting relationships with our clients, such that we can support them with passion, rigor, creativity and integrity, and such that they remain loyal to us. This means keeping their interests – as opposed to our own – at the forefront of our minds.

Over the past 46 years I have also seen many an insatiable appetite for creativity, innovation, talent and performance. Personally, I have never lost sight of one genuine ambition: to build a major group, one that is respectful of differences, that promotes the development of each individual, a group that is capable of continuous reinvention so as to remain contemporary and cutting-edge.

Lastly, these 46 years, have been the best cure for boredom that I could have asked for.

Because I know the innermost qualities of this business, I am confident that Arthur Sadoun will be able to lead it through the coming years, drawing on all of its strengths and of course the magic quadrant: clients – talents – consumers – shareholders. He knows that he has the support, as did I, of an attentive and unified Conseil de surveillance.

Put simply, "sowing the seeds for the future" means inventing a new ladder that can be used to scale new heights.

Maurice Lévy
Chairman & CEO, Publicis Groupe

Publicis: 90 years of history

1926
Publicis is created by Marcel Bleustein-Blanchet

1970
Publicis is first listed on the Paris stock exchange

1987
Creation of the Management Board and Supervisory Board and appointment of Maurice Lévy as Chairman of the Management Board

2000
Acquisition of Saatchi & Saatchi

2001
ZenithOptimedia is formed

2002
Acquisition of Bcom3

2006
Acquisition of Digitas (United States)

2008
Partnership with Google for the development and launch of VivaKi

2009
Acquisition of Razorfish (United States)

2009
Publicis ranks 3rd in global communication groups

2011
Acquisition of Rosetta (United States)

2013
Acquisition of LBi (Netherlands)

2015
Acquisition of Sapient (United States)

2016
The Power of One

1926

The idea to open an advertising agency began to grow in the mind of Marcel Bleustein. At 20 years of age, he created a French SARL company with share capital of 50,000 Francs, registered at 17 rue du Faubourg Montmartre, Paris, France: Publicis, an amalgamation of "Publicité" (French for advertising) and "six" for 1926.

1986

The strategy was paying off: Publicis – 1st French agency – became one of the Top 20 communications groups in the world. From 1990, following the inspiration of Maurice Lévy, the international growth of the Group accelerated.

1996

On April 11, 1996, Publicis' founder died. His successor was ready. His daughter, Élisabeth Badinter, replaces him as Chair of the Supervisory Board. Publicis becomes involved in global competition and begins operating in Brazil. The pace continues to accelerate: Mexico, Canada, Singapore, Philippines.

2006

Always ahead of its time, Publicis Groupe anticipated the social upheaval associated with the advent of the Internet. Thanks to its unrivaled expertise, Publicis Groupe has positioned itself as the digital market leader.

2016

The Power of One is put in motion. Launched in December 2015, the reorganization of Publicis Groupe represented the end of the traditional structure of communication groups. It puts the client at the heart of the Group's business. In the Group's top 20 markets, its major clients are assigned a Global Client Leader who is able to offer them access to a full range of services and solutions: creative solutions through "Publicis Communications", media solutions through "Publicis Media", digital solutions through "Publicis.Sapient" and healthcare solutions through "Publicis Health". For the other countries, a single structure known as "Publicis One" combines all available services – creative, media, digital and healthcare – for each country and under one department, in the strictest confidentiality.

Publicis 90

On the occasion of its 90th anniversary, Publicis Groupe launched a project named Publicis90. The idea was to provide 90 projects or start-ups with financial aid and the support of the Group's digital experts. After an initial phase of stringent selection over a period of several months, the winners were chosen from among 3,500 applicants from 130 countries, who received their awards at a ceremony held during Viva Technology.

Strategy
A new model

Throughout its history and its many changes, Publicis Groupe has been guided by one absolute priority, one obsession: its clients!

The idea behind our business has always been to contribute, in an effective way, to the appeal of their brands and to the growth of their businesses. It is our role to create value for our clients and encourage their success.

With the world in a period of upheaval, Publicis Groupe is going a step further and supporting businesses affected by the impact of digital technology which is changing the way we work, the way we consume and economic models as we know them...

To serve its purpose of helping its clients through their digital transformation, Publicis Groupe has invested in technology and its consultancy services, and has implemented the most integrated organization in the sector, "The Power of One". This represents the end of the traditional "silo" structure of communication groups and facilitates client access to all of the Group's resources.

This aim of this reorganization is to place the client at the heart of the Group's structure. In the Group's top 20 markets, major clients will each be assigned a Global Client Leader, coordinated by Rishad Tobaccowala, Strategy & Growth Officer.

In this way, Publicis Groupe can offer the entire array of solutions to its clients: creative solutions through "Publicis Communications", media solutions through "Publicis Media", digital solutions through "Publicis. Sapient", and healthcare solutions provided by "Publicis Health".

For all other countries, a single structure called "Publicis One" combines all of these solutions (creative, media, digital and healthcare).

Management Board of Publicis Groupe

CHAIRMAN: MAURICE LÉVY
JEAN-MICHEL ETIENNE AND ANNE-GABRIELLE HEILBRONNER

STRATEGY & GROWTH OFFICER: RISHAD TOBACCOWALA

The Global Client Leaders are the clients' main point of contact, offering direct access to all Group resources

Publicis One

CEO: JAREK ZIEBINSKI

Beyond the top 20 markets of the Group, Publicis One is a dedicated entity that brings together, under one roof and one leadership, the expertise available in any one country.

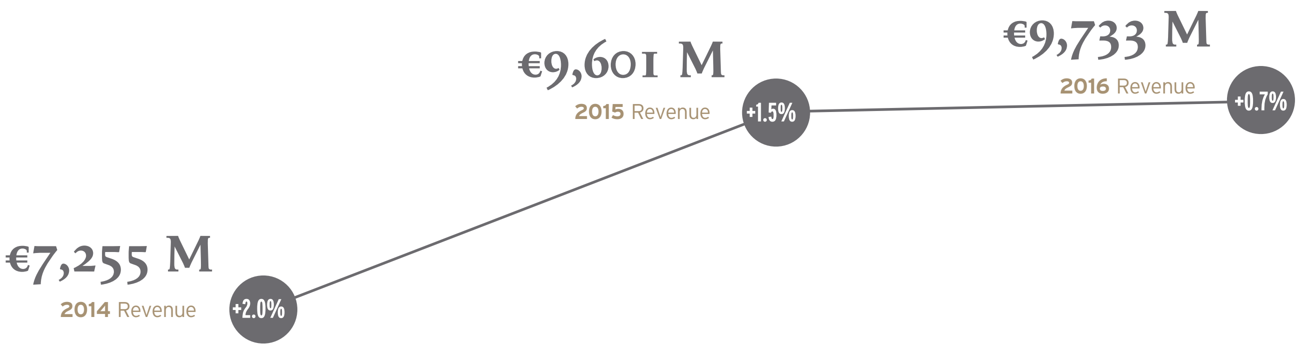
Re:Sources

CEO: FRANK VORIS

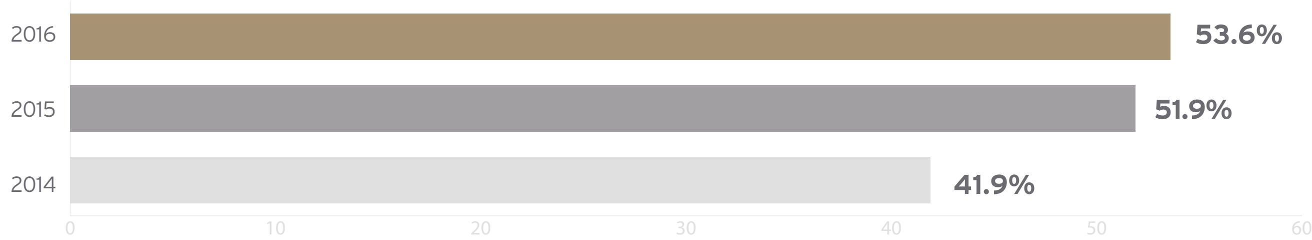
Partner in excellence, Re:Sources develops targeted initiatives – platforms and services – to help agencies transform and increase productivity (back-office functions, admin staff, enforcement, etc.)

Key figures

Revenue and organic growth

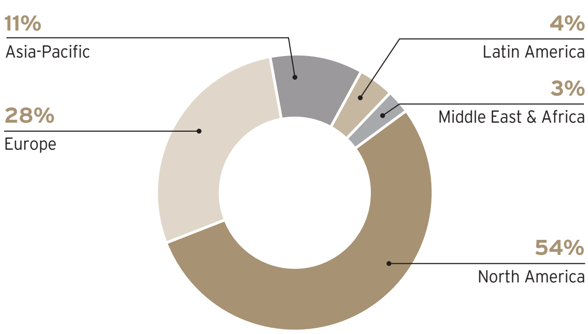


Share of digital in revenue

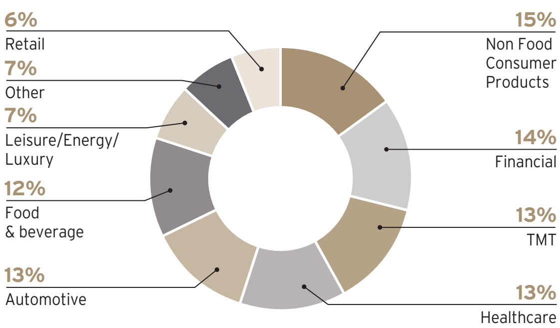


Breakdown of 2016 revenue

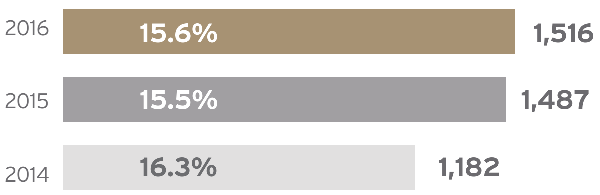
BY REGION



BY CLIENT BUSINESS SECTOR

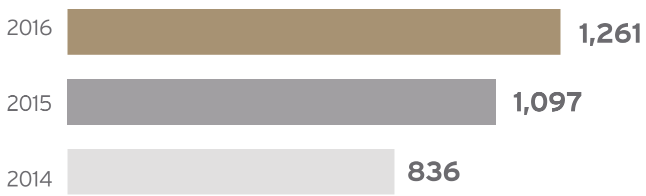


OPERATING MARGIN*
In euros (millions) and as a % of revenue



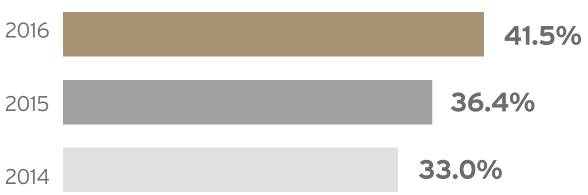
HEADLINE GROUP NET INCOME*
In euros (millions)

FREE CASH FLOW BEFORE CHANGES IN WCR*
In euros (millions)

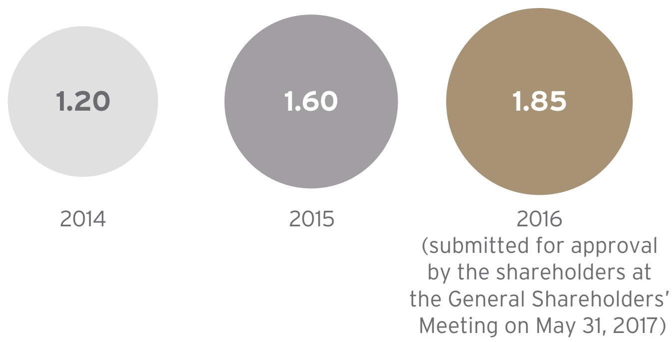


HEADLINE EARNINGS PER SHARE – DILUTED*
In euros

PAYOUT RATIO*
In %



DIVIDEND PER SHARE
In euros



** See definitions in the glossary on page 14.*

Talent

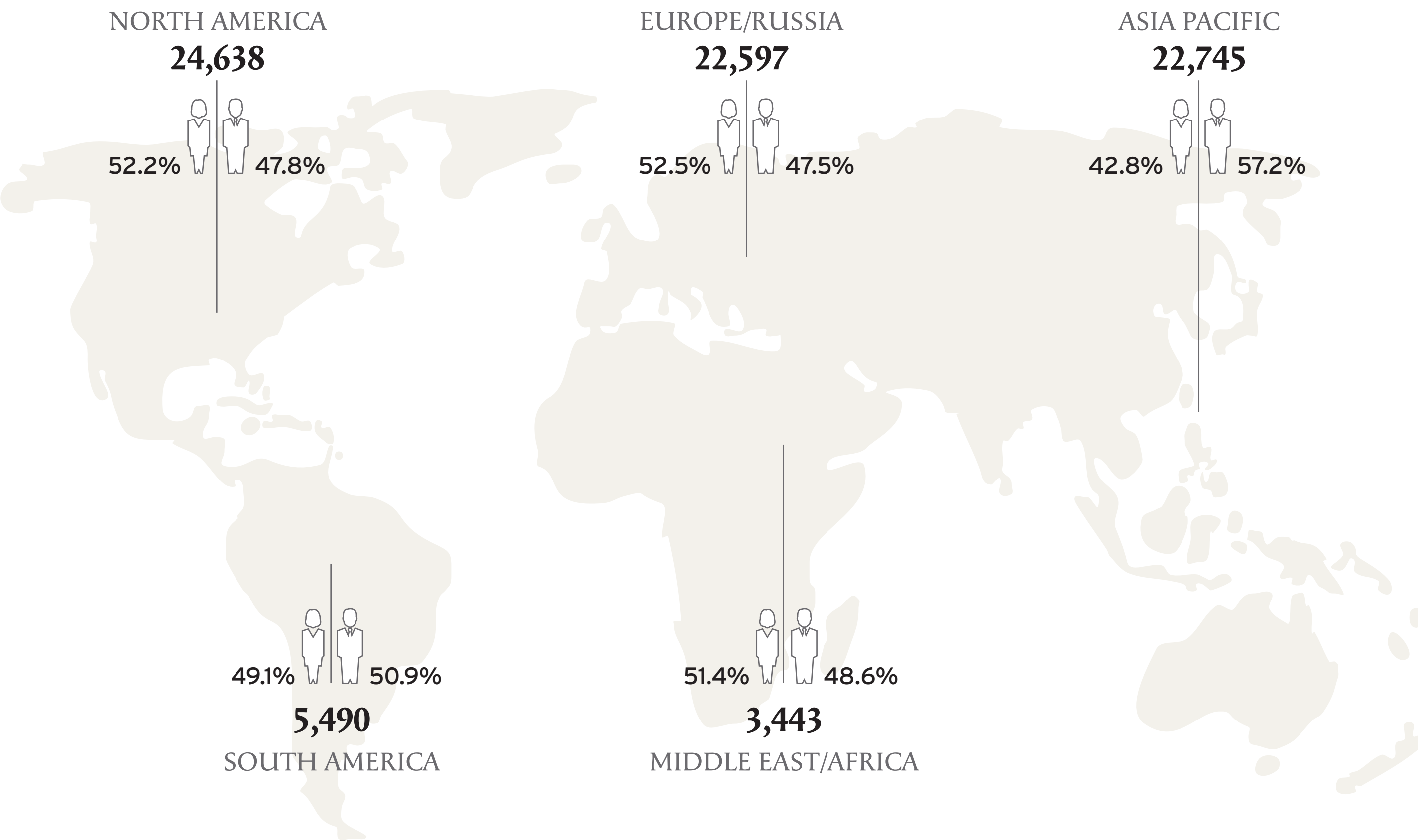
At December 31, 2016, the Group has:

78,913 EMPLOYEES

49.3% WOMEN

50.7% MEN

Breakdown of employees by geographic region:



40%
WOMEN ON THE AGENCY MANAGEMENT COMMITTEES IN 2016

67%
OF EMPLOYEES HAVE RECEIVED TRAINING IN 2016

Governance

(as at the date of filing of this Registration Document)

Supervisory Board

50%
WOMEN

7
MEETINGS IN 2016

96%
ATTENDANCE RATE

Élisabeth Badinter
Chairperson of the Supervisory Board
Chairperson of the Appointments Committee
Member of the Strategy and Risk Committee

Sophie Dulac
Vice-Chairperson
of the Supervisory Board

Simon Badinter
Member of the
Supervisory Board

Jean Charest
Chairman of the Audit Committee and member of the Appointments Committee

Thomas H. Glocer
Member of the Compensation Committee

Marie-Josée Kravis
Chairperson of the Strategy and Risk Committee and member of the Appointments Committee

Marie-Claude Mayer
Member of the Strategy and Risk Committee

Claudine Bienaimé
Member of the Audit Committee and of the Compensation Committee

Michel Cicurel
Chairman of the Compensation Committee and member of the Appointments Committee

Jerry A. Greenberg
Member of the Strategy and Risk Committee and of the Compensation Committee

André Kudelski
Member
of the Audit Committee

Véronique Morali
Member of the Audit Committee and of the Compensation Committee

Management Board*

14
MEETINGS IN 2016

Maurice Lévy
Chairman of the Management Board

Anne-Gabrielle Heilbronner
Secretary General

Jean-Michel Etienne
Group Executive Vice-President, Group Finance

"Directoire +"

Arthur Sadoun*
CEO
Publicis Communications

Steve King*
CEO
Publicis Media

Chip Register**
Co-CEO Publicis.Sapient
CEO
Sapient Consulting

Rishad Tobaccowala
Strategy & Growth Officer

* *with effect from June 1, 2017, Arthur Sadoun and Steve King are appointed as members of the Management Board and Arthur Sadoun will succeed Maurice Lévy as Chairman thereof.*

** *Chip Register and Alan Wexler, as co-CEOs of Publicis.Sapient, will take turns being a member of the "Directoire +": Chip Register in the first year and Alan Wexler in the following year.*

Glossary and Definitions

Glossary

The Power of One: Unique offering under which all Publicis Groupe services are made available to clients (creative, media, digital and healthcare) simply, efficiently and with flexibility.

Solution: Publicis Groupe is the only communication group to organize its structure around four major solutions designed to support clients in their development, through key skills (creative, media, digital and healthcare).

Publicis Communications: Publicis Communications brings together the creative offering, with Publicis Worldwide, Leo Burnett, Saatchi & Saatchi, BBH, as well as Prodigious, world leader in production, and MSLGROUP, specialist in strategic communications.

Publicis Media: Publicis Media is a leader in media investment strategies *via* four global networks: Starcom, Zenith, MediaVest | Spark and Blue 449.

Publicis.Sapient: Publicis.Sapient is a unique platform in the communications industry that covers the entire digital communications value chain, from consulting to sales, *via* creation, data and platforms. It groups together SapientRazorfish, Sapient Consulting and DigitasLBi.

Publicis Health: Publicis Health is a world leader in communication for the healthcare and pharmaceutical industries.

Publicis One: Publicis One unites all the agencies under one roof and one leadership, and offers the full range of services to our clients outside of the Group's 20 main markets.

Re:Sources: Re:Sources brings together the Publicis Groupe Shared Service Centers that cover most administrative functions necessary for the operation of all Group agencies.

"Directoire +": "*Directoire* +", created in September 2014, is composed of Group executive managers and assists the Management Board with the Company's management.

Global Client Leaders: Global Client Leaders are responsible for all the services and skills made available to the client, regardless of industry or country.

JANUS: JANUS is a set of rules governing behavior and ethics. It applies to all Group employees and sets out the rules of conduct to carry out operations: "The Publicis way to behave and to operate."

Viva Technology: Event co-organized by Publicis Groupe and the Les Échos Group. This was the first international event devoted to innovation, to the growth of start-ups and to collaboration between major groups and start-up companies in France.

Definitions

EBITDA: Operating margin before depreciation and amortization.

Operating margin: Revenue after deduction of personnel expenses, other operating expenses (excluding other non-current income and expenses) and depreciation and amortization expenses (excluding intangibles from acquisitions).

Percentage operating margin: Operating margin expressed as a percentage of revenue.

Headline Group net income: Headline Group net income, after deduction of impairment losses, amortization of intangibles from acquisitions, main capital gains and losses on the disposal of assets and the revaluation of earn-out payments.

WCR: Working capital requirements.

Headline EPS (earnings per share): Headline Group net income divided by the average number of shares on a non-diluted basis.

EPS (Earnings per share): Group net income divided by the average number of shares on a non-diluted basis.

Diluted EPS (Earnings per share): Group net income divided by the average number of shares on a diluted basis.

Headline EPS (Earnings per share) – diluted: Headline Group net income divided by the average number of shares on a diluted basis.

Net debt (or net financial liabilities): Sum of long- and short-term financial liabilities and associated hedging derivatives, after deduction of cash and cash equivalents.

Average net debt: Annual average of end-of-month net debt.

Payout ratio: Dividend per share divided by the headline earnings per share (diluted).

Free Cash Flow before changes in working capital requirements: Net cash flow from operating activities before changes in WCR linked to operating activities.

GSM (or GM), OGM, CGM: General Shareholders' Meeting, Ordinary General Shareholders' Meeting, Combined General Shareholders' Meeting.

1

PRESENTATION OF THE GROUP

1.1 Key figures

In application of European regulation no. 1606/2002 of July 19, 2002 on international norms, the Group's consolidated financial statements for the financial years presented herein have been drawn up according to the IAS/IFRS international accounting standards and the applicable IFRIC interpretations at December 31, 2016 as approved by the European Union.

The tables below present selected consolidated financial data for Publicis Groupe. The selected financial data for the years ended December 31, 2016, 2015 and 2014, are derived from Publicis Groupe's consolidated financial statements included in this document or incorporated by reference and prepared in accordance with IFRS standards. These financial statements were audited by Publicis Groupe's statutory auditors, Mazars and Ernst & Young et Autres.

in millions of euros, except percentages and per-share data (in euros)	2016	2015	2014
Data from the Income Statement			
Revenue	9,733	9,601	7,255
Operating margin before depreciation and amortization	1,682	1,661	1,307
% of revenue	*17.3%*	*17.3%*	*18.0%*
Operating margin	1,516	1,487	1,182
% of revenue	*15.6%*	*15.5%*	*16.3%*
Operating income	9	1,378	1,069
Group share of net income (loss)	(527)	901	720
Diluted earnings per share(1)	(2.36)	3.99	3.16
Headline earnings(2) per share (diluted)(1)	4.46	4.39	3.64
Dividend per share	1.85	1.60	1.20
Free cash flow before changes in working capital requirements	1,261	1,097	836
Data from the balance sheet	**December 31, 2016**	**December 31, 2015**	**December 31, 2014**
Total assets	24,896	25,446	20,626
Equity attributable to holders of the parent company	6,055	6,556	6,086
Net debt (net cash)	1,244	1,872	(985)

(1) The average number of shares used to calculate diluted earnings per share for 2016 was 223.5 million shares (equal to the number used to calculate earnings per share (EPS)). This was 226.0 million shares for 2015 and 227.8 million shares for 2014. The figures used to calculate current diluted EPS were the same as stated previously, except for 2016 for which the average number was 227.7 million shares.

(2) Group share of net income, net of impairment losses, amortization of intangibles from acquisitions, main capital gains and losses on the disposal of assets and the revaluation of earn-out payments.

1

1.2 Group history

Founded in 1926 by Marcel Bleustein-Blanchet, the Company's name originates from the combination of Publi, for "Publicité", which means advertising in French, and "six" for 1926. The founder's ambition was to transform advertising into a true profession with social value, applying a rigorous methodology and ethics, and to make Publicis a "pioneer of modern advertising". The Company quickly won widespread recognition. In the early 1930s, Marcel Bleustein-Blanchet was the first to recognize the power of radio broadcasting, a new form of media at the time, to establish brands. Publicis became the exclusive representative for the sale of advertising time on the government-owned public broadcasting system in France. But in 1934, the French government withdrew advertising from State radio; Marcel Bleustein-Blanchet therefore decided to launch his own radio station, "Radio Cité", the first French private radio station. In 1935, he joined forces with Havas to form a company named "Cinéma et Publicité", which was the first French company specialized in the sale of advertising time in movie theaters. Three years later he launched "Régie Presse", an independent subsidiary dedicated to the sale of advertising space in newspapers and magazines.

After suspending operations during the Second World War, Marcel Bleustein-Blanchet reopened Publicis in 1946, and not only renewed his relationships with pre-war clients but went on to win major new accounts: Colgate-Palmolive, Shell and Sopad-Nestlé. Recognizing the value of qualitative research, in 1948 he made Publicis the first French advertising agency to conclude an agreement with the survey specialist IFOP. Later, he created an in-house market research unit. At the end of 1957, Publicis relocated its offices to the former Hotel Astoria at the top of the Champs-Élysées. In 1958, it opened the Drugstore on the first floor, which has since become a Paris landmark. In 1959, Publicis set up its department of "Industrial Information", a forerunner of modern corporate communications.

From 1960 to 1975, Publicis grew rapidly, benefiting in particular from the beginnings of advertising on French television in 1968. The Boursin campaign inaugurated this new media: this was the first TV-based market launch in France, and the slogan soon became familiar to everyone in the country: "*Du pain, du vin, du Boursin*" (bread, wine and Boursin). Several months later, Publicis innovated again by siding with one of its clients in a new kind of battle: the defense of Saint-Gobain for which BSN had launched the first-ever hostile takeover bid in France.

In June 1970, 44 years after its creation, Publicis became a listed company on the Paris stock exchange.

However, on September 27, 1972, Publicis' head offices were entirely destroyed by fire. A new building was built on the same site and the Company set about pursuing a strategy of expansion in Europe through acquisitions the same year, taking over the Intermarco network in the Netherlands (1972), followed by the Farner network in Switzerland in 1973; this resulted in the creation of the Intermarco-Farner network to support the expansion of major French advertisers in other parts of Europe. In 1977, Maurice Lévy was appointed Chief Executive Officer of Publicis Conseil, the Group's main French business, after joining Publicis in 1971.

In 1978, Publicis set up operations in the United Kingdom after acquiring the Mc Cormick advertising agency. In 1984, Publicis had operations in 23 countries across Europe. In 1981 Publicis opened a small agency in New York, which would be called a start-up nowadays.

In 1987, Marcel Bleustein-Blanchet decided to reorganize Publicis as a company with Supervisory and Management Boards. He became Chairman of the Supervisory Board, and Maurice Lévy was appointed Chairman of the Management Board. Since then, the strategy for Publicis has been defined by the Management Board and submitted to the Supervisory Board for approval; all operational decisions are made at the Management Board level.

In 1988, Publicis concluded a global alliance with the American firm Foote, Cone & Belding Communications (FCB) and the two European networks of the two partners merged. Publicis thus expanded its global presence with the help of its ally's network.

Growth accelerated in the 1990s: France's number four communications network, FCA!, was acquired in 1993, followed by the merger of FCA! with BMZ to form a second European network under the name FCA!/BMZ. In 1995, Publicis terminated its alliance with FCB.

On April 11, 1996, Publicis' founder died. His daughter, Élisabeth Badinter, replaced him as Chairperson of the Supervisory Board. Maurice Lévy enhanced the Company's drive to build an international network and offer the Group's clients the broadest possible presence in markets around the world. The acquisitions drive intensified and has become global: first Latin America and Canada, then Asia and the Pacific, India, the Middle East and Africa. The United States was the scene of large-scale projects from 1998 onwards, as Publicis looked to significantly expand its presence in the world's largest market. Acquisitions included Hal Riney, the Evans Group, Frankel & Co. (relationship marketing), Fallon McElligott (advertising and new media), and DeWitt Media (media buying).

In 2000, Publicis acquired Saatchi & Saatchi, a business with a global reputation for talent and creativity. This acquisition was a milestone in the development of the Group in Europe and the United States. In September, Publicis Groupe was listed on the New York stock exchange. This same year, Publicis acquired Winner & Associates (public relations) and Nelson Communications (healthcare communication).

In 2001, Publicis Groupe formed ZenithOptimedia, a major international player in media buying and planning, by merging its Optimedia subsidiary with Zenith Media, which had previously been owned 50/50 by Saatchi & Saatchi and the Cordiant Group.

In March 2002, Publicis Groupe announced its acquisition of the US group Bcom3, which controlled Leo Burnett, D'Arcy Masius Benton & Bowles, Manning Selvage & Lee, Starcom MediaVest Group and Medicus, and held a 49% interest in Bartle Bogle Hegarty. At the same time, Publicis Groupe established a strategic partnership with Dentsu, the leading communications group in the Japanese market and a founding shareholder of Bcom3. As a result of this acquisition, Publicis Groupe established its position in the top tier of the advertising and communications industry, becoming the fourth largest advertising group worldwide, with operations in more than 100 countries and five continents.

From 2002 to 2006, Publicis Groupe successfully integrated Bcom3 and Saatchi & Saatchi and reorganized many of its entities. At the same time it made a number of acquisitions to create a coherent range of services that would address advertisers' needs and expectations, particularly offering different types of marketing services and access to the principal emerging markets. In late 2005, Publicis Groupe obtained its first official rating ("investment grade") from the two leading international rating agencies, Standard & Poor's and Moody's. In late December 2006, Publicis Groupe launched a friendly tender offer for Digitas Inc., a leader in the digital and interactive communications sector in the United States and worldwide. This operation, which was completed in January 2007, was the first step in the Group's remarkable advance into digital technology. The Group correctly foresaw at that time the profound changes that the arrival of digital communications would have on the media world and, with the acquisition of Digitas, immediately positioned Publicis as a market leader in that domain. With the launch of The Human Digital Agency project, the Group thus clearly indicated its intention to integrate digital technology into the heart of its business, thereby reaffirming the desire and vision of its founder to make the Group a "pioneer of new technologies".

During 2007 and 2008, Publicis Groupe undertook a profound reorganization of its structures and operational methods in order to adapt to the requirements of the digital era. It has thus added digital services to its well-known holistic service offer, while simultaneously pursuing the consolidation of its positions in fast-growing economies, both of which will be major challenges in the years to come.

2007 was the year of Publicis' integration of Digitas Inc. This rapid and successful integration triggered a series of acquisitions in the digital domain in order to complete the Group's global offer in the fields of interactive and mobile communication.

In 2007, the Group chose to end its listing on the New York Stock Exchange.

2008 and 2009 were devoted to pursuing Publicis Groupe's priority development in the strong growth area of interactive communications and its expansion to emerging markets.

In January 2008, Publicis Groupe and Google publicly announced a collaborative project. This collaboration, which began in 2007, is founded on a shared vision of using new technologies to develop the advertising business. The arrangement is not exclusive and is expected to complement other established partnerships with leaders in interactive media.

Amid brisk growth in the digital arena, the most visible sign of the Group's transformation was undoubtedly the launch of VivaKi, a new initiative aimed at optimizing the performance of advertiser investments and maximizing Publicis Groupe's market share growth. This initiative allows advertisers to reach precisely defined audiences in a single campaign and across multiple networks.

The global economic crisis in 2009, which saw numerous economies enter into recession and global trade shrink by 12%, did not hinder the development of Publicis Groupe's strategy.

The acquisition of Razorfish – the number two interactive agency in the world after Digitas – from Microsoft in October 2009, brought new strengths to the Group's digital activities, notably in e-commerce, interactive marketing, search engines, strategy and planning, social network marketing and the resolution of technological architecture and integration issues.

During 2009, Publicis Groupe and Microsoft entered into a global collaboration agreement defining three core objectives for the development of digital media. Microsoft's and VivaKi's respective teams will be able to provide clients with greater added value and effectiveness in all the domains of the digital sphere: contents, performance, definition, targeting, and audience ratings.

These developments prove Publicis Groupe's capacity to anticipate market changes in order to meet new client needs and provide solutions in line with consumer expectations, thereby ensuring the Group's continued growth.

In 2009, Publicis Groupe became the world's third-largest communications firm, overtaking its competitor IPG. This position as number three has been considerably strengthened since then.

Thus, having confirmed the success of its strategy, in 2010 the Group continued its investments in digital activities and in developing areas of the world such as China, Brazil and India.

Despite the economic disruption in 2011, which was primarily due to sovereign debt in the euro zone and to another financial crisis in August, followed by the United States' debt rating downgrade, Publicis accelerated the development and implementation of its strategy, prioritizing digital businesses and developing countries. Accordingly, the Group purchased Rosetta, one of the largest digital agencies in North America; Big Fuel, based in New York, and the only agency specializing in social networks, thus significantly strengthening the Group's position in digital media; Talent and DPZ in Brazil and Genedigi in China.

During 2012, a difficult and uncertain year for growth, especially in Europe, Publicis Groupe continued to pursue an action plan that involved acquisitions and agreements designed to intensify the implementation of its strategic choices. The Group thus made a number of targeted acquisitions, particularly in the digital sector, in France, Germany, the United Kingdom, Sweden, the United States, Russia, Brazil, China, Singapore, India, and Israel and, for the first time, in Palestine. Additionally, still in the digital arena, Publicis Groupe and IBM formed a global partnership based on their unparalleled influence on the future of e-commerce.

During 2013, Publicis Groupe actively pursued acquisitions, particularly in the digital sphere and across the globe, in order to achieve critical mass in the various businesses, especially digital, and in the countries in which it already had a footprint, thereby leveraging scale. The market changes seen over the past number of years with a genuine explosion in the Internet and the increasingly marked slowdown in the analog business reaffirmed the Group's strategic decisions and have spurred on the rapid development of digital operations. Having acquired LBi, the largest European independent marketing and technology agency, combining strategic, creative, media and technical expertise, the Group proceeded to combine it with the Digitas integrated global network, creating DigitasLBi, the world's most complete digital network. It capitalizes on the seamless geographical integration of both entities: Digitas' sound position in the United States (the largest digital network), LBi's strong presence in Europe and the strong position of both entities in the Asia-Pacific region.

On July 27, 2013, Publicis Groupe and Omnicom Group Inc. signed an agreement for a merger of equals. In May 2014, Publicis Groupe chose not to pursue the merger with Omnicom Group. With its unique position in the digital business, which offers growth prospects in a communications landscape upset by the rapid emergence of new technologies, the Group accelerated its development in innovative disciplines *via* the acquisition of several digital agencies and strategic partnerships.

In September, Publicis Groupe and Adobe formed a strategic partnership to offer Publicis Groupe Always-On Platform™ the Group's first comprehensive marketing management platform, which automates and centralizes all the components of client marketing. This unique platform, anchored within VivaKi, available to all Publicis Groupe's agencies and networks and standardized on Adobe Marketing Cloud, will enable, for the first time, all Publicis Groupe's agencies to create attractive content, analyze their marketing, identify and create audience segments, deploy campaigns, as well as monitor and measure marketing performance using a common technology and data structure.

Virtually all of the acquisitions involved digital businesses: agencies specializing in social networks, online content, real-time data analysis, e-commerce, digital solutions applied to marketing or multi-channel programs.

The most notable transaction of 2014 was the acquisition of Sapient, announced on November 3, 2014. In an increasingly converged world, customers need a partner offering digital solutions to help them keep up with a connected, empowered consumer whose behavior has completely changed. The contribution of Sapient combined with Publicis Groupe's know-how in the digital area, creativity, media and brand communication creates unparalleled expertise in marketing and sales across all distribution channels and consulting services based on outstanding technological prowess. The latent needs of advertisers in light of numerous changes in the economy, consumers and technology, require an overhaul of marketing and communication models, and sometimes even of the companies themselves. Thanks to Sapient, Publicis is in a position to meet all the transformation needs of its clients.

2015 was particularly active on the operational side. The start of the year saw the completion of the Sapient acquisition and the launch of the Publicis.Sapient platform. This platform is not only unique in the communications sector, it brings together all the Group's digital agencies (Razorfish, DigitasLBi, SapientNitro and Sapient Consulting) with a view to providing clients everything the digital communications value chain has to offer from consulting to commerce, including creation, data and production platforms. It is backed up by a team of over 8,000 people based in India.

Publicis.Sapient is part of the new organization announced at the end of the year, aimed at structuring the Group in such a way that its clients are at the very heart of its organization. In the Group's top 20 markets, major clients will each be assigned a Global Client Leader or a Country Client Leader, depending on the geographical scope of the support they require. In this way, the Group can offer the entire array of solutions to its clients: creative solutions through "Publicis Communications", media solutions through "Publicis Media", digital solutions through "Publicis.Sapient", and healthcare solutions provided by "Publicis Health". For all other countries, a single structure called "Publicis One" combines all these solutions (creative, media, digital, healthcare) in each country.

Publicis Groupe is thus implementing the most integrated organization in the sector, for the benefit of its clients and employees alike. This structure should foster growth for the Group by harnessing the opportunities offered by the integration and the new possibilities in consulting and technology as well as enhance the operating margin rate by simplifying the organization. The new structure was rolled out over the first few months of 2016.

A very large number of media accounts were up for tender in 2015. According to RECMA, there have been tenders for over USD 20 billion worth of billings in 2016. Publicis Groupe was one of the most exposed of the major communication groups. However, the Group consolidated its position with its clients (Coty, Citi) and made prestigious budget gains such as Taco Bell, VF, Visa and Etihad. There were some losses, including the "US Media" budgets for Procter & Gamble and Coca-Cola.

Publicis Groupe continued its tactical acquisitions strategy, with a view to completing its operational networks, both in expertise (content, commerce, behavioral analysis) and geographical scope (South Africa, Israel).

As announced at the end of 2015, the work to implement the new structure was completed by mid-2016. This structure abandons the holding company model, in order to develop a company operational architecture based on the Connecting company concept. Highly modular in structure, the Connecting company model of Publicis Groupe is unlike any other platform in its genre, and offers clients plug & play access to our state-of-the-art services. It has enabled us to completely rethink our approach:

- Client priority – The entire transformation of Publicis Groupe was designed and carried out in order to place our clients at the heart of our operation. Their requirements and objectives help us determine which solutions should be offered to them, to ensure their success and growth.
- A fluid model – Just one person – Global Client Leader or Country Client Leader – a sole point of contact and account manager who can draw upon our pool of almost 80,000 talented employees, and who can break free from the silos, the legacies of the past and from longstanding habits.
- We work in complete harmony – We have consolidated our income statements and removed all operational hurdles.
- We are modular – The main advantage of our new structure is not just the depth and breadth of our capabilities, but above all our ability to adapt to any situation and to individual client requirements, with an open architecture that offers our global partners plug & play access where required. This modularity is fundamental; it opens up new opportunities for innovation and helps us keep pace with the rhythm of change that currently shows no signs of slowing down.
- We are united – By fusing our creativity, our intelligence and our technological expertise, we are able to present ideas to our clients on how to carry out their own transformations and ensure a consumer experience unlike that offered by any other agency or holding company on the market.

Prestigious clients including USAA, Hewlett Packard Enterprise, Wal-Mart Stores and ASDA all recognize the strength of our "The Power of One" range. Boosted by this early success, the decision was taken to roll out this new initiative to all employees and to promote our "The Power of One" offer to all existing clients. This development will naturally require training, as well as time, and everyone will be expected to get involved as we progress through 2017.

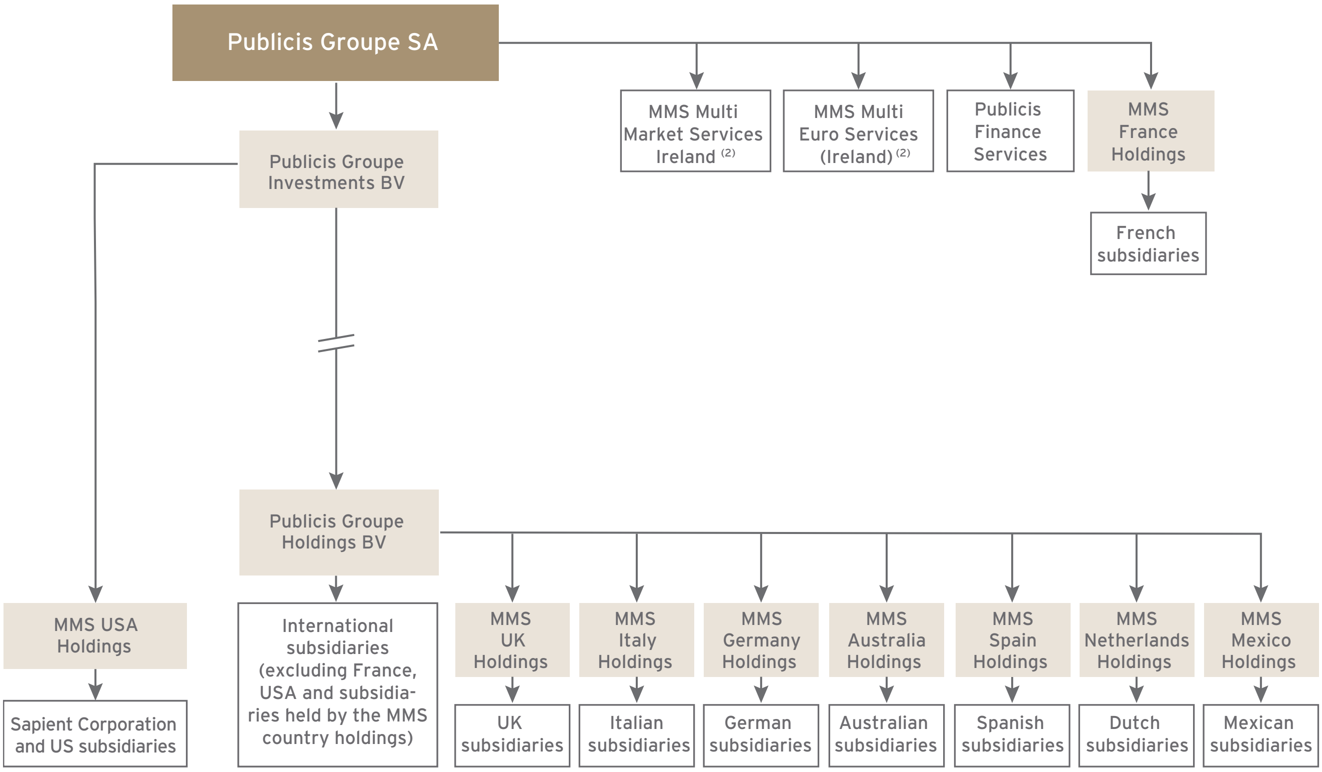
Two events that took place in 2016 have made Publicis history. The first was Viva Technology Paris, an event organized in association with the "Les Échos" group. The goal was to stage a global event in Paris that would bring together start-ups and major stakeholders in the digital industry. This event, held from June 30 to July 2, 2016, attracted 5,000 start-ups, dozens of large industrial groups and investors, and included over 300 conferences with the biggest names in the global hi-tech sector. With over 45,000 visitors in three days, Viva Technology proved a great success and underscored the pre-eminent place of Publicis Groupe in the global digital economy. This annual event will return for its second edition starting on June 15, 2017, just before the Cannes Lions Festival. On the occasion of its 90th anniversary, Publicis Groupe launched a project named Publicis90. This idea was to provide 90 projects or start-ups with financial aid and the support of the Group's digital experts. After an initial phase of stringent selection over a period of several months, the winners were selected from among the 3,500 contestants from 130 countries, and received their awards at a ceremony held during Viva Technology.

At the beginning of 2017, the Publicis Groupe Supervisory Board appointed Arthur Sadoun as Maurice Lévy's successor as Chairman of the Management Board. With effect from June 1, 2017, Arthur Sadoun will chair a Management Board enriched by the arrival of Steve King, the current CEO of Publicis Media. The Supervisory Board has proposed that at the end of his term of office, Maurice Lévy would come back and take over as Chairman. This proposal will be subject to a vote at the General Shareholders' Meeting of May 31, 2017.

1.3 Organization chart

1.3.1 Description of the Group

Simplified organization chart at December 31, 2016[1]



(1) All companies mentioned by name are over 99% owned by the Group

(2) Two financial companies established in Dublin have been added to the Group to manage financial transactions and the short-term investing of subsidiaries' liquidity.

1.3.2 Main subsidiaries

Information concerning Publicis' principal consolidated subsidiaries at December 31, 2016 is provided in paragraph A, Note 32 to its consolidated financial statements in Section 4.6 of this Registration Document.

None of the Group's controlled subsidiaries accounts for more than 10% of the Group's revenue or net current consolidated income.

None of the companies in the list of principal companies consolidated at December 31, 2016 has been sold at the date of this Registration Document.

The majority of the Group's subsidiaries are at least 90% held by Publicis Groupe.

In addition, the Group holds interests in certain bodies in which the percentage of interest may be significant but which are not controlled by the Group. Information concerning the main entities as well as the percentages held by the Group is provided in paragraph B, Note 32 to its consolidated financial statements in Section 4.6 of this document. However, these entities do not hold important assets and are not intended to hold any significant borrowings or financing. The borrowings and financing of the Group are 100% held and controlled by Publicis Groupe.

During 2016, Publicis Groupe SA took no significant stake in any company headquartered in France.

1.4 Activities and strategy

1.4.1 Introduction

Publicis Groupe is a world leader in marketing, communication and digital transformation. Present throughout the value chain, from consulting to creation and execution, Publicis Groupe serves its clients through a unified, fluid organization that facilitates access to all its expertise worldwide. It focuses on four major Solutions hubs: "Publicis Communications" for the creative networks (Publicis Worldwide with MSL, Saatchi & Saatchi, Leo Burnett, BBH, and Prodigious); "Publicis Media" (Starcom, Zenith, I Spark, Blue 449); "Publicis.Sapient", a unique global digital platform (SapientRazorfish, Digitas) and Publicis Health. The Group is present in more than 100 countries and has close to 80,000 employees.

Publicis Groupe is not only the world's third-largest group, but is also a leader in all of the world's 15 largest advertising markets, excluding Japan. Overall, the Group is one of the top communications groups in Europe, North America, the Middle East, Latin America and Asia, ranking number one in media buying in the United States and number two worldwide. Furthermore, over the past years Publicis Groupe has become the world leader in the digital market through both organic growth and acquisitions.

1.4.2 Strategy

For nearly 90 years, Publicis Groupe has been committed to anticipating the development of markets and the behavior of consumers. In this way, it has always been able to better serve its clients, giving them the tools to benefit from winning trends that could deliver progress, growth and savings. Our strategy, patiently put in place over more than 15 years through organic growth and acquisitions, has enabled Publicis Groupe to put together an extensive offering, ranging from fast-growing digital operations in media to marketing services (e-commerce, m-commerce) and specialized agencies, and to renew its growth potential.

As early as the mid-1990s, the Group had already foreseen two major trends that are still shaping the communication sector today: globalization and holistic communications.

The Group's first international acquisitions at the end of the 1990s and from 2000 onwards gave credibility to the choice of globalization as a way of accompanying our clients as they develop global identities for their brands.

The anticipation of advertisers' needs in terms of integrated or holistic communications allowed Publicis Groupe to be a pioneer in creating new, more horizontally integrated, multidisciplinary and comprehensive working methods as early as the middle of the 1990s. Our customers have been able to immediately benefit from the specific communication techniques.

The same forward thinking approach has guided the adoption from the middle of the 2000s of digital technology through major acquisitions of key interactive communications agencies: Digitas and Razorfish, the two leading interactive communications agencies, in 2007 and 2009 respectively, followed by Rosetta in 2011, LBi in 2013 and Sapient in 2015. At the same time, the Group is making several investments in these areas across the globe, be it in Europe, the United States or high-growth countries.

This strategic choice has allowed the Group – who has become a leader in communications, the booming industry vital for the future – yet again to anticipate the competition and take key positions in major areas for innovation, growth and the future.

The Group has continued to embrace the changes in a media scene that has been completely transformed by the breakup and fragmentation of audiences, the multiplication and then the inevitable merging of screens, the extraordinary development of digital under the influence of interactive and mobile communications, and the new forms of relations born of the social networks that have emerged from these technological innovations.

With the aim of continuously improving its service to its clients, Publicis Groupe marked an important milestone by adopting a client-centered operational mode, to provide all creation, media, digital and health solutions.

Today, strengthened by its presence in more than 100 countries, a diversified client portfolio of global and national leaders in their fields, a healthy financial balance sheet, and leadership in some segments and disciplines, Publicis Groupe is one of the leading communication groups, with a highly innovative profile and a number of marked characteristics:

- a strong focus on "clients", accompanying them and ensuring their marketing investments perform well;

- having digital technology capabilities based on the Publicis.Sapient platform and all the digital expertise embedded in its networks. Publicis Groupe's offering is truly in a class of its own, responding to every new technological challenge and to every new client requirement through its range of integrated services;
- clearly a creative leader according to different rankings, a clear indication of its constant concern to deliver novel and strong ideas to its clients on every occasion, constructing the images and brands that create the links between them and consumers in the precious arena of emotion;
- thanks to a dynamic approach, driven by its large creative networks, which are also among the best on the market;
- equipped with the best analysis, measurement and research tools, allowing it to be at the cutting edge in terms of media purchasing, and to provide its clients with the most favorable returns (ROI = return on investment; return on involvement);
- at the head of the third largest global communication network specializing in press relations, corporate communications and events built around MSLGROUP, with a leading position on the Chinese and Indian markets;
- backed by a strong capacity for innovation and experimentation, with the creation of VivaKi for example, enabling the Group to anticipate demand and maintain privileged partnerships with major online platforms and digital media.

These features offer advantages to the Group in a changing world where the traditional models of communication must be revised due to the pressure created by titanic forces: consumer empowerment and converged media.

The Group intends to remain at the forefront of innovation in all these domains, to ensure it continues to offer its clients the best solutions and to recruit new clients and drive tomorrow's market share growth.

This strategy will be built around the following:

- support clients in the necessary transformation of their business models, by going beyond being just the world leader in digital technology and becoming the world leader in business and marketing transformation;
- removing barriers between Group structures whenever there is no client conflict of interests;
- creating horizontally integrated, multidisciplinary teams under the same leadership for clients who desire a holistic and coordinated approach to their communications; an approach that is increasingly adopted in order to respond to the tenders launched by clients;
- creating tools, models and organizations that help clients to access the complex digital world, and to interact with their targets in an optimal manner and at the lowest possible cost.

To implement this strategy, the Group will specifically rely on the end of operations under the holding company model, in order to replace it with a structure that is more direct, more efficient, and more operational – the Connecting company – with:

- a Creative Solutions hub, "Publicis Communications";
- a Media Solutions hub, "Publicis Media";
- a Digital Solutions hub, "Publicis.Sapient" covering the entire digital communications consulting value chain, and the technology offered by a unique production division based in India;
- a Healthcare Solutions hub, "Publicis Health";
- "Publicis One" integrated structures outside of the Group's 20 main markets.

Publicis Groupe encourages the most promising employees to get involved, by linking their annual compensation and long-term bonuses to targets based on growth and margins.

At the same time, Publicis Groupe implemented various initiatives with the goal of reducing operating expenses. These entailed sharing resources among operating units, centralizing back-office functions in shared service centers, and a policy of centralized purchasing. These actions resulted in the successful integration of acquired companies, the creation of significant synergies, a guarantee of better compliance with the Group's internal rules, and a strengthening and simplification of the Company's balance sheet. These optimization operations are carried out within the Group's strategy of offering its clients the best services at the best cost. With this in mind, Publicis Groupe is now structuring its shared service centers by region, optimizing media-buying operations and grouping certain production operations together into "platforms of excellence".

Furthermore, the Group decided to roll out an ERP system with a view to having a cross-functional, global information system, which will be present in the main countries in which the Group operates.

At the same time, a vigorous policy of liquidity creation and debt reduction has enabled the Group to benefit from an "investment grade" rating by the agencies Moody's and Standard & Poor's since 2005 (see details in Section 1.8.5 "Financial risks").

Value creation strategy

The media evolutions with the emergence and explosion of the Internet, Google, Microsoft, the appearance of social networks (Facebook, YouTube, MySpace, Twitter), the development of digital television and the proliferation of channels, changing consumer behavior and consumer markets and the fragmentation and growing complexity caused by the interactions between all these actors led to the establishment of the first stage of Publicis' recent strategy. Since 2006, the Group has focused on developing its digital business, which grew from 7% of total revenue in 2006 to nearly 54% in 2016. The Group will pursue this strategic direction seeking for the digital business to reach roughly 60% of total revenue.

The Group's acquisitions must satisfy profitability and financial stability criteria.

The Group intends to seek targets with significant potential for synergies and improvement in operating margin, which also present a good fit with its corporate culture and values.

The new complexity of the media scene, interactivity with consumers and the increase in advertisers with the arrival of new actors from emerging economies, or made possible by new media, confirm the strategy chosen by Publicis and commit it to pursuing and developing a new phase which should lead the Group from the status of "supplier of services" to "creator of value". Its clients' new concerns – whether relating to the search for value, the strength of brands, the new challenges represented by distributors' own brands, the "hard discount", the net, e-commerce, m-commerce, the new competition from emerging markets – all present opportunities for Publicis as it evolves towards a better recognition of the value created.

1.4.3 Key activities and Group organization

Since 2016, Publicis Groupe has placed its clients at the heart of its organization. In the Group's top 20 markets, the major clients that use Publicis Groupe services on more than one market are each assigned a Global Client Leader. Major clients that use Publicis Groupe services in only one country are assigned a Country Client Leader. In this way, the Group can offer the entire array of solutions to its clients in a horizontally integrated fashion: creative solutions through "Publicis Communications", media solutions through "Publicis Media", digital and technological solutions through "Publicis.Sapient", and healthcare solutions provided by "Publicis Health". For all other countries, a single structure called "Publicis One" combines all these solutions (creative, media, digital, healthcare) in each country.

Publicis Groupe provides an extensive range of communications and marketing solutions designed to meet each client's particular and evolving needs through a horizontally integrated and global approach. These encompass four main categories:

- Creative Solutions;
- Media Solutions;
- Digital Solutions;
- Healthcare Solutions.

"Publicis Communications", the Creative Solution hub

Think "global", act "local" may sound like a cliché but it is a reality: we only have to look at our client's brands, which are growing increasingly global every day.

For this reason, besides the creative output of advertising agencies we see every day on billboards, TV, radio or in newspapers and all new media, advertising networks today play an essential role in accompanying their clients in the global development of their brands and foreseeing consumers' rapidly evolving needs.

The first mission of advertising agencies and networks is to find ideas that are, at the same time, sufficiently universal to bridge borders and adaptable to local markets, so consumers can easily and effectively receive the ideas conveyed.

Publicis Communications brings together the Group's creative offering: Publicis Worldwide, Leo Burnett, Saatchi & Saatchi, BBH, as well as Prodigious, world leader in production, and MSLGROUP, specialist in strategic communications. Publicis Communications' strategy focuses on three main principles:

- creativity at the heart of our organization;
- access to comprehensive and unequaled expertise;
- a single, simpler and faster entity.

Publicis Communications aims to become the essential creative partner for its customers in order to support them in their transformations. All of the Solution's entities will operate as an internal accelerator to allow us to transform our ability to offer cutting-edge expertise and make it available to all customers, whilst strictly respecting their confidentiality.

The global brands with the greatest success are the fruit of this partnership and reciprocal confidence, and Publicis Groupe agencies are proud to manage a great number of these brands.

- **Publicis Worldwide:** based in Paris, this network covers more than 100 countries with 218 agencies on every continent, notably in Europe, the United States and Brazil (including Marcel, 133, Duval Guillaume, Publicis & Hal Riney, Poke, AR New York, ETO, DPZ and Talent). It includes the Publicis Dialog networks, established in 44 countries, and Publicis Modem (dedicated to digital offerings), present in 40 countries, so as to provide clients with a holistic offer, and MSLGROUP, present in 22 countries, and which operates over the entire communication strategy chain.

  Its global expertise offer includes advertising, interactive communications and digital marketing (Publicis Modem) expanded in 2014 with a global consulting agency specializing in technology (Nurun), CRM and direct marketing (Publicis Dialog):

  - *direct marketing, CRM (Customer Relationship Management):* the aim is to create a direct relationship between a brand and a consumer (in contrast with traditional mass-market advertising), through a variety of methods (Internet, telephone, mail shots) and to develop customer loyalty. Through its CRM operations, Publicis assists clients in creating programs that reach individual customers and enhance brand loyalty. In addition, Publicis provides the appropriate tools and database support to maximize the efficiency of those programs;
  - *sales promotion and point-of-sale marketing:* consulting services to determine the most effective means of interacting with consumers at points-of-sale, and marketing operations to increase sales either directly at points-of-sale, or indirectly through discount coupons, e-coupons and similar measures.

Since 2015, Publicis Worldwide also includes public relations activities, corporate and financial communications, events communications and multicultural communications, that are regrouped within MSLGROUP:

- *public relations:* the aim of these operations or actions is to help clients with the management of their ongoing relationship with the press, specialized audiences and the general public on commercial or corporate topics, client identity, products or services and to develop an image that is coherent with their strategy. These services include strategic consulting to help clients in their strategic positioning and finding market niches to stand out from their competitors, product and service launches or re-launches to reach out to consumers, media relations services to enhance brand image and recognition, copy-writing, organizing events and networking sessions and creating corporate marketing material to reflect a client's strategy and messages;
- *corporate and financial communication:* this encompasses all initiatives that allow customers to construct a company image or to communicate with interested parties, such as shareholders, employees, public authorities. In particular, it deals with financial communications (especially during initial public offerings – IPOs – or other financial transactions), in the context of stock market listings, disposals, proxy contests and similar matters. Publicis also provides communication and public relations services to help clients manage communication and public relations during crises as well as other major events;
- *events communication:* planning and organizing corporate or commercial events (exhibitions, trade shows, conventions, meetings and opening ceremonies) aimed at projecting a corporate image consistent with the client's strategic objectives;
- *multicultural or ethnic communication:* an area mainly limited to the American market; it consists of advertising and other communication techniques aimed at culturally specific groups, such as Hispanics and African-Americans.

- **Leo Burnett:** based in Chicago, the network has a presence in 84 countries around the world. It also owns the international network Arc Worldwide for marketing services, which focuses primarily on direct and interactive marketing and sales promotion. Leo Burnett also owns other agencies and independent advertising entities, generally more local or regional, with a well-specified target (because of their specific structure and creative styles) to respond to the particular needs of some clients.
- **Saatchi & Saatchi:** based in New York, this network of 130 agencies is present in 70 countries on 5 continents. It mainly includes the agencies Saatchi & Saatchi (including the agencies Team One and Conill in the United States), as well as the network Saatchi & Saatchi X, a specialist in point of sale marketing (shopper marketing). Saatchi & Saatchi S, a network created in 2008 after the acquisition of Act Now, a sustainable development consultancy of renowned expertise in the United States, provides clients with expert advice on, and a solid understanding of, the major issues concerning sustainable development in the economic, social and environmental spheres; "SSF" brings together the agencies Saatchi & Saatchi and Fallon. The latter, based in Minneapolis, operates from regional platforms in London and Tokyo.
- **Bartle Bogle Hegarty (BBH):** active in six countries, this London-based flagship creative network operates regional platforms in Mumbai, New York, Sao Paulo, Shanghai and Singapore.

Alongside advertising networks, Publicis Communications also integrates **Prodigious** for the design and delivery of branded content for all channels, with the most advanced tools and processes. Prodigious has 20 sites worldwide and includes WAM, Publicis Groupe's video production and broadcast company, and Bosz Digital, a digital production platform located in Central America. Publicis Groupe's production business, Prodigious can provide its agencies and clients state-of-the-art production means.

"Publicis Media", the Connections Solution hub

Publicis' media services include helping clients ensure the most effective media are used for their communications campaigns and buying on their behalf the most suitable advertising space (conventional or digital media). The digital business is growing significantly. These integrated networks of strategy experts, investment experts, creators and digital technology specialists are critical to the building of brands. Publicis Media has four global brands: Starcom, Zenith, MediaVest I Spark and Blue 449.

The aim was to consolidate the brands' investment capabilities and to pool skills: "Data, Technology & Innovation", "Content", "Trading & Buying", "Performance", "Business Development & Communication", and "Analytics, Research & Insight". In this respect, VivaKi's functions are fully integrated within Publicis Media.

The following services are provided:

- **media consulting/media planning:** using computer software and data analysis related to consumer behavior and analysis of different media audiences in order to build the most effective plan to implement an advertising or communications strategy, tailored to the marketing objectives, the target audience and the client's budget;
- **purchase of space:** purchase of all advertising space (radio, television, billboards, press, Internet and cell phones) on behalf of an advertiser as part of an agreed media plan, using the Group's experience and buying power to obtain the most favorable rates and terms and conditions for our clients. Publicis Groupe is the second global group for its media activities, while being in first place in the United States and second place in China.

"Publicis.Sapient", the Digital Solution hub

The Publicis.Sapient platform is not only unique in the communications sector, it also brings together all the Group's digital agencies with a view to providing clients with everything the digital communications value chain has to offer from consulting to commerce, including creation, data and production platforms.

It primarily includes the creation of corporate or commercial websites and intranets, online direct marketing consulting, social network expertise, search engine optimization, Internet ads (especially banners and pop-ups) and all forms of Internet and mobile communication.

Sapient has enabled us to strengthen the platform development businesses (e-commerce, e-CRM) and integrate consulting activities. Publicis.Sapient is backed up by a team of over 20,000 employees, 8,000 of them in India.

At the end of 2016, Publicis.Sapient announced the merger of SapientNitro and Razorfish to create SapientRazorfish, which integrates the consumer experience and technological know-how of both entities to better respond to client requirements. The merger of these two entities has created an unrivaled leader that stands out as a new-genre partner, capable of redesigning the future based on a model that puts the client at the heart of the business, while benefiting from its considerable experience in change management. Publicis.Sapient is currently comprised of SapientRazorfish, Digitas and Sapient Consulting. This ensemble leads the Publicis effort to support business as they transform for and learn about the future.

"Publicis Health", the Healthcare Solution hub

Publicis Healthcare Communications Group, with operations in 11 countries and with a major presence in the United States, is a world leader in communications in the areas of healthcare and well-being. PHCG includes some flagship brands such as Digitas Health (DH) and Publicis Health Media (PHM), specializing in media for the healthcare and well-being sector, which created a holistic model by combining its expertise with the Group's media networks, and in-sync Consumer Insight which brings in a deep knowledge of patients, healthcare professionals and payer organizations, providing strong differentiation.

Healthcare communications is concerned with the pharmaceutical industry, institutes, hospitals and insurance companies, as well as companies producing consumer goods aimed at health and well-being. It must reach healthcare professionals, public authorities and the general public. Healthcare communications encompass a wide range of services covering the entire product life cycle: consulting prior to release on the market, communication tools (advertising, direct marketing, digital and telemarketing, etc.), medical training, scientific communications, Public Relations, events management and hiring temporary sales staff.

"Publicis One"

The Group generates more than 90% of its revenue in around 20 countries. Consequently, a number of countries do not receive the attention that they deserve, and the Group's presence there is often too fragmented. For this reason, all these countries will now be managed through a dedicated Group entity, "Publicis One". In "Publicis One" countries, all entities will be brought together under the same roof and with the same management. This will ensure improved coordination of all the services offered to our clients, whilst strictly respecting confidentiality. In view of both their size and full range, these structures will be able to attract the most talented individuals.

Re:Sources

The Publicis Groupe Shared Service Centers cover most administrative functions necessary for the operation of all Group agencies; with a presence in all regions and in more than 50 markets, Re:Sources operates from a single platform accessible in each of the Group's main markets, works on continuous process improvement and helps with compliance with the bylaws, local tax systems and Publicis Groupe's corporate policy.

Parent company

Publicis Groupe SA is the Group's holding company. Its main purpose is to provide advisory services to Group companies. The central costs of consulting services rendered by the parent company and its specialized subsidiaries totaled approximately euro 55 million in 2016 (excluding subsidiary acquisition costs), spread out over all of the Group's operational companies according to the cost of services rendered. In addition, the parent company received dividends from subsidiaries amounting to euro 215 million in 2016 (euro 184 million in 2015).

Finally, the parent company carries most of the Group's medium- and long-term borrowings.

1.4.4 Group assets

The Group conducts operations in over 200 cities around the world. Except as stated below, it leases, rather than owns, the offices it occupies in most of the cities where it operates. At December 31, 2016 it owned real estate assets with a net book value of euro 161 million. The Group's main property asset is its corporate headquarters located at 133, avenue des Champs-Élysées, in Paris, France. This seven-story building includes around 12,000 sq.m. of office space occupied by Group companies, and 1,500 sq.m. of commercial space, occupied by Publicis drugstore and two public movie theaters.

The main asset under a finance lease is the Leo Burnett office building located at 35 West Wacker Drive in Chicago, Illinois, United States, with a net recorded value of euro 52 million in the Group's consolidated financial statements as at December 31, 2016, and a gross value of euro 101 million as at the same date, depreciable over 30 years.

The Group owns major IT systems and hardware that are used in the creation and production of advertising, the management of media buying and administrative functions.

Since December 31, 2016 the Company has not planned any significant capital expenditures with respect to property, plant and equipment or intangible assets, other than investments made by the Group in the regular course of its business.

1.4.5 Main clients

Publicis Groupe provides advertising and communications services to a diversified customer portfolio that is representative of the global economy. It has a significant number of clients that are either national or global industry leaders, with more than half of its revenue generated by international clients, *i.e.* clients with operations in more than five countries. The top 30 clients represent 37% of the Group's consolidated revenue (see Section 4.6 "Notes to the consolidated financial statements" – Note 26). Payment terms are consistent with general market practices and the regulations in force in each of the countries in which the Group operates. Revenue from, and contracts with, different clients vary from year to year. However, a significant share of Publicis Groupe's revenue comes from loyal clients that have been with the Company for years.

The main clients of the Group's major networks in 2016 are listed below:

PUBLICIS COMMUNICATIONS

- **Publicis Worldwide:** AbbVie, AXA, BNP Paribas, Capital One, Citigroup, Deutsche Telekom, FCA Group, General Motors, Orange, Groupe Carrefour, Heineken, L'Oréal, Merck & Co., Nestlé, Procter & Gamble, Qantas, Red Lobster, Renault, sanofi, Siemens, UBS.
- **Leo Burnett:** Altria, Allstate, Dubai Holding, FCA Group, Fifth Third Bank, General Motors, Intel, Kellogg's/Keebler, Kraft, McDonald's, Nestlé, Novartis Pharma, Pfizer, Philip Morris International, Procter & Gamble, SAB-Miller, Samsung, TD Financial, TJX Companies, Verizon.
- **Saatchi & Saatchi:** ABInBev, Allianz Versicherung, Arby's, Carrefour, Dean Foods, Deutsche Telekom, Direct Line, General-Mills, GSK-Novartis Consumer Health, HR Block, HSBC, Mead Johnson, Mondelez, Orange, Procter & Gamble, Toyota, Volkswagen, Wal-Mart, Westpac.
- **BBH:** Abbott, ABInBev, Barclays, Comcast, FrieslandCampina, International Airlines Group, Google, IKEA, MetLife, Nike, Newell Rubbermaid, Perfetti, Production Partners, Sony, Tesco, Unilever, United Overseas Bank, Volkswagen, Virgin, Yum! Brands.

PUBLICIS MEDIA

- **Starcom MediaVest Group:** Allstate, Ally Financial, Bank of America, Best Buy, Citigroup, Comcast, Heineken, Honda, Kellogg's/Keebler, Kraft, Mars, Novartis, Procter & Gamble, Samsung, Sprint Nextel, Starbucks, US Cellular, Visa.
- **ZenithOptimedia:** 21st Century Fox Group, Ainsworth Pet Nutrition, Coty, Daimler, Deutsche Telekom, Fielmann Optical, JPMorgan, Kohl's, Liberty Mutual, L'Oréal, LVMH, Nestlé, Oracle, Reckitt Benckiser, Richemont Groupe, sanofi, SCA, Toyota, Verizon, Zurich.

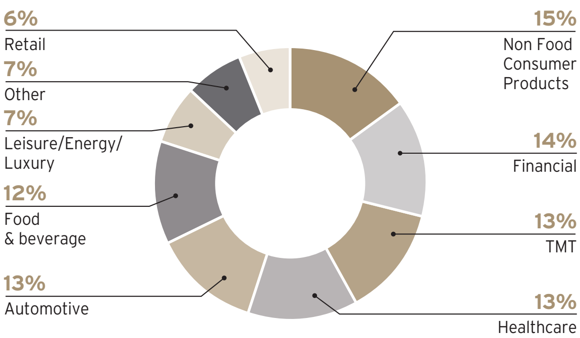
PUBLICIS.SAPIENT

- **SapientRazorfish and Sapient Consulting:** Apple, Citadel, Chevron, Citigroup, Daimler, FCA Group, Federal National Mortgage Association, Goldman Sachs, Hewlett Packard Enterprise, Honda, McKinsey, Polo Ralph Lauren, RBS, Samsung, State Street, TD Financial, Unilever, US Dept. of Health and Human Services, Verizon, Wellington Management Co.
- **Digitas:** American Express, Accenture, Astra Zeneca, Bank of America, Comcast, Delta Airlines, Dunkin' Brands, eBay, Fitbit, General Motors, Goodyear, Honda, La Poste, Nissan, Pitney Bowes, SAB-Miller, Samsung, Sony, Sprint Nextel, Whirlpool.

PUBLICIS HEALTH

- **Publicis Healthcare Communications Group:** AbbVie, Astellas, AstraZeneca, Boehringer, Bristol-Myers Squibb, Daiichi Sankyo, Gilead Sciences, Duchesnay, Merck & Co., Johnson & Johnson, Merck KGaA, Mylan, Neos Therapeutics, Novartis, Pfizer, Purdue Pharma, Roche, sanofi, Shire, Sunovion.

In 2016, the Group's total revenue came from the following client business sectors:



On the basis of 3,163 clients representing 86% of the Group's total revenue.

The share of revenue by principal client sector is representative of the major economic players and the structure of the portfolio remains stable.

1.4.6 Main markets

Global advertising expenditures are listed in regular reports by various forecasting agencies, such as Zenith (Publicis Groupe), GroupM (WPP), Magna (Interpublic), Nielsen, etc. The forecast data published by these agencies reflect advertisers' media purchase intentions (advertising space). These estimates are expressed in billings (advertising purchases) and do not as such represent advertising agencies' potential revenue. A quarterly examination of these reports enables readers to assess the trend of the advertising market, even if the figures do not factor in a whole facet of advertising agencies' business activities (public relations, direct marketing, CRM, e-commerce and e-mobile, etc.).

The top ten countries in the global advertising market and the top ten countries for Publicis Groupe in terms of revenue

In 2016, the ten largest global advertising markets and the top ten countries for Publicis Groupe were as follows:

	Top ten in global markets 2016	Advertising expenditure 2016, (in millions of US dollars[1])	% of global advertising expenditure 2016[1]	Country ranking for Publicis Groupe 2016
1	United States	190,835	35%	United States
2	China	80,141	15%	United Kingdom
3	Japan	37,066	7%	France
4	United Kingdom	26,156	5%	Germany
5	Germany	22,085	4%	China
6	Brazil	13,195	2%	Canada
7	South Korea	11,561	2%	Australia
8	France	11,383	2%	Brazil
9	Australia	10,996	2%	United Arab Emirates
10	Canada	9,141	2%	Italy

(1) In current prices and at 2016 average exchange rates.
Source: Zenith.

Geographical breakdown of Publicis Groupe's revenue

(in millions of euros)	2014	In %	2015	In %	2016	In %
North America	3,490	48%	5,184	54%	5,236	54%
Europe	2,237	31%	2,664	28%	2,760	28%
Asia Pacific	862	12%	1,066	11%	1,085	11%
Latin America	449	6%	412	4%	365	4%
Africa & Middle East	217	3%	275	3%	287	3%
TOTAL	**7,255**	**100%**	**9,601**	**100%**	**9,733**	**100%**

1

1.4.7 Seasonality

Clients' advertising and communications expenditure fluctuates, often in response to actual or expected changes in consumer spending. Because consumer spending in many of the Group's markets is typically lower at the beginning of the year, following holidays, and in July and August, the most popular vacation months in Europe and North America, advertising and communication expenditures are lower during these periods as well. As a result, advertising and communication expenditure is not as high during these periods. Historically, the Group's revenue is often higher in the second and fourth quarters of the year than in the first and third quarters.

1.4.8 Competition

Since 2009, the Group has been ranked in third place in the global ranking of communications groups (by revenue, source: companies' annual reports).

See the table below for the published earnings of the top four groups in 2016:

(in millions)	WPP (IFRS)	Omnicom (US GAAP)	Publicis Group (IFRS)	Interpublic (US GAAP)
Figures published in local currency	£14,389	$15,417	€9,733	$7,847
Figures published in dollars(1)	$19,485	$15,417	$10,765	$7,847

(1) 2016 exchange rate: €1 = $1.106 = £0.817.

The reader should note that the figures above are those published by the groups concerned, in the currency and according to the accounting standards used by each of them.

Publicis Groupe also competes with a large number of local, independent advertising agencies in markets around the world, *via* its Specialized Agencies and Marketing Services. New competitors have emerged in the IT/consulting sectors, such as Accenture, Deloitte and Capgemini.

Generally speaking, the advertising and communications markets are highly competitive and the Group is in constant competition with national and international agencies. The Group expects that competition will continue to stiffen as multinational advertisers increasingly consolidate their budgets among a restricted number of agencies, and the communications sector sees significant changes, reflected in the appearance of new competitors from the consulting or high-tech industries.

1.4.9 Governmental regulations

The Group's business is subject to government regulation in France, the US and elsewhere.

In France, media buying activities are subject to the *loi Sapin*, a law requiring transparency in media buying transactions. Pursuant to the *loi Sapin* an advertising agency may not purchase advertising space from media companies and then resell the space to clients on different terms. Instead, the agency must act exclusively as the agent of its clients when purchasing advertising space. The *loi Sapin* applies to advertising activities in France when the media company and the client or the advertising agency are French or located in France.

Many countries have strict laws governing the advertising and marketing of certain products, in particular tobacco, alcohol, pharmaceuticals and foodstuffs. New regulations or standards imposed on the advertising or marketing of such products could have an adverse impact on the Group's operations.

1.5 Investments

Our investments focus on digital expertise and creative excellence in order to enrich content, strengthen our teams and promote innovation and new service offerings. The strengthening of our agencies and the development of strategic partnerships and initiatives with major Internet players allows Publicis Groupe to anticipate the changes and evolution of communications industries towards digital technologies. The aim is to offer the most innovative solutions to our clients, in phase with the rapid changes in consumer behavior and technologies.

1.5.1 Main investments during the past three years

2014 acquisitions were devoted to targeted investments in line with the Group's growth strategy. Virtually all of these acquisitions were aimed at enhancing the Group's expertise in areas undergoing constant change: social networks, social media, online content, real-time data analysis, e-commerce, digital solutions applied to marketing or multi-channel programs. The largest deal of the year was undoubtedly the planned acquisition of Sapient, a unique company in its ability to combine business, marketing and technology in an ever-changing technological environment at an accelerated pace.

On January 10, Publicis Groupe acquired Qorvis Communications, one of the leading public relations firms in the United States. It became part of MSLGROUP, Publicis Groupe's strategic communication and PR network. Founded in 2000 by Michael Petruzzello, Managing Partner, Qorvis has over 80 professionals based in Washington, DC. Primarily specializing in public affairs, Qorvis also enjoys strong social media and digital resources, and offers integrated services. Qorvis will therefore considerably strengthen the presence of MSLGROUP in this US region.

On January 21, the Group acquired Applied Media Logic (AML), one of the leading media agencies in South Africa, to be integrated into the ZenithOptimedia network. Launched in 2002 and based in Johannesburg, AML has a team of 25 professionals. Considered one of the top ten South African media agencies, AML's main customers include L'Oréal, Reckitt Benckiser, FutureLife, Frank.net, House of Mandela, Fedhealth and Nashua.

On January 30, Publicis Groupe announced the acquisition of a majority interest in Law & Kenneth, the largest independent Indian advertising and digital agency, to be integrated into Saatchi & Saatchi India. Founded in 2004 by Praveen Kenneth and Andy Law, with Anita Roddick from The Body Shop as investor and co-founder, Law & Kenneth employs over 285 professionals. Having become a full-service agency, specializing in traditional and digital advertising, branding and marketing, it has a broad range of local and international clients.

On February 25, Publicis Groupe acquired Lighthouse Digital, the South African market leader, specializing in digital media. The agency will be integrated into Starcom MediaVest Group (SMG) in South Africa. A pioneer in social media analysis tools, Lighthouse is the first African agency to offer its customers secure, real-time online reporting. The agency also specializes in media planning, media buying and keyword research through the use of automated bid management tools. Founded in 2009 by Aaron van Schaik and Steven Waidelich, Lighthouse has become the largest digital agency in Africa. Based in Johannesburg and Cape Town, it has a team of 30 professionals in digital media.

On March 6, the Group acquired Hawkeye, a leading digital marketing agency specializing in data analysis, digital strategy, CRM and experiential marketing. The Dallas-based agency will be integrated into Publicis North-America and the Publicis Worldwide network. It offers a range of integrated digital marketing services such as data management and analysis, website design and development, and mobile and social marketing.

On April 8, the Group acquired OwenKessel, one of the top creative agencies in South Africa, based in Johannesburg, which counts 80 professionals and offers a full range of services including consulting, design, online marketing, social media and branded content.

On May 9, Publicis Groupe SA and Omnicom Group Inc. jointly announced the end of their planned merger of equals by mutual agreement. The two companies have mutually disclaimed any and all liability and no compensation was paid to either side. This decision was unanimously approved by the Management Board and the Supervisory Board of Publicis Groupe and the Board of Directors of Omnicom Group. In addition, decisions voted by Oranes holders during the October 10, 2013 Extraordinary General Shareholders' Meeting are, due to the merger falling through, now void. Nonetheless, on September 16, 2014, the Group announced its intention to submit to the appropriate General Meetings a draft for the early redemption of these Oranes.

On June 12, the Group announced the sale of its stake in the French agency Royalties. The Group, a majority shareholder since 2008, agreed to sell its 60% interest to the founding members.

On June 26, Publicis Groupe announced the creation of ROAR, a New York-based entity that brought together the best talent and expertise of the Group's digital resources. ROAR was designed to serve JP Morgan-Chase. Its success may cause it to expand its services to other partners.

On July 1, Publicis Groupe acquired Crown Partners in the US, an e-business specialist offering a comprehensive range of services to help develop e-commerce and online content.

On July 3, the Group acquired Salterbaxter, an international consulting firm. Based in the UK, the firm is recognized for its expertise in sustainable development strategy and communication.

On July 8, the Group acquired Cybermedia, the parent of Proximedia, based in Brussels and leader in Internet services to SMEs in Belgium and the Netherlands. With this acquisition, Publicis Groupe created a European leader in local digital communications while accelerating the expansion of Publicis Webformance.

On July 10, in Africa, Publicis Groupe acquired Prima Integrated Marketing (Prima), a South African digital agency, and an interest in AG Partners, a pan-African communication network. Both entities were integrated into Publicis Worldwide in Africa. On the same date, Publicis Groupe acquired Lead2Action, the top digital agency in Mexico, integrated into Publicis Mexico.

On September 2, Publicis Groupe announced the acquisition of Nurun, a global consulting agency specializing in technology and a subsidiary of Quebecor Media in Canada. Nurun's expertise, including innovation, and integration and maintenance of information technology, covers the following areas: design research, digital products, service design, transaction platforms, user interfaces and post-PC ecosystems. In line with its strategic plan through 2018 which is based on its digital and technological leadership, on November 17 Publicis Groupe announced the integration of Nurun's professionals and expertise into two of its networks: Razorfish Global and Publicis Worldwide.

On September 8, the Group acquired Turner Duckworth, a brand design and strategy agency in the USA which joined Leo Burnett.

On September 26, Publicis Groupe acquired Zweimaleins Gmbh, a major business-to-business (B2B) integrated marketing agency based in Berlin. The agency was integrated into Saatchi & Saatchi Berlin to form Saatchi & Saatchi Pro.

On September 30, the Group acquired Ambito5, a top Italian agency specialized in social media.

On October 8, 2010, Publicis Groupe acquired three major South African agencies covering a wide range of expertise: BrandsRock, an experiential marketing leader, Liquorice, one of the top digital marketing agencies in the country, and MACHINE, an integrated agency that has received multiple awards.

On October 10, following its agreement with Adobe, Publicis Groupe announced the acquisition of 3|SHARE. Based in San Diego, 3|SHARE is an Adobe Solutions specialist and partner of "Business Plus Level Solution" and has become a North American leader in the implementation of digital solutions applied to marketing.

On October 13, Publicis Groupe entered into a strategic partnership with Matomy Media Group Ltd, the world leader in performance-based digital communications with headquarters in Tel Aviv, and acquired a 20% stake in Matomy at the price of 227 pence per share. The Group was also granted an irrevocable option to purchase an additional 4.9% of Matomy shares. Matomy is a global leader in performance-based digital communications, one of the most complex digital marketing techniques that require a deep understanding of consumer behavior and online shopping activities in the digital era.

On October 28, Publicis Groupe announced the acquisition of RUN, a multi-channel programmatic buying and real-time data analysis platform. RUN's outstanding mobile capabilities enable marketers to execute data-driven campaigns. Through its mobile-focused advanced data management platform (DMP), RUN collects, compares and analyzes various consumer data derived from multiple sources, including mobile phone operators and Internet service providers (ISPs).

On November 3, Publicis Groupe and Sapient announced the signing of a definitive agreement for the acquisition of Sapient by Publicis Groupe at USD 25 per Sapient share (equal to a total price of USD 3.5 billion), payable in cash. This agreement was unanimously approved by the Management Board and the Supervisory Board of Publicis Groupe and the Board of Directors of Sapient. Sapient is a unique technology-driven company with demonstrated expertise in communications, marketing, omni-channel commerce and consulting. This expertise is critical to helping the Group's customers manage their transformation imposed by digital.

On December 11, Publicis Groupe announced the acquisition of Relevant24 (R24), a leading agency specializing in the creation of original multimedia content to help make brands relevant. Based in Boston (Massachusetts), R24 has 23 employees, and uses real-time client data to produce original content daily. It joined Starcom MediaVest Group.

Total acquisition costs for entities integrated during 2014 (gross payments, before acquired cash) came to euro 308 million. In addition, euro 103 million was paid out in earn-outs and euro 76 million to buy out non-controlling interests.

The Group did not buy back any of its own shares in 2014, except for those shares bought under the liquidity contract.

2015 saw the completion of the Sapient acquisition in February. With the creation of the Publicis Sapient platform, this acquisition enables Publicis clients to access all digital expertise in communications, marketing, omni-channel commerce and consulting.

On January 27, 2015, acquisition of Monkees, a key French agency specializing in digital marketing and social media. Monkees has a staff of 25 people and works with clients of renown in mass retailing and specialized distribution, auto manufacturing, health and sport.

On February 16, 2015, exclusive negotiations opened for the planned acquisition of Relaxnews, a press agency (member of the French Federation of Press Agencies and the International Press and Telecom Council), with global expertise in: consulting, production and management of content animation for the digital transformation of media and firms.

On February 26, 2015, acquisition of Epic Communications, South Africa's leading independent integrated strategic communications agency. With 50 consultants across its Johannesburg and Cape Town offices, Epic is the undisputed leader in the South African market, and a company with growing influence in the rest of Africa. Epic services over 40 retainer clients including Samsung, Nedbank, DHL, Cipla and Old Mutual. Since its creation, it has recorded more than 40% average annual growth. In 2014, the agency received the title of African Consultancy of the Year at the EMEA Sabre Awards.

On March 12, 2015, acquisition of Expicient Inc., a leading global omni-channel services agency with significant expertise in inventory and Order Management Systems (OMS). Founded in 2008, Expicient has a team of over 200 and is based in Andover in Massachusetts, with offices in the United Kingdom and India (Gurgaon and Bangalore). Expicient works for well-known global brands including the Aldo Group, Argos, Bed Bath & Beyond, BJ's Wholesale Clubs, DHL, eBay Enterprise, Guitar Center, J. Crew, Lily Pulitzer, Lockheed Martin, Marks & Spencer, Michael Kors, Ralph Lauren, Staples, Target, Tesco and Williams Sonoma, amongst others.

On March 17, 2015, Publicis Groupe acquired 2,406,873 of its own treasury shares from the Badinter family for a total amount of euro 176 million, equal to euro 73.03 per share. This transaction was carried out as part of the buy-back program authorized by the General Shareholders' Meeting on May 28, 2014 and the planned early redemption of the Oranes 2022 approved by the Supervisory Board on September 15, 2014 and announced on September 16, 2014. The entire transaction was funded by Publicis Groupe's available liquidities.

On June 1, 2015, completion of the acquisition of Relaxnews at a price of euro 9.58 per share.

On June 6, 2015, acquisition of Match Media, an independent Australian media agency. Match will be integrated into Blue 449, ZenithOptimedia Group's new global media agency. Match Media was founded in 2003 by John Preston, the agency's CEO. This Sydney-based firm has over 75 employees. The agency specializes in media strategy, media buying, digital media planning and digital media buying, search engines, social media and data analysis.

On June 9, 2015, the Group acquired 3,935,000 shares at a Volume-Weighted Average share Price (VWAP) of euro 74.11, representing a total amount of euro 291 million. This transaction came within the framework of the early redemption of the Oranes 2022 approved by the Supervisory Board and announced on September 16, 2014. Then, by unanimous decision of the Orane bondholders present and represented at the bondholders' meeting of June 19, 2015, the amendment of the Issuance Agreement authorizing early redemption of all Orane bonds at the Group's discretion was approved. This amendment was also approved by the Publicis Groupe SA's GSM held on May 27, 2015.

On September 3, 2015, Tardis Medical, a consulting agency in the clinical and medical sectors, was acquired by Publicis Healthcare Communications Group (PHCG), Publicis Groupe's specialist healthcare network, and was integrated into Publicis Touchpoint Solutions.

On September 10, 2015, acquisition of The Creative Counsel Group, the largest integrated below-the-line group of agencies in South Africa, providing marketing and activation solutions. Founded in 2001 by current joint CEOs Ran Neu-Ner and Gil Oved, The Creative Counsel Group boasts over 1,500 talented employees and works with top national and international clients such as Unilever, Vodacom (Vodafone), Microsoft, Brandhouse and Tiger Brands.

On November 10, 2015, acquisition of Langland Advertising, Design & Marketing Limited, one of the most highly regarded healthcare communications agencies. Langland has been acquired by Publicis Healthcare Communications Group Ltd (PHCG), Publicis Groupe's health network.

On November 24, 2015, acquisition of a majority stake in Glickman Shamir Samsonov, one of Israel's top creative agencies with a staff of over 75 people. It works with clients such as: Coca Cola Israel, the Tnuva dairy cooperative, Orange, El Al, FIBI bank, Mercedes, Hyundai, Direct Insurance, Israel Post, Psagot investments, Sano detergents, Yediot Achronot newspaper and Newpan electronics.

Total acquisition costs for entities integrated during 2015 (gross payments, before acquired cash) came to euro 3,410 million. In addition, euro 180 million was paid out in earn-outs and euro 33 million to buy out non-controlling interests.

2016 was a rather modest year in terms of acquisitions.

On February 2, 2016, the Group acquired Vertiba, a Salesforce consulting partner and specialist in marketing solutions. Founded in 2010, Vertiba is headquartered in Boulder, Colorado. Vertiba's skills have been integrated into the Publicis.Sapient platform.

On February 12, 2016, the Group acquired MercerBell, a leading Australian agency in the field of client experience. MercerBell is specialized in CRM and digital strategy, creativity, content and technology, and is integrated into Saatchi & Saatchi. This agency, which was founded in 1999, has a team of 65 professionals and a client base that includes Toyota, Foxtel, Qantas, BT, Allianz and ASX.

On March 1, 2016, the Group acquired Seven Seconds, the London (UK) based e-commerce and digital specialist. Seven Seconds was founded in 2013 and has been integrated into BBH. Its main clients are British Airways, Barclays, Boots, Tesco Retail and Tesco Bank.

On March 10, 2016, the Group acquired Venus Communications, one of the leading public relations agencies in Vietnam. Venus has been integrated into the MSL brand, which in turn is part of Publicis One in Vietnam. Over the last ten years, Venus and MSL have worked together successfully on numerous assignments. The agency, which was founded in 1998, has over 40 employees and a prestigious client portfolio that includes MasterCard, FedEx, Rolls Royce, BAT, Mead Johnson and sanofi.

On March 17, 2016, Publicis Groupe acquired a stake in West Africa's first fully integrated communication services group, Troyka. The Troyka Group is comprised of six agencies: Insight Communications, The Thinkshop, All Seasons Media, Media Perspectives, The Quadrant Company and Hotsauce. Starting out with Insight Communications in 1980, the Troyka group now has 300 employees over 6 agencies across the entire region. The Troyka agencies work with prestigious international brands such as Heineken, Shell, Samsung, Unilever, Google, P&G, Microsoft, Ford and Axa, as well as with national clients including Oando, Nestoil, Africa Investor, Jagal and Olam. Publicis Groupe has been investing regularly in Africa in recent years, in view of the high growth potential of this market. By way of this equity investment, Publicis Groupe will use Troyka to launch its network in Nigeria, thereby creating a powerful communications entity that will have a competitive edge in all skill sets in West Africa.

Total acquisition costs for entities integrated during 2016 (gross payments, before acquired cash) came to euro 59 million. In addition, euro 198 million was paid out in earn-outs and euro 44 million to buy out non-controlling interests.

The Group did not buy back any of its own shares in 2016, except for those shares bought under the liquidity contract.

1.5.2 Main ongoing investments and divestments

As announced by a joint press release on October 19, 2015, Publicis Groupe SA and JCDecaux have entered into exclusive negotiations with a view to JCDecaux buying the Publicis Groupe's 67% interest in Metrobus. Following the achievement of the conditions prior to the signature of the transfer agreement (in particular, receiving reasoned opinions from the concerned employee representative bodies), Publicis Groupe SA and JCDecaux signed the transfer agreement on February 8, 2016. The completion of the transaction remained subject to obtaining approval from the French Competition Authority (*Autorité de la concurrence*), who began an in-depth assessment procedure on January 21, 2016.

On June 1, 2016, Publicis Groupe acknowledged the decision by JCDecaux to abandon the project to acquire the former's 67% stake in the share capital of Metrobus due to demands made by the French Competition Authority. In conjunction with Metrobus and JCDecaux (which still owns a 33% stake), Publicis Groupe is now examining all the options to provide Metrobus with the best possible conditions for its development.

1.5.3 Main future investments

Publicis Groupe will continue its investments to provide proposals and solutions to its clients faced with numerous challenges (consumer behavior, multiplication of communication channels, increasing weight of omni-channel commerce, emergence of new players from digital technologies). Thus, all future investments will aim to improve our offering combining our creative, media and technological expertise.

Lastly, as at December 31, 2016 the Group also had commitments of euro 316 million under price-adjustment clauses and of euro 62 million for non-controlling interest buyouts, a total of euro 378 million, euro 220 million of which is due within less than one year.

1.6 Major contracts

On November 3, 2014, the Company entered into a definitive agreement for the acquisition of Sapient by Publicis Groupe. The acquisition was carried out in the form of a public cash tender offer for all outstanding Sapient shares. The completion of this tender offer was subject to certain conditions precedent, including obtaining regulatory approvals, among others from competition authorities in the US and Germany, which were met. The transaction was finalized on February 6, 2015.

Other than this transaction, Publicis Groupe did not conclude any significant agreements or any agreements conferring a significant obligation or commitment on the Group, with the exception of those concluded in the normal course of affairs, during the two years preceding the date of this Registration Document.

1.7 Research and development

The various entities included in Publicis Groupe have developed different analysis and research methodologies, in particular concerning consumer behavior and sociological developments. They have also developed software and other tools to assist them in serving clients. Most of these tools concern the media planning businesses of ZenithMedia, Starcom, Blue 449, MediaVest | Spark, Performics, and their subsidiaries, and the identification of the most effective channels to reach their clients' target groups; others are integrated into the strategic planning of individual agencies, and play a key role in the unique brand positioning of each advertising brand. Furthermore, still others are used for the computerized processing of clients' marketing data, an activity conducted through its MarketForward entity. Several of these tools required significant investment in development or cooperation with outside suppliers. The Group's policy on this matter is described in Note 1.3 to the consolidated financial statements in Section 4.6 of this document.

PUBLICIS COMMUNICATIONS

- For **Publicis Worldwide**: Ignition, Ignition Day Workshops, Brand 16, Android/iOS Mobile SDK Toolkit, Nurun Design Process, Talkmaster and Publicis Insider, tools that can be activated within the framework of the Lead the Change, Brand Optimization and Brand Aesthetic methodology, Caffeine, Outcome, M2, JetStream, KiwiTree, Dark Web, NearMe, Prospect, Altitude, Zodiac, Green List, Constellation, IG Cracker, TribeFinder, CrossHairs, Next Jam, Populum, Spark code libraries, Journey's Strategic Mapping, Personified Data, Proprietary primary research candidate sourcing, Behavior Nudges and Vision Velocity process.
- For **MSLGROUP**: FreeThinking, People's Lab, e-Reputation Scorecard, Story Stream Lab, Corporate Brand e-ambassadors, Social Business Navigator, Fem'Insight, Fem'Connect, Conversation-to-Commerce (C2C), EPI, OneVoice, White Space Mapping, Earned Plan Lab, Zodiac and Radar.
- For **Leo Burnett**: BrandProspectR Segmentation, Behavioral ArchetypesSM, BrandPersonaSM Archetypes, What If? Mapping, InnerviewSM Motivation Analytics, Risk Reward Model of Advertising Effects, HumanKind Purpose Workshop, Decision DNASM, B.A.I.T., Acts Typology, Acts Lift, ChatCastSM WebMining, ChatCastSM Companion Survey, HumanKind QuotientSM, BrandStockT Equity Metrics, Cultural Fuel, QuickQuant, Red and Blue America, BrandShelterSM Recession, Analytics, The Forgotten Senior, Freaks and Geeks vs. The 'In' Crowd, The Luxury Profiler, PeopleShop, MobileShop, SocialShop, Behavioral Currents, Being Human, Maximizing Innovation by Leveraging 9 Styles, Modern Masculinity, and The Sharing Economy: Where We Go From Here, Big Food, The Nudgeables, Idea Spot, Human Journey, Persona Development, Foresight Lab, Ultimate Consumer Panels, Focus Group 2.0, Sherlock Holmes Recruiting, BrandTrac, QuickPredict, Return ePanel, Martini Digital Insights, Switchboard, Social Media Intelligence Hub, Marketing Analytics Platform (MAP), The Nudgeables, Big Food, B.A.I.T., Take P.A.R.T and Picture This.
- For **Saatchi & Saatchi**: Contentizer, Strategic Toolkit, Sisomo, Xploring, the Story Brief, Inside Lovemarks (in association with QiQ), Lovemarks Connector Kit (including the Lovemarks practices: Discovery, Exploration, Inspiration, Attraction and Evaluation), Saatchi & Saatchi Ideas SuperStore, as well as Publicis Ideas IQ Protocol (developed by Saatchi & Saatchi for Publicis Groupe), Saatchi & Saatchi X, Shopper Cycle, Saatchi & Saatchi S, Star Mapping, Ten Cycle Star Mapping, Global Affluent Tribe, Lasting Marks and Consumer Context Research (CCR).
- For **Fallon Worldwide**: Brand-Tube, Fallon Culture Map.
- For **BBH**: BBH Analytical Toolkit, BBH Knowledge & Insight and BBH Performance Dashboard.
- Lastly, within **Prodigious, Market Forward** designs, develops and offers BrandVault (Digital Asset Management), Brandtracker, (Digital Workflow); online solutions entirely developed from scratch or integrating market references (NorthPlains for the DAM, ConceptShare for online approval) enabling production teams and their clients – agencies and brands – to collaborate more effectively, by harmonizing processes while contributing towards controlling operating costs.

PUBLICIS MEDIA

- **Publicis Media** has developed and uses several tools, methodologies and research analytics methods including: Boudoir, CX Tool, CX Loop, Digital Score, Frequency Planner, OPEN, Consumer Profiler, Market Prioritization Planner, Multi-Copy Planner, Multi-Media Calculator, ROI Modeler, Seasonality Planner, Wizard TV Planner, ZEAL, Global Analytics Center (Glance), Innovations Database, SocialTools, Touchpoints ROI Tracker, Video Allocator, Content Audit, Adforecast.com, Ninah Market Mix Modeling (MMM), Ninah Marketing PlanLan (MPL), Ninah Multi-touch Attribution (MTA), Value Tracker, Tardiis, Tardiis Fusion, Innovest, Media Pathways, Digital Pathways, Pathfinder, Propeller, Contact Destinations, Intent Tracker/Modeler, Connections Stories, Captivation Blueprint, Map, Beyond Demographics, Media in Motion (patent pending), Budget Allocator, Scenario Planner, Pearl, Ace, Brain Conquest, CVT (client targeting), SPACE ID, Truth Maps, Idea Vet and Ideaweb, The Mic, Pulse, Webreader, Surveillance, KPI Engine, BARometer, StarcomEQ, Starcom IQ, Soundwave, Titan, SMBI, EIC, Starprofiler, EAuth, Gadget, MDM, Investment Management, The Street MAD, Balance TV, POEM, MaxxReach, Beacon and ESQ, Connected Intelligence, Community Igniter, Contagion, Echo Listening, Echo Measurement, Echo Activation, Experience Creation Framework, Content@Scale, PACE panel, Yangtze, GEMS, PMOS, Convergence Analytics, Liquid Labs, CulturePulse, The VR Accelerator, Content Design Engine, Blue View, Dreamcatcher, Foodcatcher, Discoverability and Conversability, Benchmarks, Bid Strategy, CPA Optimization, CTR Optimization, Solutions Suite, VivaKi Verified, Quality Index, VivaKi DMP, Audience, Dashboard & Reports, Headroom, Heat Map, Report Builder, Site Category Analysis, Leads (Workflow), RFP (Workflow), IO (Workflow), Platform Cost Calculator, Change Log, Categorization, VivaKi IQ Academy, Partnerships, Always On, *Audience on Demand* (AOD), SkySkraper, RUN Cookie Translator, RUN DSP and RUN DMP.

- **Performics** uses, through Publicis Media, the following methodologies, tools and research analytics for its clients: Intent-Based Planning, Intent Lab™, Digital Satisfaction™, Dynamic Persona Development, Digital Maturity Audit, Tech & Data Audit, Investment Optimization (Darwin), SEM Performance Maximization (Diagnostic), Daily Pacing & Anomaly Detection (DPAD), Learning Agenda, Hypotheses Library, Content Audit, CX Loop Workshop, Experience Matrix, Competitive Search Analysis, Benchtools, Social Influence on Search Audit, Performance Marketing Audit, Discoverability Audit, Conversability Audit, Paid Search Strategic Audit, Paid Search Campaign Architecture Methodology, OneSearch Learning & Measurement Framework, Search Governance Model (SGM), Microtargeting, 4 SEO Pillars, SEO Deliverable Framework, Link Portfolio Audit Tool, Local SEO 3 Pillar Methodology, Mobile Experience Optimization Audit, TV-to-Search Methodology, GLANCE, CAIMAN, Amazics Content Detector (ACD), Dynamic Optimization Technology (DOT), Landing Page Microfactory, Zeus, Helios, Compass, Optitree, Redmine.
- **VivaKi** uses the following platforms, products and programs: Benchmarks, Bid Strategy, CPA Optimization, CTR Optimization, Solutions Suite, VivaKi Verified, Quality Index, VivaKi DMP, Audience, Dashboard & Reports, Headroom, Heat Map, Report Builder, Site Category Analysis, Leads (Workflow), RFP (Workflow), IO (Workflow), Platform Cost Calculator, Change Log, Categorization, VivaKi IQ Academy, Partnerships, Always On, *Audience on Demand* (AOD), SkySkraper, RUN Cookie Translator, RUN DSP, and RUN DMP.

PUBLICIS.SAPIENT

- **Sapient Consulting** uses the following tools, products and methodologies for its clients: CMRS, CSS, COBS, SolutionD, Client Connect, Info Mapper, SFRM, FATCA Withholding, REX and Client Clearing Portal, COBS and Qurate.
- **SapientNitro** uses the following tools, products and methodologies for its clients: IEA, IOTA Instrumented Intelligence, Future (m)PACT, BridgeTrack, CATS, IONOS, ReadyCommerce, (m) Dash, Sapient Approach, DOJO and Yantrashala.
- **Razorfish Global** markets the following to its clients: Fluent, Cosmos, Razorshop, TITAN, the Third Channel, WAVE, Skymanager (UK), Expicient's ExStore, ExSuite, ExIntegrator, ExMobility, ExTest, ExCelerator platforms and tools, Rosetta Connector, Yubii and In-Store Customer Engagement (ICE) Platform.
- **DigitasLBi** markets to its clients, among others, Media Futures Desk, Multi-Model Attribution, BrandLive, CONX, MDK, Polino Map, LookOut, People Pulse, Early Warning, Pathematix, the Dashboard, The Port, Site Core Toolbox, AEM Toolbox, EPi Base, Earned Media Planning, Lens, IDIOM, DaVinci, Snacktory, 3|Share SWIFT (for Assets, Mobile and Sites), 3|Share ROM, Spindrift Site Builder, Momentum, Responsive Build Kit and Hypermedia API.

PUBLICIS HEALTH

- For **PH**: BrandFit™ Toolkit, Patient Adherence and Lapse Prediction Model, Change To Win methodology, Point of Practice™ Database, RevealMR, Customer Acument Training App, Verilogue Media Player, Global Voice, Layered Listening, Ad-Board Advantage, At-Home Video Diaries, Netnography, Dialogue Infused Qual, Listening Workshop, T-App, Connections Planning™, Humanosity™, ExactDoc™, PHMp and Insight on Demand.

1.8 Risk factors

The risk factors described below, together with the other information concerning Publicis Groupe and its consolidated financial statements included in this Registration Document, should be carefully considered before making an investment in the shares or the other securities of Publicis Groupe. Each one of the risk factors may have a negative impact on the Group's earnings, financial position or share price. Other risks and uncertainties of which Publicis is unaware or which are not currently considered to be significant could also have a negative impact on the Group. Publicis Groupe is currently unaware of any economic, fiscal, monetary or political strategies or factors that have affected or are liable to affect its operations, whether directly or indirectly.

Description of the main risk factors

Industry-related risks	• Risks associated with a highly competitive industry • Risks associated with the economic condition
Operational risks	• Risks associated with client portfolios • Risks associated with the dependence of the Group's business on its managers and employees • Risks associated with mergers and acquisitions • Risks associated with changes in governance • Risks associated with the reorganization of the Group • Risks associated with the Group's international presence • Risks of IT system failures and cybercrime
Environmental and human risks	• Environmental risks • Risks associated with climate change • Risks associated with human safety
Regulatory and legal risks	• Risks of litigation, governmental and arbitration proceedings • Risks of a breach of the Code of Ethics or regulations • Risks associated with the regulations and voluntary codes of conduct that apply to the Group's business
Financial risks	• Liquidity risks • Risks associated with the Group's official credit rating • Market risks

1.8.1 Industry-related risks

Risk identification	Monitoring and managing risks
Risks associated with a highly competitive industry	
The advertising and communications industry is highly competitive and is expected to remain so. The Group's competitors range from large multinational companies to smaller agencies that operate in local or regional markets. New players such as systems integrators, database design and management specialists, telemarketing and web-based companies now have access to technical solutions that respond to clients' specific marketing and communications needs. The Group must compete with these companies and agencies in order to maintain existing client relationships and to win new clients and accounts. Increased competition could have a negative impact on the Group's revenue and earnings.	The Group's strategy, focusing on digital technology and meeting the changing needs of our clients, enables us to maintain and improve our competitive position. Furthermore, in conjunction with the Group's senior management, the networks' operating management teams monitor the market and our competitors on an ongoing basis.
Risks associated with the economic condition	
The advertising and communications industry may experience periodic slumps caused by downturns in the general economy. As previous years have shown, this industry is sensitive to variations in advertisers' businesses and reductions in their marketing investments. Economic downturns can have a more severe impact on the advertising and communications industry than on other sectors, in part because many companies often respond to a slowdown in economic activity by reducing their communications budgets in order to meet their earnings goals. In addition, it may be difficult or even impossible to collect outstanding fees receivable from bankrupt or insolvent customers. For this reason, the Group's business prospects, financial position and earnings may be materially adversely affected by a downturn in general economic conditions in one or more markets, and a reduction in client budgets for advertising and communications.	The Group's presence in geographically diversified markets makes it less sensitive to adverse economic conditions in a given market. In addition, the Group chose to make its expansion in emerging countries and in the digital advertising market a priority from 2006 onwards. This judicious choice, which has been validated by the transformation of the market and the changing requirements of our clients, has enabled us to maintain, and even improve, the relevance of our offering, while standing up well to competitive pressure. Working together with senior management and the Group's Finance Department, the operating management teams of the Group's networks are continuing to pay particularly close attention to their cost structures and are adopting action plans to maintain their profitability levels.

1.8.2 Operational risks

Risk identification	Monitoring and managing risks
Risks associated with client portfolios	
Contracts may be terminated on short notice. Advertisers are free to terminate their contracts with their communications agencies, at any time or at the end of the contract, after a relatively short notice period of three to six months, in general. Moreover, the Group's contracts with its clients are under constant threat from rival competitive bids. Advertisers also tend to progressively cut down on the number of communications agencies they work with and to allocate their marketing budgets among a few leading agencies. Finally, the recent trend towards consolidation of clients around the world increases the risk that a client will be lost following a merger and/or an acquisition.	In order to deal with this risk, significant existing contracts are monitored on a regular basis at the operating management and Group level, which enables us to make sure that customers are satisfied, and to anticipate the risk of a contract being terminated. In addition, the Strategy & Growth team together with the Global Client Leaders strengthen our ability to monitor this risk, while enhancing our internal client-centered culture and offering clients access to the full range of Group services.
A significant percentage of the Group's revenue is derived from its major clients. The Group's top 5, 10, 30 and 100 clients accounted in 2016 for 14%, 20%, 37% and 55% of the Group's consolidated revenue, respectively (see also section 4.6 "Notes to the Consolidated Financial Statements", Note 26 "Market risk management"). One or several large clients may, at any time and for any reason, decide either to switch advertising and communications agencies or to curtail its spending on advertising. A substantial decline in the advertising and communications spending of a major client, or the loss of any of these accounts, could have a negative impact on Publicis' business and earnings.	In conjunction with the Group's senior management, the management of the Group's networks continually analyzes the risks related to the loss of major contracts. See Section 1.4.5 of this Registration Document for a list of the primary clients of the Group's major networks in 2016. The Group has a diversified client portfolio representative of the global economy, including many clients that are global or national leaders in their industries. Revenue from, and contracts with, different clients vary from year to year. Nonetheless, a significant share of Publicis Groupe's revenue comes from loyal clients that have been with the Company for years. On average, its retention rate of the ten biggest clients is 46 years. As part of its management of client relationships, the Group ensures that it complies with all contracts entered into with its clients and more particularly with exclusivity clauses.
The Group's growth may be negatively affected by conflicts of interest between clients competing within the same sector. The ability of the Group or one of its networks to obtain a new client may, at times, be hindered by its partnership with a competitor or by an exclusivity clause in an existing client contract. The Group avoids, as far as possible, these types of commitments, and relies on its numerous networks to limit the situations in which such conflicts of interest may arise. Such conflicts of interest may nonetheless arise, with potentially negative consequences for the Group's growth prospects, results and revenue.	In conjunction with the Group's senior management, the management of the Group's networks continually analyzes the risks related to conflicts of interest.
Risks associated with the dependence of the Group's business on its managers and employees	
The advertising and communications industry is known for high mobility among its managers and employees. If the Group loses the services of certain members of the management or other employees, its business and earnings could be negatively affected. Publicis' success is highly dependent on the skills of its creative, sales and media personnel, as well as on their relationships with the Group's clients. If the Group were no longer able to attract and retain new key personnel, or if it were unable to retain and motivate its existing key personnel, its prospects, business, earnings and financial position could be adversely affected.	In conjunction with the Group's Human Resources Department, the networks' Human Resources Departments identify key staff, offer them performance incentives and include them in the Group's long-term profit-sharing schemes to retain their loyalty. Specific schemes tailored to "millennials" are being introduced to attract and retain talents. The Group's Human Resources Department regularly transmits to senior management its analyses of the attraction and retention of talent and the risks related to the possible loss of key senior managers. A satisfaction survey was conducted at the end of 2016 to assess the commitment of personnel and action plans are being drawn up as needed. Special effort is being made in terms of training to bolster talent during this transformation period.

Risks associated with mergers and acquisitions

The Group's strategy of development through acquisitions and minority investments may create risks.
Part of the Group's strategy hinges on enriching its range of advertising and communication services and increasing its operations in high-growth markets. The identification of acquisition and investment candidates is difficult, and there is always the possibility of misjudging the risks of any given acquisition or investment. Sellers may also at times fail to divulge certain risks. The changing and unpredictable regulatory frameworks of certain emerging markets (see Section 1.8.4 below) and certain local practices in these regions are another source of acquisitions risk. In addition, acquisitions may be concluded on terms that are less favorable than anticipated, and/or the newly acquired companies may either fail to be successfully integrated into Publicis' existing operations or fail to generate the synergies or other benefits that were expected. Such cases could have negative consequences for the Group's earnings.
A description of the Group's main acquisitions during 2016 appears in Section 1.5.1 "Main investments during the past three years". See also Note 2 (Section 4.6) to the consolidated financial statements "Variation in the scope of consolidation".

The Group makes its acquisitions according to a formal and centralized process led by senior management, with the assistance mostly of the Mergers and Acquisitions Department, the Financial Department, the Legal Department, the Human Resources Department and the networks' operational and financial divisions.
The network divisions are chiefly responsible for integrating the acquired entities under the oversight of senior management, in particular for major acquisitions. The Finance Department conducts a regular acquisitions performance assessment in conjunction with senior management; this assessment is then presented to the Audit Committee and Supervisory Board.

Goodwill and intangible assets (brands, client relationships), recorded on the Group's statement of financial position for acquired companies may be subject to impairment.
Publicis has recorded a significant amount of goodwill on its statement of financial position. Given the nature of its business, the Group's most important assets are intangible, and are accounted for as such. Each year the Group carries out an evaluation of goodwill and intangible assets so as to determine whether these need to be depreciated. The hypotheses made in order to estimate the earnings and the provisional cash flow in the course of these reevaluations cannot be confirmed by subsequent real earnings. If the Group were to carry out any such depreciation, the loss could have an adverse effect on the Group's earnings and financial position.

Analysis of goodwill and intangible assets carried on the Group's statement of financial position is detailed in Notes 10 and 11 to the consolidated financial statements (Section 4.6).

Risks associated with changes in governance

Changes in governance include the appointment of the new Chairman of the Management Board and the appointment of the Chairman of the Supervisory Board.
Difficulties associated with changes in governance may have a negative impact on the Group's business and results.

The current period of transition is made easier by the strong commitment of the Group's Supervisory Board and senior management and the trust and relationships between the Supervisory Board and the Management Board.

Risks associated with the reorganization of the Group

The process to transform the Group's structures and organization launched in 2015 will continue during 2017.
Implementation difficulties could be detrimental to the Group's strategy, could create uncertainty among employees and may not correspond to client expectations.

The Group's senior management and operational managers are heavily involved in the implementation and monitoring of this transformation process.
Targeted action plans are in place to support our talented employees and our clients. Particular effort is being made to support implementing training.

Risks associated with the Group's international presence

Publicis conducts business in a number of developing countries around the world. The risks associated with conducting business in developing countries can include nationalization, social, political and economic instability, increased currency risk, restrictions on taking money out of the country and late payment of invoices. The Group may not be able to insure or hedge against these risks. In addition, commercial laws and regulations in many of these countries may be vague, arbitrary, contradictory, inconsistently administered or retroactively applied. It is therefore always difficult to determine the exact requirements of these laws and regulations, or to fully understand their application. Non-compliance – actual or alleged – with applicable laws in developing countries could have a negative impact on Publicis' prospects, business, earnings, and financial position.

In conjunction with the Group's senior management, the operating management teams of the Group's networks continually analyzes the Group's exposure to risks related to its business in politically or economically unstable countries. Moreover the Group has put internal monitoring systems in place to ensure its operations comply with local legislation and minimize the risk of violations, especially where anti-corruption laws are concerned.

See Note 27 to the consolidated financial statements (Section 4.6) for a geographical breakdown of the Group's revenue for 2014, 2015 and 2016.

Risks of IT system failures and cybercrime

The digital marketplace is expanding at unprecedented pace, and the reliance on information technology has never been greater. This reliance brings risk to the Group in the form of system failure, malicious attack as well as potential insider threats.

System failure may be the result of natural or terrorist activities, as well as straightforward component failure and can potentially result in extended periods of downtime and the inability to deliver to our clients.

Malicious attacks come in the form of denial-of-service attacks, cyber-attacks, computer hacking, computer viruses, worms or other malicious software. Each of these have the ability to inhibit normal business operations and even suspend them for periods of time, as well as potentially infecting client deliverables and even their own network environments causing significant damage.

Finally, insider threats, although normally not malicious can also be seriously detrimental to normal business operations. Untrained or ignorant staff can unwittingly share sensitive or personal information on the public internet, or innocently fall prey to the numerous cyber-attacks (phishing, spear phishing, CEO fraud, whaling, etc..). The malicious or disgruntled insider, while rare can also inflict serious reputational or financial damage by purposefully releasing confidential and sensitive information to the public internet.

Addressing these threats is likely to expose the Group to significant financial burden, legal liability, loss of reputation as well as the potential loss of revenue.

The risks are significant, and as such the Group has invested in internal capabilities to directly address and reduce the risks threatening the Group to acceptable levels. A dedicated information security function assesses the security risks posed by the previous stated threats and assists the various Group agencies accordingly. The scanning of the internal technology environment for vulnerabilities has been carried out throughout 2016, as well as the establishment of a security monitoring function for potential cyber-attacks.

Additionally, business continuity and cyber incident response plans are in place and are regularly tested to ensure that any incident that may affect the productivity and ability to deliver Group work to our clients.

The ongoing monitoring, measurement and addressing of cyber risks is an ongoing activity that the Group has invested in throughout 2016, and will continue to do so in the future to ensure that as the cyber threats evolve in technical complexity and capability the Group evolves also.

Considerable investment was made in the protection of personal data in 2016. The legal, IT and information security teams work closely together on these issues.

1.8.3 Environmental and human risks

Risk identification	Monitoring and managing risks
Environmental risks	
In terms of climate, the Group carefully monitors its direct impacts, particularly those related to greenhouse gas emissions (transport, energy and electricity consumption, servers, etc.). The risk lies in the increase of these impacts. A lack of environmental policy and measurable results would see the Group fail in its obligations under article 225 of the Grenelle II Act 2010-788.	Since 2009, an annual report on greenhouse gas emissions appears in the CSR Report in Section 2.4 of this document. We have also set up an environmental policy; "Consume less and better", which is steered using quantitiative objectives. The associated targets have been defined in accordance with the European strategy known as the "2030 climate and energy framework". The CSR Report has been subject to third-party verification by an auditor. Together with senior management, the network of shared services centers (Re:Sources), the Real Estate Department and the Procurement Department, the CSR Department inspects the carbon trajectory to define the Group's strategic priorities.
Risks associated with climate change	
Due to the nature of the Group's service activity, services rendered to clients could potentially be disrupted or suspended due to major natural events or damages linked to climate change, particularly as we are increasingly reliant on digital technologies (functioning of data centers).	Checks are carried out throughout the year to analyze the resistance of the IT systems and to confirm the effectiveness of backup security systems to ensure service continuity. These tests are performed by specialized teams under the supervision of the Group Information Security Officer (GISO).
Risks associated with human safety	
The current global political climate and the tragic events that have taken place in countries in which the Group and its clients operate make it even more necessary that this risk is adequately managed. We are present in more than 100 countries and our business entails a high degree of mobility by our employees who may find themselves in a challenging security or medical situation, or caught up in a major natural crisis (flood, tsunami, etc.) or political crisis (riot, *coup d'État*, attacks, etc.). Its employees are the Group's main assets and unsatisfactory working conditions, health and safety represent a risk that may significantly affect our business.	Employee safety has always been the Group's number one priority. The Group has introduced a very strict travel policy, under which countries are classified into three risk categories. Some high-risk countries are simply banned while other countries are only permitted after assessment and verification of travel conditions and, when appropriate, the implementation of additional security measures. All traveling employees are provided with advance information and advice on the situation in the country to which they are traveling. A crisis plan has been put in place by the Group to ensure that in the event of a major crisis, all employees, whether at home or abroad, can be traced (tracking tool) and assisted where required. Actions and policies to improve working conditions and employee well-being, as well as ensuring their health (prevention of epidemics, for example) are rolled out at the level of each country. Furthermore, the Group ensures that every employee has health care (in the form of insurance or other coverage).

1.8.4 Regulatory and legal risks

Risk identification	Monitoring and managing risks
Risks of litigation, governmental and arbitration proceedings	
Publicis may be named as defendant or co-defendant in litigation brought against its clients by third parties, its clients' competitors, governmental or regulatory authorities, or a consumer association. These actions could, in particular, relate to the following complaints: advertising claims used to promote its clients' products or services are false, deceptive or misleading; its clients' products are defective or may be harmful to others; marketing, communications, or advertising materials created for its clients infringe the intellectual property rights of third parties, since client-agency contracts generally require the agency to indemnify the client against claims for infringement of intellectual or industrial property rights. The potential damages and expenses, as well as the legal fees arising from any of these claims, may harm the Group's prospects, business, results and financial position. The risk could be either indemnified by the client, or in the case that it is an insurable risk, covered by the Company's insurance. Moreover, Publicis' reputation could be negatively affected by such allegations.	In conjunction with senior management, the Legal Department keeps a watchful eye on the changes in risks associated with significant litigation. The Group has no knowledge of any legal or arbitration proceedings, initiated in the last 12 months, which could have a significant effect on the financial position or profitability of the Company and/or the Group. See also Note 20 and Note 1.3 to the consolidated financial statements (Section 4.6), with respect to provisions for litigation and claims.
Risks of a breach of the Code of Ethics or regulations	
The Group is subject to complex and ever-changing laws and regulations. These have an impact on its operations in a number of fields, both nationally and internationally. In addition to compliance with laws and regulations, several other risks exist in relation to corruption and fraud. Due to the fact that it is present in more than 100 countries and employs large numbers of personnel, the Group must regularly address new ethical issues. Non-compliance with the ethical standards and rules of a country by the Group's employees could not only impact the results of the Group, but its image and reputation as well.	The Group has a set of rules called "Janus" which governs its behavior and ethics. This set of rules applies to all Group employees and sets out the rules of conduct under which operations are carried out: *"The Publicis way to behave and to operate"*. The Code was updated in April 2015 and circulated across all the networks. Janus includes the rules and principles related to ethics, corporate social responsibility, compliance with regulatory and legal frameworks, governance, communication, conducting business and customer relations, human resource management, protecting the Group's brands and intellectual property, financial and accounting management, as well as rules governing mergers and acquisitions, investments, restructuring and purchasing policies. The guidelines include a Code of Ethics applying to all Group employees. The aim of these rules of conduct is to provide the Group with strict procedures for running our business worldwide in all fields: human management, business ethics, financial management, individual responsibility. This includes encouraging diversity and preventing discriminatory conduct. These rules are meant to prevent any illegal activity, in particular by ensuring that Group employees comply with laws and regulations in the conduct of the Group's business. Janus also contains a separate chapter with a detailed code of conduct on stock market trading, designed to prevent insider trading. The Group's rules of conduct are also meant to prevent favoritism, misappropriation of funds, breach of trust, corruption, conflicts of interest or other misconduct and subject the Group and its employees to the highest standards in terms of integrity, ethics and compliance. They are designed to protect the Group's data and know-how by establishing strict guidelines regarding confidentiality and good faith. Finally, they establish procedures for control and reporting by management of the Group and of the various networks of any breach of these rules. In conjunction with the Group's senior management, the Audit and Internal Control Department oversees the Group's networks' compliance with these rules. Compliance with laws and regulations is a constant concern and programs have been added concerning anti-corruption measures and protection of personal data.

Risks associated with the regulations and voluntary codes of conduct that apply to the Group's business

The communications sector in which Publicis operates is subject to legislation, regulation and voluntary codes of conduct. Governments, regulators and consumer groups often prohibit or restrict the advertising of certain products and services, or regulate certain operations conducted by the Group (such as the loi Sapin in France, which prohibits agencies from buying advertising space for resale to their clients, and regulations that restrict alcohol, pharmaceutical products, certain food products and tobacco advertising in most countries). The imposition of such restrictions may harm the Group's operations and results and expose it to the risk of judicial proceedings, especially by consumer groups, regulators and public authorities.

The Group has implemented, in its main markets, legal clearance procedures to ensure that its advertising campaigns comply with regulations. This control is carried out by the Legal Department (either central or local, depending on the case) whose role is to provide support to the creative teams during the development of these campaigns.

1.8.5 Financial risks

Risk identification	Monitoring and managing risks
Liquidity risks	
The Group is exposed to a liquidity risk when its incoming payments no longer cover its outgoing payments, and at the same time its ability to raise new financial resources has been exhausted or is insufficient.	In order to manage its liquidity risk, Publicis holds a substantial amount of cash (cash and cash equivalents) for a total of euro 2,228 million as at December 31, 2016 and undrawn confirmed credit lines representing a total of euro 2,286 million as at December 31, 2016. The main component of these credit lines is a multi-currency syndicated facility in the amount of euro 2,000 million, maturing in 2020. The Group refinanced its syndicated credit facility of USD 1,890 million expiring in January 2016, and intended to finance the acquisition of Sapient, by taking a syndicated medium-term loan in the amount of USD 1,600 million, which was concluded on January 20, 2015 and matures in 2018, 2019 and 2020. A portion of this loan was repaid early, on November 8, 2016, in the amount of USD 545 million (equivalent to euro 500 million), via the issue of euro 500 million in bonds maturing in 2023. These immediately available or almost immediately available amounts allow the Group to pay its financial debt maturing in less than one year. The Group's treasury management arrangements are described in Section 3.4.3 of this document. None of the Group's bonds or other debt is subject to financial covenants. See also Note 22 to the consolidated financial statements (Section 4.6).
Risks associated with the Group's official credit rating	
A financial rating downgrade by either of these agencies could adversely affect the Group's ability to raise funds and result in higher interest rates for future borrowings.	Since 2005, Publicis Groupe SA has been publicly rated. Its rating has remained unchanged, at BBB+ from Standard & Poor's and Baa2 from Moody's Investors Service. The Group maintains regular communication with the credit rating agencies to keep them informed of any changes in its performance so as to avoid surprises and anticipate any potential rating changes. See also Section 3.4.3 of this document.
Market risks	
The Group is exposed to:	(See also Note 26 to the consolidated financial statements appearing in Section 4.6 of this document.)
• exchange rate and interest rate risks;	The Group's Treasury Department systematically hedges any interest rate and exchange rate risks to which it is alerted by the Financial Directors of entities when a specific threshold is exceeded.
• client counterparty risk;	Client counterparty risk arises when the Group acts as a principal on behalf of its clients and is most commonly managed via insurance policies.
• bank counterparty risk.	Bank counterparty risk is managed via the Group's "core bank policy" which restricts authorized bank counterparties to a list approved by the Group's Treasury Department.

1.8.6 Insurance and coverage of risks

The purpose of the insurance policy, centralized with the Insurance Department, is to provide the best protection for the Group's employees and assets, by ensuring that the policy in place is suitable both on a Group level and at a local level.

By employing a two-level hedging strategy (local and centralized), the Group strives to ensure comprehensive cover and risk management in all the countries in which Publicis is present.

On a local level, mainly through the Re:Sources shared service centers, entities must take out general civil liability, property, business interruption, automotive and employers' liability insurance policies, as well as health and life insurance for local employees. These insurances are taken out in compliance with local regulations.

The only exception to this being the property and business interruption insurances in Europe, following the introduction of a European scheme on January 1, 2016 at the Group level, taking advantage of the framework authorized by the freedom to provide services in Europe to optimize guarantees and premiums.

At Group level, schemes have been set up with leading insurance companies with the aim of automatically covering all subsidiaries against the financial consequences of risks such as, but not limited to:

- professional civil liability and cyber risks;
- directors and officers liability;
- employment practices liability;
- general civil liability where terms and conditions or limits differ from local policies;
- property and business interruption where terms and conditions or limits differ from local policies;
- assistance and repatriation of employees travelling.

In addition, the Group negotiates and sets up specific schemes that subsidiaries may join in accordance with their requirements, such as credit insurance, health and life insurance for expatriates and specific insurances for film and TV shoots.

The insurance policies are regularly reviewed to ensure they reflect any changes in our activity and in particular new digital services, particularly in terms of insurance against cyber risks to which the Group assigns particular care and attention.

The amount of cover is estimated to be consistent with the level of risk identified and with market practices. The overall amount is:

- damage to property and business interruption: up to USD 250 million;
- civil liability: between USD 25 million and USD 170 million depending on the risk.

Given the Group's high levels of Merger & Acquisition activity, the Insurance Department also oversees the integration of acquired entities within the Group's schemes as soon as the relevant transactions have been completed.

2

GOVERNANCE AND COMPENSATION

2.1 Governance of Publicis Groupe

Publicis Groupe and the Chairperson of the Supervisory Board place great importance on the quality of the Group's governance and on compliance with the rules and principles governing its business activities.

Publicis has always taken an innovative approach to its governance: since 1987, the Group has had a dual governance system with both Management and Supervisory Boards, in the belief that this would ensure a better balance of powers for the benefit of all stakeholders. Going further than any legal requirements, Publicis applied the principle of gender-balanced representation within its Supervisory Board from 2012, making Publicis Groupe SA one of the first groups to apply gender parity within its Board. The quality of the Board's work is guaranteed by the strong commitment of its members and made easier by the work of four committees: a Compensation Committee, an Appointments Committee, and a Strategy and Risk Committee, separate from the Audit Committee.

In September 2014, the new *Directoire* was appointed and the "*Directoire* +" was established, with a view to preparing a new generation for the Management of the Group.

Mr. Arthur Sadoun will succeed Mr. Maurice Lévy as Chairman of the Management Board from June 1, 2017 and will be joined by Mr. Steve King who will become a member of the Management Board at the same date. Mr. Maurice Lévy will be proposed as Chairman of the Supervisory Board of Publicis Groupe SA subject to his appointment as a Board member by the General Shareholders' Meeting of May 31, 2017.

2.1.1 Supervisory Board and Management Board

The Company is a French joint-stock limited liability company (*société anonyme*) with a Management Board (*Directoire*) and a Supervisory Board (*Conseil de surveillance*). The members of the Management Board and Supervisory Board are collectively referred to as "corporate officers" in this document.

2.1.1.1 Composition of the Supervisory Board as of December 31, 2016

The Supervisory Board had 12 members as of December 31, 2016, of which five hold foreign nationalities. There is gender parity.

The table below provides a summary of the Supervisory Board's composition as of December 31, 2016:

Name	Age	Nationality	First appointment	End of term of office	Member of the Appointments Committee	Member of the Compensation Committee	Member of the Audit Committee	Member of the Strategy and Risk Committee
Élisabeth Badinter Chairperson of the Board	72	French	11/27/1987 4/19/1996	Shareholders' Meeting 2018	• (P)			•
Sophie Dulac Vice-Chairperson of the Board	59	French	6/25/1998 6/17/1999	Shareholders' Meeting 2020				
Simon Badinter	48	French	6/17/1999	Shareholders' Meeting 2017				
Claudine Bienaimé	77	French	6/3/2008	Shareholders' Meeting 2018		•	•	
Jean Charest	58	Canadian	5/29/2013	Shareholders' Meeting 2017	•		• (P)	
Michel Cicurel	69	French	6/17/1999	Shareholders' Meeting 2018	•	• (P)		
Thomas H. Glocer	57	US	5/25/2016	Shareholders' Meeting 2020		•		
Jerry A. Greenberg	52	US	5/27/2015	Shareholders' Meeting 2019		•		•
Marie-Josée Kravis	67	US	6/1/2010	Shareholders' Meeting 2020	•			• (P)
André Kudelski	56	Swiss	5/25/2016	Shareholders' Meeting 2020			•	
Marie-Claude Mayer	69	French	6/1/2010	Shareholders' Meeting 2019				•
Véronique Morali	58	French	6/1/2010	Shareholders' Meeting 2019		•	•	

(P): Committee chairperson

Attendance of members of the Supervisory Board at Board meetings and Committee meetings in 2016:

Name	Supervisory Board	Appointments Committee	Compensation Committee	Audit Committee	Strategy and Risk Committee
Élisabeth Badinter Chairperson of the Board	100%	100%			100%
Sophie Dulac Vice-Chairperson of the Board	86%				
Simon Badinter	100%				
Claudine Bienaimé	100%		89%	100%	
Jean Charest	100%	100%		100%	
Michel Cicurel	86%	100%	100%		
Thomas H. Glocer	75%		100%		
Jerry A. Greenberg	100%		100%		100%
Marie-Josée Kravis	100%	67%			100%
André Kudelski	100%			67%	
Marie-Claude Mayer	100%				100%
Véronique Morali	100%		78%	80%	
Amaury de Seze*	100%	100%	100%		
Average overall attendance rate	**96%**	**93%**	**94%**	**87%**	**100%**

* *End of term of office on May 25, 2016*

Élisabeth Badinter

- Chairperson of the Supervisory Board
- Chairperson of the Appointments Committee
- Member of the Strategy and Risk Committee

Born on March 5, 1944, French National

First appointment: November 27, 1987

End of term of office: Annual Ordinary General Shareholders' Meeting 2018

Publicis Groupe SA

133, avenue des Champs-Élysées

75008 Paris

France

Biography

Élisabeth Badinter is the daughter of Marcel Bleustein-Blanchet, Publicis Groupe's founder. She is a qualified philosophy teacher, specializing in the 18th century, and has also lectured at the École Polytechnique. She keeps a close watch on changing mentalities and morals, and has authored numerous essays. She is a member of the sponsorship committee of the *Coordination pour l'éducation à la non-violence et à la paix* (Coordination for education of non-violence and peace). Élisabeth Badinter joined the Supervisory Board in 1987 and has chaired it since 1996.

Other offices and positions held within the Group

None

Main offices and positions held outside the Group

- Writer
- Chairperson of the Fondation Marcel Bleustein-Blanchet pour la Vocation (France)

Offices and positions held outside the Group in the last five years

- Position listed above

Sophie Dulac

- Vice-Chairperson of the Supervisory Board

Born on December 26, 1957, French National

First appointment: June 25, 1998

End of term of office: Annual Ordinary General Shareholders' Meeting 2020

Les Écrans de Paris

60, rue Pierre Charron

75008 Paris

France

Biography

Granddaughter of Marcel Bleustein-Blanchet and niece of Élisabeth Badinter. After several years in the public relations sector, Sophie Dulac, a graduate in psychographology, continued her career by founding and managing a recruitment consultancy firm. Since 2001, she has chaired the movie theater company, Les Écrans de Paris. She also manages the film production and distribution companies, Sophie Dulac Productions and Sophie Dulac Distribution. Since 2012, Sophie Dulac is the founder and Chairperson of the Champs-Élysées Film Festival.

Other offices and positions held within the Group

None

Main offices and positions held outside the Group

- Chairperson: Les Écrans de Paris SAS (France), SD Cinéma SAS (France)
- Manager: Sophie Dulac Productions SARL (France), Sophie Dulac Distributions SARL (France), Marceau Media SARL (France)
- Vice-Chairperson of the Board of Directors: CIM de Montmartre (Association) (France)
- Chairperson: Association Champs-Élysées Film Festival (France)

Offices and positions held outside the Group in the last five years

Positions listed above, as well as the following positions:

- Chairperson: SCI Saint Lambert Holding SAS (France) (term expired in 2016)
- Manager: SD Classic SARL (France) (term expired in 2015)

Simon Badinter

- Member of the Supervisory Board

Born on June 23, 1968, French National

First appointment: June 17, 1999

End of term of office: Annual Ordinary General Shareholders' Meeting 2017

Publicis Groupe SA

133· avenue des Champs-Élysées

75008 Paris

France

Biography

Son of Élisabeth Badinter, Simon Badinter has served as Director of International Development (1996), member of the Management Board (1999-2013) and Chairman (2003-2011) within Médias et Régies Europe, as well as Chairman of Media Regies America until 2013. Today, Simon Badinter hosts a radio talk show called "The Rendezvous", which airs in 25 major cities in the United States. Since January 1, 2017, he also hosts a TV show for the FYI channel in the United States, and is a member of the Board of Directors of Médiavision et Jean Mineur.

Other offices and positions held within the Group

- Director: Mediavision et Jean Mineur SA (France)

Main offices and positions held outside the Group

- Host of "The Rendez-Vous" radio show and a TV show (United States)
- Chairman and Chief Executive Officer: Simbad Productions LLC (United States)

Offices and positions held outside the Group in the last five years

Positions listed above

Claudine Bienaimé

- Member of the Supervisory Board
- Member of the Audit Committee
- Member of the Compensation Committee

Born on November 23, 1939, French National

First appointment: June 3, 2008

End of term of office: Annual Ordinary General Shareholders' Meeting 2018

Publicis Groupe SA

133, avenue des Champs-Élysées

75008 Paris

France

Biography

Claudine Bienaimé joined Publicis in 1966 at the Technical Department, then managed the Internal Control department before becoming Secretary General of Publicis Conseil (1978) as well as Chairperson of the Media France solution hub (1995). Appointed Secretary General of Publicis Groupe in 2001, and Member of the Management Board from 2004 to the end of 2007, she supervised the Group's HR, legal and internal audit functions. Since June 2008, she has been a member of the Supervisory Board and of two Board committees. She is also Director of Gévelot SA (an industrial group listed on Alternext).

Other offices and positions held within the Group

None

Main offices and positions held outside the Group

- Director: Gévelot SA, listed company (France), P. C. M. SA (France), Gévelot Extrusion SA (France)
- Chairperson and Chief Executive Officer: Société Immobilière du Boisdormant SA (France)
- Deputy Chief Executive Officer and Director: Rosclodan SA (France), Sopofam SA (France)
- Manager: SCI Presbourg Etoile (France)

Offices and positions held outside the Group in the last five years

Positions listed above and the following position:

- Director: Gurtner SA (France) (term expired in February 2015)

Jean Charest

- Member of the Supervisory Board
- Chairman of the Audit Committee
- Member of the Appointments Committee

Born on June 24, 1958, Canadian National

First appointment: May 29, 2013

End of term of office: Annual Ordinary General Shareholders' Meeting 2017

McCarthy Tétrault

Bureau 2500

1000, rue de la Gauchetière Ouest

Montreal Quebec H3B 0A2

Canada

Biography

A trained lawyer, Jean Charest was elected to Canada's House of Commons in 1984. At age 28, he was appointed Minister of State for Young People. He was also Minister for the Environment (leading the Canadian delegation at the Rio Earth Summit in 1992), Minister for Industry, Deputy Prime Minister of Canada then Prime Minister of Quebec from 2003 to 2012. He is currently a partner in McCarthy Tétrault S.E.N.C.R.L., s.r.l and a member of the Queen's Privy Council for Canada.

Other offices and positions held within the Group

None

Main offices and positions held outside the Group

- Partner: Senior Lawyer and Strategic Advisor: Cabinet McCarthy Tétrault (Canada)
- Chairman of the Board of Directors: Windiga Energie, Inc. (Canada)
- Chairman of the Governors' Council: L'Idée Fédérale (Canada)
- Member of the Advisory Board: Woodraw Wilson Center – Canada Institute (Canada), Canadian Global Affairs Institute (Canada), Forum africa (Canada)
- Member of the panel of experts: Forum des politiques publiques du Canada (Canada)
- Member of the Canadian group of the Trilateral Commission (Canada)
- Advisor: Canada's Ecofiscal Commission (Canada)
- Director: Asia Pacific Foundation (Canada)
- Honorary Chairman of the Board of Directors: Canada ASEAN Business Council (Singapore)
- Member of the Supervisory Board: Tikehau Capital SCA (France)
- Member: Canadian Council of the North American Forum (Canada)
- Permanent representative member: Chardi, Inc. (Canada)

Offices and positions held outside the Group in the last five years

Positions listed above, as well as the following positions:

- National Co-Chairman and spokesperson: Mouvement Canada 2017 Redonner (Canada) (term expired in January 2016)
- Chairman of the Steering Committee: Partnership for Natural Resources Trade (Canada) (term expired in 2015)
- Prime Minister of Quebec (Canada) (term expired in September 2012)
- Deputy for Sherbrooke (Canada) (term expired in September 2012)

Michel Cicurel

- **Member of the Supervisory Board**
- **Chairman of the Compensation Committee**
- **Member of the Appointments Committee**

Born on September 5, 1947, French National

First appointment: June 17, 1999

End of term of office: Annual Ordinary General Shareholders' Meeting 2018

Michel Cicurel Conseil

46, rue Pierre Charron

75008 Paris

France

Biography

Former student at Sciences Po Paris and ENA, Michel Cicurel has held numerous positions during his career: From 1979 to 1982, he was mission head, then Chief of Staff of the Director of the French Treasury. In 1988, he became the Deputy CEO of Compagnie bancaire (founder of Cortal), then became part of the management of the Danone Group and Cerus. Starting in 1999, Michel Cicurel was appointed Chairman of the Management Board of the Cie Financière E. de Rothschild Banque. Michel Cicurel is currently the founding Chairman of the La Maison Group.

Other offices and positions held within the Group

None

Main offices and positions held outside the Group

- Chairman: Michel Cicurel Conseil SAS (France)
- Chairman of the Management Board: La Maison (Luxembourg)
- Chairman of the Board of Directors: Banque Leonardo SA (France)
- Vice-Chairman of the Board of Directors: Coe-Rexecode (Association) (France)
- Director, Chairman of the Accounts Committee and Member of the Corporate Officers' Compensation Committee: Bouygues Telecom SA, listed company (France)
- Director and Chairman of the Investment Committee: Cogepa/DF Synergies SA (France)

Offices and positions held outside the Group in the last five years

Positions listed above, as well as the following positions:

- Director, Member of the Compensation Committee and Member of the Appointments and Corporate Governance Committee: Société Générale SA, listed company (France) (term expired in May 2016)
- Chairman of the Management Board: La Compagnie Financière Edmond de Rothschild Banque SA (France) (term expired in May 2012), Compagnie Financière Saint-Honoré SA (France) (term expired in May 2012)
- Chairman of the Board of Directors: ERS SA (France) (term expired in May 2012), Edmond de Rothschild Investment Services Limited (Israel) (term expired in April 2012), Edmond de Rothschild SGR Spa (Italy) (term expired in April 2012),
- Chairman of the Supervisory Board: Edmond de Rothschild Corporate Finance SAS (France) (term expired in May 2012)
- Vice-Chairman of the Supervisory Board: Edmond de Rothschild Private Equity Partners SAS (France) (term expired in May 2012)
- Member of the Supervisory Board: SIACI Saint Honoré SA (France) (term expired in May 2012), Milestone SAS (France) (term expired in May 2012)
- Director: Banque Privée Edmond de Rothschild SA (Switzerland) (term expired in May 2012), Edmond de Rothschild Limited (United Kingdom) (term expired in May 2012)
- Permanent representative of La Compagnie Financière Edmond de Rothschild Banque and Chairman of the Board of Directors: Edmond de Rothschild Asset Management SAS (France) (term expired in May 2012)
- Permanent representative of La Compagnie Financière Edmond de Rothschild Banque in: EDRIM Solutions (France) (term expired in May 2012)
- Permanent representative of Compagnie Financière Saint-Honoré in Cogifrance SA (France) (term expired in May 2012)
- Observer of Paris-Orléans SA, listed company (France) (term expired in June 2012)

Thomas H. Glocer

- Member of the Supervisory Board
- Member of the Compensation Committee

Born on October 8, 1959, US National

First appointment: May 25, 2016

End of term of office: Annual Ordinary General Shareholders' Meeting 2020

Angelic Ventures LP

845 Third Avenue

New York, NY 10022

United States

Biography

Thomas H. Glocer was a corporate lawyer within the Davis Polk & Wardwell law firm before joining Reuters in 1993. He was appointed Chairman and CEO of Reuters in 2001 then from April 2008 to December 2011, Chairman and CEO of Thomson Reuters Corp. He is the founder and Managing Partner of Angelic Ventures LP, focusing on early stage investments in the financial technology, cyberdefense and healthcare sectors. He is also a member of the Board of Directors of Morgan Stanley and Merck & Co.

Other offices and positions held within the Group

None

Main offices and positions held outside the Group

- Founder and Managing Partner: Angelic Ventures LP (United States)
- Chief Executive Officer: Capitolis, Inc. (United States)
- Director: Merck & Co., Inc., listed company (United States), Morgan Stanley, listed company (United States), K2 Intelligence, Inc. (United States), Atlantic Council (United States)
- General Partner: Communitas Capital LLC (United States)
- Member of the Board of Trustees: Cleveland Clinic (United States)
- Member: President's Council on International Activities at Yale University (United States), European Business Leaders Council – EBLC – (United States),
- Member of the Advisory Committee: Columbia Global Center, Paris (United States),
- Member of the International Advisory Group: Linklaters LLP (United Kingdom)

Offices and positions held outside the Group in the last five years

Positions listed above, as well as the following positions:

- Director: Adfin Solutions (United States) (term expired in May 2016), Council on Foreign Relations (United States) (term expired in July 2016)

Jerry A. Greenberg

- Member of the Supervisory Board
- Member of the Strategy and Risk Committee
- Member of the Compensation Committee

Born on January 6, 1965, US National

First appointment: May 27, 2015

End of term of office: Annual Ordinary General Shareholders' Meeting 2019

Sapient

131 Dartmouth Street

Boston, MA 02116

United States

Biography

An economics graduate from Harvard University, Jerry A. Greenberg founded Sapient in 1991 with J. Stuart Moore. He was the Co-Chairman of the Board of Directors and the Co-Chief Executive Officer up to 2006. In 2010 he came back to the Board of Directors of Sapient and became the Co-Chairman from 2012 to 2015.

Other offices and positions held within the Group

None

Main offices and positions held outside the Group

- Vice-Chairman of the Board of Trustees: Brentwood School (United States)
- Chairman and Chief Executive Officer: Sushi Nozawa LLC (United States)

Offices and positions held outside the Group in the last five years

Positions listed above and the following position:

- Co-Chairman and Director: Sapient Corporation (United States) (term expired in February 2015)

Marie-Josée Kravis

- Member of the Supervisory Board
- Chairperson of the Strategy and Risk Committee
- Member of the Appointments Committee

2

Born on September 11, 1949, US National

First appointment: June 1, 2010

End of term of office: Annual Ordinary General Shareholders' Meeting 2020

625 Park Avenue

New York, NY 10065

United States

Biography

Marie-Josée Kravis is an economist specializing in the analysis of public policy and strategic planning. She began her career as a financial analyst at Power Corporation of Canada and then worked with the Solicitor General of Canada and the Canadian Ministry of Public Services and Procurement.

Other offices and positions held within the Group

None

Main offices and positions held outside the Group

- Chairperson: New York Museum of Modern Art – MoMa – (United States)
- Vice-Chairperson of the Board of Directors and Senior Researcher: Hudson Institute (United States)
- Director: LVMH Moët Hennessy Louis Vuitton SA, listed company (France)
- Vice-Chairperson of the Board and Member of the Executive Committee: Memorial Sloan Kettering Cancer Center (United States)
- Chairperson of the Board of Directors: Sloan Kettering Institute (United States)
- Member of the International Advisory Committee: The Federal Reserve Bank of New York (United States)
- Journalist

Offices and positions held outside the Group in the last five years

Positions listed above and the following position:

- Director: Qatar Museum Authority (Qatar) (term expired in 2014)

André Kudelski

- Member of the Supervisory Board
- Member of the Audit Committee

Born on May 26, 1960, Swiss national

First appointment: May 25, 2016

End of term of office: Annual Ordinary General Shareholders' Meeting 2020

Kudelski SA

22-24, route de Genève

P.O. Box 134

1033 Cheseaux-sur-Lausanne

Switzerland

Biography

André Kudelski began his career in 1984 within the Kudelski SA company as an R&D engineer. In 1989, he became Director of Nagravision SA before succeeding his father, Stefan Kudelski, in 1991 as Chairman and Deputy Director of the Kudelski Group. André Kudelski is a member of the Board of Directors of HSBC Private Banking Holdings (Switzerland) SA and first Vice-Chairman of Geneva International Airport. He is elected Chairman of the Board of Directors of Innosuisse, the Commission for Technology and Innovation. Previously, he was a member of the Board of Directors of Nestlé, Dassault Systèmes and Edipresse SA. André Kudelski has received numerous distinctions, including the title of "Global Leader for Tomorrow" from the World Economic Forum in 1995 and an Emmy® Award in 1996 from the National Academy of Arts and Sciences, recognizing his work in controlling access to television.

Other offices and positions held within the Group

None

Main offices and positions held outside the Group

- Chairman and Deputy Director: Kudelski SA, listed company (Switzerland), Nagra Plus SA (Switzerland)
- Chairman of the Board of Directors: Conax AS (Norway), SmarDTV SA (Switzerland), Innosuisse (Switzerland)
- Co-Chairman: NagraStar LLC (United States)
- Chairman and Director: Restaurant de l'Hôtel de Ville Benoît Violier SA (Switzerland)
- Vice-Chairman: Geneva International Airport (Switzerland), Swiss-American Chamber of Commerce (Switzerland)
- Member of the Supervisory Board: Skidata AG (Austria)
- Director: HSBC Private Banking Holdings SA (Switzerland), RSH Quality Food Concept SA (Switzerland), Automotive Trade Finance SA (Switzerland), Sunset Music SA (Switzerland)
- Deputy Director: Nagravision SA (Switzerland)
- Member: Switzerland Economics Committee (Switzerland)
- Member of the Board: Foundation of the École Polytechnique Fédérale de Lausanne (Switzerland)

Offices and positions held outside the Group in the last five years

Positions listed above, as well as the following positions:

- Director and Member of the Audit Committee: Nestlé SA, listed company (Switzerland) (term expired in April 2013)
- Director, Member of the Audit Committee and Member of the Compensation and Appointments Committee: Dassault Systèmes SA, listed company (France) (term expired in May 2013)
- Director and Chairman of the Audit Committee: Edipresse SA, listed company (Switzerland) (term expired in September 2013)

Marie-Claude Mayer

- Member of the Supervisory Board
- Member of the Strategy and Risk Committee

Born on October 7, 1947, French National

First appointment: June 1, 2010

End of term of office: Annual Ordinary General Shareholders' Meeting 2019

Publicis Groupe SA

133, avenue des Champs-Élysées

75008 Paris

France

Biography

- Marie-Claude Mayer's career began in 1972 at Publicis Conseil. She was appointed Director of Clientele then Executive Vice President of Publicis Conseil. In 1998, she was appointed Worldwide Account Director then Global Client Leader to supervise the L'Oréal Group's brands entrusted to Publicis Communications in over 70 countries. Since 2009, she has been a member of the Shareholders' Committee for the Women's Forum for Economy and Society.

Other offices and positions held within the Group

- Senior Vice-Chairperson: Publicis Conseil SA (France)
- Representative of Multi Market Services France Holdings on the Shareholders' Committee of Wefcos SAS (France)
- Member of the Executive Committee: Étoile Restauration SAS (France)

Main offices and positions held outside the Group

None

Offices and positions held outside the Group in the last five years

None

Véronique Morali

- Member of the Supervisory Board
- Member of the Compensation Committee
- Member of the Audit Committee

2

Born on September 12, 1958, French National

First appointment: June 1, 2010

End of term of office: Annual Ordinary General Shareholders' Meeting 2019

Webedia

2, avenue Paul-Vaillant-Couturier

92300 Levallois-Perret

France

Biography

- After Sciences Po Paris and the ESCP, Véronique Morali entered ENA and the Finance Inspectorate, which she left in 1990 to join Fimalac as Director and Chief Executive Officer. From 2011 to 2014, Véronique Morali was the Chairperson of the Women's Forum for the Economy and Society. Since July 2013, she is the Chairperson of the Management Board of Webedia Media publisher, the European entertainment leader.

Other offices and positions held within the Group

- Representative of Multi Market Services France Holdings on the Shareholders' Committee of Wefcos SAS (France)

Main offices and positions held outside the Group

- Chairman of the Management Board: Webedia SA (France)
- Chairperson: Fimalac Développement (Luxembourg)
- Chief Executive Officer: Webco SAS (France)
- Director and Vice-Chairperson: Fitch Group, Inc. (United States)
- Director: Coca-Cola Entreprises Inc., listed company (United States), SNCF Mobilités (EPIC) (France), Melberries SAS (France)
- Director and Chairperson of the Compensation Committee: Edmond de Rothschild Holding SA (Switzerland)
- Director and Member of the Audit Committee: Edmond de Rothschild SA (France)
- Member of the Supervisory Board, Member of the Audit Committee and Member of the Compensation Committee: Edmond de Rothschild France SA (France)
- Chairperson and Director: Viaeuropa SA (France)
- Member of the Supervisory Board: Edit Place SAS (France), Tradematic SA (France)

Offices and positions held outside the Group in the last five years

Positions listed above, as well as the following positions:

- Member of the Supervisory Board of investissements d'avenir
- Member of the Observatoire de la parité entre les femmes et les hommes (Observatory on gender equality)
- Director: Fimalac SA, listed company (France) (term expired in 2014), Financière Allociné SA (France) (term expired in 2014), Fitch, Inc. (United States) (term expired in 2015),
- Permanent representative of Fimalac Développement at: Groupe Lucien Barrière SAS (France) (term expired in 2014)
- Founding Chairperson: TF Co (formerly Femmes Associées SAS) (France) (term expired in December 2013)
- Member of the Elle business foundation (term expired in 2013)
- Member of the association: Le Siècle (term expired in 2014)
- Director and Member of the Compensation Committee: Alcatel-Lucent (France) (term expired in 2015)
- Founder and Chairwoman of the Association: Force Femmes (term expired in 2015), Terrafemina (France) (term expired in 2016)
- Member of the Government-owned entity: the Réunion des musées nationaux et du Grand Palais des Champs-Élysées (Rmn GP) (term expired in 2015)
- Manager: Fimalac Services Financiers (non-commercial company) (term expired in 2015), Fimalac Tech Info (non-commercial company) (term expired in 2015)

2.1.1.2 Composition of the Management Board as of December 31, 2016

As of December 31, 2016, the Management Board comprises three members: Maurice Lévy, Jean-Michel Etienne and Anne-Gabrielle Heilbronner. The members of the Management Board are appointed for a term of office of four years expiring on September 14, 2018. However, the functions of Maurice Lévy will expire during the General Shareholders' Meeting called to approve the financial statements for the financial year ending on December 31, 2016.

Maurice Lévy

- **Chairman of the Management Board**

Born on February 18, 1942, French National

First appointment: November 27, 1987

End of term of office: September 14, 2018

Publicis Groupe SA

133, avenue des Champs-Élysées

75008 Paris

France

Biography

Maurice Lévy joined Publicis Groupe in 1971 as IT Director. In 1975, he was appointed Executive Vice President of Publicis Conseil flagship of the Group, progressing through all levels until his appointment as Chairman of the Management Board in 1987. Throughout his career, Maurice Lévy engaged the Group in decisive strategic phases. He steered the accelerated globalization of the Group starting in 1996. In 2001, the Publicis Groupe's globalization picked up more steam with the acquisition of Saatchi & Saatchi, then Bcom3 (as well as Leo Burnett, Starcom, Mediavest) in 2002. The obligatory move into the digital world began with the acquisition of Digitas (2006), followed by Razorfish (2009), and Rosetta (2011). The acquisition of Sapient at the beginning of 2015 opened up Publicis, beyond its core business, to new possibilities in marketing, omni-channel commerce and consulting. Maurice Lévy co-founded the Institut français du cerveau et de la Moelle Epinière (ICM) in 2005 and today chairs the Board of Directors of numerous organizations, including the Peres Center For Peace and Innovation, and since October 2015, the Institut Pasteur-Weizmann. He has also received numerous distinctions for his work and his fight for tolerance. He is *Commandeur de la Légion d'Honneur* and *Grand Officier de l'Ordre National du Mérite.*

Other offices and positions held within the Group

- Director: MMS USA Holdings, Inc. (United States), MMS USA Investments, Inc. (United States), BBH Holdings Ltd (United Kingdom), Jana Mobile, Inc. (United States)
- Management Board Member: Publicis Groupe US Investments LLC (United States)

Offices held outside the Group

- Chairman of the Supervisory Board: Iris Capital Management SAS (France)
- Member of the Global Advisory Board: Amundi SA, listed company (France)

Main offices and positions held outside the Group

- Founding Member and Director: Brain and Spine Institute (Institut du Cerveau et de la Moelle épinière) (ICM) (France)
- Co-Chairman: Friends of the ICM Committee (France)
- Chairman of the French Committee of: Weizmann Science Institute (Israel)
- Chairman of the Board of Directors: Conseil Pasteur Weizmann (association) (France)
- Board Member: The Weizmann Institute (Israel)
- Chairman: Les Amis Français du Peres Center for Peace and Innovation (endowment fund) (France)

Offices and positions held outside the Group in the last five years

Positions listed above, as well as the following positions:

- Member of the Supervisory Board: Compagnie Financière Edmond de Rothschild Banque SA (term expired in August 2013), Deutsche Bank AG (term expired in May 2012)
- Board Member: Foundation of the World Economic Forum Geneva (term expired in August 2013)
- Chairman of the Association Française des Entreprises Privées (Afep) (term expired in June 2012)

Positions held outside the Group in the last five years:

Positions listed above, as well as the following position:

- Director: Les Arts décoratifs (term expired in March 2013)

Jean-Michel Etienne

• **Member of the Management Board**

Born on November 2, 1951,
French National

First appointment: July 1, 2010

End of term of office:
September 14, 2018

Publicis Groupe SA

133, avenue des Champs-Élysées

75008 Paris

France

Biography

Jean-Michel Etienne began his career as an auditor with Price Waterhouse (1975-1980). He joined the Financial Department of Renault Group where he occupied several functions. From 1988 to 1990, he was Accounting Director at Valeo before becoming planning and internal control Director for the Pinault Group. In 1991, within CarnaudMetalbox, he was appointed Group Vice President and Group Financial Controller. He joined Publicis Groupe in September 2000 as Group Finance Director. In 2006, he was appointed Executive Vice President – Group Finance. Since 2010, he has been a member of the Publicis Groupe's Management Board.

Other offices and positions held within the Group

- Group Executive Vice-President, Group Finance: Publicis Groupe SA
- Chairman and Chairman of the Executive Committee: Multi Market Services France Holdings SAS (France)
- Chairman: Publicis Finance Services SAS (France), MMS Mexico Holdings S de RL de CV (Mexico), Financière Relaxnews SAS (France), SWELG Holding AB (Sweden)
- Chairman and Director: Multi Market Services Canada Holdings, Inc. (Canada), TMG Mac Manus Canada, Inc. (Canada)
- Chairman of the Board of Directors: MMS Italy Holdings S.r.l. (Italy)
- Vice-Chairman: Lion Re:Sources Iberia S.L. (Spain)
- Permanent representative of Multi Market Services France Holdings SAS in Publicis Media SA (formerly VivaKi Performance) (France), Phonevalley SA (France)
- Director: Multi Market Services Australia Holdings Pty Limited (Australia), PG Lion Re:Sources Australia Pty Limited (Australia), Publicis Communication Pty Limited (Australia), Publicis Groupe Holdings BV (Netherlands), MMS Netherlands Holdings BV (Netherlands), Publicis Groupe Investments BV (Netherlands), Publicis Holdings BV (Netherlands), Saatchi & Saatchi Limited (United Kingdom), MMS UK Holdings Limited (United Kingdom), Lion Re:Sources UK Limited (United Kingdom), ZenithOptimedia International Limited (United Kingdom), Saatchi & Saatchi Holdings Limited (United Kingdom), MMS USA Holdings, Inc. (United States), MMS USA Investments, Inc. (United States), BBH Holdings Ltd (United Kingdom), MMS Multi Market Services Ireland Limited DAC (Ireland), MMS Multi Euro Services Limited DAC (Ireland), US International Holding Company, Inc. (United States)
- Board Member: West Wacker Holding Norway AS (Norway)
- Managing Director: MMS Germany Holdings GmbH (Germany), Re: Sources Germany GmbH (Germany)
- Co-Manager: Multi-Market Services Spain Holdings S.L (Spain)

Main offices and positions held outside the Group

- Member of the Board of Directors of ACTEO (France)

Offices and positions held outside the Group in the last five years

- Positions listed above

2

Anne-Gabrielle Heilbronner

• **Member of the Management Board**

Born on January 7, 1969,
French National

First appointment: September 15, 2014

End of term of office:
September 14, 2018

Publicis Groupe SA

133, avenue des Champs-Élysées

75008 Paris

France

Biography

Finance inspector, former student at ENA, Anne-Gabrielle Heilbronner is a graduate of ESCP and Sciences Po Paris, and holds a DEA law degree. She joined the Treasury Directorate in 1999. In 2000, she worked for Euris/Rallye, and then became head of Corporate Finance. From 2004 to 2007, she was Cabinet Director for the Secretary of State for the Reform of the State and then advisor to the Minister for Foreign Affairs. Between 2007 and 2010, she was the Director of Internal Audit & Risk Management at the SNCF. She worked as a Senior Banker for Société Générale Corporate & Investment Banking before she joined the Publicis Groupe in 2012 where she is Secretary General (Human Resources, Legal, Procurement, Audit, Risk Management and Internal Control) and since 2014 she has been a member of the Management Board.

Other offices and positions held within the Group

- Secretary General: Publicis Groupe SA
- Chairperson: Publicis Groupe Services SAS (France)
- Member of the Executive Committee: Multi Market Services France Holdings SAS
- Representative of Multi Market Services France Holdings on the Shareholders' Committee of Wefcos SAS (France)
- Director: Régie Publicitaire des Transports Parisiens Metrobus Publicité SA (France), Somupi SA (France), US International Holding Company Inc. (United States), Publicis Groupe Investments BV (Netherlands), Publicis Groupe Holdings BV (Netherlands), Publicis Holdings BV (Netherlands), BBH Holdings Limited (United Kingdom), Sapient Corporation (United States)

Main offices and positions held outside the Group

None

Offices and positions held outside the Group in the last five years

None

2.1.1.3 Resignations, renewals and appointments during 2016

The term of office as member of the Supervisory Board for Amaury de Seze expired following the General Shareholders' Meeting of May 25, 2016, as he had decided not to request the renewal of his term of office. The Supervisory Board expressed its profound recognition for his commitment and the quality of his participation in all the work of the Board and its Committees, particularly as Chairman of the Compensation Committee.

The General Shareholders' Meeting of May 25, 2016 decided to renew the terms of office as members of the Supervisory Board for Sophie Dulac, Marie-Josée Kravis, Marie-Claude Mayer, Véronique Morali and Michel Cicurel. In accordance with the recommendations of the Afep-Medef Code, the General Shareholders' Meeting voted to stagger the duration of the terms of office to avoid the group renewal of the Supervisory Board. The term of office of Michel Cicurel was renewed for a duration of two years, those of Marie-Claude Mayer and Véronique Morali were renewed for a duration of three years, and those of Sophie Dulac and Marie-Josée Kravis for a duration of four years.

The General Shareholders' Meeting of May 25, 2016 also appointed André Kudelski and Thomas H. Glocer as members of the Supervisory Board for a duration of four years.

The Supervisory Board of May 25, 2016 renewed Sophie Dulac as Vice-Chairperson of the Supervisory Board for the duration of her term of office as Board member.

During its meeting of August 16, 2016, the Management Board noted the resignation of Kevin Roberts from his term of office as member of the Management Board effective from September 1, 2016.

Changes in the composition of the Supervisory Board in 2016:

Board member:	Departure	Renewal	Appointment	Nationality
Sophie Dulac, Vice-Chairperson of the Board		May 25, 2016(1)		French
Michel Cicurel		May 25, 2016(3)		French
Thomas H. Glocer			May 25, 2016(1)	United States
Marie-Josée Kravis		May 25, 2016(1)		United States
André Kudelski			May 25, 2016(1)	Swiss
Marie-Claude Mayer		May 25, 2016(2)		French
Véronique Morali		May 25, 2016(2)		French
Amaury de Seze	May 25, 2016			French

(1) Term of office of four years expiring at the Shareholders' Meeting 2020 called to approve the financial statements for 2019.
(2) Term of office of three years expiring at the Shareholders' Meeting 2019 called to approve the financial statements for 2018.
(3) Term of office of two years expiring at the Shareholders' Meeting 2018 called to approve the financial statements for 2017.

Changes in the composition of the Management Board in 2016:

Member of the Management Board	Departure	Renewal	Appointment	Nationality
Kevin Roberts	September 1, 2016			New Zealand and British national

2.1.1.4 Independence criteria, conflicts of interest

The rules pertaining to corporate governance and the independence criteria adopted by the Company for the members of the Supervisory Board are discussed in Sections 2.1.3 and 2.1.4.

To the best of the Company's knowledge, there are no existing family ties between the Supervisory/Management Board members, except between Élisabeth Badinter, daughter of the founder of Publicis Groupe Marcel Bleustein-Blanchet, her son Simon Badinter, and her niece Sophie Dulac.

Going further than any legal requirements, the Supervisory Board has involved employees in the Group's Governance. Thus, Marie-Claude Mayer, a Group employee, has been a Board member since 2010. In accordance with article L. 225-79-2 of the French Commercial Code, a draft resolution to determine the conditions for appointing the members of the Supervisory Board that represent the employees will be subject to a shareholders' vote during the next General Shareholders' Meeting of May 31, 2017.

To the best of the Company's knowledge, over the past five years:

- no member of the Management Board or the Supervisory Board of Publicis Groupe SA has been convicted of fraud;
- no member of the Management Board or the Supervisory Board has been associated with a bankruptcy, or been subject to a sequestration or liquidation;
- no indictment and/or official public sanction has been pronounced against these people by statutory or regulatory authorities or professional organizations;
- no member of the Management Board or the Supervisory Board of Publicis Groupe SA has been banned by a court of law from acting as member of a corporate body, Management or Supervisory Board of a company issuing securities, nor from taking part in the management or business operations of an issuer.

To evaluate the independence of each of its members, the Supervisory Board follows the criteria in the Afep-Medef Corporate Governance Code with the exception of the criterion limiting the terms of members to 12 years, believing that this limitation is not suitable for Supervisory Boards, whose role is fundamentally different from that of a Board of Directors, for which these criteria were defined.

The Supervisory Board is not responsible for the management of the Company, which falls to the Management Board alone, but for its direction and constant oversight. Because of this role, the Board decided that the concept of the length of the term of office has no effect on the independence, by its very nature, of the supervisory duties that the Board and its members perform. Furthermore, the Board decided that the specific characteristics of the communications sector and its global expansion and technological development mean that experience is crucial for Board members to carry out their responsibilities.

Except as noted under Section 2.3 above, there are not, to the Company's knowledge, any family relationships between any of the members of the Company's Supervisory Board or Management Board, nor any potential conflicts of interest between the members of its Supervisory Board or Management Board. There is no undertaking or agreement concluded by the Company or its subsidiaries with members of its Supervisory Board or the Management Board of the Company providing for benefits to be paid upon termination of their functions, nor any other agreement concluded between the Company, its subsidiaries and these persons, other than those described in Sections 2.2 and 2.3. Except as may be described otherwise in Section 2.3, no appointment as member of the Supervisory Board or the Management Board has been made pursuant to an undertaking made to a major shareholder, client or a supplier of the Company.

2.1.2 The "*Directoire* +"

The "*Directoire* +", created in September 2014, is composed of Group executive managers and assists the *Directoire* with the Company's management.

The "*Directoire* +" comprises the following persons as at January 1, 2017:

- Arthur Sadoun, Chief Executive Officer Publicis Communications;
- Steve King, Chief Executive Officer Publicis Media;
- Rishad Tobaccowala, Strategy & Growth Officer Publicis Groupe;
- Chip Register, Co-Chief Executive Officer Publicis.Sapient.

Chip Register and Alan Wexler as co-Chief Executive Officer of Publicis.Sapient, will take turns being a member of the "*Directoire* +": Chip Register in the first year and Alan Wexler in the following year.

The "*Directoire* +" members are not *Directoire* members. They attend Management Board meetings when they are invited to do so and participate, in an advisory capacity only, in the Board's discussions and work. Consequently, they do not vote on Management Board decisions.

When they are invited to a Management Board meeting, they must ensure the strict confidentiality of all of the points discussed and the information obtained during these meetings.

The "*Directoire* +" members must preserve, in all circumstances, their independence of analysis and judgment; they must notify the *Directoire* of any situation involving a conflict of interest, direct or indirect, even potential, resulting from the other positions and responsibilities which they have within the Group. If such a situation arises, they shall abstain from taking part in the Management Board's discussions and working on the matter concerned.

The *Directoire* and the "*Directoire* +" aim notably to prepare a new generation to take on the role of Management of the Group. Its task is to ensure the smooth implementation of the changes required to optimize use of the Group's resources and transform the Group: a blend of talented individuals providing advertisers with strategic, creative and technological solutions to help them improve both their image and their growth in a world which is constantly changing due to technological innovation.

2.1.3 Operation of the Supervisory Board Committees

In application of the last paragraph of article 16 II of the Company's bylaws, the Supervisory Board wanted to establish four committees, including an Appointments Committee, a Compensation Committee, and a Strategy and Risk Committee separate from the Audit Committee, thereby going beyond the recommendations of the Afep-Medef Code. The detail of the operating conditions for the four Committees is indicated in the second title "Specialized Committees" in the Supervisory Board's internal rules. This document is available for consultation on the Publicis Groupe site (www.publicisgroupe.com).

Each Committee is made up of at least three, and no more than five members who must be natural persons, members of the Supervisory Board and appointed by the Supervisory Board. Members are chosen for their competence and expertise in the committee's scope of work. The Committees may appoint an external consultant, either temporarily or on a permanent basis, whose compensation will be determined by the Committee.

The members of the four Committees are appointed for the duration of their term on the Supervisory Board and may be reelected in the same manner, pursuant to article 13 of the bylaws. Each Committee elects a Chairman from among its members to direct the work of the Committee and to provide reports to the Supervisory Board.

Committee members may be dismissed at the discretion of the Supervisory Board, without any need to give reasons. Appointments and dismissals are communicated by regular mail sent to all members of the committee. At least half of the members of the Committees must be present to validly deliberate. A member may not participate by proxy.

Attendance fees are paid to the members of the Committees for each of the Committee meetings that they attend as set by the Supervisory Board subject to the total maximum annual attendance fees for all of the members of the Supervisory Board as determined by the General Shareholders' Meeting.

2.1.3.1 Appointments Committee

The Appointments Committee is governed by article 7 and seq. of the Supervisory Board's internal rules.

The missions of the Appointments Committee are as follows:

- to propose candidates to the Supervisory Board for the cooption, renewal and appointment of members of Publicis Groupe SA corporate officers by the Supervisory Board or at the General Shareholders' Meeting;
- to study proposals concerning the appointment of the managers of the Group's main subsidiaries or Solutions;
- to monitor the development of the management of the Group's main subsidiaries or Solutions.

The Appointments Committee is currently composed of Élisabeth Badinter, Chairperson of the Committee, Marie-Josée Kravis, Michel Cicurel and Jean Charest. During 2016, Amaury de Seze left the Committee following the expiry of his term of office as member of the Supervisory Board. The Committee went from five to four members. Three members are considered to be independent with regard to the conditions selected by the Supervisory Board: Marie-Josée Kravis, Michel Cicurel and Jean Charest.

The Committee met three times during 2016 and reported on its work to the Supervisory Board. The average attendance rate of its members was 93%. The Committee's main activities in 2016 are presented in Section 2.1.4.1 of the Registration Document.

2.1.3.2 Compensation Committee

The Compensation Committee is governed by article 8 and seq. of the Supervisory Board's internal rules.

The missions of the Compensation Committee are as follows:

- to issue a recommendation on the amount and allocation of attendance fees allocated to members of the Supervisory Board;
- to study and propose to the Supervisory Board the elements of compensation and benefits to executive corporate officers in the Company, and particularly the variable compensation, as well as the attribution of stock subscription or purchase options, performance shares and all other elements of compensation (termination benefits, pension, non-compete clauses...);
- to propose to the Supervisory Board the text of resolutions concerning the compensation of corporate officers to be submitted to the General Shareholders' Meeting;
- in general, to examine the policy of the Management Board on compensation and granting of options, free or performance-based shares or of any similar instruments.

The Compensation Committee is currently composed of Michel Cicurel, Chairman of the Committee, Claudine Bienaimé, Véronique Morali, Jerry A. Greenberg and Thomas H. Glocer. During 2016, Amaury de Seze left the Committee following the expiry of his term of office as member of the Supervisory Board, and Thomas H. Glocer joined the Committee. Out of the five members, four, including the Chairman, are considered to be independent: Claudine Bienaimé, Michel Cicurel, Jerry A. Greenberg and Thomas H. Glocer.

The Committee met nine times during 2016, and reported on its work to the Supervisory Board. The average attendance rate of its members was 94%. The Committee's main activities in 2016 are presented in Section 2.1.4.1 of the Registration Document.

2.1.3.3 Audit Committee

The Audit Committee is governed by articles 6 and seq. of the Supervisory Board's internal rules, which, since June 17, 2016, integrate the new missions of the Committee in application of the European Audit Reform.

The Audit Committee is currently composed of Jean Charest, Chairman of the Committee, Claudine Bienaimé, Véronique Morali and André Kudelski. During 2016, the Committee went from three to four members with the arrival of André Kudelski. Out of the four members, three, including the Chairman, are considered to be independent: Claudine Bienaimé, Jean Charest and André Kudelski. Due to their professional backgrounds, the four members of the Committee have particular expertise in financial and accounting matters. Jean-Paul Morin is the Committee's permanent expert.

The Committee met five times during the 2016 financial year. The average attendance rate of its members was 87%.

The Committee has a sufficient period of time to study the accounts before they are examined by the Supervisory Board. The Audit Committee is regularly informed about the program, the results and corrective measures implemented following the internal audit, the results of auditing assignments and their follow up as well as the principal pending legal disputes and their developments. The committee is also informed about all fraud or fraud attempts of which the Group may have been made aware.

The missions of the Audit Committee are as follows:

- to examine the parent company financial statements and consolidated financial statements, as well as the financial disclosures issued, before they are presented to the Supervisory Board, to monitor their preparation and to formulate, if required, recommendations to guarantee their integrity;
- to supervise the organization and implementation of the Group's audit, to monitor the effectiveness of the internal control and risk management and to verify the accuracy and fairness of the financial statements;
- to issue a recommendation to the Supervisory Board on the choice of statutory auditors proposed for appointment or renewal by the General Shareholders' Meeting under the conditions stipulated by the law, and to ensure their independence;
- on behalf of the Supervisory Board, to authorize the provision of services not included in the missions of legal control as well as the budget to be allocated, in accordance with legal provisions.

The Supervisory Board heard the Audit Committee, which gave its opinion concerning closing the accounts, and, more generally, the internal control procedures and audits. The Committee's main activities in 2016 are presented in Section 2.1.4.1 of the Registration Document.

2.1.3.4 Strategy and Risk Committee

The Strategy and Risk Committee is governed by article 9 and seq. of the Supervisory Board's internal rules.

The Strategy and Risk Committee is composed of Marie-Josée Kravis, Chairperson of the Committee, Élisabeth Badinter, Marie-Claude Mayer and Jerry A. Greenberg. The Committee includes two independent members, including the Chairperson: Marie-Josée Kravis and Jerry A. Greenberg.

The missions of the Strategy and Risk Committee are as follows:

- to examine (in coordination with the Audit Committee), the risks to which the Company is exposed and the policies and corrective measures that will allow it to control and reduce these risks;
- to study the major strategic and growth options available to the Group and decide whether or not they are implemented with respect to transactions likely to affect the Group's strategy as a whole;
- to examine the Group's Corporate Social and Environmental Responsibility strategy and the options selected to implement this strategy.

The Committee met twice in 2016. The attendance rate of its members was 100%.

The Committee's main activities in 2016 are presented in Section 2.1.4.1 of the Registration Document.

2.1.4 Report by the Supervisory Board Chairperson on the preparation and organization of the Supervisory Board's work and internal control procedures

In respect of my role as Chairperson of the Supervisory Board and in accordance with article L. 225-68 paragraph 7 of the French Commercial Code, it is my responsibility to report on the composition of the Board and the application of the principle of gender-balanced representation, the conditions for preparing and organizing the Board's work, as well as the internal control and risk management procedures in place within our Group.

This report was drafted with the support of the Secretary General (particularly the Group's Legal Department, the Internal Audit, Internal Control and Risk Management Department) and the Finance Department.

Publicis Groupe SA refers to the Afep-Medef Code as updated in November 2016, with the exception of the recommendations set out in Section 2.1.6 of this Registration Document. This Corporate Governance Code is available for consultation on the Afep website at www.afep.com. The Afep-Medef Corporate Governance Code was developed for companies governed by a Board of Directors and the Code specifically states that companies with a Management Board and a Supervisory Board should make any necessary modifications.

Publicis Groupe SA applies all of the principles of the Afep-Medef Code and, as a company with a Supervisory Board, adapts them for one of the criteria proposed by the Code to assess the independence of the members of the Supervisory Board. In accordance with the Afep-Medef Code, Publicis Groupe SA explains its situation: the Supervisory Board debated the issue of the independence of its members and analyzed the criteria that it wished to use. The Board has chosen not to follow the criterion limiting the terms of Supervisory Board members to 12 years, believing that this limitation is not suitable for Supervisory Boards, whose role is fundamentally different from that of a Board of Directors, for which these criteria were defined.

The Supervisory Board is not responsible for the management of the Company, which falls to the Management Board alone, but for its direction and constant oversight. Because of this role, the Board decided that the concept of the length of the term of office has no effect on the independence, by its very nature, of the supervisory duties that the Board and its members perform.

Furthermore, the Board decided that the specific characteristics of the communications sector and its global expansion and technological development mean that experience is crucial for Board members to carry out their responsibilities.

Since 2015, the Supervisory Board has enriched and diversified its composition, by strengthening its diversity of international experience. Thus two new independent members, André Kudelski, a Swiss national, and Thomas H. Glocer, a US national, were appointed by the General Shareholders' Meeting of May 25, 2016.

2.1.4.1 Conditions for preparing and organizing the Supervisory Board's work

Since November 27, 1987, Publicis Groupe SA has chosen to function under a Management Board and a Supervisory Board. This structure allows Publicis to separate management activities from supervisory activities and establish evenly balanced powers.

The Supervisory Board has the responsibility of exercising ongoing supervisory authority over the Management Board.

The Management Board is the Company's decision-making body for the Company's business operations.

The General Shareholders' Meeting of June 4, 2007 amended the Company's bylaws, empowering the Supervisory Board to determine each year which transactions referred to in article 12 of the bylaws would require prior approval. At its meeting of February 8, 2017, renewing its discussion of February 10, 2016, the Supervisory Board decided that the purchase or disposal of any real estate, the purchase or disposal of any company whose value exceeded 5% of the Company's equity, and any loan, bond or share issuance exceeding 5% of the Company's equity would be subject to prior approval of the Supervisory Board.

These provisions are also specified in the internal rules of the Supervisory Board, as well as the basic rules such as those concerning the independence of the Board's members, conflicts of interest and confidentiality. The internal rules also establish the terms on which the Board and its four specialized committees operate and the Board's relationship with the Management Board. Effective from June 17, 2016, the Supervisory Board added the missions of the Audit Committee to its internal rules in order to integrate the European Audit Reform.

To prevent insider trading, the Management Board established rules regulating the conduct of the Group's insiders, defining the periods in which trading in Company shares is permitted, which also applies to Supervisory Board members.

The internal rules of the Supervisory Board are available on the Group website: www.publicisgroupe.com.

Composition of the Supervisory Board

During 2016, the Supervisory Board was composed of 11 members, then 12 following the expiry of the term of office of Amaury de Seze and the appointments of André Kudelski and Thomas H. Glocer on May 25, 2016.

The current Board is composed of Élisabeth Badinter, Chairperson of the Board, Sophie Dulac, Vice-Chairperson, Claudine Bienaimé, Marie-Claude Mayer, Véronique Morali, Marie-Josée Kravis, Michel Cicurel, Simon Badinter, Jean Charest, Jerry A. Greenberg, André Kudelski and Thomas Glocer.

The Board has a parity of men and women; more than half of its members are considered independent based on the criteria applied by the Board.

Independence of members

In order to assess the independence of its members, the Supervisory Board used the criteria set out in the Afep-Medef Code, other than – for the reasons explained previously – the criterion on the 12-year term limit, in particular:

- not to be or not to have been during the last five years:
  - an employee or an executive corporate officer of the Company,
  - an employee, executive corporate officer or director of a consolidated company;
- not be an executive corporate officer of a company in which the Group holds, directly or indirectly, a management position, or in which an employee designated as such or an executive corporate officer of the Company (currently or in the past five years) holds a management position;
- not be a client, supplier, business banker or investment banker:
  - that is significant to the Company or the Group,
  - or for which the Company or Group represents a significant part of its business;
- not have a close relative who is a corporate officer;
- have not been an auditor of the Company during the last five years.

The Supervisory Board verified that its independent members had no significant qualitative or quantitative business relations with the Group.

Thus, for Mr. Cicurel, Director of Société Générale up to May 18, 2016, the total amount of euro 280 million of loans granted by Société Générale to the Group (see Section 2.3.1 of this Registration Document) are not considered significant with regard to the Group's total cash assets of euro 4,914 million at December 31, 2016.

According to these criteria, the following members are considered to be independent: Marie-Josée Kravis, Claudine Bienaimé, Jean Charest, Michel Cicurel, Jerry A. Greenberg, André Kudelski and Thomas H. Glocer.

Situation of members of the Supervisory Board with regard to the Afep-Medef Code's independence criteria:

(the criterion is considered to be met when it is identified by √)

	Criterion 1(1)	Criterion 2(2)	Criterion 3(3)	Criterion 4(4)	Criterion 5(5)	Criterion 6(6)	Criterion 7 (7)	Qualification applied by the Board
Élisabeth Badinter	√	√	√		√			Not independent
Sophie Dulac	√	√	√		√		√	Not independent
Simon Badinter	√	√	√		√		√	Not independent
Claudine Bienaimé	√	√	√	√	√	√	√	Independent
Jean Charest	√	√	√	√	√	√	√	Independent
Michel Cicurel*	√	√	√	√	√		√	Independent
Jerry A. Greenberg	√	√	√	√	√	√	√	Independent
Marie-Josée Kravis	√	√	√	√	√	√	√	Independent
Marie-Claude Mayer		√	√	√	√	√	√	Not independent
Véronique Morali		√	√	√	√	√	√	Not independent
André Kudelski	√	√	√	√	√	√	√	Independent
Thomas H. Glocer	√	√	√	√	√	√	√	Independent

* *The Supervisory Board considers that Michel Cicurel, who has over 12 years seniority, is independent due to the reasons indicated above (also see Section 2.1.6 – Application of the Afep-Medef Code: Applying the "Apply or explain" rule).*

(1) *Criterion 1: not to be or not to have been during the last five years: 1) an employee or an executive corporate officer of the Company; 2) an employee, executive corporate officer or director of a consolidated company.*

(2) *Criterion 2: not have cross-directorships.*

(3) *Criterion 3: not have significant business relations.*

(4) *Criterion 4: not have a close relative who is a corporate officer.*

(5) *Criterion 5: have not been an auditor of the Company during the last five years.*

(6) *Criterion 6: not have been a Supervisory Board member for more than 12 years.*

(7) *Criterion 7: not hold more than 10% of share capital or voting rights.*

Functioning

The Board meetings are held in French. A simultaneous translation is available if necessary. The Board met seven times in 2016, with an average attendance rate of 96%. The documents required to examine the items on the agenda are normally sent to Board members a few days in advance, and at least five days in advance when they concern examining the parent company and consolidated financial statements for the financial year. The Management Board is always available to provide clarifications or additional information to any Board member. The Supervisory Board may decide to meet without the presence of the Management Board, particularly with regard to compensation for Management Board members. Meetings are organized with Group executives, particularly to present the new Group organization as part of "The Power of One" and the strategic action plans implemented. In order to facilitate participation by members, particularly those who live overseas, the Supervisory Board has included provisions in its internal rules to allow one or more members to participate in Board meetings by video-conference or other mode of telecommunication in accordance with the law and regulations in force. In article 1.1 of its internal rules, the Board has also set out strict rules concerning conflicts of interest: the principle is that members of the Supervisory Board must be able to exercise their role in a completely independent manner, vis-à-vis each other and vis-à-vis the Management Board, and that each member undertakes, as soon as he or she learns of it, to inform the Board of any conflict of interest, whether actual or potential. No conflicts of interest were identified by either the Board or by any of its members in 2016.

Supervisory Board activity in 2016

The main points examined and decisions made by the Supervisory Board at its meetings during 2016 were as follows:

- During the first part of its meeting of February 10, 2016, Nick Colucci, CEO of Publicis Health Solution, presented the organization and performance of this Solution to Board members. In the second part of the meeting, the Board took note of the management report of the Management Board for the previous year and reviewed the consolidated financial statements and parent company financial statements for 2015, after having heard the Audit Committee and the conclusions of the statutory auditors. The Board renewed the limits on the powers of the Management Board and the annual authorizations for sureties and guarantees. The Board heard the report of the Compensation Committee and was informed by the Management Board of the preparation for the General Shareholders' Meeting of May 25, 2016.
- During its meeting of March 2, 2016, the Board heard the report of the Strategy and Risk Committee. Upon the recommendation of the Appointments Committee and in line with that of the Afep-Medef Code on the staggering of terms of office, the Board decided to propose to the General Shareholders' Meeting of May 25, 2016 to stagger the duration of the terms of office to be renewed for Véronique Morali and Marie-Claude Mayer for three years and for Michel Cicurel for two years, with the renewal for four years of the terms of office of Marie-Josée Kravis and Sophie Dulac. The Board noted Amaury de Seze's decision not to request the renewal of his term of office and expressed its profound recognition for his valuable collaboration. The Board also followed the advice from this Committee, on the proposal of André Kudelski and Thomas H. Glocer as members. For these decisions, and upon the Committee's recommendation, the Board examined the independence of its members and the proposed candidates.

  Without the presence of the Management Board, and after having heard the report of the Compensation Committee, the Board examined and approved the compensation criteria for the Chairman of the Management Board (which, since the 2012 financial year is entirely variable), adopted the variable portion for the compensation of the other Management Board members in respect of 2015 and approved the allocation criteria proposed for the 2016 bonus. The Board also commented on the draft resolutions to be submitted to the General Shareholders' Meeting, adopted the terms of its report on the Management Board's report and the financial statements for the 2015 financial year, and approved the Chairperson's report on the functioning of the Supervisory Board and the internal control and risk management procedures. The Board examined the summary and learned from the conclusions of the annual self-assessment of its work for the 2015 financial year.
- During its meeting of March 14, 2016, without the presence of the Management Board, and upon the recommendation of the Compensation Committee, the Board adopted the variable compensation for the Chairman of the Management Board and revised its review of the quantitative criteria for Jean-Michel Etienne set during the Board meeting of March 2, 2016.
- During its meeting of May 25, 2016, the Board reviewed the composition of its four Committees. The Board took note of the management report of the Management Board of March 31, 2016 and the quarterly parent company and consolidated financial statements for the Company. The Board also heard the report of the Audit Committee and an update of the internal rules for the Board on the role of the Audit Committee was proposed. The Group's position at the end of April 2016, as well as the updated forecasts, were presented to the Board. The Management Board reported the guarantees granted by Publicis Groupe SA to its subsidiaries. The Board heard the report of the Compensation Committee and gave its approval, in particular, on the implementation of the *Directoire* and "*Directoire* +" LTIP 2016-2018 and the LionLead 3 share compensation plan, and confirmed the number of shares that must be held for the duration of the term of office for each of the beneficiary Management Board members.
- During the first part of its meeting of July 20, 2016, Maxime Baffert, CEO of Proximedia, reported on Publicis90 and the Viva Technology event. During the second part of the meeting, the Board took note of the management report of the Management Board of June 30, 2016, and examined the half-yearly parent company financial statements and consolidated financial statements for the Company, after having heard the report of the Audit Committee and the conclusions of the statutory auditors. It was presented with the forecasts updated to end 2016. The Board gave a favorable opinion to the continued presence of the Company in the capital of Metrobus. The Board took note of the report of the Compensation Committee.
- The day of September 14, 2016 was dedicated to meetings with key Group Executives: Anne-Gabrielle Heilbronner, Secretary General of Publicis Groupe and member of the Management Board, Jean-Michel Etienne, Financial Director of Publicis Groupe and member of the Management Board, Rishad Tobaccowala, Chief Strategist Publicis Groupe and member of the "*Directoire* +", Arthur Sadoun, Chief Executive Officer Publicis Communications and member of the "*Directoire* +", Steve King, Chief Executive Officer

Publicis Media and member of the "*Directoire* +", Alan Herrick, Chief Executive Officer Publicis.Sapient and member of the "*Directoire* +", Jarek Ziebinski, Chief Executive Officer Publicis One, presented the new Group organization as part of "The Power of One" concept, in their respective areas of responsibility, to the members of the Supervisory Board. These presentations enabled a better assessment of the actions carried out by these executives and their performance and to better get to know them. The Board then heard the reports of the Strategy and Risk Committee, the Audit Committee and the Compensation Committee and issued a favorable opinion on the principle of a loan refinancing.

- Lastly, at its meeting of November 30, 2016, the Board read the management report by the Management Board on September 30, 2016 and examined the Company's parent company financial statements and consolidated financial statements for the third quarter, after having heard the Audit Committee's report. The Group's position as of the end of October, as well as the updated forecasts, were presented. The Board conducted an annual review of its regulated agreements and commitments signed and authorized previously and which continued to be executed during the 2016 financial year, and considered that the reasons that justified these authorizations remain relevant. The Board was informed of the merger-takeover of Medias & Régies Europe by Multi Market Services France Holdings. Upon the recommendation of the Compensation Committee, the Board approved the financial departure conditions for Kevin Roberts. The Appointments Committee informed the Board of the options envisaged to ensure the Chairman of the Management Board's succession during 2017. The Board ruled on the succession plan.

Assessment of the Supervisory Board

The Supervisory Board performs an annual self-assessment of its work, examins the summary results and draws conclusions. Each member of the Board complets a questionnaire for the self-assessment; the results are then summarized and commented on. Claudine Bienaimé, independent member, carried out this assessment with support from the Legal Department. The analysis of the conclusions of this 2015 assessment was presented during the Supervisory Board meeting of March 2, 2016. This analysis shows that the Board is globally satisfied with its functioning, particularly the change in its composition, with regard to the Management Board and the meeting cycle initiated with the other Group executives. A certain number of suggestions for improvements were proposed for 2016. Thus, the Board will spend more time on strategic changes and on monitoring the Group's transformation. The Board will continue to adapt its composition according to the Group's transformation and reinforce the independence of its members. The Board's specific priority is the retention of talents and the preparation of the Group's future executive management team. The Board notes that its committees function globally well. The main changes selected for the committees are to add a new member to the Audit Committee and to increase the frequency of meetings for the Appointments Committee.

This assessment for the 2016 financial year was also carried out by Claudine Bienaimé, and the conclusions presented during the meeting of March 1, 2017.

The Supervisory Board's special committees

Four special committees (the Appointments Committee, the Compensation Committee, the Audit Committee and the Strategy and Risk Committee) assist the Supervisory Board in performing its duties with the aim of improving Group corporate governance. On May 25, 2016, the committees were reorganized due to the expiry of the term of office as member of the Supervisory Board of Amaury de Seze, Chairman of the Compensation Committee and member of the Appointments Committee, and the appointments of André Kudelski and Thomas H. Glocer. The operational rules of these four committees are included in the internal rules and are described in Section 2.1.3 of the Registration Document.

The Appointments Committee is currently composed of Élisabeth Badinter, Chairperson of the Committee, Marie-Josée Kravis, Michel Cicurel and Jean Charest. Three of its members are considered to be independent with regard to the criteria applied by the Supervisory Board.

The Appointments Committee met three times during 2016; the average attendance rate was 93%. The Appointments Committee studied the independence of Board members and confirmed the criteria to assess this independence. With the aim of renewing the composition of the Board and increasing its degree of independence, the Committee discussed the composition of the Board and recommended that the Supervisory Board propose the renewal of the expiring terms of office and the appointment of two new members at the General Shareholders' Meeting of May 25, 2016. To avoid the group renewal of the Board, and in line with the recommendations of the Afep-Medef Code on staggering the renewal of terms of office, the Committee recommended to the Supervisory Board to propose at the Shareholders' Meeting a modification to the bylaws to allow the staggering of the duration of certain terms of office to be renewed in 2016. The Committee was consulted on the appointments of Solutions' executives. During 2016, the main mission of the Committee was to attentively examine the candidacy of key Group executives as part of the selection process with regard to the Chairman of the Management Board's succession. Discussions were carried out with the Chairman of the Management Board on the different options envisaged to ensure his succession and the Group's future.

The Compensation Committee is currently composed of Michel Cicurel, Chairman of the Committee, Claudine Bienaimé, Véronique Morali, Jerry A. Greenberg and Thomas H. Glocer. The Committee has four independent members with regard to the criteria applied by the Supervisory Board and is chaired by one of them.

The Compensation Committee met nine times during 2016, with an average attendance rate of 94%. During 2016, the Committee examined issues relating to the Chairman's compensation (wholly variable since 2012), and that of the Management Board members (fixed and variable portions) and proposed decisions to the Supervisory Board to be taken concerning them. The Committee also examined issues relating to the share compensation policy, particularly the launch of LionLead3 and the implementation of an annual LTIP and the LTIP 2016-2018 which concerns members of the *Directoire* and "*Directoire* +". The Committee took note of the bonus policy given the Group's new organization and was consulted on a new bonus mechanism for the Group. The Committee examined the compensation systems for key Group employees and their possible evolution. The Committee made recommendations to the Supervisory Board on the financial departure conditions for Kevin Roberts.

The rules and principles adopted by the Supervisory Board, upon the recommendation of the Compensation Committee, to determine compensation and benefits of any nature granted to corporate officers are described in Section 2.2 of the Registration Document for the 2016 financial year. The key features of the stock option and performance share allocation policy are described in Note 28 to the consolidated financial statements presented in the Registration Document.

The Strategy and Risk Committee is composed of Marie-Josée Kravis, Chairperson of the Committee, Élisabeth Badinter, Marie-Claude Mayer and Jerry A. Greenberg.

The Strategy and Risk Committee met twice during 2016; the attendance rate was 100%. The committee has two independent members and is chaired by one of them. The Committee reviewed the Group's risk mapping, in particular that associated with the risks linked to the Group's transformation and the integration of Sapient, and the measures implemented to limit these risks. The Committee examined the stock market situation of Publicis Groupe. It discussed the major strategic options in terms of growth and acquisitions.

The Audit Committee is currently composed of Jean Charest, Chairman of the Committee, Claudine Bienaimé, Véronique Morali and André Kudelski. Jean-Paul Morin is the Committee's permanent expert. Three Committee members are independent, including the Chairman. Due to their professional backgrounds, the four members of the Committee have particular expertise in financial and accounting matters.

The Audit Committee met five times during 2016, with an average attendance rate of 87%. This committee supervises the organization and implementation of the Group's audit and the quality of internal control, and it verifies the accuracy and fairness of the financial statements. The Audit Committee is regularly informed about the program, the results and corrective measures implemented following the internal audit, the results of auditing assignments and their follow up as well as the principal pending legal disputes and their developments. It is also informed about all fraud or fraud attempts of which the Group may have been made aware. It also ensures that the statutory auditors' recommendations are implemented and gives its opinion on the budgets for the Group's external audit. During 2016, the Audit Committee listened to the statutory auditors without the presence of the management team during its meetings. The Committee reviewed the statutory auditors' fees for additional missions entrusted to them. The Committee took note of the missions carried out by the internal audit and the alert events that were communicated. The Committee examined the rotation of the Mazars and Ernst & Young et autres firms, statutory auditors, as well as the signatory partners in these two firms.

The Supervisory Board listened to the Audit Committee, which gave its opinion on the financial statements, and more generally on the internal control and audit procedures that are the subject of the second part of this report.

Agreements concerning a possible change in control or likely to have an influence in the event of a takeover bid are presented in section 6.2.3 of the Registration Document.

As for General Shareholders' Meetings, the terms and procedures for shareholder participation in meetings are explained in articles 19 to 24 of the Company's bylaws. A summary of these rules is presented in section 6.1.5 of the Registration Document.

2.1.4.2 Internal control and risk management procedures

1. Objectives and organization

Internal control and risk management is fully integrated as part of the operational and financial management of the Group. Its remit extends across all the Group's activities and structures. The Group internal control and risk management policy, approved by the Management Board and applied at all levels of the Group, is designed to provide reasonable assurance on the realization of the Group's objectives in relation to:

- the reliability of financial information;
- compliance with laws and regulations in effect;
- the management and control of strategic, operational and financial risks;
- the achievement and optimization of operations, in line with the directions from the Management Board.

The objectives of this framework, as approved by the Management Board and presented to the Audit Committee are to enable:

- continuing oversight aiming to identify the risks and opportunities having a potential impact on the achievement of the Group's strategic objectives;
- appropriate communication about risks enabling contribution to the decision making process;
- regular monitoring of the effectiveness of the Group's internal control and risk management system.

The Group has a Secretary General office enabling it to monitor internal control in a formal and centralized manner: this office includes the Legal Department (managed by the General Counsel), the Internal Audit, Internal Control and Risk Management Department (managed by the VP Internal Audit & Risk Management), the Purchasing Department and the Human Resources Department. The Secretary General is a member of the Group's Management Board. The Internal Audit & Risk Management VP and the Secretary General attend all Audit Committee meetings and have easy access to its Chairman and each of its members. The Audit Committee also has direct access to the Internal Control Department. The tools needed to gain a broader view of potential risks are thus in place, which supports the effort to improve risk management throughout the entire organization.

The Group's internal control and risk management system is based around the 2013 COSO (Committee Of Sponsoring Organizations of the Treadway Commission) guidelines as well as the reference framework defined by the AMF.

2. Internal control framework

Publicis Groupe has defined guidelines based on the Group values stated therein, including practical principles and rules on conduct, ethics and social responsibility, as well as any other practices to ensure that the operations of the Group's entities comply with standards, laws and regulations. These guidelines, applicable to all of the Group's hierarchical levels, set out the rules of conduct for this purpose: "The Publicis way to behave and the way to operate". These guidelines are known as "Janus" and are distributed to all networks. They are also accessible online to all Group employees. A new version of "Janus" was published in April 2015.

The procedures relating to the preparation of accounting and financial information, to the continued security of IT systems and to the introduction of significant operational procedures are mentioned there in a detailed manner, promoting consistency of treatment at all levels of the Group and networks.

These guidelines serve as the foundation of the Group's internal control system.

This system is also strengthened through a network of shared service centers systematically implemented by the Group since 1996 in order to overcome the challenges faced by a business that relies on a large number of agencies. This network is managed by a CEO, reporting to the Chairman of the Management Board, with the legal and financial functions of the shared service centers under the functional responsibility of the Group's Legal Department and Financial Department respectively. The network of shared service centers now covers almost 97% of the Group's revenue.

The Management Board, the Finance Department, the Operational Department, the Internal Audit Department, the Internal Control and Risk Management Department and the operational managers of the networks are all involved in deploying the internal control system. When the Group makes an acquisition, the internal control system is generally applied within 12 months following the acquisition date. Acquisitions also receive special attention when the annual audit plan is being drawn up.

3. Monitoring the effectiveness of the internal control system

The Group's senior management is responsible for the Group's internal control system. The Secretary General and the Internal Audit & Risk Management VP regularly report to the Audit Committee and to the Management Board on the quality of the Group's internal control system. This system draws on the following:

A) INTERNAL AUDIT ASSIGNMENTS

The Internal Audit Department, for which the missions are described in the "Internal Audit Charter" which is included in Janus, helps the Group achieve its objectives by assessing, with a methodical and systematic approach, the correct implementation and effectiveness of all internal control, risk management and corporate governance procedures and processes.

The audit teams carry out internal control assessments that encompass the various financial and operational processes within the Group's entities, based on an annual audit plan. This audit plan is developed based on risk analysis, past events and specific requests from senior management. Once mutual agreement has been reached with the networks, it is approved each year by the Chairman of the Management Board and by the Audit Committee.

The Internal Audit Department audits the entities and also conducts special audits focusing on specific, group-wide issues at various levels within the Group.

Internal audit findings are communicated in a report to the Chairman of the Management Board of the Group including the monitoring of recommendations and action plans. A summary of all audit assignments completed, including special assignments, is presented during each Audit Committee Meeting.

The action plans stemming from the audit recommendations are monitored centrally with the help of a dedicated computer application. Additionally, specific "in the field" follow-up assignments are launched for the most critical reports or when action plan indicators are not in line with the commitments made by the audited entities. A report on the status of the implementation of audit recommendations is regularly presented to the Financial Directors of the Group's networks and to the Audit Committee.

External assistance is called in when needed to support internal audits when special skills or techniques are necessary to conduct investigations.

The Internal Audit of Publicis Groupe works in accordance with the international professional standards issued by the IIA ("The Institute of Internal Auditors") and in 2016, carried out a quality assurance and certification approach conducted by IFACI (*Institut Français de l'Audit et du Contrôle Internes*).

Certification was obtained in March 2017.

B) FINANCIAL MONITORING CONTROLS PROGRAM

Publicis Groupe also established a program entitled "Financial Monitoring Controls" (FMC) consisting of a series of key controls set out by process and implemented across all Group entities.

Follow-up of the roll-out and implementation of key controls is performed at two levels:

- a monthly self-assessment submitted by all Group entities helps to make them accountable for the effectiveness of their controls;
- special teams, called FMC teams, are deployed across the various networks to evaluate the effectiveness of the controls within the entities. These teams are linked to the Finance Department of each network as well as the Group's Internal Control and Risk Management Department, which oversees them, coordinates their work, and compiles the results. These teams follow a control plan covering over 75% of the Group's consolidated revenue each year;
- furthermore, a review of the key checks and controls of the corporate processes relating to financial reporting (Consolidation, Tax, M&A, etc.) is conducted on an annual basis by the Internal Audit Department.

C) MONITORING BY THE LEGAL DEPARTMENT

The Group's Legal Department regularly monitors litigation-related risks within the Group. A summary of any significant legal disputes, as well as an estimate of their potential impacts, is presented to the Group's senior management every quarter. The main legal disputes are also discussed in each Audit Committee Meeting.

4. Risk management framework

Working with the senior management, the operational management of networks is especially involved in monitoring the risks related to major contracts or to business in emerging countries. It continually analyzes the Group's exposure to the loss of significant contracts, to risks of conflicts of interest and to changes in contractual clauses.

The Secretary General, who oversees the Human Resources Department, regularly forwards to the Management Board analyses regarding attracting and retaining talents, training and the risks related to the possible loss of key senior managers.

The risks relating to accounting information, the external growth policy, management of the liquidity position, exchange rates, changes in the Group's debt or tax position are monitored by the Finance Department, in conjunction with senior management.

The risks associated with accounting and financial information are also subject to a detailed control, overseen by the Internal Control and Risk Management Department, on the basis of which the FMC (Financial Monitoring Controls) are defined.

The procedure for monitoring the Group's risk management system was formalized beginning in 2008 with risk mapping. All of the risks that may have an impact on the Group's finances, operations or image are listed. These impacts are the subject of an evaluation and a probability of occurrence is estimated for each risk identified; a level of intrinsic risk is therefore determined as well as a level of residual risk after taking into account the control system.

Thus, pursuant to article L. 225-37 of the French Commercial Code, it is stated that with regard to the Group's activities, the financial risks associated with the impact of climate change have a negligible impact. However, the Group is mindful of measuring its environmental risks and finding solutions to reduce them (Section 2.4.5. of the Registration Document).

The risk mapping is updated on a regular basis to strengthen the risk management system on an ongoing basis.

In 2016, the mapping was updated twice, and was presented to the Strategy and Risk Committee meetings of March and September 2016. Moreover, detailed analysis of some of the Group's major risks was carried out, for example those linked to the Group's transformation and the integration of Sapient. These analyses were presented to the Strategy and Risk Committee together with proposed action plans to limit the level of residual risk. These analyses and other information served as a basis for the audit plan drawn up for 2017. Monitoring of the implementation of recommendations made with regard to the staff rotation rate was carried out.

This report, drafted with input from the different actors indicated in the introduction to this document, was approved by Publicis Groupe SA's Supervisory Board during its meeting on March 1, 2017.

Chairperson of the Supervisory Board

Élisabeth Badinter

2.1.5 Statutory auditor's report, prepared in accordance with article L. 225-235 of the French Commercial Code (*Code de commerce*), on the report prepared by the Chairperson of the Supervisory Board of Publicis Groupe

To the Shareholders,

In our capacity as statutory auditors of Publicis Groupe, and in accordance with article L. 225-235 of the French Commercial Code (*code de commerce*), we hereby report on the report prepared by the chairperson of your company in accordance with article L. 225-68 of the French Commercial Code (*code de commerce*) for the year ended December 31, 2016.

It is the chairperson's responsibility to prepare and submit for the Supervisory Board's approval a report on the internal control and risk management procedures implemented by the Company and to provide the other information required by article L. 225-68 of the French Commercial Code (*code de commerce*) relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the chairperson's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information; and
- confirm that the report also includes the other information required by article L. 225-68 of the French Commercial Code (*code de commerce*). It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the chairperson's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining and understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the chairperson's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the chairperson's report.

On the basis of our work, we have no matters to report on the information relating to the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the chairperson of the Supervisory Board in accordance with article L. 225-68 of the French Commercial Code (*code de commerce*).

Other information

We confirm that the report prepared by the chairperson of the Supervisory Board also contains the other information required by article L. 225-68 of the French Commercial Code (*code de commerce*).

Courbevoie and Paris-La Défense, April 28, 2017

The statutory auditors

French original signed by

MAZARS		ERNST & YOUNG et Autres	
Philippe Castagnac	**Anne-Laure Rousselou**	**Vincent de La Bachelerie**	**Valérie Desclève**

2.1.6 Application of the Afep-Medef Code: applying the "Apply or explain" rule

Within the framework of the "Apply or explain" rule specified in article L. 225-68 of the French Commercial Code and referred to in article 27.1 of the Afep-Medef Code, the Company considers that its practices are compliant with the recommendations of the Afep-Medef Code. However, some provisions have been dismissed, for the reasons explained hereafter:

Recommendations of the Afep-Medef Code	Position
Article 8 – Independence of Directors criterion Maximum period of 12 years for the terms of office of members of the Board of Directors. The status of independent director is lost after 12 years.	The Board has chosen not to follow the criterion limiting the terms of Supervisory Board members to 12 years, believing that this limitation is not suitable for Supervisory Boards, whose role is fundamentally different from that of a Board of Directors, for which these criteria were defined. The Supervisory Board, as a non-executive body, is not responsible for the management of the Company, which falls to the Management Board alone, but for its direction and constant oversight. Because of this role, the Board decided that the concept of the length of the term of office has no effect on the independence, by its very nature, of the supervisory duties that the Board and its members perform.

2.1.7 Code of Ethics

The Group has a set of rules governing its behavior and ethics under the name "Janus". These guidelines, applicable to all of the Group's hierarchical levels, set out the rules of conduct to carry out operations: "The Publicis way to behave and to operate". The Code was updated in April 2015 and circulated across all the networks.

Janus includes the rules and principles related to ethics, corporate social responsibility, compliance with regulatory and legal frameworks, governance, communication, conducting business and customer relations, human resource management, protecting the Group's brands and intellectual property, financial and accounting management, as well as rules governing mergers and acquisitions, investments, restructuring and purchasing policies.

The guidelines include a Code of Ethics applying to all Group employees with specific rules for members of the Management Board and other Managers. The values embodied by Publicis are clearly outlined there, starting with respect for individuals and their diversity.

The aim of these rules of conduct is to provide the Group with strict rules and procedures for running our business worldwide in all fields: human management, business ethics, financial management, individual responsibility. This includes encouraging diversity and preventing discriminatory conduct. They are meant to prevent any illegal activity, in particular by ensuring that Group employees comply with laws and regulations in the conduct of the Group's business. Janus also contains a separate chapter with a detailed code of conduct on stock market trading, designed to prevent insider trading. The Group's rules of conduct are also meant to prevent favoritism, misappropriation of funds, breach of trust, corruption, conflicts of interest or other misconduct and subject the Group and its employees to the highest standards in terms of integrity, ethics and compliance. They are designed to protect the Group's data and know-how by establishing strict guidelines regarding confidentiality and good faith. Finally, they establish procedures for control and reporting by management of the Group and of the various networks of any breach of these rules.

This Code is available on the Group's website (www.publicisgroupe.com) in the "Corporate Social Responsibility" section, under "CSR Publications" then "Code of Ethics".

In addition, Publicis undertakes to provide a copy of its Codes of ethics free of charge to any person upon request. A request may be made directly to the Group's Legal Department by telephone at 33 (0)1 44 43 70 00 or by mail to 133, avenue des Champs-Élysées, 75008 Paris, France.

2.2 Report on Corporate officers' compensation

Publicis Groupe has introduced a stringent and attractive compensation policy, designed to motivate employees to become fully involved in helping the Group achieve its strategic goals and to ensure long-term performance.

The compensation structure is communicated to employees, shareholders and investors in a clear and transparent manner.

The following information describes the philosophy and principles behind compensation for Corporate officers.

Since 2008, Publicis Groupe has referred to the Afep-Medef Corporate Governance Code to draw up the compensation report provided for in article L. 225-68 of the French Commercial Code.

In accordance with article L. 225-82-2 of the French Commercial Code, this report now includes the principles and criteria for the determination, distribution and allocation of the fixed, variable and exceptional elements of the total compensation and benefits of all kinds due to Executive corporate officers and Supervisory Board members.

The General Shareholders' Meeting of May 31, 2017 will be called to approve the compensation policies for the 2017 financial year for members of the Supervisory Board and Management Board (as detailed in Sections 2.2.1.1, 2.2.1.2, 2.2.2.2, and 2.2.3.1 below). For such purpose, eight resolutions will be proposed (eighth, eleventh, and fifteenth to twentieth resolutions). Resolutions of this nature will be submitted to the General Shareholders' Meeting each year for approval under the terms set forth by law. If shareholders at the General Meeting of Publicis Groupe SA fail to approve these resolutions, compensation shall be determined in accordance with compensation granted in the previous year, or in the absence of compensation granted in the previous year, in accordance with Company policy.

Please note that payment in 2018 of the variable and exceptional elements of compensation in respect of financial year 2017 which are set forth below for the Chairman of the Supervisory Board, Chairman of the Management Board, and members of the Management Board, will be subject to approval from the Ordinary General Shareholders' Meeting for these elements of compensation as provided for in article L. 225-100 of the French Commercial Code.

In addition, pursuant to article 26 of the Afep-Medef Corporate Governance Code, elements of the compensation due or paid to the Chairman of the Supervisory Board, Chairman of the Management Board and members of the Management Board in respect of financial year 2016 will be submitted to the General Shareholders' Meeting of May 31, 2017 for opinion (see Section 2.2.4.2, below).

2.2.1 Compensation of the Supervisory Board members

Supervisory Board decisions related to compensation are made after obtaining the opinion of the Compensation Committee.

The following information will set forth the general principles of compensation, and principles specific to the Chairman and Vice-Chairperson of the Supervisory Board.

2.2.1.1 Compensation policy for members of the Supervisory Board

The compensation policy for members of the Supervisory Board of Publicis Groupe SA aims to reward the expertise, involvement and independence of its members, against the backdrop of their ever-increasing commitment.

Overall budget for attendance fees

The total amount of attendance fees allocated to members of the Supervisory Board is determined by the Publicis Groupe SA's General Shareholders' Meeting.

The Group's General Shareholders' Meeting of May 28, 2014 set an annual envelope of euro 1.2 million for attendance fees for members of the Supervisory Board, valid for each financial year and until a new decision by shareholders.

Going beyond the recommendations of the Afep-Medef Corporate Governance Code, the Supervisory Board decided that the allocation of attendance fees among the members of the Supervisory Board will be solely based on actual attendance at Supervisory Board and committee meetings.

In accordance with the total maximum budget for attendance fees approved by the General Shareholders' Meeting, each member of the Supervisory Board receives euro 5,000 for each Supervisory Board meeting and each committee meeting attended.

For your information, the total amount of attendance fees used in 2016 was 65%.

Exceptional compensation

According to article 17 III of the Company's bylaws, the Supervisory Board may grant, in accordance with applicable laws, exceptional compensation for specific assignments and duties entrusted to its members.

This compensation shall be determined by the Supervisory Board by taking into account the length and complexity of the assignment after obtaining the Compensation Committee's opinion.

For your information, this option was not used in 2016.

This compensation policy of Supervisory Board members will be subject to the approval (*ex ante* vote) of the General Shareholders' Meeting of May 31, 2017 in its fifteenth resolution.

2.2.1.2 Compensation policy for the Chairman and Vice-Chairperson of the Supervisory Board

In accordance with article 17 I of the Company's bylaws, the Chairman and Vice-Chairperson may, in addition to attendance fees, receive specific compensation in respect of these duties (which are not included in the total annual amount of attendance fees). The amount of this compensation will be determined by the Supervisory Board by taking into account market levels, upon the Compensation Committee's proposal.

The compensation awarded is a fixed amount, and excludes variable elements, additional benefits, and stock-based incentives.

The gross fixed compensation for Élisabeth Badinter, as Chairperson of the Supervisory Board, is euro 240,000 (gross) per year. This compensation has remained unchanged since 2012.

Sophie Dulac does not receive any compensation as Vice-Chairperson.

Following the announcement on January 26, 2017 of the Supervisory Board's decision to appoint Arthur Sadoun effective from June 1, 2017 to succeed Maurice Lévy as Chairman of the Management Board of Publicis Groupe SA, Élisabeth Badinter proposed Maurice Lévy to join the Supervisory Board and succeed her as Chairman. Élisabeth Badinter would be appointed Vice-Chairperson. The appointment of Maurice Lévy as a member of the Company's Supervisory Board will be submitted to the General Shareholders' Meeting of May 31, 2017.

Élisabeth Badinter will not receive any compensation as Vice-Chairperson of the Supervisory Board effective from June 1, 2017.

Élisabeth Badinter does not have an employment contract with Publicis Groupe SA or any of its subsidiaries.

This compensation policy for the Chairperson of the Supervisory Board is subject to the approval of the General Shareholders' Meeting (*ex ante* vote) of May 31, 2017 in its sixteenth resolution.

The compensation policy for Maurice Lévy as Chairman of the Supervisory Board is detailed in Section 2.2.2.2 B below, and is subject to the approval of the General Shareholders' Meeting (*ex ante* vote) of May 31, 2017 in its eighth resolution.

2.2.1.3 Amounts paid in 2016 to members of the Supervisory Board

The total compensation including all benefits of any kind paid during the financial year ended December 31, 2016 to each member of the Supervisory Board, both by the Company and by the companies controlled by the Company as defined by article L. 233-3 of the French Commercial Code, is indicated hereafter. For certain members of the Supervisory Board, this compensation includes both a fixed salary and variable compensation. Total compensation is expressed in euros. The amounts indicated are gross amounts before deductions relating to taxes or social charges.

COMPENSATION (IN EUROS) PAID DURING 2016 TO MEMBERS OF THE SUPERVISORY BOARD (GROSS AMOUNTS BEFORE SOCIAL SECURITY AND TAXES)

	2016 Total gross compensation	Fixed salary	Variable compensation	Attendance fees	Benefits in kind	2015 Total gross compensation	Including fixed salary
Élisabeth Badinter	295,000	240,000	-	55,000	-	310,000	240,000
Sophie Dulac	35,000	-	-	35,000	-	55,000	-
Simon Badinter	35,000	-	-	35,000	-	55,000	-
Claudine Bienaimé	105,000	-	-	105,000	-	120,000	-
Michel Cicurel	65,000	-	-	65,000	-	95,000	-
Hélène Ploix(1)	30,000	-	-	30,000	-	90,000	-
Amaury de Seze(2)	70,000	-	-	70,000	-	80,000	-
Henri-Calixte Suaudeau(3)	25,000	-	-	25,000	-	65,000	-
Gérard Worms(4)	35,000	-	-	35,000	-	95,000	-
Véronique Morali	75,000	-	-	75,000	-	85,000	-
Marie-Josée Kravis	50,000	-	-	50,000	-	60,000	-
Marie-Claude Mayer(5)	370,000	250,000	70,000	50,000	-	350,000	250,000
Jean Charest	50,000	-	-	50,000	-	50,000	-
Jerry Greenberg(6)	30,000	-	-	30,000	-	-	-

(1) End of term of office as a member of the Supervisory Board on May 27, 2015.
(2) End of term of office as a member of the Supervisory Board on May 25, 2016.
(3) End of term of office as a member of the Supervisory Board on May 27, 2015.
(4) End of term of office as a member of the Supervisory Board on May 27, 2015.
(5) Marie-Claude Mayer, member of the Supervisory Board, has an employment contract with Publicis Conseil.
(6) Appointment as member of the Supervisory Board on May 27, 2015.

The summary table of the elements of compensation awarded for the year ended December 31, 2016 to Élisabeth Badinter in Section 2.2.4.2 below will be submitted to the General Shareholders' Meeting of May 31, 2017 for opinion in its tenth resolution in accordance with the Afep-Medef Corporate Governance Code of November 2016.

2.2.2 Compensation structure for Maurice Lévy

2.2.2.1 Compensation for Maurice Lévy in respect of the 2016 fiscal year

Compensation mechanism

As proposed by Maurice Lévy, compensation for the Chairman of the Management Board would no longer include a fixed part and would be entirely variable and linked to Publicis Groupe performance from January 1, 2012 to December 31, 2016.

The Chairman of the Publicis Groupe SA Management Board receives no other element of compensation: he benefits from no share-based compensation programs put in place for the benefit of the other Group executives and he has no supplementary pension plan or lump-sum severance payment.

The compensation of the Chairman of the Management Board is calculated based on a theoretical maximum of euro 6 million.

However, total annual compensation cannot exceed euro 5 million. According to actual performance and to the assessment of the qualitative targets reached, Maurice Lévy's compensation can therefore vary from euro 0 to euro 5 million.

These conditions were set as of January 1, 2012 and maintained during his last reappointment on September 15, 2014.

CRITERIA CHOSEN FOR ASSESSING PERFORMANCE

The compensation of Maurice Lévy is based on financial and stock exchange performance criteria, essentially based on a comparison with the main competitors of Publicis Groupe (Omnicom, WPP and IPG) and on non-financial, individual performance criteria annually defined by the Supervisory Board, following a proposal made by the Compensation Committee depending on objectives considered as major for the future of the Group.

The compensation of the Chairman of the Management Board is thus based on three types of criteria:

- **three financial criteria** taking into account the development of the Group's growth and profitability compared with those of a peer group consisting of three other leading global communication groups (Omnicom, WPP and IPG):
  - the Group's organic revenue growth,
  - the net income rate versus Group revenue, and

- the rate of change of the net income per diluted share of the Group (earnings per share or "EPS"), comparing the EPS of the financial year and the average EPS of the previous two financial years;
- **a criterion of value creation for the shareholder:** TSR (Total Shareholder Return) reflecting the variation of the share price of Publicis Groupe between the start and end of the related financial year concerned (on the basis of the average of the first listed prices recorded in the last 20 sessions of the year, compared with the average of the first listed prices in the first 20 sessions in the year), increased by the amount of the dividends paid during the financial year. This criterion is directly linked to the immediate interests of shareholders.

  These four financial and stock exchange performance criteria were chosen by the Supervisory Board, following the proposal of the Compensation Committee, because they best express the quality of the Company's performance. Three out of the four criteria are measured in comparison with the main competitors of Publicis Groupe, to encourage over-performance;
- **non-financial individual criteria** in order to value the implementation of key strategic actions which will yield long-term effects corresponding to a third of the overall weight of the criteria. Each year the Supervisory Board decides on the strategic objectives assigned to Maurice Lévy.

For 2016, these individual criteria focused, equally weighted, on the following:

- full and operational implementation of the new organization that arose from the Group's transformation; and
- finalization of the succession plan.

CRITERIA WEIGHTING AND MEASUREMENT OF THE FINANCIAL AND STOCK EXCHANGE PERFORMANCE

- weighting:
  - financial and stock exchange criteria account for two-thirds of the theoretical compensation of the Chairman of the Management Board:
    - 3/4 of this total amount is attributed on the basis of organic growth and net profit criteria, both equally weighted,
    - 1/4 of this total amount is attributed on the basis of earnings per diluted share and TSR, each one being taken into account on an equal basis,
  - the non-financial individual criteria together account for a third of the compensation, with each criterion having the same weight;
- performance relating to each criterion, and the compensation to which this performance confers entitlement, is assessed separately, with each criterion being independent from the others;
- the compensation to be paid in respect of each of the financial and stock exchange criteria is surrounded by a minimum performance threshold, below which the compensation in respect of the criterion in question is zero, and a maximum cap that must be reached to achieve payment of the maximum corresponding amount. These thresholds and caps are shown in the table below:

Financial criteria	Minimum performance/compensation threshold	Maximum performance/compensation threshold
Rate of organic growth	80% of the average rate of organic growth of the peer group	Equal to or greater than 120% of the average rate of the peer group
Net income rate	80% of the highest peer group rate	Equal to or greater than the highest rate of the peer group
Evolution in the rate of diluted earnings per share	80% of the average peer group rate	Equal to or greater than the average rate of change of the peer group
TSR	Zero or negative	Positive

For the first three criteria, below the minimum performance threshold, no compensation is paid and between the two limits (minimum and maximum) the compensation to be paid is calculated in a linear manner between 0 and the maximum amount.

STABILITY OF THE FINANCIAL PERFORMANCE CONDITIONS

The Supervisory Board considers that consistency in the performance conditions is one of the factors for creating long-term value. Therefore the criteria of organic growth of revenue and net income rate of the Group compared with those of the Group's main competitors have been used as the basis for the calculation of Maurice Lévy's compensation for over ten years. With regard to the other two criteria (rate of net profit per diluted share and the change in the TSR), they were added in 2012 when the structure for the compensation of the Chairman of the Management Board was modified in order to maintain a strong alignment of interest with the shareholders. These two new parameters were applied to financial years from 2013 to 2016.

In total, the Supervisory Board consequently wanted to base the compensation of the Chairman of the Management Board on diversified, financial and non-financial criteria, representative of the results to be achieved regarding crucial dimensions for the future of Publicis. The need for Publicis Groupe to outperform its main competitors (so that the maximum amount possible could be attributed) illustrates the demanding nature of the financial objectives in respect of which the extent of achievement is measured in a completely transparent manner on the basis of well-known figures or figures published by Publicis Groupe as they are by its competitors.

MEASURING PERFORMANCE IN THE 2016 FINANCIAL YEAR

In terms of financial criteria, performance is calculated based on figures published by the companies in the benchmark group (Omnicom, WPP and IPG). For individual non-financial criteria, performance was assessed by the Compensation Committee, and then by the Supervisory Board by examining in detail the achievements of the financial year in each of the two areas considered.

The Board, on the Compensation Committee's recommendation, noted that the organization that arose from the transformation decided in 2015 was actually implemented in 2016. This transformation has been far-reaching and difficult as it challenges both the processes and the staff. It has involved overcoming a number of obstacles, including psychological ones, but the planned organization, barring a few adjustments, is in place and operational. It even began generating its first profits from the very first year. The Committee considers this to be an exceptional performance. Consistent with the set target, the succession plan was prepared throughout 2016 with the Appointments Committee, and harmoniously and consensually with the Supervisory Board and Group management, up until it was announced in January 2017. The entire plan was warmly received by both analysts and clients.

Publicis Groupe criteria	Performance level	Amount of variable compensation
Rate of organic growth	Organic growth for Publicis Groupe was 0.7%, which represented 18.1% of the average rate of organic growth of the peer group	No compensation
Net income rate	Publicis Groupe showed a net income rate of -5.4%	No compensation
Rate of change of diluted earnings per share	The change in the rate of diluted earnings per share between 2016 and the average for the 2014 and 2015 financial years was negative	No compensation
TSR	The TSR was €11.5	€500,000
Non-financial individual criteria	Objectives reached 100%	€2,000,000

Compensation paid in 2017 for financial year 2016

On March 1, 2017, having heard the recommendations of the Compensation Committee, the Supervisory Board set the variable compensation for 2016 payable in 2017 to the Chairman of the Management Board as follows:

- for financial criteria: euro 500,000, *i.e.* 12.5% of the theoretical maximum amount;
- for individual non-financial criteria: euro 2,000,000 (100% of theoretical maximum amount).

I.e. a total gross amount of euro 2,500,000.

Employment contract

The employment contract entered into with Maurice Lévy at the time of his arrival at the Group in 1971 has since been performed by various Group companies, and lastly by Publicis Conseil, where this contract had been suspended since Maurice Lévy's appointment as Chairman of the Management Board on January 1, 1988. Following the end of his term for the period between 2008 and 2011, Maurice Lévy decided to terminate his appointment as Chairman and Chief Executive Officer of Publicis Conseil and his employment contract.

Non-compete agreement of the Chairman of the Management Board

Under the non-compete agreement signed by Maurice Lévy, Mr. Lévy will not, for at least three years following the termination of his duties as Chairman of the Management Board of Publicis Groupe SA, for any reason whatsoever, work in any manner whatsoever with a company operating in the field of advertising, and more generally with a competitor of Publicis, nor can he invest in a competitor of Publicis.

In consideration of the observance of this non-compete agreement, Maurice Lévy shall receive a total amount equal to 18 months of total gross compensation (fixed compensation and maximum variable compensation as defined by the Supervisory Board on March 17, 2008), paid in equal monthly advance installments of euro 150,000 over the period covered by the non-compete clause, *i.e.* euro 5,400,000 (gross) in total for the three years.

This non-compete agreement, authorized by the Supervisory Board on March 17, 2008 and approved by a very large majority of 99.85% at the General Shareholders' Meeting of June 3, 2008, continues its effects without any change after the start of the new term of office of the Chairman of the Management Board on January 1, 2012 and its renewal on September 15, 2014.

The table summarizing the remuneration package due or awarded to Maurice Lévy for the period ended December 31, 2016 and appearing in Section 2.2.4.2 below will be submitted for approval at the General Shareholders' Meeting of May 31, 2017 in the eleventh resolution, in accordance with the Afep-Medef Code of November 2016.

2.2.2.2 Compensation of Maurice Lévy in respect of the 2017 fiscal year

A. Compensation of Maurice Levy as Chairman of the Management Board until May 31, 2017

Since January 1, 2012, Maurice Lévy's compensation as Chairman of the Management Board has been entirely variable and related to achieving financial performance criteria of the Group, and related to non-financial individual criteria.

However, since his term as Chairman of the Management Board will end on May 31, 2017, the Supervisory Board has found it impossible to measure the Group's performance for only the first five months of 2017. The Supervisory Board of Publicis Groupe SA therefore decided to extend the amount of the compensation obtained for financial year 2016 and to prorate it over 2017.

This compensation policy for Mr. Maurice Lévy as Chairman of the Management Board for 2017 is subject to approval by the General Shareholders' Meeting (*ex ante* vote) of May 31, 2017 in the eleventh resolution.

B. Compensation of Maurice Lévy as Chairman of the Supervisory Board beginning June 1, 2017

Mr. Maurice Lévy's term of office as Chairman of the Management Board will expire at the end of the General Shareholders' Meeting of May 31, 2017.

At this crucial moment in the history of the Publicis Groupe, combining the succession of Maurice Lévy with the transformation of the Group, the Supervisory Board has asked Maurice Lévy to take an active role in supporting the transition and to that end wishes to appoint Mr. Lévy Chairman of the Supervisory Board as of June 1, 2017. The appointment of Maurice Lévy as a member of the Supervisory Board of the Company is subject to approval of the General Shareholders' Meeting of May 31, 2017.

In his new role as Chairman of the Supervisory Board, Mr. Lévy would assist, though without operating responsibility, the new Management Board in this phase of gradual transition, and more specifically, maintain with the Group's major clients the relationship of trust established in many cases decades ago, be consulted by the members of the Management Board about all important occurrences, coordinate efforts made with the public authorities in countries where Publicis operates and give the Group the benefit of his 46 years of experience.

In consideration of this investment and waiving the gross annual non-compete compensation of euro 1,800,000 for three years which he received under his non-compete agreement authorized by the Supervisory Board on March 17, 2008 and approved by the General Shareholders' Meeting of June 3, 2008, the Supervisory Board would set the gross annual compensation of Mr. Levy as Chairman of the Supervisory Board beginning June 1, 2017 at euro 2,800,000.

This compensation policy for Mr. Lévy as Chairman of the Supervisory Board is subject along with his appointment to the Supervisory Board to approval by the General Shareholders' Meeting (*ex ante* vote) of May 31, 2017 in the eighth resolution.

2.2.3 Compensation of the Management Board

In accordance with article 10 IV of the Company's bylaws, compensation for the Chairman and members of the Management Board will be set by the Supervisory Board and reviewed on the recommendation of the Compensation Committee. For members of the Management Board other than the Chairman, the Chairman of the Management Board shall make proposals to the Compensation Committee.

2.2.3.1 Compensation policy regarding the Management Board

The compensation policy of the Publicis Groupe SA Management Board aims to align the interests of the Group's Executives with those of the shareholders by establishing a clear link between performance and compensation. Within this context, its essential purpose is to encourage the achievement of ambitious objectives and create value on a long-term basis, by setting stringent performance criteria.

In order to do so, the compensation structure of the Publicis Groupe SA Executives is mainly based on variable compensation directly linked to their individual performance as well as their contribution to Group performance.

Furthermore, it is based on an in-depth analysis of market trends observed in France and abroad, both in major international companies in general and, more specifically, in the companies competing with Publicis Groupe in terms of both business and talents. It should be noted that the main competitors of Publicis Groupe are American and British companies.

This compensation policy is based on the following objectives:

- attract, develop, retain and motivate the most talented individuals in a sector fundamentally based on the quality of employees, and where competition for talent is particularly fierce, especially in the context of the digital transformation, underway throughout the industry;
- encourage the management to achieve a level of performance which is high, growing and long-lasting within a very competitive environment, where new players from consulting or technological firms have become direct competitors of Publicis Groupe.

It is guided by three principles:

- a competitive and coherent compensation package with regard to market trends;
- internal equality, based on individual and collective performance, in order to ensure fair and balanced compensation reflecting the level of individual success of each person, measured both quantitatively and qualitatively;
- achieving all the short, medium and long-term financial and operating results directly linked with the Group's strategic objectives and for the benefit of all stakeholders, our customers, our employees and our shareholders.

These principles apply to all Group Executives and are adapted based on the geographical location of the individuals, and take into consideration the differences in terms of regulations, market practices and the competitive environment.

Compensation for the Management Board may include the following elements:

FIXED COMPENSATION

The fixed salary is determined by taking into account:

- the scope of responsibility and its complexity;
- the career path and experience of the person holding the position;
- consistency in relation to the other Group functions (internal equality);
- market practice for identical or comparable positions (external competitiveness).

The level fixed compensation is reviewed every two years, for the Management Board members and for the other Group Executives in order to regularly assess its relevance and competitiveness.

Compensation for Management Board members is generally reassessed at relatively long intervals, in accordance with the Afep-Medef Corporate Governance Code, and when such a revision is justified, for example in the event of a change in scope or an adjustment relative to market practices.

ANNUAL VARIABLE COMPENSATION

Variable compensation is intended to represent a substantial part of the overall annual compensation of executives, if set objectives are achieved. It encourages them to outperform as it rewards objectives when they are exceeded.

Annual variable compensation is subject to financial and non-financial performance conditions.

No minimum amount is guaranteed. It is calculated on a *pro rata* basis from the year of the start of the term of office to the year of the end of the term of office.

It is based on several, quantifiable criteria assessed separately and takes into account:

- the Group's overall performance (organic growth and operating margin) and/or the performance of the network to which the beneficiary belongs;
- achieving the personal objectives of the manager assessed *a posteriori* by taking into account the items of context in which the performance was achieved.

These parameters are determined in advance for each financial year and proposed by the Compensation Committee to the Supervisory Board for approval.

Detailed elements of annual variable compensation are explained below in Section 2.2.3.2 for the future Chairman of the Management Board and Section 2.2.3.4 to 2.2.3.6 for the other present and future members of the Management Board.

VARIABLE LONG-TERM COMPENSATION

The share-based compensation program should incentivize on a long-term basis. It is subject to stringent performance conditions to develop the loyalty of those holding key positions within the organization while encouraging executives over the long term in a community of interests with Publicis Groupe SA shareholders (see Section 4.6 Note 28 to the consolidated financial statements).

Free share plan

Management Board members can benefit from two types of share-based compensation programs awarded every three years:

- Three-year long-term incentive plan, called "**Management Board LTIP**":

  Under this plan, Management Board members are awarded free shares subject to the fulfillment of performance and continued presence conditions.

  Performance: free shares are subject to performance criteria that are measured following a three-year period, such that the total number of shares awarded will depend on the growth and profitability objectives attained at the end of the period under review. The shares ultimately awarded in accordance with the level of attainment of these performance targets will be deliverable at the end of the three-year period, subject to the fulfillment of the other conditions.

  Presence: free shares are subject to a continued presence, during the three-year vesting period.

- Three-year free share plan called "**LionLead**":

  Under this plan, shareholding members of the Management Board are awarded free shares, subject to the fulfillment of performance and presence conditions, as well as a commitment to personally investing in Publicis shares.

  Performance: free shares are subject to performance criteria that are measured following a three-year period, namely achieving – or exceeding – a target operating margin set in the annual budget, as well as achieving a certain rate of organic growth and an operating margin compared to a peer group of companies competing with Publicis. In addition, a portion of these shares is subject to market performance conditions: Publicis Groupe SA share price after the plan's previous year-end closing in relation to the price at grant date. The total number of shares delivered will depend on the attainment of all these criteria for the period under review.

  Presence: free shares are subject to the fulfillment of a continued presence, during the three-year vesting period.

The characteristics of these plans for Management Board members are as follows:

Type of plan	**LTIP**	
Performance conditions	Organic growth rate of Publicis Groupe compared to a peer group	Operating margin of Publicis Groupe compared to a peer group
Type of performance conditions	Relative performance compared to a peer group Omnicom, WPP, IPG, Publicis Groupe	
Weighting	50% of shares awarded	50% of shares awarded
Vesting criteria	• ≥ of the peer group average: 100% of the shares delivered • ≤ 80% of the peer group average: 0 • Between 80% and 100%: number of shares delivered is reduced by 5% for each 1% of performance recorded below 100%	• Highest margin compared to the peer group: 100% of the shares delivered • Margin in 2nd position: 50% • Margin in 3rd position: 15% • Margin in 4th position: 0%
Performance period	Following a three-year period after which performance is calculated	

Type of plan	LionLead		
Performance conditions	Organic growth rate of Publicis Groupe compared to a peer group	Operating margin of Publicis Groupe compared to a peer group	Operating margin in value terms attained (million of euros) as set out in the Publicis Groupe's budget
Type of performance conditions	Relative performance compared to a peer group Omnicom, WPP, IPG, Publicis Groupe		Absolute internal performance
Weighting	25% of shares awarded	25% of shares awarded	50% of shares awarded
Vesting criteria	• ≥ of the peer group average: 100% of the shares delivered • ≤ 80% of the peer group average: 0 • Between 80% and 100%: number of shares delivered is reduced by 5% for each 1% of performance recorded below 100%	• Highest margin compared to the peer group: 100% of the shares delivered • Margin in 2nd position: 50% • Margin in 3rd position: 15% • Margin in 4th position: 0%	• = to target margin: 100% of the shares delivered • No shares will be delivered if the margin achieved is less than €50 million or more compared to the target range • Between this threshold of -€50 million of the target and the margin set out in the budget: straight-line calculation of the number of shares delivered • If > than the target margin with a maximal performance ceiling of €150 million: performance shares for generating returns in excess of a set target are delivered
Performance period	Following a three-year period after which performance is calculated		

STRINGENT CRITERIA

These criteria are particularly stringent because they are based on an assessment relating to performance (encouraging the Publicis Groupe management to deliver the best figures in the market) and on complete transparency, as the results are measured on the basis of public data for the most part. Publicis Groupe demonstrates both the demands and the reality of the expected performance.

The rate of achievement observed over the past three years clearly shows the ambitious nature of our plans. The performance conditions applied are adapted and stringent, while allowing the plans to be a way to motivate and retain Publicis Groupe's Executives.

The rates of attainment of performance conditions for plans awarded in 2013 demonstrate that grants are based on strict conditions and that they are consistent with shareholders' interests over the long term.

Plan	2013-2015 LionLead2	Management Board LTIP 2013-2015
Percentage	50%	53.2%

STABILITY OF THE PERFORMANCE CONDITIONS

The Supervisory Board considers that consistency in the performance conditions is one of the factors for creating long-term value. This is why the performance criteria concerning organic revenue growth and the Group's operating margin have been put in place since 2003.

The third criterion relating to attaining the operational margin in value terms set out in the budget for each year of the plan has been added to the two historical criteria for the LionLead3 plan.

UNIQUENESS OF THE PERFORMANCE CONDITIONS

The same performance conditions are used for all of the Group's long-term compensation programs, whether they relate to Management Board members or other executives. The aim is to ensure perfect cohesion among Publicis Groupe's entire management team.

VESTING PERIOD

In order to favor the retention of executives, no shares are acquired by the beneficiaries before they have been working in the Group for a defined period of time, and subject to the performance conditions being satisfied. This period is three years.

CONTINUED PRESENCE CONDITION

Except in the specific case of death, disability or retirement, or in exceptional circumstances explained by the Supervisory Board and made public, the acquisition of shares is subject to compliance with the continued presence condition for Management Board members until the end of the vesting period.

This condition may only be waived on a *pro rata* basis upon approval of the Supervisory Board after obtaining the opinion of the Compensation Committee.

MAXIMUM SHARE GRANT LEVEL

Free share grants to Management Board members are limited to 0.3% of the Company's share capital and this ceiling is far from being reached considering the actual level of shares acquired following the performance period. This ceiling is overarching and common to the 0.3% ceiling for stock options.

MANDATORY HOLDING

The Supervisory Board has decided that, in addition to the specific rules in the LTIP and LionLead plans, Management Board members must maintain ownership of 20% of the shares they were awarded in registered form throughout their term of office. In addition, in accordance with the Afep-Medef Corporate Governance Code, Management Board members undertake not to use hedging instruments on shares to be received or shares received but which are non-transferable.

GRANT FREQUENCY

No share grants are planned in 2017, as the LTIP 2016-2018 and LionLead3 plans were awarded in 2016 for a three-year period, and the next grant is scheduled for 2019.

Stock options

The Management Board reserves the right to grant stock options under authority granted by the General Shareholders' Meeting of May 25, 2016.

These grants are limited to 0.3% of the Company's share capital. This ceiling is overarching and common to the 0.3% ceiling for free share plans.

SUPPLEMENTARY PENSION PLAN

The Group has not chosen to implement a supplementary pension plan for Board members provided for under the French system.

COLLECTIVE HEALTH AND WELFARE INSURANCE AND SYSTEMS

Management Board members may benefit from collective health and welfare insurance based on applicable local regulations.

UNEMPLOYMENT INSURANCE FOR CORPORATE OFFICERS

Implementing private insurance coverage is currently under review for Management Board members subject to the French system who might not be able to benefit from the compulsory unemployment insurance for employees.

EMPLOYMENT CONTRACT

The members of the Management Board, with the exception of the Chairman of the Management Board, may be bound by an employment contract to a Group subsidiary.

The employment contract of the Chairman of the Management Board will be suspended during the course of his term. This contract may also be terminated through departure by mutual agreement or the employee's resignation.

SEVERANCE PAYMENT

The members of the Management Board may be entitled to severance payment in case of imposed departure, granted in accordance with current law and the Afep-Medef Corporate Governance Code. In accordance with said code, the cumulative amount of the severance payment and non-compete compensation may not exceed twenty-four months of total compensation (fixed and variable compensation).

NON-COMPETE AGREEMENT

The members of the Management Board may be bound by a non-compete agreement and benefit from non-compete compensation in accordance with current law and the Afep-Medef Corporate Governance Code. The Supervisory Board reserves the right to forgo this commitment. In accordance with said code, the cumulative amount of the severance payment and non-compete compensation may not exceed twenty-four months of total compensation (fixed and variable compensation).

OTHER ELEMENTS

Management Board members may be entitled to benefits based on local regulations and compensation practices, such as the use of a Group company car.

Where a member of the Management Board has been hired from outside the Group, the Supervisory Board may decide to compensate the loss of benefits, in whole or in part, due to his or her leaving the previous employer.

The quantified, specific components of the compensation of each member and future member of the Management Board from June 1, 2017 forward are detailed in the following sections.

2.2.3.2 Compensation of Arthur Sadoun, Chairman of the Management Board from June 1, 2017

The compensation of Arthur Sadoun is set in accordance with the compensation policy described in Section 2.2.3.1 above.

A. Compensation of Arthur Sadoun from June 1, 2017

The Supervisory Board voted to submit to the General Shareholders' Meeting of May 31, 2017 in the seventeenth resolution the principles and criteria used in setting the compensation of Arthur Sadoun beginning June 1, 2017 as Chairman of the Management Board.

ANNUAL FIXED COMPENSATION

The gross fixed salary of Arthur Sadoun as Chairman of the Management Board of the Publicis Groupe SA will total euro 1,000,000 per year effective from June 1, 2017.

STRUCTURE OF THE VARIABLE COMPENSATION

The Supervisory Board, upon the Compensation Committee's recommendation, decided that the variable part of his compensation, effective from June 1, 2017, of a target amount of up to 200% of his fixed salary, will be based on:

The variable compensation of Arthur Sadoun is based on financial and stock exchange performance criteria, essentially based on a comparison with the main competitors of Publicis Groupe (Omnicom, WPP and IPG) and on non-financial individual performance criteria considered as major for the development of the Group.

The compensation of the Chairman of the Management Board is thus based on two types of criteria:

- **three financial criteria and a value creation criterion corresponding to 75% of the overall weight of the criteria,** taking into account the development of the growth and profitability of Publicis Groupe compared with that of a peer group consisting of three other leading global communication groups (Omnicom, WPP and IPG):
  - the Group's organic revenue growth for 25%,
  - the operating margin (the highest in the market) for 25%,
  - and for 25%, the rate of change of the Group's net income per diluted share (earnings per share or "EPS"), comparing the EPS of the financial year and the average EPS of the two previous financial years and the TSR (Total Shareholder Return) which reflects the variation of the share price of Publicis Groupe SA between the start and the end of the financial year under review (on the basis of the average of the first listed prices recorded in the last 20 sessions in the year, compared to the average of the first listed prices in the first 20 sessions of the year), increased by the amount of the dividends paid during the financial year. This criterion is directly linked to the immediate interests of shareholders.

  These financial and stock exchange performance criteria were chosen by the Supervisory Board, following the proposal of the Compensation Committee, because they best express the quality of the Company's performance. Three out of the four are measured in comparison with the main competitors of Publicis Groupe, they encourage over-performance;
- **non-financial individual criteria** corresponding to 25% of the overall weight of the criteria in order to value the implementation of strategic actions which will yield long-term effects on the Group's development:
  - 8% for implementation of "The Power of One",
  - 9% for implementation of the Big Data software,
  - 8% for creating and reinforcing to senior management team, Executive Committee and other groups of executives.

VARIABLE LONG-TERM COMPENSATION

Since the frequency of share-based compensation plans is triennial, Arthur Sadoun will be eligible for an award in 2019. In accordance with the compensation policy described above at 2.2.3.1, it is the wish of the Supervisory Board that this long-term variable compensation represent a significant portion of the compensation of the future Chairman of the Management Board, to act as a long-term incentive and be in line with the interests of the shareholders.

Should he resign, Arthur Sadoun will lose any rights awarded but not vested.

COLLECTIVE HEALTH AND WELFARE INSURANCE AND SYSTEMS

Arthur Sadoun benefits from such a coverage as other executives at his level under the French system.

EMPLOYMENT CONTRACT

His employment contract with Publicis Conseil dated December 5, 2006 will be terminated when he assumes the Chairmanship of the Management Board.

SEVERANCE PAYMENT

The Supervisory Board has decided that in the event of a forced departure or due to a change in control or strategy and other than in the case of serious or gross misconduct, Arthur Sadoun would be entitled to severance payment.

The amount of the payment would equal one year of total gross compensation (fixed and targeted variable portions) calculated using the average of the latest 24 months of compensation.

He would also have the right to exercise the options to subscribe to and/or to purchase the shares that have been awarded to him, and to retain on a prorated basis the bonus shares already granted to him more than two years prior, subject to the performance conditions set out in the regulations for the plan in question being satisfied.

This benefit would be subject to a performance condition: the termination benefit would only be due in its full amount if the average annual amount of the bonus acquired by Arthur Sadoun for the three years prior to the termination of his duties is equal to at least 75% of his "target bonus". If the average annual amount is less than 25% of the "target bonus", no sum or benefits will be due. If the average annual amount is between 25% and 75% of the "target bonus", the payments and benefits will be calculated on a proportional basis between 0% and 100% using the rule of three.

The termination benefit may only be paid after the determination by the Supervisory Board that the performance conditions had been achieved at the date on which his term as a member of the Management Board ended.

In the event of a forced departure or one related to a change in control or strategy, Arthur Sadoun will not be subject to a non-compete commitment or to non-solicitation.

This severance compensation is specifically subject to the approval of the General Shareholders' Meeting as of May 31, 2017 in the twenty-first resolution.

NON-COMPETE AGREEMENT

The Supervisory Board voted to require from Arthur Sadoun in the event of his resignation a non-compete agreement and an agreement not to solicit personnel during the two years following the end of his Chairmanship of the Publicis Groupe SA Management Board.

In consideration of his observance of this non-compete agreement, Mr. Sadoun will receive monetary compensation (payable monthly in advance) in an amount equal to two years of total gross compensation (fixed and targeted variable portions) calculated using the average of the latest 24 months of compensation.

The Supervisory Board may waive this clause.

Arthur Sadoun will not be held to a non-compete obligation in the event of a forced departure.

This non-compete compensation is specifically subject to the approval of the General Shareholders' Meeting of May 31, 2017, in the twenty-first resolution.

OTHER COMPONENTS

Arthur Sadoun will have a contract with a taxi company and be repaid for his taxis and entertainment expenses.

B. Long-term variable compensation awarded in 2016

For your information, Arthur Sadoun was the beneficiary of the following share-based compensation plans:

	LionLead		LTIP		Maximum annual number of performance shares potentially vesting[1]	
	Description	Date	Description	Date	Total annual number	Of which shares subject to performance conditions
Arthur Sadoun	LionLead3	6/16/2016	LTIP 2016-2018	6/23/2016	67,915	67,915

(1) Maximum annual amount that can become vested if all performance conditions are met. Awards under the LionLead and LTIP plans for the Management Board are triennial, subject to continued presence and stringent performance conditions. As an illustration, the rates at which performance conditions were met under the preceding plans were around 50%.

2.2.3.3. Compensation of Kevin Roberts, member of the Management Board until August 31, 2016

Kevin Roberts was Executive Chairman of Saatchi & Saatchi Worldwide, Head Coach of Publicis Groupe and member of the Management Board until his resignation on August 31, 2016.

Annual fixed compensation for financial year 2016

The annual fixed compensation for Kevin Roberts for the performance of his duties from January 1 to August 31, 2016 was paid on a pro rata basis, amounting to US$666,667 (gross) (*i.e.* euro 597,840).

Variable compensation paid in 2017 for financial year 2016

Following the resignation of Kevin Roberts effective from September 1, 2016, the Supervisory Board, upon the Compensation Committee's recommendation taking into account usual Group practices, decided on November 30, 2016 to pay the gross amount of US$800,000 which represents variable compensation on a pro rata basis for the performance of his duties from January 1 to August 31, 2016 as Head Coach of the Publicis Groupe. He received no bonus as Chairman of Saatchi & Saatchi.

Variable long-term compensation

The Supervisory Board, in light of the substantial contribution of Kevin Roberts throughout his long career with the Group, decided on November 30, 2016 that he would retain his rights to performance shares not yet vested and stock options not yet exercised under the LionLead2 and LTIP 2013-2015 plans for which the performance measurement period had elapsed and their delivery date was close to the time of Kevin Roberts's resignation.

Non-compete agreement

Lastly, in view of the responsibilities involved in defining the Group's new strategy and organization, the Supervisory Board on November 30, 2016 also decided subsequent to his departure to impose a non-compete obligation on Kevin Roberts subsequent to his departure for a period of three years in consideration for which gross compensation of US$500,000 will be granted. This non-compete compensation will be paid on a quarterly basis to Kevin Roberts over a 36-month period.

The summary table of the elements of compensation due or paid for the year ended December 31, 2016 to Kevin Roberts in Section 2.2.4.2 below will be submitted to the General Shareholders' Meeting of May 31, 2017 for opinion in its twelfth resolution in accordance with the Afep-Medef Corporate Governance Code of November 2016.

2.2.3.4 Compensation of Jean-Michel Etienne, member of the Management Board

A. Compensation of Jean-Michel Etienne for financial year 2016

The philosophy underlying the compensation of Jean-Michel Etienne remains unchanged in relation to previous financial years.

ANNUAL FIXED COMPENSATION

From January 1, 2014 to December 31, 2015, the gross annual fixed compensation of Jean-Michel Etienne was euro 720,000. The Supervisory Board, upon the Compensation Committee's recommendation, decided to raise this compensation effective from January 1, 2016 to the gross amount of euro 840,000, to be consistent with:

- his experience and performance in his capacity as Financial Director;
- the widened scope of his duties following the acquisition of Sapient; and
- practices in compensation observed for this level of responsibility in France and for this Publicis Groupe business sector abroad.

STRUCTURE OF THE VARIABLE COMPENSATION

The Supervisory Board, upon the recommendation by the Compensation Committee, decided that the variable part of Jean-Michel Etienne's compensation for 2016, of a target amount of up to 100% of his fixed salary, would be based on:

- two criteria linked to the financial performance of the Group in relation to the objectives, for 40% of the variable part, each being taken into account on an equal basis:
  - organic growth, and
  - operating margin;
- three financial and non-financial individual criteria (including two governed by precise quantitative objectives), for 60% of the variable part, each one being taken into account on an equal basis:
  - treasury management,
  - personnel costs, and
  - ERP rollout.

VARIABLE COMPENSATION PAID IN 2017 FOR 2016

After studying the performance achieved for each of the criteria indicated above during the 2016 financial year, the Supervisory Board set the variable part of Jean-Michel Etienne's gross compensation at euro 630,000. This amount results from the following facts and assessments:

Criteria	Performance level	Amount of variable compensation
Organic growth	Objective not achieved	No compensation
Operating margin	Objective 100% achieved	€168,000
Managing cash and cash equivalents	Objective 75% achieved	€126,000
Employee expenses	Objective 100% achieved	€168,000
Non-financial individual criterion: ERP rollout.	Objective 100% achieved	€168,000

VARIABLE LONG-TERM COMPENSATION

Jean-Michel Etienne benefited from the following share-based compensation plans:

	LionLead		LTIP		Maximum annual number of performance shares potentially vested(1)	
	Description	Date	Description	Date	Total annual number	Of which shares subject to performance conditions
Jean-Michel Etienne	LionLead3	06/16/2016	LTIP 2016-2018	06/23/2016	67,915	67,915

(1) Maximum annual amount that can become vested if all performance conditions are met. Awards under the LionLead and LTIP plans for the Management Board are triennial, subject to continued presence and stringent performance conditions. As an illustration, the rates at which performance conditions were met under the preceding plans were around 50%.

COLLECTIVE HEALTH AND WELFARE INSURANCE AND SYSTEMS

Jean-Michel Etienne is enrolled in coverage applicable to executives of his level under the French system.

EMPLOYMENT CONTRACT

Jean-Michel Etienne continues to benefit from an employment contract with one of the Group's subsidiaries.

SEVERANCE PAYMENT

Following the renewal of the Management Board members' term of office effective from January 1, 2012, upon the Compensation Committee's proposal on March 6, 2012, the Supervisory Board reviewed the existing agreements with Jean-Michel Etienne to allow him to receive severance payment in the event he ceases to serve as a member of the Management Board. These commitments were notified to the statutory auditors as related-party agreements and were approved by the General Shareholders' Meeting of May 29, 2012.

The Supervisory Board meeting of March 12, 2015 revised these commitments to take into account recommendations of the Afep-Medef Corporate Governance Code. They were notified to the statutory auditors as related-party agreements and were approved by the General Shareholders' Meeting of May 27, 2015. The current commitments to Jean-Michel Etienne provide that in the event of a forced departure due to a change in control or strategy and other than in the case of serious or gross misconduct, Jean-Michel Etienne would be entitled to a termination benefit if this departure should occur before the normal term (September 15, 2018).

Providing that Jean-Michel Etienne does not continue to be employed by Publicis Groupe, the amount of the benefit would be equal to one and a half years' total gross compensation (fixed compensation and target variable component). He would also have the right to exercise the options to subscribe to and/or to purchase the shares that have been awarded to him, and to retain the free shares already granted to him, subject to the performance conditions set out in the regulations for the plan in question being satisfied.

This benefit would be subject to a performance condition: the termination benefit would only be due in its full amount if the average annual amount of the bonus acquired by Jean-Michel Etienne for the three years prior to the termination of his duties is equal to at least 75% of his "target bonus". If the average annual amount is less than 25% of the "target bonus", no sum or benefits will be due. If the average annual amount is between 25% and 75% of the "target bonus", the payments and benefits will be calculated on a proportional basis between 0% and 100% using the rule of three.

The termination benefit may only be paid after the determination by the Supervisory Board that the performance condition had been achieved at the date on which his term as a member of the Management Board ended.

In application of articles L. 225-90-1 and R. 225-60-1 of the French Commercial Code, the details of the regulated agreements described above may be viewed on www.publicisgroupe.com.

The summary table of the elements of compensation due or paid for the period ended December 31, 2016 to Jean-Michel Etienne in Section 2.2.4.2 below will be submitted to the General Shareholders' Meeting of May 31, 2017 for opinion in its thirteenth resolution in accordance with the Afep-Medef Corporate Governance Code of November 2016.

B. Compensation of Jean-Michel Etienne for financial year 2017

The amount of fixed compensation, the variable compensation limit and the other elements of compensation for 2017 remain unchanged compared with financial year 2016. As share-based compensation plans are triennial, Jean-Michel Etienne will be eligible for a new grant in 2019.

This compensation policy for Jean-Michel Etienne is subject to approval by the General Shareholders' Meeting (*ex ante* vote) of May 31, 2017 in the eighteenth resolution.

2.2.3.5. Compensation of Anne-Gabrielle Heilbronner, Member of the Management Board

A. Compensation of Anne-Gabrielle Heilbronner for financial year 2016

The philosophy behind the remuneration of Anne-Gabrielle Heilbronner is unchanged from previous years.

ANNUAL FIXED COMPENSATION

From January 1, 2014 to December 31, 2015, the gross annual fixed compensation of Anne-Gabrielle Heilbronner was euro 480,000.

The Supervisory Board, upon the Compensation Committee's recommendation, decided to raise Anne-Gabrielle Heilbronner's fixed salary, effective from January 1, 2016, to the gross amount of euro 600,000, to be consistent with:

- the widened scope of her responsibilities as the Group's Secretary General, which include legal and corporate governance functions, human resources, internal audit, internal control and risk management, procurement, including the added complexity following the acquisition of Sapient;
- her appointment as member of the Management Board of Publicis Groupe on September 15, 2014 and related increased duties, which have not to date been the subject of a compensation review;
- practices in compensation observed for this level of responsibility in France and for this Publicis business sector abroad; and
- internal equality.

STRUCTURE OF THE VARIABLE COMPENSATION

The Supervisory Board, upon the Compensation Committee's recommendation, decided that the variable part of her compensation for 2016, of a target amount of up to 100% of her fixed salary, would be based on:

- two criteria linked to the financial performance of the Group in relation to the objectives, for 40% of the variable part, each being taken into account on an equal basis:
  - organic growth, and
  - operating margin;
- four non-financial individual criteria consistent with her main areas of responsibility, for 60% of the variable part, each being taken into account on an equal basis:
  - human resources: training client teams on the Group's new positioning and improving talent management, especially as regards compensation, performance assessment, management tools, etc.,
  - internal controls and audits: developing tools and resources to reduce fraud and improve compliance,
  - legal: developing an awareness-raising program for managers to reduce litigation risks,
  - procurement: introducing an aggressive procurement program to substantially improve the Group's performance (broaden the scope of central purchasing methods, improve control procedures, etc.).

Each one of these criteria is subject to an assessment of the measurable elements: number and cost of training programs, personnel cost control, achievement of audit plans, number of lawsuits, procurement savings and the number of global contracts signed.

VARIABLE COMPENSATION PAID IN 2017 FOR FINANCIAL YEAR 2016

The Supervisory Board took note of Anne-Gabrielle Heilbronner's achievements with regard to non-financial criteria for financial year 2016, which notably include:

- human resources: setting up nine new team training sessions on the Group's new positioning and specific training for Global Client Leaders; Global Client Finance Leaders and Global Client Legal Leaders, negotiations training launched with Procurement, improving Talent management (launching a mobility policy, implementing a new assessment tool, etc.);
- internal controls and audits: number of audits conducted higher than the audit plan, improvement of monitoring (reducing the open recommendations by half);
- legal: launch and deployment of a Group compliance program (training modules in personal data and anti-corruption management), nomination of a Group Chief Data Officer, reorganizing the legal teams to take into account the Group's new organization;
- procurement: 23 global contracts signed in 2016, and implementation of measures to increase the savings generated.

After reviewing the performance delivered for the criteria related to Group performance and each of the non-financial criteria in financial year 2016, the Supervisory Board set the variable part of gross compensation for Anne-Gabrielle Heilbronner at euro 480,000. This amount results from the following facts and assessments:

Criteria	Performance level	Amount of variable compensation
Organic growth	Objective not achieved	No compensation
Operating margin	Objective 100% achieved	€120,000
Non-financial individual criteria:		
human resources	Objectives 100% achieved	€90,000
internal controls and audits	Objectives 100% achieved	€90,000
legal	Objectives 100% achieved	€90,000
procurement	Objectives 100% achieved	€90,000

VARIABLE LONG-TERM COMPENSATION

Anne-Gabrielle Heilbronner benefited from the following share-based compensation plans:

	LionLead		LTIP		Maximum annual number of performance shares potentially vested(1)	
	Description	Date	Description	Date	Total annual number	Of which shares subject to performance conditions
Anne-Gabrielle Heilbronner	LionLead3	06/16/2016	LTIP 2016-2018	06/23/2016	28,166	28,166

(1) *Maximum annual amount that can become vested if all performance conditions are met. Awards under the LionLead and LTIP plans for the Management Board are triennial, subject to continued presence and stringent performance conditions. As an illustration, the rates at which performance conditions were met under the preceding plans were around 50%.*

COLLECTIVE HEALTH AND WELFARE INSURANCE AND SYSTEMS

Anne-Gabrielle Heilbronner is enrolled in coverage applicable to executives of her level under the French system.

EMPLOYMENT CONTRACT

Anne-Gabrielle Heilbronner continues to benefit from an employment contract with one of the Group's subsidiaries.

SEVERANCE PAYMENT

Commitments entered into with Anne-Gabrielle Heilbronner related to severance payment in the event she ceases to serve as a member of the Management Board were approved by the Supervisory Board at its meeting on March 12, 2015. These commitments were notified to the statutory auditors as related-party agreements and were approved by the General Shareholders' Meeting of May 27, 2015.

The current commitments to Anne-Gabrielle Heilbronner provide that in the event of a forced departure due to a change in control or strategy and other than in the case of serious or gross misconduct, Anne-Gabrielle Heilbronner would be entitled to a termination benefit if this departure should occur before the normal term (September 15, 2018).

Providing that Anne-Gabrielle Heilbronner does not continue to be employed by Publicis Groupe, the amount of the benefit would be equal to one years' total gross compensation (fixed compensation and target variable component). She would also have the right to exercise the options to subscribe to and/or to purchase the shares that have been awarded to her, and to retain the free shares already granted to her, subject to the performance conditions set out in the regulations for the plan in question being satisfied.

This benefit would be subject to a performance condition: the termination benefit would only be due in its full amount if the average annual amount of the bonus acquired by Anne-Gabrielle Heilbronner for the three years prior to the termination of her duties is equal to at least 75% of her "target bonus". If the average annual amount is less than 25% of the "target bonus", no sum or benefits will be due. If the average annual amount is between 25% and 75% of the "target bonus", the payments and benefits will be calculated on a proportional basis between 0% and 100% using the rule of three.

The termination benefit may only be paid after the determination by the Supervisory Board that the performance condition had been achieved at the date on which her term as a member of the Management Board ended.

In application of articles L. 225-90-1 and R. 225-60-1 of the French Commercial Code, the details of the regulated agreements described above may be viewed on www.publicisgroupe.com.

NON-COMPETE AGREEMENT

Anne-Gabrielle Heilbronner is not subject to a non-compete agreement as a member of the Management Board. She is subject to a non-compete clause in her employment contract concluded upon her arrival at Publicis Groupe in 2012, i.e. before her appointment as a member of the Management Board. This non-compete clause is valid for a maximum of two years and includes maximum financial compensation to be paid equal to 30% of the gross salary, excluding variable elements. Publicis Groupe may waive this clause.

The summary table of the elements of compensation due or paid for the period ended December 31, 2016 to Anne-Gabrielle Heilbronner in Section 2.2.4.2 below will be submitted to the General Shareholders' Meeting of May 31, 2017 for opinion in its fourteenth resolution in accordance with the Afep-Medef Corporate Governance Code of November 2016.

B. Compensation of Anne-Gabrielle Heilbronner for financial year 2017

The amount of fixed compensation, the ceiling on variable compensation and the other components of her compensation for 2017 remain unchanged from financial year 2016. Since the frequency of share-based compensation plans is triennial, Anne-Gabrielle Heilbronner will be eligible for a new award in 2019.

This remuneration policy for Anne-Gabrielle Heilbronner is subject to approval by the General Shareholders Meeting (ex ante vote) of May 31, 2017 in the nineteenth resolution.

2.2.3.6. Compensation of Steve King, member of the Management Board from June 1, 2017

A. Compensation of Steve King from June 1, 2017

Going beyond legal obligations, the Supervisory Board decided to submit to the General Shareholders' Meeting of May 31, 2017, in its twentieth resolution, the principles and criteria for determining the compensation which will be granted Steve King effective from June 1, 2017 as a member of the Management Board.

ANNUAL FIXED COMPENSATION

As of June 1, 2017, his gross fixed salary will amount to GBP 900,000.

STRUCTURE OF THE VARIABLE COMPENSATION

The Supervisory Board, upon the Compensation Committee's recommendation, decided that the variable part of his compensation, effective from June 1, 2017, of a target amount of up to 160% of his fixed salary, would be based on:

- two criteria linked to the financial performance of the Group in relation to the objectives, for 20% of the variable part, each being taken into account on an equal basis:
  - organic growth, and
  - operating margin;
- three criteria linked to the financial performance of Publicis Media in relation to the objectives, for 60% of the variable part, each being taken into account on an equal basis:
  - organic growth,
  - operating margin, and
  - cash generation;
- two non-financial individual criteria consistent with his main areas of responsibility, for 20% of the variable part, each being taken into account on an equal basis:
  - rollout of the Big Data software, and
  - ramp-up of "The Power of One" strategy.

VARIABLE LONG-TERM COMPENSATION

Since the frequency of share-based compensation plans is triennial, Steve King will be eligible for an award in 2019. In accordance with the compensation policy described above at 2.2.3.1, it is the wish of the Supervisory Board that this long-term variable compensation represent a significant portion of the compensation of Steve King, to act as a long-term incentive and be in line with the interests of the shareholders.

Should he resign, Steve King will lose any rights awarded but not vested.

BENEFITS IN KIND

Steve King will continue to be reimbursed for expenses related to his vehicle.

COLLECTIVE HEALTH AND WELFARE INSURANCE AND SYSTEMS

Steve King will continue to be enrolled in coverage applicable to executive of his level in the United Kingdom.

EMPLOYMENT CONTRACT

Steve King continues to benefit from an employment contract with one of the Group's UK subsidiaries.

SEVERANCE PAYMENT AND NON-COMPETE AGREEMENT

The Supervisory Board kept in place the amount of severance payment and the terms of the non-compete agreement of Steve King as they appear in his employment contract with one of the Group's subsidiaries in the United Kingdom. No other compensation will be due.

The Supervisory Board has decided that in the event of a forced departure due to a change in control or strategy and other than in the case of serious or gross misconduct, Steve King would be entitled to this single severance payment.

Providing that Steve King does not continue to be employed by Publicis Groupe, the amount of the benefit would be equal to one year total gross compensation (fixed compensation and target variable component). He would also have the right to exercise the options to subscribe to and/or to purchase the shares that have been awarded to him, and to retain the free shares already granted to him, subject to the performance conditions set out in the regulations for the plan in question being satisfied.

This severance payment would be subject to a performance condition. The severance payment would only be due in its full amount if the average annual amount of the bonus acquired by Steve King for the three years prior to the termination of his duties is equal to at least 75% of his "target bonus". If the average annual amount is less than 25% of the "target bonus", no sum or benefits will be due. If the average annual amount is between 25% and 75% of the "target bonus", the payments and benefits will be calculated on a proportional basis between 0% and 100% using the rule of three.

The severance payment may only be paid after the determination by the Supervisory Board that the performance conditions had been achieved at the date on which his term as a member of the Management Board ended.

Steve King is subject to a non-compete obligation in his employment contract with a British subsidiary of the Group. This obligation does not give rise to financial consideration as permitted by applicable local regulations.

The Supervisory Board reaffirmed that this severance payment and any compensation for a non-compete obligation may not exceed 12 months of total compensation (fixed and targeted variable remuneration).

This severance payment is specifically subject to the approval of the General Shareholders' Meeting of May 31, 2017 in the twenty-second resolution.

PENSION PLANS

Steve King will continue to benefit from the British pension plan applicable to management positions at his level.

B. Long-term variable compensation awarded in 2016

For your information, Steve King benefited from the following share-based compensation plans:

	LionLead		LTIP		Maximum annual number of performance shares potentially vested[1]	
	Description	Date	Description	Date	Total annual number	Of which shares subject to performance conditions
Steve King	LionLead3	06/16/2016	LTIP 2016-2018	06/23/2016	67,915	67,915

(1) aximum annual amount that can become vested if all performance conditions are met. Awards under the LionLead and LTIP plans for the Management Board are triennial, subject to continued presence and stringent performance conditions. As an illustration, the rates at which performance conditions were met under the preceding plans were around 50%.

2.2.4 Compensation summary table

2.2.4.1 *AMF* and Afep-Medef compensation tables

The 2009-16 position-recommendation of the AMF and the Afep-Medef Code of November 2016 propose a standardized presentation of the compensation of Executive corporate officers of companies whose securities are traded on a regulated market.

TABLE 1 (*AMF* NOMENCLATURE) COMPENSATION SUMMARY TABLE IN RESPECT OF THE COMPENSATION DUE AND THE OPTIONS AND SHARES GRANTED TO EACH EXECUTIVE CORPORATE OFFICER (IN EUROS)

	2016	2015
Management Board		
Maurice Lévy, Chairman of the Management Board		
Compensation due for the year(1)	2,500,000	3,917,500
Valuation of options granted during the year	-	-
Valuation of performance shares awarded during the year	-	-
TOTAL	**2,500,000**	**3,917,500**
Kevin Roberts, Head Coach of Publicis Groupe, Executive Chairman of Saatchi & Saatchi Worldwide		
Compensation due for the year(1)(2)	2,033,787	3,055,854
Valuation of options granted during the year	-	-
Valuation of performance shares awarded during the year	-	-
TOTAL	**2,033,787**	**3,055,854**
Jean-Michel Etienne, Executive Vice-President – Group Finance		
Compensation due for the year(1)	1,470,000	1,406,250
Valuation of options granted during the year	-	-
Annual maximum valuation of performance shares awarded during the year(3)	1,911,444	-
TOTAL	**3,381,444**	**1,406,250**
Anne-Gabrielle Heilbronner, Secretary General		
Compensation due for the year(1)	1,080,000	1,080,000
Valuation of options granted during the year	-	-
Valuation of performance shares awarded during the year(3)	822,226	-
TOTAL	**1,902,226**	**1,080,000**

(1) See details in Table 2.
(2) Compensation calculated and paid in US dollars. The euro conversion is carried out at the average rate of $1 = €0.89676 in 2016 and $1 = €0.90161 in 2015.
(3) Annual maximum cumulative amount under the LionLead3 and LTIP 2016-2018 plans. Awards under the LionLead and LTIP plans for the Management Board are triennial, subject to continued employment and stringent performance conditions. As an illustration, the rates at which performance conditions were met under the preceding plans were around 50%. See details in Table 6. Two overall allocations each covering the financial years 2016, 2017, 2018.

TABLE 2 (*AMF* NOMENCLATURE) SUMMARY TABLE OF THE COMPENSATION FOR EACH EXECUTIVE CORPORATE OFFICER (IN EUROS)

In general, the compensation paid corresponds to the fixed compensation for the specified year and the variable portion corresponds to that of the previous year.

No exceptional compensation was paid to the corporate officers.

	2016 – Amounts:		2015 – Amounts:	
	due	paid	due	paid
Management Board				
Maurice Lévy, Chairman of the Management Board				
Fixed compensation	-	-	-	-
Variable compensation	2,500,000	3,917,500	3,917,500	2,833,333
Benefits in kind[(1)]	-	-	-	-
TOTAL	**2,500,000**	**3,917,500**	**3,917,500**	**2,833,333**
Kevin Roberts, Head Coach of Publicis Groupe, Executive Chairman of Saatchi & Saatchi Worldwide[(2)]				
Fixed compensation	597,840	597,840	901,610	901,610
Variable compensation[(3)]	1,407,315	2,122,390	2,122,390	3,204,322
Benefits in kind[(1)]	28,632	28,632	31,854	31,854
TOTAL	**2,033,787**	**2,748,862**	**3,055,854**	**4,137,786**
Jean-Michel Etienne, Executive Vice-President – Group Finance				
Fixed compensation	840,000	840,000	720,000	720,000
Variable compensation	630,000	686,250	686,250	720,000
Benefits in kind[(1)]	-	-	-	-
TOTAL	**1,470,000**	**1,526,250**	**1,406,250**	**1,440,000**
Anne-Gabrielle Heilbronner, Secretary General				
Fixed compensation	600,000	600,000	480,000	480,000
Variable compensation	480,000	600,000	600,000	336,000
Benefits in kind	-	-	-	-
TOTAL	**1,080,000**	**1,200,000**	**1,080,000**	**816,000**

(1) Benefits in kind relating to the use of a company-provided vehicle are not mentioned when they are for an immaterial amount.

(2) Compensation calculated and paid in US dollars. The euro conversion is carried out at the average rate of $1 = €0.89676 in 2016 and $1 = €0.90161 in 2015.

(3) The variable compensation component includes a contractual annual pension disbursement instead of the complementary pension contracts provided for at the time of the acquisition of Saatchi & Saatchi. A commitment had been made to pay Kevin Roberts a gross amount of $1,154,000 per year until he left his functions as member of the Group's Management Board. As such, he received $769,333 for 2016, and his effective departure date was September 1, 2016.

TABLE 3 (*AMF* NOMENCLATURE) DETAILS OF ATTENDANCE FEES (IN EUROS)

	Attendance fees paid in 2016	Attendance fees paid in 2015
Supervisory Board		
Élisabeth Badinter, Chairperson	55,000	70,000
Sophie Dulac	35,000	55,000
Simon Badinter	35,000	55,000
Claudine Bienaimé	105,000	120,000
Michel Cicurel	65,000	95,000
Michel Halpérin(1)	-	50,000
Hélène Ploix(2)	30,000	90,000
Amaury de Seze(3)	70,000	80,000
Henri-Calixte Suaudeau(4)	25,000	65,000
Gérard Worms(5)	35,000	95,000
Véronique Morali	75,000	85,000
Marie-Josée Kravis	50,000	60,000
Marie-Claude Mayer	50,000	60,000
Jean Charest	50,000	50,000
Jerry Greenberg(6)	30,000	-
TOTAL	**710,000**	**1,030,000**

(1) Died on August 11, 2014.
(2) End of term of office as a member of the Supervisory Board on May 27, 2015.
(3) End of term of office as a member of the Supervisory Board on May 25, 2016.
(4) End of term of office as a member of the Supervisory Board on May 27, 2015.
(5) End of term of office as a member of the Supervisory Board on May 27, 2015.
(6) Appointment as member of the Supervisory Board on May 27, 2015.

TABLE 4 (*AMF* NOMENCLATURE) STOCK OPTIONS ATTRIBUTED DURING THE FINANCIAL YEAR TO EACH EXECUTIVE CORPORATE OFFICER BY THE ISSUER AND BY ANY GROUP COMPANY

None, no stock options were attributed in 2016.

TABLE 5 (*AMF* NOMENCLATURE) STOCK OPTIONS EXERCISED DURING THE FINANCIAL YEAR BY EACH EXECUTIVE CORPORATE OFFICER (NOMINATIVE LIST)

	Description and date of plan	Number of options exercised during the year	Average exercise price (in euros)	Year granted
Management Board				
Maurice Lévy, Chairman		No exercise in 2016	-	-
Kevin Roberts		No exercise in 2016	-	-
Jean-Michel Etienne	LTIP II 08/21/2006	6,331	29.27	2006
Anne-Gabrielle Heilbronner	LionLead2 04/30/2013	13,607	52.76	2013

TABLE 6 (*AMF* NOMENCLATURE) PERFORMANCE SHARES GRANTED TO EACH EXECUTIVE CORPORATE OFFICER

	First plan			Second plan			Number of performance shares granted Position at December 31, 2016	
	Description	Date	Acquisition date[2]	Description	Date	Acquisition date[2]	Total annual number[1]	Of which subject to performance conditions
Management Board								
Maurice Lévy, Chairman		-	-	-	-	-	-	-
Kevin Roberts		-	-	-	-	-	-	-
Jean-Michel Etienne	LionLead3	06/16/2016	06/16/2019	LTIP 2016-2018	06/23/2016	06/23/2019	67,915	67,915
Anne-Gabrielle Heilbronner	LionLead3	06/16/2016	06/16/2019	LTIP 2016-2018	06/23/2016	06/23/2019	28,166	28,166

(1) The performance shares awarded to the Management Board members under the LionLead3 plan are definitively acquired (contingent upon three years of continued presence) depending on Publicis Groupe's relative performance on organic growth and operating margin criteria compared to the benchmark group (Omnicom, WPP, IPG, Publicis Groupe), the change in Publicis Groupe's share price and the out-performance compared to the financial objectives. The result is measured as an average over the period 2016-2018.
The performance shares awarded to Management Board members under the LTIP 2016-2018 plan are definitively acquired (contingent upon three years of continued employment) depending on Publicis Groupe's relative performance on organic growth and operating margin criteria compared to the benchmark group (Omnicom, WPP, IPG, Publicis Groupe). 100% of the shares are awarded if Publicis Groupe achieves organic growth greater than the benchmark group's average, and the highest operating margin rate. No shares are awarded if Publicis Groupe achieves less than or equal to 80% of the benchmark group's average organic growth and the lowest operating margin rate. The result is measured as an average over the period 2016-2018. The Management Board members must retain 20% of the vested shares throughout their term of office. See Section 2.2.3 "Compensation of the Management Board".
(2) Subject to fulfilling the required performance conditions.

TABLE 7 (*AMF* NOMENCLATURE) PERFORMANCE STOCK VESTED FOR EACH EXECUTIVE CORPORATE OFFICER

	First plan		Second plan		Number of performance shares vested in 2016
	Description	Date	Description	Date	Total number
Management Board					
Maurice Lévy, Chairman		-	-	-	-
Kevin Roberts		-	-	-	-
Jean-Michel Etienne	LTIP 2013-2015[1]	06/17/2013	Co-investment Plan[1]	04/30/2013	22,603
Anne-Gabrielle Heilbronner	LTIP 2013[2]	04/16/2013	Co-investment Plan[1]	04/30/2013	5,364

(1) The Management Board members must retain 20% of the vested shares throughout their term of office.
(2) Allocation carried out before the appointment to the function of Management Board member.

TABLE 8 (*AMF* NOMENCLATURE) HISTORY OF OPTIONS AND SHARES GRANTED OVER THE LAST TEN YEARS

	Stock option plans		
Date of authorization by the Extraordinary General Shareholders' Meeting (EGM)	**2007**	**Plan originally from Digitas[1]**	**2013 Co-investment Plan**
Date of the Board of Directors or Management Board's meeting deciding the allocation	08/24/2007		04/30/2013
Total number of allocated share subscription options (S) or of share purchase options (A)	1,574,400[2] A	3,199,756 A	5,949,305[2] S/A[3]
• of which corporate officers	-	-	198,687
• of which first ten beneficiary employees (excluding corporate officers)	258,000[2]	-	653,299[2]
Start date for exercise of the options	50%[4] 2009[4] 50% 2010	01/31/2007	04/30/2016[5] 04/30/2017
Expiry date	8/23/2017	2009 to 2017	04/30/2023
Subscription or purchase price in euros	31.31	2.47 to 58.58	52.76
Total number of allocated share subscription options or share purchase options adjusted as at 12/31/2016	1,574,400[2]	3,199,756	5,949,305[2]
Total number of shares subscribed or purchased as at 12/31/2016	(542,177)	(2,439,845)	(75,317)
Total number of canceled subscription options or purchase options as at 12/31/2016	(920,804)	(759,911)	(3,760,255)
Number of share purchase options, share subscription options or shares remaining as at 12/31/2016	111,419	-	2,113,733

(1) Options granted under the Digitas option plans that existed when Digitas was acquired in January 2007 were converted into purchase options on Publicis Groupe shares using the existing ratio of the purchase price established under the offer for Digitas stock (restated in euros) and the market value of Publicis Groupe shares on the date of the merger. The purchase price was adjusted as a result.

(2) Conditional options, the exercise of which is contingent on the achievement of objectives under the three-year plan. The achievement level of objectives in the 2006-2008 plan was measured in 2009.

(3) The Management Board may decide, before the beginning of the exercise period, to deliver existing shares when the options are exercised instead of delivering shares to be issued.

(4) Exercise period started in 2009, after determining levels at which the objectives were achieved and thus the number of exercisable options. Half of the total exercisable number can be exercised after this date, the other half in 2010. Non-exercisable options were canceled.

(5) Concerns French employees.

TABLE 9 (*AMF* NOMENCLATURE) STOCK OPTIONS GRANTED TO THE FIRST TEN EMPLOYEES (NON-CORPORATE OFFICERS) AND OPTIONS RAISED BY THE LATTER

	Plan	Number of options granted/purchased	Weighted average price (in euros)
Options granted between January 1, and December 31, 2016, by the issuer and by any company included in the scope of option allocation to their ten respective employees, whose number of options thus extended is the highest (overall information).	-	-	-
	LTIP II 2006	66,220	29.27
	LTIP II 2007	5,692	31.31
Options held from the issuer and the aforementioned companies, exercised between January 1, and December 31, 2016, by their respective ten employees who bought or subscribed to the greatest number of options (overall information).	2013 Co-investment plan Purchase options	37,892	52.76
TOTAL		**109,804**	**37.48**

TABLE 10 (*AMF* NOMENCLATURE) HISTORY OF OPTIONS AND SHARES GRANTED OVER THE LAST TEN YEARS

	Free share plans									
Date of authorization by the Extraordinary General Shareholders' Meeting (EGM)	2009[6] Employees in France	2009 [7] Co-Investment	Plan originally from Razorfish[8]	LTIP 2010	LTIP 2010-2012	2010[6] Employees in United States	LTIP 2011	2011[10] International employees	LTIP 2012	2013[10] International employees
Date of the Board of Directors or Management Board's meeting deciding the allocation	05/20/09	03/19/09	12/01/09	08/19/10	09/22/10	11/19/10	04/19/11	11/21/11	04/17/12	02/1/13
Total number of free shares allocated	210,125	3,544,176	493,832	667,600	252,000	658,400	674,650	533,700	681,550 [12]	320,475
• of which corporate officers	-	225,506	-	2,000	252,000	-	2,000	-	2,000	
• of which first ten beneficiary employees (excluding corporate officers)	500	447,890	-	54,000	-	500	62,000	500	54,000	500
Delivery date	05/20/11	03/19/2012[9] 03/19/13	Between 01/1/2010 and 12/2018	08/19/2013[9] 08/19/14	09/22/2013[9] 09/22/14	12/1/14	04/19/2014[13] 04/19/15	12/01/2013[14] 12/01/15	04/17/2015 [13] 04/17/16	02/01/17
Total number of free shares allocated adjusted as at 12/31/2016	210,125	3,544,176	493,832	667,600	252,000	658,400	674,650	533,700	681,550	320,475
Total number of free shares delivered as at 12/31/2016	(150,575)	(2,972,121)	(314,102)	(468,450)	(248,387)	(248,900)	(478,023)	(238,150)	(481,569)	-
Total number of free shares canceled as at 12/31/2016	(59,550)	(572,055)	(179,730)	(199,150)	(3,613)	(409,500)	(196,627)	(295,550)	(199,981)	(204,075)
Number of free shares outstanding as at 12/31/2016	-	-	-	-	-	-	-	-	-	116,400

(1) Options granted under the Digitas option plans that existed when Digitas was acquired in January 2007 were converted into purchase options on Publicis Groupe shares using the existing ratio of the purchase price established under the offer for Digitas stock (restated in euros) and the market value of Publicis Groupe shares on the date of the merger. The purchase price was adjusted as a result.

(2) Conditional options, the exercise of which is contingent on the achievement of objectives under the three-year plan. The achievement level of objectives in the 2006-2008 plan was measured in 2009.

(3) The Management Board may decide, before the beginning of the exercise period, to deliver existing shares when the options are exercised instead of delivering shares to be issued.

(4) Exercise period started in 2009, after determining levels at which the objectives were achieved and thus the number of exercisable options. Half of the total exercisable number can be exercised after this date, the other half in 2010. Non-exercisable options were canceled.

(5) Concerns French employees.

(6) This is the plan awarding 50 free shares to all of the Group's employees.

(7) Co-investment plan offered to 160 key Group managers, of which 136 subscribed.

(8) Shares granted under the Microsoft option plans that existed when Razorfish was acquired in October 2009 were converted into stock purchase options on shares of Publicis Groupe using the existing ratio of the purchase price established for Microsoft (restated in euros) and the market value of Publicis Groupe stock on the date of the acquisition.

(9) Concerns French employees, who are subject to a two-year period of non-transferability.

(10) This is the plan awarding 50 free shares to all of the Group's employees.

(11) Co-investment plan offered to 200 key Group managers.

(12) Under the LTIP 2012 plan, 11,965 free shares were granted by the Management Board on July 16, 2012.

(13) Concerns French employees, who are subject to a two-year period of non-transferability.

(14) Concerns Italian and Spanish employees, who are, in addition, subject to a three-year period of non-transferability.

(15) Sapient Plan 2015 consists of three distinct plans. Two of these plans are conditional only upon continued employment and, in the case of the first plan, give rise to the delivery of one-quarter of the shares awarded, on the dates of the first four anniversaries of the plan (i.e. in April 2016, 2017, 2018 and 2019) and, in the case of the second plan, to the delivery of all shares awarded, at the end of a four-year period, i.e. in April 2019. The third plan, in addition to the condition of continued employment, is conditional upon performance criteria, such that the total number of shares delivered shall depend on the level of attainment of targets in respect of 2015, 2016 and 2017. The shares ultimately awarded in accordance with the level of attainment of these performance targets will be deliverable at the end of a three-year period, i.e. in April 2018.

(16) Sapient Plan 2016 consists of two distinct plans. One of these plans is conditional only upon continued employment and gives rise to the delivery of one-quarter of the shares awarded on the dates of the first four anniversaries of the plan (i.e. in April 2017, 2018, 2019 and 2020). The second plan, in addition to the condition of continued employment, is conditional upon performance criteria, such that the total number of shares delivered shall depend on the level of attainment of targets in respect of 2016, 2017 and 2018. The shares ultimately awarded in accordance with the level of attainment of these performance targets will be deliverable at the end of a three-year period, i.e. in April 2019.

(17) Allocation granted on June 16, 2016 and submitted for approval by the Supervisory Board on June 23, 2016.

Free share plans											
LTIP 2013	2013 Co-investment Plan[11]	LTIP 2013-2015	LTIP 2014	LTIP 2015	Sapient Plan 2015[15]	LTIP 2016	Sapient Plan 2016[16]	LTIP 2016-2018	LionLead3 France	LionLead3 International	LionLead3 Management Board/ Directoire+
4/16/13	4/30/13	6/17/13	3/20/14	4/17/15	4/17/15	6/23/16	4/15/16	6/23/16	6/16/16	6/16/16	6/16/16 06/23/19[17]
636,550	846,288	105,000	639,750	639,800	422,970	770,300	442,604	120,000	509,652	3,250,962	1,007,721
1,500	28,263	105,000	-	-	-	-	-	45,000	-	-	243,243
44,000	92,931	-	44,000	52,000	197,680	40,400	189,177	75,000	289,575	613,899	764,478
4/16/2016[13] 4/16/17	4/30/2016[13] 4/30/17	6/17/2016[13] 6/17/17	3/20/2017[13] 3/20/18	4/17/2018[13] 4/17/2019	4/17/2016[16] 4/17/2019	6/24/19	4/15/17 4/15/20	6/24/19	6/17/19	6/17/20	6/24/19
636,550	846,288	105,000	639,750	639,800	422,970	770,300	442,604	120,000	509,652	3,250,962	1,007,721
(39,779)	(106,102)	(18,632)	(1,000)	(2,000)	(83,392)	-	-	-	-	-	-
(343,781)	(236,068)	(67,736)	(374,644)	(354,417)	(19,461)	(24,700)	-	-	-	(11,583)	(173,745)
252,990	504,118	18,632	264,106	283,383	320,117	745,600	442,604	120,000	509,652	3,239,379	833,976

TABLE 11 (*AMF* NOMENCLATURE) OTHER INFORMATION CONCERNING THE EXECUTIVE CORPORATE OFFICERS

Executive corporate officers	Employment contract	Supplementary pension plan	Indemnities or benefits due or payable on cessation or change in functions	Indemnities under a non-compete clause
Management Board				
Maurice Lévy, Chairman	No	No	No	Yes(1)
Jean-Michel Etienne	Yes	No	Yes(1)	No
Anne-Gabrielle Heilbronner	Yes	No	Yes(1)	Yes(2)

(1) See Section 2.2.2 "Compensation of the Chairman and the members of the Management Board" of this document.

(2) A non-compete clause in Anne-Gabrielle Heilbronner's favor was included in her employment contract upon her arrival at the Publicis Groupe in 2012, i.e. before her appointment as a member of the Management Board. This non-compete clause is valid for a maximum of two years and includes maximum financial compensation to be paid equal to 30% of the gross salary, excluding variable elements. Publicis Groupe may waive this clause.

2.2.4.2 Elements of the compensation due or paid to Corporate officers in respect of the 2016 fiscal year, and presented to the Ordinary General Shareholders' Meeting in accordance with the Say-on-Pay principle

In accordance with the recommendations of the Afep-Medef Code (in article 26) to which the Company refers, the following elements of compensation due or paid in respect of the financial year 2016 to Executive corporate officers of the Company are subject to the opinion of shareholders:

- fixed compensation;
- variable compensation;
- attendance fees;
- exceptional compensation;
- granting of options and/or performance shares;
- indemnities when taking or leaving a function;
- supplementary pension plan;
- collective health and welfare insurance and systems;
- other benefits.

The tenth to fourteenth resolutions submitted to a vote by shareholders at the General Shareholders' Meeting aim to obtain their opinion on the elements of compensation and advantages due or paid with respect to the 2016 financial year to the Company's Executive corporate officers, Élisabeth Badinter, Chairperson of the Supervisory Board, Maurice Lévy, Chairman of the Management Board, and Jean-Michel Etienne, Kevin Roberts, and Anne-Gabrielle Heilbronner, members of the Management Board.

SUMMARY TABLE OF ELEMENTS OF COMPENSATION FOR ÉLISABETH BADINTER, CHAIRPERSON OF THE SUPERVISORY BOARD

In the tenth resolution, the General Shareholders' Meeting of May 31, 2017 will be asked to issue a favorable opinion on the following elements of compensation due or paid with respect of the 2016 financial year to Élisabeth Badinter, Chairperson of the Supervisory Board:

Elements of compensation	Amounts (in euros) or accounting valuation submitted for vote	Presentation
Fixed compensation	240,000	This compensation has remained unchanged since 2012
Variable compensation	N/A	N/A
Attendance fees	55,000	Payment resulting from her participation in Supervisory Board meetings where she serves as Chairperson, Appointments Committee meetings where she also serves as Chairperson of the Strategy and Risk Committee of which she is a member
Exceptional compensation	N/A	N/A
Granting of options and/or performance shares	N/A	N/A
Indemnities when taking or ceasing a function	N/A	N/A
Supplementary pension plan	N/A	N/A
Collective health and welfare insurance and systems	N/A	N/A
Other benefits	N/A	N/A

SUMMARY TABLE OF ELEMENTS OF COMPENSATION FOR MAURICE LÉVY, CHAIRMAN OF THE MANAGEMENT BOARD

In the eleventh resolution, the General Shareholders' Meeting of May 31, 2017 will be asked to issue a favorable opinion on the following elements of compensation due or paid with respect to the 2016 financial year to Maurice Lévy, Chairman of the Management Board:

Elements of compensation	Amounts (in euros) or accounting valuation submitted for vote	Presentation
Fixed compensation	N/A	N/A
Variable compensation	2,500,000	This amount is determined by the assessment of the performance on the financial, stock market and non-financial individual criteria.
Attendance fees	N/A	N/A
Exceptional compensation	N/A	N/A
Granting of options and/or performance shares	N/A	N/A
Indemnities when taking or ceasing a function	N/A	N/A
Supplementary pension plan	N/A	N/A
Collective health and welfare insurance and systems	3,477	This is the employer's contribution to the collective health and welfare insurance.
Other benefits	N/A	N/A

SUMMARY TABLE FOR THE ELEMENTS OF COMPENSATION FOR KEVIN ROBERTS, MEMBER OF THE MANAGEMENT BOARD

In its twelfth resolution, the General Shareholders' Meeting of May 31, 2017 will be asked to issue a favorable opinion on the following elements of compensation due or paid with respect to the 2016 financial year (for the period between January 1 and August 31, 2016) to Kevin Roberts, member of the Management Board:

Elements of compensation	Amounts (in euros) or accounting valuation submitted for vote*	Presentation
Fixed compensation	597,840	For the period between January 1 and August 31, 2016, compensation unchanged compared to 2015.
Variable compensation	1,407,315(1)	This amount is determined by the assessment of the performance on the financial and non-financial individual criteria.
Attendance fees	N/A	N/A
Exceptional compensation	N/A	N/A
Granting of options and/or performance shares	N/A	N/A
Indemnities when taking or ceasing a function	N/A	N/A
Supplementary pension plan	N/A	Instead of the complementary pension contracts provided for at the time of the acquisition of Saatchi & Saatchi, a commitment was made to pay this gross amount each year.
Collective health and welfare insurance and systems	28,632	This is a healthcare contract.
Other benefits	N/A	N/A

* *Compensation calculated and paid in US dollars. The euro conversion is carried out at the average rate of $1 = €0.89676 in 2016 (average from January 1 to August 31, 2016).*

(1) *The variable compensation component includes a contractual annual pension pro rata disbursement.*

SUMMARY TABLE FOR THE ELEMENTS OF COMPENSATION FOR JEAN-MICHEL ETIENNE, MEMBER OF THE MANAGEMENT BOARD

In the thirteenth resolution, the General Shareholders' Meeting of May 31, 2017 will be asked to issue a favorable opinion on the following elements of compensation due or paid in respect of the 2016 financial year to Jean-Michel Etienne, member of the Management Board:

Elements of compensation	Amounts (in euros) or accounting valuation submitted for vote	Presentation
Fixed compensation	840,000	In line with Group policy, the compensation was reviewed during the two-year cycle.
Variable compensation	630,000	This amount is determined by the assessment of the performance on the financial and non-financial individual criteria.
Attendance fees	N/A	N/A
Exceptional compensation	N/A	N/A
Maximum annual grant of options and/or performance shares	1,911,444	This amount corresponds to the maximum annual value in the consolidated financial statements of shares granted under performance share plans LTIP 2016-2018 and LionLead3. The number of shares finally received at the end of the three-year vesting period will depend on the level of attainment of the criteria set for each plan, as well as the share price for LionLead3.
Indemnities when taking or ceasing a function	N/A	N/A
Supplementary pension plan	N/A	N/A
Collective health and welfare insurance and systems	4,644	This is the employer's contribution to the collective health and welfare insurance.
Other benefits	N/A	N/A

SUMMARY TABLE OF ELEMENTS OF COMPENSATION FOR ANNE-GABRIELLE HEILBRONNER, MEMBER OF THE MANAGEMENT BOARD

In the fourteenth resolution, the General Shareholders' Meeting of May 31, 2017 will be asked to issue a favorable opinion on the following elements of compensation due or paid with respect to the 2016 financial year to Anne-Gabrielle Heilbronner, member of the Management Board:

Elements of compensation	Amounts (in euros) or accounting valuation submitted for vote	Presentation
Fixed compensation	600,000	In line with Group policy, the compensation was reviewed during the two-year cycle.
Variable compensation	480,000	This amount is determined by the assessment of the performance on the financial and non-financial individual criteria.
Attendance fees	N/A	N/A
Exceptional compensation	N/A	N/A
Maximum annual grant of options and/or performance shares	822,226	This amount corresponds to the maximum annual value in the consolidated financial statements of shares granted under performance share plans LTIP 2016-2018 and LionLead3. The number of shares finally received at the end of the three-year vesting period will depend on the level of attainment of the criteria set for each plan, as well as the share price for LionLead3.
Indemnities when taking or ceasing a function	N/A	N/A
Supplementary pension plan	N/A	N/A
Collective health and welfare insurance and systems	4,644	This is the employer's contribution to the collective health and welfare insurance.
Other benefits	N/A	N/A

2.2.5 Investment in the share capital

On December 31, 2016, no members of the Management Board and the Supervisory Board owned more than 1% of the Company's shares, with the exception of Élisabeth Badinter and her children (7.39%), and Maurice Lévy, who owns directly or indirectly 4,507,255 shares (1.99% of the Company's capital) including 2,364,748 shares owned through non-commercial companies belonging to Mr. Lévy and his family.

As of December 31, 2016, the members of the Management Board and the Supervisory Board (with the exception of Élisabeth Badinter and her children) directly and indirectly owned 6,469,828 shares, or 2.86% of the share capital of the Company, including 1.99% controlled by Maurice Lévy.

As of December 31, 2016, the members of the Management Board also owned 27,916 stock options, 27,916 of which are exercisable. The average weighted exercise price of the options is euro 52.76 per share and the expiry date of these options is 2023 (see Note 28 to the consolidated financial statements in section 4.6).

The following table shows the investment of each Supervisory or Management Board member in the share capital of the Company at December 31, 2016 by the number of shares and voting rights, as well as the number of shares that each Management Board member has the right to acquire through the exercise of new stock subscription options and existing stock purchase options.

SHAREHOLDINGS AND STOCK OPTIONS OF THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS AS OF DECEMBER 31, 2016

				Shares that may be acquired through the exercise of share purchase options		
Corporate officer	Number of Publicis Groupe SA shares	Voting rights in Publicis Groupe SA[(1)]	Number of shares that may be acquired through the exercise of share subscription options	Total number	Including conditional options[(2)]	Weighted average price (in euros)
Members of the Management Board						
Maurice Lévy[(3)]	4,507,255	9,014,510		-	-	-
Anne-Gabrielle Heilbronner[(4)]	7,512	7,512				
Jean-Michel Etienne	95,464	168,324		27,916	27,916	52.76
Total Management Board	**4,610,231**	**9,190,346**		**27,916**	**27,916**	**52.76**
Members of the Supervisory Board						
Élisabeth Badinter[(5)]	16,700,967	33,401,934				
Sophie Dulac	1,749,460	3,088,920				
Claudine Bienaimé	89,200	133,400				
Simon Badinter[(6)]	509	859				
Michel Cicurel	1,017	1,217				
Jean Charest	1,300	1,300				
Marie-Josée Kravis	500	500				
Véronique Morali	500	1,000				
Marie-Claude Mayer	12,920	22,944				
Jerry A. Greenberg	3,700	3,700				
André Kudelski	500	500				
Thomas H. Glocer	500	500				
Total Supervisory Board	**18,561,073**	**36,656,774**				

(1) Shows the impact of possible double voting rights.
(2) The conditions were taken into account to determine the final number of options definitively granted.
(3) Maurice Lévy directly owns 2,142,507 shares, and indirectly owns 2,364,748 shares of the Company through non-commercial companies, representing a total of 9,014,510 voting rights.
(4) Allocations prior to Ms. Heilbronner being appointed to the Management Board.
(5) Élisabeth Badinter fully owns 5,834,820 shares (representing 2.58% of the share capital and 4.66% of the voting rights) and has the right to income for 10,866,147 shares with her children owning the ownership shares (representing 4.81% of the share capital and 8.68% of voting rights).
(6) Excluding the 3,622,049 ownership shares held by Simon Badinter.

Note: the bylaws require members of the Supervisory Board to hold at least 500 shares (Combined General Shareholders' Meeting decision of May 27, 2015).

2.2.6 Transactions performed on Publicis Groupe securities by the managers and the persons related to them

The transactions performed by the Corporate Officers and the persons mentioned in article L. 621-18-2 of the French Monetary and Financial Code concerning Company stock during the financial year 2016 are as follows:

Name and Surname	Position	Description of the financial instrument	Type of transaction	Number of transactions	Amount of the transactions (in euros)
Jean-Michel Etienne	Member of the Management Board	Shares	Exercise of stock options	1	185,308
Anne-Gabrielle Heilbronner	Member of the Management Board	Shares	Dividends (in shares)	1	7,458
		Shares	Exercise of stock options	1	717,905
		Shares	Disposal	1	892,533
Claudine Bienaimé	Member of the Supervisory Board	Shares	Exercise of stock options	1	585,400
		Shares	Disposal	1	349,743
André Kudelski	Member of the Supervisory Board	Shares	Acquisition	1	33,024
Thomas H. Glocer	Member of the Supervisory Board	Shares	Acquisition	1	32,860
Marie-Claude Mayer	Member of the Supervisory Board	Shares	Exercise of stock options	1	236,326
		Shares	Disposal	1	532,238

2.3 Related-party transactions

2.3.1 Terms and conditions of financial transactions carried out with related parties

Michel Cicurel, member of the Supervisory Board of Publicis Groupe SA, was a member of the Board of Directors of Société Générale up to May 2016, a financial institution with which Publicis Groupe SA conducts business. Nevertheless, Mr. Cicurel is considered to be independent based on the criteria applied by the Company.

On December 12, 2014, Publicis Groupe SA signed a subscription agreement with several lead banks including Société Générale within the framework of investing in bonds issued by the Company on December 16, 2014, one for a duration of seven years for euro 700 million and the other for a duration of ten years for euro 600 million.

On July 22, 2015, Publicis Groupe SA signed a syndicated loan (Club Deal) in the amount of euro 2,000 million with a syndicate of 19 banks. Société Générale also participated for an amount of euro 135 million. This new syndicated loan replaced a previous syndicated loan signed in 2011 to which Société Générale was also party.

Additionally, in 2015, Publicis Groupe SA renewed its euro 45 million short-term credit line with Société Générale.

On March 17, 2015, Élisabeth Badinter, Chairperson of the Publicis Groupe SA Supervisory Board, with her family group, sold 2,406,873 Publicis Groupe SA shares to the Company for a total of euro 175,775,861, *i.e.* euro 73.03 per share, representing a 2% discount to the weighted average share price for the five trading days preceding this date and a 4.5% discount to the closing share price on March 16, 2015.

On June 16, 2016, Médias et Régies Europe, a wholly-owned subsidiary of Publicis Groupe SA, sold 56.67% of the capital and voting rights of the Mediavision et Jean Mineur Company. 52% were acquired by the B.D.C. company, wholly-owned by Benjamin Badinter, son of Élisabeth Badinter (see Section 4.6 Note 29 to the consolidated financial statements, the price was subject to review by an independent expert). Following this transaction, Multi Market Services France Holdings (wholly-owned subsidiary of Publicis Groupe SA, that had absorbed Médias et Régies Europe as part of a merger-takeover transaction on December 26, 2016) holds 10% of the capital and voting rights of Mediavision et Jean Mineur.

2.3.2 Related-party agreements concerning the compensation of Management Board members

On March 17, 2008, the Supervisory Board amended the existing contractual commitments relating to compensation, indemnities and benefits that might be due to members of the Management Board upon the termination of their terms of office and duties, mainly to comply with Law no. 2007-1223 of August 21, 2007 (the "TEPA law"). The statutory auditors were informed of the provisions adopted or authorized by the Board and, as required by the TEPA law, the changes were submitted to the General Shareholders' Meeting of June 3, 2008, where they were approved.

Following the renewal of the Management Board members' terms of office as of January 1, 2012, the Supervisory Board confirmed the existing commitments (while specifying the potential entitlements to free shares) towards Kevin Roberts, Jack Klues and Jean-Yves Naouri on March 6, 2012, and revised the existing agreements with Jean-Michel Etienne. The statutory auditors were informed of the provisions renewed or adopted by the Board as these are considered related-party agreements and, as required by law, the changes were subject to a vote at the General Shareholders' Meeting on May 29, 2012, where they were approved.

The Supervisory Board meeting held on September 15, 2014 terminated the role of Jean-Yves Naouri as a member of the Management Board and appointed a new Management Board consisting of Maurice Lévy, Chairman, Anne-Gabrielle Heilbronner, Jean-Michel Etienne and Kevin Roberts. On March 12, 2015, on proposal from the Compensation Committee, the Supervisory Board confirmed the current commitments to Jean-Michel Etienne and Kevin Roberts, in terms of end-of-term indemnities, by adapting the terms of these commitments to the recommendations of the Afep-Medef Corporate Governance Code and authorized, for Anne-Gabrielle Heilbronner, the conclusion of a commitment for the payment of indemnities in the event of a termination of her functions as a member of the Management Board. These commitments were notified to the statutory auditors as related-party agreements. They were approved by the General Shareholders' Meeting of May 27, 2015. It is stated that Kevin Robert's term of office as member of the Management Board ended on September 1, 2016.

In connection with these appointments effective June 1, 2017 of Arthur Sadoun as Chairman of the Management Board and Steve King as a member of the Management Board, on March 1, 2017 the Supervisory Board, on the recommendation of the Compensation Committee, authorized the obligations concerning severance pay and/or compensation for a non-compete agreement that might be paid to them under certain circumstances and on certain conditions. These obligations were communicated to the statutory auditors as related-party agreements and will be submitted for approval to the General Shareholders' Meeting of May 31, 2017.

These agreements are discussed in detail in section 2.2.2 of this document. These agreements are also covered in the special statutory auditors' report on related party agreements and commitments (see Section 2.3.4).

The information related to the agreements referred to in article L. 225-86 of the French Commercial Code and signed by the Company can be found in the Company's 2015, 2014 and 2013 Registration Documents:

- 2015: document filed with the AMF on April 4, 2016, (under no. D.16-0268), on page 82;
- 2014: document filed with the AMF on April 8, 2015, (under no. D.15-0298), on page 80;
- 2013: document filed with the AMF on April 4, 2014, (under no. D.14-0293), on page 45.

2.3.3 Related-party transactions

During 2016, the following transactions were carried out by Publicis Groupe with related parties:

	Revenue with related parties
Joint venture constituted between MSL France and Les Échos Solutions[1]	7

No transactions were carried out with related parties during the three previous years.

The outstanding amounts with related parties in the balance sheet as at December 31, 2016 were as follows (in millions of euros):

	Receivables/Loans with related parties	Liabilities to related parties
OnPoint Consulting, Inc.[2]	13	7
Joint venture constituted between MSL France and Les Échos Solutions[1]	3	-
Zag Limited[3]	5	-

(1) Entity owned at 50% by Publicis Groupe, to organize the "Viva Technology" event.
(2) Entity wholly-owned by Publicis Groupe.
(3) Entity owned at 36.75% by Publicis Groupe.

2.3.4 Statutory auditors' special report on related party agreements and commitments

General Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2016

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons why they benefit the Company. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with article R. 225-58 of the French Commercial Code (*Code de commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with article R. 225-58 of the French Commercial Code (*Code de commerce*) concerning the implementation, during the year, of the agreements and commitments already approved by the General Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with the guidance issued by the French Institute of statutory auditors (Compagnie nationale des commissaires aux comptes) for this type of engagement. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements and commitments submitted to the approval of the General Shareholders' Meeting

Agreements and commitments authorized during the past financial year

We hereby inform you that we were not informed of any agreement or commitments authorized during the year to be submitted to the approval of the General Assembly under article L. 225-86 of the French Commercial Code (*Code de commerce*).

Agreements and commitments authorized since the last financial year

We have been informed of the following agreements and commitments, previously authorized by the Supervisory Board since the last financial year.

Commitments in favor of Mr. Arthur Sadoun, whose appointment as Chairman of the Management Board will take effect on June 1, 2017

SEVERANCE PAYMENT

Nature and purpose

The Supervisory Board held on March 1, 2017 authorized the appointment of Mr. Arthur Sadoun, as Chairman of the Management Board, effective 1 June 2017, enabling him to benefit under certain circumstances and conditions, of severance payment, the terms of which are described below.

Terms and conditions

In the event of a forced departure or due to a change in control or strategy and other than in the case of serious or gross misconduct, Mr. Arthur Sadoun would be entitled to severance pay.

The amount of the payment would equal one year of total gross compensation (fixed and targeted variable portions) calculated using the average of the latest 24 months of compensation.

He would also have the right to exercise the options to subscribe to and/or to purchase the shares that have been awarded to him, and to retain on a prorated basis the bonus shares already granted to him more than two years prior, subject to the performance conditions set out in the regulations for the plan in question being satisfied.

This benefit would be subject to a performance condition: the termination benefit would only be due in its full amount if the average annual amount of the bonus acquired by Mr. Arthur Sadoun for the three years prior to the termination of his duties is equal to at least 75% of his "target bonus". If the average annual amount is less than 25% of the "target bonus", no sum or benefits will be due. If the average annual amount is between 25% and 75% of the "target bonus", the payments and benefits will be calculated on a proportional basis between 0% and 100% using the rule of three.

The termination benefit may only be paid after the determination by the Supervisory Board that the performance conditions had been achieved at the date on which his term as a member of the Management Board ended.

NON-COMPETE AGREEMENT

Nature and purpose

The Supervisory Board held on March 1, 2017 authorized the appointment of Mr. Arthur Sadoun, as Chairman of the Management Board, effective 1 June 2017, enabling him to benefit, under certain circumstances and conditions, from a non-compete agreement, the terms of which are described below.

Terms and conditions

In the event of his resignation a non-compete agreement and an agreement not to solicit personnel during the two years following the end of his Chairmanship of the Publicis Groupe SA Management Board.

In consideration of his observance of this non-compete agreement, Mr. Arthur Sadoun will receive monetary compensation (payable monthly in advance) in an amount equal to two years of total gross compensation (fixed and targeted variable portions) calculated using the average of the latest 24 months of compensation.

The Supervisory Board may waive this clause.

Mr. Arthur Sadoun will not be held to a non-compete obligation in the event of a forced departure.

Reasons justifying the commitment's benefits for the company

The decision to set up the agreement relating to the commitments made by your company for the benefit of Mr. Arthur Sadoun in respect of termination indemnity and indemnity related to a non-competition clause in the manner described above has been considered by the Supervisory Board as an encouragement for Mr. Arthur Sadoun to fully invest in his new functions for the benefit of the Group and to ensure his loyalty to the Group. Moreover, these commitments appear to be one of the counterparts of the dedication that is expected in the exercise of its functions as Chairman of the Management Board.

Commitments in favor of Mr. Steve King, whose appointment as Member of the Management Board will take effect on June 1, 2017

SEVERANCE PAYMENT

Nature and purpose

The Supervisory Board of March 1, 2017 confirmed that it retains a commitment to Mr. Steve King as provided for in his employment contract with one of the Group's subsidiaries in the United Kingdom, in connection with his appointment as a member of the Management Board which will take effect on June 1, 2017, enabling him to benefit under certain circumstances and under certain conditions from severance payment, the terms of which are described below.

Terms and conditions

In the event of a forced departure due to a change in control or strategy and other than in the case of serious or gross misconduct, Steve King would be entitled to this single severance payment.

Providing that Mr. Steve King does not continue to be employed by Publicis Groupe, the amount of the benefit would be equal to one year total gross compensation (fixed compensation and target variable component). He would also have the right to exercise the options to subscribe to and/or to purchase the shares that have been awarded to him, and to retain *prorata temporis* the free shares already granted to him, subject to the performance conditions set out in the regulations for the plan in question being satisfied.

This severance pay would be subject to a performance condition. The severance pay would only be due in its full amount if the average annual amount of the bonus acquired by Mr. Steve King for the three years prior to the termination of his duties is equal to at least 75% of his "target bonus". If the average annual amount is less than 25% of the "target bonus", no sum or benefits will be due. If the average annual amount is between 25% and 75% of the "target bonus", the payments and benefits will be calculated on a proportional basis between 0% and 100% using the rule of three.

The severance pay may only be paid after the determination by the Supervisory Board that the performance conditions had been achieved at the date on which his term as a member of the Management Board ended.

NON-COMPETE AGREEMENT

Nature and purpose

The Supervisory Board of March 1, 2017 confirmed that it retains a commitment to Mr. Steve King as provided for in his employment contract with one of the Group's subsidiaries in the United Kingdom, in connection with his appointment as a member of the Management Board which will take effect on June 1, 2017, enabling him to benefit, under certain circumstances and under certain conditions, from a non-compete agreement, the terms of which are described below.

Terms and conditions

Mr. Steve King is subject to a non-compete obligation in his employment contract with a British subsidiary of the Group.

The Supervisory Board reaffirmed that this severance pay and any compensation for a non-compete obligation may not exceed 12 months of total compensation (fixed and targeted variable remuneration).

Reasons justifying the commitment's benefits for the company

The decision to set up the agreement relating to the commitments made by your company for the benefit of Mr. Steve King in respect of severance payment and non-compete agreement as set out above was motivated by your Supervisory Board as follows: The Supervisory Board considers that these commitments are likely to encourage Mr. Steve King to fully invest in his new role for the Group and to ensure his loyalty to the Group. Moreover, these commitments appear to be one of the counterparts of the dedication that is expected in the exercise of its functions as a member of the Management Board.

Agreements and commitments previously approved by the General Shareholders' Meeting

Agreements and commitments approved in previous financial years

A. WHICH HAVE BEEN PURSUED DURING THE LAST FINANCIAL YEAR

In accordance with article R. 225-57 of the French Commercial Code (*Code de commerce*), we have been informed of the following agreements and commitments approved by the General Shareholders' Meeting in prior years and which remained current during the last year.

Credit agreements with notably Société Générale

MEMBER OF THE SUPERVISORY BOARD INVOLVED: MR. MICHEL CICUREL (MEMBER OF THE SUPERVISORY BOARD OF PUBLICIS GROUPE AND BOARD MEMBER OF SOCIÉTÉ GÉNÉRALE UNTIL MAY 18, 2016)

Your Supervisory Board, at its meeting of June 9, 2009, authorized the signing of an agreement with Société Générale on revolving credit lines of euro 100 million each, valid for a five-year period. This agreement was approved during the General Shareholders' Meeting of June 1, 2010.

Your Supervisory Board at its meeting of July 17, 2013 authorized the early renewal of the four existing credit lines of euro 100 million each, with Société Générale which expired on June 30, 2014.

These four lines of credit were renewed for a five-year period, expiring on July 17, 2018, on more favorable terms.

The objective of these renewals is to maintain the Group's liquidity at a high level of security.

As Mr. Michel Cicurel is a member of the Supervisory Board and was a member of the Board of Directors of Société Générale until May 18, 2016, the credit agreement entered into with Société Générale falls under article L. 225-86 of the French Commercial Code (*Code de commerce*), and requires the prior authorization of the Supervisory Board, which authorization was granted by the Supervisory Board at its meeting of July 17, 2013.

This agreement was approved by the General Shareholders' Meeting of May 28, 2014, and was reviewed by the Supervisory Board on November 30, 2016.

B. WHICH GAVE RISE TO NO TRANSACTIONS DURING THE LAST FINANCIAL YEAR

We have also been informed of the following agreements and commitments approved in prior years, and which remained current during the last year, but which gave rise to no transactions during the last year.

Non-compete agreement to the Chairman of the Management Board

MANAGEMENT BOARD MEMBER INVOLVED: MR. MAURICE LÉVY (UNTIL MAY 31, 2017)

Mr. Maurice Lévy undertakes to, for at least three years following the termination of his position as Chairman of the Management Board of Publicis Groupe, for any reason whatsoever, to refrain from working in any capacity whatsoever for a company operating in the field of advertising, and more generally with a competitor of Publicis, or from investing in a competitor of Publicis.

In consideration for this commitment, Mr. Maurice Lévy shall receive a sum equal to 18 months of his total gross compensation (fixed salary and maximum variable compensation as defined in 2008). This sum shall be paid to him in equal monthly payments. These payments must be refunded should Mr. Maurice Lévy fail to comply with the commitment.

The agreement was approved by the General Shareholders' Meeting of June 3, 2008 and was reviewed by the Supervisory Board on November 30, 2016.

Company agreements and commitments with the Management Board members

MANAGEMENT BOARD MEMBER INVOLVED: MR. KEVIN ROBERTS (UNTIL AUGUST 31, 2016)

The Supervisory Board held on March 12, 2015 amended the commitments with Mr. Kevin Roberts regarding end-of-term indemnities by adapting the terms of these commitments to the recommendations of the French Afep-Medef Corporate Governance Code.

The current commitments state that in the event of a forced departure due to a change in control or strategy and other than in the case of serious or gross misconduct, Mr. Kevin Roberts would be entitled to a termination benefit if this departure were to occur before the normal term (General Shareholders' Meeting called to approve the 2016 financial statements).

The benefit would be equal to 120% of his annual fixed salary, to which would be added the maximum annual amount of the target bonus to which he would have been entitled and the annual cost of various benefits which he receives, as well as maintaining his social security insurance protection for one year and the right to exercise the stock options and/or to purchase the shares that have been awarded to him, and to retain the free shares already granted to him, subject to the performance conditions set out in the regulations for the free share award plan in question.

The termination benefit would only be due in its full amount if the average annual amount of the bonus acquired by Mr. Kevin Roberts for the three years prior to the termination of his duties is equal to at least 75% of his "target bonus". If the average annual amount is less than 25% of the "target bonus", no sum or benefits will be due. If the average annual amount is between 25% and 75% of the "target bonus", the payments and benefits will be calculated on a proportional basis between 0% and 100% using the rule of three.

The termination benefit may only be paid after the determination by the Supervisory Board that the performance conditions had been achieved at the date on which his term as a member of the Management Board ended.

The agreement was approved by the General Shareholders' Meeting of May 27, 2015. Mr. Kevin Roberts having resigned his position as a Member of the Management Board in a context other than change in control or strategy, the above commitment has not been effective in 2016 and is null and void since September 1, 2016.

MANAGEMENT BOARD MEMBER INVOLVED: MR. JEAN-MICHEL ETIENNE

The Supervisory Board held on March 12, 2015 amended the commitments with Mr. Jean-Michel Etienne regarding end-of-term indemnities by adapting the terms of these commitments to the recommendations of the French Afep-Medef Corporate Governance Code.

The current commitments state that in the event of a forced departure due to a change in control or strategy and other than in the case of serious or gross misconduct, Mr. Jean-Michel Etienne would be entitled to a termination benefit if this departure were to occur before the normal term (September 15, 2018).

Providing that Mr. Jean-Michel Etienne does not continue to be employed by Publicis Groupe, the amount of the benefit would be equal to one and a half year's total gross compensation (fixed compensation and target variable component). He would also have the right to exercise the options to subscribe to and/or to purchase the shares that have been awarded to him, and to retain the bonus shares already granted to him, subject to the performance conditions set out in the regulations for the plan in question being satisfied.

The termination benefit is subject to performance conditions: the termination benefit would only be due in its full amount if the average annual amount of the bonus acquired by Mr. Jean-Michel Etienne for the three years prior to the termination of his duties is equal to at least 75% of his "target bonus". If the average annual amount is less than 25% of the "target bonus", no sum or benefits will be due. If the average annual amount is between 25% and 75% of the "target bonus", the payments and benefits will be calculated on a proportional basis between 0% and 100% using the rule of three.

The termination benefit may only be paid after the determination by the Supervisory Board that the performance conditions had been achieved at the date on which his term as a member of the Management Board ended.

The agreement was approved by the General Shareholders' Meeting of May 27, 2015 and was reviewed by the Supervisory Board on November 30, 2016.

MANAGEMENT BOARD MEMBER INVOLVED: MS. ANNE-GABRIELLE HEILBRONNER

The Supervisory Board held on March 12, 2015 authorized for Ms. Anne-Gabrielle Heilbronner the signing of a commitment for the payment of indemnities in the event of a termination of her functions as a Member of the Management Board.

The current commitments state that in the event of a forced departure due to a change in control or strategy and other than in the case of serious or gross misconduct, Ms. Anne-Gabrielle Heilbronner would be entitled to a termination benefit if this departure should occur before the normal term (September 15, 2018).

Providing that Ms. Anne-Gabrielle Heilbronner does not continue to be employed by Publicis Groupe, the amount of the benefit would be equal to one year total gross compensation (fixed compensation and target variable component). She would also have the right to exercise the options to subscribe to and/or to purchase the shares that have been awarded to her, and to retain the bonus shares already granted to her, subject to the performance conditions set out in the regulations for the plan in question being satisfied.

The termination benefit would only be due in its full amount if the average annual amount of the bonus acquired by Ms. Anne-Gabrielle Heilbronner for the three years prior to the termination of her duties is equal to at least 75% of her "target bonus". If the average annual amount is less than 25% of the "target bonus", no sum or benefits will be due. If the average annual amount is between 25% and 75% of the "target bonus", the payments and benefits will be calculated on a proportional basis between 0% and 100% using the rule of three.

The termination benefit may only be paid after the determination by the Supervisory Board that the performance conditions had been achieved at the date on which his term as a member of the Management Board ended.

The agreement was approved by the General Shareholders' Meeting of May 27, 2015 and was reviewed by the Supervisory Board on November 30, 2016.

Paris-La-Défense and Courbevoie, May, 5, 2017

The statutory auditors

French original signed by

ERNST & YOUNG et autres		MAZARS	
Vincent de La Bachelerie	**Valérie Descleve**	**Philippe Castagnac**	**Anne-Laure Rousselou**

2.4 Corporate Social Responsibility (CSR)

2016 marks a new key stage in the ongoing work toward integrated reporting with the change in the publications on corporate social responsibility. This section of the Registration Document will now be the basis for extra-financial reporting. It is illustrated by the actions and initiatives implemented in the agencies that can be found on the Group's corporate website, and by a dynamic table of indicators, dedicated to CSR experts, also available on the corporate site, in the CSR section.

The Group has undertaken its "Integrated Thinking" project based on the internal expertise of its specialist subsidiary, SalterBaxter. The aim of this ongoing work is to publish during 2017 a preliminary draft of the integrated reporting in respect of 2016. An internal working group is working on: bringing together the operating and corporate functions, while involving the Group's main stakeholders.

The approach selected for the moment by the Group favors structuring around three main stakeholder groups and their issues: talent, customers, citizens-consumers, given that ethics and governance, and the environment are cross-functional issues.

CSR governance and the working methods and processes in place for CSR reporting are detailed in Section 2.4.6.

In compliance with French legislation, the external auditors' statement is at the end of this section.

The major CSR issues for Publicis Groupe

The Group's transformation with the "Power of One" (breaking silos) and the "connecting company" positioning (modular offer for clients, with a "plug & play" approach to access the different services) is supported by a closer integration of CSR issues.

Since 2015, by continuing its work on integrated reporting, the Group has combined several ideas in its way of dealing with these issues within the value chain.

- On the one hand, the materiality analysis carried out in 2015* clarified the priorities in structuring our CSR reporting, now focusing on 3 main key corporate stakeholders, with the main challenges for each one:
  - employees, with the aims of supporting professional development, encouraging wider and more inclusive diversity and being more active in promoting well-being at work,
  - clients, with the major challenge of deploying ever more responsible communication around clear ethical rules, by also involving our suppliers in CSR issues,
  - Society (citizens-consumers), with the ambition of being more precise on data protection issues as part of the digital ecosystem, and improving our positive impact on society.

  The questions of governance and ethics, along with environmental impacts, are treated separately but cross-functionally;
- Moreover, the inclusion of the 17 Sustainable Development Goals (SDGs) adopted by the United Nations, the Company wishes to better identify its direct impact on 10 of them (2, 3, 4, 5, 8, 10, 12, 13, 16, 17).

* *A qualitative study with 40 contacts from different countries (mainly employees, customers, investors) was carried out in 2015.*

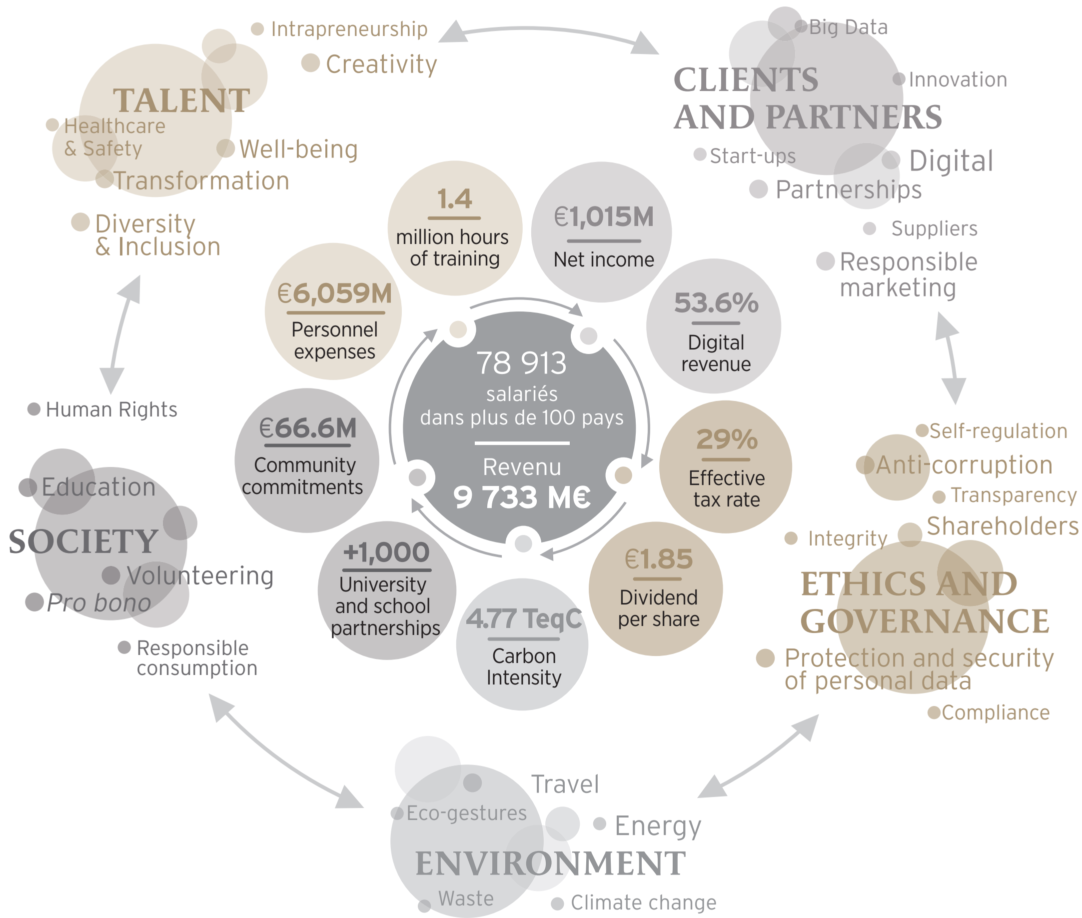
Value Creation

Since the Group's creation 90 years ago, our clients are at the heart of our development strategy. This approach guarantees solid, sustainable growth. This same approach directed the Group's transformation in 2016, to put the client fully at the heart of the organization (see diagram on page 5 in the introduction of this document).

Sustainable performance is not a recent concept for Publicis Groupe; however, the aim over the last few years has been to better take into account all its aspects and better measure all impacts. (All key figures for the Group's financial results in 2016 are presented in Section 3.3.)

Since 2015, Publicis Groupe has integrated the expectations of its three main stakeholders in its value creation blueprint, and highlighted a certain number of quantitative and qualitative external factors. The ongoing work on integrated reporting will refine this blueprint.

See the Group's strategy in Section 1.4.2 of this document.

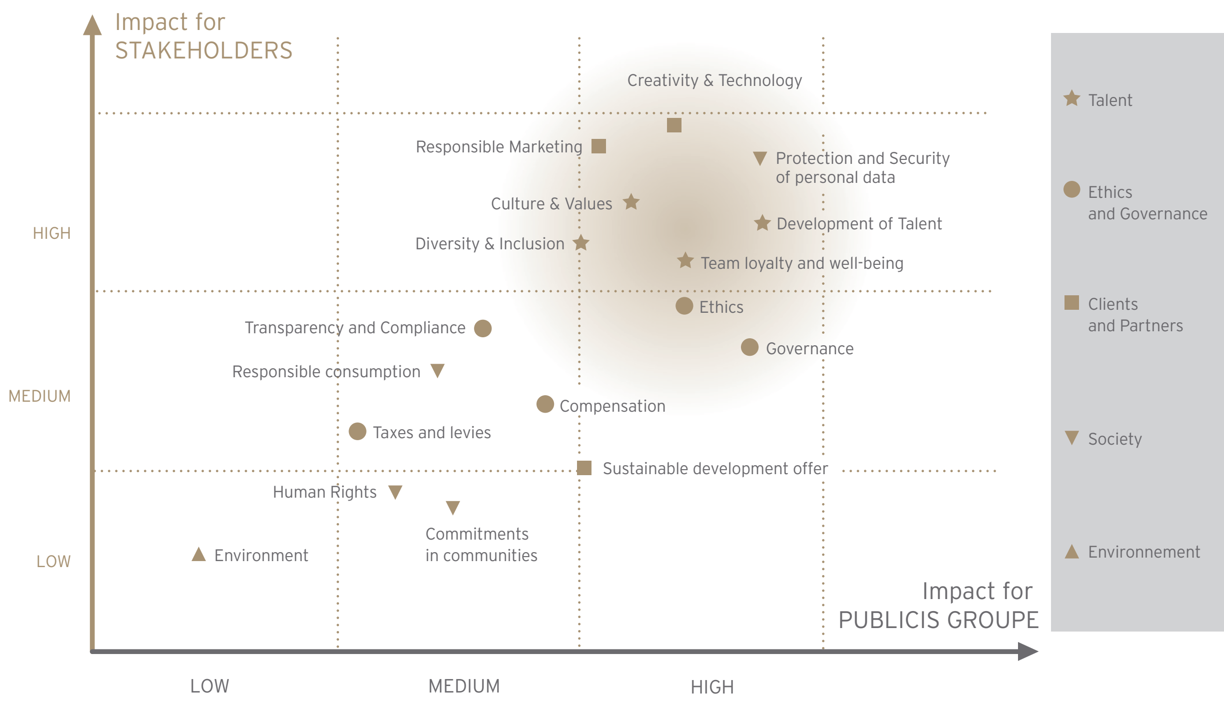


Materiality of CSR challenges

The in-depth work on the materiality of CSR challenges continues, as seen in the change in the Group's risk analysis (see Section 1.8 of this document), which now includes social, corporate and environmental risks. As part of the work on the future integrated reporting, the Group favors a unique risk mapping, including environmental and human risks.

In the next sections, the Group's actions to meet the priorities identified in this matrix will be highlighted, along with their place in the value creation momentum. All these issues are taken into account, with specific attention paid to the half considered as priorities (indicated in the area with a halo). The scope of these impacts includes the Company and all its subsidiaries, as well as some of the related parties associated with digital activities for customers (e.g., servers).

MATERIALITY MATRIX Of CSR CHALLENGES

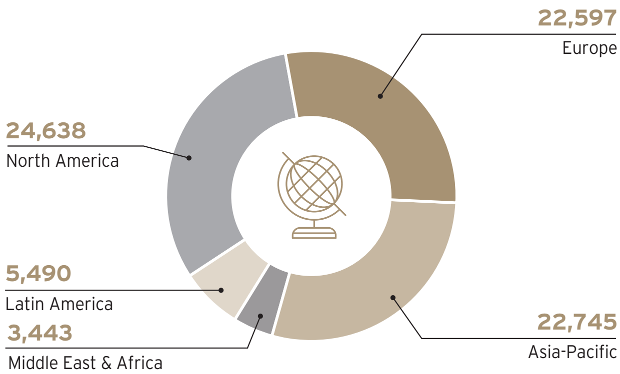


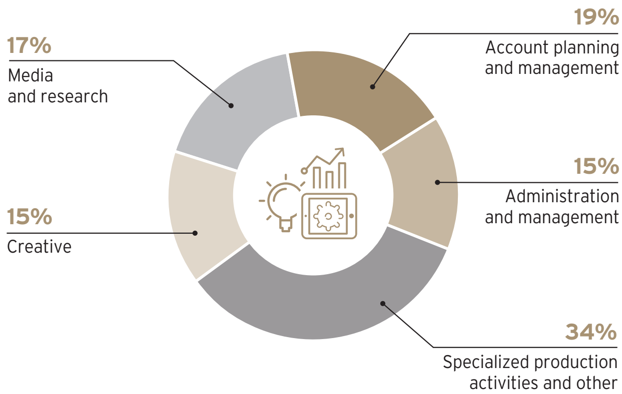
2.4.1 The teams: talent

The Group's employees represent the Company's lifeblood, in each agency: the challenge is to cultivate profile diversity and to offer equal career development opportunities, in order for each individual to have an interesting career path. The expectations of the teams change, and it is up to the management team to offer responses, with regard to the missions with which our clients entrust us.

2.4.1.1 Key figures

GEOGRAPHICAL DISTRIBUTION AND BREAKDOWN BY MAIN JOB CATEGORY AND FUNCTION (SEE SECTION 4, NOTE 3 OF THIS DOCUMENT)





- Employment:
  - total 2016 headcount: **78,913** people

    The net variation of employees is broken down as follows:
    - hires: 33,966 in 2016. This year, the Group recruited the most employees in India (where the digital platforms of Publicis.Sapient are located) with nearly 1,400 positions;
    - departures: 34,561 in 2016. These departures are the result of the constant adaptation of the workforce in view of the Group's changes in 2016: on the one hand, the reorganizations during the implementation of the new "Power of One" organization with the new approach by country (and not by network); on the other hand, the restructuring linked to the loss of clients, particularly in the United States in the Media business. Publicis Groupe is a company where the entities and agencies carry out regular adjustments and where internal solutions are always favored and searched for. Work is ongoing on the dismissals indicator at the Group level.
- 2016 turnover: 24.9%

  The turnover rate is now equal to the cumulative number of voluntary departures during the year of employees with permanent contracts, divided by the annual average number of employees with permanent contracts.

  There may be significant differences between agencies and especially from one country to another. The turnover rate remains significant in digital activities.
- The Group's employment contracts are drawn up in compliance with the framework of local laws and regulations for permanent contracts and temporary contacts. Depending on the local market, freelance service contracts may be drawn up for independent workers.

  Employee contracts can be broken down as follows:
  - permanent contracts: 92%;
  - temporary fixed-term contracts: 8%.
- Within the agencies, work is often organized based on project management requirements and in line with client needs. Working time is managed locally; however, communications jobs function on a project basis: timescales are sometimes short, requiring flexibility from employees. This flexibility (teleworking, organization of working time – at the agency, at our clients' sites, teleworking, etc. – distribution of tasks, flex-management, etc.) remains at the heart of the internal changes in the Group and its organization. These elements are systematically taken into account in local renovation work, as needs change. Agility, availability speed and responsiveness remain the essential qualities of client assignments. Organizational flexibility must be shared by all, as clients are faced with exactly the same challenges. The Group's transformation has accelerated the roll-out of digital tools, as well as tools that are more collaborative.
- The absenteeism rate within the Group is estimated to be 2%*.

* *Definition: the absenteeism rate is equal to the total number of days lost for reasons other than paid leave or maternity/paternity leave, divided by the total number of business days in the year.*

2.4.1.2 Diversity and inclusion

The Group's commitment is embodied by "**Viva la Difference**" the Group's motto that has fed the Company and agencies for decades. The aim is to celebrate difference and differences and to respect them: whether they are internal (our employee diversity) or external (multiple cultural contexts in which the teams work with our clients). Respect, celebrate and encourage human diversity are the key words of this mantra, which each person can identify with. This is an everyday requirement and attention, from all employees at all levels, that must be expressed in the figures. Of course, it must be shared with our clients.

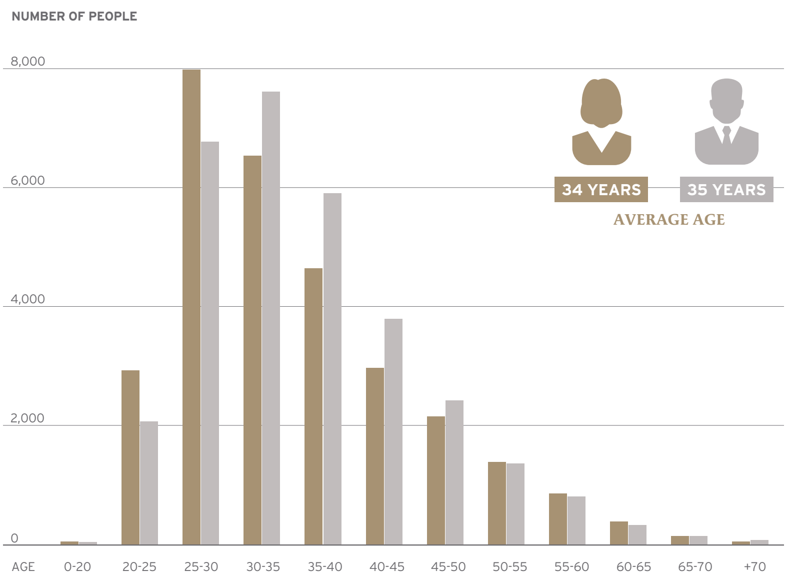
GENDER EQUALITY IN THE GROUP – AT DECEMBER 31, 2016

Geographic region	% Women in the headcount	% Women agency CEOs	% Women Creative Team Head	% Women members of Agency Comex	% Women members of the Solutions Hubs' Comex
Africa & Middle East	51.4%	12.0%	13.3%	23.8%	N/A
Asia Pacific	42.8%	31.1%	18.4%	41.7%	N/A
Europe	52.5%	28.9%	22.3%	41.5%	N/A
Latin America	49.1%	37.5%	12.3%	42.9%	N/A
North America	52.2%	26.7%	22.2%	39.3%	N/A
TOTAL	**49.3%**	**28.2%**	**19.7%**	**39.7%**	**32.6%**

Scopes

- *Solution Hubs' Management Committees: calculated at the Executive Management level of Publicis Communications, Publicis.Sapient, Publicis Media, Publicis Health, Publicis One and Re:Sources.*
- *Agency Executive Committees: calculated at agency or entity management level and by region.*
- *Agency CEOs: calculated at the CEO level of each agency or entity and by region.*
- *Creative Team Directors: calculated at the creative teams' heads level for agencies or entities with this function in their headcount and by region.*
- *Distribution of gender in headcount by region.*

- At December 31, 2016, the Management Board chaired by Maurice Lévy included two men and one woman (*i.e.*, 33% women), and the group formed by the *Directoire* and "*Directoire* +" included one woman and six men (*i.e.*, 14% women as of the departure of Laura Desmond on December 31, 2016).
- Publicis Groupe's Supervisory Board, chaired by Élisabeth Badinter, comprised twelve members (50% women). See Section 2.1.1 in this document.
- Average employee age: 35 years (35 years for men – 34 years for women).
- Age pyramid: in 2016, it was calculated based on nearly 80% of employees (*via* the P-Talent internal tool). One of the Group's challenges is to give the many young women who join the agencies at the start of their careers the opportunity to stay longer in the Group.



The non-discrimination principle: "Zero Tolerance"

The principle of non-discrimination is inviolable, and announced as such in the Group's Code of Ethics, Janus, and the code of conduct (extract available at www.publicisgroupe.com).

The application of this "Zero Tolerance" principle is real. A proactive employee diversity policy is nonetheless still necessary. The Group continues to concentrate its efforts on eight priorities: gender equality, age, disability, culture and ethnicity, education, sexual orientation, religious practices and veteran status. These priorities are not restrictive, but allow agencies to carry out initiatives in accordance with local country regulations, either alone or in partnership with others. Training on these subjects is regularly carried out for managers by legal teams (including harassment prevention included in Janus, the Group's Code of Ethics).

Only gender equality data is available at the Group level. The other data pertain to legal contexts that vary from one country to another and cannot be consolidated.

In close contact with the HR Department, the CSR Department encourages better integration of disabilities (although this remains a weak point – See paragraph "Diversity in France") at many levels: starting with recruitment, then, in preparing campaigns including people with disabilities, as well as in supplier relationships, and also in collaborations with partners close to the center of our digital activities.

Internally, the BRG ("Business – Employee – Resource Group") energetically continued their activities. Internal activities are dominant as these groups bring together employees that share the same challenges and discussions. Their "solutions" oriented work has been a success. These BRG also have an external role: they take part in different events and actions aiming to change behavior and practices.

Externally, the Group is involved with different schools, universities and organizations such as "the Alliance for YOUth" launched by Nestlé, which aims to fight youth unemployment and work on the employability of young people. Created with several partner companies, this operation aims to create 100,000 job opportunities for young people over the coming years. This requires managers and employees to give their time as they commit to supporting young people over a given period (in Mexico and in Paris, for example).

2.4.1.2.1 Diversity policy in the United States

Bringing together 36 HR and Diversity managers in the United States, the "Talent Engagement Inclusion (TE&I) Council" is the Group's internal sharing and emulation platform. It allows agencies to come together to work on joint projects, while preserving their specific activities. The priorities of the "TE&I Council" are: progress to a more open and more inclusive recruitment policy; work on rich and varied career paths; increase loyalty through training programs. Among the modules that have received support are: "Unconscious bias," "Efficacy session (for women)" and "Straight talk."

Quarterly meetings (once a year in the presence of the Group's Secretary General and once a year with the Group's CSR Department), offer an opportunity to discuss best practices and jointly steer workshops and activities. Agencies retain real autonomy for carrying out focused actions based on their hiring needs. The Group takes part in a selection of conferences that enable delegations to benefit from days dedicated to these subjects and return to their agencies with concrete projects.

At the "Black Enterprise Women of Power Summit," the Group supported a delegation of 30 participants who returned energized. At the "3% Conference," among the other agencies present, Sapient showed its commitment with a delegation of over 20 employees and the presence of leaders who were able to explain the important issues from a digital agency's viewpoint. At the "Out & Equal Summit For Workplace Equality", Group agencies were well represented to share the actions accomplished by the LGBT community and its allies. Lastly, the feedback from delegations present at "Diversity Woman," "Odyssey New York," "AdMerica," "ColorComm" and "Adcolor" provides a wealth of resources to move forward.

Additionally, the alumni network of the MAIP (Multicultural Advertising Intern Program) is very active, hiring more and more people every year. Created by the US multi-industry organization: (4As, American Association of Advertising Agencies), this program places summer interns, with some being offered employment.

Several agencies have dedicated programs to facilitate the inclusion of veterans.

2.4.1.2.2 Diversity policy in France

Beyond ongoing partnerships (Associations Frateli, Nos quartiers ont des talents, Baissez les barrières, #STOPILLETRISME, Jeunesse et entreprises, C'Possible, etc.), the Group in France pays close attention to effective initiatives to promote diversity. In addition to working with charitable organizations and performing and *ad hoc* support actions, the Group has made diversity a priority criterion (education, occupation profiles…) for the allocation of the apprenticeship tax (several experimental high schools are pilots for supporting young people from disadvantaged districts).

FOCUS ON DISABILITY

The integration of disabled employees (not quantified at the Group level due to the different regulations applicable) remains low, despite proactive initiatives in the agencies.

French agencies are behind on their obligations with 1.3% of employees having a disability (1.7% with the beneficiary units). During the National Disability Week in November 2016, internal mobilization was increased at several sites (HandiBastille on the Bastille campus, Disability Week at the Head Office and in Suresnes, etc.) with information sessions, role-plays, increased internal and external awareness raising and a recruitment campaign with the HR managers of several agencies (with the www.hellohandicap.fr platform).

2.4.1.2.3 Diversity policy in the United Kingdom

The agencies (and the entire industry) are mobilized to better monitor gender equality issues. The objective is to work on recruitment issues, and also career advancement and wage equality. Internally, the legal teams continue their work to raise awareness and train managers, through modules on unconscious bias when dealing with men and women.

VivaWomen! remains a dynamic network to support employees in the United Kingdom. Égalité UK has carried out several internal awareness raising actions to change views and attitudes on LGBT+ issues. Modules have started within Publicis Health. Égalité was selected for the British LGBT+ Awards in recognition of its activities and positive impact.

2.4.1.2.4 The Group's internal peer networks

These are already very present in English-speaking countries and are being deployed in other countries depending on the needs expressed by employees.

VivaWomen! – Present in over 25 cities and 15 countries, VivaWomen! brings together around 3,500 motivated men and women on a volunteer basis to take action and support other women in the Group, regardless of their position or function within the Company. Coordinated by the Group CSR Department, it exists in large cities, from Los Angeles to Shanghai, and including Mumbai, Madrid, Paris, London, New York and Chicago. In 2016, VivaWomen! took its first steps in Africa, in Algiers, Cotonou and Libreville. Its primary objective is to promote the professional and personal development of women within the Group, in an environment of gender cooperation. Two focuses are spotlighted: "Career Development" (with leadership training, Lunch & Learn sessions, coaching, etc.) and "Work-Life Integration" (with workshops on "motherhood and work," "time management," regular testimonials from women or men role models, etc.). The "Meetings With" inspiring people series continues and the Mentoring program has been rolled out locally. The priorities are adjusted in each city, according to the expectations of local teams.

VivaWomen! USA has created two sub-groups: VivaMama, to more closely support future mothers and parents, and VivaTech, focused on women in the technological and digital sectors.

Leo Burnett United States was designated among the "100 Best Companies" by the magazine Working Mother, thus recognizing the place given to women in the organization. In some agencies, VivaWomen! works under more targeted denominations such as Leo Burnett and SapientNitro's "Women's Leadership Network."

VivaWomen! also works alongside customer and other companies' women's networks to carry out joint awareness raising and mobilization actions. Lastly, in accordance with its initial positioning, VivaWomen! also takes part in activities to defend the rights of women and girls.

Publicis Groupe is involved in various institutions and local associations dealing with themes related to gender equality, such as the Laboratoire de l'égalité (Equality Laboratory) in France. Inspired by VivaWomen!, delegations of Group female employees take part in international conferences such as the Women's Forum in Deauville (where a delegation of 25 women worked for two days before the Forum on the internal action plan), the "3% Conference" and the "Black Enterprise Women of Power Summit" in the United States.

"Égalité": launched in the United States over five years ago, this network brings together employees from mobilized agencies to promote LGBT+ (Lesbian, Gay, Bisexual, Transgender) causes, supported by the Group's CSR Department. All agencies have now joined this network, which exists in a number of major cities from Boston to Los Angeles. Rosetta United States was honored in 2016 as a "Best Place to Work for LGBT+."

Particularly active and influential in 2016, "Égalité" London relaunched various activities. "Égalité" Paris continued the work started in 2015. "Égalité" is not only an internal resource; it is also called on by some clients as an external expert on LGBT+ issues.

FOCUS ON "PUBCOMM2020"

In 2016, Publicis Communications installed its "PubComm2020" committee, bringing together 21 young talents (12 young women and 9 young men), each one nominated by their network or country. They are invited to take part in the Publicis Communications Excom; this gives them an opportunity to report on their expectations and projects, and also better understand the challenges of the Solution to which they belong and management issues. They can share their experience upon their return to the agencies. They receive targeted training and spend one year on this committee, on which all continents are represented.

#SDG5
Direct contribution
Proactive approach to promote the internal diversity of teams;
A firm commitment to gender equality;
The continued fight against all types of discrimination.

2.4.1.2.5 Recruiting and attracting talented individuals with varied profiles

Employees are hired through a number of channels, with social networks increasing in importance. The close relationships between agencies and schools and universities remain an advantage in informing students of the constantly changing jobs and in hiring varied profiles that correspond to the sector's needs. Many employees join our teams after the end of their studies, with internships and apprenticeships being a stepping-stone to discovering jobs. Agency collaborations with schools and universities are organized around:

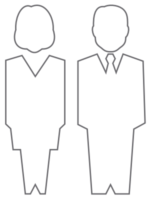
1) internships – Nothing can replace on-the-ground learning with actual cases to be dealt with. Internships are essential to understanding our professions and putting skills into practice. Most of the Group's agencies take on interns;
2) virtual or physical Job or Career fairs – these are key events for recruiting. Sometimes several agencies participate jointly in these major events, promoting a more well-rounded vision of the diversity of occupations. This has been the case for several years at the South by Southwest Conference in Austin (SXSW in Texas);
3) "Open Days" at agencies: in various countries, specific dates have been set to welcome students; these events are often supported by professional and trade organizations;
4) teaching – managers are involved in existing courses or participate in their co-creation. Some are also involved with organizations that reach out to young people who have veered away from traditional educational paths, and who have skills that can be developed.

The productive facilitation of digital communities *via* social networks, alumni platforms and professional platforms by occupation now occupies a central place in agency recruitment strategies. Communications and digital occupations are constantly being reinvented: the most important thing in recruitment is the candidate's personal agility and potential.

Local management for Group agencies and entities – As part of its acquisition and integration policy for agencies joining the Group, one of the key success factors is keeping the local management team in place. In more than nine cases out of ten, the agency management is local.

2.4.1.3 Development of skills, experience, careers

- 67% of employees have received training. To support the Group's development in its new structure, 2016 was a highly charged year in terms of training in different working methods and job changes. Team training is essential to supporting employee development.



67%

OF EMPLOYEES
HAVE RECEIVED TRAINING

- Over 1,418,100 training hours were deployed during the year (or 28 hours per person). E-learning (or "self-learning") is particularly well suited to training in digital technologies. Face-to-face sessions remain important. In total:
  - 1,013,300 training hours took place in face-to-face;
  - 404,800 e-learning hours were shared. Many e-learning sessions are carried out as "self-learning." These training hours are not taken into account in the internal discussion time: business case, creative review on a business sector, feedback after conferences or training, etc.

Training policy focuses

These change depending on needs. The current priority is still digital technologies: the goal is to ensure that each employee is able to acquire basic know-how, whether in rudimentary coding or better understanding of the latest-generation applications. Certain themes dominate depending on the occupations, for example:

- for creative workers, the aim is to master all new formats, their constraints and opportunities, with mobile technologies becoming a driver for central communications;
- for media heads, in addition to mastering programming, it is essential to have data analysts trained in the latest tools, in order to interpret this data correctly;
- for community managers in direct contact with social networks, it is crucial to become familiar with the most recent applications, alongside the major platforms;
- for engineers, there is a wide range of very technical training on code and different languages, mobile functionalities, including innovations linked to video, virtual reality and augmented reality, connected objects and artificial intelligence.

Management remains a major theme given the Group's transformation phase. The role of managers is changing to a project mode functioning.

Creativity has not been neglected: the world has never before seen such a proliferation of ideas and sources of inspiration. It is essential to support and encourage creative processes and to experiment with new fun or educational methods. The aim is to help and stimulate teams so that they develop in the digital ecosystem and maintain their employability.

Close to 9,000 training programs were used. Their increased number and technical segmentation make this quantitative indicator of limited use for the future.

PUBLICIS ACADEMY

In 2016, the Publicis Academy was launched. Under the responsibility of the Group's Secretary General, it is the result of discussions over the last few years to clarify so-called Group training sessions specific to occupations, or that are part of the network culture. Publicis Academy modules target managers and future Group executives as a priority.

The main modules launched in 2016 were:

- "Power of One" training (with "train the trainer"): these are all the sessions that took place in 2016 to guide the Group's transformation;
- EDP – Executive Development Program, which brings together between 100 and 120 managers each year from different job functions, agencies and countries: three sessions took place in 2016: in New York, Paris, Singapore (with 45% women);
- programs dedicated to GCL (for Global Client Leaders and Local Client Leaders) took place in six cities.

INTERNAL MOBILITY

The internal Lion Talent platform aims to promote internal mobility. Talent loyalty is increased by making it easier to progress within the Group. Reinforcing the ties and cohesion between agencies also promotes the creation of multi-disciplinary and multicultural teams. Internal mobility enriches talented employee careers and the content of services offered to clients.

Various customized and always appreciated programs offer possibilities for professional exchanges in unique conditions.

Among the most effective and appealing is YouXplore (formerly "Live My Life") at Publicis Media: this is an employee exchange in which employees can host other employees or travel to other cities and benefit from the job experience of the other person locally.

#SDG4 #SDG8
Direct contribution
Equal access to training programs, to ensure employee employability;
Constantly improving skills levels and expertise;
Taking part in the creation of direct jobs;
Ensuring real equal opportunities.

2.4.1.4 Employee well-being

2.4.1.4.1 Flexibility and new working methods

Most agencies have adopted work flexibility systems to allow teleworking (from home, from the client's site, or even another Group agency) particularly in major cities where travel times are significant. Employees are equipped with the tools required to facilitate their work. Flexible working methods (collaborative work, teleworking, variable hours or part time) are carried out in accordance with the regulations in each agency. Each one determines the conditions (workload, role on the team, task to be carried out for the client, performance, etc.) and the employee eligibility criteria. Flexibility is suitable for numerous situations, and employees can benefit from it at different stages of their careers.

PARENTAL LEAVE

3,529 employees benefited from parental leave during 2016, with all employees being potentially eligible, depending on the local laws (indicator published for the second year).

Different initiatives are taken to facilitate family life: for example, several large agencies (on all continents) have made breast-feeding rooms available. Publicis.Sapient has set up a nursery on its new Bangalore campus.

2.4.1.4.2 Employee well-being

The vast majority of employees work sitting in front of a screen. They are therefore sedentary, with intense use of their vision, often across multiple screens. The occupational illness prevention focuses are: as a priority, stress management (and/or psychosocial risks: PSR) and prevention of musculoskeletal disorders (MSD); it is also important to pay attention to visual fatigue and to fight against physical inactivity.

Numerous initiatives are deployed on a case-by-case basis and include: visits by an ergonomist to help correct problematic seating positions; eye exercises demonstrated by a specialist (orthoptist, etc.) and webinars to raise awareness on how to rest the eyes; fitness classes (or yoga or relaxation, etc.) at the agency in the lunch hour; sessions with nutritionists, with fresh fruit, juice and more on offer; on-site massages by professionals (physiotherapist, chiropractor, osteopath, massage therapist, etc.). For the more athletic, some agencies facilitate access to health clubs (nearby or in certain buildings housing the agencies), by subsidizing membership fees. For the real athletes, groups were set up for events (running and bike races, marathons and half marathons, team sports).

In France, projects to improve well-being at work are discussed in the agency CHSCTs (Committes for Hygiene, Safety and Working Conditions). In the United Kingdom, different agencies come together to carry out joint actions (Kensington site). These approaches adapted to employee expectations exist in many countries, including within large agencies in India, or smaller agencies in Brazil. In the United States, Re:Sources continued to roll out its EAP (Employee Assistance Program) within all entities with new services such as WebMD, an online healthcare prevention support service. One-third of employees have registered. "Health Coaching" is a successful service: it encourages all employees to pay attention to their health and engage in the activities that best suit them. The satisfaction rate is 95%, and 90% of the participants confirm the motivational impact of this on-line assistance. In January 2016, a new telemedicine service was launched: Teladoc, which gives free 24/7 year-round access to doctors for consultations from mobile phones or by video, whether the person is at work, at home or on vacation. 96% of those who have used the service give positive feedback. In Hong Kong, Saatchi & Saatchi has implemented an internal "Back u up at 6:45" scheme to encourage employees to leave their offices earlier and avoid extremely long working days. This initiative was widely covered and has inspired other companies. Lastly, among the agencies named each year as a "Great Place to Work," Publicis Media Mexico deserves special recognition for seeing its internal efforts rewarded.

PREVENTION OF SEASONAL ILLNESSES

The agencies monitor and act in support of national screening initiatives and disease-specific campaigns (e.g., flu vaccinations). Preventative health measures are occasionally subject to specific conditions in countries with collective or occupational agreements. All employees in these countries benefit from these collective or occupational agreements where such agreements exist.

HEALTH INSURANCE

As employees (almost 100%) (permanent and temporary contracts) are covered by some form of social security (social security or health insurance), irrespective of local social security provisions (government, government-company-employee or private company-employee contribution plans, self-funded, etc.). In many countries where the Group operates (including, for example, the United States, Europe and India), employees may be eligible for insurance programs for themselves and family members.

The workplace accident rate(1) was 0.4%. The main causes of workplace accidents were related to transportation (home-work commuting and work-related travel).

- The accident frequency rate(2) was 2.15.
- The severity rate(3) was 0.03.

(1) Workplace accident rate calculated with a 2016 coverage rate of 90%.

(2) Calculation of work accident frequency rate: total lost days of work multiplied by 1,000,000 divided by the actual worked hours for the year calculated with a 2016 coverage rate of 90%.

(3) Calculation of work accident severity: total lost hours of work multiplied by 1,000 divided by actual working hours for the year calculated with a 2016 coverage rate of 90%.

HEALTH, HYGIENE AND SAFETY

The Group follows the local regulations in force. In the United States, federal law (Occupational Safety and Health Administration) may be supplemented by laws in each state, and possibly reinforced at the municipal level. In Europe, this mission is entrusted to dedicated local committees (Health and Safety Committee) whose purpose is similar to the French CHSCT. Elected or volunteer employees receive training on safety and first aid. Evacuation exercises (fire, earthquake) are regularly conducted at the facilities, with support from general services teams (Re:Sources) or building managers.

#SDG3
Direct contribution
Ensuring that 100% of employees have healthcare protection with the possibility of extending it to their spouse and children;
Monitoring the well-being of staff in their agency workplace.

2.4.1.5 Listening to and engaging with employees

2.4.1.5.1 Employee Engagement survey

In 2016, Publicis Groupe carried out its first employee satisfaction survey at the Group level. This survey was sent to all employees; 80% of the workforce responded – a very high score that testifies to the teams' interest during this transformation year. This Group survey substitutes for the 13 surveys previously conducted by the networks and agencies and which were used to draft the questions. The results of this survey are managed at the agency or entity level, to enable local management teams to provide the most suitable responses to the expectations. 2016 becomes the new reference year for this indicator.

2.4.1.5.2 Individual annual assessments

70% of employees had an annual assessment meeting ("talent review" or "performance review") – an increase on the previous figure.

The principle of an annual internal performance review for all employees is an internal requirement and is in line with the human resources regulations set out in the Janus Code of Ethics. The Fidello tool, for which the deployment continues in all Solution Hubs, is based on a 360° assessment that can be used throughout the year. Other tools are also used mainly in the digital agencies, with a mind-set of project and performance monitoring carried out more frequently during the year.

2.4.1.5.3 Social dialog

Social dialog is part of Janus, with the aim of fostering exchanges and ensuring freedom of expression for employees. International Labor Organization (ILO) Conventions on respect for the freedom of association and the right to collective negotiation, which the Group is careful to comply with, are also indicated.

Employee representative bodies and employees in general are regularly consulted on and informed of projects and developments affecting their agencies and the Group.

In France, most trade union organization is represented and collective bargaining is carried out regularly, either at the agency level or the Group level, and often at both levels. The negotiations that began in 2015 all resulted in the signature of an agreement in 2016, as announced:

- a Group collective agreement on Economic and Social Databases;
- the renewal of the Group collective agreement on workplace gender equality;
- the renewal of the Group collective agreement on employee profit-sharing.

The average size of the Group's agencies worldwide is 100 people, with the exception of a few large entities with over 1,000 people. Publicis Groupe remains, therefore, a very decentralized company. The aim is to promote direct, frequent exchanges between managers and their teams regarding Company matters and current projects.

As part of the Group's transformation begun in 2016, numerous employee meetings were organized in large cities, in the presence of members of the *Directoire* or "*Directoire* +", and Solutions and agency managers, to explain the overall project and its consequences on a local level. The local managers for the different entities then continued to work to inform their teams about the transformation.

2.4.1.6 Compensation and recognition

2.4.1.6.1 Compensation

All of the information pertaining to the compensation of Publicis Groupe senior executives is detailed in Section 2.2 of this document. The precise criteria are indicated for the different components of this compensation.

Publicis Groupe's different stock option plans and free share plans are detailed in this document in Section 4, Note 28.

The Group does not have a consolidated indicator for the compensation of all employees: because the significant variations between countries mean that an overall approach is of little relevance. Thus, the approach remains local, and takes industry trends into account. Compensation must comply with the following principles: on the one hand, preservation of competitiveness and appeal on a local level and avoidance of disparities within a same market, and on the other hand, operating in line with Group practices, in particular in terms of equality based on individual and collective performance to ensure fair and balanced compensation; lastly, where appropriate, strengthening of social security provisions.

The Secretary General, along with the Solutions Chief Talents Officers (CTO), has implemented a precise methodology that enables the level of responsibility to be assessed for each position ("job grading"). This practice has helped to refine this tool, in order to compare compensation with market practices, with the constant aim of coherence and equality. The Group also remains vigilant on gender equality issues, but has not observed significant differences between average salaries within the main professional categories. If differences appear, the direct management of the agencies is responsible for resolving them.

The different pensions and other long-term benefits are presented in this document, Section 4, Note 21.

Employee profit-sharing: in France, the Group has a profit-sharing policy for employees depending on economic performance. The profit-sharing agreement signed with the trade union organizations was renewed in 2016 and allows over five thousand employees to receive bonuses calculated according to the economic growth of the Group in France and worldwide. It also continues the employee savings policy with matching by Group companies, which benefited 2,949 employees in France in 2016.

Gender wage equality: the analysis work continued with the deployment of "Job Grading" for a more uniform understanding of positions and functions.

For example: BBH, beginning with London, carried out a careful analysis of positions and compensation to assess the real gender equality. This exercise was extended to the United States, Sweden, India, China and Singapore in 2016. An internal audit carried out by the HR department reviewed all positions and did not note any wage equality problems. In the event of anomalies, an action plan to resolve the situation was requested from local management teams.

2.4.1.6.2 Recognition

Celebrating creativity, imagination, the power of ideas, the clever coordination of communications methods, team inventiveness, etc., has earned prizes and awards in many industry festivals, in all countries and throughout the year. The proliferation of digital media has also increased the number of opportunities to submit campaigns, which are most often judged by international juries of professionals. In all cases, the aim is to take into account the effectiveness of the campaigns. This recognition spotlights the work of the creative teams with the client, and also recognizes all the teams involved: sales, technical, support, etc.

SUMMARY TABLE OF SOCIAL INDICATORS

Indicators	Unit	Based Year 2009	2014	2015	2016
Group headcount		45,000	63,621	77,574	78,913
Turnover	%	28.5	33.1	26.3	24.9
% women	%	52	52.3	49.3	49.3
% men	%	48	47.7	50.7	50.7
Average age women	years	32	34	34	34
Average age men	years	34	35	35	35
% women agency CEOs	%	-	-	-	28.2
% women managing the creative department	%	-	-	-	19.7
% women on agency Executive Committees	%	42	39	38	39.8
% women on Solutions (formerly networks) Executive Committees	%	42	26	22	32.6
Trained employees (% of employees)	%	47	63	71	67
Number of training hours – total	hours	-	1,104,000	1,231,000	1,418,100
Number of face-to-face hours	hours	-	829,000	858,000	1,013,300
Number of hours in e-learning	hours	-	275,000	373,000	404,800
Number of programs		-	4,900	5,900	9,000
Number of employees benefiting from parental leave		-	-	3,516	3,529
Employee assessments (% of employees)	%	67	65	52	70
Internal satisfaction surveys (% of employees)	%	53	50	40	80
Absenteeism rate (% of employees)	%	-	2	2	2
% Workplace accidents	%	-	0.4	0.3	0.4
Workplace accident frequency rate		-	0.40	1.77	2.15
Workplace accident severity rate		-	0.03	0.03	0.03

2.4.2 Clients, and partners

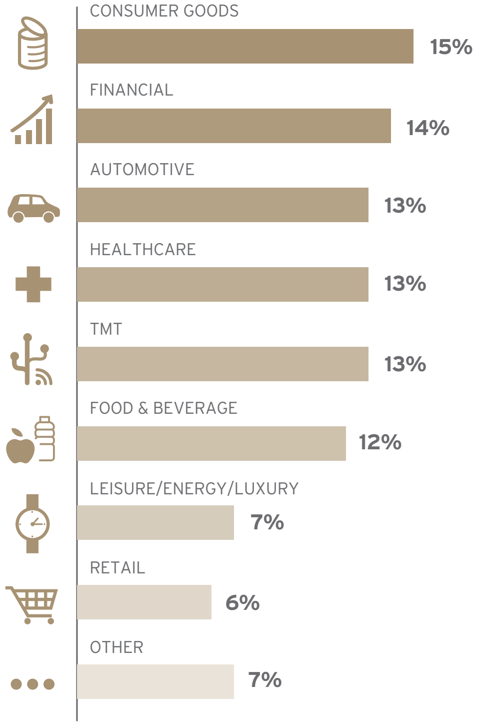
All companies are experiencing profound upheavals with the increasing digitalization. Lifestyles, and ways of working, relaxing, consuming and communicating are also changing completely. Sustainable development challenges enter into the relationships between brands and consumers: the aim is to provide the Group's clients with the best idea and the most effective innovative service (Alchemy of: Creativity & Technology).

2.4.2.1 The Group's clients

The Group's client portfolio is presented in Section 1.4.5 of this document.

The Group is very committed to the quality of the relations that are forged with all the clients, recent or long-standing, because it is the key to beneficial work. The diversity of sectors of activity and issues submitted to agencies encourages the Group to innovate continuously, and to design projects with clients.

In 2016, based on 3,163 clients representing 86% of the Group's total revenue (see Section 1.4.5 of this document), the business sectors for Group clients had almost the same breakdown as in 2015.



In 2016, the agencies carried out over 8,990 client surveys. These surveys are conducted either as questionnaires administered by agencies or as annual interviews or performance reviews. Several key international clients also administer these customer satisfaction surveys themselves. A portion of client surveys therefore fails to come to the attention of agencies. Among the assessment criteria are campaign performance, the creativity/innovation provided, team competence, the effectiveness of the service offered and the quality of the relationship.

The Group has long-standing relationships with some of its clients: the average duration of the 10 main clients is 45 years. See also Section 4, Note 26 in this document.

2.4.2.2 Services offered to clients

The new organization announced at the end of 2015 is presented in detail in Section 1.4.3 of this document, with the specific features of the new solutions' hubs accessible in the Group's 20 largest markets.

- Publicis Communications: creative solutions (bringing together Publicis Worldwide, Leo Burnett, Saatchi & Saatchi, Fallon, BBH, Marcel, MSL Group, Prodigious).
- Publicis Media: media solutions (bringing together Starcom, MediaVest I Spark, ZenithOptimedia, Blue 449).
- Publicis.Sapient: digital solutions (bringing together Sapient Consulting, SapientRazorfish, DigitasLBi).
- Publicis Health: healthcare solutions (bringing together Digitas Health, Publicis Health, Saatchi & Saatchi Health, Publicis Health Solutions).
- Publicis One, the Group's new integrated organization for 40 countries, bringing together all the expertise in a one-stop organization (outside of the Group's top 20 countries).

Lastly, in over 50 countries, the shared departments of Re:Sources carry out all the back-office activities for the agencies, with the aim of continuously improving processes and compliance with Publicis Groupe's corporate policy.

2.4.2.3 Responsible communication and marketing

This is a major challenge for all communications occupations, which meets a clear expectation from our clients and their own customers, citizens-consumers. The Group's agencies intend to actively participate in the emergence of new types of communication with the final consumer and more sustainable consumption behaviors, in close collaboration with the now deeply committed clients. This commitment must be expressed in the form and substance of the messages, all while maintaining a maximum of creativity. The challenge is to build on tangible facts and provide proof.

In many countries there are provisions for self-regulation by the industry as regards the ethical content of advertising, such as the ASRC in the United States, the EASA in Europe and the ARPP in France.

With regard to digital communication, the Group's agencies attach specific importance to the fact that digital advertising must not be intrusive, whatever the channel that is used, otherwise it incites rejection. This principle is regularly repeated by Publicis Groupe's Management Board Chairman, Maurice Lévy, and is demonstrated by the technical choices and approaches designed for the protection of privacy.

Rishad Tobaccowala, the Group's Strategy & Growth Officer, also pointed out at public conferences that the industry should be vigilant about "over-targeting". The challenge is to meet consumer expectations by adhering to the key principles of responsible communication (respect for individuals and decency, truth, honesty, responsibility, etc.) and to assist Group clients in developing their products and services through transparent communication.

We also take into account the target audience, particularly children or so-called vulnerable audiences. These challenges are increasingly complex due to rapid technological progress, the voluntary or involuntary digital traces left by everyone, and the proliferation of connected objects.

"Creativity & Technology for Good" symbolizes a philosophy and professional practices that support responsible marketing. Examples of campaigns can be found on the Group's website.

Responsible communication is also expressed in the type of resources implemented. In France, for example, creative agencies are committed to systematically subtitling the films and videos for all media, as shown by the choice of Publicis Conseil with Prodigious. This approach is an extension of the French multi-industry initiative – AACC – to promote the universal subtitling of advertising films. www.soustitronsnospublicites.aacc.fr

Focus on the work of SalterBaxter

This Group consulting agency is dedicated to sustainable development issues. Its teams work for numerous customers in all sectors and for different types of projects designed to increase the sustainability of companies, and their products and services. Despite the differing context of these sustainability issues, SalterBaxter's experts believe that the current period offers companies a unique opportunity to radically change their strategies, and thus better contribute to the current challenges: changing ways of thinking, actively and directly contributing to meeting the major world challenges (such as the United Nations SDGs), recreating bonds of trust with citizens-consumers, making and innovating together thanks to more open and more agile organizations that are more inclusive for partners and end customers.

#SDG12
Direct contribution
Taking part in raising awareness of the challenges of sustainable development in order to change behaviors and practices, and ensure a positive impact.

2.4.2.4 Technological innovations and partnerships

As a privileged partner for the major digital platforms, Publicis Groupe has also built technological partnerships with different companies. The aim is to better understand the technical possibilities and to collaborate together to find new, intelligent solutions, to meet client and consumer expectations.

The various entities that comprise Publicis Groupe have also developed different analysis and research methodologies, in particular for consumer behavior and sociological developments, and they have developed software and other tools to assist in serving clients. Most of the tools concern the media planning business. They are presented in detail in Section 1.7 of this document.

Relationships with start-ups

In 2016, Publicis Groupe changed dimension as shown by its commitment to the first **VivaTechnology** event in Paris. In partnership with Les Échos, an economics newspaper, the Group wanted to create a global opportunity for encounters and discussions for all digital transformation actors. This had a dual objective: to promote innovation and growth by pooling ideas, resources and technologies. The project continues the e-G8 organized by Publicis Groupe in 2008, which brought together in Paris the major names of the digital planet.

Over three days in June 2016 in Paris, VivaTechnology welcomed 45,000 visitors, including several hundred managers, investors, university lecturers, students and opinion leaders from all of the world to debate and take part in the transformation of major companies. The third day was open to the general public.

In parallel, the **Publicis90** project, organized in 2016 to celebrate the Group's 90th anniversary, selected 90 promising start-ups (out of over 5,000 applications) that were recognized during VivaTechnology. In addition to the announced financing, these start-ups also benefited from a mentoring program to support them in their projects. Publicis90 testifies to the Group's desire to encourage an entrepreneurial culture both internally and externally.

VivaTechnology is scheduled to take place again in June 2017 in Paris, with increased recognition of the positive impacts of technological innovations and the digital revolution.

In London, **the Drugstore incubator**, which aims to encourage innovations and the emergence of start-ups, has been rolled out: it is now also present in Zurich, Sydney and Johannesburg. Over the last few years, the Drugstore has hosted around a hundred start-ups. The objective is to allow the development of new concepts and activities, and to facilitate the relationship between start-ups, Group agencies and their major clients.

A similar approach has been developed with **FarmHouse**, a "venture center" set up within Leo Burnett Chicago, to promote interaction and the co-building of solutions to meet customer expectations.

Several of the Group's major digital agencies have created internal "**Labs**" whose aim is to create the optimal experimentation conditions for multi-disciplinary teams. Over the last few years, a number of these "Labs" have incorporated the possibilities offered by augmented reality and virtual reality. Technical partners have joined projects in order to co-develop innovative solutions.

2.4.2.5 Responsible procurement

The Group's Procurement Department and CSR Department continued the program deployed with the EcoVadis platform, with over 200 suppliers currently being assessed. The objective of this screening is more qualitative than quantitative. The roll-out continues in an individualized manner: the Procurement and CSR teams engage in dialog, with each supplier that wishes to do so, on the mutual benefit of joining the initiative.

The "CSR Procurement Guidelines" note the principles shared during calls for tender. Suppliers must fill out an *ad hoc* questionnaire ("CSR Procurement Questionnaire") with over 40 questions (social, societal, ethical, on the supply chain, human rights, working rights, environmental impacts, etc.) similar to those used by the EcoVadis assessment platforms.

The Group's Procurement Department monitors several indicators internally: (a) the systematic inclusion of CSR questionnaires in the centrally and regionally managed ITTS (RFIs/RFPs); (b) consideration of the responses to these questions in the final score given to the suppliers' bids; (c) acceptance by suppliers of the "CSR Procurement Guidelines" including the 10 principles of the United Nations Global Compact.

Lastly, the Procurement and CSR Departments work together with current suppliers to look for shared solutions to jointly advance, particularly in terms of environmental impacts (such as energy consumption and waste). As regards procurement contracts with VSEs and SMEs, agencies (many of which are themselves SMEs) have long-term working relationships with local players. Each agency has built its own ecosystem with local suppliers.

"Supplier Diversity"

The issues related to diversity (and social policy) are increasingly important in a growing number of countries. These issues are monitored internally, either by dedicated and certified teams in direct contact with clients, or with support from external experts working in the Group's agencies. The aim is to encourage a true diversity of profiles within the companies with which the Group's agencies may work. Leo Burnett USA has strengthened its Supplier Diversity program by holding an annual internal trade fair, Medley: this allows agency teams to meet local suppliers, and better understand their offers and capacities in order to facilitate future collaboration. Publicis Health USA has trained most of its employees on Supplier Diversity issues so that they can all include this aspect in their daily lives, and not just to meet a single client specification.

Long-term collaborations can be established with these suppliers, which are often VSE/SMEs, thanks to the quality of their services: this is the case with Ipedis in France (Social and Solidarity Economy company) for e-web accessibility, which collaborates with Digitas and with the Group; and with ULTRA in the United States (a pioneering start-up with "neurodiverse teams", in particular with autistic people), which collaborates with Razorfish for the quality control of applications and websites.

For sub-contracting, activities managed by the agencies can call upon outside experts, freelancers or small ultra-specialized entities. This sub-contracting is often carried out under intense conditions imposed by clients. The Group is careful to ensure that payments are made on time following these projects.

Lastly, for some sub-contracted activities such as security and cleaning, the Group aims to strengthen its assessment of local suppliers to monitor respect for human rights, and all criteria relating to social, societal and environmental issues.

#SDG12
Direct contribution
Changing procurement and sourcing practices by better involving employees, partners and suppliers.

2.4.3 Citizens-consumers, society

Major changes over the last few years have involved consumers' ability to react immediately and directly *via* social networks to give their opinions. Virality is now a campaign component. Consumers have the power to influence ("Consumer empowerment"). The consumer is in direct and constant interaction with the brands. The challenge is to make the dedicated technological tools and systems (monitoring tools) available that are required to more closely monitor these reactions, and develop a more seamless instant communication, adapted to constantly evolving needs.

2.4.3.1 Consumer protection measures

Janus, the Group's Code of Ethics, sets out the key behavioral principles applicable to all employees when performing their job, such as respect for others, confidentiality and avoiding conflicts of interest.

Since its creation, the Group has always refused to participate in partisan campaigns (no political campaigns), a stance that is quite rare in the communications sector. These rules apply to all employees and are the foundations of our corporate culture.

Publicis Groupe conducts business-to-business communications operations. The Group's direct challenges are linked to systems made available to the Group's clients (for their brand name/trademark, products, services, etc.).

With regard to data protection, Group experts take part in different multiparty working groups at both the national and international level. They discuss best practices, standards and regulatory changes while practice standards are developing very quickly. The common goal is to improve the transparency of the new modes of communication and interactions with the end user. The Group is, in fact, very concerned about the notions of trust, as well as free will and free choice of citizens-consumers.

(See CSR Reports since 2009 and commitments given, for example, around OBA – Online Behavioral Advertising, or AOD – Audience on Demand).

Focus on the role of Global Data Privacy Officer (GDPO)

The officer's task is to oversee and update the Group's global data protection program. The GDPO works with an internal Steering Committee, bringing together operational and functional staff, engineers and legal experts, to collaborate on fundamental questions of responsibility and ethics and on internal processes and organization. The challenge is to guarantee that the Group's agencies act in accordance with data protection laws both in terms of data on Group employees and, of course, in terms of respecting our clients' requirements. That involves updating procedures (such as the Global Data Disclosure Policy), training and, in particular, the introduction, in 2016, of "Data Privacy Champions" in agencies so that employees with experience in this field can assist teams with their projects. The GDPO also works closely with the Global Information Security Office (GISO) and the legal teams. The GDPO is the first point of contact for any internal or external request in relation to data protection issues. Data compliance issues are considered to be of paramount importance by the Group.

Focus on the role of Global Information Security Officer (GISO)

Works closely with project teams as well as with peers at client and partner firms. The GISO's role is multifaceted: ongoing vigilance in light of different types of threats by working with staff on custom-made solutions; responding on a technical level to client expectations in accordance with their specifications and the communications project to be developed with them; training the Group's technical teams to anticipate technological changes as effectively as possible. Added to this is a Group monitoring role, with responsibility for raising employees' awareness of new risks several times a year.

The GISO oversees ISO 27001 certifications (five certified entities in the United States and India); the GISO's team has expertise in very specific fields such as HIPAA (Health Insurance Portability Accounting Act) protection of data of a medical nature, and PCI:DSS (Payment Card Industry) which is the security standard for payment cards.

Lastly, the GISO is responsible for business continuity in the event of incidents affecting infrastructure.

2.4.3.2 Responsible consumption

For several decades now, lifestyles and consumption habits in developed societies have been moving toward greater restraint. At the same time, one section of humankind is aspiring to, and legitimately accessing, a better standard of living. Against this backdrop, what is the best way to encourage new sustainable and responsible consumption behaviors? Advertising and communications are still vital when it comes to raising the profile of companies' products and services and developing their businesses and jobs over the long term. Competition is increasingly fierce across all business sectors and the end customer is highly fickle. Customers are increasingly well informed and highly demanding. Offerings are plentiful and attractive. It is important to Group agencies that citizens-consumers are always able to exercise their free will and make informed choices. Changing consumption behaviors is complicated and concerns each and every one of us. This type of education is, therefore, an integral part of the role of the agencies, which wish to act as both supporters and facilitators of behavioral change.

#SDG12
Direct contribution
Leveraging campaigns promoting changes in behavior toward more responsible consumption, playing an active role in facilitating change.

2.4.3.3 Commitments by the Group, agencies and employees: Create & Impact 2016

COMMITMENTS IN COMMUNITIES
Pro bono campaigns and volunteering efforts

Several hundred Group agencies are involved in Create & Impact, an internal movement designed to encourage and mobilize efforts that promote "sustainable" activities for different focuses: activities that benefit employee well-being, volunteer commitments for communities, ("community development programs"), "Green Days" or "Green Weeks" to raise awareness of eco-friendly practices, etc.

These initiatives naturally link into the volunteer activities already in place or enrich them. Since 2015, Create & Impact has brought together all the community and general society initiatives, including *pro bono* campaigns, volunteering, charity work and related internal actions. Create & Impact 2016 now accounts for the Group's commitments (societal impact) for an estimated total of euro 66.6 million, an increase of 10%.

These activities have a direct impact on local communities and on regional development as the agencies are closely involved in the causes that they support. Impacts can be measured instantaneously when volunteers decide to spend the weekend refurbishing children's toilets in a neighboring school (India) or to lend their support to a charity that supports the homeless by patrolling the streets in winter (United Kingdom).

"**Common Ground**": Alongside five other communications groups, in June 2016, Publicis Groupe agreed to lend its expertise to promoting the SDGs. This is the first time that an industry has gotten behind the United Nations. The Group was assigned the #SDG2: Zero Hunger. The following focuses, in terms of communications and actions, were viewed as priorities: eradicating food waste and promoting improved nutrition. The objective is to encourage Group employees to get involved and to raise awareness among partners in support of this effort. This commitment is for several years (#SDG17, #SDG16).

Pro bono campaigns and volunteering

Group agencies took part in over 750 projects in 2016. Both types of initiative are now grouped together as some projects combine the two approaches.

***Pro bono* campaigns** are free of charge and are carried out by the Group's various agencies, in addition to all the skills-based sponsorship provided. Agencies concentrate on a limited number of causes. The teams are very proud of the awards that they have won in recognition of their creative freedom.

As regards volunteering, one or two teams are made available for a limited period of time to provide operational support for specific initiatives run by nonprofit organizations in the name of general interest causes.

Donations and charity work

Participation in charity events is ongoing. Natural disasters and large-scale serious accidents lead to spontaneous acts of generosity, with employees and management working side by side. Under these extraordinary circumstances, local presence is a key factor for success. This is why the Group gives priority to a decentralized approach.

#SDG17
Direct contribution
Positive cooperation with various organizations by placing our expertise at their disposal;
Facilitating the spread of projects with a positive impact.
Commitment to SDG2 (Common Ground).

2.4.3.4 Human Rights policy

Publicis Groupe has been a signatory of the UN Global Compact since 2003. It is committed to remaining vigilant on these fundamental issues, including respect for human rights. The Janus Code of Ethics compels managers and their teams to abide by local laws and regulations, and refers to the fundamental principles of the International Labor Organization (ILO), paying special attention to gender equality in terms of employment and compensation, the scope and effectiveness of social security and the importance of employee relations. The ten principles of the UN Global Compact include the elimination of all forms of forced or compulsory labor, the elimination of discrimination, and the abolition of child labor.

The aim is to contribute to the general effort to reduce the negative occurrence of human rights abuses. Two focuses are worked on simultaneously. Internally, special attention is paid to the issues of non-discrimination, freedom of expression and equality (see Section 2.4.1). Externally, two challenges prevail: to make the voices of those that fight for human rights heard, and work with suppliers on this subject. *Pro bono* campaigns, such as volunteering (see Section 2.4.3) in support of organizations or general interest causes promoting the human rights of women, men and children and opposing all forms of exclusion and discrimination, serve as a demonstration of the Group's long-term commitment, as a whole, and through its agencies and employees, to defending human rights. The teams involved not only work on communications campaigns, but a good number of employees also give their time through volunteer support actions and to help people in need.

The Group also acts in a more direct way, for example, *via* activities of the Women's Forum (annual women's forum on the economy and society). The defense of human rights, women's rights, freedom and gender equality is reflected through a program that enables women at the forefront of this battle to share their experience. By lending them the support of the Women's Forum, its partners and participants, by highlighting the personalities and citizens involved in the different countries where the Women's Forum has been held (February 2016 in Dubai, April 2016 in Mexico, June 2016 in Mauritius), the Group creates opportunities to make the facts as widely known as possible and secures greater involvement across the board.

Suppliers' contracts signed with the Group's major partners (at a central or regional level) include various criteria related to human rights. In addition to the internal CSR Procurement Charter, which binds the Group's buyers in relation to these issues, for several years now, suppliers have been asked to complete the CSR Procurement Questionnaire when calls for tender require them to specify their commitments and actions in this area. These issues are discussed during regular reviews when the Procurement Department seeks advice from the CSR Department. The Group's approach is detailed in the CSR Guidelines.

#SDG8, #SDG10, #SDG16
Direct contributions
Taking part in the creation of indirect jobs; ensuring real equal opportunities;
Fighting against forced labor, child labor and human trafficking by joining forces with suppliers;
Promoting the rule of law and fighting against corruption.

2.4.4 Business ethics and Governance

The challenge is to maintain a high standard of ethics. Respect for others, confidentiality and avoiding conflicts of interest, refusal of partisan campaigns, etc., are the Group's specific commitments.

2.4.4.1 Ethical principles in the conduct of business

Janus is the Group's Code of Ethics. It consists of a code of conduct and corporate operating rules. Janus applies to all managers and their teams. The code of conduct applies to all employees (see Section 2.1.8 of this document). In 2015, a revised edition was distributed to all Group employees, accompanied by a message from Maurice Lévy, Chairman of the Management Board. Agencies ran information programs about this update in 2016: 77% of employees were trained. The majority of new employees, whatever their position, follow an induction program comprising a presentation of the Group and its businesses. This includes a presentation on Janus and its key principles. The Group's key values were established many years ago and focus on major areas, which are explained in the Janus code of conduct with, in the first few pages, details concerning the conduct of the teams and the fundamental rules that must be respected.

Anti-corruption

The Group's anti-corruption policy was revised and strengthened in 2015, as an extension to the work carried out in previous years. Training for managers and support teams (Re:Sources) continued in 2016. Janus addresses the issues of gifts, conflicts of interest and inappropriate or unethical relationships, either with clients or suppliers, competition and unfair practices. The Group's legal experts play an important role in terms of awareness and the application of laws and regulations concerning corruption. Based in the shared services centers (Re:Sources) and functionally under the Group's Legal Department, these legal experts keep a constant eye on laws and regulations dealing with corruption. They keep agencies aware of the issues, work on prevention and lay down compliance procedures adapted to local markets. The aim is to maintain extremely strict standards that comply with current applicable regulations. Progress has been made in developing new training programs to facilitate constant improvement and to ensure that all employees are aware of and comply with the rules.

In addition, as part of their regular tasks in the agencies, the internal audit teams regularly remind local managers of the Group's rules regarding corruption and ethical business conduct.

Lobbying practices

Some assignments may involve lobbying and strategies to influence decision-makers on behalf of clients. Lobbying teams always comply with transparency criteria in relation to their clients, such that their work and the objectives sought are clearly identified and initiatives are conducted with integrity, in accordance with best practices in this area and in line with Group rules.

Whistleblowing

This system is included in Janus and has been operational for a number of years. All the alerts received (post, e-mails etc.) are dealt with centrally by the Group's Secretary General department. If necessary, investigations are carried out by the Internal Audit Department by the appropriate means, ensuring strict confidentiality. The Internal Audit Director reports the findings of the investigations carried out to the senior management and a report is presented at each Audit Committee meeting (see Section 2.1.4.3 of this document).

#SDG12
Direct contribution
Complying with good practices – and improving them – so as to be part of a fairer, more honest and more effective economic and social ecosystem.

2.4.4.2 Professional ethics and ethics within business lines

Ethics is a cross-functional theme that covers numerous aspects, some of which have been covered in Section 2.4.2, relating to customers (responsible communication, personal data protection), or relating to ethical behavior issues. The following are examples of initiatives in this area carried out and monitored by the Group over the last few years:

- **with regard to professional self-regulation** on an international scale, work continues on the International Chamber of Commerce (ICC) Code of Ethics (www.iccwbo.org). This ICC Code (Advertising and Marketing Communication Practice – Consolidated ICC Code) sets the international standard for good practice in advertising and marketing. It includes digital communication and mobile apps. In the same spirit, concerning data protection, for example, the Group's experts are involved in the 4A's Privacy Committee and the Advertising Self-Regulatory Council in the United States, as well as the European Advertising Standards Alliance. Similarly, work carried out jointly on Online Behavioral Advertising and Native Advertising shows the Group's constant involvement with all professionals and competent authorities in the ecosystem on best practices and improvements that can be made;
- **Trustworthy Accountability Group (TAG)** is the first multi-industry initiative of its kind, dedicated to the fight against criminality in the digital advertising supply chain. Its work focuses on four areas: eradicating illicit trafficking, combating malware, fighting against online piracy and promoting transparency (TAG Anti-piracy pledge). In 2016, with the launch of the TAG Registry, the second part of the "Verified by TAG" program which aims to combat fraud and criminality associated with the online advertising industry and promote good practices, Publicis Groupe is now included in the businesses listed in the TAG Registry;
- **education:** for seven years, Publicis Groupe has participated in MediaSmart, a European program (Pub Malin in France www.pubmalin.fr) designed to help primary school educators to teach 8-11 year-olds critical thinking skills relative to advertising, in partnership with media representatives, teachers, consumer associations and regulatory authorities, among others. The Group also participates in the MediaSmart Plus program aimed at high-school students and their teachers;
- **professional organizations** (at the national or regional level), for the Group's activities, take part in cross-disciplinary work in conjunction with other stakeholders. Agency managers are involved in these organizations and promote the application of constantly evolving best practices by their agencies.

2.4.4.3 Audits and Certifications

Communications industries are subject to different formal frameworks. The Group's agencies are sometimes audited by clients on different issues. In 2016, further to a request from the Association of National Advertisers (ANA) in the United States (ANA) focusing on issues of audience reliability, the 22 audits conducted by Group clients failed to show any anomalies.

The main certifications in place in agencies are:

- ISO certifications; 20 agencies are ISO 9001 certified; 14 are ISO 14001 certified; five are ISO 27001 certified (two of which are in India);
- professional certifications; in some countries these are required for certain activities; for example, with the CENP in Brazil or the CAANR in New Zealand;

- technological certifications, which are widespread and cover different types of technical standards.

As well as:

- industry qualifications associated with some tightly controlled business sectors, such as healthcare for Publicis Health agencies, in the United States, France and the United Kingdom: employees are trained in local regulatory frameworks and every campaign undergoes a Compliance review;
- professional accreditations enable checks and audits to be conducted on behalf of clients, as is the case with Publicis Communications, at Leo Burnett Chicago, which conducts audits requested by clients on different aspects such as supplier diversity.

2.4.4.4 Group Governance

Section 2.1 of this document lays out, in great detail, the Group's corporate governance principles.

Publicis Groupe is a company with a Supervisory Board and a Management Board.

The Supervisory Board has 12 members (50% women). It is chaired by Élisabeth Badinter, daughter of the Group's founder, Marcel Bleustein Blanchet.

The Management Board chaired by Maurice Lévy has three members (one woman and two men). The *Directoire* and the "*Directoire* +" have a total of seven members (one woman and six men).

The members of the Supervisory Board and Management Board are presented in Section 2.1 of this document.

The risk factors (industry related, operational, environmental and human, regulatory and legal, financial) are presented in detail in Section 1.8 of this document. Risks known as CSR risks are incorporated in the Group's overall risk mapping.

CSR is monitored by the Supervisory Board within the Strategy and Risk Committee: see Section 2.1.3.4 of this document.

2.4.4.5 The Group's ecosystem: stakeholder relations

Stakeholders other than employees, clients and citizens-consumers (society) previously detailed in Sections 2.4.1, 2.4.2 and 2.4.3 are cited here.

Shareholder relations

The Group has been listed on the Paris Stock Exchange since 1970. It is one of the companies selected for the Euronext 100 index.

Detailed information on shareholders is provided in Section 6.2 of this document.

Investor relations

The Investor Relations Department oversees everyday relations with investors and shareholders through numerous meetings and exchanges in various countries. The Investor Relations Department and the CSR Department work closely together with respect to ESG (Environmental-Social-Governance) requirements coming from shareholders, investors, management companies or ratings agencies.

The press releases and presentations circulated throughout the year are accessible on the Group's corporate website: investor relations' section.

Media Relations

The Media (all forms) are key partners when it comes to media buying: they are the suppliers that our media agencies deal with on a daily basis in different countries. Publicis Groupe has always been very committed to media pluralism and is often engaged in supporting media diversity and respect for media neutrality.

As a totally separate issue, the Group's Communications Department follows the timetable of official corporate announcements in close collaboration with the Investor Relations department. Agency communications focus on projects that they have completed for clients and on campaigns and awards. The Group's Communications department also keeps all stakeholders (employees, shareholders, the general public and institutional investors) informed *via* various international communication tools (media, website, social networks etc.). It works closely with the Group's Corporate departments (finance, investor relations, human resources, audit, legal, mergers and acquisitions and CSR).

Relations with consumer and environmental protection associations

In every country where the Group operates, these associations are key ecosystem stakeholders. Agencies are obliged to work with them on work projects, to listen to their opinions, to meet with them to discuss the role of the communications industry, and sometimes to help them with their projects (*pro bono* or volunteer work).

Relations with academic organizations

More than 1,000 programs operate in over fifty countries. Some managers also act as regular, or one-off, contacts in some disciplines. Our agencies take part in events designed to help young students find out about jobs in the industry. They also welcome students on open days or for *ad hoc* visits.

Relations with regulatory authorities, self-regulated authorities and inter-professional organizations

The current collaborative modes ensure that, in most countries, regular cooperation with the different industry regulatory bodies and/or self-regulation exist, through inter-professional organizations, and inter-sector work on common issues. The challenges related to the protection of personal data are an illustration: advertising is just one of the players. Long-term collaboration with all stakeholders is therefore indispensable.

2.4.4.6 Compliance

In relation to the GRI guidelines:

- Publicis Groupe does not receive any public subsidies;
- Publicis Groupe, whose core activities involve the provision of intellectual services, has not recorded any incidents involving child labor or forced or compulsory labor, nor incidents relating to the violation of the rights of native populations, nor human rights grievances;

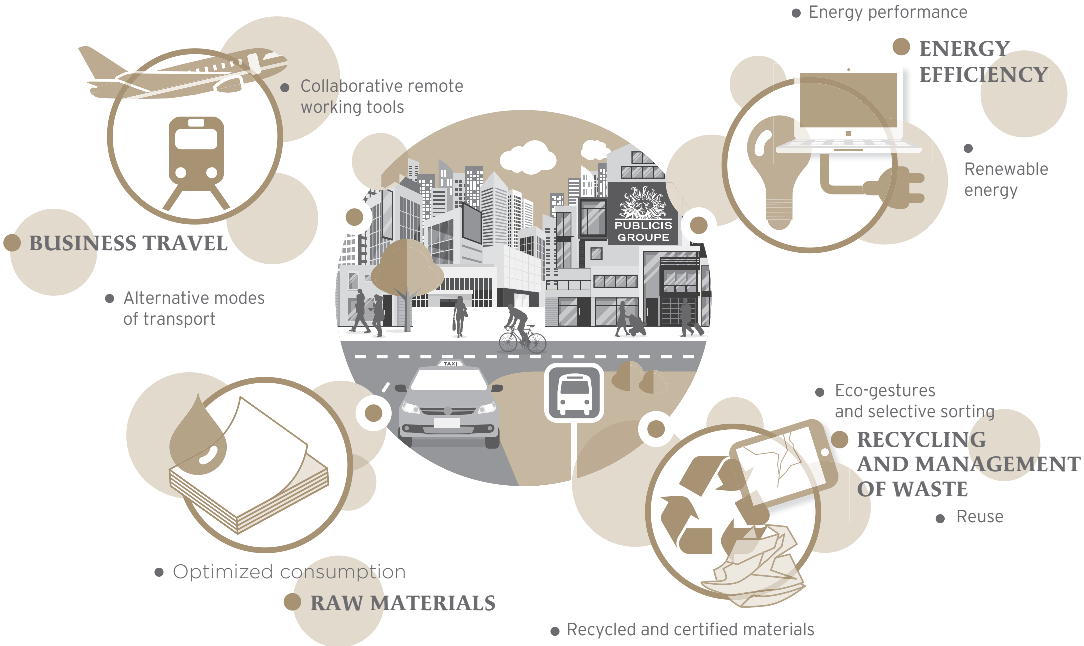
- Publicis Groupe has not experienced incidents of non-compliance with voluntary rules and codes concerning: impacts on consumer health and safety; information about its products and services; the provision and use of its services;
- no complaints have been made against Publicis Groupe for invasion of privacy or loss of client-related data;
- in 2016, a very small number of agencies (fewer than ten) recorded incidents of non-compliance with voluntary communications-related regulations and codes, more often than not, in the form of notices or notifications issued by regulatory or self-regulated bodies, on each occasion giving rise to immediate modifications;
- Publicis Groupe has not been obliged to fight legal actions for infringement of anti-trust laws, nor for anti-competitive behavior or monopolistic practices.

Regarding article 225 of the Grenelle II Act, and supplementary information required by other French legal texts, the environmental impacts are dealt with in the section below. However, some indicators do not apply to Publicis Groupe, given the Group's service-based industry and intellectual operations, namely:

- the resources dedicated to preventing environmental risks and pollution (see Section 1.8 of this document);
- the consideration of noise pollution and other forms of activity-specific pollution;
- prevention, reduction or reparation measures concerning air, water and soil pollution (including land use) affecting the environment.

2.4.5 Environmental impact

Although environmental impacts are not considered as particularly tangible, since the Group has entered into a voluntary approach in this area, everyone's efforts must converge towards increasing resource savings. New ideas, such as the circular economy or the sharing economy, must be incorporated by the teams. Employees are increasingly involved in internal initiatives, particularly everyday eco-friendly practices, in order to limit impacts. These voluntary approaches also involve clients, suppliers and partners. Interest in these issues is also reflected in support for certain NGOs in this field *via* different campaigns.



In terms of the environmental impact of campaigns, some agencies have tested a variety of approaches and evaluation methods and modeling projects are under way.

2.4.5.1 Environmental policy

"Consume less & better" remains the Group's motto for environmental policy. Since 2016, it has been developed around the European 2030* strategy (extending the 2020 policy applied until that point) and thus defines specific objectives. Clear trajectories are in the process of being finalized for the years to come. The summary table at the end of this section shows the changes under way.

The environmental policy continues to be structured around four clear areas of focus in order to tackle priority challenges:

1) reducing employee transport and its impact through the introduction of teleconference and conference call systems, etc., encouraging lower-emission modes of transport, such as public transport or "Green cabs," etc.);
2) reducing energy consumption and improving energy efficiency (by seeking to limit the impact relating to electricity, heating and air conditioning);
3) reducing consumption of natural resources and raw materials (mainly paper and water);
4) putting in place recycling and organized (non-hazardous) waste management systems.

Adapting to climate change

As a signatory of the United Nations Global Compact "Caring for Climate" since 2007, the Group's commitment can be seen in practice in the progressive implementation of its environmental policy. Within the framework of the COP21, Publicis Groupe has signed on to two business initiatives: the "Business Proposal for COP21" and the "French Business Climate Pledge." It continues to participate in the effort to reduce impacts through its environmental policy and the targets that it has set itself for 2030 (see table at the end of the section). The agencies may make more specific contributions when they get involved in the Earth Hour (e.g., Leo Burnett in March) or Earth Day (e.g., Saatchi & Saatchi in April) or the European Green Week (e.g., Publicis in June).

Focus on real estate

The Group's Real Estate Department is closely involved in the environmental approach. It takes CSR issues into consideration during renovation work for agencies and when looking for new office space, ensuring preference is given, where possible, to premises that meet environmental and energy performance criteria. Each year, examples of best practices are exchanged between the different Real Estate managers in different countries in order to anticipate needs for future premises: certification of buildings (Energy Start, LEED, HQE, etc.), energy providers and types of energy mix proposed that include renewable energies, energy-saving electrical systems, materials used, etc. (see CSR Reports since 2009).

In 2016, the Group brought 1,600 employees together in Paris in the fully renovated PariSquare buildings. All the interiors were designed with a view to agencies' new modular requirements, with large open spaces in which to hold more internal events. In late 2016 Re:Sources introduced a fleet of electric vehicles for use by employees traveling around Île-de-France on business. In the United States, Publicis New York extended its occupancy of Broadway Avenue over three new floors which have been fully renovated so that they are full of light, color and warmth and are fitted with all the latest technology. In Bangalore, India, Sapient teams have taken possession of a new ultramodern and extremely comfortable campus, which can accommodate 3,600 people in one central building. This campus is in a very up-and-coming area where lots of international groups have set up their operations; shuttles have been deployed to make it easier for employees to travel to and from work.

Protection of biodiversity

This issue is dealt with on a very local level, according to the immediate environment of each agency and its ability to have a real influence on said environment. There are a number of options. For example: Re:Sources Costa Rica is a model of the volunteer approach with an action plan involving employees in a carbon offsetting program which promotes local biodiversity, preserving the flora and fauna in protected forests. In France, after two years of conclusive tests, the Group installed beehives on the roofs of four buildings in Paris, including the head office on the Champs-Élysées. In addition to supporting the French beekeeping sector, a partnership was formed with the Apiflordev association, which fights poverty, particularly in Africa: the Paris beehives are funding the installation of beehives in Senegal.

Providing employees with information and training on environmental issues

Given the Group's service industry activities, employees' awareness of these issues is raised on a local level during "Green Week," a week of internal action and events, and during "Cleaning Days," which take place at least once a year, and *via* posters or internal information about the progress made (in terms of: reduced electricity consumption, reduced paper consumption, improved waste recovery, etc.). The objective is to promote new behaviors in the workplace and beyond. The deployment of remote working tools is also accompanied with education about positive impacts.

2.4.5.2 Consumption

The Group's major sources of consumption and impacts are, in order of importance:

- travel (calculation: business trips + employees [commute]) estimated at 1,254,767 km. The Group has continued to deploy teleconferencing rooms and collaborative distance working tools (video and voice) to avoid travel where possible;
- energy consumption was estimated at 171,288,670 kWh (down on previous figures). Approximately 25% of energy, particularly electricity, is from renewable energy sources (on the basis of statements provided by electricity suppliers). Efforts continue to improve energy efficiency and best practices (switch-off policy for computers and machines such as printers, as well as night and weekend lighting). When the Group has to envisage moves, the energy efficiency of the future offices is part of the selection criteria.

* *European 2030 environmental strategy: 40% reduction in greenhouse gas emissions; share of renewable energy at 27%; 27% increase in energy efficiency.*

- Data Centers: work to optimize and rationalize servers is ongoing, to consolidate applications, including digital products and services created for clients. This work is being conducted in collaboration with some of the Group's major partners so that the results can be uniformly monitored. A new pilot system introduced in North America in 2016 resulted in energy savings of around 12% (in kW). An ambitious plan is in the process of being rolled out (over several years). It aims to reduce the number of machines and to equip all employees with a range of powerful and energy-saving virtual tools.
- Energy audits: due to the application in some European countries of the 2012/27/EU Directive, some agencies in Europe carried out energy audits in 2015 and in 2016. These audits enabled progress plans to be drafted for the coming years (for example, improvements to systems or the strengthening of individual and collective eco-friendly practices). In 2016, savings of up to 15% on electricity and 15% on heating were recorded at the head office in Paris.

- fixed assets (buildings, office materials such as IT equipment and servers, etc.);
- paper consumption: 1,271 metric tons were consumed (down on previous figures), of which more than 75% consisted of certified or standard-compliant paper (FSC, PEFC or other); as well as consumables (cartridges, office supplies etc.). For several years now, agencies have reduced their paper consumption by adopting across-the-board use of certified paper or by promoting a "zero paper" policy.

Additionally:

- water consumption is estimated at 828,356 m^3 - 11.0 m^3 *per capita*. With regard to water consumption data, which is always difficult to collect as some agencies rent premises in larger buildings, the main improvements have been to sanitation (with the ubiquity of sensors). The Group has little influences over water supply from municipal systems or private operators, under more comprehensive long-term contracts;
- the volume of non-hazardous waste is estimated at 5,342 metric tons (unchanged at 0.07 metric ton *per capita* but not all new entities are in a position to monitor these impacts so accurately. Most of this waste is paper and cardboard, 90% of which is recycled. It is recycled with traceability (some agencies have traceability in place for 100% of these volumes). Electronic waste is treated in WEEE recycling systems, in partnership with suppliers as part of materials recycling contracts.

  For example, at the Paris Bastille site, the selective sorting system facilitates tracing waste recovery with the local partner:

Type of waste	Volumes/year	Equivalence
PET	1.71 metric tons	1,500 fleeces
Cans	0.51 metric tons	486 scooters
Paper	11.15 metric tons	10 metric tons of paper recycled

- the issue of food waste has been addressed for a number of years now. In all agencies, employees are encouraged to make this issue a part of their daily lives and to support sharing initiatives. For example, in the late afternoon, employees can go to the cafeteria (or kitchen or coffee room) to collect untouched food left over from meetings. The aim is to avoid throwing food away. Contract catering partners are selected on the basis of this criterion. In France, Sodexo is extremely proactive both in its own production chain (from upstream to downstream) and in its communications with employees on food waste issues (#SD62).

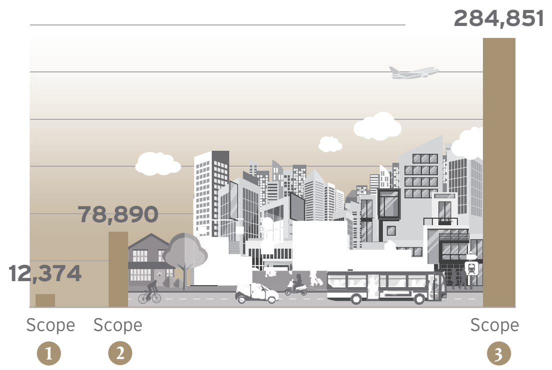
#SDG13
Direct contribution
Reducing consumption and direct impacts;
Helping to preserve natural resources.

2.4.5.3 Review of greenhouse gas emissions

For the eighth edition, the greenhouse gas emissions review based on the GHG protocol method was calculated with the assistance of Bureau Veritas based on the data collected by all the Group's entities (98%).

The total of scopes 1 + 2 + 3 is 376,115 $TeqCO_2$, giving a carbon intensity of 4.77 $TeqCO_2$ *per capita*.

2016 GREENHOUSE GAS EMISSIONS
GHG Protocol $TeqCO_2$



1. Energy sources: natural gas, fuel oil and other fluids + professional transportation (auto)
2. Electricity purchased
3. Other transportation (of which air, rail, etc.), professional and personal + non-current assets + consumables + waste

4.77
$TeqCO_2$ per capita 2016

CARBON INTENSITY

TOTAL GREENHOUSE GAS EMISSIONS 2016 : 376,115 $TeqCO_2$

Note from Bureau Veritas: the GHG protocol calculating method is based on average emission factors (and therefore includes a certain degree of uncertainty), thus it only provides estimations by order of size, with its aim being to encourage GHG emissions reductions and measure the progress made. The degree of uncertainty when making the Publicis Groupe GHG emissions assessment for 2016 is estimated at 20%.

SUMMARY TABLE

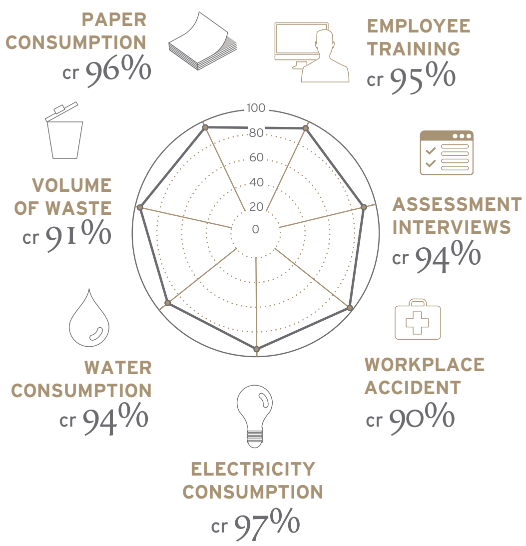
Indicators	Unit	Based year 2009	2014	2015	2016	2030 targets
Group headcount		45,000	63,621	77,574	78,913	
Scope 1	TeqCO_2	27,749	9,386	9,453	12,374	-
Scope 2	TeqCO_2	74,287	69,674	86,315	78,890	-
Scope 3	TeqCO_2	143,734	250,440	285,499	284,851	-
Scope 1+2+3	TeqCO_2	245,770	329,500	381,266	376,115	-
Carbon intensity	TeqCO_2	5.46	5.17	5.00	4.77	3.28
Electricity consumption	MWh	136,397	167,982	196,641	171,288	-
Energy intensity *per capita*	MWh	3.0	2.7	2.7	2.2	2.19
Renewables as a percentage of total consumption	%		26%	25%	25%	27%
Water consumption	m^3	(232,000)	697,197	859,398	826,356	-
Water *per capita*	m^3	5	11.9	12.1	11	-
Total volume of waste	tons	4,660	6,060	5,190	5,342	-
Waste *per capita*	metric tons	0.10	0.10	0.07	0.07	-
Paper consumption	metric tons	1,770	1,400	1,410	1,271	-
Paper *per capita*	metric tons	0.04	0.03	0.02	0.02	-
Total in thousands of kilometers traveled	thousand km	403,114	1,062,713	1,210,712	1,254,767	-
Travel *per capita*	thousand km	9.0	16.7	15.6	15.9	-
Business trips	thousand km	230,863	588,196	707,804	765,792	-
Commute	thousand km	172,251	474,517	502,908	488,975	-

2.4.6 CSR reporting methodology

Scope and process

CSR reporting hinges on data collected within the Group's 840 entities and, since 2009, across a scope corresponding to 98% of the Group's workforce (the exclusions being mainly entities acquired within the last six months).

SPECIFIC COVERAGE RATES



Quantitative data is collected in accordance with financial reporting rules and processes *via* a dedicated module (HFMCSRGRI) incorporated in the financial information system. This data is under the responsibility of Solutions Financial Directors.

Qualitative data is collected *via* a dedicated internal tool (NORMA), accessible to all of the agencies, who are thus able to present their initiatives in a central tool. Qualitative data is placed under the responsibility of Solutions Chief Talent Officer.

Both of these tools are linked in order to ensure consistency and run materiality tests.

2016 CSR reporting focuses on the period from January 1 to December 31, 2016, and is based on one year.

As stated in the introduction, the scope of the impacts includes the Company and all its subsidiaries, as well as some of the related parties associated with digital activities for clients (e.g., servers), including part of the supply chain (EcoVadis assessment).

A complex project was started two years ago to conduct research into modeling that would allow for a meaningful appraisal of the work carried out by the agencies, including digital, giving greater consideration to the different types of capital (particularly financial, natural and social as well as human and intellectual).

Organization of CSR reporting process and governance:

Prior to the reporting process, the shared services center teams (Re:Sources) are closely involved. The internal guide entitled "2016 CSR Guidelines" defines the collection and validation processes at the different levels required, as well as the content of the various indicators taken into account (over 90 quantitative and qualitative indicators). This manual was distributed to a cross-functional working group of over 220 key people throughout the various Solutions. It was also presented during webinar sessions between November 2016 and January 2017 during the preparation stage (over 1,000 contributors).

All of the quantitative data and qualitative information is then checked and analyzed by the Group CSR department, who coordinate and carry out the consolidated reporting. This Department is supported by an internal CSR Steering Committee bringing together the Group's key central corporate functions. Moreover, the Internal control and Internal audit teams ensure, during their work throughout the year, that agencies correctly implement the CSR reporting processes.

The CSR Report is checked by outside auditors (see the report at the end of this chapter); they audit the consolidated data and the processes and in 2016 conducted 62 on-site audits in agencies representing 40% of the workforce. The complete investigation covered the entire Group, or 98% of the workforce.

Reporting performance

The reporting structure, processes and results are audited by an external auditor, SGS. The entire approach is also assessed by management companies and investors within the context of their ESG analysis (FTSE4Good, Vigeo Euronext Index, Ethibel Excellence, etc.), by clients and prospective clients (questionnaires, site audits, etc.), and by various sustainable development operators whose assessments may be made public (public bodies, rating agencies, students and teachers, etc.).

Guidelines

Non-financial reporting was prepared according to the directions set out by Decree 2012-557, dated April 24, 2012, applying to the application of article 225 of the Grenelle II Act, 2010-788, dated July 12, 2010, pertaining to corporate social and environmental transparency obligations and on auditing methods. That now includes further information arising from more recent laws on energy transition and green growth, or on reducing food waste, as well as on modernizing social dialog and safeguarding career paths.

This reporting also takes into account European Directive 2014/95/EU as regards disclosure of non-financial and diversity information.

The other guidelines that the Group voluntarily follows are:

- the GRI (Global Reporting Initiative) standards; the GRI is the main structure followed since 2009;
- the ten Principles of the UN Global Compact, to which Publicis Groupe has been a signatory since 2003;
- the 17 United Nations Sustainable Development Goals – SDGs;
- ISO 26000 guidelines, which the Group has followed since 2011 in order to better take stakeholders into account;
- US Sustainability Accounting Standards Board (SASB) guidelines drafted in 2014 for the technology and communications sector (this is in line with the conclusions of the work carried out on materiality and focuses the presentation on the three major stakeholders);
- the OECD guidelines for multinational enterprises (Recommendations for responsible business conduct in a global context) are also used as a reference;
- the United Nations Caring for Climate initiative signed by Publicis Groupe in 2007, as well as the two pledges signed by companies at COP21;
- Carbon Disclosure Project (CDP) endorsed by the Group on a voluntary basis since 2009 in order to contribute to the general effort to reduce greenhouse gas emissions.

The cross-reference table with all of the guidelines used is shown in the CSR section of the Group's corporate website.

2.4.7 External audit report

At the request of Publicis Groupe, SGS ICS carried out an audit of the information included in the Corporate Social Responsibility (CSR) report drawn up for the year ended December 31st, 2016 in accordance with decree no. 2012-557 dated April 24th, 2012 relative to companies' social and environmental transparency obligations, with regard to the application of article 225 of law no. 2010-788 dated July 12th, 2010, of article 12 of law no. 2012-387 dated March 22nd, 2012, of law no. 2015-992 dated August 17th, 2015 about energy transition for green growth, of law no 2016-138 dated February 11th, 2016 about the struggle against food waste, of law no 2016-1088 dated August 8th, 2016 about labour, social dialogue modernization and career security, of Decree no 2016-1138 dated August 19th, 2016 pursuant to the application of article L. 225-102-1 of the French commercial code concerning environment information which have to be present in company management report and which amended article L. 225-102-1 of the French commercial code, and the order of May 13th, 2013 determining the procedure to be used by the independent third-party organization when conducting its mission.

It is the responsibility of the Management Board of Publicis Groupe to prepare a report concerning the management of the Company including social, environmental and societal information, to define the appropriate standards used for the collection of the quantitative or qualitative data, and to ensure their provision.

The responsibility of SGS ICS, as an independent body, accredited by COFRAC under the N° 3-1086 (available to www.cofrac.fr) is to attest to the presence in the CSR Report of all information provided for in article R. 225-105-1, express a reasoned opinion on, firstly, the sincerity of information, and, secondly, the explanations given by the company on the absence of certain information, and indicate the procedures implemented to accomplish our audit.

Nature and scope of the audit

SGS ICS' audit consists of:

- reviewing the statement on sustainable development policies, in relation to sustainable development as well as the social and environmental impacts of the Company's business activities, its cultural commitments and the actions that stem from these policies and commitments;
- comparing the list of information mentioned in 2016 management report against the list set forth under article R. 225-105-1 and noting, where applicable, any missing information not accompanied by explanations as mentioned under the third paragraph of article R. 225-105;
- verifying that the Company has a data collection process in place to ensure that the information mentioned in the management report is complete and consistent, and identifying any irregularities;
- expressing, at the request of Publicis Groupe, a conclusion of reasonable assurance with regard to whether the CSR information is presented truthfully.

Diligence

SGS ICS conducted its audit of Publicis Groupe on an international scale including its subsidiaries and controlled companies, which are included in the consolidated financial statements.

SGS ICS conducted its audit from December 15th, 2016 to March 17th, 2017 (75 days), by carrying out interviews with key individuals involved in the collection, validation and publication of quantitative and qualitative data from Publicis Groupe and several of its subsidiaries amounting to 62 agencies which have been audited on site in France, Germany, Brazil, China, the United Kingdom, India and the United States, representing 40,7% of the total headcount.

- SGS ICS reviewed the reliability of the internal CSR Reporting Guidelines, the internal control procedures and the data and information aggregation systems at each of the sites;
- with regard to quantitative data, we audited each site by using sampling, verifying the calculation formulas and comparing data with supporting documents for 18 indicators selected according to their degree of relevance (legal compliance and taking into consideration the business sector/industry), as well as their reliability, neutrality and comprehensive nature:
  - social indicators (85% to 100% of the sites): training hours (classroom-based or e-learning), training fees, absenteeism, number of employees having an accident, number of days of work stoppage, diversity,
  - environmental indicators (81% to 98% of the sites): energy consumption, share of renewable energy, paper consumption, toner recycling, WEEE recycling, commuting plan by car or public transport,
  - societal indicators (98% to 100% of the sites): pro bono campaigns (total, skills sponsorship, media), knowledge of the Code of Ethics;
- random checks were performed on quantitative and qualitative data during the final phase of consolidation of the Group's consolidation scope (98%) as well as on other required information;
- twelve auditors were assigned to this audit including a lead auditor;
- eight interviews were conducted with Groupe management and with the Procurement, Internal Audit, Financial, Investor Relations, Legal, IT and CSR departments.

We believe that the chosen sampling method and sample sizes for the audit allow us to formulate a conclusion of reasonable assurance.

Statement of independence and competence

SGS is the world leader in inspections, audits, assessments and certifications. Recognized as the global benchmark for quality and integrity, SGS employs more than 80,000 people and operates a network of more than 1,500 offices and laboratories around the world.

SGS ICS is a wholly-owned French subsidiary of the SGS Group. SGS ICS declares that its audit and findings were prepared in complete independence and impartiality with regard to Publicis Groupe and that the tasks performed were completed in line with the SGS Group's code of ethics and in accordance with the professional best practices of an independent third party.

Auditors are authorized and appointed to each audit assignment based on their knowledge, experience and qualifications.

The COFRAC accreditation received by SGS is recognized in Europe by the EA (European Co-operation for Accreditations) and worldwide by the IAF (International Accreditation Forum). Additionally, third party Sustainability Report Assurance (SRA) checks carried out by SGS in 15 countries are based on AA1000 accountability principles.

Statement and reasoned opinion

Based on Publicis Groupe's presentation regarding sustainable development policies, the social and environmental impacts of the Company's business activities, its social commitments and the diligence implemented:

- we certify that the information included in Publicis Groupe's 2016 management report is in compliance with the list set forth under article R. 225-105-1 and that any exceptions have been duly justified;
- we declare that we found no significant irregularity that would call into question the fair presentation of the information included in the 2016 management report.

Observations

- For a perimeter of audits on site concerning more than 40% of workforce, an improvement of procedures application, data reliability and materiality has been noticed. However, it would be necessary to optimize some definitions of social and environmental indicators in order to improve their consistency and comparability, in particular for training, working days, absence reasons, share of renewable energies, data center's energy consumption, wastes, and responsible procurement of production materials.

Signed in Arcueil, March 27th 2017

SGS ICS France

29 avenue Aristide Briand

F-94111 ARCUEIL Cedex

Telephone + 33 (0) 1 41 24 89 27

Fax + 33 (0) 1 41 24 71 29

www.sgs.com

Inspection Manager

Olivier AUDEBERT

3

COMMENTARY ON THE FINANCIAL YEAR

The developments below are the main elements of the management report mentioned in article L. 451-1-2 of the French Monetary and Financial Code and in article 222-3 of the General Regulation of the AMF which must include the information mentioned in articles L. 225-100, L. 5-100-2, L. 225-100-3 and in the second paragraph of article L. 225-211 of the French Commercial Code.

Other information corresponding to required elements of the management report is to be found in Section 8.6 "Cross-reference table for the management report".

The following discussion should be read in conjunction with the consolidated financial statements and related notes. They contain information concerning the Group's future objectives which imply risks and uncertainties, including, in particular, those described in Section 1.8, "Risk factors".

3.1 Introduction

Growth in the global economy is expected to come in at 3.1% in volume, off very slightly from the 3.2% of 2015. The growth continued to be driven by the emerging countries (4.2%), while advanced country growth remained sluggish (1.6%). In 2017, global growth should be 3.4%, from simultaneous acceleration in both the advanced and emerging countries.

In the United States: 2016 got off to a slow start with average first-half growth of only 1.5%; but US growth took off somewhat in the third quarter, and year-long growth is expected to be 1.6%. The expectation for lower growth than the 2.6% seen in 2015 is due to the rise in the dollar, the recessionary effect early in the year of falling commodity prices and the small effort made at investment by American companies. The job market remains strong: the unemployment rate is almost at its lowest and wages are starting to rise (up 2.9%). Household consumption remains satisfactory; that by itself is enabling the US economy to continue to grow.

Growth in the eurozone is also expected to slow to 1.7% in 2016 from 2.0% in 2015. The effects of the oil counter-shock lessened as oil prices recovered. Monetary policy is still very growth-oriented. The ECB announced that it will extend its unconventional monetary policy measures throughout 2017, the effect of which will be to keep rates very low. The contrast remains significant between Germany, which recently reported yearly growth of 1.9%, and France and Italy, reporting respectively 1.3% and 0.8%.

The economic balance sheet of the United Kingdom was not affected by the Brexit announcement last June. The UK GDP is expected to grow 2%, taking early advantage of the monetary stimulus undertaken by the Bank of England right after the referendum. The 20% fall in the pound against other currencies helped exports.

The Japanese economy should keep growing at quite a low rate 0.5% just as in 2015. The combined measures of structural reforms and budgetary and monetary stimulus have not as yet managed to put life back into an economy that remains highly dependent on foreign trade.

In China the 2016 economic balance sheet is expected to be in line with government projections. GDP should grow 6.6% in 2016. Chinese growth has slowed down every year since 2010, when it was 10.6%, but the "slide" seems to be under control. This lower-growth phase is characterized by a sharp decline in exports and, more generally, trade with the rest of the world. Domestic demand remains robust, thanks to a very proactive monetary policy. This has made it possible for the time being for China to control its transition to a more domestically-oriented economy, at the cost of creating a credit bubble.

In the emerging world apart from China, the sustained rebound in commodities prices, particularly oil, should limit the drop in GDP seen since 2015. Russian GDP should only decline 0.8%, after a 3.7% drop in 2015. The recovery in Brazil is less evident. There GDP fell 3.3% in 2016 (versus 3.8% in 2015.) The strong trend in India still prevails with 7.6% growth, unchanged from 2015.

In its latest estimates published in December 2016, Zenith is maintaining its forecast of 4.4% growth in advertising investments in 2016. By geographic area, North America will show an increase of 4.3% driven by Internet advertising, up 16.5% and representing nearly a third of media spending in 2016. Western Europe will increase 3.7%, with a 3.3% rise in television expenditures and 16.9% on the web. By country, France will only increase 0.9% despite hosting the European Football Cup, as compared to 3.2% for Germany, 3.1% for Italy and 5.0% for the United Kingdom despite the political uncertainties affecting the latter two countries (a constitutional referendum and the Brexit vote, respectively.) The Asia-Pacific region will increase 6.1%, including increases of 8.9% in China, 10.4% in India and 14.8% in Australia. Latin America will remain in decline (down 0.7%) owing to the devaluation of its currencies versus the dollar. In Brazil, media advertising investments will increase 4.6% due to the Olympic Games held in Rio.

Publicis Groupe's consolidated revenue was euro 9,733 million in 2016, as compared to euro 9,601 million in 2015, up 1.4%. Exchange rates impacted revenue negatively by euro 177 million, or 1.8% on 2015 revenue. Net acquisitions contributed euro 247 million in revenue in 2016, *i.e.* 2.6% of 2015 revenue. Growth at constant exchange rates was 3.3%. And organic growth stood at 0.7% in 2016. It is noteworthy that media services performed well despite the loss of accounts in 2015. We would also highlight the good growth at Publicis One in 2016.

In this context of modest growth, Publicis Groupe is more than ever focused on maintaining a solid operating margin and an ability to generate cash flow. The reorganization announced in December 2015 is geared towards a more efficient cost base through the elimination of overlapping and duplication. Various cost optimization programs have been planned or launched in order to meet the margin objectives set out in the 2018 strategic plan. These cost optimization programs include a simplification of the Group's structure subsequent to the reorganization, but also steps aimed at productivity gains, efforts to improve the margins of entities that have been underperforming, measures in procurement, the continued regionalization of the Shared Services Platforms, and on-going enhancement of processes. The ERP roll-out (already launched in France in July 2014) now includes the USA and continental Europe. The potential remains high, as none of these programs has completely delivered its expected results.

The operating margin rose 2.0% to euro 1,516 million. The operating margin rate was 15.6%, up 10 basis points compared with 2015.

After accounting for an impairment loss of euro 1,440 million Group net income was a loss of euro 527 million, as compared to a profit of euro 901 million in 2015.

Headline diluted earnings per share (as defined in Note 8 to the condensed consolidated annual financial statements) rose 1.6% to euro 4.46.

The balance sheet at December 31, 2016 shows net debt of euro 1,244 million after net debt of euro 1,872 million at December 31, 2015. Average net debt in 2016 was euro 2,385 million, versus an average of euro 2,429 million for 2015.

The dividend to be proposed at the General Shareholders' Meeting of May 31, 2017 will be euro 1.85 per share. It represents a payout ratio of 41.5% on diluted earnings per share and an increase of 15.6% over the previous year. Subject to the approval of the General Shareholders' Meeting, settlement of the dividend in cash or in shares, at the shareholder's option, will be made July 4, 2017.

On June 7, 2016, the ANA (Association of National Advertisers) published a report incriminating business practices between communications agencies and advertisers. We can only be surprised by ANA's choice in particular as this report is based on allegations and situations that refer to undisclosed companies and individuals and are then used to make very broad-based and unverifiable accusations. Publicis Groupe was keen to state its position. Publicis Groupe has very stringent in-house rules and regulations, including a Code of Ethics, which serves as a reference in controlling procedures and financial reporting. We constantly revise our working methods to ensure that they are best in class and our employees have to apply them rigorously. All contract negotiations with our clients include standards of transparency that they deem appropriate and we commit to fully abide by the terms of the contract we enter into alongside our clients.

As part of an investigation conducted by the Anti-trust division of the United States Department of Justice into video production in advertising, on December 14, 2016 a Publicis Groupe subsidiary received a subpoena for documents. With the advice of outside counsel, the Group is collaborating fully and productively with the investigation.

Reorganization

In the first half of 2016 Publicis Groupe reorganized by making the client the focus of its operations. Thus clients have access to all of the Group's skills ("The Power of One") to meet their sales, marketing and transformational needs.

Under this reorganization, Publicis.Sapient, a Publicis Groupe division, merged SapientNitro and Razorfish to create SapientRazorfish, which combines consumer feedback with the technological know-how of these two firms to meet client demands. The merger of the two companies created an unrivaled leader positioned as a new kind of partner, able to re-think the future by employing a model that makes the client the focus of the business, while taking advantage of considerable experience in managing change.

3.2 Organic growth

When comparing its annual performances, Publicis Groupe measures the impact on reported revenue of changes in foreign currency exchange rates, acquisitions and disposals, and organic growth. Organic growth, which represents the increase in like-for-like revenue at constant exchange rates, is calculated as follows:

- revenue of the previous year is recalculated applying the current year average rate;
- revenue from acquisitions (net of revenue from any divested activities) is subtracted from the current year revenue, in order to neutralize the impact on growth of changes in Group scope.

The difference between the revenue for the current year, after subtraction of the revenue from acquisitions (net of that of divested activities) and the revenue of the previous year (translated at the current exchange rate) is compared with the revenue generated in the prior period to determine the percentage of organic growth.

The Group's management believes that the analysis of organic revenue growth provides a better understanding of its revenue performance and trends than reported revenue because it allows for more meaningful comparisons of current period revenue to that of prior periods. Also, like-for-like revenue is generally used in the industry as a key performance indicator.

Organic growth is unaudited and is not a measurement of performance under IFRS. It may not be comparable with similarly titled financial data of other companies.

3

(in millions of euros)	Total
2015 REVENUE	**9,601**
Impact of exchange rates	(177)
2015 revenue at the 2016 exchange rate (a)	**9,424**
2016 revenue before impact of acquisitions[1] (b)	**9,486**
Revenue from acquisitions[1]	247
2016 REVENUE	**9,733**
ORGANIC GROWTH (B - A)/A	**+0.7%**

(1) Net of disposals.

Organic growth came out at 0.7% in 2016. This low level reflects the loss of media accounts in 2015 and early 2016, the termination of some digital projects at Razorfish while the new ones had yet to hit their stride, and a very high basis of comparison in North America during the fourth quarter of 2015. Sales activity was strong and new business won (including HPE, Asda, Walmart and USAA) should sustain future growth.

Organic growth for each quarter in 2016 was:

- first quarter: +2.9%;
- second quarter: +2.7%;
- third quarter: +0.2%;
- fourth quarter: -2.5%.

3.3 Analysis of the consolidated results

3.3.1 Revenue

Publicis Groupe's consolidated revenue was euro 9,733 million in 2016, as compared to euro 9,601 million in 2015, up 1.4% Exchange rates impacted revenue negatively by euro 177 million, or 1.8% on 2015 revenue. Net acquisitions contributed euro 247 million to revenue in 2016, or 2.6% of 2015 revenue. Growth at constant exchange rates was +3.3%.

Publicis Groupe was impacted by the loss of media accounts in 2015 and early 2016, the termination of some digital projects at Razorfish while the new ones had yet to hit their stride, and a very high basis of comparison in North America during the fourth quarter of 2015. Organic growth over the full year 2016 was +0.7%.

Digital activities continued to drive the Group's growth, which was 3.2% in organic terms. North America fell 0.4% due to the loss of media accounts and the termination of digital projects, while new projects were taking time to get started. Razorfish in particular posted a two-digit decline. It should also be pointed out that analog activities continued to decline.

	Europe	North America	Asia-Pacific	Latin America	Middle East & Africa	Total
Digital	+11.1%	-0.4%	+9.5%	-1.4%	+11.2%	+3.2%
Analog	+1.5%	-5.3%	-2.8%	+4.0%	-1.5%	-2.0%
TOTAL	**+5.9%**	**-2.2%**	**+1.5%**	**+2.9%**	**+1.1%**	**+0.7%**

Breakdown of 2016 revenue by region

The revenue breakdown table below shows the changes to Publicis Groupe's major markets of Europe and North America.

	Revenue		
(in millions of euros)	2016	2015	Organic growth
Europe	2,760	2,664	+5.9%
% of total	28%	28%	
North America	5,236	5,184	-2.2%
% of total	54%	54%	
Asia-Pacific	1,085	1,066	+1.5%
% of total	11%	11%	
Latin America	365	412	+2.9%
% of total	4%	4%	
Africa and Middle East	287	275	+1.1%
% of total	3%	3%	
TOTAL	**9,733**	**9,601**	**+0.7%**

Europe grew its revenue by 3.6%. When the impact of acquisitions and exchange rates is factored out, organic growth was +5.9%. France continued to perform well with 6.5% growth, and Germany and Italy continued their strong momentum with respective growth of 8.0% and 6.3%, shored up by improving macroeconomic conditions. The situation was volatile in Russia with 11.8% growth for 2016, after 4.6% in the first half. The situation in the United Kingdom was much improved, with growth of 5.9%, made up of 8% growth in the second half after just under 4% in the first. Over the entire region, digital achieved strong growth (+11.1%).

North America reported growth of 1.0% with organic growth standing at -2.2%, with a 6.9% decline in the fourth quarter on an organic basis due to account losses, particularly in connection with Mediapalooza, as well as the termination of some digital projects at Razorfish while the new ones had yet to hit their stride, and a very high basis of comparison in North America during the fourth quarter of 2015, which was up 6.3%.

Asia-Pacific saw its revenue grow by 1.8% with organic growth of 1.5%. Growth was negative in China (-5.8%) in the second half-year due to difficulties encountered at Genedigi, after a first half with positive growth of 4.4%. India and Singapore grew 0.5% and 8.1% respectively.

Latin America was down 11.4% largely because of exchange rates, as the region showed organic growth of 2.9%. Business in Brazil was down 1.9% in 2016 despite the activity created by the Rio Olympic Games. It should be pointed out that this was outstanding performance in a highly recessionary market. Mexico continued its strong growth rate, up 7.7% in 2016.

The Middle East & Africa saw its revenue grow by 4.4% with organic growth of 1.1%.

3.3.2 Operating margin and operating income

Operating margin

Personnel costs amounted to euro 6,059 million for the year ended December 31, 2016, up 1.2% from euro 5,988 million for 2015. Fixed personnel costs totaled euro 5,268 million, representing 54.1% of revenue, a percentage level with 2015. Freelance costs stood at euro 444 million in 2016, compared with 414 million in 2015. Restructuring costs fell by euro 45 million to total euro 73 million in 2016 (versus euro 118 million in 2015) as the Group undergoes its reorganization and adjusts to an environment that is increasingly digital-oriented, while continuing to generate synergies created by the Sapient acquisition. Operational efficiency will be improved by the various projects in which the Group is investing (ERP roll-out, the development of production platforms, the continued regionalization of its Shared Services Centers, as well as various technological developments).

Other operating expenses (excluding depreciation and amortization) totaled euro 1,992 million for the period, after euro 1,952 million in 2015. These charges stand at 20.5% of consolidated revenue, up from 20.3% in 2015.

These costs together (personnel and other operating expenses) represent an increase of 1.4% in line with revenue growth.

The operating margin before depreciation and amortization rose to euro 1,682 million in 2016, up 1.3% from euro 1,661 million in 2015, *i.e.* a percentage operating margin of 17.3% of revenue (17.3% in 2015).

Depreciation and amortization for the period totaled euro 166 million, compared to euro 174 million in 2015.

The operating margin rose 2.0% to euro 1,516 million, after euro 1,487 million in 2015. As a percentage of revenue, the margin was 15.6%, after 15.5% in 2015. Operating margin as a fraction of revenue was impacted by acquisitions and the 20 basis-point decline of currencies relative to the euro. At constant rates of exchange and on a like-for-like basis, margin as a percent of revenue rose 30 basis points from 2015 due to the beneficial effect in 2016 of cost cutting measures carried out since the end of 2015, particularly the cost synergies with Sapient, and lower restructuring expenses, partly offset by greater costs for the ERP roll-out.

By region, the operating margins were 15.5% in Europe, 15.5% in North America, 15.9% Asia-Pacific, 14.0% in Latin America and 17.4% in the Middle East & Africa.

Operating income

Amortization of intangibles arising from acquisitions totaled euro 79 million in 2016, down from euro 89 million in 2015. The assets of Publicis.Sapient, the value of whose goodwill and intangible assets amounted to euro 4.9 billion, have been the subject of extensive analysis given the under-performance of this division, in particular in the second half of 2016. The division has fallen behind in digesting past acquisitions, particularly of Razorfish. A new management team has been named, and the need to spend on consulting firms has been re-evaluated. The new projections reflect greater growth than anticipated in the business transformation segment; though on the other hand there was a sharper slowdown in its other digital segments, affecting the predicted growth of the division in coming years. To take account of these new market factors, which affect at once the value of certain legacy assets of Publicis.Sapient and the future growth of this division's, the Group recognized an impairment loss (non-cash) of euro 1,440 million in 2016, including euro 1,392 million for Publicis.Sapient, versus a loss of euro 28 million in 2015.

Other non-recurring income (expenses) netted out at income of euro 12 million, mainly in the form of capital gains on the disposal of Mediavision, after euro 8 million for the corresponding period in 2015.

Operating income for 2016 amounted to euro 9 million, versus euro 1,378 million in 2015.

3.3.3 Other income statement items

Net financial income excluding re-measurement of earn-outs was a net expense of euro 74 million, following on an expense of euro 77 million in 2015. The cost of net financial debt was stable (euro 74 million in 2016 and 2015), and the other items of net financial income, primarily the foreign exchange gains and losses as well as the cost of present-discounting long-term provisions, improved slightly, from an expense of euro 3 million in 2015 to break-even in 2016.

The expense for re-measurement of earn-outs was euro 108 million, following on an expense of euro 12 million in 2015. This reflects the re-measurements in respect of Genedigi (the remaining earn-out), Heartbeat, Turner Duckworth and 3Share as well as a number of other recently acquired subsidiaries whose projected earnings have been raised.

Income tax expense was euro 342 million, for an effective income tax rate of 29.0% as compared to euro 386 million in 2015, equaling a reported effective income tax rate of 29.9%.

The associates share of profit was a negative euro 5 million versus a positive euro 8 million in 2015. Non-controlling interests totaled euro 7 million in 2016 versus euro 10 million in 2015.

In total, Group net income was a euro 527 million loss in 2016, compared with a euro 901 million profit in 2015.

3.4 Financial and cash position

3.4.1 Cash flows

Net cash flow from operating activities amounted to an inflow of euro 1,072 million for 2016, versus euro 1,405 million for the previous year. Income tax paid in 2016 amounted to euro 257 million, after euro 303 million in 2015. Interest paid amounted to euro 106 million, a decrease of euro 8 million (euro 114 million in 2015), while interest received of euro 40 million rose slightly compared to the previous year (euro 37 million in 2015). Working capital requirements rose by euro 355 million, compared with a decrease of euro 79 million in 2015.

Net cash flow in investments includes acquisitions and disposals of property, plant and equipment and intangible assets, net acquisitions of financial assets and acquisitions and disposals of subsidiaries. Net cash flow from investment activities was a net use of euro 411 million in 2016, after a use of euro 3,509 million the previous year. This decrease stemmed from a reduction in the amount devoted to acquiring subsidiaries (net of disposals), which went from euro 3,262 million in 2015, of which euro 3,211 million was for the Sapient acquisition, to euro 233 million in 2016. Net investments in fixed assets (property, plant and equipment and intangible assets) amounted to euro 166 million, after euro 229 million in 2015.

Financing activities generated a requirement of euro 237 million in 2016, after a surplus of 456 million in 2015. The 2016 deficit resulted mainly from cash dividend payments of euro 193 million. The 2015 surplus resulted from inflows with the issue of a medium-term syndicated loan for the purpose of acquiring Sapient for USD 1.6 billion, partly offset by outflows of euro 441 million to buy back treasury shares and euro 240 million in dividends.

Overall, the Group's cash position net of positive bank balances increased by euro 550 million in 2016, after a euro 1,479 million decrease in 2015.

Free cash flow

The Group's free cash flow, before changes in working capital requirements, rose 14.9% over 2015 to reach euro 1,261 million.

The Group uses this indicator to measure liquidity generated by the business after investments in fixed assets but before acquisitions and disposals of equity interests and before financing (including working capital requirements).

The table below shows how the Group's free cash flow is calculated (before changes in working capital requirements).

(in millions of euros)	2016	2015
Operating margin before depreciation and amortization	**1,682**	**1,661**
Net interest paid	(66)	(77)
Taxes paid	(257)	(303)
Other	68	45
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WCR	**1,427**	**1,326**
Net investment in fixed assets	(166)	(229)
FREE CASH FLOW BEFORE CHANGES IN WORKING CAPITAL REQUIREMENTS	**1,261**	**1,097**

3.4.2 Group share capital and debt (long and short term)

The Group's share of consolidated shareholders' equity went from euro 6,556 million as at December 31, 2015 to euro 6,055 million as at December 31, 2016. The decline in equity is primarily attributable to period net income.

NET DEBT (NET CASH)

(in millions of euros)	December 31, 2016	December 31, 2015
Financial debt (long- and short-term)	3,311	3,391
Fair value of the derivative hedging the 2021 and 2024 Eurobonds[1]	164	170
Fair value of derivatives hedging on intra-group loans/borrowings[1]	(3)	(17)
TOTAL FINANCIAL DEBT INCLUDING THE MARKET VALUE OF ASSOCIATED DERIVATIVES	**3,472**	**3,544**
Cash and cash equivalents	(2,228)	(1,672)
NET DEBT	**1,244**	**1,872**
DEBT/EQUITY RATIO (INCL. NON-CONTROLLING INTERESTS)	**0.21**	**0.28**

(1) Carried under "Other receivables and current assets" and/or under "Other debts and current liabilities" on the consolidated balance sheet.

Net indebtedness at December 31, 2016 stood at euro 1,244 million (*i.e.* a debt/equity ratio of 0.21) compared with euro 1,872 million at December 31, 2015. The change between the two reporting dates is largely attributable to the generation of operational cash flow in a context of limited expenditures for capital improvements or acquisitions. The Group's average net debt in 2016 was euro 2,385 million, versus euro 2,429 million for 2015, bearing in mind the Sapient acquisition was completed on February 6, 2015.

The Group's gross consolidated debt was euro 3,311 million as at December 31, 2016, compared with euro 3,391 million as at December 31, 2015. This debt consisted of 91% long-term borrowings (see Note 22 to the consolidated financial statements as at December 31, 2016 for a detailed maturity schedule of Group debt).

The financial liabilities, after taking into account the interest rate swaps on the Eurobond, are essentially made up of fixed-rate borrowings (65% of the gross debt excluding debt related to long-term equity investments and commitments to buy out non-controlling interests as at December 31, 2016) with an average rate recorded for 2016 of 3.5%.

Debt breakdown by currency (after currency swaps) as at December 31, 2016 was as follows: euro 984 million denominated in euros, euro 2,101 million denominated in US dollars, and euro 226 million denominated in other currencies.

In December 2005, the Group established financial ratio targets meant to direct the Group's financial policy on such matters as acquisitions and dividends. These ratios were complied with at the end of the financial year, as the following table shows:

	Optimal ratio	December 31, 2016	December 31, 2015
Average net debt/operating margin before depreciation and amortization	<1.50	1.42	1.46
Net debt/equity	<0.5	0.21	0.28
Coverage of interest: operating margin before depreciation and amortization/cost of net financial debt	>7	23	22

3.4.3 Terms of borrowings and financing structure of the Group

In order to manage its liquidity risk, Publicis has substantial cash and cash equivalents amounting to euro 2,228 million and confirmed unused credit lines amounting to euro 2,686 million as of December 31, 2016. The main component of these credit lines is a multi-currency syndicated facility in the amount of euro 2,000 million, maturing in 2020.

These immediately available or almost immediately available amounts allow the Group to pay its financial debt maturing in less than one year (including non-controlling interests buyout commitments).

In addition, issuing a bond in November 2016 of euro 500 million maturing November 2023 made it possible to repay in part the USD 1.6 billion loan taken in 2015 to finance the Sapient acquisition.

Group cash management continued to benefit from the introduction of local centralized cash-pooling centers in the Group's main markets. Since 2006, an international cash pooling structure has been implemented with the goal of pooling all cash for the Group as a whole.

In addition to the existing structures, two financial companies established in Dublin have been added to the Group to manage financial transactions and the short term investing of subsidiaries' cash.

Cash resources are for the most part held by subsidiaries in countries where funds can be freely transferred and centralized.

Since December 2005, the Group has been rated by the two leading international credit rating agencies, Standard & Poor's and Moody's. At the date of this Registration Document, the ratings are: BBB+ for Standard & Poor's and Baa2 for Moody's.

It should be noted that in the context of the Sapient acquisition, the two rating agencies, Standard & Poor's and Moody's, have confirmed their current ratings of the Group.

See also Notes 22 and 26 to the consolidated financial statements (Section 4.6).

3.4.4 Restrictions on use of capital

As of December 31, 2016 and the date of the closing of accounts, there were no rating triggers or financial covenants for short-term bank credit lines, syndicated loans, confirmed medium-term bilateral bank credit lines or bond debt likely to restrict the Group's liquidity.

There are no legal or economic restrictions likely to limit or significantly restrict any transfers of funds to the parent company in the near future.

3.4.5 Sources of financing

Given its cash position and its confirmed unused credit lines amounting to euro 4,914 million at December 31, 2016, the Group has the necessary cash resources to meet its operating requirements and investment plan over the next 12 months.

3.5 Publicis Groupe SA (parent company of the Group)

Publicis Groupe SA's revenue consists exclusively of rental income from property and fees for services to its subsidiaries. This revenue totaled euro 31 million in 2016, compared with euro 21 million the prior year.

Financial income totaled euro 361 million in 2016, up from euro 328 million in 2015. This increase in income came mostly from dividends received from subsidiaries: euro 215 million in 2016 as compared to euro 184 million in 2015.

Operating expenses totaled euro 30 million in 2016 after euro 36 million the prior year.

Financial expense amounted to euro 158 million in 2016, compared with euro 172 million in 2015. This downswing was due to the redemption, in 2015, of the 2015 Eurobond and 2022 Orane bonds (early redemption).

Pre-tax profit from recurring operations was euro 203 million in 2016, following on euro 142 million in 2015.

After inclusion of euro 17 million income resulting from tax consolidation in France, Publicis Groupe, the parent company of the Group, reported a net profit of euro 220 million in 2016, compared with a loss of euro 155 million in 2015 after a non-recurring expense of euro 345 million relating to the provision for loss from calling the Orane bonds.

INFORMATION ON SUPPLIER PAYMENT PERIODS (ARTICLE 441-6-1 OF THE FRENCH COMMERCIAL CODE)

The breakdown at close of the last two financial years of outstanding trade payables by due date was as follows:

Accounts payable (in thousands of euros)	Total at 12/31/2016	Total at 12/31/2015
Invoices not yet due	327	700
Less than 60 days	531	2
Above 60 days	227	107
TOTAL	**1,085**	**809**

The General Shareholders' Meeting called to approve the 2016 financial statements will be asked to appropriate distributable earnings, which consist of:

- 2016 net income — euro 220,372,145.95
- less increase to the statutory reserve — euro -396,880.36
- retained earnings credited on the balance sheet at December 31, 2016 — euro 392,598,594.25

Or total distributable earnings of — euro 612,573,859.84

as follows:

- to distribution to shareholders (based on a dividend of euro 1.85 per share and 225,945,387 shares, which figure includes treasury shares, counted at December 31, 2016) or — euro 417,998,965.95
- to retained earnings in the amount of euro — 194,574,893.89

For a total appropriation of — euro 612,573,859.84

3.6 Dividend distribution policy

Dividend paid for year	Number of shares that received dividends*	Dividend per unit (in euros)	Total distribution (in millions of euros)	Share price at December 31 (in euros)	Yield
2010	184,024,870	0.70	128.8	39.00	1.79%
2011	170,644,648	0.70	119.5	35.545	1.97%
2012	197,977,185	0.90	178.2	45.25	1.99%
2013	208,639,984	1.10	229.5	66.51	1.65%
2014	209,343,987	1.20	251.8	59.64	2.01%
2015	222,234,679	1.60	355.6	61.38	2.61%
2016	**225,945,387***	**1.85****	**418.0**	**65.55**	**2.82%**

* *Number of dividend-bearing shares after deducting treasury shares, except for the 2016 appropriation, which includes treasury shares existing as at December 31, 2016.*

** *Dividend proposed at the GSM of May 31, 2017.*

The dividends will be time-barred after five years. They are then paid to the French state.

For the past several years, the Company's dividend distribution policy focused on ensuring regular dividend payments to its shareholders while maintaining sufficient cash flow to finance its development.

Seeking to manage its resources prudently against a global financial crisis backdrop, the Group maintained the dividend in respect of 2010 and 2011 earnings at euro 0.70 per share. For the 2012 financial year, the dividend was increased to euro 0.90 per share given the commitment made by the Group to gradually increase the payout ratio to eventually reach 35% over time, then to euro 1.10 per share for 2013.

The Company then raised its medium-term payout ratio commitment to 42%, reflecting its determination to reach the average payout ratio for its industry. In order to honor this commitment, the dividend in respect of 2014 and 2015 was increased to euro 1.20 per share, then euro 1.60 per share, which represents a payout ratio of 33.0% and 36.4% respectively of diluted earnings per share. A proposal will be made in respect of 2016 to increase the dividend to euro 1.85 per share, which represents a payout ratio of 41.5% of diluted headline earnings per share and an increase of 15.6% over the previous year. Subject to the approval of the General Shareholders' Meeting of May 31, 2017 and in line with the proposals for the four previous years, the dividend will be paid in cash or in shares as the shareholder chooses.

3.7 Outlook

The trends described below do not constitute forecasts or profit estimates as defined by modified European Regulation no. 809/2004 of April 29, 2004 used in application of directive 2003/71/00 of the European Parliament and Council of November 4, 2003.

The implementation of One Company and the transformation of the "holding" company into a connecting company are occurring at the pace announced, with an excellent reception by clients of the new "The Power of One" proposal. Our success in retaining clients such as GMC and Mars and in winning new clients or accounts such as HPE, USAA and HSBC has been very promising and heralds a return to growth by Publicis Groupe.

The first half of 2017 will still show the impact of certain account losses and of the difficulties at Razorfish, but the effects will disappear gradually as the new accounts build up. The 2018 plan is expected to be implemented without alteration.

The business environment plus the One Company and transformation concepts should be favorable developments for Publicis Groupe.

4

CONSOLIDATED FINANCIAL STATEMENTS – YEAR 2016

4.1 Consolidated income statement

(in millions of euros)	Notes	2016	2015
REVENUE		**9,733**	**9,601**
Personnel expenses	3	(6,059)	(5,988)
Other operating expenses	4	(1,992)	(1,952)
OPERATING MARGIN BEFORE DEPRECIATION AND AMORTIZATION		**1,682**	**1,661**
Depreciation and amortization expense (excluding intangibles arising from acquisitions)	5	(166)	(174)
OPERATING MARGIN		**1,516**	**1,487**
Amortization of intangibles arising from acquisitions	5	(79)	(89)
Impairment loss	5	(1,440)	(28)
Non-current income and expenses	6	12	8
OPERATING INCOME		**9**	**1,378**
Financial expenses	7	(107)	(109)
Financial income	7	33	35
COST OF NET FINANCIAL DEBT	**7**	**(74)**	**(74)**
Revaluation of earn-out payments on acquisitions	7	(108)	(12)
Other financial income and expenses	7	-	(3)
PRE-TAX INCOME OF CONSOLIDATED COMPANIES		**(173)**	**1,289**
Income taxes	8	(342)	(386)
NET INCOME OF CONSOLIDATED COMPANIES		**(515)**	**903**
Share of profit of associates	13	(5)	8
NET INCOME		**(520)**	**911**
Of which:			
• Net income attributable to non-controlling interests		7	10
• **Net income attributable to equity holders of the parent company**		**(527)**	**901**

Per share data (in euros) – Net income attributable to equity holders of the parent company	9		
Number of shares		*223,498,871*	*222,677,137*
Earnings per share		(2.36)	4.05
Number of diluted shares		*223,498,871*	*226,018,018*
Diluted earnings per share		(2.36)	3.99

4.2 Consolidated statement of comprehensive income

(in millions of euros)	2016	2015
PROFIT (LOSS) FOR THE YEAR (A)	(520)	911
Comprehensive income that will not be reclassified to income statement		
• Actuarial gains (and losses) on defined benefit plans	(4)	4
• Deferred taxes on comprehensive income that will not be reclassified to income statement	14	(1)
Comprehensive income that may be reclassified to income statement		
• Revaluation of available-for-sale investments and hedging instruments	31	5
• Consolidation translation adjustments	100	156
TOTAL OTHER COMPREHENSIVE INCOME (B)	141	164
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A) + (B)	**(379)**	**1,075**
Of which:		
• Total comprehensive income attributable to non-controlling interests	7	13
• Total comprehensive income attributable to equity holders of the parent company	(386)	1,062

4

4.3 Consolidated balance sheet

(in millions of euros)	Notes	December 31, 2016	December 31, 2015
Assets			
Goodwill, net	10	9,150	10,211
Intangible assets, net	11	1,345	1,541
Property, plant and equipment, net	12	640	660
Deferred tax assets	8	150	159
Investments in associates	13	87	116
Other financial assets	14	182	174
NON-CURRENT ASSETS		**11,554**	**12,861**
Inventories and work in progress	15	406	411
Trade receivables	16	10,010	9,733
Other current receivables and assets	17	698	769
Cash and cash equivalents	18	2,228	1,672
CURRENT ASSETS		**13,342**	**12,585**
TOTAL ASSETS		**24,896**	**25,446**
Equity and liabilities			
Share capital		90	89
Additional paid-in capital and retained earnings, Group share		5,965	6,467
Equity attributable to holders of the parent company	**19**	**6,055**	**6,556**
Non-controlling interests		10	27
TOTAL EQUITY		**6,065**	**6,583**
Long-term borrowings	22	3,028	3,086
Deferred tax liabilities	8	649	658
Long-term provisions	20	556	527
NON-CURRENT LIABILITIES		**4,233**	**4,271**
Trade payables		11,992	11,766
Short-term borrowings	22	283	305
Income taxes payable		88	110
Short-term provisions	20	130	162
Other creditors and current liabilities	23	2,105	2,249
CURRENT LIABILITIES		**14,598**	**14,592**
TOTAL EQUITY AND LIABILITIES		**24,896**	**25,446**

4.4 Consolidated statement of cash flows

(in millions of euros)	2016	2015
Cash flows from operating activities		
Net income	(520)	911
Neutralization of non-cash income and expenses:		
Income taxes	342	386
Cost of net financial debt	74	74
Capital (gains) losses on disposals (before tax)	(9)	(7)
Depreciation, amortization and impairment loss on property, plant and equipment and intangible assets	1,685	291
Non-cash expenses on stock options and similar items	55	38
Other non-cash income and expenses	115	19
Share of profit of associates	5	(8)
Dividends received from associates	3	2
Taxes paid	(257)	(303)
Interest paid	(106)	(114)
Interest received	40	37
Change in working capital requirements[1]	(355)	79
NET CASH FLOWS GENERATED BY (USED IN) OPERATING ACTIVITIES (I)	**1,072**	**1,405**
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	(173)	(231)
Disposals of property, plant and equipment and intangible assets	7	2
Purchases of investments and other financial assets, net	(12)	(18)
Acquisitions of subsidiaries	(240)	(3,265)
Disposals of subsidiaries	7	3
NET CASH FLOWS GENERATED BY (USED IN) INVESTING ACTIVITIES (II)	**(411)**	**(3,509)**
Cash flows from financing activities		
Dividends paid to holders of the parent company	(193)	(240)
Dividends paid to non-controlling interests	(20)	(18)
Proceeds from borrowings	513	1,453
Repayment of borrowings	(517)	(265)
Net purchases of non-controlling interests	(44)	(33)
Net (purchases)/sales of treasury shares and warrants	24	(441)
NET CASH FLOWS GENERATED BY (USED IN) FINANCING ACTIVITIES (III)	**(237)**	**456**
Impact of exchange rate fluctuations (IV)	**126**	**169**
CHANGE IN CONSOLIDATED CASH AND CASH EQUIVALENTS (I + II + III + IV)	**550**	**(1,479)**
Cash and cash equivalents on January 1	1,672	3,158
Bank overdrafts on January 1	(19)	(26)
Net cash and cash equivalents at beginning of year (V)	**1,653**	**3,132**
Cash and cash equivalents on December 31 (Note 18)	2,228	1,672
Bank overdrafts on December 31 (Note 22)	(25)	(19)
Net cash and cash equivalents at end of year (VI)	**2,203**	**1,653**
CHANGE IN CONSOLIDATED CASH AND CASH EQUIVALENTS (VI – V)	**550**	**(1,479)**
(1) Breakdown of change in working capital requirements		
Change in inventory and work in progress	*28*	*(65)*
Change in trade receivables and other receivables	*(222)*	*(1,311)*
Change in accounts payable, other payables and provisions	*(161)*	*1,455*
Change in working capital requirements	**(355)**	**79**

4.5 Consolidated statement of changes in equity

Number of outstanding shares	(in millions of euros)	Share capital	Additional paid-in capital
213,308,491	**JANUARY 1, 2015**	**88**	**3,236**
	Net income		
	Other comprehensive income, net of tax		
	Total comprehensive income for the year		
	Publicis Groupe SA capital increase		
163,082	Dividends		11
655,982	Share-based compensation, net of tax		
	Effect of acquisitions and commitments to buy out non-controlling interests		
517,819	Equity warrant exercise	1	15
12,684,356	Effect of early redemption of the Orane bonds		
(6,005,829)	Purchases/sales of treasury shares		
221,323,901	**DECEMBER 31, 2015**	**89**	**3,262**
	Net income		
	Other comprehensive income, net of tax		
	Total comprehensive income for the year		
2,742,448	Dividends	1	161
462,580	Share-based compensation, net of tax		
	Effect of acquisitions and commitments to buy out non-controlling interests		
199,619	Equity warrant exercise		6
639,236	Purchases/sales of treasury shares		
225,367,784	**DECEMBER 31, 2016**	**90**	**3,429**

Reserves and earnings brought forward	Translation reserve	Fair value reserve	Equity attributable to the holders of the parent company	Non-controlling interests	Total equity
2,646	**3**	**113**	**6,086**	**29**	**6,115**
901			901	10	911
	152	9	161	3	164
901	**152**	**9**	**1,062**	**13**	**1,075**
(251)			(240)	(18)	(258)
40			40		40
(10)			(10)	3	(7)
			16		16
59			59		59
(457)			(457)		(457)
2,928	**155**	**122**	**6,556**	**27**	**6,583**
(527)			(527)	7	(520)
	100	41	141		141
(527)	**100**	**41**	**(386)**	**7**	**(379)**
(355)			(193)	(20)	(213)
58			58		58
(4)			(4)	(4)	(8)
			6		6
18			18		18
2,118	**255**	**163**	**6,055**	**10**	**6,065**

4.6 Notes to the consolidated financial statements

Detailed summary of the notes to the financial statements

Note 1 Accounting policies

Pursuant to European Regulation no. 1606/2002 of July 19, 2002 pertaining to international accounting standards, the 2016 consolidated financial statements were prepared in accordance with international IAS/IFRS standards and IFRIC interpretations applicable on December 31, 2016 as approved by the European Union.

The financial statements for the 2016 financial year are presented alongside comparative figures for the 2015 financial year, which were also prepared under IAS/IFRS.

The financial statements were approved by the Management Board on February 7, 2017 and reviewed by the Supervisory Board on February 8, 2017. They will be submitted for approval by the shareholders at the General Shareholders' Meeting on May 31, 2017.

1.1 Impact of IFRS standards and IFRIC interpretations taking effect as of January 1, 2016 and impact of published IFRS standards and IFRIC interpretations not yet in force

Compliance with IFRS standards as adopted by the European Union

The accounting principles applied in the preparation of the consolidated financial statements comply with IFRS standards and IFRIC interpretations, as adopted by the European Union as of December 31, 2016 and published on the following website:

http://ec.europa.eu/internal_market/accounting/legal_framework/regulations_adopting_ias_fr.htm

These accounting principles are consistent with those applied to prepare the annual consolidated financial statements for the financial year ending December 31, 2015, except for the following standards and interpretations.

Application of new standards and interpretations

At December 31, 2016, Publicis Groupe applied the same accounting standards, interpretations, principles and policies as for the 2015 financial statements.

The Group's application of the following standards and interpretations, adopted by the European Union and mandatory in financial years beginning on or after January 1, 2016, had no major impact on the Group's financial statements:

- amendments to IAS 16 and IAS 38 on Clarification of Acceptable Methods of Depreciation and Amortization;
- amendments to IAS 19 on Employee Contributions;
- amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations;
- IFRS annual improvements cycle 2010-2012;
- IFRS annual improvements cycle 2012-2014.

Early application

As of December 31, 2016, the Group has not introduced the early application of any new standard or interpretation.

Standards published by the IASB, for which application is not mandatory

The principles applied by the Group do not differ from IFRS standards as published by the IASB, since the application of the following standards and interpretations is not mandatory in financial years beginning on or after January 1, 2016:

- IFRS 9 and amendments to IFRS 9 – Financial Instruments: Classification and Measurement of financial assets, fair value option for financial liabilities and hedge accounting;
- IFRS 15 – Revenue from contracts with customers;
- IFRS 16 – Leases.

The Group is currently in the process of determining the potential impact of the application of these new standards on the Group's consolidated financial statements. At this stage, the Group has not elected to early apply IFRS 16 at the same time as IFRS 15.

1.2 Consolidation principles and policies

Presentation currency of the consolidated financial statements

Publicis prepares and publishes its consolidated financial statements in euros.

Investments in subsidiaries

The consolidated financial statements include the financial statements of Publicis Groupe SA and of its subsidiaries as at December 31 of each year. Subsidiaries are consolidated as of the time that the Group obtains control until the date on which control is transferred to an entity outside the Group.

Control is exercised when the Group is exposed or entitled to the variable returns and provided that it can exercise its power to influence such returns.

Investments in associates

The Group's investments in associates are accounted for under the equity method. An associate is a company over which the Group has significant influence but not control, which generally implies an ownership percentage of between 20% and 50% of the voting rights.

Investments in associates are recognized in the balance sheet at their acquisition cost and adjusted to reflect subsequent changes to the Group's share in the net assets of the associate, in accordance with the equity method. The Group's investment includes the amount of any goodwill, which is treated in accordance with the Group's accounting policy in this area, as presented in Section 1.3 below. The income statement reflects the Group's share of the associate's net income after taxes for the period.

Joint arrangements

Partnerships recognized as joint ventures are recognized under the equity method to the extent that they only give rights to the net assets of the entity.

Foreign currency transactions

Transactions in foreign currencies are recognized at the exchange rate applicable on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applicable at the reporting date. All differences arising are recognized in the income statement, except for differences on loans and borrowings that, in substance, form part of the net investment in a foreign entity. These differences are recognized in equity until such time as the net investment is disposed of, at which time they are recorded in the income statement.

Translation of financial statements prepared in foreign currencies

The functional currency of each Group entity is the currency of the economic environment in which it operates. The financial statements of subsidiaries located outside the euro zone presented in local currencies are translated into euros, the presentation currency of the consolidated financial statements, in the following manner:

- assets and liabilities are translated at year-end exchange rates;
- the income statement is translated at the average exchange rate over the year;
- translation adjustments resulting from the application of these rates are recognized in "Other comprehensive income items – Consolidation translation adjustments" for the Group share, with the remainder being recorded as "Non-controlling interests (minority interests)".

Goodwill and fair value adjustments of assets and liabilities recognized in the context of the acquisition of a foreign entity are expressed in the functional currency of the acquired company and translated at the exchange rate applying at the reporting date.

Elimination of intra-group transactions

Transactions between consolidated subsidiaries are fully eliminated, as are the corresponding receivables and payables. Similarly, intercompany gains or losses on sales, internal dividends, and provisions relating to subsidiaries are eliminated from consolidated results, except in the case of impairment loss.

1.3 Accounting principles

Business combinations effective before January 1, 2010

The accounting treatments applied to business combinations prior to January 1, 2010 and which may still have an impact at December 31, 2016, are as follows:

- price adjustments were recognized at the acquisition date if and only if the Group had a current obligation with a likely settlement which could be reliably assessed. Changes in estimates of the amount of the price adjustment affected goodwill. These arrangements continue to be applied to the variations, subsequent to January 1, 2010, of price adjustments in relation to business combinations prior to this date;
- initially, the commitments to buy out non-controlling interests were recognized as borrowings at the discounted value of the purchase obligation, with a double entry booked to non-controlling interests and the remainder to goodwill; subsequent changes in the amount of the obligation were recognized by adjusting the amount of goodwill. These arrangements continue to be applied to the subsequent changes to commitments prior to January 1, 2010.

Business combinations effective as of January 1, 2010

Business combinations are treated in the following manner:

- identifiable assets acquired and liabilities assumed are recognized at their fair value on the acquisition date;
- non-controlling interests in the acquired business (minority interests) are recognized either at fair value or at the proportionate share of recognized identifiable net assets in the acquired business. This option is available on a case-by-case basis for each business combination.

Acquisition costs are recognized as an expense when incurred and are recorded under "Other operating expenses" in the consolidated income statement.

Any earn out payments on business combinations are recognized at fair value on the acquisition date. After the acquisition date, earn out payments are recognized at their fair value on the balance sheet date. As of the end of the period for allocating the acquisition price, which comes one year following the acquisition date at the latest, any change in this fair value is recorded in income. Within this allocation period, any changes in this fair value explicitly linked to events subsequent to the acquisition date are also recognized in income. Other changes are recognized as an offset to goodwill.

At the acquisition date, goodwill represents the difference between:

- the fair value of the transferred asset, including earn out payments, plus the amount of non-controlling interests in the acquired company and, where a business combination occurs in several stages, the fair value at the acquisition date of the interest previously held by the buyer in the acquired company, which is adjusted through income; and
- the net residual value of identifiable assets acquired and liabilities assumed at the acquisition date and recorded at fair value.

Although deferred tax assets were not recognized at the acquisition date because their recoverability was uncertain, any subsequent recognition or utilization of these deferred taxes after the allocation period will be recorded as an offset to income (*i.e.* with no impact on the amount recorded as goodwill).

Commitments to buy out non-controlling interests made at the time of a business combination

Pending an IFRIC interpretation or a specific IFRS standard on this matter, the following accounting treatment has been adopted in accordance with currently applicable IFRS standards and the AMF recommendation:

- initially, these commitments are recognized in borrowings at the present value of the buy out amount, with a double entry booked in diminution of equity;
- subsequent changes in the value of the commitment (including the effect of discounting) are recognized by adjusting equity on the grounds that it is a transaction between shareholders.

Additional acquisition of securities with the exclusive takeover of an entity previously under significant influence

The exclusive takeover leads to the recognition of a disposal gain or loss calculated on the entire interest at the transaction date. The previously held interest is thus remeasured at fair value through the income statement at the time of the exclusive takeover.

Additional acquisition of securities after the exclusive takeover

When additional securities are acquired in an entity that is already exclusively controlled, the difference between the acquisition price of these securities and the proportion of additional consolidated equity acquired is recognized as equity attributable to shareholders of the parent company of the Group. The consolidated value of the subsidiary's identifiable assets and liabilities, including goodwill, is thus left unchanged.

In the statement of cash flows, the acquisition of additional securities in an entity already controlled is presented as net cash flow relating to financing activities.

Sale of securities without loss of exclusive control

In the event of a partial sale of securities in an exclusively controlled entity that does not modify control of this entity, the difference between the fair value of the sale price of the securities and the proportion of consolidated equity capital that these securities represent at the date of sale is recognized as equity attributable to shareholders in the parent company of the Group. The consolidated value of the subsidiary's identifiable assets and liabilities, including goodwill, is thus left unchanged.

In the statement of cash flows, the sale of securities without loss of exclusive control is presented as net cash flow relating to financing activities.

Sale of securities with loss of exclusive control but retention of an equity interest

The loss of exclusive control leads to the recognition of a disposal gain or loss calculated on the entire interest held at the transaction date.

Any residual interest is therefore remeasured at fair value through the income statement at the time of the exclusive loss of control.

Research and study costs

Publicis recognizes expenditures for studies and research as expenses attributable to the financial year in which they are incurred. This expenditure primarily relates to the following items: studies and tests relating to advertising campaigns, research programs into consumer behavior and clients' needs in various areas, and studies and modeling to optimize media buying for the Group's clients.

Development expenditures incurred for an individual project are capitalized once they are considered to be reasonably certain of being recovered in the future. Any capitalized expense is amortized over the future period during which the project is expected to generate income.

Goodwill

When a takeover takes place in a single transaction, goodwill is equal to the fair value of the consideration paid to acquire the securities (including any earn out payments which are recorded at fair value at the takeover date), plus the value of non-controlling interests (these items are valued for each business combination either at fair value or at the proportionate share of the fair value of the net assets of the acquired business and minus the fair value of assets, liabilities and contingent liabilities identified at the acquisition date.)

Goodwill recorded in the balance sheet is not amortized but is instead subject to impairment tests on at least an annual basis. Impairment tests are performed for the cash-generating unit(s) to which goodwill has been allocated by comparing the recoverable value and the carrying amount of the cash-generating unit(s). The Group considers each agency or group of agencies to be a cash-generating unit.

The recoverable value of a cash-generating unit is the greater of its fair value (generally its market value), net of disposal costs, and its value in use. Value in use is determined on the basis of discounted future cash flows. Calculations are based on five-year cash flow forecasts, a terminal growth rate for subsequent cash flows and the application of a discount rate to all future flows. The discount rate used reflects current market assessments of the time value of money and the specific risks to which the cash-generating unit is exposed.

If the carrying amount of a cash-generating unit is higher than its recoverable value, the assets of the cash-generating unit are written down to their recoverable value. Impairment losses are allocated, firstly, to goodwill, and are recognized through the income statement and then against other assets.

Intangible assets

Separately acquired intangible assets are recognized at acquisition cost. Intangible assets acquired in the context of a business combination are recognized at their fair value on the acquisition date, separately from goodwill, if they are identifiable, *i.e.* if they meet one of the following two conditions:

- the intangible assets arise from legal or contractual rights; or
- the intangible assets can be separated from the acquired entity.

Intangible assets primarily consist of trade names, client relationships, technology, e-mail address databases and software.

Trade names, which are considered to have indefinite useful lives, are not amortized. They are subject to impairment tests, at least once a year, which involve comparing their recoverable value to their carrying amount. Any impairment loss is recorded in the income statement.

Client relationships with a finite useful life are amortized over such useful lives, which are generally between 10 and 40 years. They are also subject to impairment tests if there are any indicators that they may have been impaired.

Technology assets result from the Group's engagement in digital activities. They are amortized over a 3 to 4-year period.

E-mail address databases are used in direct e-mailing campaigns. These databases are amortized over 2 years.

The method used to identify any impairment of intangible assets is based on discounted future cash flows. The Group uses the "royalty savings" method for trade names, which takes into account the future cash flows that the trade name would generate in royalties if a third party were to pay for the use of said trade name. For client contracts, the method involves discounting future cash flows generated by the client. Valuations are carried out by independent appraisers. The parameters used are consistent with those used to measure goodwill.

Capitalized software includes in-house applications as well as commercial packages; it is measured either at its acquisition cost (if purchased externally) or at its production cost (if developed internally). It is amortized over its useful life:

- ERP: 8 years;
- other: 3 years maximum.

Property, plant and equipment

Items of property, plant and equipment are measured at cost minus accumulated depreciation and impairment loss.

When appropriate, the total cost of an asset is broken down into its various components that have distinct useful lives. Each component is then recognized separately and depreciated over a distinct term.

Items of property, plant and equipment are depreciated on a straight-line basis over each asset's estimated useful life. The useful life of property, plant and equipment is generally assumed to be as follows (straight-line method):

- buildings: 20 to 70 years;
- fixtures, fittings and general installations: 10 years;
- office equipment and furniture: 5 to 10 years;
- vehicles: 4 years;
- IT equipment: 2 to 4 years.

If any indicators suggesting impairment loss exist for items of property, plant and equipment, the recoverable value of the property, plant and equipment or the cash-generating unit(s) to which such assets belong is compared to their carrying amount. Any impairment loss is recorded in the income statement.

Leases

Finance leases, which transfer substantially all the risks and rewards of the ownership of the leased asset to the Group, are recognized in the balance sheet from the beginning of the lease contract at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Assets acquired under finance leases are recognized in property, plant and equipment and a corresponding liability is recognized in borrowings. They are depreciated over the length of the lease contract or over the useful lives applicable to similar assets owned, whichever is shorter. In the income statement, lease rental expenses are replaced by the interest on the debt and the depreciation of the assets. The tax effect of this restatement for consolidation purposes is accounted for through the recognition of a deferred tax asset or liability.

Leases in which the lessor does not transfer substantially all of the risks and rewards of ownership of the leased assets are classified as operating leases. Payments made under operating leases are recognized as a charge in the income statement on a straight-line basis over the term of the lease.

Other financial assets

All investments are initially recognized at fair value, which corresponds either to the price paid or the value of assets given in payment, plus any transaction costs.

Subsequent to their initial recognition, investments classified as "investments held for trading" or "available-for-sale financial assets" are measured at their fair value at the reporting date. Gains and losses on investments held for trading are recognized in income. Gains and losses on available-for-sale financial assets are recognized in equity, on a specific line, until the investment is sold or shown to be substantially or permanently impaired.

Other long-term investments held until maturity, such as bonds, are measured at amortized cost using the effective interest rate method. For investments recognized at amortized cost, gains and losses are recognized in the income statement if they are sold or impaired, as well as through the process of amortization.

For investments that are actively traded on organized financial markets, fair value is determined by reference to the published market price at the reporting date. For investments that are not listed on an active market, fair value is determined with reference to the current market price of another substantially similar instrument, or calculated based on the cash flows that are expected from the investment.

Loans and receivables owed by associates and non-consolidated companies

This includes financial receivables from associates or unconsolidated companies held by the Group.

Impairment is recognized whenever there is a risk of non-payment as a result of the financial position of the entity in question.

Inventories and work in progress

Work in progress are linked to the advertising business, *i.e.* technical creative and production work (for print, TV, radio, publishing, etc.) for which the client is ultimately liable but has not yet been invoiced. They are recognized on the basis of costs incurred and a provision is recorded when their net realizable amount is lower than cost. Unbillable work or costs incurred relating to new client development activities are not recognized as assets, except for tendering expenses which may be re-invoiced to the client under the terms of the contract. In order to assess the net realizable amount, inventory and work in progress are reviewed on a case-by-case basis and written down, if appropriate, on the basis of criteria such as the existence of commercial disputes with the client.

Trade receivables

Receivables are recognized at the initial amount of the invoice. Receivables presenting a risk of non-recovery are subject to impairment. Such allowances are determined, on a case-by-case basis, using various criteria such as difficulties in recovering the receivables, the existence of any disputes and claims, or the financial position of the debtor.

Due to the nature of the Group's activities, trade receivables are of a short-term nature. Nevertheless, any trade receivables of a longer-term nature will be recognized at their discounted value.

Derivative financial instruments

The Group uses derivatives such as foreign currency and interest rate hedges to hedge its current or future positions against foreign exchange rate risks or interest rate risks. These derivatives are measured at fair value, determined either by reference to observable market prices at the reporting date or by the use of valuation models based on market parameters at the reporting date. Including counterparty risk in the valuation of derivatives did not have a material impact.

Whenever these financial instruments are involved in an arrangement treated as a hedge for accounting purposes, the following should be distinguished:

- fair value hedges, which are used to hedge against changes in the fair value of a recognized asset or liability;
- cash flow hedges, which are used to hedge against exposure to changes in future cash flows.

For fair value hedges related to a recognized asset or liability, all gains and losses resulting from the remeasurement of the hedging instrument at fair value are recognized immediately in the income statement. At the same time, any gain or loss on the hedged item will change the carrying amount of this item as an offset to its effect on the income statement.

For hedges used to hedge firm or highly probable future commitments and that meet the conditions for recognition as hedge accounting (future cash flow hedges), the portion of gain or loss realized on the hedging instrument deemed to be an effective hedge is recognized directly in equity. The ineffective portion is recognized immediately in profit and loss. Gains and losses recognized in other comprehensive income are reported in the income statement for the period in which the hedged risk affects income; for example, when a planned sale actually occurs.

As for derivatives that do not qualify for hedge accounting, any gain or loss resulting from changes in their fair value is recognized directly in the income statement for the financial year.

Changes in the fair value of derivatives that qualify as fair value hedges are recognized in other financial income and expenses, as are changes in the value of the underlying items. The fair value of derivative instruments is recognized in other receivables and current assets and in other creditors and current liabilities.

Cash and cash equivalents

Cash and cash equivalents include sight deposits, cash, short-term deposits with initial maturity of three months or less and UCITS and money market funds with a negligible risk of a change in value, *i.e.* that meet the following criteria: sensitivity to interest rate risk less than or equal to 0.25 and 12-month historical volatility of close to zero.

For the purposes of the statement of cash flows, "cash" includes cash and cash equivalents as defined above, net of bank overdrafts.

Treasury shares

Irrespective of their intended use, all treasury shares are recognized at their acquisition price by the Group as a deduction from equity.

Bonds

- Bonds redeemable in cash:

  The bonds are initially recognized at their fair value, which corresponds to the amount of cash received, net of issuance costs.

  Subsequent to initial recognition, bonds are recognized at their amortized cost, using the effective interest rate method, which takes into account all issuance costs and any redemption premium or discount.

- Convertible bonds and debentures redeemable for stock:

  For convertible bonds (Océane) or debentures (Orane), or debentures with warrants (OBSA), the liability and equity components are initially recognized separately. The fair value of the debt component at issuance is determined by discounting the future contractual cash flows at market rates that the Company would have had to pay on an instrument offering the same terms but without a conversion option.

  The equity component is measured on issuance by deducting the fair value of the debt component from the fair value of the bond as a whole. The value of the conversion option is not revised during subsequent financial years.

  Issuance costs are divided between the debt and equity components based on their respective carrying amounts at issuance.

  The debt component is subsequently measured at amortized cost.

Provisions

Provisions are funded when:

- the Group has a present obligation (legal or constructive) resulting from a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- the amount of the outflow can be estimated reliably. Where the effect of the time value of money is material, provisions are discounted to present value. Increases in the amount of provisions resulting from the unwinding of the discount are recognized as financial expenses.

  Contingent liabilities are not recognized but, if material, are disclosed in the notes to the financial statements, except in the case of business combinations where they constitute identifiable items for recognition;
- provisions for litigation and claims:

  The Group recognizes a provision in each case where a risk related to litigation or a claim of any type (commercial, regulatory, tax or employee related) is identified, where it is probable that an outflow of resources will be necessary to extinguish this risk and where a reliable estimate of the costs to be incurred can be made. In such cases, the amount of the provision (including any related penalties) is determined by the agencies and their experts, under the supervision of the Group's head office teams, on the basis of their best estimate of the probable costs related to the litigation or the claim.
- restructuring provisions

  The total cost of restructuring is recognized in the financial year that these actions were approved and announced.

  In the context of an acquisition, restructuring plans that do not constitute liabilities for the acquired company on the date of the acquisition are recognized as expenses.

  These costs consist primarily of severance and early retirement payments and notice periods that have not been worked, which are recognized in employee benefits expenses, and, in some cases, of write-downs of property, plant and equipment and other assets.
- vacant property provisions

  A provision is recognized for the amount of rent and related charges to be paid, net of any sublease revenue to be received, for all buildings that are sublet or vacant and not intended to be used in the context of the Group's principal activities.

  In the context of business combinations, provisions are also recorded when the acquired company has property rental contracts with less favorable terms than those prevailing on the market as of the acquisition date.

Pensions and other long-term benefits

The Group recognizes obligations relating to pensions and other post-employment benefits based on the type of plan in question:

- defined contribution plans: the amount of the Group's contribution to the plan is recognized as an expense during the period;
- defined benefit plans: the commitment in respect of defined benefit plans is determined separately for each plan using the projected unit credit method. Actuarial gains and losses relating to post-employment plans and arising during the year are recorded directly in other comprehensive income. The effect of the unwinding of discounts on pension obligations net of the expected return on plan assets is recorded in "Other financial income and expenses". Various plan administrative expenses are, when directly billed to the Group, recognized under operating income.

Trade payables

This line item includes all operating payables (including notes payable and accrued supplier invoices) related to the purchase of goods and services including those related to media buying where the Company acts as agent. These payables are generally due within less than one year.

Revenue

Written confirmation from the client (purchase order, letter, contract, etc.) specifying the nature and amount of the work to be performed is required prior to the recognition of revenue. The Group's revenue recognition policies are summarized below:

- commission-based agreements (excluding production):

  revenue from creative advertising and media buying services is recognized on the date of broadcast or publication;
- fees (project-based agreements, fixed-fee agreements, time-based agreements, etc.):

  revenue from project-based agreements is recognized once the service has been rendered. Revenue under fixed-fee agreements is recognized on a straight-line basis, which reflects the nature and the scope of the services rendered. Revenue under time-based agreements is recognized on the basis of work done;
- fees based on performance criteria:

  revenue is recognized when the performance criteria have been met and the customer has confirmed its agreement.

In most of its transactions, Publicis acts as an agent for its clients. For these, Publicis calculates the net amount earned, and any expenses incurred with third-party suppliers are excluded from revenue. In certain instances, Publicis acts as the "principal", such as for example when the contract is signed directly with media suppliers. In these circumstances, Publicis recognizes the gross amount invoiced as revenue.

Publicis Groupe stock option plans

The fair value of the options granted is recognized in employee benefits expense over the vesting period of the options. It is determined by an independent expert, generally using the Black-Scholes model, except in cases where the plan contains market objectives in which case the Monte-Carlo method is used.

For plans containing non-market performance objectives, the Group evaluates the probability that the objectives will be achieved and takes account of this estimate in its calculation of the number of shares to be issued.

Publicis Groupe free share plans

The fair value of the free shares granted is recognized in employee benefits expense over the vesting period of the rights. This value is determined by an independent expert and is equal to the market price per share on the date of the award, adjusted to reflect the expected loss of dividend(s) during the vesting period, except in cases where the plan contains market objectives, in which case the Monte-Carlo method is used.

For plans containing non-market performance objectives, the Group evaluates the probability that the objectives will be achieved and takes account of this estimate in its calculation of the number of shares to be issued.

Non-current income and expenses

In order to facilitate the analysis of the Group's operational performance, Publicis records exceptional income and expenses under "Non-current income and expenses". This line item mainly includes gains and losses on the disposal of assets.

Operating margin before depreciation and amortization

The operating margin is equal to revenue after deducting personnel expenses and other operating expenses (excluding other non-current income and expenses as defined above).

Operating Margin

The operating margin is equal to revenue after deducting personnel expenses, other operating expenses (excluding other non-current income and expenses described above) and depreciation and amortization expense (excluding intangibles from acquisitions). The operating margin, which represents operating income expressed as a percentage of revenue, is an indicator used by the Group to measure the performance of cash-generating units and of the Group as a whole.

Cost of net financial debt and other financial income and expenses

The cost of net financial debt includes financial expenses on borrowings and interest income on cash and cash equivalents.

Other financial income and expenses mainly include the effects of unwinding discounts on vacant property and pension provisions (net return on plan assets), the effect of revaluation of earn-out payments on acquisitions, changes in the fair value of derivatives and foreign exchange gains and losses.

Income tax

Net income for the period is taxed based on the tax laws and regulations in force in the respective countries where the income is reported. Deferred taxes are reported using the balance sheet liability method for temporary differences between the tax value and the carrying amount of assets and liabilities at the reporting date.

Deferred tax assets are recognized for deductible temporary differences, tax loss carryforwards and unused tax credits to the extent that it is probable that there will be taxable income for the period (either from the reversal of the temporary differences or generated by the entity) against which such items can be charged in future years.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced if it is no longer probable that there will be sufficient taxable income for the period to take advantage of all or part of this deferred tax asset. Deferred tax assets that are unrecognized are measured on every reporting date and recognized if it is likely that they will be usable against future taxable income for the period.

Deferred tax assets and liabilities are measured on the basis of tax rates expected to be applicable in the year in which the asset is realized or the liability settled. The tax rates used are those that have been enacted, or virtually enacted, at the reporting date.

Earnings per share and diluted earnings per share (EPS and diluted EPS)

Earnings per share are calculated by dividing net income for the financial year attributable to ordinary shares by the weighted average number of ordinary shares outstanding during the period, including the effect of the redemption of Orane in shares, as Orane are contractually redeemable in ordinary shares.

Diluted earnings per share are calculated by dividing net income for the financial year attributable to ordinary shares, after cancellation of interest on bonds redeemable for, or convertible into, ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year adjusted to reflect the effect of options, free shares granted, outstanding warrants and the conversion of bonds convertible into shares (Océane). The calculation of diluted earnings per share reflects only instruments that are dilutive, *i.e.* that reduce earnings per share.

For Publicis Groupe stock options, free shares and warrants, the method applied is set forth below.

For the calculation of diluted earnings per share, all dilutive options and warrants are assumed to have been exercised and the free shares actually received.

The proceeds from the exercise of these instruments are deemed to have been received with the issue of ordinary shares at the average market price for ordinary shares during the period. That issue, which is presumed to be measured at fair value, is neither dilutive nor accretive and is not included in the calculation of diluted earnings per share. The difference between the number of ordinary shares issued and the number of ordinary shares that would have been issued at average market price must be treated as an issue of ordinary shares without proceeds and therefore as dilutive. This number is added to the denominator in the diluted earnings per share ratio.

Hence, options and warrants are dilutive only when the average price per share of ordinary shares during the period exceeds the options' or warrants' strike price (*i.e.* when they are "in the money").

In addition to these earnings per share (base and diluted), the Group calculates and regularly releases a "current" base and diluted EPS, similar to the one described above, except with respect to the earnings figure used, which excludes:

- the items "Impairment loss" and "Amortization expense of intangibles from acquisitions";
- the effect of the revaluation of earn out payments on acquisitions recorded under "Other financial income and expenses";
- certain specifically designated items of exceptional income and expense generally recorded as "Non-current income and expenses".

1.4 Principal sources of uncertainty arising from the use of estimates

The Group's financial position and earnings depend on the accounting methods applied and the assumptions, estimates and judgments made when the consolidated financial statements are prepared. The Group bases its estimates on its past experience and on a series of other assumptions considered reasonable under the circumstances to measure the amounts to be used for the Group's assets and liabilities. Actual outcomes may, however, vary significantly from these estimates.

The characteristics of the main accounting policies, judgments and other uncertainties affecting the application of these accounting policies, together with the sensitivity of the results to changes in circumstances and assumptions associated with them are factors to be taken into consideration. The Group makes estimates and assumptions regarding the future. The accounting estimates will, by definition, rarely be exactly the same as the related actual outcomes.

The main assumptions concerning future events and other sources of uncertainty, relate to the use of estimates on the reporting date, when there is a significant risk that the estimates of the net carrying amount of the assets and liabilities will be modified in future years, *i.e.*:

- the fair value allocated to assets and liabilities obtained through business combinations;
- the calculation of the recoverable value of goodwill and intangible assets used for impairment tests;
- provisions for liabilities and charges, particularly for defined benefit pension liabilities and post-employment medical care;
- impairment of doubtful receivables;
- the fair-value measurement of stock options awarded under Publicis Groupe SA's stock option plans.

Detailed disclosures concerning these matters are provided in Notes 5, 20, 21, 26 and 28 below.

4

Note 2 Changes in the scope of consolidation

2.1 Acquisitions in 2016

There was no significant takeover (individually or taken together) during the period.

The main acquisitions in the year were as follows:

- in February 2016, the Group acquired 100% of MercerBell;
- in February 2016, the Group acquired 100% of Vertiba;
- in March 2016, the Group acquired 81% of Seven Seconds;
- in August 2016, the Group acquired 100% of Digitouch;
- in November 2016, the Group acquired 100% of North Strategic and Notch Video.

The fair value, at the acquisition date, of the consideration paid (excluding cash and cash equivalents acquired) of all entities that were fully consolidated (notably including the ones detailed above, as well as smaller acquisitions) with an exclusive takeover during the period, totaled euro 126 million. This amount mainly includes:

- euro 59 million paid out during the period;
- euro 54 million in earn out payment commitments;
- euro 13 million in commitments to buy out non-controlling interests.

The amount paid in 2016 for acquisitions (net of cash and cash equivalents acquired) totals euro 240 million and includes:

- euro 59 million paid out during the period;
- euro -17 million in acquired net cash and cash equivalents;
- euro 198 million in earn out payments paid out during the period.

Taken as a whole, all acquisitions made over the period represented less than 1% of consolidated revenue and 1% of net income attributable to equity holders of the parent company.

2.2 Acquisitions in 2015

On November 3, 2014, Publicis Groupe announced the signing of an agreement relating to the acquisition of Sapient Corporation for a cash amount of USD 25 per Sapient Corporation share. The public tender offer is dated November 12, 2014.

Full regulatory clearance was obtained on February 4, 2015, allowing the offer to be completed on February 6, 2015, for a total amount of USD 3,676 million (equal to euro 3,211 million). This amount breaks down into euro 3,077 million paid for the buyback of all outstanding shares and euro 134 million paid for the buyback of the rights giving access to capital held by the employees of Sapient Corporation and/or its subsidiaries (pursuant to the "Agreement and Plan Merger" signed on November 1, 2014 by Publicis Groupe and Sapient Corporation).

Sapient is a global services company that assists its clients in their digital transformation in the fields of marketing, omni-channel commerce and consulting. This transaction provides Publicis Groupe with access to new markets and new sources of revenue and allows it to simultaneously achieve a number of the following objectives: strengthening its position as a digital leader and generating 50% of its revenue from digital business and technology three years earlier than set out in the 2018 strategic plan. Furthermore, its technological and consulting expertise will enable it to enter new business sectors.

The main sources of financing used in the acquisition of Sapient Corporation were as follows:

- Eurobond 2021 for euro 700 million swapped to US dollar;
- Eurobond 2024 for euro 600 million swapped to US dollar;
- medium-term loan originally granted for the amount of USD 1,600 million recorded in the consolidated balance sheet at euro 1,458 million as at December 31, 2015.

The allocation of the consideration paid was as follows at December 31, 2015:

(in millions of euros)	Sapient Corporation
CONSIDERATION PAID (A)	**3,211**
Non-current assets	199
Current assets excluding cash and cash equivalents	368
Cash and cash equivalents	294
TOTAL ASSETS (B)	**861**
Non-current liabilities	67
Current liabilities	360
TOTAL LIABILITIES (C)	**427**
NET ASSETS ACQUIRED BEFORE FAIR VALUE ADJUSTMENT[1] (D = B - C)	**434**
Trade name	295
Client relationships	224
Technological applications	40
TOTAL INTANGIBLE ASSETS	**559**
Other adjustments	9
Deferred and current income tax[2]	(247)
TOTAL FAIR VALUE ADJUSTMENTS (E)	**321**
NET ASSETS ACQUIRED AFTER FAIR VALUE ADJUSTMENTS (F = D + E)	**755**
GOODWILL (G = A - F)	**2,456**

(1) Excluding goodwill and intangible assets from prior acquisitions.
(2) This amount primarily relates to deferred tax liabilities pertaining to the recognition of intangible assets for euro 201 million and the taxation of dividends of international subsidiaries (excluding USA) for euro 55 million. The remainder corresponds to the adjustment of other tax assets and liabilities.

Residual goodwill of euro 2,456 million includes:

- employee expertise;
- organizational know-how manifested in efficient internal processes;
- commercial know-how with regard to how better to sell the services and trade name to customers;
- the ability to maintain and develop existing assets;
- the ability to generate new opportunities through the development of new customers and new technology.

The other main acquisitions in the year were as follows:

- in March 2015, the Group acquired Expicient Inc. outright;
- in June 2015, the Group acquired Tardis Medical UK outright;
- in September 2015, the Group acquired The Creative Counsel outright;
- in October 2015, the Group acquired Langland outright;
- in December 2015, the Group acquired a specialist healthcare communications business from PDI, Inc.

The fair value, at the acquisition date, of the consideration paid (excluding cash and cash equivalents acquired) of all entities that were fully consolidated (notably including the ones detailed above, as well as smaller acquisitions) with an exclusive takeover during the period, totaled euro 3,634 million. This amount mainly includes:

- euro 3,410 million paid out during the period;
- euro 211 million in earn out payment commitments;
- euro 13 million in commitments to buy out non-controlling interests.

The amount paid in 2015 for acquisitions (net of cash and cash equivalents acquired) totaled euro 3,265 million and includes:

- euro 3,410 million paid out during the period;
- euro -325 million in acquired net cash and cash equivalents;
- euro 180 million in earn out payments paid out during the period.

Total acquisitions made during 2015 contributed less than 13% to consolidated revenue and comprised 13% of net income attributable to equity holders of the parent company.

2.3 Disposals in 2016 and 2015

No significant disposals were made during 2016 and 2015. Nevertheless the Group sold 56.67% of the company Mediavision et Jean Mineur SA on June 16, 2016 (see Notes 6 and 29).

Companies sold contributed no more than 1% of revenue and consolidated net income attributable to equity holders of the parent company in 2016. This is unchanged from the 2015 financial year.

Note 3 Personnel expenses and headcount

Personnel expenses include salaries, commissions, employee profit sharing, vacation pay and bonus estimation. They also include expenses related to stock option and free share plans and expenses related to pensions (excluding the net effect of unwinding the discount on benefit obligations, which is included in other financial income and expenses).

(in millions of euros)	2016	2015
Compensation	(4,720)	(4,705)
Social security charges	(539)	(685)
Post-employment benefits	(301)	(146)
Share-based payments	(55)	(38)
Temporary employees and freelancers	(444)	(414)
TOTAL	**(6,059)**	**(5,988)**

Changes in and breakdown of headcount

BY REGION

	2016	2015
Europe	22,597	22,135
North America	24,638	25,554
Asia Pacific	22,745	21,267
Latin America	5,490	5,562
Middle East & Africa	3,443	3,056
TOTAL	**78,913**	**77,574**

BY FUNCTION (AS A %)

	2016	2015
Account planning and management	19%	20%
Creative	15%	15%
Media and research	17%	17%
Specialized production activities and other	34%	33%
Administration and management	15%	15%
TOTAL	**100%**	**100%**

Note 4 Other operating expenses

Other operating expenses include all external charges other than production and media buying. They include rent, other lease expenses and other expenses related to the occupation of premises amounting to euro 498 million in 2016, compared to euro 502 million in 2015. They also include taxes (other than income taxes) and similar payments, as well as additions to and reversals of provisions.

Note 5 Depreciation, amortization and impairment loss

(in millions of euros)	2016	2015
Amortization of other intangible assets (excluding intangibles arising from acquisitions)	(21)	(17)
Depreciation of property, plant and equipment	(145)	(157)
DEPRECIATION AND AMORTIZATION EXPENSE (EXCLUDING INTANGIBLES FROM ACQUISITIONS)	**(166)**	**(174)**
AMORTIZATION OF INTANGIBLES FROM ACQUISITIONS	**(79)**	**(89)**
Impairment loss of intangibles from acquisitions	(152)	(28)
Impairment loss on investments in associates[1]	(34)	-
Goodwill impairment	(1,254)	-
IMPAIRMENT LOSS	**(1,440)**	**(28)**
TOTAL DEPRECIATION, AMORTIZATION AND IMPAIRMENT	**(1,685)**	**(291)**

(1) An impairment loss of euro 34 million was recorded for investments in associates (see Note 13).

The 2016 impairment loss amounted to euro 1,440 million, *i.e.* euro 1,383 million net of tax effects (tax income of euro 57 million).

Impairment of intangibles from acquisitions

Impairment tests were carried out on all of the Group's trade names recognized on acquisition. Client relationships were also tested for impairment. All valuations required for these impairment tests were conducted by an independent expert.

At December 31, 2016, the after-tax discount rates used in the valuations ranged from 8.5% to 11%. They are determined on the basis of the specific characteristics belonging to each asset undergoing impairment testing.

These tests resulted in the Group recognizing a euro 152 million impairment loss in 2016:

- euro 121 million on the brands, including euro 55 million on the Razorfish brand and euro 27 million on the Rosetta brand; the recoverable amounts on these individual assets after impairment are nil. In addition, an impairment loss of euro 25 million was recorded for the Sapient brand name;
- euro 31 million on customer relations and technologies for respectively euro 24 million and euro 7 million.

At December 31, 2015, the after-tax discount rates used in the valuations ranged from 8% to 16%. These tests had resulted in the Group recognizing a euro 28 million impairment loss in 2015.

Goodwill impairment

Impairment tests were performed on the cash-generating units, which consist of agencies or combinations of agencies.

The valuations required for the impairment tests on goodwill were conducted by an independent expert. The goodwill impairment tests were carried out on the basis of the value in use of the cash-generating units, which was determined based on five-year financial forecasts (2017-2021). Forecasts for 2017 are taken directly from the annual budget approved by management.

At December 31, 2016, these tests resulted in the Group recognizing an impairment loss of euro 1,254 million on Publicis.Sapient (see § Publicis.Sapient below).

The after-tax discount rates used ranged between 8.5% (11.5% before tax) and 13.5% (17.4% before tax). The terminal growth rate used in the forecasts ranged from 2% to 3%.

The main assumptions used in these tests are presented in the table below:

	2016		
(in millions of euros)	Carrying amount of goodwill	After-tax discount rate	Terminal growth rate
Publicis Communications	3,548	9.0%	2.0%
Publicis Media	1,746	8.5%	2.5%
Publicis.Sapient	2,767	11.5%	3.0%(1)
Publicis Health	525	9.5%	2.0%
Publicis One	498	13.5%	2.5%
Other goodwill	66	10.0%	2.0%
TOTAL GOODWILL AFTER IMPAIRMENT LOSS	**9,150**		

(1) As historical performance and market research forecasts have shown, growth in advertising expenditure in the United States' digital sector is particularly strong (annual growth is generally between 10% and 20% depending on the year). Consequently, it was assumed that the market was not yet fully mature at the end of the forecast period.

The Group's goodwill was reallocated by Solution hub on January 1, 2016, following the implementation of the new company structure on this date. (See Note 10.)

Comparative information such as that presented in the table above is therefore not available. In 2015, goodwill was tested at agency level as opposed to Solution hub level. The method used in the calculation of discount rates and terminal growth rates is unchanged. In 2016, the after-tax discount rates ranged between 8.5% and 13.5% (between 8.5% and 11% in 2015). Terminal growth rates ranged between 2.0% and 3.0% in 2016 (the same level as 2015).

The sensitivity tests performed show that there is no impact on the impairment charge of the Group's cash generating units (CGU), with the exception of Publicis.Sapient.

At December 31, 2015, the after-tax discount rates used ranged from 8.5% (11.5% before tax) to 11% (15% before tax). The terminal growth rate used in the forecasts ranged from 2% to 3%.

These tests resulted in no impairment loss being recognized by the Group in 2015.

Publicis.Sapient

The Publicis.Sapient Solution hub was constituted at the time of the Sapient acquisition and brings together part of the Group's digital businesses, notably Sapient, Razorfish and DigitasLBi. This Solution hub offers clients all the functionalities for the digital communication value chain, from consulting to sales, via creation, data and platforms. It primarily includes online direct marketing consulting, the creation of corporate or commercial websites and intranets, social network expertise, search engine optimization, Internet ads (especially banners and pop-ups) and all forms of Internet and mobile communication.

The total goodwill allocated to the Publicis.Sapient Solution hub is euro 4,021 million net (before 2016 annual impairment test).

The value in use was calculated based on discounted five-year future cash flows (2017-2021).

These tests resulted in the Group recognizing a euro 1,392 million impairment loss *i.e.*:

- euro 1,254 million on goodwill;
- euro 138 million on intangible assets (brand names, customer relations and technology).

The net expense is euro 1,340 million given the tax effects on intangible assets.

Growth in the digital transformation market, particularly in the United States, accelerated during 2016. Demand for support in transitioning our clients' businesses to an increasingly digital world is at its highest. The Publicis.Sapient offer has encountered a frank success everywhere that it is proposed, since it is in phase with market expectations.

However, the rapid pace of change makes "historical" digital models incomplete as they only offer partial solutions, and reinforces investment requirements in the consulting area, centered on "digital business transformation", which offers global solutions.

Publicis.Sapient must face these brutal changes and consequently modify its organization and management structure. The Solution hub has fallen behind in consolidating historical acquisitions, in particular Razorfish, within the Publicis.Sapient Solution hub. A new management team has been appointed and consulting teams' investment needs reassessed. The new five-year business plan takes into account stronger than expected growth for the "business transformation" segment, but a more rapid slowdown of traditional activities, thus affecting the overall growth forecast for the coming years. In addition, the operating margin takes into account the impact of the investments mentioned above.

These events affect the future cash flow growth of this Solution hub, and lead to the consideration of the resulting uncertainties in some of the business plan's economic assumptions, both for 2017, which will be a transition year, and for the following years.

The results of the sensitivity analyses carried out on Publicis.Sapient are summarized in the table below:

(in millions of euros)	Publicis.Sapient
Net amount before impairment loss	4,021
Impairment loss	**(1,254)**
Net amount after impairment loss	2,767
Impairment loss (Increase)/Decrease	
Discount rate sensitivity	
Increase in the discount rate of 0.5%	(181)
Decrease in the discount rate of 0.5%	207
Long-term growth sensitivity	
Decrease in the LT growth rate of 0.5%	(133)
Increase in the LT growth rate of 0.5%	148
Operating growth sensitivity	
Decrease in growth of 1% per year	(110)
Increase in growth of 1% per year	112
Operating margin sensitivity	
Reduction in margin of 1% per year	(210)
Increase in margin of 1% per year	208

Note 6 Non-current income and expenses

This covers non-recurring income and expenses. This line item mainly includes gains and losses on the disposal of assets.

(in millions of euros)	2016	2015
Capital gains (losses) on disposal of assets	9	7
Non-current income and (expenses)	3	1
TOTAL NON-CURRENT INCOME AND (EXPENSES)	**12**	**8**

In 2016, the majority of the gain resulted from the sale of 56.67% of Mediavision.

In 2015, this mainly included a euro 4 million gain on the partial disposal of Venture Capital Funds and a euro 2 million gain on the disposal of Dentsu Razorfish.

Note 7 Financial income and expenses

Net financial income (expense) excluding revaluation of earn-out payments

(in millions of euros)	2016	2015
Interest expense on loans and bank overdrafts(1)	(95)	(98)
Interest expense on finance leases	(12)	(11)
Financial expenses	**(107)**	**(109)**
Financial income	33	35
COST OF NET FINANCIAL DEBT	**(74)**	**(74)**
Foreign exchange gains (losses) and change in the fair value of currency derivatives	10	8
Financial expense related to unwinding of discount on long-term vacant property provisions	-	(3)
Net financial expense related to the discounting of pension provisions	(9)	(9)
Translation adjustments and other	(1)	1
NET FINANCIAL INCOME (EXPENSE) EXCLUDING REVALUATION OF EARN-OUT PAYMENTS	**(74)**	**(77)**

(1) Including the revaluation of interest rate swaps and bonds in respect of fair value hedges (see Note 22).

Revaluation of earn-out payments

(in millions of euros)	2016	2015
REVALUATION OF EARN-OUT PAYMENTS	**(108)**	**(12)**

4

Note 8 Income taxes

Analysis of income tax expense

(in millions of euros)	2016	2015
Current tax expense for the period	(357)	(272)
Current tax income for previous years	12	15
TOTAL TAX INCOME/(EXPENSE)	**(345)**	**(257)**
Deferred tax income/(expense)	24	(131)
Changes in unrecognized deferred tax assets	(21)	2
TOTAL NET DEFERRED TAX INCOME/(EXPENSE)	**3**	**(129)**
INCOME TAXES	**(342)**	**(386)**

Effective tax rate

The effective tax rate is obtained as follows:

(in millions of euros)		2016	2015
PRE-TAX INCOME OF CONSOLIDATED COMPANIES		(173)	1,289
Impairment loss on goodwill and intangibles (see Note 5)		1,440	28
Revaluation of debt related to acquisitions of shareholdings		108	12
RESTATED PRE-TAX INCOME OF CONSOLIDATED COMPANIES	(A)	1,375	1,329
French tax rate applicable to the parent company		34.43%	34.43%
Expected tax expense on pre-tax income of consolidated companies:		**(473)**	**(458)**
Impact of:			
• difference between the French tax rate and foreign tax rates		94	79
• changes in unrecognized deferred tax assets		(21)	2
• other impacts(1)		58	(9)
INCOME TAX IN THE INCOME STATEMENT:		(342)	(386)
Deferred tax related to impairment loss		(57)	(10)
INCOME TAX IN THE RESTATED INCOME STATEMENT:	(B)	(399)	(396)
EFFECTIVE TAX RATE	**B/A**	**29.0%**	**29.9%**

(1) Other impacts mainly include those related to permanent differences, income taxed at reduced rates, adjustments to previous financial years.

Tax effect on other comprehensive income

	December 31, 2016			December 31, 2015		
(in millions of euros)	Gross	Tax	Net	Gross	Tax	Net
Fair value adjustments to available-for-sale investments	31	-	31	5	-	5
Actuarial gains and losses on defined benefit plans	(4)	1	(3)	4	(1)	3
Effect of translation and other	100	13	113	156	-	156
TOTAL	**127**	**14**	**141**	**165**	**(1)**	**164**

Schedule of deferred taxes recognized in the balance sheet

(in millions of euros)	December 31, 2016	December 31, 2015
Short-term (less than one year)	72	95
Long-term (over one year)	(571)	(592)
NET DEFERRED TAX ASSETS (LIABILITIES)	**(499)**	**(497)**

Source of deferred taxes

(in millions of euros)	December 31, 2016	December 31, 2015
Deferred tax on adjustment of asset and liability valuations due to acquisitions	(360)	(435)
Deferred tax arising on the restatement of the Champs-Élysées building	(43)	(51)
Deferred tax on pensions and other post-employment benefits	78	66
Deferred tax arising on tax loss carryforwards	208	251
Deferred tax on other temporary differences	(209)	(155)
GROSS DEFERRED TAX ASSETS (LIABILITIES)	**(326)**	**(324)**
Unrecognized deferred tax assets	(173)	(173)
NET DEFERRED TAX ASSETS (LIABILITIES)	**(499)**	**(497)**

As of December 31, 2016, deferred tax liabilities included the tax on the revaluation of intangible assets made at the time of the acquisition of Zenith (euro 19 million), Bcom3 (euro 169 million), Digitas (euro 65 million) and Sapient (euro 175 million), as well as the deferred tax linked to the fair value being deemed as the cost of the Champs-Élysées land and building on the date of transition to IFRS.

Tax loss carryforwards

The Group also had tax loss carryforwards that had not been recognized as deferred tax assets in the consolidated balance sheet because of uncertainty as to their availability for use:

(in millions of euros)	December 31, 2016	December 31, 2015
AMOUNT OF UNRECOGNIZED TAX LOSS CARRYFORWARDS	**503**	**532**
Of which carried forward indefinitely	399	413

Tax provisions

The Group's tax positions are based on its interpretations of tax regulations and past experience. Each position is assessed individually without offsetting or aggregation with other positions and gives rise to the recognition of a liability when an outflow of resources is deemed probable. The assessment of these tax liabilities corresponds to the best estimate of risk at the reporting date and, where appropriate, includes late-payment interest and any penalties.

Liabilities pertaining to tax risks and litigation are recognized with provisions for risks and litigation (see Note 20) and include euro 143 million for income taxes and euro 51 million for other taxes and levies.

Note 9 Earnings per share

Earnings per share (basic and diluted)

(in millions of euros, except for share data)		2016	2015
Net income used for the calculation of earnings per share			
Group net income	**(A)**	**(527)**	**901**
Impact of dilutive instruments:			
• Savings in financial expenses related to the conversion of debt instruments, net of tax		-	-
Group net income – diluted	**(B)**	**(527)**	**901**
Number of shares used to calculate earnings per share			
Number of shares at January 1		222,540,740	221,203,857
Shares created over the period		1,771,861	792,984
Treasury shares to be deducted (average for the year)		(813,730)	(6,096,348)
Shares to be issued to redeem the Orane		-	6,776,644
Average number of shares used for the calculation	(C)	223,498,871	222,677,137
Impact of dilutive instruments:			
• Free shares and dilutive stock options[1]		-	2,416,360
• Equity warrants[1]		-	924,521
• Shares resulting from the conversion of convertible bonds		-	-
Number of diluted shares	**(D)**	**223,498,871**	**226,018,018**
(in euros)			
EARNINGS PER SHARE	**A/C**	**(2.36)**	**4.05**
DILUTED EARNINGS PER SHARE[1]	**B/D**	**(2.36)**	**3.99**

(1) As the Group reported a net loss in 2016, the generally dilutive instruments are accretive on the 2016 basic earnings per share. No instruments were taken into account in calculating the diluted earnings per share, which is, therefore, equal to the basic earnings per share.

Headline earnings per share (basic and diluted)

(in millions of euros, except for share data)		2016	2015
Net income used to calculate headline earnings per share[1]			
Group net income		**(527)**	**901**
Items excluded:			
• Amortization of intangibles from acquisitions, net of tax		51	61
• Impairment loss, net of tax		1,383	18
• Revaluation of earn-out *payments*		108	12
Headline Group net income	**(E)**	**1,015**	**992**
Impact of dilutive instruments:			
• Savings in financial expenses linked to the conversion of debt instruments, net of tax		-	-
Headline Group net income, diluted	**(F)**	**1,015**	**992**
Number of shares used to calculate earnings per share			
Number of shares at January 1		**222,540,740**	**221,203,857**
Shares created over the period		1,771,861	792,984
Treasury shares to be deducted (average for the year)		(813,730)	(6,096,348)
Shares to be issued to redeem the Orane		-	6,776,644
Average number of shares used for the calculation	**(C)**	**223,498,871**	**222,677,137**
Impact of dilutive instruments:			
• Free shares and dilutive stock options[2]		3,488,040	2,416,360
• Equity warrants		718,168	924,521
• Shares resulting from the conversion of convertible bonds		-	0
Number of diluted shares	**(D)**	**227,705,079**	**226,018,018**
(in euros)			
HEADLINE EARNINGS PER SHARE[1]	**E/C**	**4.54**	**4.45**
HEADLINE EARNINGS PER SHARE – DILUTED[1]	**F/D**	**4.46**	**4.39**

(1) EPS after elimination of impairment losses, amortization of intangibles from acquisitions, the main capital gains and (losses) on disposal of assets and the revaluation of earn-out payments.

(2) Only stock options and warrants with a dilutive impact, i.e. whose strike price is lower than the average strike price, are included in the calculation. In 2016, as in 2015, all stock options and warrants not yet exercised at the reporting date had a dilutive impact on the current basic earnings per share.

4

Note 10 Goodwill

Changes in goodwill

(in millions of euros)	Gross amount	Impairment loss[2]	Net amount
JANUARY 1, 2015	**7,227**	**(221)**	**7,006**
Acquisitions	2,796	-	2,796
Changes related to the recognition of commitments to buy out non-controlling interests[1]	2	-	2
Disposals and derecognition	(3)	-	(3)
Translation adjustments and other	410	-	410
DECEMBER 31, 2015	**10,432**	**(221)**	**10,211**
Acquisitions	167	-	167
Impairment loss	-	(1,254)	(1,254)
Changes related to the recognition of commitments to buy out non-controlling interests[1]	(80)	-	(80)
Disposals and derecognition	-	-	-
Translation adjustments and other	168	(62)	106
DECEMBER 31, 2016	**10,687**	**(1,537)**	**9,150**

(1) See Note 1.3 for the accounting treatment of commitments to purchase non-controlling interests.
(2) See Note 5.

The analysis of goodwill by geographic area is described in Note 27 and by Solution hub in Note 5.

Allocation of goodwill

Following the Group's internal reorganization by Solution hubs, goodwill has been reallocated in accordance with the level at which goodwill is monitored for internal management purposes. Impairment tests were conducted prior to this reallocation and no impairment loss was identified.

(in millions of euros)	Net carrying amount of goodwill
Publicis Communications	3,548
Publicis Media	1,746
Publicis.Sapient	2,767
Publicis Health	525
Publicis One	498
Other goodwill	66
TOTAL GOODWILL	**9,150**

Note 11 Intangible assets, net

Changes in intangible assets

(in millions of euros)	Intangible assets with a finite useful life		Intangible assets with an indefinite useful life	Total intangible assets
	Client relationships	Software, technology and other	Brands	
GROSS VALUE AT JANUARY 1, 2015	**887**	**206**	**637**	**1,730**
Acquisitions	235	96	310	641
Disposals and derecognition	-	(12)	-	(12)
Translation adjustments and other	49	29	72	150
GROSS VALUE AT DECEMBER 31, 2015	**1,171**	**319**	**1,019**	**2,509**
Acquisitions	-	38	-	38
Disposals and derecognition	-	(11)	-	(11)
Translation adjustments and other	24	6	26	56
GROSS VALUE AT DECEMBER 31, 2016	**1,195**	**352**	**1,045**	**2,592**
ACCUMULATED DEPRECIATION ON DECEMBER 31, 2015	**(666)**	**(222)**	**(80)**	**(968)**
Amortization	(95)	(32)	-	(127)
Impairment	(24)	(7)	(121)	(152)
Disposals and derecognition	-	9	-	9
Translation adjustments and other	6	(6)	(9)	(9)
ACCUMULATED DEPRECIATION ON DECEMBER 31, 2016	**(779)**	**(258)**	**(210)**	**(1,247)**
NET AMOUNT AT DECEMBER 31, 2016	**416**	**94**	**835**	**1,345**

Valuation of intangible assets

Valuation tests carried out by an independent expert at the close of the 2015 and 2016 financial years resulted in the Group recognizing impairment losses of euro 152 million in 2016 and euro 28 million in 2015 (see Note 5).

Note 12 Property, plant and equipment, net

(in millions of euros)	Land and buildings	Fixtures and fittings	IT equipment	Other	Total
GROSS VALUE AT JANUARY 1, 2015	**270**	**488**	**306**	**415**	**1,479**
Increases	-	81	46	48	175
Decreases	-	(25)	(36)	(26)	(87)
Changes to consolidation scope	(1)	57	59	34	149
Translation adjustments and other	10	24	19	25	78
GROSS VALUE AT DECEMBER 31, 2015	**279**	**625**	**394**	**496**	**1,794**
Increases	-	44	42	54	140
Decreases	(1)	(45)	(26)	(22)	(94)
Changes to consolidation scope	-	(1)	1	1	1
Translation adjustments and other	4	(58)	2	25	(27)
GROSS VALUE AT DECEMBER 31, 2016	**282**	**565**	**413**	**554**	**1,814**
ACCUMULATED DEPRECIATION ON DECEMBER 31, 2015	**(63)**	**(444)**	**(309)**	**(318)**	**(1,134)**
Increases	(4)	(45)	(44)	(47)	(140)
Decreases	-	44	24	20	88
Changes to consolidation scope	-	1	(1)	(1)	(1)
Translation adjustments and other	(2)	50	(3)	(32)	13
ACCUMULATED DEPRECIATION ON DECEMBER 31, 2016	**(69)**	**(394)**	**(333)**	**(378)**	**(1,174)**
NET AMOUNT AT DECEMBER 31, 2016	**213**	**171**	**80**	**176**	**640**

Land and buildings

At December 31, 2016, the net amount of the property assets directly owned by Publicis listed on the balance sheet was euro 161 million.

The Group's main property asset is its corporate headquarters located at 133, avenue des Champs-Élysées, in Paris, France. This seven-story building includes around 12,000 square meters of office space occupied by Group companies, and 1,500 square meters of commercial space, occupied by Publicis Drugstore and two public movie theaters.

Other property, plant and equipment

The Group owns a considerable array of IT equipment used for the creation and production of advertising, the management of media buying and administrative work.

Assets under finance lease

The total net amount of assets under finance lease in the consolidated balance sheet stood at euro 52 million on December 31, 2016.

These mainly concern the Leo Burnett building at 35 West Wacker Drive in Chicago, Illinois, USA. The finance lease on this building represents a gross amount of euro 101 million depreciated over 30 years.

The following are the amounts related to finance leases included under property, plant and equipment:

(in millions of euros)	December 31, 2016	December 31, 2015
Gross value of buildings	104	100
Depreciation & Amortization	(52)	(47)
NET AMOUNT	**52**	**53**

Note 13 Investments in associates

Investments accounted for using the equity method amounted to euro 87 million on December 31, 2016 (versus euro 116 million on December 31, 2015).

(in millions of euros)	Value in balance sheet
AMOUNT AT JANUARY 1, 2015	**36**
Acquisitions	68
Disposals	(2)
Share of profit of associates	8
Dividends paid	(2)
Effect of translation and other	8
AMOUNT AT DECEMBER 31, 2015	**116**
Acquisitions	7
Disposals	(3)
Share of profit of associates	(5)
Dividends paid	(3)
Impairment loss[1]	(34)
Effect of translation and other	9
AMOUNT AT DECEMBER 31, 2016	**87**

(1) Impairment loss relating to the investment in Matomy Media Group.

The Group's main investments in associates are Jana Mobile, Burrell Communications, Somupi and Matomy Media Group. As of December 31, 2016, the carrying amounts of these four associates amounted to euro 21 million, euro 7 million, euro 4 million and euro 38 million, respectively.

4

Note 14 Other financial assets

Other financial assets mainly include investments classified as "available for sale".

(in millions of euros)	December 31, 2016	December 31, 2015
Available-for-sale financial assets		
• Venture Capital Fund[1]	68	63
• Other	18	18
Security deposits	41	37
Loans to non-consolidated companies	7	18
Loans and receivables owed by associates and non-consolidated companies	15	12
Other	47	50
Gross value	**196**	**198**
Impairment	(14)	(24)
NET AMOUNT	**182**	**174**

(1) These Venture Capital Funds are dedicated to businesses that create value in the digital economy.

Balances related to other non-current financial assets maturing in less than one year are classified under current assets.

Note 15 Inventories and work in progress

(in millions of euros)	December 31, 2016	December 31, 2015
Gross value	**435**	**416**
Impairment of inventories and work in progress	(29)	(5)
NET AMOUNT	406	411

Note 16 Trade receivables

(in millions of euros)	December 31, 2016	December 31, 2015
Trade receivables[1]	10,069	9,799
Notes receivable	26	11
GROSS VALUE	**10,095**	**9,810**
Opening impairment	(76)	(77)
Impairment over the year	(21)	(14)
Reversals during the year	11	17
Changes to consolidation scope	3	(1)
Translation adjustments and other	(2)	(2)
Closing impairment	**(85)**	**(77)**
NET AMOUNT	10,010	9,733

(1) Including invoiced trade receivables of euro 7,167 million as of December 31, 2016 and euro 7,278 million as of December 31, 2015.

Note 17 Other current receivables and assets

(in millions of euros)	December 31, 2016	December 31, 2015
Taxes and other receivables from the government	188	347
Advances to suppliers	209	147
Prepayments	107	108
Derivatives hedging current assets and liabilities	60	62
Derivatives on intercompany loans and borrowings	64	30
Other receivables and other current assets	78	81
GROSS VALUE	**706**	**775**
Impairment	(8)	(6)
NET AMOUNT	698	769

Note 18 Cash and cash equivalents

(in millions of euros)	December 31, 2016	December 31, 2015
Cash and bank balances	2,116	1,618
Short-term liquid investments	112	54
TOTAL	**2,228**	**1,672**

Short-term liquid investments included UCITS (French Undertakings for Collective Investment in Transferable Securities) funds classified by the AMF as "*monétaire court terme*" and subject to a very low risk of a change in value, and short-term deposits.

Note 19 Equity

The table of changes in equity is presented along with the other consolidated financial statements.

Share capital of the parent company

The following are the changes in the share capital over the last two years:

(in shares)	2016	2015
Share capital on January 1	222,540,740	221,203,857
Capital increases	3,404,647	1,336,883
SHARES COMPRISING THE SHARE CAPITAL ON DECEMBER 31	**225,945,387**	**222,540,740**
Treasury shares on December 31	(577,603)	(1,216,839)
SHARES OUTSTANDING ON DECEMBER 31	**225,367,784**	**221,323,901**

Publicis Groupe SA's share capital increased by euro 1,361,859 in 2016, corresponding to 3,404,647 shares with a par value of euro 0.40:

- 462,580 shares issued in connection with the free share plans whose definitive delivery date occurred during the year;
- 2,742,448 shares issued following the exercise by certain shareholders of the option to receive dividends in shares;
- 199,619 shares created following the exercise by certain holders of their warrants.

As of December 31, 2016, the share capital of Publicis Groupe SA totals euro 90,378,154 split into 225,945,387 shares with a par value of euro 0.40.

Neutralization of the treasury shares existing on December 31, 2016

Treasury shares held at the end of the year, including those owned under the liquidity contract, are deducted from the share capital.

The portfolio of treasury shares showed the following movements in 2015 and 2016:

	Number of shares
TREASURY SHARES HELD ON JANUARY 1, 2015[1]	**7,895,366**
Disposals (exercise of stock options) and deliveries of free shares	(354,223)
Shares issued as payment for acquisitions	(43,991)
Buyback of treasury shares	6,341,873
Delivery of shares in connection with the early redemption of the Orane 2022 bonds	(12,684,356)
Movements as part of the liquidity contract	62,170
TREASURY SHARES HELD ON DECEMBER 31, 2015[1]	**1,216,839**
Disposals (exercise of stock options) and deliveries of free shares	(594,789)
Movements as part of the liquidity contract	(44,447)
TREASURY SHARES HELD ON DECEMBER 31, 2016[1]	**577,603**

(1) Including shares held as part of the liquidity contract 40,553 on December 31, 2016 and 85,000 on December 31, 2015.

Dividends proposed and voted

	Earnings per share *(in euros)*	Total *(in millions of euros)*
Dividends paid in 2016 (for the 2015 financial year)	1.60	355[1]
Dividends proposed to the General Shareholders' Meeting (for the 2016 financial year)	1.85	418[2]

(1) Amount paid in shares at the relevant shareholders' option for up to euro 162 million (leading to the creation of 2,742,448 shares).
(2) Amount for all shares outstanding on December 31, 2016, including treasury shares.

The cash portion of the distribution proposed for 2016 will be subject to the 3% tax on dividends in 2017.

Capital management and buyback of treasury shares

The Group's policy is to maintain a solid capital base in order to maintain the confidence of investors, creditors and the market and to support future activity development. The Group's management pays particular attention to the debt-to-equity ratio, which is defined as net debt (financial debt less cash and cash equivalents) divided by equity (including non-controlling interests) and has calculated that the ideal debt-to-equity ratio is less than 0.50. As of December 31, 2016 the debt-to-equity ratio was 0.21. As at December 31, 2015 the debt-to-equity ratio was 0.28.

Management also pays close attention to the pay-out ratio, defined as dividends per share divided by earnings per share. To be able to monitor the change in this rate over time, from 2016, we have opted for a calculation based on the current diluted earnings per share (and no longer on the basic earnings per share), as the negative 2016 EPS no longer enables us to calculate the distribution rate on this basis. Based on the dividend amount (euro 1.85 per share) to be proposed at the next General Shareholders' Meeting, this ratio will therefore be 41.5% for 2016 versus 36.4% for 2015, also calculated on the current diluted EPS.

No treasury shares were bought during 2016, other than those bought under the liquidity contract.

During 2015, as part of the successive programs of share buybacks authorized by the General Shareholders' Meeting, the Group directly purchased its own shares in order to meet its obligations with regard to stock option plans and free share plans granted to employees, bond conversion requests and the cancellation of shares. During said financial years, the Group indirectly purchased and sold its own shares through the intermediary of an investment services provider acting in the name and on behalf of Publicis Groupe SA, independently and without being influenced by it, as part of a liquidity contract compliant with the code of conduct recognized by the Autorité des marchés financiers (the French Financial Markets Authority). Euro 15 million had initially been allocated to the liquidity agreement signed with Kepler Cheuvreux Securities on July 3, 2012 (replacing the previous liquidity agreement with SG Securities).

On March 17, 2015, prior to the opening of the Paris Stock Exchange, Publicis Groupe acquired 2,406,873 of its own treasury shares from the Badinter family for an amount of euro 176 million, equal to euro 73.03 per share. In addition, Publicis Groupe established a share purchase agreement with an investment services provider as part of its share buyback program as authorized by the General Shareholders' Meeting of May 28, 2014. This agreement, signed on March 27, 2015, allowed it to acquire 3,935,000 shares at an average price of euro 73.89, representing a total amount of euro 291 million.

These buybacks were carried out for the purposes of the early redemption of the Oranes 2022, unanimously approved by the Meeting of Orane bondholders of June 19, 2015, and by Publicis Groupe shareholders at the General Shareholders' Meeting held on May 27, 2015.

The General Shareholders' Meeting on May 27, 2015 also renewed, for a period of 26 months, the authorization to reduce the share capital through the cancellation of shares held by Publicis Groupe SA up to a limit of 10% of the share capital; this authorization was delegated to the Management Board.

Note 20 Provisions for liabilities and charges

(in millions of euros)	Restructuring	Vacant property commitments	Pensions and other long-term benefits	Risks and litigation	Other provisions	Total
JANUARY 1, 2015	**27**	**19**	**293**	**147**	**81**	**567**
Increases	45	12	59	34	24	174
Releases with usage	(16)	(5)	(44)	(14)	(11)	(90)
Other release	(3)	(1)	-	(16)	(8)	(28)
Changes to consolidation scope	1	-	1	33	4	39
Actuarial losses (gains)	-	-	(4)	-	-	(4)
Translation adjustments and other	-	1	15	16	(1)	31
DECEMBER 31, 2015	**54**	**26**	**320**	**200**	**89**	**689**
Increases	21	9	47	45	23	145
Releases with usage	(47)	(8)	(41)	(14)	(5)	(115)
Other release	(3)	-	-	(16)	(31)	(50)
Changes to consolidation scope	-	-	-	-	(1)	(1)
Actuarial losses (gains)	-	-	4	-	-	4
Translation adjustments and other	(2)	(6)	-	22	-	14
DECEMBER 31, 2016	**23**	**21**	**330**	**237**	**75**	**686**
Of which short-term	17	9	49	34	21	130
Of which long-term	6	12	281	203	54	556

Restructuring provisions

These include an estimate of the closure or restructuring costs of certain activities resulting from plans that were announced but not yet executed at the end of 2016 (mainly severance pay). The plans are detailed by project and by type, and are approved in advance by senior management. They are managed centrally to ensure that the provision is applied based on the actual costs incurred and to justify the remaining balance at the year-end on the basis of the outstanding cost to be incurred.

Vacant property provisions

Vacant property provision valuations were made by discounting the rent payable, less income expected from sub-leasing.

Provisions for risks and litigation

Provisions for risks and litigation (euro 237 million) include a short-term component (euro 34 million) and a long-term component (euro 203 million). The risks mainly concern tax risks relating to North America and Latin America. Tax risks and litigation break down by type as follows:

- approximately 74% concerns corporate income taxes;
- approximately 26% concerns other taxes and levies.

Information on tax risks is provided in Note 8.

Obligations in respect of employee benefits

The obligations for employee benefits (see Note 21) include:

- defined benefit pension plans;
- post-employment medical cover;
- long-term benefits such as deferred compensation and long-service rewards.

Note 21 Pensions and other long-term benefits

Defined benefit pension plans

The Group has obligations for a number of defined benefit pension plans, mainly split between:

- pension funds (76% of the Group's obligations): these are rights to which employees have earned entitlement, with external pre-funding requirements predominantly in the US and the UK;
- other mandatory and legal pension plans, such as retirement-type indemnities (21% of the Group's obligations), in France in particular: the rights have not vested so payment is uncertain and notably dependent on employees still being employed by the Company when they retire;
- medical cover schemes for retirees (3% of the Group's obligations) consisting of an effective liability vis-à-vis current pensioners and a provision for current workers (future pensioners), in particular in the US and the UK.

The largest plans are therefore the pension funds in the United Kingdom (35% of the Group's obligations) and in the United States (32% of the Group's obligations).

- In the United Kingdom, the Group's obligations are managed through six pension funds administered by independent Boards of trustees. These independent Boards are made up of representatives of the Group, employees and retirees and in some instances an independent expert. These Boards are required by regulation to act in the best interests of plan beneficiaries, notably by ensuring that the pension funds are financially stable, as well as by monitoring their investment policy and management.

  Four of the six pension funds are closed and frozen. All existing entitlements (based on salary and number of years of service to the Group) were frozen: beneficiaries still working will not earn any further entitlement under these defined benefit plans.

  The pension fund obligations in the United Kingdom relate to retirees (62%), beneficiaries with deferred entitlement who have not yet drawn down their pension entitlements (30%) and employees still working (8%).
- In the United States, the Group's obligations are basically limited to a closed and frozen pension fund. The obligations relate to beneficiaries with deferred entitlement who have not yet drawn down their pension entitlements (30% of obligations), retirees (34% of obligations) and employees still working (36%).

Defined benefit pension plan valuations were carried out by independent experts. The main countries concerned are the United States, the United Kingdom, Germany, France, Switzerland, the United Arab Emirates, Saudi Arabia, Bahrain, South Korea, the Philippines, Japan and India.

No material events occurred during the reporting period to affect the value of the Group's liabilities under these plans (significant plan change).

Surplus (deficit)

Publicis Groupe sets aside financial assets to cover these liabilities, primarily in the UK and the US, in order to comply with its legal and/or contractual obligations and to limit its exposure to an increase in these liabilities (interest and inflation rate volatility, longer life expectancy, etc.).

The policy to cover the Group's liabilities is based on regular asset-liability management reviews to ensure optimal asset allocation, designed both to limit exposure to market risks by diversifying asset classes on the basis of their risk profile, and to better reflect the payment of benefits to beneficiaries, based on plan maturity. These reviews are performed by independent advisers and submitted to the Trustees for approval. Investments are made in compliance with legal constraints and the criteria governing the deductibility of such covering assets in each country. Funding requirements are generally determined on a plan-by-plan basis and as a result surplus assets in over-funded plans cannot be used to cover under-funded plans.

Risk exposure

The principal risks to which the Group is exposed through its pension funds in the United Kingdom and the United States are as follows:

- volatility of financial assets: the financial assets in the plans (shares, bonds, etc.) often have a return higher than the discount rate over the long term, but are more volatile in the short term, especially since they are measured at their fair value for the Group's annual accounting needs. The asset allocation is determined so as to ensure the financial viability of the plan over the long term;
- variation of bond rates: a decrease in private bond rates leads to an increase in obligations under the plans as recognized by the Group, even where this increase is partially reduced by a growth in value of the financial assets in the plans (for the portion of first category private bonds);
- longevity: the largest part of benefits guaranteed by the plans is retirement benefits. An extended life expectancy therefore leads to an increase in these plans;
- inflation: a significant portion of the benefits guaranteed by the pension funds in the United Kingdom is indexed to inflation. A rise in inflation leads to an increase in the obligation (even when thresholds have been set for most of them in order to protect the plan from hyper-inflation). Most of the financial assets are either not impacted by inflation or linked very little with inflation, therefore inferring that a rise in inflation would lead to an increase of the plan's deficit from an accounting perspective. The American pension funds do not expose the Group to a significant inflation risk as the benefits are not indexed to inflation.

Actuarial gains and losses

Actuarial gains and losses reflect unforeseen increases or reductions in the present value of a defined benefit obligation or of the fair value of the corresponding plan assets. Actuarial gains and losses resulting from changes in the present value of liabilities under a defined benefit plan stem, firstly, from experience adjustments (differences between the previous actuarial assumptions and what has actually occurred) and, secondly, from the effect of changes in actuarial assumptions.

Other long-term benefits

Publicis Groupe also recognizes various long-term benefits, primarily seniority payments, long-service awards, in France in particular, and certain multi-year plans for which the deferred compensation is linked to continued employment.

Change in the actuarial benefit obligation

	December 31, 2016			December 31, 2015		
(in millions of euros)	Pension plans	Medical cover	Total	Pension plans	Medical cover	Total
Opening actuarial benefit obligation	**(685)**	**(26)**	**(711)**	**(628)**	**(26)**	**(654)**
Cost of services rendered during the year	(23)	-	(23)	(23)	-	(23)
Benefits paid	41	2	43	39	2	41
Interest expense on benefit obligation	(22)	(1)	(23)	(22)	(1)	(23)
Effect of remeasurement	(60)	0	(60)	24	1	25
Experience gains (losses)	*0*	*1*	*1*	*9*	*1*	*10*
Gains (losses) arising from a change in economic assumptions	*(55)*	*(1)*	*(56)*	*15*	*-*	*15*
Gains (losses) arising from other changes in demographic assumptions	*(5)*	*-*	*(5)*	*-*	*-*	*-*
Acquisitions, disposals	3	-	3	(28)	-	(28)
Foreign exchange differences	24	0	24	(46)	(3)	(49)
ACTUARIAL BENEFIT OBLIGATION AT YEAR-END	**(722)**	**(25)**	**(747)**	**(685)**	**(26)**	**(711)**

4

Change in the fair value of plan assets

	December 31, 2016			December 31, 2015		
(in millions of euros)	Pension plans	Medical cover	Total	Pension plans	Medical cover	Total
Fair value of plan assets at start of year	**500**	**-**	**500**	**459**	**-**	**459**
Actuarial return on plan assets	46	-	46	3	-	3
Employer contributions	23	2	25	23	2	25
Administrative fees	(1)	-	(1)	(1)	-	(1)
Acquisitions, disposals	0	-	0	14	-	14
Benefits paid	(41)	(2)	(43)	(37)	(2)	(39)
Foreign exchange differences	(37)	-	(37)	39	-	39
FAIR VALUE OF PLAN ASSETS AT YEAR-END	**490**	**-**	**490**	**500**	**-**	**500**
SURPLUS (DEFICIT)	**(232)**	**(25)**	**(257)**	**(185)**	**(26)**	**(212)**
Effect of ceiling on value of assets	(34)	-	(34)	(55)	-	(55)
Effect of minimum financing requirement	(6)	-	(6)	(18)	-	(18)
NET PROVISION FOR OBLIGATIONS FOR DEFINED BENEFIT PENSION LIABILITIES AND POST-EMPLOYMENT MEDICAL CARE	**(272)**	**(25)**	**(297)**	**(258)**	**(26)**	**(284)**
Provision for other long-term benefits	**(33)**	**-**	**(33)**	**(36)**	**-**	**(36)**
TOTAL PROVISIONS FOR RETIREMENT BENEFIT OBLIGATIONS, OTHER POST-EMPLOYMENT AND LONG-TERM BENEFITS	**(305)**	**(25)**	**(330)**	**(294)**	**(26)**	**(320)**

Pension expenses and other post-employment benefits

(in millions of euros)	December 31, 2016 Pension plans	Medical cover	Total	December 31, 2015 Pension plans	Medical cover	Total
Cost of services rendered during the year	(22)	-	(22)	(21)	-	(21)
Financial expense	(7)	(1)	(8)	(7)	(1)	(8)
Defined benefit plan expense	**(29)**	**(1)**	**(30)**	**(28)**	**(1)**	**(29)**
Cost of other plans (including defined contribution plans) and other benefits	(104)	-	(104)	(104)	-	(104)
Administrative fees excluding plan management fees	(1)	-	(1)	(1)	-	(1)
TOTAL RETIREMENT COSTS RECOGNIZED IN THE INCOME STATEMENT	**(134)**	**(1)**	**(135)**	**(133)**	**(1)**	**(134)**

Breakdown of plan assets

The table below provides a breakdown of plans by asset type and by fair value hierarchy. The various fair value hierarchy levels are defined in Note 25.

(in millions of euros)	December 31, 2016 Level 1	Level 2	Level 3	Total	December 31, 2015 Level 1	Level 2	Level 3	Total
Shares	120			120	121			121
Bonds		108		108		143		143
Treasury bonds		215		215		192		192
Real estate			14	14			12	12
Other	11		29	40	10		22	32
TOTAL	**131**	**323**	**43**	**497**	**131**	**335**	**34**	**500**

Estimate of employer contributions and of future benefits payable

(in millions of euros)	Pension plans	Medical cover	Total
Estimated employer contributions in 2017	27	2	29

(in millions of euros)	Pension plans	Medical cover	Total
Estimated future benefits payable			
2017	48	2	50
2018	42	2	44
2019	42	2	44
2020	42	2	44
2021	43	2	45
2022-2026	204	8	212
TOTAL OVER THE NEXT 10 FINANCIAL YEARS	**421**	**18**	**439**

The average duration of plans at end-December 2016 was 12.5 years.

Actuarial assumptions (weighted average rates)

Discount rates are calculated using the rates of long-term investment grade corporate bonds (minimum AA rating) with maturities equivalent to the length of the plans assessed. They are determined based on external indexes commonly considered to be benchmarks, namely the iBoxx in Europe and the City Group Index in the United States.

	Pension plans				Post-employment medical cover	
December 31, 2016	United States	United Kingdom	Euro zone	Other countries	United States	United Kingdom
Discount rate	3.58%	2.15%-2.35%	1.50%	0.30%-6.55%	3.58%	2.55%-2.70%
Future wage increases	n/a	3.75%-4.00%	2.25%(1)	1.50%-10%	5.00%	n/a
Future pension increases	n/a	1.70%-3.50%	1.70%(1)	n/a	n/a	n/a

	Pension plans				Post-employment medical cover	
December 31, 2015	United States	United Kingdom	Euro zone	Other countries	United States	United Kingdom
Discount rate	3.65%	3.45%-3.75%	2.10%	0.70%-7.90%	3.65%	3.45%-3.75%
Future wage increases	n/a	3.70%-3.95%	2.25%(1)	1.50%-10%	5.00%	n/a
Future pension increases	n/a	2.80%-2.95%	2.00%(1)	n/a	n/a	n/a

(1) For Germany only.

The rate of increase in medical expenses used for 2016 is 8% with a gradual decrease to 5%.

Sensitivity analysis

	0.5% increase				
Pension plans (in millions of euros)	United States	United Kingdom	Euro Zone	Others	Total
Change in discount rate					
Effect on actuarial benefit obligation at year-end	(14)	(19)	(7)	(6)	(46)
Change in the increase rate of salaries					
Effect on actuarial benefit obligation at year-end	-	1	4	5	10

	0.5% decrease				
Pension plans (in millions of euros)	United States	United Kingdom	Euro Zone	Others	Total
Change in discount rate					
Effect on actuarial benefit obligation at year-end	16	21	7	7	51
Change in the increase rate of salaries					
Effect on actuarial benefit obligation at year-end	-	(1)	(4)	(4)	(9)

	0.5% increase			0.5% decrease		
Post-employment medical cover (in millions of euros)	United States	United Kingdom	Total	United States	United Kingdom	Total
Change in discount rate						
Effect on actuarial benefit obligation at year-end	(1)	0	(1)	1	0	1
Change in the increase rate of salaries						
Effect on actuarial benefit obligation at year-end	0	0	0	0	0	0

4

Note 22 Borrowings and other financial liabilities

Number of securities as of December 31, 2016	(in millions of euros)	December 31, 2016	December 31, 2015
	Bonds (excluding interest accrued) issued by Publicis Groupe:		
7,000	Eurobond 1.125% – December 2021 (Effective interest rate 1.261)[(1)]	695	694
5,000	Eurobond 0.5% – November 2023 (Effective interest rate 0.741%)[(1)]	492	-
6,000	Eurobond 1.625% – December 2024 (Effective interest rate 1.732)[(1)]	604	604
	Other debt:		
	Medium-term syndicated loan	972	1,458
	Accrued interest	4	3
	Other borrowings and credit lines	40	60
	Bank overdrafts	25	19
	Debt related to finance leases	101	98
	Debt related to acquisitions of shareholdings	316	369
	Debt arising from commitments to buy out non-controlling interests	62	86
	TOTAL BORROWINGS AND OTHER FINANCIAL LIABILITIES	**3,311**	**3,391**
	OF WHICH SHORT-TERM	**283**	**305**
	OF WHICH LONG-TERM	**3,028**	**3,086**

(1) Net of issuance costs.

Bonds

Publicis Groupe SA bonds are issued at a fixed rate and denominated in euros.

In November 2016, Publicis Groupe issued a bond of euro 500 million, maturing in November 2023, with an annual coupon rate of 0.5%

In December 2014, Publicis Groupe issued a bond for the amount of euro 1.3 billion in two tranches:

- euro 700 million in bonds maturing on December 16, 2021, with an annual coupon rate of 1.125%;
- euro 600 million in bonds maturing on December 16, 2024, with an annual coupon rate of 1.625%.

The tranche of euro 700 million maturing in December 2021 (Eurobond 2021) and the tranche of euro 600 million maturing in December 2024 (Eurobond 2024) are swapped into US dollars, at a fixed rate, for the purposes of financing the acquisition of Sapient Corporation.

The swaps were qualified as cash flow hedges for intercompany US dollar financing. The fair value of these swaps was booked in the balance sheet under "Other creditors and current liabilities" in the amount of euro 163 million as of December 31, 2016 (euro 170 million as of December 31, 2015). The change in the fair value of these instruments was booked in "Other comprehensive income" and transferred to the income statement as interest on debt was paid and the asset value changed in US dollars.

These financial instruments are recognized at fair value according to the level 2 measurement method that corresponds to observable data other than quoted prices for identical instruments in active markets. This observable data corresponds primarily to exchange rates and interest rates.

Other debt

In November 2016, the Group repaid a portion of the US dollar component of the variable rate medium-term syndicated loan in the amount of USD 545 million. The next maturity is scheduled for 2018, 2019 and 2020 on a straight-line basis. As of December 31, 2016, this medium-term loan comprising two components, was carried to the balance sheet in the amount of:

- euro 526 million denominated in US dollars, *i.e.* USD 555 million;
- euro 446 million denominated in euros.

Changes in debt resulting from commitments to purchase non-controlling interests are as follows:

(in millions of euros)	Debt arising from commitments to buy out non-controlling interests
AS OF JANUARY 1, 2015	**83**
Debt contracted during the year	13
Buy-outs	(23)
Revaluation of the debt and translation adjustments	13
AS OF DECEMBER 31, 2015	**86**
Debt contracted during the year	13
Buy-outs	(30)
Revaluation of the debt and translation adjustments	(7)
AS OF DECEMBER 31, 2016	**62**

The debt arising from commitments to buy out non-controlling interests during the year were paid for in cash.

Analysis by date of maturity

	December 31, 2016						
	Total	Maturity					
(in millions of euros)		2017	2018	2019	2020	2021	+5 years
Bonds and other bank borrowings	2,832	63	331	324	324	695	1,095
Debt related to finance leases	101	-	-	-	-	-	101
Debt related to acquisitions of shareholdings	316	197	79	31	9	-	-
Debt related to commitments to purchase non-controlling interests	62	23	16	10	11	2	-
TOTAL	**3,311**	**283**	**426**	**365**	**344**	**697**	**1,196**

	December 31, 2015						
	Total	Maturity					
(in millions of euros)		2016	2017	2018	2019	2020	+5 years
Bonds and other bank borrowings	2,838	73	9	486	486	486	1,298
Debt related to finance leases	98	-	-	-	-	-	98
Debt related to acquisitions of shareholdings	369	172	94	74	29	-	-
Debt related to commitments to purchase non-controlling interests	86	60	8	10	8	-	-
TOTAL	**3,391**	**305**	**111**	**570**	**523**	**486**	**1,396**

Analysis by currency

(in millions of euros)	December 31, 2016	December 31, 2015
Euros*	2,283	1,827
US dollars	802	1,274
Other currencies	226	290
TOTAL	**3,311**	**3,391**

* *Including euro 1,299 million in Eurobonds, swapped to US dollars at December 31, 2016.*

4

Analysis by interest rate type

See Note 26 "Risk management – Exposure to interest rate risk".

Exposure to liquidity risk

Future payments related to financial debt before the impact of discounting (excluding debt linked to finance leases) are as follows:

	December 31, 2016						
	Total	Maturity					
(in millions of euros)		2017	2018	2019	2020	2021	+5 years
Bonds and other bank borrowings	2,976	84	352	345	345	720	1,130
Debt related to acquisitions of shareholdings	316	197	79	31	9	-	-
Debt related to commitments to purchase non-controlling interests	62	23	16	10	11	2	-
TOTAL	**3,354**	**304**	**447**	**386**	**365**	**722**	**1,130**

	December 31, 2015						
	Total	Maturity					
(in millions of euros)		2016	2017	2018	2019	2020	+5 years
Bonds and other bank borrowings	2,975	91	27	504	504	504	1,345
Debt related to acquisitions of shareholdings	369	172	94	74	29	-	-
Debt related to commitments to purchase non-controlling interests	86	60	8	10	8	-	-
TOTAL	**3,430**	**323**	**129**	**588**	**541**	**504**	**1,345**

In order to manage its liquidity risk, Publicis holds a substantial amount of cash (cash and cash equivalents) for a total of euro 2,228 million as of December 31, 2016 and undrawn confirmed credit lines representing a total of euro 2,686 million as of December 31, 2016. The main component of these credit lines is a multi-currency syndicated facility in the amount of euro 2,000 million, maturing in 2020. These immediately or almost immediately available sums allow the Group to meet its general funding requirements.

Apart from bank overdrafts, most of the Group's debt is comprised of bonds and the medium-term syndicated loan, none of which are subject to financial covenants. They only include standard credit default event clauses (liquidation, cessation of payment, default on the debt itself or on the repayment of another debt above a given threshold) which are generally applicable above a threshold of euro 25 million.

The Group has not established any credit derivatives to date.

Finance leases

The reconciliation between future minimum payments in respect of finance leases and the discounted value of net minimum payments for those leases is as follows:

(in millions of euros)	December 31, 2016						
	Total	Maturity					
		2017	2018	2019	2020	2021	+5 years
Minimum payments	234	13	13	13	13	14	168
Effect of discounting	(133)	(13)	(13)	(13)	(13)	(14)	(67)
DISCOUNTED VALUE OF MINIMUM PAYMENTS	**101**	**-**	**-**	**-**	**-**	**-**	**101**

(in millions of euros)	December 31, 2015						
	Total	Maturity					
		2016	2017	2018	2019	2020	+5 years
Minimum payments	238	12	12	12	13	13	176
Effect of discounting	(140)	(12)	(12)	(12)	(13)	(13)	(78)
DISCOUNTED VALUE OF MINIMUM PAYMENTS	**98**	**-**	**-**	**-**	**-**	**-**	**98**

4

Note 23 Other creditors and current liabilities

(in millions of euros)	December 31, 2016	December 31, 2015
Advances and deposits received	344	440
Liabilities to employees	588	600
Tax liabilities (excl. income tax)	188	227
Deferred income	483	487
Derivatives backed by current assets or liabilities	60	53
Eurobond 2021 and 2024 derivatives	164	170
Derivatives on intercompany loans and borrowings	61	13
Other current liabilities	217	259
TOTAL	**2,105**	**2,249**

Note 24 Commitments

Operating leases

(in millions of euros)	December 31, 2016						
	Total	Maturity					
		2017	2018	2019	2020	2021	+5 years
Commitments given							
Operating leases	2,192	356	313	270	255	227	771
Commitments received							
Sub-lease commitments	13	4	2	2	1	1	2

(in millions of euros)	December 31, 2015						
	Total	Maturity					
		2016	2017	2018	2019	2020	+5 years
Commitments given							
Operating leases	2,099	352	310	268	217	200	752
Commitments received							
Sub-lease commitments	12	3	2	2	1	1	3

Lease expenses (net of sub-lease income) amounted to euro 344 million in 2016, compared to euro 360 million in 2015.

Other commitments

(in millions of euros)	December 31, 2016			
	Total	Maturity		
		- 1 year	1 to 5 years	+5 years
Commitments given				
Guarantees[1]	164	70	38	56
Other commitments[2]	375	122	250	3
TOTAL	**539**	**192**	**288**	**59**
Commitments received				
Undrawn credit lines[3]	2,937	487	2,450	-
Other commitments	20	3	9	8
TOTAL	**2,957**	**490**	**2,459**	**8**

(1) At December 31, 2016, guarantees included a guarantee to pay real estate taxes and expenses relating to the Fallon and ZenithOptimedia buildings in London for a total of euro 11 million, staggered until 2022. They also included guarantees of approximately euro 14 million relating to media-buying operations.
(2) These included euro 359 million of minimum fees guaranteed under advertising space usage contracts.
(3) The undrawn credit lines included euro 2,686 million of confirmed credit lines (see Note 22).

(in millions of euros)	December 31, 2015			
	Total	Maturity		
		-1 year	1 to 5 years	+5 years
Commitments given				
Guarantees(1)	201	81	63	57
Other commitments(2)	469	149	317	3
Commitments to purchase shareholdings(3)	10	10	-	-
TOTAL	**680**	**240**	**380**	**60**
Commitments received				
Undrawn credit lines(4)	2,948	431	2,517	-
Other commitments(5)	96	77	8	11
TOTAL	**3,044**	**508**	**2,525**	**11**

(1) At December 31, 2015, guarantees included a guarantee to pay real estate taxes and expenses relating to the Leo Burnett building in Chicago for a total of euro 40 million, staggered until 2019, and the Parisquare building for euro 27 million. They also included guarantees of approximately euro 14 million relating to media-buying operations.

(2) These included euro 385 million of minimum fees guaranteed under advertising space usage contracts. In addition, the Group remains committed to minimum purchases over two years which, if not concluded, could entail cash payments of up to euro 46 million for the entire term of the contract expiring on June 30, 2017.

(3) This refers to obligations to buy securities.

(4) The undrawn credit lines included euro 2,722 million of confirmed credit lines (see Note 22).

(5) This primarily relates to the obligation of JCDecaux to buy the Group's interest in Metrobus SA.

Obligations related to warrants

The exercise of warrants, which can occur at any time from September 24, 2013 to September 24, 2022, will lead to an increase in the Publicis Groupe's capital stock. The conversion ratio was adjusted by a factor of 1.015 so as to reflect those distributions drawn from the Company's reserves and premiums. Following the cancellation of warrants, bought back during previous years or exercised since September 24, 2013, the Publicis Groupe is, at December 31, 2016, committed to creating (in the event that the outstanding 1,463,644 warrants were exercised) 1,485,599 shares with a euro 0.40 par value and a euro 30.10 premium.

Other commitments

As of December 31, 2016, there were no significant commitments such as pledges, guarantees or collateral, or any other significant off-balance sheet commitments, in accordance with currently applicable accounting standards.

Note 25 Financial instruments

Statement of financial position for each category of financial instrument

(in millions of euros)	Value in balance sheet December 31, 2016	Fair value through P&L	Available-for-sale assets	Loans and receivables Borrowings and liabilities	Assets held to maturity	Debt at amortized cost	Derivative instruments
Other financial assets	182	-	83	97	2	-	-
Trade receivables	10,010	-	-	10,010	-	-	-
Other receivables and current assets(1)	194	-	-	70	-	-	124
Cash and cash equivalents	2,228	2,228	-	-	-	-	-
ASSETS	**12,614**	**2,228**	**83**	**10,177**	**2**	**-**	**124**
Long-term borrowings	3,028	-	-	-	-	3,028	-
Short-term borrowings	283	-	-	-	-	283	-
TOTAL BORROWINGS	**3,311**	**-**	**-**	**-**	**-**	**3,311**	**-**
Trade payables	11,992	-	-	11,992	-	-	-
Other creditors and current liabilities(2)	502	-	-	217	-	-	285
LIABILITIES	**15,805**	**-**	**-**	**12,209**	**-**	**3,311**	**285**

(in millions of euros)	Value in balance sheet December 31, 2015	Fair value through P&L	Available-for-sale assets	Loans and receivables Borrowings and liabilities	Assets held to maturity	Debt at amortized cost	Derivative instruments
Other financial assets	174	-	74	100	-	-	-
Trade receivables	9,738	-	-	9,738	-	-	-
Other receivables and current assets(1)	168	-	-	76	-	-	92
Cash and cash equivalents	1,672	1,672	-	-	-	-	-
ASSETS	**11,752**	**1,672**	**74**	**9,914**	**-**	**-**	**92**
Long-term borrowings	3,086	-	-	-	-	3,086	-
Short-term borrowings	305	-	-	-	-	305	-
TOTAL BORROWINGS	**3,391**	**-**	**-**	**-**	**-**	**3,391**	**-**
Trade payables	11,771	-	-	11,771	-	-	-
Other creditors and current liabilities(2)	495	-	-	259	-	-	236
LIABILITIES	**15,657**	**-**	**-**	**12,030**	**-**	**3,391**	**236**

(1) Excluding tax claims, advances to suppliers and prepayments (see Note 17).
(2) Excluding advances and deposits received, liabilities to employees, tax liabilities and deferred income (see Note 23).

Income statement per category of financial instruments

	December 31, 2016								
					Debt at amortized cost		Loans and receivables		
(in millions of euros)	Valuation at fair value	Interest on assets remeasured at fair value	Dividends of available-for-sale assets	Impairment of assets held to maturity	Foreign exchange effects	Interest	Foreign exchange effects	Impairment and other reversals	Change in value of derivatives
Operating income	-	-	-	-	-	-	-	(23)	-
Cost of net financial debt	-	33	-	-	-	(107)	-	-	-
Other financial income and expenses[1]	-	-	(1)	-	-	-	28	-	(17)

	December 31, 2015								
					Debt at amortized cost		Loans and receivables		
(in millions of euros)	Valuation at fair value	Interest on assets remeasured at fair value	Dividends of available-for-sale assets	Impairment of assets held to maturity	Foreign exchange effects	Interest	Foreign exchange effects	Impairment and other reversals	Change in value of derivatives
Operating income	-	-	-	-	-	-	-	(14)	-
Cost of net financial debt	-	35	-	-	-	(109)	-	-	-
Other financial income and expenses[1]	-	-	-	-	-	-	143	-	(132)

(1) Excluding the financial cost related to discounting long-term vacant property provisions and pension provisions (see Note 7).

4

Fair value

The carrying amount of financial assets and liabilities recognized at amortized cost approximates fair value, except for financial liabilities, which had a fair value of euro 3,554 million at December 31, 2016 (versus a carrying amount of euro 3,311 million). At December 31, 2015, the fair value of financial liabilities was euro 3,572 million (versus a carrying amount of euro 3,391 million).

The fair values of Eurobonds, convertible bonds have been calculated by discounting the expected future cash flows at market interest rates (fair value Level 2).

Fair value hierarchy

The table below breaks down financial instruments recognized at fair value according to the measurement method used. The different levels of fair value have been defined as follows:

- level 1: Quoted prices in active markets for identical instruments;
- level 2: Observable data other than quoted prices for identical instruments in active markets;
- level 3: Significant unobservable data.

	December 31, 2016			
(in millions of euros)	Level 1	Level 2	Level 3	Total
Short-term liquid investments	112	-	-	112
Available-for-sale financial assets	68	-	18	86
Derivative instruments – Assets	-	124	-	124
	180	**124**	**18**	**322**
Derivative instruments – Liabilities	-	(285)	-	(285)
TOTAL	**180**	**(161)**	**18**	**37**

	December 31, 2015			
(in millions of euros)	Level 1	Level 2	Level 3	Total
Short-term liquid investments	54	-	-	54
Available-for-sale financial assets	63	-	18	81
Derivative instruments – Assets	-	92	-	92
	117	**92**	**18**	**227**
Derivative instruments – Liabilities	-	(236)	-	(236)
TOTAL	**117**	**(144)**	**18**	**(9)**

Note 26 Risk management

Exposure to interest rate risk

Group management determines the allocation of debt between fixed and variable-rate debt, which is periodically reviewed in terms of interest rate trend forecasts.

At the end of 2016, the Group's gross borrowings, excluding debt related to the acquisition of shareholdings and debt relating to commitments to buy out non-controlling interests, was composed of:

- 65% in fixed-rate loans with an average interest rate for 2016 of 3.5%;
- 35% in variable-rate loans.

The table below sets out the carrying amount by maturity on December 31, 2016 of the Group's financial instruments exposed to interest rate risk:

(in millions of euros)	Total at December 31, 2016	Maturity -1 year	Maturity 1 to 5 years	Maturity +5 years
Fixed rate				
Eurobond 2021[(2)(3)]	695	-	695	-
Eurobond 2023[(3)]	492	-	-	492
Eurobond 2024[(1)(3)]	604	-	-	604
Debt related to finance leases	101	-	-	101
NET FIXED-RATE LIABILITIES (ASSETS)	**1,892**	**-**	**695**	**1,197**
Variable rate				
Medium-term syndicated loan	972	-	972	-
Bank borrowings	44	37	7	-
Bank overdrafts	25	25	-	-
Cash and cash equivalents	(2,228)	(2,228)	-	-
Other financial assets	(182)	(182)	-	-
NET VARIABLE-RATE LIABILITIES (ASSETS)	**(1,369)**	**(2,348)**	**979**	**-**

(1) The Eurobond 2024 swaps have the following characteristics:
- *euro 300 million equivalent, 10-year, fixed rate at 2.994%;*
- *euro 300 million equivalent, 10-year, fixed rate at 2.965%.*

(2) The Eurobond 2021 swaps have the following characteristics:
- *euro 350 million equivalent, 7-year, fixed rate at 2.921%;*
- *euro 350 million equivalent, 7-year, fixed rate at 2.918%.*

(3) Net of issuance costs.

Exposure to exchange rate risk

NET ASSETS

The table below shows the Group's net assets at December 31, 2016 broken down by principal currencies:

(in millions of euros)	Total at December 31, 2016	Euros[1]	US dollar	Pound Sterling	Brazilian Real	Yuan	Other
Assets	24,896	4,094	13,004	1,537	488	1,482	4,291
Liabilities	(18,831)	(4,584)	(9,405)	(902)	(220)	(909)	(2,811)
NET ASSETS	6,065	(490)	3,599	635	268	573	1,480
Effect of foreign exchange hedges[2]		**2,110**	**(2,292)**	**453**	**-**	**-**	**(271)**
NET ASSETS AFTER HEDGING	**6,065**	**1,620**	**1,307**	**1,088**	**268**	**573**	**1,209**

(1) Currency used to present consolidated financial statements.
(2) The financial instruments used to hedge foreign exchange risk are mainly currency swaps.

In addition, changes in exchange rates against the euro, the presentation currency used in the Group's financial statements, can have an impact on the Group's consolidated balance sheet and consolidated income statement.

4

REVENUE AND OPERATING MARGIN

The breakdown of Group revenue by the currency in which it is earned is as follows:

	2016	2015
Euro	15%	15%
US dollar	52%	52%
Pound Sterling	9%	9%
Other	24%	24%
TOTAL REVENUE	**100%**	**100%**

The impact of a drop of 1% in the euro exchange rate against the US dollar and the pound sterling would be (favorable impact):

- euro 59 million on 2016 consolidated revenue;
- euro 7 million on the 2016 operating margin.

The majority of our commercial dealings are done in the local currencies of the countries in which they are transacted. As a result, exchange rate risk relating to such transactions is not very significant and is occasionally hedged through currency hedging agreements.

As regards intercompany loans/borrowings, these are subject to appropriate hedges if they present a significant net exposure to exchange rate risk.

Derivatives used are generally forward currency contracts or currency swaps.

Exposure to client counterparty risk

The Group analyzes its trade receivables, focusing in particular on improving the time taken to recover such receivables, in the context of the management of its working capital requirements. The Group Treasury Department monitors overdue receivables for the entire Group. In addition, the Group periodically reviews the list of its main clients in order to determine exposure to client counterparty risk at Group level and, if necessary, it puts in place specific monitoring in the form of a weekly summary of the Group's exposure to certain clients.

Any impairments required are assessed on an individual basis and take into account different criteria such as the customer's situation and delays in payment. No general provisions are recorded on an overall basis.

The following table shows the period overdue of trade receivables invoiced over the last two financial years:

(in millions of euros)	2016	2015
Amounts not yet due	**6,295**	**6,383**
Overdue receivables:		
Up to 30 days	516	531
31 to 60 days	150	183
61 to 90 days	50	67
91 to 120 days	28	20
More than 120 days	128	94
TOTAL OVERDUE RECEIVABLES	**872**	**895**
INVOICED TRADE RECEIVABLES	**7,167**	**7,278**
Impairment	(85)	(77)
INVOICED TRADE RECEIVABLES NET	**7,082**	**7,201**

Disclosures regarding major clients

% of revenue	2016	2015
Five largest clients	14%	15%
Ten largest clients	20%	21%
Twenty largest clients	30%	30%
Thirty largest clients	37%	37%
Fifty largest clients	45%	45%
One hundred largest clients	55%	55%

Exposure to bank counterparty risk

Publicis has established a group-wide policy for selecting authorized banks as counterparties for all its subsidiaries. This policy requires that deposits be made in authorized banks and that in general all banking services be provided exclusively by these banks. The list of authorized banks is reviewed periodically by the Group Treasury Department. Exceptions to this policy are handled centrally for the entire Group by the treasury office.

Additionally, studies are carried out in order to ensure that almost all cash and cash equivalents are deposited in authorized banks.

Other

As part of the inquiry carried out by the Antitrust Division of the United States' Department of Justice on video production in advertising, one of Publicis Groupe's subsidiaries received a subpoena to provide elements on December 14, 2016. The Group, supported by an external consulting firm, will collaborate fully and productively in this inquiry.

Note 27 Operating segment information

Information by business sector

The Publicis Groupe structure, developed over several years, is designed to provide the Group's clients with comprehensive, holistic communication services involving all disciplines. The new Group structure, put in place on January 1, 2016, primarily led to existing agency networks being grouped together by Solution hubs, but retains a client-centered approach. In consequence, the new structure has not resulted in any fundamental changes to the way in which operating segment information to be presented is analyzed.

The Group has, therefore, identified operating segments which correspond to hubs and which may be categorized together since they share similar economic features (similar margins across the various operating segments) and provide similar services (a full range of advertising and communications services) and do so for similar types of clients (the vast majority of the Group's top 50 clients are clients of several operating segments). The operating segments are thus pooled into a single sector in accordance with IFRS 8.

Reporting by region

Given the importance of geographic location for the analysis of the business, the Group has chosen to provide specific information by region.

Data are established on the basis of the location of the agency.

YEAR 2016

(in millions of euros)	Europe	North America	Asia Pacific	Latin America	Middle East & Africa	Total
Income statement items						
Revenue[1]	2,760	5,236	1,085	365	287	9,733
Depreciation and amortization expense (excluding intangibles from acquisitions)	(56)	(78)	(23)	(5)	(4)	(166)
Operating margin	429	813	173	51	50	1,516
Amortization of intangibles from acquisitions	(18)	(56)	(2)	(3)	0	(79)
Impairment	(310)	(1,029)	(59)	(1)	(41)	(1,440)
Balance sheet items						
Goodwill, net	2,484	4,850	1,195	416	205	9,150
Intangible assets, net	127	1,202	2	12	2	1,345
Property, plant and equipment, net	300	259	55	17	9	640
Other financial assets	105	39	31	5	2	182
Disclosures in respect of the statement of cash flows						
Purchases of property, plant and equipment and intangible assets	(70)	(66)	(30)	(4)	(3)	(173)
Purchases of investments and other financial assets, net	(8)	(4)	1	-	(1)	(12)
Acquisitions of subsidiaries	(110)	(88)	(28)	(5)	(9)	(240)

(1) Because of the way this indicator is calculated (difference between billings and cost of billings), there are no intercompany eliminations between the different zones.

See Note 26 for information by currency on the exposure to exchange rate risk presented by liabilities.

YEAR 2015

(in millions of euros)	Europe	North America	Asia Pacific	Latin America	Middle East & Africa	Total
Income statement items						
Revenue[1]	2,664	5,184	1,066	412	275	9,601
Depreciation and amortization expense (excluding intangibles from acquisitions)	(63)	(75)	(27)	(5)	(4)	(174)
Operating margin	297	933	163	44	50	1,487
Amortization of intangibles from acquisitions	(18)	(64)	(3)	(4)	(0)	(89)
Impairment	0	(17)	0	(11)	0	(28)
Balance sheet items						
Goodwill, net	2,730	5,442	1,479	374	186	10,211
Intangible assets, net	153	1,372	2	12	2	1,541
Property, plant and equipment, net	318	267	48	17	10	660
Other financial assets	103	34	31	5	1	174
Disclosures in respect of the statement of cash flows						
Purchases of property, plant and equipment and intangible assets	(80)	(116)	(25)	(7)	(3)	(231)
Purchases of investments and other financial assets, net	(18)	1	(3)	-	2	(18)
Acquisitions of subsidiaries	(142)	(3,039)	(13)	(7)	(64)	(3,265)

(1) Because of the way this indicator is calculated (difference between billings and cost of billings), there are no intercompany eliminations between the different zones.

Note 28 Publicis Groupe SA stock option and free share plans

Three types of free share option plans were created during 2016, with the following features:

- Long-Term Incentive Plan "LTIP 2016" (June 2016) and "LTIP 2016-2018" (June 2016) solely for members of the *Directoire* and *Directoire*+.

  Under this plan, a certain number of Group managers were awarded free shares, subject to two conditions. Firstly, employment must continue throughout the three-year vesting period. Furthermore, the free shares are subject to performance criteria, such that the total number of shares received will depend on the overall attainment of growth and profitability targets in 2016 (or over the 2016-2018 period for members of the *Directoire* and *Directoire* +). The shares ultimately awarded in accordance with the level of attainment of these performance targets will be deliverable at the end of a three-year period, *i.e.* in June 2019.

- Long-Term Incentive Plan "Sapient 2016 Plan" (April 2016)

  In accordance with the agreements entered into during the acquisition of Sapient, and as a transitional measure for 2015 and 2016, at the same time as LTIP 2016, which concerns only Group employees to the exclusion of Sapient employees, two specific plans were introduced in respect of 2016 to the exclusive benefit of Sapient managers and employees. The first plan is conditional only upon continued employment and gives rise to the delivery of one-quarter of the shares awarded on the dates of the first four anniversaries of the plan (*i.e.* in April 2017, 2018, 2019 and 2020). In addition to the condition of continued employment, the second plan is conditional upon performance criteria, such that the total number of shares delivered shall depend on the level of attainment of targets in respect of 2016, 2017 and 2018. The shares ultimately awarded in accordance with the level of attainment of these performance targets will be deliverable at the end of a three-year period, *i.e.* in April 2019.

- 2016-2018 three-year free share plan ("LionLead3") France and International (June 2016)

  Under this plan, a certain number of Group managers (excluding *Directoire* & *Directoire* +) who are shareholders were awarded free shares, subject to two conditions. Firstly, employment must continue throughout the vesting period (three years for the France plan and four years for the International plan). Secondly, the free shares are subject to non-market performance criteria (for 100% of shares for the France plan and 85% of shares for the International plan), namely achieving – or exceeding – a target operating margin set in the annual budget, as well as achieving a certain rate of organic growth and an operating margin compared to a reference group. Furthermore, part of these shares is subject to a supplementary performance criteria (Publicis Groupe share price after each year-end closing). As a result, the total number of shares received will depend on the level of attainment of all of these criteria for each year in the 2016-2018 period. The shares, awarded in June 2016, will vest in June 2019 for the France plan and 2020 for the International plan.

- 2016-2018 three-year free share plan ("LionLead3") for members of the *Directoire* and *Directoire* +

  Under this plan, the shareholding members of the *Directoire* and *Directoire* + were awarded free shares, subject to two conditions. Firstly, employment must continue throughout the three-year vesting period. Secondly, the free shares are subject to non-market performance criteria over the three-year period, namely achieving – or exceeding – cumulative objectives relating to the operating margin set in the annual budget for each of the three years, as well as achieving a certain rate of organic growth and an average operating margin compared to a reference group. Furthermore, a portion of these shares is subject to a supplementary performance criterion (Publicis Groupe share price at the end of the final year of the 2018 plan). As a result, the total number of shares received will depend on the level of attainment of all of these criteria for the 2016-2018 period. The shares, awarded in June 2016, will vest in June 2019.

In addition, performance of the following plans was assessed in 2016:

- LTIP 2015: the performance targets set for 2015 were 50% achieved. The free shares are still subject to the continued employment condition until April 2018 (French beneficiaries) or April 2019 (foreign beneficiaries);
- LTIP 2013-2015 (Management Board): the rate of attainment of the performance targets for 2013-2015 was 53.2%. The free shares are still subject to the continued employment condition until April 2017 for non-French members of the Management Board;
- co-investment 2013-2015 Plan – Stock options: the rate of attainment of the performance targets for 2013-2015 was 50%. The stock options are still subject to the continued employment condition until April 2017 for non-French beneficiaries of the plan;
- co-investment 2013-2015 Plan – Shares (for the Management Board only): the rate of attainment of the performance targets for 2013-2015 was 50%. The stock options are still subject to the continued employment condition until April 2017 for non-French beneficiaries of the plan.

4

Share subscription or purchase options originated by Publicis Groupe

Characteristics of the Publicis Groupe stock option plans as of December 31, 2016

Plans	Type[1]	Date of grant	Exercise price of options (in euros)	Options outstanding on January 1, 2016 (or if later: the grant date)	Options canceled, lapsed or transferred[2] in 2016	Options exercised in 2016	Outstanding options at December 31, 2016	Of which exercisable at December 31, 2016	Expiry date	Remaining contract life (in years)
22nd tranche LTIP 2006-2008	A	8/21/2006	29.27	342,600	(35,574)	(307,026)	0	0	8/21/2016	-
23rd tranche LTIP 2006-2008	A	8/24/2007	31.31	136,966	(3,130)	(22,417)	111,419	111,419	8/24/2017	0.64
Co-investment 2013 France – options	A	4/30/2013	52.76	828,963	(448,093)	(57,499)	323,371	323,371	4/30/2023	6.33
Co-investment 2013 Outside France – options	A/S	4/30/2013	52.76	4,064,414	(2,256,234)	(17,818)	1,790,362	0	4/30/2023	6.33
TOTAL OF ALL TRANCHES				**5,372,943**	**2,743,031**	**404,760**	**2,225,152**	**434,790**		

(1) A = stock options; S = share subscription options.
(2) These relate to any transfers between French and foreign plans due to the geographic mobility of beneficiaries.

The award of the share purchase or subscription options under the above plans is conditional on continued employment throughout the vesting period. The award is also subject to non-market performance conditions.

Movements in Publicis Groupe stock option plans over the past two years

	2016		2015	
	Number of options	Average exercise price (in euros)	Number of options	Average exercise price (in euros)
OPTIONS AT JANUARY 1	**5,372,943**	**50.72**	**6,445,188**	**49.71**
Options granted during the year	-		-	
Options exercised[1]	(404,760)	33.75	(340,459)	29.12
Canceled or lapsed options	(2,743,031)	52.43	(731,786)	51.88
OPTIONS OUTSTANDING AT DECEMBER 31	**2,225,152**	**51.69**	**5,372,943**	**50.72**
Of which exercisable	434,790	47.26	479,566	29.85
(1) Average share price on exercise (in euros)		*62.10*		*66.57*

Free share plans originated by Publicis Groupe

Characteristics of Publicis Groupe free share plans as of December 31, 2016

Plans	Date of initial grant	Grants as of January 1, 2016 (or if later: date of grant)	Shares canceled, lapsed or transferred[1] in 2016	Shares vesting in 2016[2]	Shares yet to vest at December 31, 2016	Vesting date of shares[3]	Remaining contract life (in years)
50 free shares plan 2013 – 26 countries	2/01/2013	152,675	(36,275)	-	116,400	2/01/2017	0.09
LTIP 2012 Plan – Outside France	4/17/2012	451,684	(53,365)	(398,319)	-	4/17/2016	-
	4/16/2013	42,237	(4,847)	(37,390)	-	4/16/2016	-
LTIP 2013 Plan – France	4/16/2013	273,067	(17,688)	(2,389)	252,990	4/16/2017	0.29
LTIP 2013 Plan – Outside France	6/17/2013	48,932	(30,300)	(18,632)	-	6/17/2016	-
LTIP 2013-2015 Plan (Management Board members France)	6/17/2013	24,466	(5,834)	-	18,632	6/17/2017	0.46
LTIP 2013-2015 Plan (Management Board members Outside France)	4/30/2013	117,920	(24,525)	(93,395)	-	4/30/2016	-
2013 co-investment plan – France – Shares	4/30/2013	578,162	(61,337)	(12,707)	504,118	4/30/2017	0.33
2013 co-investment plan – Outside France – Shares	3/20/2014	37,046	(2,265)	-	34,781	3/20/2017	0.22
LTIP 2014 Plan – France	3/20/2014	249,961	(19,636)	(1,000)	229,325	3/20/2018	1.22
LTIP 2014 Plan – Outside France	4/17/2015	78,060	(41,878)	-	36,182	4/17/2018	1.29
LTIP 2015 Plan – France	4/17/2015	549,030	(299,829)	(2,000)	247,201	4/17/2019	2.29
LTIP 2015 Plan – Outside France	4/17/2015	364,855	(9,043)	(78,360)	277,452	4/17/2019	2.29
Sapient 2015 Plan (4-year)	4/17/2015	51,196	(8,531)	-	42,665	4/17/2018	1.29
Sapient 2015 Plan (3-year)	6/23/2016	770,300	(24,700)	-	745,600	6/23/2019	2.48
LTIP 2016 Plan	6/23/2016	120,000	-	-	120,000	6/23/2019	2.48
LTIP 2016-2018 Plan Directoire & Directoire +	6/16/2016	509,652	-	-	509,652	6/16/2019	2.46
LionLead3 2016-2018 Plan – France LionLead3 2016-2018 Plan – International	6/16/2016	3,250,962	(11,583)	-	3,239,379	6/16/2020	3.46
LionLead3 2016-2018 Plan – Directoire & Directoire +	6/16/2016	1,007,721	(173,745)	-	833,976	6/23/2019	2.48
Sapient 2016 Plan (4 year)	4/15/2016	381,342	-	-	381,342	4/15/2020	3.29
Sapient 2016 Plan (3 year)	4/15/2016	61,262	-	-	61,262	4/15/2019	2.29
TOTAL FREE SHARE PLANS		**9,120,530**	**(825,381)**	**(644,192)**	**7,650,957**		

(1) These relate to any transfers between French and foreign plans due to the geographic mobility of beneficiaries.
(2) In exceptional cases, as described in the plan regulations, shares may be delivered prior to the end of the vesting period.
(3) Plans allocated prior to 2016: French beneficiaries must observe an additional two-year lock-in period after vesting.

The award of free shares under the above plans is conditional on continued employment throughout the vesting period. Awards are also subject to non-market performance conditions for LTIP 2012 to 2016 Plans, for the 2013 co-investment plan relating only to members of the Management Board, for the Sapient 2015 and 2016 Plans for which the vesting period is three years and lastly, for the Lionlead3 Plan.

4

Movements in Publicis Groupe free share plans over the last two years

	2016	2015
PROVISIONAL SHARE GRANTS AT JANUARY 1	**3,019,291**	**3,262,862**
Provisional grants during the year	6,101,239	1,062,770
Grants vesting (deliveries)	(299,238)	(663,598)
Grants lapsed	(1,170,335)	(642,743)
PROVISIONAL GRANTS AT DECEMBER 31	**7,650,957**	**3,019,291**

Fair value of free Publicis Groupe shares granted during the year:

Free shares	LTIP 2016	LTIP 2016-2018 Directoire & Directoire +	LionLead3 2016-2018 (excluding Directoire & Directoire +)	LionLead3 2016-2018 (Directoire & Directoire +)	Sapient 2016 (4 years)	Sapient 2016 (3 years)
Date of Management Board meeting	6/23/2016	6/23/2016	6/16/2016	6/16/2016	4/15/2016	4/15/2016
Number of shares originally granted	770,300	120,000	3,760,614	1,007,721	381,342	61,262
Initial valuation of shares granted (weighted average, in euros)	57.65	57.65	20.44 (1)	23.05 (1)	58.67	57.79
Assumptions:						
Share price on the grant date (in euros)	63.48	63.48	59.30	59.30	63.09	63.09
Lock-in period (in years)	3	3	4 (2)	3	1 à 4	3

(1) The number of shares that will effectively be delivered depends not only on the above-mentioned non-market performance conditions but also, for part of the shares, on the share price (market condition) at the close of each plan year (or the final year of the plan for the Directoire & Directoire +). For this reason, the Monte-Carlo method was used to calculate the fair value of shares subject to a market performance condition.

(2) Except for French beneficiaries, for whom the vesting period is only three years.

Effect of share subscription or stock option plans and free share plans on profit (loss)

The total impact of these plans on the 2016 income statement was euro 55 million (excluding taxes and social security charges), compared to euro 38 million in 2015 (see Note 3 – "Personnel expenses").

With regard to the free share plans granted subject to performance conditions, the rights of which were still to be vested as of December 31, 2016, the probability of the targets for 2016 being met has been estimated as follows:

- LTIP 2016 Plan: 50%;
- LTIP 2016-2018 Plan (*Directoire* & *Directoire* +): 100%;
- LionLead3 2016-2018 plan (excluding *Directoire* & *Directoire* +): 91.66%;
- LionLead3 2016-2018 plan (*Directoire* & *Directoire* +): 100%;
- Sapient 2016 Plan (3 year) 100%.

Note 29 Related party disclosures

Related-party transactions

On June 16, 2016, Publicis Groupe sold 42,500 shares in Mediavision et Jean Mineur SA, accounting for 56.67% of the share capital and voting rights:

- to BDC, represented by Benjamin Badinter, which acquired 39,000 shares, representing 52% of the share capital and voting rights; and
- to the Mineur family, which acquired 3,500 shares representing 4.67% of the share capital and voting rights in Mediavision.

The sale price for 56.67% of the share capital and voting rights was euro 19 million.

Following this transaction, Publicis Groupe holds 10% of the capital interest and voting rights.

The balance of related-party transactions is presented below and mainly concerns the entities OnPoint, ZAG and Viva Tech in 2016 and OnPoint in 2015:

(in millions of euros)	2016	2015
Receivables	22	8
Liabilities	7	6

Compensation of managers

Managers include individuals who were members of the Supervisory Board or Management Board, at the reporting date or during the year ended.

(in millions of euros)	2016	2015
Total gross compensation(1)	(10)	(11)
Post-employment benefits(2)	-	1
Other long-term benefits(3)	1	(1)
Share-based payments(4)	(2)	(1)

(1) Compensation, bonuses, indemnities, directors' fees and benefits in kind paid during the year.
(2) Change in pension provisions (net impact on income statement).
(3) Increase/release of provisions for deferred compensation and contingent bonuses.
(4) Expense recognized in the income statement under the Publicis Groupe share subscription and purchase options and free share plans.

In addition, the total accounting provision as of December 31, 2016 for retirement and other long-term benefits for senior management amounted to euro 7 million. This figure was euro 8 million on December 31, 2015.

4

Note 30 Subsequent events

None

Note 31 Fees of the statutory auditors and members of their network

The fees paid by Publicis Groupe SA during 2016 and 2015 to all of the Group's statutory auditors were as follows:

	Ernst & Young				Mazars				Total			
	Amount (excl. taxes)		%		Amount (excl. taxes)		%		Amount (excl. taxes)		%	
(in millions of euros)	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Statutory Audit												
Publicis Groupe SA (parent company)	0.9	0.8	13%	9%	0.4	0.4	8%	9%	1.3	1.2	11%	10%
Audit of financial statements	0.7	0.7			0.4	0.4			1.1	1.1		
Other services	0.2	0.1			0	0			0.2	0.1		
Subsidiaries	0.3	0.3	4%	3%	0.6	0.5	13%	11%	0.9	0.8	8%	5%
Audit of financial statements	0.3	0.3			0.6	0.5			0.9	0.8		
Other services	0	0			0	0			0	0		
SUBTOTAL	**1.2**	**1.1**	**17%**	**12%**	**1.0**	**0.9**	**21%**	**20%**	**2.2**	**2.0**	**19%**	**15%**
Network												
Audit n of financial statements	5.3	5.5	76%	65%	3.7	3.5	77%	78%	9.0	9.0	76%	69%
Other services	0.5	2.0	7%	23%	0.1	0.1	2%	2%	0.6	2.1	5%	16%
SUBTOTAL	**5.8**	**7.5**	**83%**	**88%**	**3.8**	**3.6**	**79%**	**80%**	**9.6**	**11.1**	**81%**	**85%**
TOTAL	**7.0**	**8.6**	**100%**	**100%**	**4.8**	**4.5**	**100%**	**100%**	**11.8**	**13.1**	**100%**	**100%**

Note 32 List of main consolidated companies on December 31, 2016

A) Fully consolidated companies

The companies listed below are our operating companies with 2016 revenue of at least euro 10 million.

Name	Voting rights	Shareholding	Country
Metrobus Publicité SA	67.00%	67.00%	France
Mediagare SNC	100.00%	67.00%	France
Drugstore Champs-Élysées SNC	100.00%	100.00%	France
Razorfish France SAS	100.00%	100.00%	France
Marcel SAS	100.00%	99.98%	France
Publicis Conseil SA	99.98%	99.98%	France
Publicis Consultants I France SARL	99.99%	99.99%	France
Publicis Activ France SA	100.00%	99.94%	France
Leo Burnett SAS	100.00%	100.00%	France
Publicis Life Brands SA	100.00%	100.00%	France
Publicis Dialog SAS	100.00%	99.98%	France
Publicis Media France[1]	100.00%	100.00%	France
World Advertising Movies SAS	100.00%	100.00%	France
ETO SAS	100.00%	84.16%	France
SCAP SARL	100.00%	100.00%	France
Publicis Chemistry Paris[1]	99.98%	99.98%	France
DigitasLBi SAS[2]	100.00%	100.00%	France
Independance Media SAS[2]	100.00%	100.00%	France
Advance Marketing Services SAS[2]	100.00%	100.00%	France
The Creative Counsel Pty Ltd[2]	100.00%	70.35%	South Africa
MMS Communication South Africa Pty Ltd[2]	100.00%	70.35%	South Africa
Razorfish GmbH	100.00%	100.00%	Germany
DigitasLBi Germany AG	100.00%	100.00%	Germany
MetaDesign AG	100.00%	100.00%	Germany
CNC AG	100.00%	100.00%	Germany
Zenithmedia Düsseldorf GmbH	100.00%	100.00%	Germany
Saatchi & Saatchi GmbH	100.00%	100.00%	Germany
Leo Burnett GmbH	100.00%	100.00%	Germany
Performics – Newcast GmbH	100.00%	100.00%	Germany
Sapient GmbH	100.00%	100.00%	Germany
Publicis Pixelpark GmbH	100.00%	100.00%	Germany
Publicis Media GmbH[1]	100.00%	100.00%	Germany
Pixelpark AG	100.00%	100.00%	Germany
Blue 449 GmbH[1]	100.00%	100.00%	Germany
AKM3 GmbH[2]	100.00%	100.00%	Germany
Abdulkader Suleiman El Khereiji & Bro-thers Advertising Company	100.00%	100.00%	Saudi Arabia
MMS Comunicaciones Argentina SRL	100.00%	100.00%	Argentina
ZenithOptimedia Australia Pty Ltd	100.00%	100.00%	Australia
Publicis Australia Pty Ltd[1]	100.00%	100.00%	Australia
Publicis Loyalty Pty Ltd	100.00%	100.00%	Australia
Saatchi & Saatchi Communications Australia Pty Ltd	100.00%	100.00%	Australia
Leo Burnett (VIC) Pty Ltd	100.00%	100.00%	Australia
Leo Burnett Pty Ltd	100.00%	100.00%	Australia
Starcom MediaVest Group Pty Ltd	100.00%	100.00%	Australia
Match Media Australia Ltd[2]	100.00%	100.00%	Australia
SapientNitro Pty Ltd[2]	100.00%	100.00%	Australia
Proximedia SA	100.00%	100.00%	Belgium

Name	Voting rights	Shareholding	Country
DPZ&T Communicaçoes SA[1]	100.00%	100.00%	Brazil
PBC Comunicaçao Ltda[1]	100.00%	100.00%	Brazil
Leo Burnett Publicidade Ltda	99.99%	99.99%	Brazil
F/Nazca S&S Publicidade Ltda[1]	98.00%	98.00%	Brazil
BRZ/Neogama Comunicaçoes Ltda[1]	100.00%	100.00%	Brazil
Talent Marcel Comunicaçao e Planejamento SA[1]	100.00%	100.00%	Brazil
Leo Burnett Company Ltd	100.00%	100.00%	Canada
TMG MacManus Canada Inc.	100.00%	100.00%	Canada
Publicis Canada Inc.	100.00%	100.00%	Canada
Saatchi & Saatchi Advertising Inc.	100.00%	100.00%	Canada
Sapient Canada Inc.	100.00%	100.00%	Canada
GB/2 Inc.	100.00%	100.00%	Canada
Nurun Inc.	100.00%	100.00%	Canada
MMS Communications Chile SA	100.00%	100.00%	Chile
BBH China Ltd	100.00%	100.00%	China
Genedigi	100.00%	100.00%	China
Publicis Advertising Co. Ltd	100.00%	100.00%	China
Saatchi & Saatchi Great Wall Advertising Co. Ltd	100.00%	100.00%	China
Leo Burnett Shangai Advertising Co. Ltd	100.00%	100.00%	China
Beijing MSLGROUP PR Consultants BJ Co. Ltd	100.00%	100.00%	China
Publicis.Sapient China Co. Ltd[2]	100.00%	100.00%	China
MMS Communicaciones Colombia SAS	99.45%	99.45%	Colombia
Leo Burnett Korea Inc.	100.00%	100.00%	South Korea
Leo Burnett FZ LLC[1]	100.00%	100.00%	United Arab Emirates
Publicis Middle East FZ LLC	100.00%	100.00%	United Arab Emirates
Starcom MediaVest Group FZ LLC	100.00%	100.00%	United Arab Emirates
Zenith FZ LLC[2]	100.00%	100.00%	United Arab Emirates
Blue449 | Optimedia SL[1]	100.00%	100.00%	Spain
Starcom MediaVest Group Iberia SL	100.00%	100.00%	Spain
Publicis Comunicacion Espana SL[1]	100.00%	100.00%	Spain
Zenith Media SL	100.00%	100.00%	Spain
Run Inc.	100.00%	100.00%	United States
Nurun San Francisco Inc.	100.00%	100.00%	United States
Verilogue Inc.	100.00%	100.00%	United States
Rokkan Media LLC	100.00%	100.00%	United States
MRY US LLC	100.00%	100.00%	United States
Moxie[1]	100.00%	100.00%	United States
Martin Retail Group	70.00%	70.00%	United States
Kekst & Company	100.00%	100.00%	United States
Publicis Hawkeye Inc.	100.00%	100.00%	United States
Leo Burnett Detroit Inc.	100.00%	100.00%	United States
Prodigious USA LLC[1]	100.00%	100.00%	United States
Publicis Healthcare Solutions Inc.	100.00%	100.00%	United States
MSL Manning Selvage & Lee Group Americas Inc.	100.00%	100.00%	United States
Publicis Inc.	100.00%	100.00%	United States
VivaKi, Inc.	100.00%	100.00%	United States
VNC Communications Inc.	100.00%	100.00%	United States
Blue 449, Inc.[1]	100.00%	100.00%	United States
Saatchi & Saatchi North America, Inc.	100.00%	100.00%	United States
Digitas Inc.	100.00%	100.00%	United States
Zenith Media Services Inc.	100.00%	100.00%	United States
Conill Advertising Inc.	100.00%	100.00%	United States
Saatchi & Saatchi X Inc.	100.00%	100.00%	United States

Name	Voting rights	Shareholding	Country
Razorfish LLC	100.00%	100.00%	United States
Leo Burnett Company Inc.	100.00%	100.00%	United States
Starcom Worldwide Inc.	100.00%	100.00%	United States
Apex Exchange LLC	100.00%	100.00%	United States
Sapient Corporation	100.00%	100.00%	United States
Sapient Government Services Inc.	100.00%	100.00%	United States
Mphasize LLC	100.00%	100.00%	United States
La Communidad Corporation	100.00%	100.00%	United States
Fallon Group Inc.	100.00%	100.00%	United States
Bartle Bogle Hegarty LLC	100.00%	100.00%	United States
3 Share Inc.	100.00%	100.00%	United States
Rosetta Marketing Group LLC	100.00%	100.00%	United States
Publicis Health Media LLC(1)	100.00%	100.00%	United States
Alpha 245 Inc.	100.00%	100.00%	United States
Level Sunset LLC	100.00%	100.00%	United States
Expicient, Inc.	100.00%	100.00%	United States
MediaVest Worldwide Inc.(1)	100.00%	100.00%	United States
Vertiba, LLC(2)	100.00%	100.00%	United States
Televest Entertainment, Inc.(2)	100.00%	100.00%	United States
Leo Burnett Ltd	100.00%	100.00%	Hong Kong
Denuo Ltd	100.00%	100.00%	Hong Kong
Saatchi & Saatchi Services Ltd	100.00%	100.00%	Hong Kong
MMS Communications Hungary Kft.(2)	100.00%	100.00%	Hungary
TLG India Pvt Ltd	100.00%	100.00%	India
Sapient Consulting Pvt Ltd	100.00%	100.00%	India
PT. Star Reachers Indonesia(2)	100.00%	51.00%	Indonesia
BBR Baumann Ber Rivnay Ltd	100.00%	95.63%	Israel
Super Push (Marketing Systems) Ltd(2)	100.00%	95.63%	Israel
Zenith Italy Srl(1)	100.00%	100.00%	Italy
Publicis Srl	100.00%	100.00%	Italy
Leo Burnett Company Srl	100.00%	100.00%	Italy
Saatchi & Saatchi Srl	100.00%	100.00%	Italy
Beacon Communications KK	66.00%	66.00%	Japan
MMS Communications KK	100.00%	100.00%	Japan
Lion Communications Mexico SA de CV	100.00%	100.00%	Mexico
Starcom Worldwide SA de CV	100.00%	100.00%	Mexico
Leo Burnett Mexico SA de CV(2)	100.00%	100.00%	Mexico
MMS New Zealand Ltd(2)	100.00%	100.00%	New Zealand
Publicis Media Norway AS(1)	100.00%	90.10%	Norway
LBi Holding NV(1)	100.00%	99.41%	Netherlands
MMS Communications Netherlands BV(1)	100.00%	100.00%	Netherlands
DMX Media BV	100.00%	100.00%	Netherlands
VivaKi Peru SA(2)	100.00%	100.00%	Peru
Publicis Jimenez Basic Inc.	100.00%	64.93%	Philippines
Starcom sp. z.o.o	100.00%	100.00%	Poland
Interactive Solutions sp. z.o.o(2)	100.00%	100.00%	Poland
Lions Communications sro(2)	100.00%	100.00%	Czech Republic
MSL Group London Ltd	100.00%	100.00%	United Kingdom
Publicis Ltd	100.00%	100.00%	United Kingdom
Saatchi & Saatchi Group Ltd	100.00%	100.00%	United Kingdom
ZenithOptimedia Services Ltd	100.00%	100.00%	United Kingdom
PGM Media Services Ltd	100.00%	100.00%	United Kingdom
Publicis Healthcare Communications Group Ltd	100.00%	100.00%	United Kingdom

Name	Voting rights	Shareholding	Country
ZenithOptimedia International Ltd	100.00%	100.00%	United Kingdom
Digital and Direct Communications Ltd(1)	100.00%	100.00%	United Kingdom
Sapient Limited UK	100.00%	100.00%	United Kingdom
DigitasLBi Ltd	100.00%	100.00%	United Kingdom
CNC Communications & Network Consulting Ltd(1)	100.00%	100.00%	United Kingdom
BBH Partners LLP	100.00%	100.00%	United Kingdom
Blue 449 UK(1)	75.10%	75.10%	United Kingdom
Leo Burnett Ltd(2)	100.00%	100.00%	United Kingdom
Langland Ltd(2)	100.00%	100.00%	United Kingdom
Poke London Ltd(2)	100.00%	100.00%	United Kingdom
Publicis Groupe Media Eurasia LLC	100.00%	100.00%	Russia
Star Reachers LLC(2)	100.00%	100.00%	Russia
MMS Communications Singapore Pte Ltd	100.00%	100.00%	Singapore
BBH Communications (Asia Pacific) Pte Ltd	100.00%	100.00%	Singapore
JKL AB	100.00%	100.00%	Sweden
DigitasLBi Sverige AB(1)	100.00%	100.00%	Sweden
Publicis Media Sweden AB	100.00%	100.00%	Sweden
Sapient Sweden AB(2)	100.00%	100.00%	Sweden
ZenithOptimedia AG	100.00%	100.00%	Sweden
Leo Burnett SA Switzerland	100.00%	100.00%	Sweden
Publicis Communications Schweiz AG	100.00%	100.00%	Sweden
Denuo Ltd Taiwan Branch(2)	100.00%	100.00%	Taiwan
Star Reachers Group Company Ltd	100.00%	100.00%	Thailand

(1) Change in corporate name.
(2) Companies on the 2016 list but not on the 2015 list.

B) Associates

Name	Voting rights	Shareholding	Country
Burrell Communications Group	49.00%	49.00%	United States
Jana Mobile Inc.	21.00%	21.00%	United States
OnPoint Consulting, Inc.(1)	100.00%	100.00%	United States
Somupi SA	34.00%	34.00%	France
Matomy Media Group Ltd	24.90%	24.90%	Israel
Ilnsight Redefini Ltd(2)	25.00%	25.00%	Nigeria

(1) Although this company is wholly-owned, it is not, however, controlled by the Group, which only has a significant influence.
(2) Companies on the 2016 list but not on the 2015 list.

4.7 Statutory auditors' report on the consolidated financial statements

To the Shareholders,

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

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

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

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

II. JUSTIFICATION OF 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 1.3 "Accounting principles" to the consolidated financial statements describes the accounting policies and methods with respect to revenue recognition. As part of our assessment of the accounting policies and principles applied by your group, we assessed the appropriateness of the accounting method used for revenue recognition and we assured ourselves of the correct application of this accounting method.
- Your group carries out impairment tests with regard to the value of intangible assets, goodwill and property, plant and equipment in accordance with the methods described in Note 1.3 "Accounting principles" and Note 5 "Depreciation, amortization and impairment expense" to the consolidated financial statements. We have examined the implementation modalities of these impairment tests, which have notably led your group to account for impairment losses as described in Note 5. We have examined the cash flow forecasts and key assumptions used by your group in determining the recoverable value, appraised the sensitivity of these valuations to the assumptions, as well as the process leading to determining the estimates by your group and independent experts. We have also reviewed the calculations prepared by your group and ensured that the Notes 1.3 and 5 of the consolidated financial statements provide appropriate disclosure.
- As exposed in Notes 1.3 "Accounting principles" and 22 "Borrowings and other financial liabilities" to the consolidated financial statements, your group recognizes as financial liabilities all commitments related to the acquisition of companies whether they concern commitments to buy-out non-controlling interests or earn-out, based on contractual clauses and the fair value of these commitments, according to the latest available data and projections over the future concerned periods. We reviewed the accounting principles used as well as the evaluation and underlying assumptions.
- Your group has established provisions as described in Notes 20 "Provisions for liabilities and charges" and 21 "Pensions and other long-term benefits" to the consolidated financial statements. These

notes describe the methods of calculation and measurement of restructuring provisions, vacant property provisions, provision for litigation and claims and provisions for pension and other post-retirement benefits obligation. Our assessment of the valuation of these provisions was based on tests related to the procedures followed by management in valuing these provisions and on the review of independent valuations performed by experts.

- Your group has determined the fair value of options granted in the context of Publicis Groupe stock option plans, as described in Note 28 "Publicis Groupe SA stock option and free share plans" to the consolidated financial statements. Our work consisted in reviewing the data used and in assessing the assumptions made by your group and the independent expert.

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

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

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

Courbevoie and Paris-La Défense, February 9, 2017

The statutory auditors

French original signed by

MAZARS		ERNST & YOUNG et Autres	
Philippe Castagnac	**Anne-Laure Rousselou**	**Vincent de La Bachelerie**	**Valérie Desclève**

5

PARENT COMPANY FINANCIAL STATEMENTS 2016

5.1 Income statement

(in thousands of euros)	Note	2016	2015
Billings (goods and services)	3	26,722	9,608
Reversal of provisions and expense transfers	4	3,778	11,276
Other income		186	521
TOTAL OPERATING INCOME		**30,686**	**21,405**
Other purchases and external charges		(15,168)	(22,816)
Taxes other than income taxes		(1,975)	(915)
Personnel expenses	5	(8,360)	(8,381)
Amortization and increases in provisions		(3,817)	(2,909)
Other expenses		(1,000)	(991)
TOTAL OPERATING EXPENSES		**(30,320)**	**(36,012)**
OPERATING INCOME (EXPENSE)		**366**	**(14,607)**
Investment income		327,517	304,615
Interest and other financial income		10,879	10,806
Reversal of financial provisions		22,293	12,704
TOTAL FINANCIAL INCOME		**360,689**	**328,125**
Amortization and increases in provisions		(6,256)	(7,644)
Interest and other financial expenses		(151,719)	(164,274)
TOTAL FINANCIAL EXPENSES		**(157,975)**	**(171,918)**
FINANCIAL INCOME (EXPENSE)	**6**	**202,714**	**156,207**
Net income (loss) before exceptional items and taxes		**203,080**	**141,600**
Exceptional expenses on operational transactions		-	(345,465)
Exceptional expenses on capital transactions		(7)	-
TOTAL EXCEPTIONAL EXPENSES		**(7)**	**(345,465)**
EXCEPTIONAL ITEMS	**7**	**(7)**	**(345,465)**
Income taxes	**8**	**17,299**	**49,113**
NET INCOME FOR THE YEAR		**220,372**	**(154,752)**

5.2 Balance sheet at December 31

(in thousands of euros)	Note	December 31, 2016	December 31, 2015
ASSETS			
Intangible assets	**9.1**		
Concessions and business goodwill		2,991	2,991
Other intangible assets		507	507
Depreciation & Amortization		(1,266)	(1,057)
Property, plant and equipment:	**9.2**		
Land		2,291	2,291
Buildings		3,044	3,044
Machinery and equipment		1,133	1,133
Other		33,182	32,224
Depreciation		(21,814)	(19,202)
Investments and other financial assets			
Investments	9.3	5,637,897	5,637,897
Impairment on investments	9.3	(98,115)	(117,118)
Loans and receivables owed by associates and non-consolidated companies	9.4	3,349,253	2,668,353
Other non-current securities	9.5	1,093	1,093
Loans and other financial assets		282	283
Impairment on investments and other financial assets		(31)	(31)
NON-CURRENT ASSETS		**8,910,447**	**8,212,408**
Trade receivables		10,541	11,209
Other receivables		7,669	20,063
Marketable securities	10	39,264	59,788
CURRENT ASSETS		**57,474**	**91,060**
Prepayments		494	476
Deferred expenses	11	10,685	12,623
Bond redemption premiums	12	13,033	7,353
Unrealized foreign exchange losses	13	91	55
TOTAL ASSETS		**8,992,224**	**8,323,975**

(in thousands of euros)	Note	December 31, 2016	December 31, 2015
EQUITY AND LIABILITIES			
Share capital		90,378	89,016
Additional paid-in capital		3,477,037	3,309,890
Statutory reserve		8,641	8,641
Earnings brought forward		392,599	903,111
EQUITY BEFORE NET INCOME FOR THE PERIOD		**3,968,655**	**4,310,658**
Net income for the year		220,372	(154,752)
EQUITY	15	**4,189,027**	**4,155,906**
Provisions for liabilities and charges	**16**	**45,138**	**45,939**
Bonds	17	1,802,406	1,301,938
Bank borrowings and overdraft	18	446,956	446,330
Borrowings and other financial liabilities	19	2,256,440	2,165,153
Trade payables		7,252	7,984
Income tax and social security liabilities		13,693	17,494
Other creditors		332	384
Deferred income	21	3,307	3,725
LIABILITIES		**4,530,386**	**3,943,008**
Unrealized foreign exchange gains	22	227,673	179,122
TOTAL EQUITY AND LIABILITIES		**8,992,224**	**8,323,975**

5.3 Statement of cash flows

(in thousands of euros)	2016	2015
Cash flows from operating activities		
Net income for the year	**220,372**	**(154,752)**
Losses on disposals	3,917	346,326
(Reversals)/increases, net of increases/reversals	(11,878)	2,026
Transfer to deferred expenses, net of amortization	4,872	9,250
Amortization of redemption premiums on the Eurobond issue	1,130	4,751
Gross operating cash flow	***218,413***	***207,601***
Change in working capital requirements	21,871	(133,698)
NET CASH FLOWS GENERATED BY (USED IN) OPERATING ACTIVITIES (I)	**240,284**	**73,903**
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	(981)	(1,633)
Acquisitions of subsidiaries	0	(1,216)
Disposals of subsidiaries	0	45
NET CASH FLOWS GENERATED BY (USED IN) INVESTING ACTIVITIES (II)	**(981)**	**(2,804)**
Cash flows from financing activities		
Dividends paid to holders of the parent company	(193,250)	(239,800)
Capital increase	5,998	15,722
Redemption of Orane	-	(392,063)
New bonds	493,190	-
Redemption of bonds and related interest	(46,220)	(307,517)
Increases in other borrowings/(loans)	(541,025)	369,797
Decreases in loans/(other borrowings)	-	221,013
Buyback of treasury shares	-	(466,886)
Sale of treasury shares	20,437	88,686
NET CASH FLOWS GENERATED BY (USED IN) FINANCING ACTIVITIES (III)	**(260,870)**	**(711,048)**
CHANGE IN CASH AND CASH EQUIVALENTS (I + II + III)	**(21,567)**	**(639,949)**
Net cash and cash equivalents at beginning of the year	(386,126)	253,823
Net cash and cash equivalents at end of the year	(407,693)	(386,126)
CHANGE IN CASH AND CASH EQUIVALENTS	**(21,567)**	**(639,949)**

5.4 Notes to the financial statements of Publicis Groupe SA

Detailed summary of the notes to the financial statements

The Company's primary business mainly involves managing its investments and providing services to all Group companies.

Additionally, and to a lesser degree, the Company receives rental income from leasing the building it owns at 133, avenue des Champs-Élysées in Paris.

Note 1 Significant events during the financial year

On November 3, 2016, Publicis Groupe SA issued a bond of euro 500 million, maturing in November 2023 (7 years), with an annual coupon rate of 0.5%.

Note 2 Accounting policies, rules and methods

The parent company's financial statements for the 2016 financial year have been prepared in accordance with the French Chart of Accounts (*plan comptable général*) and in compliance with legal and regulatory texts applicable in France.

Comparability of financial statements

The measurement methods used to prepare the 2016 financial statements are identical to those used to prepare the financial statements from the previous financial year.

The compulsory application on January 1, 2016 of Regulation ANC 2015-06 amending the General Chart of Accounts this year did not have a material impact on the 2016 financial statements of Publicis Groupe SA.

Intangible assets

Intangible assets subject to amortization consist of the concession in respect of parking spaces, which is amortized over 75 years (length of the concession), and the business goodwill of Publicis Cinema, which is already fully amortized.

Property, plant and equipment

Tangible assets are recognized at net acquisition cost and are subject to annual depreciation calculated on a straight-line basis over the following periods:

- 50 years Building on avenue des Champs-Élysées, Paris, France
- 10 to 20 years Fixtures, fittings and general installations,
- 10 years Machinery and equipment,
- 7 years Carpets,
- 4 years Vehicles,
- 3 years IT equipment

Investments and other financial assets

The gross amount of long-term equity investments is composed of the acquisition price of the securities excluding ancillary expenses. Foreign currency-denominated securities are recognized at their acquisition price translated into euros at the exchange rate applicable on the date of the transaction.

Impairment is recognized whenever the investment's value in use is lower than its carrying amount. Value in use is determined on the basis of objective criteria, such as net asset value, capitalized earnings or market capitalization, associated where necessary with more subjective criteria, such as specific industry indicators or ratios determined, in the context of economic assumptions and the Company's growth forecasts, on the basis of the present value of projected future cash flows, and the strategic nature of the investment to the Group.

Marketable securities

Marketable securities primarily include treasury shares, which are classified according to their intended purpose.

A provision for liabilities is recognized for treasury shares allocated to stock option or free share plans in order to reflect the loss resulting from the difference between the subscription price (zero for the free shares) and their cost price.

A provision is recognized for treasury shares that are not allocated to such a plan, as well as other marketable securities, whenever their current value at the end of year is lower than their carrying amount. The current value of publicly traded securities equals the average quoted price for the final month of the financial year; and for non-listed securities, the probable selling price.

Bonds

Bonds are recognized at their par value.

In cases where a redemption premium exists, the liability is increased by the total amount of such a premium. This premium is offset by the recognition of an asset, which is amortized over the life of the bond on an actuarial basis.

In cases where an issue premium exists, the liability is recognized at par value and the issue premium is recognized as an asset; the issue premium is amortized over the life of the bond.

Provisions for liabilities and charges

Provisions are funded when:

- the Company has a (legal or constructive) present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- the amount of the outflow can be estimated reliably.

Where the effect of the time value of money is material, provisions are discounted, with the increase in the amount of the provision resulting from the unwinding of the discounting being recognized under financial expenses.

Contingent liabilities are not recognized but, where material, are disclosed in the Notes to the financial statements.

Financial income

Financial income is recognized by applying the usual rules, *i.e.*:

- dividends: on the date the distribution is approved by the General Shareholders' Meeting;
- financial income on current accounts, time deposits and bonds: as and when benefits are acquired;
- interest and dividends on marketable securities: on the date of receipt.

Financial expenses relating to the Eurobond 2015, Eurobond 2021 and Eurobond 2024 are presented, where applicable, inclusive of the interest income (expense) from the interest rate swaps.

It should, moreover, be noted that the swaps connected with the two aforementioned bonds are treated as hedges of loans in dollars recognized as assets.

Exceptional items

These include capital gains and losses on the sale of property, plant and equipment, and intangible and financial assets.

Note 3 Billings

Billings are mainly composed of:

- rent received from the building at 133, avenue des Champs-Élysées in Paris, France;
- services invoiced to Group companies.

Note 4 Reversal of provisions and expense transfers

Expense transfers primarily include the re-invoicing of Group companies with respect to the awarding of Publicis Groupe free share grants to certain key Group executives as part of the co-investment program granted in 2013 (free share portion).

Note 5 Personnel expenses

2016 personnel expenses include, in addition to the compensation of the Chairman of the Management Board and related expenses, the costs associated with the co-investment plan granted to key Group executives in 2013. This cost, totaling euro 3,599,395 in 2016, represents the future loss on the free shares granted under this plan, staggered over the vesting period.

In 2015, the costs associated with the co-investment plan amounted to euro 7,726,874.

Note 6 Net financial income (expenses)

(in thousands of euros)	2016	2015
Dividends	215,464	183,806
Other income from investments	112,053	120,809
Investment income	**327,517**	**304,615**
Other financial income	6,059	3,415
Foreign exchange gains	4,820	7,391
Interest and other financial income	**10,879**	**10,806**
Amortization of the Eurobond 2024 payment	417	434
Reversal of provision for liabilities on treasury shares	2,854	5,379
Reversal of impairment for equity investments	19,003	6,856
Reversal of other financial provisions	19	35
Reversal of financial provisions	**22,293**	**12,704**
TOTAL FINANCIAL INCOME	360,689	328,125
Provision for liabilities on treasury shares	(1,530)	(2,854)
Bond-related amortization	(4,691)	(4,751)
Increases in provisions for foreign exchange losses	(35)	(19)
Increases in impairment of equity investments	-	-
Increases in other financial provisions	-	(20)
Amortization and increases in provisions	**(6,256)**	**(7,644)**
Bond-related expenses	(47,155)	(59,767)
Other financial expenses	(99,732)	(96,874)
Foreign exchange losses	(4,832)	(7,633)
Interest and other financial expenses	**(151,719)**	**(164,274)**
TOTAL FINANCIAL EXPENSES	(157,975)	(171,918)
FINANCIAL INCOME (EXPENSE)	202,714	156,207

Note 7 Exceptional items

Exceptional items for the 2016 financial year totaled 7,187 euros.

The exceptional items recorded for the 2015 financial year mainly correspond to the capital loss incurred on the redemption of the Orane 2022: on July 15, 2015, the Company completed the early redemption of the 1,562,129 Orane bonds that it held, recorded in the balance sheet for a principal of euro 381,150,547. At this time, 12,684,356 treasury shares, the cost price of which amounted to euro 726,606,763, were issued in compensation, resulting in a capital loss of euro 345,456,215 recorded under exceptional expenses.

Note 8 Income taxes

The income statement shows a tax income amount of euro 17,299,066. This amount corresponds to the tax consolidation gain recognized as income in the financial statements of the tax Group's parent company, in accordance with the tax consolidation agreements signed with the member companies, net of the 3% tax expense on dividends paid in cash by the Company in 2016 (euro 5,797,500).

The Company, which is the parent company of the French tax group (comprising 31 subsidiaries), recorded a profit of euro 24,925,516 in 2016.

Tax loss carryforwards of the French tax group, which can be carried forward without any time limit, amount to euro 222,991,241 at December 31, 2016.

Note 9 Non-current assets

9.1 Intangible assets

There were no acquisitions or disposals during financial year 2016. The balance at December 31, 2016 stands at euro 3,498,498, the same as at December 31, 2015.

9.2 Property, plant and equipment

In the 2016 financial year, euro 980,994 was invested in fixtures.

This figure in 2015 amounted to euro 1,632,870.

9.3 Investments

As a result of the merger by absorption of the company Media et Régies Europe by MMS France Holdings, both of which are subsidiaries of Publicis Groupe SA, the amount of the shares held in MMS France Holdings increased by euro 25,507,720, corresponding to the amount of the investment previously held in Media et Régies Europe.

The MMS France Holdings shares, the gross value of which stands at euro 274,801,396 at December 31, 2016, were subject to a reversal of provision for impairment in the amount of euro 19,003,000, taking the provision on securities to euro 98,115,000.

At the end of the 2015 financial year, a reversal was made on the provisions for impairment on the Metrobus and Médias et Régies Europe securities in the amount of euro 5,347,000 and euro 1,509,000, respectively.

9.4 Loans and receivables owed by associates and non-consolidated companies

(in thousands of euros)	December 31, 2016	December 31, 2015
Loans to MMS USA Holdings	927,094	897,630
Loan to MMS Multi Market Services Ireland	1,527,673	1,479,122
Loan to MMS France Holdings	30,249	30,249
Loan to Publicis Groupe Investments BV	491,980	-
MMS France Holdings current account	349,947	235,304
Publicis Finance Services current account	461	-
Other receivables – Métrobus	8,075	8,075
Interest receivable	13,774	17,973
TOTAL	**3,349,253**	**2,668,353**

On November 2, 2016, a loan of euro 491,979,526 was granted to Publicis Groupe Investments BV. Its maturity date is May 3, 2017.

In 2015, the funds from the second tranche of the Eurobond issued in December 2014 (euro 600,000,000 swapped for dollars), having been temporarily debited from the current account with Publicis Finance Services, were the subject of a ten-year loan to MMS Multi Market Services Ireland for a principal amount of USD 741,270,000. This loan is in addition to the loan previously granted in December 2014 for an amount of USD 869,050,000 (corresponding to the first tranche of the seven-year euro 700,000,000 Eurobond).

In 2015, following the decision to redeem the Orane 2022 for existing shares, the Company bought back, as part of its share buyback program authorized by the General Shareholders' Meeting of May 28, 2014, 6,341,873 of its treasury shares in two stages. On March 17, 2015, 2,406,873 shares were bought back from the Badinter family for the sum of euro 176,127,411 and 3,935,000 others on the market, as part of an agreement signed with an investment services provider, for the amount of euro 290,758,340.

In order to perform this redemption, it also reclassified 4,089,615 shares from marketable securities to investments and other financial assets, in the amount of euro 179,326,618.

Accordingly, on July 15, 2015, Publicis Groupe SA delivered 12,684,356 shares, with a book value of euro 726,606,763, to redeem the Orane 2022.

9.5 Other non-current securities

There were no acquisitions or disposals during financial year 2016.

Other non-current securities break down as follows at December 31, 2016:

	December 31, 2016	December 31, 2015
Number of treasury shares	23,328	23,328
Value of treasury shares (in thousands of euros)	1,093	1,093

Note 10 Marketable securities

Marketable securities broke down as follows at December 31, 2016:

(in thousands of euros)	December 31, 2016	December 31, 2015
Excluding liquidity contract:		
• Treasury shares	22,190	44,010
Held under the liquidity contract:		
• Money mutual funds	14,577	10,747
• Treasury shares	2,497	5,031
TOTAL MARKETABLE SECURITIES (NET AMOUNT)	**39,264**	**59,788**

The movements for the financial year and position at the reporting date for marketable securities (excluding the liquidity contract) are summarized in the table below:

(in thousands of euros, except for share data)	Number of shares	Gross carrying amount	Impairment	Net carrying amount
TREASURY SHARES HELD AS MARKETABLE SECURITIES (EXCLUDING LIQUIDITY CONTRACT) AT DECEMBER 31, 2015	**1,108,511**	**44,010**	**-**	**44,010**
Disposals (exercise of options) and delivery of free shares to employees	(594,789)	(21,820)	-	(21,820)
TREASURY SHARES HELD AS MARKETABLE SECURITIES (EXCLUDING LIQUIDITY CONTRACT) AT DECEMBER 31, 2016	**513,722**	**22,190**	**-**	**22,190**

The liquidity contract with Kepler Cheuvreux was maintained in 2016. At December 31, 2016, 40,553 shares were held under this contract.

Note 11 Deferred expenses

This line item includes costs associated with the bond issue and the arrangement of the syndicated credit lines, for the portion still to be amortized over the remaining period to maturity of the bonds and to expiry of the credit lines.

Deferred expenses at December 31, 2016 were composed of:

(in thousands of euros)	December 31, 2016	December 31, 2015
Bond issuance costs	5,155	4,156
Costs of arranging credit lines and bank loans	5,530	8,467
TOTAL	**10,685**	**12,623**

Note 12 Bond issue and repayment premiums

The amounts on this line item represent the amounts still to be amortized over the remaining period to maturity of the bonds in question.

At December 31, 2016, the issue premiums broke down as follows:

(in thousands of euros)	December 31, 2016	December 31, 2015
Eurobond 2021	3,011	3,597
Eurobond 2024	3,365	3,756
Eurobond 2023	6,657	-
TOTAL	**13,033**	**7,353**

Note 13 Unrealized foreign exchange losses

At December 31, 2016, unrealized foreign exchange losses amounted to euro 90,749 (euro 54,955 at December 31, 2015).

Note 14 Average headcount

The Company's average headcount was one employee and six people seconded by other Group entities.

Note 15 Equity

The Publicis Groupe share capital has changed as follows over the past five financial years:

Dates	Capital transactions	Changes in capital – Shares with a par value of euro 0.4 – Number of shares	Par value (in thousands of euros)	Additional paid-in capital (in thousands of euros)	Successive capital amounts (in thousands of euros)	Total number of Company shares
	SITUATION AT JANUARY 1, 2012				**77,343**	**193,357,945**
2012	Cancellations	(10,759,813)	(4,304)	(380,897)	73,039	182,598,132
	Issue of shares following the conversion of 25,750,630 Océanes 2014	25,848,473	10,339	702,790	83,378	208,446,605
	Orane redemption (8th tranche)	1,562,129	625	47,020	84,003	210,008,734
2013	Issue of shares as part of the free share plans for Group employees	292,076	116	-	84,119	210,300,810
	Issue of shares following the distribution in shares of dividends based on 2012 earnings	1,361,502	545	70,117	84,664	211,662,312
	Orane redemption (9th tranche)	1,562,129	625	47,020	85,289	213,224,441
	Creation of shares as a result of the exercise of 2,757,571 warrants	2,798,937	1,120	82,987	86,409	216,023,378
2014	Creation of shares as a result of the exercise of 674,652 warrants	684,773	274	20,303	86,683	216,708,151
	Issue of shares as part of the free share plans for Group employees	815,623	326	-	87,009	217,523,774
	Issue of shares following the distribution in shares of dividends based on 2013 earnings	2,094,672	838	118,119	87,847	219,618,446
	Orane redemption (10th tranche)	1,585,411	634	47,003	88,482	221,203,857
2015	Creation of shares as a result of the exercise of 517,819 warrants	517,819	207	15,353	88,689	221,721,676
	Issue of shares following the distribution in shares of dividends based on 2014 earnings	163,082	65	11,347	88,754	221,884,758
	Issue of shares as part of the free share plans for Group employees	655,982	262	-	89,016	222,540,740
2016	Creation of new shares as a result of the exercise of 196,669 warrants	199,619	80	5,919	89,096	222,740,359
	Issue of shares following the distribution in shares of dividends based on 2015 earnings	2,742,448	1,097	161,229	90,193	225,482,807
	Issue of shares as part of the free share plans for Group employees	462,580	185	-	90,378	225,945,387
	POSITION AT DECEMBER 31, 2016				**90,378**	**225,945,387**

5

Stockholder's equity changed as follows between January 1, 2016 and December 31, 2016:

(in thousands of euros)	January 1, 2016	Allocation of 2015 net income	Exercise of stock options and creation of shares	Distribution of dividends in shares	Distribution of dividends in cash	2016 income	December 31, 2016
Share capital	89,016	-	265	1,097	-	-	90,378
Additional paid-in capital	3,309,890	-	5,918	161,229	-	-	3,477,037
Statutory reserve	8,641	-	-	-	-	-	8,641
Earnings brought forward	903,111	(154,752)	(185)	(162,350)	(193,225)	-	392,599
SUBTOTAL	**4,310,658**	**(154,752)**	**5,998**	**(24)**	**(193,225)**	**-**	**3,968,655**
Net income for the year	(154,752)	154,752	-	-	-	220,372	220,372
TOTAL	**4,155,906**	**-**	**5,998**	**(24)**	**(193,225)**	**220,372**	**4,189,027**

Note 16 Provisions for liabilities and charges

(in thousands of euros)	Amount at January 1, 2016	Increase in 2016	Reversal 2016 (provision used)	Reversal 2016 (provision unused)	Amount at December 31, 2016
Provisions for taxes(1)	6,647	-	-	-	6,647
Provision for conditional long-term commitments to employees(2)	6,404	-	-	-	6,404
Provision for risks on treasury shares and free share grants not yet vested(3)	31,355	7,855	(3,798)	(5,580)	29,832
Other provisions for risks	1,533	1,015	(52)	(241)	2,255
TOTAL	**45,939**	**8,870**	**(3,850)**	**(5,821)**	**45,138**

(1) Refers to the provision for tax on capital gains on the transfer of shares to Publicis USA Holdings in March 2000, in respect of which taxation is deferred in accordance with article 210-A of the French General Tax Code. It was partially reversed in 2008.

(2) Refers to the provision created (including expenses) for the non-compete agreement signed with the Chairman of the Management Board.

(3) This provision was funded, firstly, to cover the loss resulting from the difference between the subscription price and the cost price of treasury shares when they were allocated to Group employee stock option plans, and, secondly, to cover the future loss on the free shares granted under the 2013 co-investment plan for beneficiaries outside of France. It should also be noted that provisions and provision reversals relating to costs borne by Publicis Groupe in relation to the co-investment plan are presented in the income statement under personnel expenses in accordance with Notice no. 2008-17 from the French National Accounting Council.

Note 17 Bonds

Number of securities (in thousands of euros)	Category of bond	December 31, 2016	December 31, 2015
7,000	Eurobond 2021 – 1.125%	700,000	700,000
6,000	Eurobond 2024 – 1.625%	600,000	600,000
5,000	Eurobond 2023 – 0.5%	500,000	-
	TOTAL EXCLUDING ACCRUED INTEREST	**1,800,000**	**1,300,000**
	Accrued interest	2,406	1,938
	BALANCE SHEET TOTAL	**1,802,406**	**1,301,938**

Eurobond 2021 – 1.125% and 2024 – 1.625%

This euro 1.3 billion loan issued on December 16, 2014 as part of the financing for the acquisition of Sapient, which took place in February 2015, comprises two tranches:

Eurobond 2021 – 1.125%: This euro 700 million tranche has a maturity of seven years and a fixed rate of 1.125%. It is fully redeemable at par upon maturity on December 16, 2021.

Eurobond 2024 – 1.625%: This euro 600 million tranche has a maturity of ten years and a fixed rate of 1.625%. It is fully redeemable at par upon maturity on December 16, 2024.

The two tranches were subject to the following cross currency interest rate swaps:

- the first tranche of euro 700 million was swapped for a fixed-rate loan of USD 869 million (half at 2.921% and half at 2.918%);
- the second tranche of euro 600 million was initially swapped in 2014 for a variable-rate loan of USD 741 million, and then converted into a fixed-rate loan on January 2, 2015 (half at 2.965% and half at 2.994%).

Eurobond 2023 – 0.5%

On November 3, 2016, Publicis Groupe SA issued a bond of euro 500,000 million, maturing in November 2023 (seven years), with an annual coupon rate of 0.5%.

Note 18 Bank borrowings and overdrafts

The Group refinanced its syndicated credit facility of USD 1,890 million expiring in January 2016 and intended to finance the acquisition of Sapient, by taking a syndicated, variable-rate, medium-term loan in the amount of USD 1,600 million, which was concluded on January 20, 2015 and matures in 2018, 2019 and 2020. This loan was then split between two borrowers as follows:

- Publicis Groupe SA: euro 445,831,476;
- MMS Multi Market Services Ireland: USD 1,100,000,000.

Since then, the amount borrowed by Publicis Groupe SA has remained the same.

Note 19 Borrowings and other financial liabilities

(in thousands of euros)	December 31, 2016	December 31, 2015
Long-term borrowings from Publicis Finance Services[(1)]	927,094	897,630
Long-term borrowings from MMS Multi euro services[(2)]	930,000	930,000
Current accounts, short-term borrowings from subsidiaries and accrued interest[(3)]	398,822	336,962
Other creditors	524	561
TOTAL	**2,256,440**	**2,165,153**

(1) The USD 977,250,000 borrowed by Publicis Groupe from Publicis Finance Services, the Group subsidiary managing the international cash pool, with a due date of January 31, 2012, was rolled over for a period of ten years (new due date of January 31, 2022).

(2) The 55-year subordinated participating loans, for euro 300 million and euro 630 million respectively, originally granted by Publicis Groupe Holdings in 2007 and Publicis Groupe Investments in 2012, were transferred by the latter to MMS Multi euro services on December 11, 2014.

(3) At December 31, 2016 this includes a current account of euro 342,534,950 from Publicis Finance Services.

Note 20 Maturity schedule for receivables and liabilities

All receivables included in current assets are due to be settled within less than one year.

The maturity schedule for liabilities is presented below:

(in thousands of euros)	Total	Less than 1 year	1 to 5 years	More than 5 years
Bonds	1,802,406	2,406	700,000	1,100,000
Bank borrowings and overdraft	446,956	1,125	445,831	-
Borrowings and other financial liabilities	2,256,440	398,822	-	1,857,618
Trade payables	7,252	7,252	-	-
Income tax and social security liabilities	13,693	13,693	-	-
Deferred income	3,307	417	2,079	811
Other creditors	332	332	-	-
TOTAL LIABILITIES	**4,530,386**	**424,047**	**1,147,910**	**2,958,429**

Note 21 Deferred income

At December 31, 2016 and at December 31, 2015, this line item was exclusively comprised of the payment received when arranging the hedging swaps. This payment is staggered over the term of the hedging.

Note 22 Unrealized foreign exchange gains

The unrealized foreign exchange gains stemmed from the remeasurement of the following two assets:

- euro 124,447,396 on the USD 869,050,000 loan granted to MMS Multi Market Services Ireland (compared to euro 98,245,614 at December 31, 2015);
- euro 103,225,500 on the USD 741,270,000 loan granted to MMS Multi Market Services Ireland (compared to euro 80,876,274 on the current account of the same amount opened with Publicis Finance Services at December 31, 2015).

Note 23 Off-balance-sheet commitments

23.1 Off-balance sheet commitments given

23.1.1 Commitments related to bonds

EUROBOND 2021

When issued in December 2014, this new euro 700 million bond at a fixed rate of 1.125% was the subject of a cross currency interest rate swap transforming it from euro fixed rate to dollar fixed rate. Two contracts, each for euro 350 million, were agreed for 2.921% and 2.918%, respectively.

EUROBOND 2024

When issued in December 2014, this new euro 600 million bond at a fixed rate of 1.625% was the subject of a cross currency interest rate swap transforming it from euro fixed rate to dollar variable rate. Two contracts, each for euro 300 million, were originally agreed in December 2014 at three-month Libor +1.1365% and three-month Libor +1.10%, respectively, then converted on January 2, 2015 to fixed rates of 2.965% and 2.994%, respectively.

23.1.2 Obligations related to warrants

The exercise of warrants, which can occur at any time from September 24, 2013 to September 24, 2022, will lead to an increase in the Publicis Groupe's capital stock. The conversion ratio was adjusted by a factor of 1.015 so as to reflect those distributions drawn from the Company's reserves and premiums. Following the cancellation of warrants, bought back during the previous financial years or exercised since September 24, 2013, Publicis Groupe is, at December 31, 2016, committed to creating (in the event that the outstanding 1,463,644 warrants are exercised) 1,485,599 shares with a euro 0.40 par value and a euro 30.10 premium.

23.1.3 Description of the stock option and free share plans implemented during the financial year

Three types of free share plans were created during 2016, with the following features:

- Long-Term Incentive Plan "LTIP 2016" (June 2016) and "LTIP 2016-2018" (June 2016) solely for members of the *Directoire* and *Directoire* +

  Under this plan, a certain number of Group managers were awarded free shares, subject to two conditions. Firstly, employment must continue throughout the three-year vesting period. Furthermore, the free shares are subject to performance criteria, such that the total number of shares received will depend on the overall attainment of growth and profitability targets in 2016 (or over the 2016-2018 period for members of the *Directoire* and *Directoire* +). The shares ultimately awarded in accordance with the level of attainment of these performance targets will be deliverable at the end of a three-year period, *i.e.* in June 2019;

- Long-Term Incentive Plan "Sapient 2016 Plan" (April 2016)

  In accordance with the agreements entered into during the acquisition of Sapient, and as a transitional measure for 2015 and 2016, at the same time as LTIP 2016, which concerns only Group employees to the exclusion of Sapient employees, two specific plans were introduced in respect of 2016 to the exclusive benefit of Sapient directors and employees. The first plan is conditional only upon continued employment and gives rise to the delivery of one-quarter of the shares awarded on the dates of the first four anniversaries of the plan (*i.e.* in April 2017, 2018, 2019 and 2020). In addition to the condition of continued employment, the second plan is conditional upon performance criteria, such that the total number of shares delivered shall depend on the level of attainment of targets in respect of 2016, 2017 and 2018. The shares ultimately awarded in accordance with the level of attainment of these performance targets will be deliverable at the end of a three-year period, *i.e.* in April 2019;

- 2016-2018 three-year free share plan ("LionLead3") France and International (June 2016)

  Under this plan, a certain number of Group managers (excluding *Directoire*/*Directoire* +) who are shareholders were awarded free shares, subject to two conditions. Firstly, employment must continue throughout the vesting period (three years for the France plan and four years for the International plan). Secondly, the free shares are subject to non-market performance criteria (for 100% of shares for the France plan and 85% of shares for the International plan), namely achieving – or exceeding – a target operating margin set in the annual budget, as well as achieving a certain rate of organic growth and an operating margin compared to a reference group. Furthermore, part of these shares is subject to a supplementary performance criteria (Publicis Groupe share price after each year-end closing). In this way, the total number of shares received will depend on the level of attainment of all of these criteria for each year in the 2016-2018 period. The shares, awarded in June 2016, will vest in June 2019 for the France plan and 2020 for the International plan;

- 2016-2018 three-year free share plan ("LionLead3") for members of the *Directoire* and *Directoire* +

  Under this plan, the shareholding members of the *Directoire* and *Directoire* + were awarded free shares, subject to two conditions. Firstly, employment must continue throughout the three-year vesting period. Secondly, the free shares are subject to non-market performance criteria, on 3 year performance period, namely achieving – or exceeding – cumulative target operating margins set in the annual budget of each of the three years, as well as achieving a certain rate of organic growth and an average operating margin rate compared to a reference group. Furthermore, a portion of these shares is subject to a supplementary performance condition (Publicis Groupe share price at the end of the final year of the 2018 plan). As a result, the total number of shares received will depend on the level of attainment of all of these criteria for the 2016-2018 period. The shares, awarded in June 2016, will vest in June 2019.

In addition, the performance of the following plans was assessed in 2016:

- LTIP 2015: the performance targets set for 2015 were 50% achieved. The free shares are still subject to the continued employment condition until April 2018 (French beneficiaries) or April 2019 (foreign beneficiaries);
- LTIP 2013-2015 (*Directoire*): the rate of attainment of the performance targets for 2013-2015 was 53.2%. The free shares are still subject to the continued employment condition until April 2017 for non-French members of the *Directoire*;
- co-investment Plan 2013-2015 – Stock options: the rate of attainment of the performance targets for 2013-2015 was 50%. The stock options are still subject to the continued employment condition until April 2017 for non-French beneficiaries of the plan.
- co-investment Plan 2013-2015 – Shares (for the *Directoire* only): the rate of attainment of the performance targets for 2013-2015 was 50%. The stock options are still subject to the continued employment condition until April 2017 for non-French beneficiaries of the plan.

DETAIL OF PUBLICIS GROUPE SHARE SUBSCRIPTION OR PURCHASE OPTION PLAN

CHARACTERISTICS OF PUBLICIS GROUPE STOCK OPTION PLANS OUTSTANDING AT DECEMBER 31, 2016

Plans	Type(1)	Date of grant	Exercise price of options (in euros)	Options outstanding on January 1, 2016 (or if later: the grant date)	Options canceled, lapsed or transferred(2) in 2016	Options exercised in 2016	Outstanding options at December 31, 2016	Of which exercisable at December 31, 2016	Expiry date	Remaining contract life (in years)
22rd tranche LTIP 2006-2008	A	08/21/2006	29.27	342,600	(35,574)	(307,026)	0	0	08/21/2016	-
23rd tranche LTIP 2006-2008	A	08/24/2007	31.31	136,966	(3,130)	(22,417)	111,419	111,419	08/24/2017	0.64
Co-investment 2013 France – options	A	04/30/2013	52.76	828,963	(448,093)	(57,499)	323,371	323,371	04/30/2023	6.33
Co-investment 2013 Outside France – options	A/S	04/30/2013	52.76	4,064,414	(2,256,234)	(17,818)	1,790,362	0	04/30/2023	6.33
TOTAL OF ALL TRANCHES				**5,372,943**	**(2,743,031)**	**(404,760)**	**2,225,152**	**434,790**		

(1) A = stock options; S = share subscription options.
(2) These relate to any transfers between French and foreign plans due to the geographic mobility of beneficiaries.

The award of the share purchase or subscription options under the above plans is conditional on continued employment throughout the vesting period. It is also subject to non-market performance conditions.

MOVEMENTS IN PUBLICIS GROUPE STOCK OPTION PLANS OVER THE LAST TWO FINANCIAL YEARS

	2016		2015	
	Number of options	Average exercise price (in euros)	Number of options	Average exercise price (in euros)
Options at January 1	**5,372,943**	**50.72**	**6,445,188**	**49.71**
Options granted during the financial year	-		-	
Options exercised(1)	(404,760)	33.75	(340,459)	29.12
Cancelled or lapsed options	(2,743,031)	52.43	(731,786)	51.88
Options outstanding at December 31	**2,225,152**	**51.69**	**5,372,943**	**50.72**
Of which exercisable	434,790	47.26	479,566	29.85
(1) Average share price on exercise (in euros)		*62.10*		*66.57*

PUBLICIS GROUPE FREE SHARE PLANS

CHARACTERISTICS OF PUBLICIS GROUPE FREE SHARE PLANS OUTSTANDING AT DECEMBER 31, 2016

Plans	Date of initial grant	Grants as of January 1, 2016 (or if later: date of grant)	Shares canceled, lapsed or transferred[1] in 2016	Shares vesting in 2016[2]	Shares yet to vest at December 31, 2016	Vesting date of shares[3]	Remaining contract life (in years)
50 free shares plan 2013 – 26 countries	02/01/2013	152,675	(36,275)	-	116,400	02/01/2017	0.09
LTIP Plan 2012 – Outside France	04/17/2012	451,684	(53,365)	(398,319)	-	04/17/2016	-
LTIP Plan 2013 – France	04/16/2013	42,237	(4,847)	(37,390)	-	04/16/2016	-
LTIP Plan 2013 – Outside France	04/16/2013	273,067	(17,688)	(2,389)	252,990	04/16/2017	0.29
LTIP Plan 2013-2015 (Directoire France)	06/17/2013	48,932	(30,300)	(18,632)	-	06/17/2016	-
LTIP Plan 2013-2015 (Directoire Outside France)	06/17/2013	24,466	(5,834)	-	18,632	06/17/2017	0.46
Co-investment Plan 2013 France – Shares	04/30/2013	117,920	(24,525)	(93,395)	-	04/30/2016	-
Co-investment Plan 2013 Outside France – Shares	04/30/2013	578,162	(61,337)	(12,707)	504,118	04/30/2017	0.33
LTIP Plan 2014 – France	03/20/2014	37,046	(2,265)	-	34,781	03/20/2017	0.22
LTIP Plan 2014 – Outside France	03/20/2014	249,961	(19,636)	(1,000)	229,325	03/20/2018	1.22
LTIP Plan 2015 – France	04/17/2015	78,060	(41,878)	-	36,182	04/17/2018	1.29
LTIP Plan 2015 – Outside France	04/17/2015	549,030	(299,829)	(2,000)	247,201	04/17/2019	2.29
Sapient 2015 Plan (4-year)	04/17/2015	364,855	(9,043)	(78,360)	277,452	04/17/2019	2.29
Sapient 2015 Plan (3-year)	04/17/2015	51,196	(8,531)	-	42,665	04/17/2018	1.29
LTIP Plan 2016	06/23/2016	770,300	(24,700)	-	745,600	06/23/2019	2.48
LTIP Plan 2016-2018 Directoire and Directoire +	06/23/2016	120,000	-	-	120,000	06/23/2019	2.48
2016-2018 LionLead3 Plan – France	06/16/2016	509,652	-	-	509,652	06/16/2019	2.46
2016-2018 LionLead3 Plan – International	06/16/2016	3,250,962	(11,583)	-	3,239,379	06/16/2020	3.46
2016-2018 LionLead3 Plan Directoire and Directoire +	06/16/2016	1,007,721	(173,745)	-	833,976	06/23/2019	2.48
Sapient 2016 Plan (4-year)	04/15/2016	381,342	-	-	381,342	04/15/2020	3.29
Sapient 2016 Plan (3-year)	04/15/2016	61,262	-	-	61,262	04/15/2019	2.29
TOTAL OF FREE SHARE PLANS		**9,120,530**	**(825,381)**	**(644,192)**	**7,650,957**		

(1) These relate to any transfers between French and foreign plans due to the geographic mobility of beneficiaries.
(2) In exceptional cases, as described in the plan regulations, shares may be delivered prior to the end of the vesting period.
(3) Plans allocated prior to 2016: French beneficiaries must observe an additional two-year lock-in period after vesting.

The award of the free shares under the above plans is conditional on continued employment throughout the vesting period. Awards are also subject to non-market performance conditions for plans LTIP 2012 to 2016, for the 2013 Co-investment Plan (available only to members of the Management Board), for the Sapient 2015 and 2016 Plans for which the vesting period is three years, and lastly for the Lionlead3 Plan.

5

MOVEMENTS IN PUBLICIS GROUPE FREE SHARE PLANS OVER THE LAST TWO YEARS

	2016	2015
PROVISIONAL SHARE GRANTS AT JANUARY, 1	**3,019,291**	**3,262,862**
Provisional grants during the year	6,101,239	1,062,770
Grants vesting (deliveries)	(299,238)	(663,598)
Grants lapsed	(1,170,335)	(642,743)
PROVISIONAL GRANTS AT DECEMBER 31	**7,650,957**	**3,019,291**

23.1.4 Contractual guarantees given

- Guarantee until 2020 on behalf of ZenithOptimedia Ltd (UK) to the owner of the premises at 24 Percy Street, London, for a maximum of GBP 17,302,418 in respect of rental payments and of GBP 1,360,464 in respect of rental charges related to the building.
- Guarantee until 2022 on behalf of Fallon London Limited (UK) to the owner of the premises at 20-30 Great Titchfield Street, London, for a maximum of GBP 12,260,475 in respect of rental payments and of GBP 1,219,228 in respect of rental charges related to the building.
- Joint and several guarantee of the debts of Publicis Groupe Holdings, Publicis Holdings and Publicis Groupe Investments.
- Guarantee given to Réseau Ferré de France for an agreement on Médial Rail's use of advertising space for euro 19,685,000.
- First demand guarantee given to the Régie Publicitaire des Transports Parisiens until 2017 for euro 70,000,000.
- Counter-guarantee given to CACIB on behalf of the Régie Publicitaire des Transports Parisiens in the amount of euro 46,900,000.
- Autonomous first demand guarantee given to BNP Paribas in the amount of USD 555,000,000 until February 4, 2020 in favor of MMS Multi Market Services Ireland.

Commitments given as part of the hedging of foreign currency loans granted to certain subsidiaries:

Amount in currency (in thousands of units)	USD 4,495	USD 14	USD 432	USD 432
Type of contract	buyer's hedge	seller's hedge	seller's hedge	seller's hedge
Currency	USD/EUR	USD/EUR	USD/EUR	USD/EUR
Maturity date	01/03/2017	01/31/2017	01/31/2017	01/31/2017
Forward rate	1.057930	1.100603	1.067049	1.058150
Equivalent (in thousands of euros)	4,249	13	404	408
Market value at December 31, 2016 (in thousands of euros)	4,264	14	409	409

Amount in currency (in thousands of units)	USD 2,556	USD 773	USD 435,190
Type of contract	seller's hedge	seller's hedge	buyer's hedge
Currency	USD/EUR	USD/EUR	USD/EUR
Maturity date	01/18/2017	12/18/2017	12/16/2021
Forward rate	1.046516	1.077851	1.2434
Equivalent (in thousands of euros)	2,442	717	350,000
Market value at December 31, 2016 (in thousands of euros)	2,425	734	378,951

Amount in currency (in thousands of units)	USD 433,860	USD 370,710	USD 370,560
Type of contract	buyer's hedge	buyer's hedge	buyer's hedge
Currency	USD/EUR	USD/EUR	USD/EUR
Maturity date	12/16/2021	12/16/2024	12/16/2024
Forward rate	1.2396	1.2357	1.2352
Equivalent (in thousands of euros)	350,000	300,000	300,000
Market value at December 31, 2016 (in thousands of euros)	378,951	342,661	342,661

23.2 Off-balance sheet commitments received

- Multi-currency syndicated credit lines for euro 2 billion maturing in July 2020: this line was not used at December 31, 2016.
- Confirmed bilateral credit lines for euro 686 million: these lines were not used at December 31, 2016.

Note 24 Events after the close

None

Note 25 Fees paid to the statutory auditors and members of their network

5

The fees paid by the Group for each of the statutory auditors of Publicis Groupe for the 2016 and 2015 financial years were:

	Ernst & Young		Mazars		Total	
	Amount (w/o tax)		Amount (w/o tax)		Amount (w/o tax)	
(in millions of euros)	2016	2015	2016	2015	2016	2015
Statutory auditor						
Publicis Groupe SA (parent company)	0.9	0.8	0.4	0.4	1.3	1.2
Account certification	0.7	0.7	0.4	0.4	1.1	1.1
Other services	0.2	0.1	0	0	0.2	0.1

Note 26 Statement of subsidiaries and investments at December 31, 2016

(Figures in thousands of euros except for equity which is stated in local currency)

A) Subsidiaries and other investments whose carrying amount exceeds 1% of Publicis Groupe's share capital(1)

Companies	Share capital	Reserves and earnings brought forward	% interest	Gross carrying amount	Net carrying amount	Loans and advances	Billings	Net income	Dividends received
1 – Subsidiaries									
Publicis Groupe Investments B.V.	68,709	10,212,816	100.00	5,344,146	5,344,146	492,615	-	137,014	120,000
Prof. W.H. Keesomlaan 12 1183 DJ Amstelveen Netherlands									
MMS France Holdings	3,500	(44,945)	100.00	274,801	176,686	381,906	4,863	31,165	-
133, avenue des Champs-Élysées 75008 Paris France SIREN 444 714 786									
Metrobus	1,840	1,782	32.30	17,508	17,508	8,098	157,058	4,850	545
1, Rond Point Victor Hugo 92137 Issy-les-Moulineaux SIREN 327 096 426									

(1) Based on preliminary non-audited financial statements.

B) General information with regard to all subsidiaries and other investments

	Subsidiaries		Investments	
	French	Foreign	French	Foreign
Carrying amount of shares held				
• gross	292,535	5,345,362	2	-
• net	194,420	5,345,362	2	-
Amount of dividends received	95,464	120,000	-	-

DETAILS OF SECURITIES AT DECEMBER 31, 2016

	% interest	Net carrying amount (in thousands of euros)
I – Investments		
A. Investments in French companies		
11,665,471 shares in MMS France Holdings	100.00%	176,686
37,146 shares in Metrobus	32.30%	17,508
9,100 shares in Publicis Finance Services	100.00%	186
3,700 shares in Publicis Groupe Services	100.00%	37
Investments with a carrying amount less than euro 15,000 aggregate		3
TOTAL FRENCH INVESTMENTS		**194,420**
B. Investments in foreign companies		
151,343 shares in Publicis Groupe Investments	100.00%	5,344,146
MMS Communications Saudi Arabia (under creation)	99.00%	1,216
Investments with a carrying amount less than euro 15,000 aggregate		-
TOTAL FOREIGN INVESTMENT		**5,345,362**
TOTAL INVESTMENTS		**5,539,782**
II – Other non-current securities		
C. French securities		
TOTAL OTHER NON-CURRENT SECURITIES		-
III – Other securities		
D. Other securities of French companies		
577,603 Publicis Groupe SA treasury shares[1]	0.55%	25,780
Money mutual funds		14,577
Investments with a carrying amount less than euro 15,000 aggregate		5
E. Other foreign securities		14
TOTAL OTHER SECURITIES		**40,376**
TOTAL SECURITIES		**5,580,158**

(1) Shares held under share buyback programs, including liquidity contract.

5

5.5 Results of Publicis Groupe SA over the past five years

Information type	2016	2015	2014	2013	2012
Share capital at year-end					
Share capital (in thousands of euros)	90,378	89,016	88,482	86,409	84,003
Number of shares in issue	225,945,387	222,540,740	221,203,857	216,023,378	210,008,734
Maximum number of future shares to be issued:					
• under free share plans	8,937,201	8,092,893	8,865,073	9,041,944	2,826,154
• as a result of warrant exercises	1,485,599	1,685,218	2,203,033	2,887,805	5 602,699
• as a result of the conversion of bonds [(1)]	0	0	12,684,488	14,954,875	18,245,828
Operations and results for the year (in thousands of euros)					
Billings, excluding VAT	26,722	9,608	52,838	18,751	14,599
Profit (loss), before tax, depreciation, amortization and provisions	190,577	(209,565)	(14,347)	574,606	(5,747)
Income tax expense (income)	(17,299)	(49,113)	(31,980)	(26,997)	(36,622)
Net income after taxes, depreciation, amortization and provisions	220,372	(154,752)	(3,007)	551,959	37,483
Income distributed for the period [(2)]	417,999	356,065	251,212	229,505	178,179
Earnings per share in euros					
Net income after taxes, but before depreciation, amortization and provisions	0.92	(0.72)	0.08	2.78	0.15
Net income after taxes, depreciation, amortization and provisions	0.98	(0.70)	(0.01)	2.56	0.18
Dividend per share	1.85 [(3)]	1.60	11.2	1.10	0.90
Employees					
Average headcount	1	1	38	2	2
Payroll expense (in thousands of euros)	3,968	2,895	11,680	4,847	20,870
Benefits (social security, other employee benefits, etc.)	795	634	4,466	1,429	5,179

(1) It was assumed that new shares would be issued to redeem the Oranes.
(2) Estimate on the basis of existing shares at December 31, 2015, including treasury shares.
(3) Payable in cash or in shares and subject to shareholder approval (General Shareholders' Meeting to be held on May 31,2017).

5.6 Statutory auditors' report on the financial statements

To the Shareholders,

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

- the audit of the accompanying financial statements of Publicis Groupe;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the management board. Our role is to express an opinion on these financial statements based on our audit.

I – Opinion on the financial statements

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

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

II –Justification of 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:

Your company reviews the value in use of its investments as described in the "Investments" section of Note 2 "Accounting policies" to the financial statements. We assessed the appropriateness of the methods used by the company and we ensured ourselves of the reasonableness of the estimates made.

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

III – Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the management board and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French commercial code (*code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders or holders of the voting rights has been properly disclosed in the management report.

Paris-La Défense and Courbevoie, April 28, 2017

The statutory auditors

French original signed by

ERNST & YOUNG et autres

Vincent de La Bachelerie **Valérie Desclève**

MAZARS

Philippe Castagnac **Anne-Laure Rousselou**

6

COMPANY INFORMATION AND CAPITAL STRUCTURE

6.1 Information about the Company

6.1.1 Company name and trade name

Publicis Groupe SA (the "Company") does business under the trade name Publicis.

6.1.2 Registration place and number

542 080 601 RCS Paris; code APE - NAF 7010Z

6.1.3 Date of incorporation and term

Incorporation date: October 4, 1938.

Term: October 3, 2037, unless extended.

6.1.4 Registered office, legal structure, applicable legislation, jurisdiction, address and telephone number of registered office

Publicis Groupe SA is a French joint-stock limited liability company (*société anonyme*) with a Management Board and a Supervisory Board, governed by articles L. 225-57 to L. 225-93 of the French Commercial Code.

The Company's registered office is located at 133, avenue des Champs-Élysées, 75008 Paris, France. The telephone number of the Company's registered office is +33 (0) 1 44 43 70 00.

6.1.5 Deeds of incorporation and bylaws

Corporate purpose (article 2 of the Company bylaws)

The Company's corporate purposes are to:

- produce and derive added value in any manner from advertising and publicity in any format or of any type;
- organize shows and radio or television broadcasts, set up radio, television and other programming, use movie theaters, recording or broadcasting studios and projection and viewing rooms, publish paper documents and edit music, sketches, scripts and theater productions;
- and more generally, all commercial, financial, industrial and real and intangible property transactions of any type relating directly or indirectly to the above in order to foster the development and growth of the Company's business.

The Company may conduct operations in any country on its behalf or on behalf of third parties, either alone or jointly, with other companies or persons and carry out in any form, directly or indirectly, activities in line with its corporate purpose.

The Company may also acquire interests in any form in any other French or foreign businesses or companies, whatever their corporate purposes.

Management Board (articles 10 to 12 of the Company bylaws)

The Management Board oversees Publicis' management. It is fully empowered to act on the Company's behalf in all circumstances. These powers may only be exercised within the limit of the corporate purpose and subject to the powers that are by law reserved for the Supervisory Board and Shareholders' Meetings. The Management Board is appointed by the Supervisory Board and must have at least two but no more than seven members. Each member is appointed for a period of four years and must be a natural person, but need not be a shareholder. Its members may be re-appointed. The terms of office of each Management Board member ends at the Annual Ordinary General Shareholders' Meeting following their 75th birthday. The Supervisory Board appoints one of the members of the Management Board as Chairperson and may appoint one, several or all the other members of the Management Board as Chief Executive Officers.

The members of the Management Board may be dismissed either by the Supervisory Board or by a General Shareholders' Meeting.

Supervisory Board (articles 13 to 17 of the Company bylaws)

The Supervisory Board has the responsibility of exercising ongoing supervisory authority over the Management Board. It has at least 3 and at most 18 members, who may be reappointed, and who are appointed by the General Shareholders' Meeting for a period of four years in accordance with the decision of the Extraordinary General Shareholders' Meeting of May 29, 2013 which reduced this term of office from six to four years. By way of exception, the terms of office of Supervisory Board members who were in the process of serving six year terms as of that Shareholders' Meeting will continue up to their original expiry date. Moreover, solely in order to institute and maintain the staggering of terms of members of the Supervisory Board, the Ordinary General Shareholders' Meeting may appoint or renew one or more members of the Supervisory Board for one, two or three years, in accordance with the decision of the Extraordinary General Shareholders' Meeting of May 25, 2016.

Members over 75 years of age may not constitute more than one-third of the Supervisory Board, which may be rounded up. Should this limit be exceeded, the oldest member of the Supervisory Board will automatically resign. The potential crossing of this threshold shall be determined at the date of the Supervisory Board's Meeting to approve the financial statements for the past year. Each member of the Supervisory Board must own at least five hundred Company shares during the course of his or her term.

The members of the Supervisory Board may be dismissed only by the General Shareholders' Meeting.

Rights related to each category of shares (article 8 of the Company bylaws)

Each share confers the right proportionate to such share to a part of the corporate assets and benefits. The shareholders may be held liable, even with regards to third party, only up to the value of the shares that they hold. Each time that it is necessary to hold several shares to exercise any right, shareholders must be personally responsible for gathering the number of shares required.

Powers of the Management Board with respect to share buybacks (article 7 IV of the Company bylaws)

The Extraordinary General Shareholders' Meeting may authorize the Management Board to purchase a specified number of Company shares in order to cancel them by way of a capital reduction in accordance with article L. 225-206 of the French Commercial Code.

In addition, the Company may acquire its own shares in accordance with the provisions of articles L. 225-208 and L. 225-209 of the French Commercial Code, specifically those intended to regulate the stock market price of the Company shares.

General Shareholders' Meetings (article 19 of the Company bylaws)

General Shareholders' Meetings are open to all shareholders regardless of the number of shares held. The procedures for providing notice of meetings and holding meetings are prescribed by French law. Meetings take place at the Company's headquarters or at any other location specified in the above-mentioned notice and set by the notifier. If so decided by the Management Board when calling the meeting, the meeting may be publicly broadcast by videoconferencing or any other means of telecommunication, including over the Internet.

Representation and admission to General Shareholders' Meetings (article 20 of the Company bylaws)

Any shareholder may participate, personally or through an authorized representative, in Shareholders' Meetings, justifying his/her identity and his/her ownership of the securities, under the conditions provided for by the law.

Any shareholder may, if so permitted by the Management Board when calling the General Shareholders' Meeting, participate in the meeting by videoconferencing or any other means of telecommunication including over the Internet, subject to applicable laws and regulations. Any such shareholder is deemed present for the purposes of calculating the quorum and majority.

Voting rights (article 21 paragraphs 5 to 8 of the Company bylaws)

Each member of the Meeting shall have as many votes as he owns or represents shares, without restriction. However, in accordance with a resolution approved at the Extraordinary General Shareholders' Meeting on September 14, 1968, shares registered with the same shareholder for at least two years or which have only been transferred during that period from one registered owner to another within the framework of an intestate estate, of testamentary succession, of division of community of property between spouses, of donation *inter vivos* for the benefit of a spouse or a relative entitled to inherit, are entitled to double voting rights. The Extraordinary General Shareholders' Meeting has the possibility to purely and simply cancel the double voting right, however this cancellation will only become effective after the approval of a special meeting of shareholders who hold double voting right shares.

In the event of the division of ownership of Company shares, the limited owners and bare owners of shares can freely distribute voting rights at the Exceptional or Ordinary General Shareholders' Meetings provided they notify the Company beforehand, by providing a certified copy of their agreement at least 20 calendar days before the first General Shareholders' Meeting is held following the above-mentioned ownership division by registered mail. Failing notification within this period, the distribution will be implemented *ipso jure* in accordance with article L. 225-110, paragraph 1, of the French Commercial Code.

Any shareholder may vote by post in accordance with and in the manner provided for in prevailing laws and regulations. When so decided by the Management Board, and indicated in the meeting notice published in the BALO (*Bulletin des annonces légales obligatoires*), shareholders may vote by any means of telecommunication including over the Internet, subject to the laws and regulations prevailing as of the moment of its use.

Amendments to the bylaws (article 23 of the Company bylaws)

An Extraordinary General Shareholders' Meeting may make any change to any provision of the bylaws that is permissible under the law. Such changes to the share capital include, but are not limited to: increasing or reducing the share capital, consolidating shares or splitting shares into shares with a lower par value.

Declarations of share ownership (articles 7 III and 6 paragraph 6 of the Company bylaws)

Any natural or legal person, acting individually or jointly, who owns or acquires, by any means as described in article L. 233-7 of the French Commercial Code, any fraction equivalent to or greater than 1% of the share capital or voting rights, or any multiple thereof, including above the declaration thresholds set out in the legal and regulatory provisions, must notify the Company of the total number of shares or voting rights held as well as securities giving access to share capital and the voting rights potentially associated by registered mail with return receipt sent to the registered office within five trading days of crossing any of these thresholds. These declaration obligations also apply each time that the fraction of the shares or voting rights held falls below one of the thresholds specified above.

Shareholders who fail to comply with this requirement may be deprived of voting rights with respect to any shares exceeding the relevant threshold until the required disclosure is made, a period provided for by current legislation. Unless one of the thresholds provided for in the above-mentioned article L. 233-7 is breached, this sanction will only be applied subsequent to a request, recorded in the minutes of the General Shareholders' Meeting, of one or more shareholders holding at least 1% of the Company's share capital or voting rights.

Moreover, the Company is entitled to request that a legal entity holding shares representing more than 2.5% of share capital or voting rights disclose the identity of the persons holding, directly or indirectly, more than one-third of the share capital or voting rights at the General Shareholders' Meeting of that entity.

Liquidation rights (article 32 of the Company bylaws)

At the end of the Company's term of incorporation, or in the event of early dissolution, the assets of the dissolved Company shall be allocated, first, to the payment of the debts and social security expenses, then to the reimbursement of the remaining obligation. The remaining proceed of the liquidation shall be allocated equally among all the shares.

6.2 Ownership structure

6.2.1 Major shareholders and voting rights

As at December 31, 2016, to the best of Publicis' knowledge, no person held, directly or indirectly, individually or jointly, 5% or more of its shares (a "Major Shareholder") except those disclosed below. Publicis' bylaws state that all its shareholders have the same proportional voting rights with respect to the shares they hold, except that shares owned by the same shareholder in registered form for at least two years carry double voting rights. The Company has not issued any preferred shares or any securities without voting rights.

DISTRIBUTION OF THE COMPANY'S SHARE CAPITAL AND VOTING RIGHTS

At December 31, 2016	Shares held	% of capital[2]	Voting rights	% of voting rights[3]
A/ Shareholder holding more than 5% of the capital				
Élisabeth Badinter[1]	16,700,967	7.39%	33,401,934	13.34%
B/ Treasury shares	577,603	0.26%	-	-
C/ Public (registered and bearer shares)	208,666,817	92.35%	217,080,229	86.66%
TOTAL	**225,945,387**	**100.00%**	**250,482,163**	**100.00%**

(1) Élisabeth Badinter fully owned 2.58% of shares (4.66% of voting rights) and had the right to receive income with respect of 4.81% of shares with her children owning the underlying shares (8.68% of voting rights).

(2) Percentages are calculated based on the total number of shares issued by the Company, including treasury shares.

(3) Percentages are calculated based on the total number of shares issued by the Company (percentage of voting rights that can be exercised at the General Shareholders' Meeting), excluding treasury shares with no voting rights, and counting the double voting rights attached to some shares.

REMINDER OF THE DISTRIBUTION OF THE COMPANY'S SHARE CAPITAL AND VOTING RIGHTS FOR THE PRIOR TWO YEARS

At December 31, 2015	Shares held	% of capital[2]	Voting rights	% of voting rights[3]
A/ Shareholders holding more than 5% of the capital				
Élisabeth Badinter[1]	16,700,967	7.50%	33,401,934	13.55%
The Capital Group Companies, Inc.[4]	11,226,876	5.05%	11,226,876	4.55%
B/Treasury shares	1,216,839	0.55%	-	-
C/Public (registered and bearer shares)	193,396,058	86.90%	201,873,023	81.90%
TOTAL	**222,540,740**	**100.00%**	**246,501,833**	**100.00%**

(1) Élisabeth Badinter fully owned 2.62% of shares (4.73% of voting rights) and had the right to receive income with respect of 4.88% of shares with her children owning the underlying shares (8.82% of voting rights).

(2) Percentages are calculated based on the total number of shares issued by the Company, including treasury shares.

(3) Percentages are calculated based on the total number of shares issued by the Company (percentage of voting rights that can be exercised at the General Shareholders' Meeting), excluding treasury shares with no voting rights, and counting the double voting rights attached to some shares.

(4) Acting as an "investment adviser" on behalf of managed funds. It aggregates the positions held by Capital Research and Management Company and Capital Group International Inc.

As at December 31, 2014	Shares held	% of capital(2)	Voting rights	% of voting rights(3)
A/ Shareholder holding more than 5% of the capital				
Élisabeth Badinter(1)	19,172,340	8.67%	38,344,680	15.87%
B/ Treasury shares	7,895,366	3.57%	-	-
C/ Public (registered and bearer shares)	194,136,151	87.76%	203,285,039	84.13%
TOTAL	**221,203,857**	**100.00%**	**241,629,719**	**100.00%**

(1) *Élisabeth Badinter fully owned 2.67% of shares (4.88% of voting rights) and had the right to receive income with respect of 6.00% of shares with her children owning the underlying shares (10.99% of voting rights).*
(2) *Percentages are calculated based on the total number of shares issued by the Company, including treasury shares.*
(3) *Percentages are calculated based on the total number of shares issued by the Company, excluding treasury shares with no voting rights, and counting the double voting rights attached to some shares.*

The Company and the AMF were notified by The Capital Group Companies, Inc., acting as an investment adviser to investment funds and in accordance with article L. 233-7 of the French Commercial Code that legal thresholds had been crossed in the following cases:

- by letter received on January 12, 2016, that it had exceeded the threshold of 5% of voting rights in the Company on January 8, 2016;
- by letter received on January 26, 2016, that it had crossed under the threshold of 5% of voting rights in the Company on January 22, 2016;
- by letter received on January 27, 2016, that it had crossed under the threshold of 5% of the Company's share capital on January 26, 2016;
- by letter received on February 10, 2016, that it had exceeded the threshold of 5% of the Company's share capital on February 8, 2016;
- by letter received on February 15, 2016, that it had crossed under the threshold of 5% of the Company's share capital on February 11, 2016;
- by letter received on March 14, 2016, that it had exceeded the threshold of 5% of the Company's share capital on March 10, 2016;
- by letter received on October 28, 2016, that it had crossed under the threshold of 5% of the Company's share capital on October 26, 2016.

According to the most recent exhaustive survey of the approximate number of identifiable bearer shares (*titres au porteur identifiables*) and information on registered shares managed by CACEIS Corporate Trust, there were 52,707 shareholders as at December 31, 2016.

6.2.2 Control of the Company

On December 31, 2016, to the best of its knowledge, the Company was not controlled and was not subject to any agreement or engagement linking one or several shareholders, company, foreign government or other natural or legal person operating individually or conjointly with regard to the direct or indirect holding of its capital or under its control, and there existed no agreement of which the fulfillment could cause a change in the Company's control at a later date.

6.2.3 Agreements concerning a possible change of control or that might influence a takeover bid

The information required by article L. 225-100-3 of the French Commercial Code can be found in this Registration Document as follows: the indication of the existence of authorizations and delegations granted by the Company's General Shareholders' Meeting to the Management Board regarding the share issuance and buyback (described in Sections 6.3.1 and 6.3.3), the capital structure (described in Section 6.2) and the existence of double voting rights provided for in the Company's bylaws (article 21) and mentioned in Section 6.1.5.

It is also specified that, to the best of the Company's knowledge, no agreements exist requiring payment of indemnities, in the event of a takeover bid, to the members of the Management Board or employees if their employment should end as a result of this takeover bid.

Certain loan agreements include change in control clauses.

6.3 Share capital

6.3.1 Subscribed capital and classes of share

Composition of share capital

On July 4, 2016, Publicis Groupe SA paid out the full amount of the dividend voted by the Combined Ordinary and Extraordinary Shareholders' Meeting of May 25, 2016, with each shareholder having the option between cash and shares, which resulted in a capital increase of euro 1,096,979.20 through the creation of 2,742,448 new shares with a par value of euro 0.40.

During 2016, 462,580 new shares at a par value of euro 0.40 per share were created as a result of free share plans (in particular under the LTIP 2013, LTIP 2014, LTIP 2015 and LTIP Management Board 2013-2015 for beneficiaries in France and the international free share plan 2011 and LTIP 2012 International), representing a total capital increase of euro 185,032.

199,619 new shares with a par value of euro 0.40 were also created as a result of warrant exercises, representing a total capital increase of euro 79,847.60.

As of December 31, 2016, the share capital totaled euro 90,378,154.80, divided into 225,945,387 fully paid-up shares with a par value of euro 0.40, of which 25,114,379 shares carried double voting rights.

TABLE OF DELEGATIONS OF AUTHORITY AND AUTHORIZATIONS GRANTED TO THE MANAGEMENT BOARD

Type of delegation or authorization	Date of the meeting	Duration of the authorization	Amount authorized	Used in 2016
Authorization to grant stock options to employees and/or corporate officers	May 29, 2013 (15th Resolution)	38 months Expiration: 7/29/2016 Expired by General Shareholders' Meeting of 5/25/2016 (26th resolution)	No more than 3% of capital Maximum of 0.5% of capital for Executive corporate officers(1)	None
Delegation to increase capital by issuing shares or other equity securities with preferential subscription rights	May 28, 2014 (13th Resolution)	26 months Expiration: 7/28/2016 Expired by General Shareholders' Meeting of 5/25/2016 (19th resolution)	Maximum par value: euro 30,000,000(2) Maximum par value of debt securities: euro 1,200,000,000(3)	None
Delegation to increase capital by issuing shares or equity securities without preferential subscription rights through a public offering	May 28, 2014 (14th Resolution)	26 months Expiration: 7/28/2016 Expired by General Shareholders' Meeting of 5/25/2016 (20th resolution)	Maximum par value: euro 9,000,000(2)(4) Maximum par value of debt securities: euro 1,200,000,000(3)	None
Delegation to increase capital by issuing shares or equity securities without preferential subscription rights through an offer made pursuant to paragraph II of article L. 411-2 of the French Monetary and Financial Code	May 28, 2014 (15th Resolution)	26 months Expiration: 7/28/2016 Expired by General Shareholders' Meeting of 5/25/2016 (21st resolution)	No more than 20% of capital Maximum par value: euro 9,000,000(2)(4) Maximum par value of debt securities: euro 1,200,000,000(3)	None
Delegation to increase capital by incorporating reserves, earnings, premiums or other sums	May 28, 2014 (16th Resolution)	26 months Expiration: 7/28/2016 Expired by General Shareholders' Meeting of 5/25/2016 (23rd resolution)	Maximum par value: euro 30,000,000(2)	None

Type of delegation or authorization	Date of the meeting	Duration of the authorization	Amount authorized	Used in 2016
Delegation to issue shares or other securities in the event of a public offering initiated by the Company	May 28, 2014 (17th Resolution)	26 months Expiration: 7/28/2016 Expired by General Shareholders' Meeting of 5/25/2016 (24th resolution)	Maximum par value: euro 9,000,000(2)(4)	None
Delegation to increase the number of securities issued in the event of an increase in the Company's capital, with or without preferential subscription rights	May 28, 2014 (18th Resolution)	26 months Expiration: 7/28/2016 Expired by General Shareholders' Meeting of 5/25/2016 (22nd resolution)	No more than 15%(2)(4) of the initial issue and at the same price as this issue. Subject to compliance with the ceiling set forth under the corresponding resolution.	None
Authorization to grant free shares to employees and/or corporate officers of the Company or companies within the Group	May 28, 2014 (19th Resolution)	38 months Expiration: 7/28/2017	No more than 5% of capital(5) Maximum of 0.5% of capital for Executive corporate officers(6) (7)	Total award of 4,284,299 free shares
Authorization to trade in the Company's shares*	May 27, 2015 (16th Resolution)	18 months Expiration: 11/27/2016 Expired by General Shareholders' Meeting of 5/25/2016 (18th resolution)	No more than 10% of capital Overall maximum: euro 2,212,038,570 Maximum share purchase price: euro 100	Liquidity contract: purchase of 526,230 shares (average purchase price euro 58.51) and disposal of 525,230 shares (average sale price euro 57.25) Sale of 88,441 shares to stock option recipients. Delivery of 184,418 free shares
Authorizations to reduce share capital through the cancellation of treasury shares	May 27, 2015 (17th Resolution)	26 months Expiration: 7/27/2017	No more than 10% of capital per 24 month period	None
Authorization to increase the capital without preferential subscription rights with the option to set the issue price*	May 27, 2015 (18th Resolution)	26 months Expiration: 7/27/2017	Within the limits set by the 13th, 14th, and 15th resolutions of the Extraordinary Shareholders' Meeting of May 28, 2014(8)(9)	None
Delegation to issue shares or other securities as consideration for contributions in-kind granted to the Company*	May 27, 2015 (19th Resolution)	26 months Expiration: 7/27/2017	No more than 10% of capital (8)(9)	None
Delegation to increase capital for the benefit of subscribers to a company savings plan	May 27, 2015 (20th Resolution)	26 months Expiration: 7/27/2017 Expired by General Shareholders' Meeting of 5/25/2016 (27th resolution)	Maximum par value: euro 2,800,000(2)(10)	None
Delegation to increase capital for the benefit of certain categories of recipients located outside France in order to establish a shareholder or savings plan for them	May 27, 2015 (21st Resolution)	18 months Expiration: 11/27/2016 Expired by General Shareholders' Meeting of 5/25/2016 (28th resolution)	Maximum par value: euro 2,800,000(2)(11)	None

Type of delegation or authorization	Date of the meeting	Duration of the authorization	Amount authorized	Used in 2016
Authorization to trade in the Company's shares*	May 25, 2016 (18th Resolution)	18 months Expiration: 11/25/2017	No more than 10% of capital Overall maximum: euro 2,002,866,660 Maximum share purchase price: euro 90	Liquidity contract: purchase of 1,013,476 shares (average purchase price euro 62.91) and disposal of 1,058,923 shares (average sale price euro 59.67) Sale of 321,886 shares to stock option recipients. Delivery of 44 free shares
Delegation to increase capital by issuing shares or equity securities with preferential subscription rights*	May 25, 2016 (19th Resolution)	26 months Expiration: 7/25/2018	Maximum par value: euro 30,000,000(12) Maximum par value of debt securities: euro 1,200,000,000(13)	None
Delegation to increase capital by issuing shares or equity securities without preferential subscription rights through a public offering*	May 25, 2016 (20th Resolution)	26 months Expiration: 7/25/2018	Maximum par value: euro 9,000,000(12)(14) Maximum par value of debt securities: euro 1,200,000,000(13)	None
Delegation to increase capital by issuing shares or equity securities without preferential subscription rights through an offer made pursuant to paragraph II of article L. 411-2 of the French Monetary and Financial Code*	May 25, 2016 (21st Resolution)	26 months Expiration: 7/25/2018	No more than 20% of capital Maximum par value: euro 9,000,000(12)(14) Maximum par value of debt securities: euro 1,200,000,000(13)	None
Delegation to increase the number of securities issued in the event of an increase in the Company's capital, with or without preferential subscription rights*	May 25, 2016 (22nd Resolution)	26 months Expiration: 7/25/2018	No more than 15%(12)(14) of the initial issue and at the same price as this issue. Subject to compliance with the ceiling set forth under the corresponding resolution.	None
Delegation to increase capital by incorporating reserves, earnings, premiums or other sums*	May 25, 2016 (23rd Resolution)	26 months Expiration: 7/25/2018	Maximum par value: euro 30,000,000(12)	None
Delegation to issue shares or other securities in the event of a public offering initiated by the Company*	May 25, 2016 (24th Resolution)	26 months Expiration: 7/25/2018	Maximum par value: euro 9,000,000(12)(14) Maximum par value of debt securities: euro 1,200,000,000(13)	None
Authorization to grant free shares to employees and/or corporate officers of the Company or companies within the Group	May 25, 2016 (25th Resolution)	38 months Expiration: 7/25/2019	No more than 3% of capital(15) Maximum of 0.3% of capital for Executive corporate officers(1)(16)	Total award of 1,816,940 free shares
Authorization to grant stock options to employees and/or corporate officers	May 25, 2016 (26th Resolution)	38 months Expiration: 7/25/2019	No more than 3% of capital(17) Maximum of 0.3% of capital for Executive corporate officers(1)(17)	None

6

Type of delegation or authorization	Date of the meeting	Duration of the authorization	Amount authorized	Used in 2016
Delegation to increase capital for the benefit of subscribers to a company savings plan	May 25, 2016 (27th Resolution)	26 months Expiration: 7/25/2018	Maximum par value: euro 2,800,000(12)(18)	None
Delegation to increase capital for the benefit of certain categories of recipients located outside France in order to establish a shareholder or savings plan for them	May 25, 2016 (28th Resolution)	18 months Expiration: 11/25/2017	Maximum par value: euro 2,800,000(12)(19)	None

(1) This maximum counts toward the 3% maximum set forth under this resolution.
(2) This amount counts toward the euro 30,000,000 maximum for all capital increases set forth by the Extraordinary Shareholders' Meeting of May 28, 2014 in its thirteenth resolution.
(3) This amount applies to all debt securities that the Management Board is authorized to issue under the resolutions of the Extraordinary General Shareholders' Meeting of May 28, 2014.
(4) This amount counts towards the euro 9,000,000 maximum par value of capital increases without preferential subscription rights set forth by the Extraordinary Shareholders' Meeting of May 28, 2014 in its 14th or 15th resolution depending on whether it involves a public offering or an offer made pursuant to paragraph II of article L. 411-2 of the French Monetary and Financial Code.
(5) This maximum counts toward the 3% maximum set forth by the Extraordinary Shareholders' Meeting of May 29, 2013 in its 15th resolution (share purchase and/or subscription options).
(6) This maximum counts toward the 5% maximum set forth under this resolution.
(7) This maximum counts toward the 0.5% maximum set forth by the Extraordinary Shareholders' Meeting of May 29, 2013 in its 15th resolution.
(8) This amount counts toward the euro 30,000,000 maximum for all capital increases set forth by the Extraordinary Shareholders' Meeting of May 28, 2014 in its 13th resolution until the ESM of May 25, 2016. For the following delegations, the amount counts toward the euro 30,000,000 maximum for all capital increases set forth by the Extraordinary Shareholders' Meeting of May 25, 2016 in its 19th resolution.
(9) This amount counts towards the euro 9,000,000 maximum par value of capital increases without preferential subscription rights set forth by the Extraordinary Shareholders' Meeting of May 28, 2014 in its 14th or 15th resolution depending on whether it involves a public offering or an offer made pursuant to paragraph II of article L. 411-2 of the French Monetary and Financial Code, until the ESM of May 25, 2016. From the ESM of May 25, 2016 forward, the amount counts toward the par value of the capital increase without preferential subscription rights of euro 9,000,000 set by the 20th or 21st resolutions of said meeting.
(10) This amount counts toward the total capital increase possible under the 21st resolution of the Extraordinary Shareholders' Meeting of May 27, 2015.
(11) This amount counts toward the total capital increase possible under the 20th resolution of the Extraordinary Shareholders' Meeting of May 27, 2015.
(12) This amount counts toward the euro 30,000,000 maximum for all capital increases set forth by the Extraordinary Shareholders' Meeting of May 25, 2016 in its 19th resolution.
(13) This amount applies to all debt securities that the Management Board is authorized to issue under the resolutions of the Extraordinary Shareholders' Meeting of May 25, 2016.
(14) This amount counts towards the euro 9,000,000 maximum par value of capital increases without preferential subscription rights set forth by the Extraordinary Shareholders' Meeting of May 25, 2016 in its 20th or 21st resolutions depending on whether it involves a public offering or an offer made pursuant to paragraph II of article L. 411-2 of the French Monetary and Financial Code.
(15) This maximum counts toward the 3% maximum set forth by the Extraordinary Shareholders' Meeting of May 25, 2016 in its 26th resolution (share purchase and/or subscription options).
(16) This maximum counts toward the 3% maximum set forth by the Extraordinary Shareholders' Meeting of May 25, 2016 in its 26th resolution.
(17) This maximum counts toward the 3% maximum set forth by the Extraordinary Shareholders' Meeting of May 25, 2016 in its 25th resolution.
(18) This amount counts toward the total capital increase possible under the 28th resolution of the Extraordinary Shareholders' Meeting of May 25, 2016.
(19) This amount counts toward the total capital increase possible under the 27th resolution of the Extraordinary Shareholders' Meeting of May 25, 2016.
** Unless there is prior authorization by the General Shareholders' Meeting, the Management Board cannot use this authorization or delegation from the moment a third party has filed a public offer for Company shares, up to the end of the offer period.*

6.3.2 Existence of non-representative shares, their amount and main features

All shares are representative of the Company's share capital.

6.3.3 Number, carrying amount and par value of shares held by the issuer itself or on its behalf, or by its subsidiaries

Treasury shares

The Combined Ordinary and Extraordinary General Shareholders' Meeting of May 25, 2016, in its 18th resolution, authorized the Management Board to carry out, or to have carried out, purchases in order to fulfill the following objectives:

(1) to grant or transfer shares to employees and/or management of the Company and/or of the Group in accordance with terms and conditions provided for by applicable law;

(2) to deliver shares in order to honor commitments related to securities convertible to equity through redemption, conversion, exchanges, presentation of a warrant, or in any manner for the awarding of the Company's common stock;

(3) to hold and subsequently deliver shares for exchange in a merger, spin-off or asset contribution, for payment in external growth operations insofar as permitted by the Autorité des marchés financiers or other body within the limit of 5% of the share capital;

(4) to stimulate the secondary market or liquidity of Publicis Groupe SA's shares through an investment services provider who acts independently and without being influenced by the Company, in the name and on the behalf of the Company, in accordance with a liquidity contract, which complies with the Code of Ethics recognized by the French Regulatory Authority (Autorité des marchés financiers) or any other applicable regulations;

(5) to cancel shares acquired, under the conditions permitted by law;

(6) to carry out any transaction permitted now or in the future by the regulations in force, including any market practice that might be permitted by the Autorité des marchés financiers.

This repurchase program would also permit the Company to trade in its own shares with any other authorized purpose or which would become so by the law or regulations in force. In such a case, the Company would inform its shareholders through a press release.

The Company may purchase, sell or transfer its shares as often as it wishes, at any time and by all means authorized now or in the future by the regulations in force, on regulated markets, multilateral trading systems, with systematic internalizers or over the counter, including by purchasing or selling of blocks of shares (without limiting any part of the buyback program that may be conducted by this means), sale with option to repurchase, by public offering to purchase or exchange, by use of options mechanisms or by use of any derivative financial instrument, or by use of warrants or, more generally, securities convertible into the Company's equity. The Company may also hold the shares purchased and/or cancel them subject to authorization by an Extraordinary General Shareholders' Meeting and in compliance with the applicable regulations.

However, unless there is prior authorization by the General Shareholders' Meeting, the Management Board cannot use this authorization once a third party has filed a public bid for Company shares, until the end of the offer period.

The maximum number of shares that may be repurchased cannot exceed 10% of the number of shares in the share capital, at any time, this percentage applying to the capital adjusted to reflect transactions affecting it following the meeting having voted in favor, this authorization being subject to an overall maximum of euro two billion, two million, eight hundred sixty-six thousand, six hundred sixty (euro 2,002,866,660).

The maximum share purchase price was set at euro 90 (excluding fees); this limit does not apply, however, to shares purchased to cover the free allocations of shares to employees or the exercise of stock options.

This authorization for a period of 18 months expired – for the unused portion and the remaining time period – and replaced that previously granted by the 16th resolution of the General Shareholders' Meeting on May 27, 2015.

The description of the share buyback program was made available on the Publicis Groupe website.

SUMMARY TABLE OF PURCHASES UNDER VARIOUS BUYBACK PROGRAMS SINCE 2012

	Amount	Average price (in euros)
Period from 01/01/2012 to 12/31/2012	18,389,396	35.91
Period from 01/01/2013 to 12/31/2013	4,770,687	48.93
Period from 01/01/2014 to 12/31/2014	1,251,497	58.73
Period from 01/01/2015 to 12/31/2015	7,732,424	72.45
Period from 01/01/2016 to 12/31/2016	**1,539,706**	**61.41**

In 2016 the Company sold 410,327 shares in Publicis Groupe SA to the recipients of stock options who exercised their purchase options during the year and delivered 184,462 existing shares under the bonus stock plan.

In addition, under the liquidity contract signed with Kepler Cheuvreux, the Company acquired 1,539,706 shares in 2016 at an average price of euro 61.41, and sold 1,584,153 shares at an average price of euro 62.10.

The trading fees and other expenses incurred by the Company during 2016 for transactions performed pursuant to the share buyback program authorized by the 16th resolution of the General Shareholders' Meeting on May 27, 2015, and then by the 18th resolution of the General Shareholders' Meeting on May 25, 2016, amounted to euro 70,000.

As at December 31, 2016, Publicis Groupe SA owned 577,603 shares (0.26%) of its own capital, at a total cost of euro 25,780,917 and an average price per share of euro 44.63.

On March 13, 2017, the Company established a share purchase agreement with an investment services provider as part of its share buyback program. The agreement was for a maximum of 5,000,000 shares with an average purchase price no higher than the caps set by the General Shareholders' Meeting of May 25, 2016. The purchase price of these shares will be calculated from the arithmetic mean of the volume-weighted average share price observed on each day of the buyback period, and may not exceed said average price. The purchase period provided for by the agreement will run from March 14, 2017, to June 30, 2017, at the latest.

6.3.4 Total amount of convertible or exchangeable securities and equity warrants, including the specified terms and conditions for conversion, exchange or subscription

The allocation of share capital as at December 31, 2016, on the basis of full dilution resulting from financial instruments issued by the Company, is the following:

At December 31, 2016	Shares held	%	Voting rights	%
Élisabeth Badinter	16,700,967	7.34%	33,401,934	13.26%
Treasury shares held	577,603	0.26%	-	-
Public (registered and bearer)	208,666,817	91.75%	217,080,229	86.15%
Equity warrants[1]	1,485,599	0.65%	1,485,599	0.59%
TOTAL	**227,430,986**	**100.00%**	**251,967,762**	**100.00%**

(1) Securities in-the-money as of the date of the closing of the 2016 accounts (price at February 7, 2017: euro 61.40).

A shareholder holding 1% of the share capital in Publicis Groupe SA at December 31, 2016, would hold 0.99% of the share capital of Publicis Groupe SA at that date, in case of exercise or conversion of rights attached to securities giving access to the capital (equity warrants).

The terms of conversion of equity warrants are described in Note 24 to the consolidated financial statements in Section 4.6 of this document.

6.3.5 Pledges, guarantees and sureties

There is no indirect self-control of the Company. As at December 31, 2016, 539,000 registered shares managed by the Company, and 114,501 registered shares administered by others, were pledged, representing a total of 653,501 pledged shares.

PRINCIPAL PLEDGE

Name of pure registered shareholder	Beneficiary creditor lienor	Opening date of pledge	Closing date of pledge	Condition for lifting pledge	Number of issuer's shares pledged	% of issuer's capital pledged at December 31, 2016
Consorts Badinter	LCF Edmond de Rothschild	9/9/2003	Not indicated	Agreement of the creditor lienor	509,000	0.002%

No major asset held by Group companies was subject to a pledge.

6.3.6 Employee shareholding

Employees' interests in the share capital through the Company savings plans, and according to the definition of article L. 225-102 of the French Commercial Code as at December 31, 2016 were not significant.

It should be noted that the Publicis Groupe FCPE held 384,166 Publicis Groupe shares as at December 31, 2016. As a result, Publicis Groupe employees owned 0.17% of the share capital via the FCPE at that date.

As at December 31, 2016, the total number of options outstanding for all beneficiaries was 2,225,152 including 434,790 share purchase options that are immediately exercisable and 1,790,362 subscription or purchase options that are still vesting.

The Group has extended its program of Long Term Incentive Plans with the "LTIP 2016", the "Sapient 2016 Stock Incentive Plan", "LTIP 2016-2018" and "LionLead3."

The LTIP 2016 plan awarded 770,300 shares of bonus stock to a number of Group senior executives in June 2016, under two conditions. Firstly, employment must continue throughout the three-year vesting period. Furthermore, the shares are subject to performance criteria, so that the total number of shares received will depend on the growth and profitability objectives attained in 2016.

To facilitate the integration of Sapient and its subsidiaries into the Publicis Groupe, the Management Board created a specific long-term incentive plan with the "Sapient 2016 Stock Incentive Plan". The share compensation plan is based on two variable duration formulas with specific presence and, where appropriate, performance characteristics. In April 2016, this plan awarded 442,604 free shares to a certain number of Sapient managers. The first formula stipulated an annual delivery of one-quarter of the free shares awarded spread over a four-year period. For the second formula, the delivery of all the free shares takes place after a three-year period.

In June 2016 the LTIP 2016-2018 bonus stock plan awarded 120,000 shares of bonus stock to members of the *Directoire* and "*Directoire* +", under two conditions: Firstly, employment must continue throughout the three-year vesting period. Furthermore, the shares are subject to performance criteria, so that the total number of shares received will depend on the growth and profitability objectives attained in the three-year performance period from the beginning of 2016 to the end of 2018.

LionLead3 is a plan in Ih the key executives of Publicis Groupe are eligible for bonus stock whose vesting and delivery depend on holding Group stock, meeting performance targets, and share price and outperformance conditions. The performance period consists of the years 2016, 2017 and 2018. The beneficiaries must stay employed by the Publicis Groupe until the end of the plan to receive the bonus shares. The plans break down into three formulas. The first affects beneficiaries in France and has a three year vesting period; the second affects beneficiaries outside of France and has a four-year vesting period, and the third affects members of the *Directoire* and "*Directoire* +", for whom the vesting period is three years no matter what country they work in. The plan calls for an award of no more than 4,768,335 shares, unless the plan objectives are exceeded.

As at December 31, 2016, the total number of free shares yet to vest to Group employees on condition of employment, and performance, in some cases, amounted to 7,650,957.

All the details concerning the option and free share plans (description, changes for the year, and closing balance) are shown in Note 28 to the consolidated financial statements in Section 4.6 of this document.

6.3.7 Share capital transactions

Changes regarding the share capital in the last three years are shown below:

Dates	Share capital transactions	Number of shares	Par value	Share capital (in euros)
12/31/2013	**CAPITAL AS AT DECEMBER 31, 2013**	**216,023,378**	**0.40**	**86,409,351**
1/31/2014 2/28/2014 3/31/2014 4/30/2014 5/31/2014 6/30/2014 7/31/2014 8/31/2014 9/30/2014 10/31/2014 12/31/2014	Capital increases (exercise of equity warrants)	684,773	0.40	273,909
5/1/2014 8/19/2014 9/22/2014 12/1/2014	Capital increases (delivery of free shares)	815,623	0.40	326,249
7/3/2014	Capital increase (dividend payment in shares)	2,094,672	0.40	837,869
9/17/2014	Capital increase (tenth tra[nche] of Orane redemption)	1,585,411	0.40	634,165
12/31/2014	**CAPITAL AS AT DECEMBER 31, 2014**	**221,203,857**	**0.40**	**88,481,543**
1/31/2015 2/28/2015 3/31/2015 4/30/2015 5/31/2015 6/30/2015 7/31/2015 9/30/2015	Capital increases (exercise of equity warrants)	517,819	0.40	207,127
4/17/2015 4/19/2015 9/1/2015 12/1/2015	Capital increases (delivery of free shares)	655,982	0.40	262,393
7/2/2015	Capital increase (dividend payment in shares)	163,082	0.40	65,233
12/31/2015	**CAPITAL AS AT DECEMBER 31, 2015**	**222,540,740**	**0.40**	**89,016,296**
2/29/2016 4/30/2016 5/31/2016 7/31/2016 8/31/2016 12/31/2016	Capital increases (exercise of equity warrants)	199,619	0.40	79,848
2/1/2016 4/1/2016 4/18/2016 5/3/2016 6/1/2016 6/16/2016	Capital increases (delivery of free shares)	462,580	0.40	185,032
7/4/2016	Capital increase (dividend payment in shares)	2,742,448	0.40	1,096,979
12/31/2016	**CAPITAL AS AT DECEMBER 31, 2016**	**225,945,387**	**0.40**	**90,378,155**

6.4 Stock market information

6.4.1 The trading of Publicis Groupe shares

Changes in the financial markets took place against a highly uncertain geopolitical backdrop in 2016, with the Brexit referendum and its unexpected outcome and the U.S. presidential campaign and the election of Donald Trump and an environment of sluggish growth in the world's economies.

Market indexes hit their low point in February, with the convergence of lower oil prices, higher Fed funds rates and continued negative interest rates in Europe that penalized the banking sector. Then the result of the referendum on Britain's leaving the European Union drew the markets once again into uncertainty. But they came back, thanks to US dollar appreciation against all the European currencies; and the rebound was magnified by the election of Donald Trump and the expectation of active capital spending by US companies.

All in all, the CAC 40 index rose 4.9%. In contrast, the major U.S. indexes reached their all-time highs. The Dow Jones index posted a 13.4% gain in 2016.

Publicis stock showed a gain of over 8% at April 30 after reporting organic growth above market expectations in the first quarter. It then drew back as did all markets upon the result of the British referendum. Its performance peaked at +12.3% on September 6 (as compared with -2.3% for the CAC 40) after a half-year earnings report that showed organic growth and operating margin both higher than the analysts' consensus, and the resumption of positive momentum in terms of winning accounts. A disappointing organic growth rate reported for the third quarter held the share price down. The stock finished 2016 with a 6.8% gain, driven in December by appreciation in the dollar. Based on reinvested dividends, Publicis Groupe shares posted 9.5% growth.

6.4.2 Investor relations

Publicis Groupe's financial communication is based on the principle of providing precise, transparent, and sincere information on the Group's situation to all financial markets within the framework of the current texts, standards and procedures in France: The Financial Security Law, the International Financial Reporting Standards and others. The Investor Relations department of the Publicis Groupe maintains a close, ongoing dialogue with both brokerage company and investment fund analysts. Publicis Groupe's financial communications with institutional investors is reflected in the organization of meetings in the world's major financial markets, and by the participation of Group representatives at investor conferences.

During the 2016 year the Publicis Groupe met with over 900 institutional investors in Europe, the United Kingdom and the United States, (versus fewer than 900 in 2015) in roadshows and industry investor conferences in Europe and the United States.

6.4.3 Securities market

The following information regarding the shares and financial instruments comes from the Euronext and Bloomberg websites.

Publicis Groupe shares

- Listed on: Euronext Paris (ISIN code: FR0000130577)
- First day listed: June 9, 1970
- Shares traded on Euronext Paris: all shares in the capital

On December 27, 2007, Publicis Groupe SA was informed that Publicis Groupe SA shares were now no longer listed on the New York Stock Exchange. This delisting followed the Company's notification on September 17, 2007 to the US market authorities that it no longer wanted Publicis Groupe SA shares listed on the New York Stock Exchange (listed in the form of American Depositary Receipt; ratio: one ADR for every one Publicis share), with average annual trading volumes rarely exceeding 1% of all shares in the share capital.

By default, the share can be traded on the New York Stock Exchange OTCQX market as an American Depositary Receipt, ratio: four ADRs for one Publicis share (ticker: PUBGY). The OTCQX platform is an information tool that provides access to US investors, while guaranteeing price transparency.

Changes in the trading price on Euronext Paris during 2016:

- high: euro 69.540 on September 6;
- low: euro 49.945 on January 20;
- average price: euro 62.097 (based on closing prices).

TRADING VOLUME AND COMPANY SHARE PRICE OVER THE LAST 18 MONTHS ON EURONEXT PARIS

			Average volumes traded per session[1]		Monthly price (in euros)			
Période		Number of trading sessions	Number of securities	Capital (in thousands of euros)	First listing	Last listing	Highest	Lowest
	October	22	1,181,159	71,513	61.42	59.06	65.24	55.60
	November	21	863,105	50,520	58.77	59.72	60.33	55.70
2015	December	22	811,300	48,636	60.02	61.38	62.98	57.57
	January	20	1,040,319	55,928	60.84	55.27	60.84	49.94
	February	21	1,125,301	62,106	55.40	57.16	58.04	50.50
	March	23	721,556	43,183	57.02	61.71	62.98	56.96
	April	21	670,584	42,762	61.11	64.63	66.72	60.55
	May	22	503,338	32,226	64.78	65.06	65.66	62.02
	June	22	817,298	49,991	65.04	60.53	66.19	57.42
	July	21	602,727	38,321	60.90	66.60	67.20	58.21
	August	23	378,576	25,145	66.72	66.55	67.92	64.18
	September	22	516,466	34,810	66.65	67.32	69.54	65.50
	October	21	633,772	40,579	67.20	62.50	67.96	60.87
	November	22	705,725	42,611	62.67	61.23	62.70	58.39
2016	December	21	569,669	35,936	61.01	65.55	65.91	59.96
	January	22	575,935	37,603	65.61	63.56	67.49	63.56
	February	20	928,383	58,100	63.79	63.63	64.63	59.27
2017	March	23	711,307	44,673	63.99	65.51	65.51	61.34

(1)Volumes traded on Euronext (excluding alternative platforms).

Publicis Groupe warrants (*bons de souscription d'actions*)

- Listed on: Euronext Paris (ISIN code: FR0000312928)
- First day listed: September 24, 2002
- Changes in the trading price on Euronext Paris in 2016:
  - high: euro 39.485 on September 7, 2016;
  - low: euro 20.83 on January 20, 2016;
  - average price: euro 32.4681 for 2016 (based on closing prices).

As at December 31, 2016, 1,463,644 warrants, exercisable until 2022, were outstanding.

Euro 1.3 billion Eurobond issued in two tranches on December 9, 2014 with maturity in 2021 and 2024

- Listed on: Euronext Paris
- First day listed: December 11, 2014
- Changes in the trading price on Euronext Paris in 2016:
  - euro 700 million tranche maturing on December 16, 2021, with an annual coupon of 1.125% (ISIN code: FR0012384634):
    - high: euro 104.996 on September 7, 2016,
    - low: euro 100.411 on March 10, 2016,
    - average price: euro 103.121 (based on closing prices);
  - euro 600 million tranche maturing on December 16, 2024, with an annual coupon of 1.625% (ISIN code: FR0012384667):
    - high: euro 109.528 on September 28, 2016,
    - low: euro 100.758 on March 10, 2016,
    - average price: 105.372 (based on closing prices).

Euro 500 million Eurobond issued on October 28, 2016 with maturity in 2023

- Listed on: Euronext Paris
- First day listed: November 3, 2016
- Changes in the trading price on Euronext Paris in 2016:
  - high: euro 98.782 on November 4, 2016;
  - low: euro 96.518 on December 6, 2016;
  - average price: 97.505 (based on closing prices).

7

GENERAL SHAREHOLDERS' MEETING

The Combined Annual Ordinary and Extraordinary General Shareholders' Meeting will take place on May 31, 2017 at Publicis cinémas, 133, avenue des Champs-Élysées, Paris 8, France.

Prior to this meeting, the legal documents and information will be communicated to shareholders, in accordance with the applicable laws, and notably by electronic consultation on the Publicis website.

8

ADDITIONAL INFORMATION

8.1 Documents on display

During the validity of this document, the Company's bylaws, minutes of the General Shareholders' Meetings, as well as reports of the Management Board and the statutory auditors, and all other documents addressed or available to shareholders as required by law are available at the registered office of Publicis Groupe SA, 133, avenue des Champs-Élysées, 75008 Paris.

The Company bylaws are also available on the Publicis Groupe's website (www.publicisgroupe.com).

The parent company's financial statements and the consolidated financial statements of Publicis Groupe SA for the financial years ending December 31, 2015 and December 31, 2016 are available at the registered office of the Company according to the laws and regulations in effect. They are also available on the Publicis Groupe website (www.publicisgroupe.com and www.publicisgroupe.com/ir) and on the website of the French Regulatory Authority (www.amf-france.org).

Furthermore, historical financial information for any direct or indirect subsidiary of the Company for the years ending December 31, 2015 and December 31, 2016 is available at the registered office of such subsidiary, as required by relevant laws and regulations.

8.2 Registration Document responsibility and declaration

8.2.1 Responsibility for the Registration Document

Maurice Lévy, Chairman of the Management Board of Publicis Groupe SA ("the Company").

8.2.2 Declaration of the person responsible for the Registration Document

I confirm, having exercised due diligence in this regard, that, to the best of my knowledge, the information in this Registration Document is true and contains no material omission.

I also confirm that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the Company's assets, financial position and profit, as well as those of its consolidated subsidiaries, and that the management report, the various components of which are indicated in the cross-referencing table in Section 8.6, provides a fair view of the progress of the business, results and financial position of the Company and all its consolidated subsidiaries, and a description of the main risks and uncertainties that they face.

I have obtained from the statutory auditors an end-of-engagement letter (*lettre de fin de travaux*), in which they state that they have verified the financial position and financial statements in this Registration Document, and have reviewed this Registration Document.

Paris, May 5, 2017

Maurice Lévy,

Chairman of the Management Board

8.3 Statutory auditors

8.3.1 Principal statutory auditors

Ernst & Young et Autres

Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles (Regional Company of statutory auditors of Versailles)

Represented by Vincent de La Bachelerie and Valérie Desclève

1/2, place des Saisons, 92400 Courbevoie – Paris La Défense 1

Appointed at the General Shareholders' Meeting of June 4, 2007; appointment renewed at the General Shareholders' Meeting of May 29, 2013, for a term of six years expiring at the end of the General Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2018.

Ernst & Young et Autres replaced Ernst & Young Audit, a company belonging to the same network, which had been appointed statutory auditor by the General Shareholders' Meeting of June 14, 2001.

Mazars

Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles (Regional Company of statutory auditors of Versailles)

Represented by Philippe Castagnac and Anne-Laure Rousselou

61, rue Henri-Regnault, Tour Exaltis, 92400 Courbevoie

Appointed at the General Shareholders' Meeting of June 25, 1981; appointment renewed most recently at the General Shareholders' Meeting of June 7, 2011, for a term of six years expiring at the end of the General Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2016.

8.3.2 Alternate statutory auditors

Auditex

1/2, place des Saisons, 92400 Courbevoie – Paris La Défense 1

Appointed at the General Shareholders' Meeting of June 4, 2007; appointment renewed at the General Shareholders' Meeting of May 29, 2013, for a term of six years expiring at the end of the General Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2018.

Gilles Rainaut

61, rue Henri-Regnault, Tour Exaltis, 92400 Courbevoie

Appointed at the General Shareholders' Meeting on June 1, 2010, and whose term was renewed by the General Shareholders' Meeting of May 25, 2016 for a term of six years, expiring at the General Shareholders' Meeting that will be called to approve the financial statements for the year ending December 31, 2021.

8.4 Cross-reference table for the Registration Document

See Appendix 1 of European Regulation no. 809/2004

	Page no.	Section no.
17. Employees		
17.1. Number of employees	*165 and 166*	4.6 (Note 3)
17.2. Shareholdings and stock options	*89 to 101*	2.2.4; 2.2.5 and 2.2.6
17.3. Agreement on employee share ownership	*249*	6.3.6
18. Main shareholders		
18.1. Shareholders holding more than 5% of the capital	*241 and 242*	6.2.1
18.2. Existence of different voting rights	*238 to 240*	6.1.5
18.3. Direct or indirect control	*242*	6.2.2
18.4. Agreement that could lead to a change in control	*242*	6.2.3
19. Related party transactions	*102 and 103*	2.3
20. Financial information concerning the issuer's assets, financial position, and results of operations		
20.1. Historical financial information	*148 to 208; 212 to 234*	4 and 5
20.2. Pro forma financial information	-	NA
20.3. Financial statements	*148 to 208*	4
20.4. Verification of annual historical financial information	*209 and 210; 235 and 236*	4.7 and 5.6
20.5. Date of most recent financial information	-	NA
20.6. Intermediate and other financial information	-	NA
20.7. Dividend distribution policy	*145*	3.6
20.8. Litigation	*43 and 44; 161 and 181*	1.8.4; 4.6 (Notes 1.3 – Provisions and 20)
20.9. Important changes in the financial or commercial position	-	NA
21. Additional information		
21.1. Share capital	*243 to 250*	6.3
21.2. Memorandum and bylaws	*238 to 240*	6.1.5
22. Major contracts	*34*	1.6
23. Information from third parties, experts and declared interests	-	NA
24. Documents on display	*258*	8.1
25. Information on holdings	*205 to 208*	4.6 (Note 32)

Pursuant to article 28 of EC Commission Regulation no. 809/2004, the following information is incorporated by reference into this Registration Document:

- the consolidated financial statements for the 2015 financial year drawn up in accordance with IFRS, and the statutory auditors' report relating thereto, which are shown respectively on pages 121 to 184 and 185 to 186 of the 2015 Registration Document filed with the AMF on April 4, 2016 under no. D. 16-0268;
- the consolidated financial statements for the 2014 financial year drawn up in accordance with IFRS, and the statutory auditors' report relating thereto, which are shown on pages 117 to 190 and 191 to 192 of the 2014 Registration Document filed with the AMF on April 8, 2015 under no. D. 15-0298;
- the change in the Group's financial position and operating profit for the 2015 financial year, shown on pages 107 to 118 of the 2015 Registration Document filed with the AMF on April 4, 2016 under no. D. 16-0268;
- the change in the Group's financial position and operating profit for the 2014 financial year, shown on pages 103 to 114 of the 2014 Registration Document filed with the AMF on April 8, 2015 under no. D. 15-0298;
- the annual financial statements for the 2015 financial year drawn up according to French accounting standards, and the statutory auditors' report relating thereto, which are shown respectively on pages 187 to 210 and 211 of the 2015 Registration Document filed with the AMF on April 4, 2016 under no. D. 16-0268;
- the annual financial statements for the 2014 financial year drawn up according to French accounting standards, and the statutory auditors' report relating thereto, which are shown respectively on pages 193 to 219 and 220 of the 2014 Registration Document filed with the AMF on April 8, 2015 under no. D. 15-0298;
- the statutory auditors' special report on related-party agreements for the 2015 financial year, shown on pages 84 to 87 of the 2015 Registration Document filed with the AMF on April 4, 2016 under no. D. 16-0268;
- the statutory auditors' special report on related-party agreements for the 2014 financial year, shown on pages 82 to 85 of the 2014 Registration Document filed with the AMF on April 8, 2015 under no. D. 15-0298;
- the sections of the 2015 and 2014 Registration Documents that are not included are either irrelevant for investors, or covered by this Registration Document.

8.5 Cross-reference table for the annual financial report

In order to facilitate the reading of the annual financial report, the following thematic table makes it possible to identify the main information required by article L. 451-1-2 of the French Monetary and Financial Code in this Registration Document.

	Item in the annual financial report	Page no.	Section no.
1.	**Annual financial statements**	*212 to 234*	5.1 to 5.5
2.	**Consolidated financial statements**	*148 to 208*	4.1 to 4.6
3.	**Statutory auditors' report on the annual financial statements**	*235 to 236*	5.6
4.	**Statutory auditors' report on the consolidated financial statements**	*209 to 210*	4.7
5.	**Management report including at least the information mentioned in articles L. 225-100, L. 225-100-2, L. 225-100-3 and L. 225-211 paragraph 2 of the French Commercial Code**		See cross-reference table for the management report given in Section 8.6
6.	**Declaration of the persons responsible for the management report**	*259*	8.2.2
7.	**Compensation of the statutory auditors**	*204*	4.6 (Note 31)
8.	**Report of the Chairperson of the Supervisory Board, established in adherence to legal provisions**	*64 to 70*	2.1.4
9.	**Statutory auditors' report on internal control**	*71*	2.1.5

8

8.6 Cross-reference table for the management report

Commentary on the financial year

	Page no.	Section no.
Situation and business activities of the Company and the Group	16; 17 to 20; 22 to 29	1.1; 1.2 and 1.4
Business results of the Company and the Group	148 to 150; 212; 213 to 214; 232 to 233; 234	4.1 to 4.3; 5.1; 5.2; 5.4 (Note 26) and 5.5
Objective and exhaustive analysis of business developments, results and financial position of the Company and the Group	30 to 33; 135 to 144	1.5 and 3.1 to 3.5
Key indicators of non-financial performance with regard to the Company's specific business activities		NA
Key events occurring between the date of close of the financial year and the date the report is prepared	20; 48	1. 2 and 2.1
Foreseeable development of the Company and the Group	33; 146	1.5.2, 1.5.3 and 3.7
Dividends distributed over the three preceding years and amount of income distributed during the same years eligible for 40% deduction	145	3.6
Investments or controlling interests in companies headquartered in French territory	30 to 33	1.5.1

Presentation of the Group

	Page no.	Section no.
The main risks and uncertainties faced by the Company	37 to 46	1.8
Use of financial instruments by the Company: financial risk management objectives and policy	157 to 163; 192 to 194; 194 to 196	4.6 (Notes 1.3, 25 and 26)
Exposure of the Company to price, credit, liquidity or cash flow risks	45; 143; 186 to 189; 194 to 196;	1.8.5; 3.4.3 and 4.6 (Notes 22 and 26)
Social and environmental consequences of business activities and societal commitments to promote sustainable development, the circular economy, to fight against food waste and discrimination and to encourage diversity	108 to 132	2.4
Research and development activities	35 to 36; 158	1.7 and 4.6 (Note 1.3)
Existing branches		NA

Corporate governance

	Page no.	Section no.
List of all offices and functions exercised in any company by each corporate officer during the year	50 to 60	2.1.1
Principles and criteria used to determine, allocate and award the fixed, variable and extraordinary components of the total compensation and the benefits of all kinds payable to the members of the Management Board and members of the Supervisory Board for the offices they hold	73 to 88	2.2.1 to 2.2.3
Total compensation and other benefits paid to corporate officers during the year	73 to 101	2.2
All commitments made by the Company for its corporate officers, such as compensation, indemnities or benefits due or likely to be due as a result of taking up, ceasing or changing functions, or subsequently	73 to 101; 102 to 103	2.2; 2.3.2
Conditions for exercise of stock options and for retaining of shares issued from exercise of stock options by the executive corporate officers	78 to 88; 199 to 202	2.2.3 and 4.6 (Note 28)
Conditions for retaining free shares attributed to executive corporate officers	78 to 88; 92; 199 to 202	2.2.3; 2.2.4 (Tables 6 and 7) and 4.6 (Note 28)
Operations in the Company's shares by managers and related persons	101	2.2.6
Agreements between a corporate officer or major shareholder with a subsidiary of the Company (excluding agreements relating to current operations or concluded on arm's length terms)		NA

Company information and capital structure

	Page no.	Section no.
Rules applicable to the nomination and replacement of members of the Management Board as well as changes made to the bylaws or share capital	238 to 240	6.1.5
Powers of the Management Board, in particular the issuance or repurchase of shares	238 to 240; 243 to 246; 247 to 248	6.1.5; 6.3.1 and 6.3.3
Details on purchases and sales of treasury shares during the year	247 to 248	6.3.3
Any adjustments for shares giving access to capital in case of buyback or financial transactions	190 to 191	4.6. (Note 24)
Current delegations	243 to 246	6.3.1
Structure of and changes in the Company's capital	241 to 242; 243 to 250	6.2. and 6.3
Major shareholders and voting rights	241 to 242	6.2.1
Employee stockholdings	249	6.3.6
Agreements related to a possible change of control	242	6.2.3
Limitations in the bylaws on the exercise of voting rights and transfer of shares or clauses in agreements brought to the attention of the Company in application of article L. 233-11 of the French Commercial Code		NA
Direct or indirect ownership of the Company's capital of which it is aware, pursuant to article L. 233-7 of the French Commercial Code	241 to 242	6.2.1
List of holders of securities with special rights of control and a description of these rights		NA
Agreements between shareholders of which the Company is aware and which might hinder the transfer of shares and the exercise of voting rights		NA
Agreements allowing for indemnities to members of the Management Board or employees if they resign or are dismissed without real or serious cause, or if their employment ends because of a public offering	78 to 88	2.2.3

Elements pertaining to the financial statements

	Page no.	Section no.
Company's earnings over the past five years	234	5.5
Payment periods	144	3.5
Amount of loans granted in application of article L. 511-6 of the French Monetary and Financial Code		NA

Report of the Chairperson of the Supervisory Board

	Page no.	Section no.
Report of the Chairperson of the Supervisory Board on the composition of the Supervisory Board and the application of the principle of gender-balanced representation in its composition, the preparation and organization of the Supervisory Board's work, and internal control and risk management procedures	64 to 70	2.1.4
Statutory auditors' report on the report of the Chairperson of the Supervisory Board	71	2.1.5

Designed & published by LABRADOR +33 (0)1 53 06 30 80

Publicis Groupe SA

French limited liability company (*société anonyme*) with a Management Board and a Supervisory Board,
with a share capital of euro 90 378 154

Registered office: 133, avenue des Champs-Élysées, 75008 Paris – Paris Trade and Companies Registry no. 542,080,601