

2016 3DEXPERIENCE® ANNUAL REPORT

DASSAULT SYSTÈMES FINANCIAL REPORT

GROUP PRESENTATION
FINANCIAL REVIEW & STATEMENTS
CORPORATE GOVERNANCE
GENERAL MEETING OF SHAREHOLDERS



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The **3DEXPERIENCE**® Company

ANNUAL REPORT **2016**

ANNUAL FINANCIAL REPORT



This document is an English-language translation of Dassault Systèmes' *Document de référence* (Annual Report), which was filed with the AMF (French Financial Markets Authority) on March 22, 2017, in accordance with Articles 212-13 of the AMF General Regulation.

Only the French version of the *Document de référence* is legally binding

GENERAL

This Annual Report also includes:

- the annual financial report to be prepared and published by every listed company within four months of the end of its fiscal year, pursuant to Article L. 451-1-2 of the Monetary and Financial Code and Article 222-3 of the French Financial Markets Authority (“AMF”) General Regulation; and
- the annual management report of Dassault Systèmes SE’s Board of Directors, which must be provided to the General Meeting of Shareholders approving the financial statements for each completed fiscal year, pursuant to Articles L. 225-100 et seq. of the French Commercial Code.

The index set forth on pages 232 and 233 provides cross-references to the relevant portions of these two reports.

All references to “euro” or to the symbol “€” refer to the legal currency of the French Republic and certain countries of the European Union. All references to the “U.S. dollar” or to the symbol “\$” refer to the legal currency of the United States.

As used herein, “Dassault Systèmes”, the “Company” or the “Group” refers to Dassault Systèmes SE and all the companies included in the scope of consolidation.

“Dassault Systèmes SE” refers only to the European parent company of the Group, which is governed by French law.

In compliance with Article 28 of European Regulation no. 809/2004 of the Commission, the following information is incorporated by reference in this Annual Report:

- the consolidated financial statements on pages 86 to 121 (inclusive), the parent company financial statements on pages 124 to 145 (inclusive), and the related audit reports on pages 122 to 123 and, 146 to 149 (inclusive) of the Annual Report (Document de référence) for the year 2015 filed with the AMF on March 23, 2016, under no. D. 16-0197;
- the financial information on pages 72 to 84 (inclusive) of the Annual Report (Document de référence) for the year 2015 filed with the AMF on March 23, 2016, under no. D.16-0197;
- the consolidated financial statements on pages 84 to 120 (inclusive), the parent company financial statements on pages 123 to 143 (inclusive), and the related audit reports on pages 121 to 122 and, 145 to 148 (inclusive) of the Annual Report (Document de référence) for the year 2014 filed with the AMF on March 24, 2015, under no. D. 15-0195;
- the financial information on pages 70 to 82 (inclusive) of the Annual Report (Document de référence) for the year 2014 filed with the AMF on March 24, 2015, under no. D. 15-0195;

The portions of these documents which are not incorporated herein are either not relevant for current investors, or are covered in another section of this Annual Report.

PERSON RESPONSIBLE

Person Responsible for the Annual Report

Bernard Charlès – Vice-Chairman and Chief Executive Officer.

Certification by the Person Responsible for the Annual Report

Vélizy-Villacoublay, March 22, 2017.

I hereby certify, after having taken all reasonable measures for this purpose, that the information contained in this Annual Report (*Document de référence*) is, to my knowledge, in accordance with the facts and that no information liable to affect its significance has been omitted.

I certify that, to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a faithful representation of the assets, financial situation and results of Dassault Systèmes SE and all the companies included in the scope of consolidation, and that the “management report” the content of which is cross-referenced in a table at page 233, included in this Annual Report, presents a faithful representation of the business trends, results and financial situation of Dassault Systèmes SE and all the companies included in the scope of consolidation as well as a description of the principal risks and uncertainties which they face.

I have received a completion letter (*lettre de fin de travaux*) from the auditors stating that they have verified the information regarding the financial situation and the financial statements included in this Annual Report and that they have read this document in its entirety.

Bernard Charlès

Vice-Chairman and Chief Executive Officer

1

PRESENTATION OF THE GROUP

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1.1 Key Figures

The selected financial information set forth below has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union, unless otherwise indicated.

A financial review including a comparison of 2016 and 2015 can be found in Chapter 3, "Financial review and prospects".

<i>(in millions of euros, except percentages and per share data)</i>	Year ended December 31,		
	2016	2015	2014
Total revenue	€3,055.6	€2,839.5	€2,294.3
Software revenue	2,694.7	2,502.8	2,035.0
Operating income	672.0	633.2	430.8
<i>As a percentage of total revenue</i>	22.0%	22.3%	18.8%
Net income attributable to equity holders of the Company	447.2	402.2	291.3
Diluted net income per share	€1.74	€1.57	€1.14
Dividend per share	€0.53 ⁽¹⁾	€0.47	€0.43
Supplemental non-IFRS financial information⁽²⁾			
Total revenue	€3,065.6	€2,876.7	€2,346.7
Software revenue	2,704.3	2,537.9	2,078.6
Operating income	957.7	884.9	699.2
<i>As a percentage of total revenue</i>	31.2%	30.8%	29.8%
Net income attributable to equity holders of the Company	640.3	576.6	465.5
Diluted net income per share	€2.49	€2.25	€1.82

(1) To be proposed for approval at the General Meeting of Shareholders scheduled for May 23, 2017.

(2) Readers are cautioned that the supplemental non-IFRS financial information is subject to inherent limitations. It is not based on any comprehensive set of accounting rules or principles and should not be considered in isolation from or as a substitute for IFRS measurements. The supplemental non-IFRS financial information should be read only in conjunction with the Company's consolidated financial statements prepared in accordance with IFRS. Furthermore, the supplemental non-IFRS financial information may not be comparable to similarly titled adjusted measures used by other companies. For a reconciliation of this non-IFRS financial information with the Company's audited financial statements, see paragraph 3.1.1.2 "Supplemental Non-IFRS Financial Information".

<i>(in millions of euros)</i>	Year ended December 31,		
	2016	2015	2014*
ASSETS			
Cash, cash equivalents and short-term investments	€2,492.8	€2,351.3	€1,175.5
Trade accounts receivable, net	820.4	739.1	627.7
Other assets	3,629.9	3,221.0	3,159.2
TOTAL ASSETS	6,943.1	6,311.4	4,962.4
LIABILITIES AND EQUITY			
Unearned revenue	853.1	778.0	636.8
Borrowings	1,000.0	1,000.0	360.1
Other liabilities	1,229.8	1,064.9	1,022.0
Parent shareholders' equity	3,860.2	3,468.5	2,943.5
TOTAL LIABILITIES AND EQUITY	€6,943.1	€6,311.4	€4,962.4

* The consolidated balance sheet as of December 31, 2014 has been restated to reflect the finalized purchase price allocation for prior year business combinations.

<i>(in millions of euros)</i>	Year ended December 31,		
	2016	2015	2014
Net cash provided by operating activities	€621.7	€633.3	€499.5
Net cash used in investing activities	(298.9)	(60.5)	(1,000.9)
Net cash provided by (used in) financing activities	(202.4)	548.4	(170.3)
Effect of exchange rate changes on cash and cash equivalents	35.8	55.1	38.0
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	€156.2	€1,176.3	€(633.7)

1.2 History

1.2.1 History and Development of the Company

1.2.1.1 Summary

Dassault Systèmes, the **3DEXPERIENCE** Company, has the mission to provide business and people with **3DEXPERIENCE** universes to imagine sustainable innovations harmonizing product, nature and life. Unveiled in 2012, this purpose has given birth to a broad portfolio of Industry Solution Experiences whose key strengths are in their scientific content and deep understanding of industrial processes. The Company's software portfolio is applicable from Natural Resources to Cities, Transportation, Buildings, Smart Products, Consumer Goods, all the way to biological systems and chemistry. Founded in 1981, Dassault Systèmes has been developing technologies and solutions that propel digital transformation in industries ranging from aerospace to life sciences and is participating in more than 50 global initiatives dedicated to advance world-class production technologies and processes. Dassault Systèmes brings value to over 210,000 customers of all sizes, in all industries, in more than 140 countries.

The Company's Industry Solutions Experiences portfolio is powered by the Company's **3DEXPERIENCE** business platform which was designed to enable companies to bring their different departments together, in a holistic manner to drive their innovation – in products, in new business models and in customer experience successes. The **3DEXPERIENCE** business platform has proven uniquely suited to help companies thanks to its ability to improve and connect processes across the principal disciplines, from ideation, design, scientific simulation and manufacturing to marketing and sales, feed them with meaningful data analytics, and ensuring the automatic propagation of changes across all disciplines.

In connection with the launch of **3DEXPERIENCE**, the Company introduced a management system, organized along three axes with: (i) a strategy to cover customer processes through an industry-focused set of offerings, "Industry Solution Experiences" based upon the Company's underlying software applications portfolio, content and services; (ii) a domain focused portfolio of software applications organized by brand in order to ensure a strong focus on the satisfaction of end user needs; and (iii) a global local specialized organization in order to leverage its global strengths, while at the same time ensuring a strong local proximity with customers and partners and enabling a more flexible management structure responsive to local needs at the client, partner and employee level thanks to its twelve geographic management teams.

The Company's investments, both through expenditures internally in research and development and through acquisitions, are closely aligned with its strategic roadmap. The Company's internal R&D investments are the principal driver of its product innovations and enhancements. In addition, with its expanded purpose and Social Industry Experiences strategy the Company is growing its addressable market along two axes: (i) broadening its offer to cover the key disciplines of clients adding upstream consumer insights to its core markets of design, engineering, simulation and manufacturing, and extending through to business planning and operations and point of sales and end-consumer experiences; and (ii) expanding its market coverage to address industries focused on the interaction of business and people with nature (geosphere) and business and people with life sciences (biosphere). As a result, the Company will continue to evaluate potential external investments complementing and extending the value it brings to industries, clients and users. See paragraphs 1.2.1.3 "Dassault Systèmes' Purpose and Strategy", 1.4.1.1 "Summary" and 1.4.1.4 "Technology and Science" for further information.

1.2.1.2 Summary Timeline

1981

- ▶ Creation of Dassault Systèmes to design products in 3D through the spin-off of a team of engineers from Dassault Aviation;
- ▶ The Company's flagship brand, CATIA, is launched;
- ▶ Worldwide marketing, sales and support agreement with IBM, beginning of a long-standing partnership;
- ▶ Initial industry focus: automotive and aerospace.

1986

- ▶ V3 software introduced for 3D Design.

1994

- ▶ V4 architecture introduced offering a new technology enabling the full Digital Mock-Up ("DMU") of a product, enabling customers to significantly reduce the number of physical prototypes and to have a complete understanding of the virtual product;
- ▶ Expansion of the Company's industry focus to seven industries, adding fabrication and assembly, consumer goods, high-tech, shipbuilding and energy.

1996

- ▶ Initial public offering in Paris and listing on the NASDAQ (the Company voluntarily delisted from the NASDAQ in 2008).

1997

- ▶ Broadening of the Company's 3D design product line to the entry 3D market, with the acquisition of the start-up SOLIDWORKS, with Windows-native architecture, to target principally the 2D to 3D migration market opportunity;
- ▶ Formation of the Company's Professional channel, focused on marketing, sales and support of SOLIDWORKS.

1998

- ▶ Creation of the ENOVIA brand, focused initially on management of CATIA product data with the acquisition of IBM's Product Manager software.

1999

- ▶ Launch of V5, a new architecture software for the PLM (design, analysis, digital manufacturing and product data management) market designed for both Windows NT and UNIX environments;
- ▶ The Company expands its ENOVIA product line with the acquisition of SmarTeam focused on product data management for the small and mid-sized companies ("SMB") market.

2000

- ▶ Creation of the DELMIA brand, initially addressing the digital manufacturing domain (digital process planning, robotic simulation and human modeling technology).

2005

- ▶ Creation of the SIMULIA brand, addressing realistic simulation, representing a significant expansion of the Company's simulation capabilities, leveraging the acquisition of Abaqus;
- ▶ Creation of the Company's Value Solutions sales channel, an indirect channel specifically focused on supporting SMB companies, including suppliers to OEMs. The Value Solutions channel becomes the Company's second indirect channel, complementing its Professional channel which is focused on SOLIDWORKS users.

2006

- ▶ Expansion of the ENOVIA portfolio with the acquisition of MatrixOne, a global provider of collaborative PDM software and services;

2007

- ▶ Amendment of the IBM partnership agreement, outlining the Company's progressive assumption of full responsibility for the Value Solutions channel;
- ▶ Creation of the 3DVIA brand. Building upon several years of research and investment, 3DVIA was launched to bring 3D technology to new users to imagine, communicate and experience in 3D;
- ▶ Further expanding its product offering for CATIA, the Company acquired ICEM, a company well-known in the automotive industry for its styling and high-quality surface modeling and rendering solutions.

2008

- ▶ Unveiling of the Company's V6 architecture. The V6 software architecture will become the foundation of the revolutionary 3DEXPERIENCE Industry Solutions portfolio.

2010

- ▶ The Company acquires full control of its distribution sales channels with the acquisition of IBM PLM, the IBM business unit dedicated exclusively to the marketing, sale and support of the Company's PLM software (CATIA, ENOVIA and DELMIA principally);
- ▶ Acquisition of EXALEAD, a French company providing search platforms and search-based applications for consumer and business users.

2011

- ▶ DELMIA's offering expands with the acquisition of Intercim, offering manufacturing and production management software for advanced and highly regulated industries;
- ▶ 100% of the Company's total revenues are derived from its wholly-directed three sales channels, completing the transition from IBM begun in 2005.

2012

- ▶ Expansion of the Company's strategy to **3DEXPERIENCE** and expansion of the Company's purpose. See paragraph 1.2.1.3 "Dassault Systèmes' Purpose and Strategy";
- ▶ Creation of a new brand, GEOVIA, dedicated to model the planet, focus on a new industrial sector, Natural Resources, with the acquisition of Gemcom in the mining sector;
- ▶ Acquisitions of Netvibes, bringing intelligent dashboarding capabilities, and SquareClock, providing cloud-based 3D space planning solutions;
- ▶ Introduction of the Company's first Industry Solution Experiences.

2013

- ▶ Unveiling of V6 Release 2014, available to select customers, on premise as well as Software as a Service (SaaS), featuring the controlled availability of existing and new industry-focused and user-focused offerings and the introduction of a new navigational user interface, the **3DEXPERIENCE** platform;
- ▶ Broadening of the Company's manufacturing offerings to Manufacturing Operations Management with the acquisition of Apriso.

2014

- ▶ Introduction of **3DEXPERIENCE** R2014x, the first release of the Company's new **3DEXPERIENCE** platform, offering end-to-end and integrated scientific, engineering, manufacturing and business capabilities and services, with the V6 architecture as its foundation;
- ▶ Creation of a new brand, 3DEXCITE, with the acquisition of Realtime Technology AG ("RTT") providing professional high-end 3D visualization software, marketing solutions and computer generated imagery services to extend the Company's offerings to marketing professionals;

- ▶ Creation of a new brand, BIOVIA, addressing science-based industries principally, combining the acquisition of Accelrys and the Company's internal developments;
- ▶ Quintiq acquisition in operations planning and optimization.

2015

- ▶ Introduction of **3DEXPERIENCE** R2015x, offering a simplified and improved user experience, with powerful enhancements that significantly increase productivity on premise as well as on public or private cloud. In addition, R2015x introduces groupings of applications called "roles", to cover industry-specific user needs;
- ▶ Dassault Systèmes completed the change of the legal status of the parent company from that of a French public limited company (*société anonyme*) to that of a European company (*Societas Europaea*, SE). The adoption of the status of European company well reflected the international dimension of the Company and its growing presence throughout Europe;
- ▶ CATIA's capabilities were expanded to further enhance its coverage of complex mechatronics systems engineering, with the acquisition of Modelon GmbH, an expert in "ready-to-experience" content for systems modeling and simulation which are strategic to transform the Transportation & Mobility industry.

2016

- ▶ **3DEXPERIENCE** 2016x general availability;
- ▶ Extension of SIMULIA's multi-physics, multi-scale offer with the acquisition of CST, a technology leader in electromagnetic simulation, and the addition of Next Limit Dynamics, bringing capabilities in computational fluid dynamics simulation;
- ▶ Expansion of the Company's DELMIA's manufacturing portfolio with the acquisition of Ortems, focused on production planning and scheduling;
- ▶ In April 2016, jointly with Geometric Ltd, Dassault Systèmes announced plans to acquire full ownership of 3D PLM Software Solutions Ltd (3DPLM), its joint venture in India with Geometric Ltd. 3DPLM is already fully consolidated in Dassault Systèmes' financial statements.

For further information on acquisitions over the last three years, see paragraph 1.2.2 "Investments".

1.2.1.3 Dassault Systèmes' Purpose and Strategy

Dassault Systèmes' corporate purpose is to provide business and people with **3DEXPERIENCE** universes to imagine sustainable innovations capable of harmonizing product, nature and life.

A growing number of companies in all industry verticals are evolving their innovation processes to imagine the future both with, and for, their end-consumers. To meet this challenge, it is vital to ensure collaborative work processes internally and externally to the enterprise with designers, engineers, researchers and marketing managers, as well as external *ad hoc* participants because the innovation flow comes from many directions. Enabling this flow unleashes the innovation potential. Dassault Systèmes, with its **3DEXPERIENCE** platform leveraging its V6 architecture, provides this "linkage",

enabling its clients to create the value that their ultimate consumers are seeking. The Company's **3DEXPERIENCE** portfolio is designed to support 3D realistic virtual experiences representing usage of future products, and is comprised of social and collaborative applications, 3D modeling applications, simulation applications, and information intelligence applications.

For Dassault Systèmes to be able to help its customers simulate the end-consumer experience, it is important to have a complete understanding of the most critical business needs of the industries in which its customers operate. Therefore, Dassault Systèmes has adapted its organization to provide a strong focus on the users of its software through its brands structure, while at the same time, advancing the understanding and development of the needs of its 12 target industries through the combined action of its organization by industry, sales channels and local geographic presence.

1.2.2 Investments

The Company's investments, both through expenditures on its internal R&D efforts and acquisitions, are closely aligned with its strategic roadmap. The Company's internal R&D investments are the principal driver of its product innovations and enhancements. In addition, with its expanded purpose and Industry Solution Experiences strategy the Company is growing its addressable market along two axes: (i) broadening its offer to cover the key product disciplines of clients adding upstream consumer insights to its core markets of design, engineering, simulation and manufacturing, and extending through to business planning and operations and point of sales and end-consumer experiences; and (ii) expanding its market coverage to address industries focused on the interaction of business and people with nature (geosphere) and business and people with life sciences (biosphere).

As a result, the Company has and will continue to evaluate potential external investments complementing and extending the business value it brings to industries, clients and users. For further information, see paragraphs 1.2.1.3 "Dassault Systèmes' Purpose and Strategy" and 1.4.1.3 "Growth Strategy".

Acquisitions from 2014-2016

During 2016 Dassault Systèmes has performed acquisitions well aligned with its strategy, for a total amount of €262.7 million, net of cash acquired.

On October 3, 2016, Dassault Systèmes completed its largest acquisition of the year, acquiring Computer Simulation Technology AG ("CST"), the technology leader in electromagnetic (EM) simulation to offer full spectrum EM simulation of autonomous cars, connected homes, medical equipment, wearable electronics and other smart objects. Dassault Systèmes will integrate CST solutions into its portfolio of industry solution experiences based on the **3DEXPERIENCE** platform to offer a new standard in multiphysics and multiscale simulation. CST STUDIO SUITE software is used by designers and engineers at more than 2,000 leading companies in the high-tech, transportation and mobility, aerospace and defense, and energy industries to evaluate all types of EM effects during every stage of electronic system design processes.

The Company also completed additional acquisitions well complementing and extending its capabilities in manufacturing and in simulation during 2016:

- Ortems, focused on production planning and scheduling, is now part of DELMIA's product line. Ortems' Agile Manufacturing and PlannerOne solutions are used in the manufacturing operations management of smart factories, where a highly synchronized manufacturing IT system supports the link between virtual design and physical production. More than 16,000 users in 60 countries at aerospace, automotive, industrial equipment, high-tech, life sciences, packaging and consumer goods industrial companies, use its solutions to schedule their daily production runs. Customers include AIA, GE Power, Heineken, Mecaplast, Nexans, Sanofi, Sidel, Solvay and Thales;
- Dassault Systèmes completed the acquisition of Next Limit Dynamics, developer of Xflow technology, to enhance its industry solution experiences for multiphysics simulation on the 3DEXPERIENCE platform and strengthen its presence in the strategic computational fluid dynamics ("CFD") market. Next Limit Dynamics' software solutions are used by simulation analysts for accurate and robust simulation of highly dynamic fluid flow in order to solve challenging CFD problems faster than traditional methods. Customers include Airbus, AISIN AW, Caterpillar, Doosan, Ford, Google X, Honda, Mitsubishi, NASA, Safran Helicopter Engines and Toyota.

In 2015, the Company expanded CATIA's capabilities in complex mechatronics systems engineering, acquiring Modelon GmbH, an expert in "ready-to-experience" content for systems modeling and simulation which are strategic for the Transportation and Mobility industry. Acquisition investments totalled €20.2 million during 2015.

During 2014 Dassault Systèmes invested €952.9 million on a net cash basis to acquire companies in several key areas: (i) addressing principally science-focused industries, where it introduced a new brand, BIOVIA, based upon the acquisition of Accelrys and the Company's internal research in bio-intelligence; (ii) addressing marketers with the RTT acquisition, rebranded as 3DEXCITE, which enables the reuse of virtual mock-ups or 3D product designs to create images, marketing brochures, promotional films or virtual but very realistic show rooms; and (iii) addressing business operations management with the acquisition of Quintiq, for supply chain, logistics and workforce operations planning and optimization. In addition, the Company strengthened the capabilities of its simulation brand, SIMULIA with the acquisition of SIMPACK for multi-body simulation.

The Company's principal acquisitions with an individual purchase price greater than €100 million over the last three years include:

Acquisition	Year	Purchase Price
CST	2016	€295 million
Accelrys	2014	€542 million
Quintiq	2014	€260 million
RTT	2014	€191 million

1.3 Group Organization

1.3.1 Dassault Systèmes SE's Position within the Group

Dassault Systèmes SE, the Group's parent company, fulfills several roles: first, it is one of the Group's largest operating companies and one of its principal R&D centers, responsible for the development of a number of the Group's software solutions integrated in the **3DEXPERIENCE** platform. Dassault Systèmes SE also operates as a holding company as it owns directly or indirectly all the companies that make up the Group. Dassault Systèmes SE plays a centralizing role, defining the Group's overall strategy and the means for its deployment, as well as the marketing and sales policy through the Group's three sales channels (described

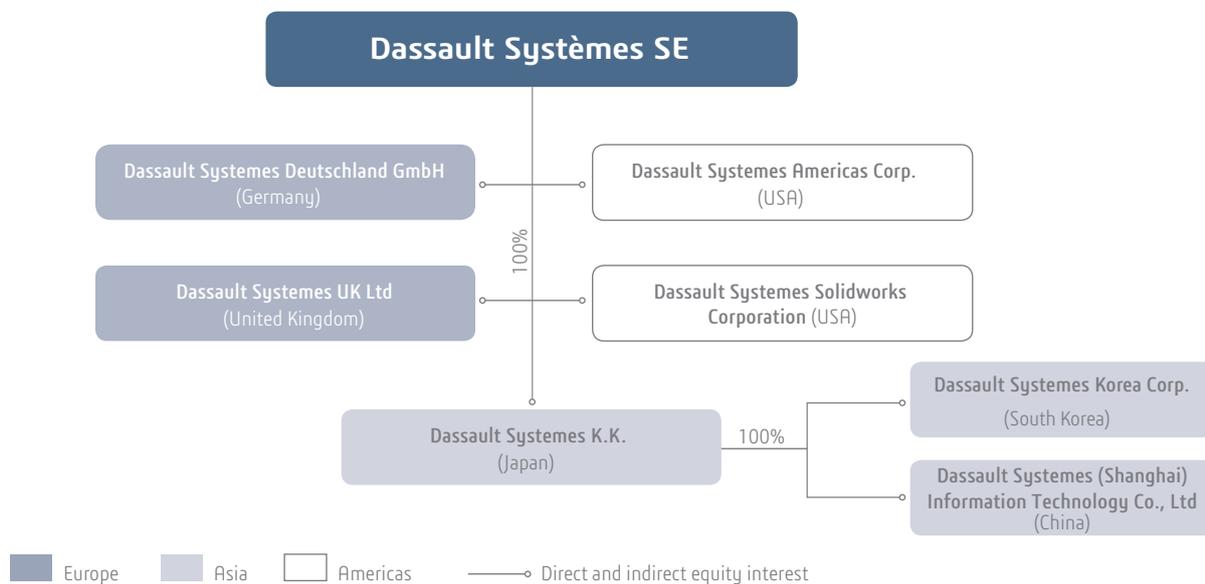
in paragraph 1.4.2.5 "Sales and Marketing"). The parent company manages cash for subsidiaries whose currency is the euro, and provides support to the Group for a number of activities, including finance, communication, marketing, legal affairs (including management and protection of IP), human resources and IT, and pools certain costs for its subsidiaries.

Dassault Systèmes SE receives dividends paid by its subsidiaries. Additionally, the costs of providing centralized services are charged back to the respective subsidiaries benefiting from support services and cost pooling, and it receives royalties related to the IP it holds.

1.3.2 Principal Subsidiaries of the Company

At December 31, 2016, the Company included Dassault Systèmes SE and 116 operational subsidiaries, as compared to 118 operational subsidiaries in 2015. The decrease was due principally to the effort of the Company to simplify the organization of its legal entities throughout the world, partly offset by 2016 acquisition effects.

The chart below sets forth the Company's main subsidiaries.



See also Note 28 to the consolidated financial statements and the table of subsidiaries and shareholdings under Note 24 to the parent company financial statements.

1.4 Business Activities

1.4.1 Principal Activities

1.4.1.1 Summary

Dassault Systèmes, the **3DEXPERIENCE** Company, has the mission to provide business and people with **3DEXPERIENCE** universes to imagine sustainable innovations harmonizing product, nature and life. This purpose has given birth to a unique portfolio of products and Industry Solution Experiences whose key strengths are in their scientific content and deep understanding of industrial processes. The Company's software portfolio spans a wide spectrum of domains from modelling and scientific simulation to production and logistics optimization, and is applicable from Natural Resources to Cities, Transportation, Buildings, Smart Products, Consumer Goods, all the way to biological systems and chemistry.



Consumers today demand product experiences that enrich their lives in meaningful ways. Experience Thinking is a framework for innovation, focusing on engaging consumers with breathtaking product experiences that are smarter, intuitive and sustainable. Product experience thinking encourages companies to consider all aspects of the consumer experience journey – only possible when all the players in the innovation process from marketing, sales, design, engineering, manufacturing and the supply chain work collaboratively.

The **3DEXPERIENCE** platform and apps are purpose built to digitalize the entire customer journey, with capabilities to analyze, design, simulate, engineer and deliver experiences. The platform enables innovators to develop a deep understanding of their customer's expectations by analyzing social and usage information in a unique data-driven approach. Enterprises can then model, simulate and optimize their offerings to best suit each customer experience. During the operating lifecycle, this model is enriched with valuable insights gleaned from the usage data, setting the stage for the next cycle of innovation.

1.4.1.2 Key Strengths of Dassault Systèmes

The solutions of Dassault Systèmes, the **3DEXPERIENCE** Company, transform the way products are designed, simulated, produced, marketed and supported, leveraging the virtual world to improve the real world.

Dassault Systèmes' focus has been on enabling digital continuity and to do so in a much broader fashion as the entire enterprise is involved in driving successful customer experiences. This digital continuity begins with Upstream Thinking, to then Design and Engineering, Manufacturing, Sales & Marketing all the way to Ownership with after-sales. The **3DEXPERIENCE** platform is a critical enabler of this digital continuity.

The Company believes its global market leadership and financial performance benefit from key characteristics of the Company.

Dassault Systèmes is a scientific company serving science and technology for a sustainable society.

The Company's DNA to model and represent as scientifically accurate as possible products, nature and life has given birth to a unique Industry Solutions Experiences portfolio based on the **3DEXPERIENCE** platform, whose key strengths are in their scientific content and deep understanding of industrial processes.

Dassault Systèmes has had a long-standing leadership position in its industry thanks to its ability to define and create new markets, expanding from 3D Design to Digital Mock-Up, to Product Lifecycle Management and now 3DEXPERIENCE. Underpinning this market leadership has been the Company's clear and strong commitment to technological innovation.

Important areas of investment in R&D include, among others, the 3DEXPERIENCE business platform foundations and services, Modeling Technologies (3D, systems engineering, natural resources and biosystems), technologies for product, production and usage realistic simulation, intelligent information technologies (indexing, dashboarding and data science) and connectivity technologies (for social and structured collaboration and program management & compliance). Moreover, the Company's R&D efforts are centered on advancing breakthrough user experiences, and expanding the reach of its solution with native cloud and mobility and immersive solutions.

The Company works closely with customers in different industries in order to develop software solutions that well address its clients' business goals, are highly suited to their industries, and designed to maximize user productivity and experience.

Dassault Systèmes maintains a long-term focus, well supported by its financial model with a high level of recurring software revenue.

The Company believes that sustainable market leadership requires a long-term vision which is characterized by investing in people and its long-term financial model. The Company has a diverse, highly-educated workforce which totalled 15,133 at the end of 2016, from 124 countries. The Company's long-standing financial model, with a high level of recurring software revenue, representing 71% of the Company's total non-IFRS software revenue in 2016, has enabled the Company to maintain as well as increase investments in critical resources in R&D and customer support even during challenging macroeconomic environments.

Dassault Systèmes' 3DEXPERIENCE software applications, comprised of leading market brands, have been integral to the Company's success and continue to be principal areas of investment through internal research and development as well as through selective acquisitions.

The Company's 3DEXPERIENCE portfolio is comprised of 3D modeling applications, simulation applications creating virtual twins of products or production systems, social and collaborative applications, and information intelligence

applications. The Company's objective is to create a portfolio of brands, leaders within their respective markets (see paragraph 1.4.2.4 "3DEXPERIENCE Software Applications Portfolio – Addressing the Needs of its User Communities"). In support of its "Social Industry Experiences" strategy, brands are focused on providing value to end-users. The Company's portfolio architecture has been therefore designed to offer at three levels value creation: for the enterprise, for the organization or team, and for the user role.

The Company is benefiting from a sophisticated organization supporting its multiple growth drivers.

In connection with the Company's 3DEXPERIENCE strategy, the Group has organized itself along three axes with: (i) a strategy to cover customer processes with an industry-focused set of offerings, "Industry Solution Experiences" based upon the Company's underlying software applications portfolio, content and services; (ii) a domain-focused group of software applications organized by brand in order to ensure a strong focus on the satisfaction of end-user needs; and (iii) a global-local-specialized organization in order to leverage its global strengths, while at the same time ensuring a strong local proximity with customers and partners and enabling a more flexible management structure responsive to local needs at the client, partner and employee level thanks to its twelve geographic management teams.

The Company believes the structure of its sales, well-balanced between its direct and indirect sales channels, has enabled it to develop a diverse customer base and to extend and deepen its global reach.

Dassault Systèmes has a diverse customer base by size, geographic origin and industry. The Company's clients range from the smallest companies in the world to global leaders, and includes clients in 12 vertical sectors: Transportation & Mobility; Industrial Equipment; Aerospace & Defense; Financial & Business Services; High-Tech; Life Sciences; Energy, Process & Utilities; Consumer Goods & Retail; Natural Resources; Architecture, Engineering & Construction; Consumer Packaged Goods & Retail and Marine & Offshore. For marketing and sales, the Company operates through both a direct sales force and indirectly through value-added resellers, with total sales well balanced between direct and indirect sales channels. It continues to selectively expand and extend its sales radius, deepen its industry expertise and relationships, as well as domain or discipline knowledge of its three sales channels. See paragraph 1.4.2.2 "3DEXPERIENCE Industries Served" and 1.4.2.5 "Sales and Marketing".

Dassault Systèmes has had a long history of partnering, leading to the development of a resilient and dynamic ecosystem of partners, including sales and services, software development, technology, education and research and with system integrators.

Since its founding in 1981 the Company has worked in close partnership with other professionals in software development and technology, in sales and marketing, in services and in education and research. More recently, the Company has extended its relationships with system integrators with strong industry expertise and regional presence for both sales and service engagements. Moreover, the Group is engaging with its ecosystem, working with more than 400 software development partners building applications complementing its software applications as well as working with key technology partners. Looking to the future, Dassault Systèmes has had a long-standing commitment and is actively growing connections with academic, research and medical organizations around the world, working to use 3D to enable an improved learning environment for students throughout the world and to collaborate in accelerating the creation of new software dedicated to help the digital world improve the real world.

1.4.1.3 Growth Strategy

Based upon the Company's mission, business strategy and its software portfolio, Dassault Systèmes has estimated that it has a current addressable software market of approximately \$24 billion. The Company's growth drivers are centered in three main areas: Build on Value with the 3DEXPERIENCE platform, industry focus and cloud/mobile apps; Domain Leadership through Brand Value Creation and Improve Efficiency leveraging its sales channel coverage.

- **3DEXPERIENCE Platform:** The 3DEXPERIENCE platform has two potential opportunities. The first is focused on being an operating platform, applicable to all employees within an enterprise. The second opportunity longer term is to become a trading platform connecting customers and partners;
- **Industry Focus:** through its focus on developing specific solutions for each of the 12 vertical industries it addresses, including its Industry Solution Experiences, processes and roles, the Company sees opportunities to expand its presence in each of the industrial sectors it targets including through coverage of new sub-segments within its target industries. For further information, see paragraph 1.4.2.2 "3DEXPERIENCE Industries Served";
- **Cloud and Mobile Applications:** with the Company's 3DEXPERIENCE platform utilizing on line V6 architecture, the Company is positioned to grow through its Cloud and Mobile offerings. The Company believes that it will become a growth driver with the progressive roll-out of its services

offering over the coming years, as well as with the release of mobile applications using tablets because of the quick implementation time and the reduction in total cost of ownership it provides to customers. For further information see paragraph 1.4.1.4 "Technology and Science";

- **Brands Value Creation:** The Company continues to invest in expanding the coverage of each of its brands and in expanding the disciplines it addresses. Within a corporation, the Company's applications now cover a large portion of the enterprise employees engaged in contributing to the end-consumer product experience, spanning from design, engineering and simulation, to manufacturing, quality assurance and compliance, and from project management, business planning & operations and service departments to marketing and point of sales. The Company's functional coverage in total more than doubled with 3DEXPERIENCE compared to its Version 5 software application portfolio. For further information see paragraph 1.4.2 "Dassault Systèmes' offering";
- **Sales Channel Coverage in Geographies:** the Company sees opportunities to grow its presence in all geographic markets. In order to strengthen and broaden its global footprint, the Company has established 12 regional field organizations to prioritize and drive the Company's growth initiatives at a local level. See paragraph 3.1.1.1 "Executive Overview for 2016" for further information on growth by geographic region;
- **Acquisitions:** in 2012, the Company unveiled its current horizon, 3DEXPERIENCE, representing a potential doubling of its addressable market, expanded its purpose and defined its Social Industry Experience strategy. Aligned with its strategy, the Company is complementing its internal developments, in particular for brand value creation, with key selected acquisitions. For further information see paragraphs 1.2.2 "Investments", 1.4.1.4 "Technology and Science" and 1.4.2 "Dassault Systèmes' offering".

For a description of the challenges that must be met to maintain growth, see paragraph 1.6.1 "Risks Related to the Company's Business".

1.4.1.4 Technology and Science

Dassault Systèmes has a clear and strong commitment to technological innovation. Important principal areas of investment in R&D include the 3DEXPERIENCE business platform foundations and services; Modeling Technologies (3D, systems engineering, natural resources and biosystems); technologies for product, production and usage realistic simulation; intelligent information technologies including indexing, dashboarding and data science; and connectivity technologies for social and structured collaboration. Moreover, the Company's R&D efforts are centered on advancing

breakthrough user experiences, and expanding the reach of its portfolio with native cloud, mobility and immersive solutions.

3DEXPERIENCE business platform, based on the V6 organic architecture

Since inception in 1981, the Company has introduced six versions of its architecture, the most recent of which is V6. The V6 software architecture is the foundation of the revolutionary 3DEXPERIENCE Industry Solutions portfolio that offer end-to-end and integrated scientific, engineering, marketing, manufacturing and business capabilities and services. This is a unique holistic business-oriented platform.

These solutions are based upon the 3DEXPERIENCE platform offering the following services:

- **3D Dashboarding Technologies and Services:** The 3DEXPERIENCE platform provides capabilities to dashboard, monitor and summarize all enterprise and business activities. With semantics and 6W (why; what; where; when; who; and how) tagging technologies, the platform provides unique ways of compassing any businesses with real-time streamed media and information in a context-aware, managed and intuitively-experienced fashion;
- **social Collaboration Technologies and Services:** The 3DEXPERIENCE platform allows any business to become social, extending from structured program and organization to social and open communities. The technology and services allow seamless integration of communities, people, rich profiles and media with access control and best of breed practices (project management, ideation, wikis, blogs, suggestion engines, distributed open innovation);
- **technologies and Services for Enterprise Data and Assets:** The 3DEXPERIENCE platform integrates Dassault Systèmes' brands and industry offerings, with the semantic breadth representation and deepness to handle any kind of data and corporate Intellectual Property for any product, nature or life data sets. These dedicated technologies and services help enable unique experiences for social industries in terms of modeling, lifecycle management and data protection for all social industries; Unique Cobot (collaborative robot) and Automation technologies and services moreover enable digitized enterprises to scale up to the next level and reach a productivity/reactivity dimension at the heart of tomorrow's competitive challenges;

- **cloud Technologies and Services:** The 3DEXPERIENCE platform provides cloud-based workspaces services and technologies to enable secured, concurrent, and controlled online collaborative environments to share, and innovate on any IP. This technology is unique, optimized for big data and available for remote usage for a wide variety of industry practices;

- **experiences Play Technologies and Services:** The 3DEXPERIENCE platform aims at providing real-time, realistic 3D experiences. The Play Technologies and Services deliver unmatched visualization, execution, interactivity, and scenarios experience in heterogeneous virtual universes.

3D Modeling Technologies

The Company's DNA to model and represent as scientifically accurate as possible products, nature and life has given birth to a unique portfolio of modeling technologies and services ranging from 3D Modeling to Systems Logical and Functional Modeling. This applies to a wide spectrum of applicative domains from Smart/Connected Products to urban systems, to natural resources, to biological systems and chemistry.

Virtual + Real Technologies

3DEXPERIENCE is made possible by real-time realistic simulation of virtual universes. The Company has therefore made significant investments in technologies and services, enabling simulation ranging from product's complex behaviors; factory and production systems execution; additive manufacturing; logistics operations and consumer usages in everyday life. This relies on unique assets for complexity management and distributed massive multiscale, multi-discipline simulation execution and experience run. Specifically, the integration among design, simulation and digital manufacturing makes it possible to optimize product design depending on the manufacturing process (including 3D printing) and constraints of robustness, weight and production costs that final product has to fulfil.

Intelligent Information Technologies

Thanks to the Company's EXALEAD's unique technologies, Dassault Systèmes has significantly expanded its indexing and search capabilities technology with an important search-based infrastructure for the development of information intelligence applications. The Company's search-based applications combine the sophisticated search and access typically associated with databases with the speed, scalability and simplicity of the Web. This allows the 3DEXPERIENCE platform customers to tackle very big data challenges and benefit from next generation technologies to search, sort, filter, navigate and understand data. The real-time dashboarding technologies provided by Netvibes are in that regard a unique combination

for all businesses consuming and producing massive sets of information. Finally, leveraging the ultimate new data science and machine learning technologies, the **3DEXPERIENCE** platform offers unique model based supervised data science capabilities, to understand, analyse, correlate, infer, describe, predict and prescript very complex information. The Company believes that this profound dialogue between the virtual world and intelligent information is unique to Dassault Systèmes and cannot be found elsewhere.

Connectivity Technologies

The **3DEXPERIENCE** platform is serving the Company's social industry experience strategy. With unique connectivity technologies and services, allowing people and communities to connect in a secure and controlled environment, with mobility and online hybrid environments, it enables a new era of innovation on extended ecosystems and fosters a truly open platform innovation for all businesses. It also enables improved project management, conformity to standards, process certification for customers and value chain relationships.

Software, Technology and Science Partners

The Company has established long-standing, scientific and technical collaborations with key partners in order to maximize the benefits from available technology and increase the value for shared customers. The Company's research and technology alliances are established with three objectives: to cover end-to-end solutions with holistic offerings; to participate to the future structure of industries; and to integrate the most advanced features of these technologies into its solutions. Further, Dassault Systèmes is a participant in several hundred public-private projects (for example with DARPA, Harvard, INRIA, INSERM, MIT), collaborates with renowned scientists (including Nobel Prize winners) and is engaged in technology partnerships across the 12 industries (and industry sub-segments) it serves.

Finally, the Company has software development partners working in each domain of its software solutions. The Company's global affiliate program enables developers to create and market their own applications fully integrated with and complementary to the Company's software solutions.

1.4.2 Dassault Systèmes' offering

1.4.2.1 Overview

In connection with the Company's **3DEXPERIENCE** strategy and reflecting its broad software applications capabilities, the Company has organized itself along three axes: (i) a strategy to cover customer processes based upon an industry-focused set of offerings, "Industry Solution Experiences" based upon the Company's underlying software applications portfolio, content and services; (ii) a domain-focused group of software applications organized by brand in order to ensure a strong focus on the satisfaction of end-user needs; and (iii) a global-local-specialized organization in order to leverage its global strengths, while at the same time ensuring a strong local understanding and field operations. See also paragraph 1.4.1.3 "Growth Strategy".

1.4.2.2 **3DEXPERIENCE Industries Served**

The Company's global customer base includes companies in 12 industrial sectors: Transportation & Mobility; Industrial Equipment; Aerospace & Defense; Financial & Business Services; High-Tech; Life Sciences; Energy, Process & Utilities; Consumer Goods & Retail; Natural Resources; Architecture, Engineering & Construction; Consumer Packaged Goods & Retail and Marine & Offshore. Commencing in 2012, the Company's go-to-market strategy moved to an industry focus

from the previous brand focus. Today, the Company has the largest Industry Solution Experiences portfolio powered by the **3DEXPERIENCE** platform on the market. Its Industry Solution Experiences are designed to address key business processes of the respective individual industry and are comprised of industry process experiences and user roles matching up to those of the respective industry.

For its latest full fiscal year 2016, the composition of end-user software revenue by major industry was approximately as follows: Transportation & Mobility about 31% (32% in 2015); Industrial Equipment about 16% (15% in 2015); Aerospace & Defense about 13% (14% in 2015); Business Services about 10% (9% in 2015); Diversification Industries represented about 31% of software revenue in 2016, compared to about 30% in 2015 and 28% in 2014.

Outlined below are several examples of the Company's customer engagements:

Leveraging 3DEXPERIENCE to improve city experiences of residents, business and government

The National Research Foundation, Prime Minister's Office, Singapore, and Dassault Systèmes have formed a cooperation agreement to develop Virtual Singapore, a realistic and integrated three-dimensional (3D) model with semantics and attributes in the virtual space building upon

Dassault Systèmes' **3DEXPERIENCE**City to create a dynamic, 3D digital model of Singapore and connect all stakeholders in a secured and controlled environment.

In one of the world's most ambitious information technology initiatives, the city-state is building a system that will virtualize the buildings, infrastructures, green spaces and almost every aspect of city life and then display the results as an interactive, 3D replica.

With this parallel virtual universe, Singapore, will be able to improve city experiences of residents, business and government. Users will be able to digitally explore the impact of urbanization on the city-state and develop solutions that optimize logistics, governance and operations related to environmental and disaster management, infrastructure, homeland security or community services

Accelerating New Product Development Timeframe in Financial Business Services

In Financial Business Services, BNP Paribas Securities Services, adopted Dassault Systèmes' **3DEXPERIENCE** platform and its Innovation Factory industry solution experience to accelerate the "Ideas to Sales" process which includes end-to-end financial products management.

BNP Paribas Securities Services needed to optimize the productivity of its product development processes to address the complexities of a changing financial sector under reinforcing regulatory regimes.

With the **3DEXPERIENCE** platform BNP Paribas Securities Services can streamline global collaboration, redeploy existing services and components to develop new financial products with agility, ensure that these products are regulation-compliant and improve competitiveness by reducing time to market. The company can also better collect and capture insights from the market to improve and accelerate communication with their client, and fuel the portfolio of innovation initiatives.

Improving Manufacturing in Industrial Equipment Thanks to Digital Continuity

Doosan Infracore chose Dassault Systèmes' **3DEXPERIENCE** platform for product development, multi-site collaboration and manufacturing simulation.

To become one of the top three global machinery suppliers by 2020, Doosan Infracore wanted to improve the productivity and product quality of its 14 subsidiaries and R&D centers in the U.S., China, Norway and the Czech Republic.

With the **3DEXPERIENCE** platform, Doosan Infracore expects to reduce product development time thanks to concurrent engineering, cut errors and rework during production phase up to 90%, and enhance data protection via a common database.

Leveraging Virtual Reality to Create an Immersive Sales Experience

The luxury division of PSA Group, DS Automobiles, selected Dassault Systèmes' **3DEXPERIENCE** platform and its Virtual Garage Industry Solution Experience to create its immersive experience DS Virtual Vision.

DS Automobiles wanted to develop a digital system of communication, distribution and sales.

DS Virtual Vision allows DS Automobiles' clients to customize their car mixing and matching 3 million personalizations and then visualize it in a totally immersive 3D environment.

To deepen its penetration of each industry, the Company undertakes the continuing development of industry-specific solutions, both through internal development and by acquisition, and increasing its expertise through partnerships with leading companies and system integrators and the addition of specialized direct sales and sales partners.

Through strategic alliances with leading IT system integrators, service providers and consulting firms with deep expertise in industry processes, the Company's Industry Solution Partnerships provide innovative solutions and services by industry or industrial segment to address clients' business challenges. Based on their strong competence in industries and application domains as well as their regional expertise, in conjunction with Dassault Systèmes' products and solutions, these partners help to deliver innovative solutions that customers need for success in their business.

See paragraph 1.2.2 "Investments".

1.4.2.3 3DEXPERIENCE Platform and 3DEXPERIENCE Industry Solutions

3DEXPERIENCE Platform

The **3DEXPERIENCE** platform and apps are purpose built to digitalize the entire customer innovation journey, with capabilities to analyze, design, simulate, engineer and deliver product experiences. The platform enables innovators to develop a deep understanding of their customer's products operating environment by analyzing social and usage

information in a unique data-driven approach. Enterprises can then model, simulate and optimize their offerings to best suit each customer experience. During the product operating lifecycle, this model is enriched with valuable insights gleaned from the usage data, setting the stage for the next cycle of innovation.

A single user interface – the 3D Compass – provides easy-to-use navigation, search, and collaboration in the **3DEXPERIENCE** platform environment that is extensible to any discipline in a company – engineering, manufacturing, simulation, sales, marketing, finance, procurement, and management.

Key differentiating attributes of the **3DEXPERIENCE** platform include:

- **Digitally Connected:** the **3DEXPERIENCE** platform is about eliminating silos within companies, moving from a static, filed-based world to a digitally connected world, where live data drives innovation, processes and business-decisions.
- **Data Driven:** Data is at the heart of product innovation and is now the ultimate monetizable asset. However this data sits across many disparate systems today at many companies and is not readily visible nor is the data an easily available corporate asset. Capabilities of the **3DEXPERIENCE** platform enable the indexation of data across different systems, discover meaning through semantics and create a new class of data-driven applications, in order to leverage the data of an enterprise. Further, data is not just what's in the enterprise; there's a lot of relevant data on the internet and with the Company's Netvibes and Exalead technologies and apps, enterprises can use these applications to help them extract data from the internet to improve their innovation, products, their brands and their consumers experiences.
- **Model-based:** Such an approach is at the core of the **3DEXPERIENCE** platform and is valuable to ensure innovation effectiveness. The innovation process typically calls for multiple models of varying degrees of fidelity and a variety of simulation techniques. Early in the process, a low fidelity model is employed to understand the systems interactions and behavior; while later as the product definition matures, higher fidelity models are adopted to guide optimization along often-conflicting functional attributes and cost. This model-based approach is not confined to the research phase; it is employed in many activities across the enterprise. For example, planners define the process model and simulate the assembly operations to meet cycle-time constraints; service engineers define reliability models to guide maintenance planning. Thus, a

model of the entire product from conception to operations is built during product development.

- **Virtual + Real:** Virtual models can be correlated with actual behavior during the operating life of the product. The knowledge gained from this correlation can be used to enhance the fidelity of the virtual models. Any enhancements required in the operating product is first simulated in the virtual model, fine-tuned and optimized, before incorporating in the real world. In fact, the accuracy of the simulation can be significantly enhanced by connecting the virtual model to physical systems, also called Hardware in the Loop. When the physical systems are assembled, they are just a twin of the model. The real and virtual worlds reinforce each other – modelling and simulating the real world virtually and enhancing the virtual model with experiences from the real world.

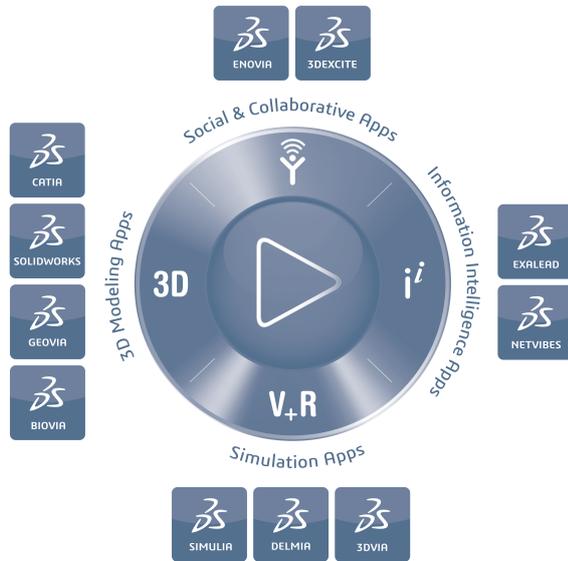
See paragraph 1.4.1.4 "Technology and Science".

1.4.2.4 **3DEXPERIENCE Software Applications Portfolio – Addressing the Needs of its User Communities**

Dassault Systèmes' **3DEXPERIENCE** software applications portfolio is designed to enable the powering of 3D realistic virtual experiences and is comprised of 3D modeling applications, simulation applications, social and collaborative applications, and information intelligence applications. The Company has successively expanded its portfolio of applications and organizes them by brand internally in order to maintain a strong research and development focus on the users served by these applications. All of the Company's major brands are world leaders in their respective disciplines.

The Company continues to expand its brands and create new brands to meet the evolving needs of existing and new users across its expanded addressable market. Dassault Systèmes' investments in research and development, as well as targeted acquisitions, enable the Company to deepen and broaden its offerings for customers as well as to bring its significant assets to help advance innovation in other target domains and industries. These investments advance the Company's brand portfolio and have led to the introduction of new brands. In 2014 the Company introduced two new brands: (i) **BIOVIA**, focused on science driven industries to help them introduce scientific innovation in the biologic, chemical and material sciences; and (ii) **3DEXCITE**, focused on helping companies across core and other industries create marketing materials from virtual product representations. Acquisitions in 2016 further strengthened the Company's multiscale

and multiphysics simulation capabilities as well as its manufacturing applications portfolio.



3D Modeling Applications

SOLIDWORKS – Inspiring Innovation

SOLIDWORKS applications cover all aspects of the product development process with a seamless, integrated workflow for design, simulation, technical communication and product data management. Designers and engineers can span multiple disciplines with ease, shortening the design cycle, increasing productivity and delivering innovative products to market faster.

SOLIDWORKS software applications are easy to learn and use and work together to help professionals to design products better, faster, and more cost effectively. The SOLIDWORKS focus on ease of use allows more engineers, designers and other technology professionals than ever before to take advantage of 3D in bringing their designs to life.

Key disciplines include:

- **3D Design:** 3D design applications for rapid creation of parts, assemblies, and 2D drawings with minimal training. Application-specific tools for sheet metal, weldings, surfacing, and mold tool and die make it easy to deliver best-in-class designs.

- **Electrical Design:** SOLIDWORKS Electrical applications provide a range of electrical system design functionality to meet the needs of design professionals. All project design data is synchronized with real-time, bi-directional updates between schematics and the 3D model. Powerful schematic design tools quickly develop embedded electrical systems for machines or products.

- **Product Data Management:** SOLIDWORKS product data management applications help professionals to get design data under control and substantially improve the way teams manage and collaborate on product development.

- **Simulation:** SOLIDWORKS offers a comprehensive suite of simulation applications to set up virtual real-world environments to test product designs before manufacture. Tests can be conducted against a broad range of parameters during the design process – like durability, static and dynamic response, motion of assembly, heat transfer, fluid dynamics, and plastics injection molding.

- **SOLIDWORKS 3DEXPERIENCE solutions:** SOLIDWORKS on the 3DEXPERIENCE platform delivers a new design experience focused on enabling its users to create innovative products in a connected and truly collaborative environment. SOLIDWORKS 3DEXPERIENCE solutions help users easily develop, review, and select mechanical and stylized concepts before committing to detailed design and manufacturing.

- **Technical communication:** SOLIDWORKS Composer allows users to easily repurpose existing 3D design data to more rapidly create and update high quality graphical assets for product deliverables, including documentation, technical illustrations, animations, and interactive 3D experiences.

In addition to the products it offers to SOLIDWORKS users, SOLIDWORKS operates a development partnership program bringing together companies supplying complementary products that are either compatible with or tightly integrated. Through this program, over 300 compatible products have been made available to customers in many functional areas, including manufacturing, rapid prototyping and mold design.

CATIA – Shape The World We Live In

“CATIA is Dassault Systèmes’ pioneer brand and the world’s leading solution for 3D product design and innovation” (source: CIMdata, July 2016).

CATIA addresses the complete development and innovation process, from early concept definition to delivering interactive

virtual product experiences. Providing innovators with “state of the art” user experiences, the complete Brand portfolio covers from design to engineering, and from styling to systems modeling, within a single integrated platform. CATIA shifts traditional 3D CAD (Computer Aided Design) expectations, delivering high-end solutions adapted to imagine and shape a human centric connected world. In alignment with its mission, CATIA proposes the capacity to design products in context of their intrinsic usage, ultimately enabling innovator communities to virtually experience and share their vision. So by being able to model all disciplines as well as behaviors, designers have the power to create the next generation of connected experiences.

Generative Multi-Physics driven design, unifies modeling, simulation and optimization in a single environment. This is a step-change in product engineering efficiency, removing bottlenecks which in the past made it cost-prohibitive to explore optimized parts. Now, a streamlined and intuitive workflow allows non-expert designers to achieve expert results at the push of a button with the automatic generation of function-driven conceptual shapes and previously unimaginable organic shapes.

This is all achieved in a single environment and creates fully usable 3D geometry which can be directly refined and shared on the **3DEXPERIENCE** platform by all disciplines, enabling seamless collaboration between design, simulation and manufacturing engineers.

3DEXPERIENCE CATIA delivers:

- a social design environment driving product experience innovation, providing real collaborative features;
 - an instinctive user experience, powered by state of the art and intuitive 3D modeling functionalities;
 - an inclusive experience development platform, easily integrated with both modern and legacy tools, enabling all relevant communities to participate to the design process.
- **CATIA Design: Delivering Advantage by Design**

Successful product designs evoke positive emotional responses from their consumers. Creative designers need software solutions that enable them to easily craft such products, while collaborating with engineering on the same functional scope. CATIA addresses the entire shape design, styling, and surfacing workflow, from Creative & Industrial Design to Class-A surfacing and Creative Experience. Intuitive shape design solutions deliver flexibility to simplify the design of any kind of complex shape, with advanced functionality like reverse engineering, real-time diagnostics, unified

surface modeling, rapid propagation of design changes, and ultra high-end realtime visualization. CATIA enables creative designers, design studios, and engineering departments to easily and concurrently collaborate and optimize both product aesthetics and engineering.

• **CATIA Engineering: Engineering Excellence**

CATIA Engineering enables the creation of any type of 3D components and assemblies for all engineering processes. It addresses the requirements of a complete range of industries and processes, covering from cast and forged parts, to plastic injection & molding operations, up to composites part design and manufacturing, sheet metal parts design or even advanced fastening operations. Engineers rely on CATIA 3D Modeling capabilities to define complete mechanical products, including functional tolerances, 3D annotations as well as kinematics. Highly adapted roles in CATIA empower engineers to deliver greatly improved productivity, not only during mechanical design completion, but also when performing design changes for new releases.

• **CATIA Systems Engineering: Creating the internet of Experiences**

Within an increasingly connected world, the complexity of embedded systems continues to grow. The definition, modelling and simulation of individual systems, as well as their interaction with other systems, are becoming strategic. Systems Engineering is essential to avoid detecting unexpected system interactions during the validation and verification phases of the product development process. CATIA Systems Engineering delivers a complete portfolio, fully supporting cross-discipline systems engineering including Electrical and Fluidic systems, covering from systems definition up to modeling, simulation, and verification. Within this solution, CATIA provides a unified and integrated approach to systems engineering that manages the overall development process of cross discipline definition of the many relationships existing between different systems artifacts that are defining today’s complex products.

GEOVIA – Virtual Planet

GEOVIA provides business, government and individuals with **3DEXPERIENCE** universes to model and simulate the Earth from the vast expanse of the geosphere to the smallest details of urban settlements.

The dramatic increase of the world’s urban population affects the entire planet, causing a rapid change in the geosphere, and a limited availability of global resources.

GEOVIA supports the sustainable capture, use and re-use of natural resources across the planet, including minerals, fresh water, air, oil and gas, and various other forms of energy. From mining to urbanization, GEOVIA delivers innovations to improve people's life.

Mining

In mining, GEOVIA's customers are increasing productivity, efficiency, and safety during the identification and extraction of natural resources. At the same time, they are also achieving a greater level of production predictability and sustainability. With GEOVIA, geologists, mining engineers, operations managers, and executives improve how they model, plan, optimize and understand mining performance to increase profitability.

GEOVIA's software spans all mining phases, including: exploration and evaluation; mine planning; optimization; and mine production. Its applications include:

- **Geology and Mine Planning:** GEOVIA Surpac, GEOVIA GEMS, and GEOVIA Minex enable mineral deposits to be modeled and their extraction to be designed and planned in 3D. GEOVIA PCBC provides specific solutions for modeling and planning underground block cave deposits;
- **Optimization and Scheduling:** GEOVIA Whittle links business strategy to mine optimization by examining the viability of mineral deposits in consideration of mine designs, mining equipment, and economic factors for strategic mine planning. GEOVIA MineSched further refines the mine planning & scheduling cycle by developing tactical medium term and short term plans for practical execution;
- **Secure, Remote Collaboration:** GEOVIA Hub provides secure remote collaboration that organizes, centralizes and enables the reliable sharing of exploration, planning, and production data over low-bandwidth connections;
- **Mine Production Management:** GEOVIA InSite increases the confidence in a company's operations' ability to meet production targets, manage costs, and improve efficiencies to deliver expected results to stakeholders.

Cities

During 2014 the Company unveiled GEOVIA 3DEXPERIENCity, with the objective to help potential clients improve the quality of life for the citizens by creating better urban environments for today and tomorrow. With 3DEXPERIENCity, urban planners work in a virtual world to model and simulate the cityscapes and all components making up a city to improve its functions.

GEOVIA 3DEXPERIENCity creates unique user experiences that holistically model and analyze all parts and processes constituent to urban life in the geosphere.

Within the geosphere, human activities continuously relocate resources. In particular, urban settlements are aggregations and condensation points capturing, using, and reusing the planet's natural resources. Consequently, the effects of urbanization are not limited to the city, but rather affect the entire geosphere, the entire planet.

Through 3D simulation, the future can be displayed, by actively involving government, business, and individuals to facilitate critical decision-making processes with the aim to harmonize product, nature and life.

BIOVIA – Virtual Biosphere and Materials

BIOVIA provides a scientific collaborative environment for biological, formulated products and advanced materials to help science- and process-driven companies develop better products faster and more cost-effectively in regulated and non-regulated environments.

The industry-leading BIOVIA portfolio is focused on integrating the diversity of science, experimental processes, and information requirements across research, development, QA/QC, and manufacturing. Capabilities cover scientific data management; small molecule, biological, and materials modeling and simulation; chem- and bioinformatics; systems biology and integrative therapeutics; collaborative network research; scientific pipelining; enterprise laboratory management; regulatory and quality management; process knowledge and collaboration; and chemical inventory management.

The following BIOVIA solution areas integrate the diversity of scientific and experimental processes, information and compliance requirements across research, development, QA/QC (Quality Assurance and Quality Control) and manufacturing domains:

- **Collaborative Science** – faster discovery and innovation by leveraging multi-disciplinary collaboration and knowledge-based understanding, as well as modelling/simulation and predictive science;
- **Unified Lab Management** – optimized lab operations by managing all laboratory workflows and resources as well as supporting information sharing and collaboration within and between laboratories, internally and externally;
- **Process Production Operations** – providing real-time, on-demand data access, analysis and reporting of quality and

process data to optimize manufacturing processes and outcomes globally and throughout the wider ecosystem;

- **Quality and Regulatory Management** – supporting regulatory and quality operations to ensure compliance and reduce operational risk in life sciences and other highly regulated industries.

BIOVIA's vision is to allow organizations to collaborate more effectively by managing and sharing scientific information across the value chain from research to commercialization, internally and externally, with the supply chain and partners. By managing and sharing information down to the molecular level, scientists can better understand chemical, biological and new material substances.

Content and Simulation Applications

SIMULIA – Simulation for Product, Nature and Life

SIMULIA helps engineers and designers perform realistic virtual testing to provide simulation for product, nature, and life – from Products such as simple parts to entire airplanes, to Nature such as volcano magma chambers and oil reservoir geomechanics, to Life such as Dassault Systèmes' Living Heart Project and Virtual Human initiative.

As an integral part of the Dassault Systèmes **3DEXPERIENCE** platform, SIMULIA's applications accelerate the process of evaluating the performance, reliability, and safety of materials and products before committing to physical prototypes. The Company's global team of simulation experts helps customers meet their education, research, and development needs.

SIMULIA has expanded its technology applications through recent acquisitions to include multiphysics simulation; multiscale simulation; optimization; and simulation process, data and lifecycle management. SIMULIA's technology portfolio includes Abaqus, CST, fe-safe, Isight, Simpack, Simpo-Mold, and Tosca.

Multiphysics Simulation

- **Structural Analysis (Finite Element Analysis):** Create a virtual structural model to predict and analyse the performance of components, sub-systems or systems for any Industry applications. In addition two or more interacting physical phenomena within a virtual prototype such as fluid-structure interaction, structural-acoustics, thermal-electric, and thermal-fluid-mechanical, among others can be simulated as well.

- **Electromagnetic Analysis:** Realistic multiphysics-multiscale simulation technology portfolio to include full spectrum EM design simulation, from static and low frequency to high frequency microwave and radio frequency (RF).
- **Computational Fluid Dynamics (CFD) Analysis:** Gain deeper understanding of how fluids and gasses flow through or around products or systems, such as piping, valves, and human blood vessels. SIMULIA has expanded its portfolio to include highly dynamic fluid flow simulation based on an extended Lattice Boltzmann method used in Aerospace and Defense, Transportation & Mobility, High-Tech, Energy, Process & Utilities and other industries.
- **Plastic Injection Simulation:** Predict and avoid manufacturing defects during the earliest stages of part and mold design. Also simulate the filling and packing phases, clamping forces for tools, and cooling of molds and parts, as well as many others.
- **Durability and Fatigue:** Analyze structural failure and life expectancy due to repeated or random loading cycles. Also analyze fatigue life and crack locations in metals, elastomers, and welded joints.

Multiscale Simulation

- **Multibody Dynamics:** Generate and solve virtual 3D models to predict and visualize motion, forces, and stresses, including high-frequency transient analyses, into the acoustic range and complex nonlinear models with flexible bodies and harsh shock contact.

Optimization

- **Parametric Optimization:** Manipulate and map parametric data between process steps and automate multiple simulations to greatly improve efficiency, reduce manual errors, and accelerate the evaluation of product design alternatives.
- **Topology Optimization:** Create lightweight, ready-to-manufacture product designs and reduce time-to-market, physical tests, and prototype builds.

Simulation Process, Data, and Lifecycle Management

Simulation and test data management enable to simplify the capture- and deploy-approved simulation methods, automate standard simulation processes, collaborate on performance-based decisions, and manage and secure simulation-generated intellectual property.

DELMIA – The World of Value-Making

An integral part of the Dassault Systèmes **3DEXPERIENCE** platform is the connection between the virtual and real worlds. Operational excellence requires harmony across design, production, distribution, human resources management and processes. DELMIA enables global industrial operations to: design and test the manufacturability of products in a simulated, virtual environment; optimize the supply chain and factories to meet objectives; and to operate the factories, warehouses and distribution to manage and fulfill customer demand.

DELMIA Digital Manufacturing solutions drive manufacturing innovation and efficiency by digitally planning, simulating, and modeling global production processes. DELMIA allows manufacturers to virtually experience their entire factory production. These simulation activities allow manufacturers to better address and shift processes so as to quickly respond to the competition, or to take advantage of new market opportunities.

DELMIA Manufacturing Operations Management solutions help improve visibility into, control over and synchronization across manufacturing operations and supply chain processes on a global scale. The end result is improved agility and expanded continuous improvement across the enterprise and extended global supply chain. Manufacturers leverage DELMIA solutions to establish a common set of operational processes that can be managed holistically across diverse manufacturing models and supply chains.

For better clients' performance and higher profitability, QUINTIQ powers planning, scheduling and optimization for complex logistic and operational processes. It enables customers to build on their competitive differentiators and plan for profit by capturing their operational reality – down to the last detail, integrating supply chain and optimizing their workforce, factories and logistics operations.

3DVIA – The Consumer Brand Experience

3DVIA provides enterprises and consumers, smart 3D space planning solutions that enable new ways to engage, consider, and make the best choice. For enterprises, 3DVIA Home offers home improvement retailers and brand manufacturers a cloud-based, omnichannel space planning solution to engage consumers, generate high quality sales leads, and shorten sales cycle. For individuals, HomeByMe enables consumers to design and plan home projects in a social way providing an online space-planning service. Consumers can find inspiration

from thousands of other projects, build their own concepts or simply visualize ideas quickly using dedicated room configurators.

Social and Collaborative Applications

ENOVIA – The Place to Plan Your Definition of Success

ENOVIA enables companies to bring together people, processes, content and systems involved in planning, governance, product creation, development, introduction and maintenance.

ENOVIA offers a rich portfolio of collaborative enterprise business process applications that leverage the **3DEXPERIENCE** platform and facilitate business processes orchestration.

ENOVIA applications by business themes include:

- **Product Planning and Programs:** ENOVIA's applications for Program and Project Management, Contract Management, and Design History File Management for regulatory compliance processes address the need for informing and monitoring enterprise-wide critical business processes leveraging invisible governance;
- **Strategic Customer Relationships:** ENOVIA's customer relationship portfolio enables users to manage and leverage requirements, manage the product to be delivered, understand customer needs, and define point of sale experience using 3DMerchandising. These products enable companies to transform from designing products to creating customer experiences;
- **Global Product Development:** ENOVIA's applications eliminate costly product development errors by enhancing collaborative innovation among the product development stakeholders. Designers, product engineers, manufacturing professionals and others collaborating on product development are able to innovate leveraging bill of materials, enterprise change management, design in configured context and digital mock-up (DMU);
- **Strategic Supplier Relationships:** ENOVIA's users in supplier management, supplier quality, procurement, sourcing and sampling are able to leverage applications that reduce the latency typically found in supply chain innovation processes. Its solutions help buyer agents, supplier relationship managers and supplier representatives manage their most critical business processes and increase the value addition of the development supply chain;

- **Quality and Compliance:** ENOVIA's applications support users in material compliance, auditing, document, and records management. These applications help companies pro-actively manage regulatory compliance as part of the product development process;
- **IP Classification and Security:** ENOVIA's applications for IP Classification and Security provide users with the flexibility to collaborate on a global scale while maintaining the security required for operating their businesses. This provides teams with the confidence to innovate while optimizing the product catalog and reducing the carrying cost of non-value added design inventory.

3DEXCITE – Marketing in the Age of Experience

3DEXCITE blends cutting-edge technology with an exclusive, creative vision to bring brand experiences to life. Broad-spectrum marketing solutions leveraged through online, mobile, or retail engagements connect the immediate to the immersive and set a new standard for experiential marketing across a multi-industry landscape.

3DEXCITE software, solutions, and computer-generated imagery ("CGI") services provide premium 3D visualizations in real-time. 3DEXCITE opens up creative freedom to deliver emotional assets for digital, interactive marketing, and sales experiences. From consulting to workflow to final visualization assets, 3DEXCITE transforms engineering data into powerful visual experiences.

Drawing on the innovative software applications, creative, interactive solutions cover all aspects of the customer journey. 3DEXCITE Services, and Solutions are structured along the two key disciplines of Marketing and Sales:

- **3DEXCITE Marketing Solutions** create a seamless interplay between design and marketing disciplines to accelerate communication from early stages, taking internal awareness of a new product to a new level. Global agencies and marketing teams are only a mouse-click away from the latest visualizations of future products, allowing them to fine-tune for local requirements. Companies can plan launch events and customized campaign content even before a product is built – thanks to cross-channel imagery productions based on 3D design data;
- **3DEXCITE Sales Solutions** provide the tools for unique product experiences built on source-data created in earlier stages of the development process. At the Point of Sale (PoS), at events, online, or on the go; 3DEXCITE delivers digital continuity through integrated, personalized experiences for the omni-channel. Leveraging this approach can significantly reduce the sales cycle and

boost the bottom-line for manufacturers while innovating a brand's reputation in the marketplace;

- **Computer Generated Imagery Services** Highest visual quality, sophisticated artistic effects, and spellbinding interactive experiences are what make the CGI services portfolio so unique. The main categories of CGI services include: Stills; Films and animations; Real-time interactive visuals; and Data preparation.

Information Intelligence Applications

EXALEAD – Data In Business

EXALEAD helps organizations access, analyze and reveal any enterprise digital intellectual properties or external information, thus transforming big data into data discovery and analytics applications.

More specifically, EXALEAD is focusing on three areas:

Sourcing & Standardization Intelligence – to drive full reuse, make or buy processes and enforce standardization

EXALEAD offers a full set of roles to classify company assets, identify master parts for reuse, develop standard part initiatives and ensure Engineering selects the preferred part, while monitoring over time the execution of company policy. Even more, Sourcing and Procurement will leverage these applications to optimize ordering by grouping orders or selecting the right price of technically viable alternative solutions.

PLM Analytics – to reveal, measure and analyse PLM Data

Dassault Systèmes has developed analytics and made it applicable to PLM. EXALEAD PLM Analytics allows customers to fully manage product programs, from design to traceability of changes, cost, quality, and issue intelligence. It provides leading edge self-service analytics capabilities for managers to collaborate on their dashboards.

Customer Support & Service Analytics – to reinvent customer support and services through Data

Companies are able to compile, analyze and uncover the value of “product-generated” data, combined with customer information and data found in any business or on the web systems, creating new services and enhancing competitiveness and customer satisfaction.

With a 360-degree view of customers and analytics capabilities, OneCall unlocks the value of data and information, improving customer interaction, recommendations, and engagement.

Product Intelligence is a range of collaborative search-based solutions developed for collecting, analyzing and capitalizing on information about product and machine use. Organizations can manage in real time after-sales, maintenance, and customer interactions. Processes are optimized while new, innovative products and services are created.

NETVIBES – Dashboard Intelligence

NETVIBES dashboard intelligence helps enterprises identify and manage everything on real-time, personalized dashboards designed to enable better, faster decision-making. All employees can understand everything that matters across all internal systems and across the social web, anywhere, anytime, on any device – all in one place. NETVIBES also goes beyond business intelligence with real-time, industry-specific social analytics and SmartTagging for gathering expert human opinions, and it helps users save time with automated reporting and intelligent alerts on what matters. NETVIBES includes a Dashboard of Things which enables users to program their business logic by automating digital activities and customizing individualized real-time alerts from the dashboard. By creating a “Potion” with specific Trigger(s) and Action(s), anyone can easily program automatic interactions between data, apps and connected devices. Through a customer-facing, programmable dashboard, enterprises can also empower consumers to design their own custom product experiences.

1.4.2.5 Sales and Marketing

The Company’s customers range from start-ups, small and mid-sized companies to the largest companies in the world as well as educational institutions and government departments. To ensure sales and marketing coverage of all its customers, the Company has developed three sales and distribution channels, with approximately 59% of revenue generated through direct sales and 41% through the Company’s two indirect sales channels in 2016. No single customer or sales channel partner represented more than 5% of the Company’s total revenue in 2016 and 2015.

○ **3DS Business Transformation channel:** sales to large companies and government entities are generally conducted through the Company’s direct sales channel, the 3DS Business Transformation channel. Direct sales represented 59% of the Company’s total revenue in both 2016 and 2015;

○ **3DS Value Solutions channel:** sales to small and mid-sized companies are conducted indirectly generally through the Company’s Value Solutions channel, a global network of value-added resellers with Industry specialization. This channel represented 21% of the Company’s total revenue in both 2016 and 2015;

○ **3DS Professional channel:** the 3DS Professional channel is an indirect channel focused on the volume market. It is comprised of a network of value-added resellers and distributors worldwide providing sales, local training, services and support to customers. Sales through this channel represented 20% of the Company’s total revenue in both 2016 and 2015.

In addition to its sales channels, the Company continues to actively develop and expand relationships with system integrators with industry and domain expertise.

1.4.2.6 Education Initiatives

Dassault Systèmes has had a long-standing commitment to education, with its solutions in use in more than 40,000 schools around the world. An estimated six million students have used the Company’s solutions. Students that apply Dassault Systèmes tools in school and in research are well prepared for their future jobs and careers.

As the **3DEXPERIENCE** leader Dassault Systèmes not only participates in the industry digital revolution, but is also committed to helping transform the world of education and preparing the talents of today and for the future. The Company works hand-in-hand with teachers all over the world to develop innovative pedagogical curriculum and learning experiences through enhanced teaching methods and 3D experiences, which will contribute to the training for the engineers of tomorrow. Dassault Systèmes is committed to help develop the 21st century global skill sets.

In 2015, Dassault Systèmes successfully launched the **3DEXPERIENCE** for Academia on the Cloud. In addition, Dassault Systèmes has also invented a very innovative pedagogical approach named the Peer Learning Experience. It consists of gathering teachers from various universities together and to have them co-develop very comprehensive multi-disciplinary and very flexible curricula which then become available, free of charge, for any new school joining the **3DEXPERIENCE** for Academia community. To do so, they use a methodology, templates, data and data models provided by the Company which also does the overall project management.

Dassault Systèmes put in place a new Certification Program which aims at certifying students trained on the Company's solutions to ensure that they master them at a good enough level compatible with employers' expectations thus maximizing employment and careers perspectives. That program is mostly based on proctored practice workbenches run on the Cloud. At the end of 2016, there were approximately 80 Certification Centers in operation all over the world with a majority of them located on universities' campuses.

Dassault Systèmes is one of the founders of key academic associations such as the Global & European Engineering Deans Councils, the International Federation of Engineering Education Societies or the Cartagena Network of Engineering.

1.4.2.7 Competition

The Company operates in a highly-competitive marketplace. As it continues to broaden its addressable market, by expanding its current product portfolio, diversifying its client base, and developing new applications and markets, the Company faces an increasing level of competition, from new competitors ranging from technology start-ups to the largest technology and industrial companies in the world. The

Company's competitors generally compete with it in specific areas of its portfolio or in a specific set of industries, but due to the breadth of the Company's activities, no single company competes with it across its entire scope.

The Company's competitors include Siemens PLM Software (within Siemens Digital Factory Division), Autodesk (principally with respect to the Company's SOLIDWORKS product line) and PTC. Competitors also include companies focusing on specific domains or industries, including, among others, Oracle and SAP with respect to ENOVIA and DELMIA software applications and Altair Engineering, ANSYS, and MSC Software (acquisition by Hexagon announced), with respect to SIMULIA software applications.

Additional companies, principally software developers who compete occasionally directly or indirectly with the Company include, among others, Adobe, ARAS, Aveva Group, Bentley Systems, Centric Software, Intergraph (owned by Hexagon AB), JDA, Microsoft, Nemetschek, Onshape, Salesforce.com, and other software companies in the mining sector or offering information intelligence and social enterprise innovation and collaboration software capabilities, and developers in all areas of molecular chemistry or biology, optimizing processes or digital marketing.

1.4.3 Material Contracts

Other than contracts entered into in the ordinary course of business, the Company's material contracts are principally the distribution agreements with its value-added resellers and system integrators, as described in paragraph 1.4.2.5 "Sales and Marketing", and the strategic partnership contracts described in paragraph 1.4.1.4 "Technology and Science" (see "Software, Technology and Science Partners").

Commencing in 2011 Dassault Systèmes has been engaged with Outscale to provide Cloud computing infrastructure services to the Company's clients. In addition, the Company has a minority investment in Outscale since that time.

In June 2013, Dassault Systèmes SE entered into a term loan facility agreement for €350 million, which will be repaid in July 2019. In October 2015, the Company entered into a new five-year term loan facility agreement, which maturity can be extended by two additional years, for € 650 million. The facility was immediately fully drawn down and bears interest

at Euribor 1 month plus 0.50% *per annum*. In October 2016, the Company exercised the option extension for one year. See paragraph 3.1.4 "Capital Resources" and Note 20 to the consolidated financial statements.

The Company signed long-term leases (for 12 years) for its corporate headquarters in Vélizy-Villacoublay, France (the 3DS Paris Campus) in 2008 and for its offices, technology lab and data center in Waltham, outside Boston, United States (the 3DS Boston Campus) in 2010. In February 2013, the Company entered into a new lease for its headquarters facilities for a non-cancelable initial term of 10 years as from the fourth quarter of 2016 on the date an additional building was delivered. Close to that site, the Company also leases approximately 11,000 square meters more in a building located in Meudon-La-Forêt, since October 2010. In September 2016, 3DS Boston Campus lease has been extended for 25 months and will end June 30, 2026. See paragraph 1.6.2.3 "Liquidity Risk" and Note 25 to the consolidated financial statements.

1.5 Research and Development

1.5.1 Overview

At December 31, 2016, the Company's R&D teams included 6,375 personnel (including those included in cost of software), compared to 5,853 at year-end 2015, representing approximately 42% of the Company's total headcount of 15,133. The Company increased its total R&D headcount by 8.9% in 2016, principally reflecting growth in R&D resources through acquisitions and by 5.2% in 2015 primarily through internal growth.

The Group has R&D facilities in the countries where its clients and high-talent employees are located: in Europe (mainly France, Germany, the United Kingdom, the Netherlands and Poland), the Americas (United States and Canada) and Asia-Pacific (mainly India, Malaysia and Australia).

R&D expenses totaled €540.5 million for 2016, compared to €492.5 million for 2015, increasing 9.7%. R&D costs benefited from government grants and other governmental programs

supporting R&D of €29.9 million in 2016 and €34.8 million in 2015. These government grants include research and development tax credits received in France.

The Company's R&D is conducted in close cooperation with customers and users in their respective industries to develop a deeper understanding of the unique business processes of these industries as well as the future product directions and requirements of these industries, customers and users.

Dassault Systèmes is deeply committed to creating quality solutions that allow its customers to meet the critical business requirements of the industries in which they operate. This commitment to quality is evidenced by its well-established Quality Management System certified to ISO 9001:2015 – the latest version of the standard focusing on operational excellence and performance.

1.5.2 Intellectual Property

The Company protects its technology by applying a combination of IP rights including copyrights, patents, trademarks and trade secrets. The Company distributes its software products to its customers under licenses that grant software utilization rights without transfer of ownership. The contracts contain various provisions protecting the Company's IP rights over its technology, as well as related confidentiality rights.

The source code (set of instructions under an intelligible form, and used, once compiled, to generate the object code licensed to clients and partners) of the Company's products is protected both as a copyrighted work and as a trade secret. In addition, some of the key capabilities of its software products are protected through patents whenever possible.

However, no assurance can be given that others will not copy or otherwise obtain and/or use the Company's products or technology without authorization. In addition, effective copyright, trade secret, trademark and patent protection or enforcement may be unavailable or limited in certain countries.

The Company is nevertheless engaged in an active policy against piracy and takes systematic measures to prevent the illegal use and distribution of its products, ranging from regularizing illegal use to initiating legal proceedings.

With regard to trademarks, the Company's policy is to register trademarks for its principal products and services in the countries where it does business. Protection through the trademark law is a combination of international trademark, European Community trademarks and/or national registrations.

In order to protect its technology and key product capabilities, the Company generally files patent applications in countries where many of its main customers and competitors are located. At year-end 2016, the Company's portfolio comprised 468 protected inventions, including 39 new inventions in 2016. Patents have been granted in one or more countries for more than half these inventions, and patents for the others are pending. When a patent protection is deemed unsuitable, certain inventions are kept secret, with the proof of creation being saved. The Company also has a cross-license policy for patents with major players in its industry.

See paragraph 1.6.1 "Risks Related to the Company's Business", and particularly paragraph 1.6.1.3 "Challenges to the Company's Intellectual Property Rights" for the difficulties in ensuring adequate protection for the Company's own intellectual property, and paragraph 1.6.1.14 "Infringement of Third-Party Intellectual Property Rights and of Third-Party Technology's Licenses" for risks concerning possible third-party allegations of unauthorized use of their intellectual property.

1.6 Risk factors

The Risk Factors are set out hereafter in two main categories: risks related to the Group's Business (1.6.1) and financial and market risks (1.6.2). These are the main risks identified as being material, relevant and likely to have a negative impact on the Company's business and financial position as of the

date on which this Annual Report (*Document de référence*) was filed with the AMF. However, other risks not mentioned or not yet identified can affect the Company, its financial position, its reputation, its outlook or the share price of Dassault Systèmes SE.

1.6.1 Risks Related to the Company's Business

1.6.1.1 Uncertain Global Economic Environment

In light of the continuing uncertainties regarding economic, business, social and geopolitical conditions at the global level, the Company's revenue, net earnings and cash flows may grow more slowly, whether on an annual or quarterly basis, mainly due to the following factors:

- the deployment of the Company's solutions may represent a large portion of a customer's investments in software technology. Decisions to make such an investment are impacted by the economic environment in which the customers operate. Uncertain global economic conditions and the lack of visibility or the lack of financial resources may cause some customers to reduce, postpone or terminate their investments, or to reduce or not renew ongoing paid maintenance for their installed base. Such situations may impact the Company's revenues. This is particularly the case in core industries (aerospace, automotive, industrial equipment), which represent a significant portion of the Company's revenue;
- continued pressure on raw materials and energy prices could also slow down the Company's diversification efforts in new industries;
- the sales cycle of the Company's products – already relatively long due to the strategic nature of such investments for customers – could further lengthen due to the uncertain global economic context; and
- the economic and monetary situation in certain geographic regions where the Company operates could become more volatile as political uncertainties increase.

The Company makes every effort to take into consideration this uncertain macroeconomic outlook. The Company's business results, however, may not develop as anticipated. Furthermore,

due to factors affecting sales of the Company's products and services as described above, there may be a substantial time lag between an improvement in global economic and business conditions and an upswing in the Company's business results.

The current economic context may also adversely impact the financial situation or financing capabilities of the Company's potential and existing customers, reseller network and technology partners, some of whom may be forced to cease operations due to cash flow and profitability issues. The Company's ability to collect outstanding receivables may be affected. In addition, the uncertain economic environment could generate increased price pressure, as customers seek lower prices from various competitors, which could negatively impact the Company's revenue, financial performance and market position.

Finally, an increase in tax pressure resulting from either the modification of current tax regimes, the creation of new taxes or more aggressive positions taken by government or tax authorities could have a negative effect on the Company's business results.

To limit the impact of the economic environment on its business and financial results, the Company continues to further diversify its customer base through expanding its presence in new business sectors and new geographic markets (see paragraph 3.1.2 "Consolidated Information: 2016 Compared to 2015" for the breakdown of consolidated Group revenue by geographic region). It also continues to ensure that its costs are controlled for the entire organization.

1.6.1.2 Security of Internal Systems and Facilities

The Company's R&D facilities are computer-based and rely entirely on the proper functioning of complex software and integrated hardware systems. However, it is not possible to

guarantee the uninterrupted operation and complete security of these systems. For example, the invasion of the Company's computer-based systems by either computer hackers or industrial pirates could interfere with their proper functioning and cause substantial damage, loss of data or delays in ongoing R&D activities. It could also lead to damage to or loss of data hosted by the Company on behalf of its customers as part of its cloud offerings, or to increased liability with respect to interrupted access to online service. Computer viruses, whether deliberately or unintentionally introduced, could also cause similar damage, loss or delays. The increasing use of mobile devices (cellular telephones, tablets and portable computers) linked to certain of the Company's computer systems tends to increase the risk of unauthorized access as a result of their loss or theft.

In addition, because the Company's key facilities are located in a limited number of sites, including Japan and California, which may be exposed to earthquakes, substantial physical damage to any one of the Company sites, by natural causes or by terrorist attack or local violence, could materially reduce its ability to continue its normal business operations.

If any of these circumstances were to arise, the resulting damage, loss or delays could have a material negative impact on the Company's business, results of operations and financial condition, as well as its reputation.

In order to reduce this risk, the Company therefore maintains an IT security framework, including intrusion protection, data storage back-up and restricted access to critical and sensitive information, and also subscribes to insurance policies covering these risks (see paragraph 1.6.3 "Insurance").

Access to sites and security of employees traveling to specific countries is also monitored.

1.6.1.3 Challenges to the Company's Intellectual Property Rights

The Company's success is heavily dependent upon its proprietary software technology. The Company relies on a combination of copyright, patent, trademark, trade secret law and contractual restrictions to protect the proprietary aspects of its technology. These legal protections don't provide a full coverage of the Company's products and can be breached by third parties. In addition, effective copyright, patent, trademark and trade secret protection may be unavailable or limited in certain countries where IP rights are less protected than in the United States or Western Europe. If, despite the Company's strategies for protecting its IP, certain third-

parties are able to develop similar technology, a reduction in the Company's software revenues may result. Furthermore, although the Company entered into confidentiality and license agreements with its employees, distributors, customers and potential customers, and limits access to and carefully controls the distribution of its software, documentation and other proprietary information, the measures taken may be inappropriate to deter misappropriation or prevent independent third-party development of the Company's technology.

In addition, like most of its competitors, the Company faces a significant level of piracy of its leading products, by both individuals and groups acting worldwide, which could potentially affect the Company's growth in specific markets.

Litigation may be necessary to enforce the Company's IP rights and determine the validity and scope of the proprietary rights of third-parties. Any litigation could result in substantial costs and diversion of Company resources and could seriously harm the Company's operating results. The Company may not prevail in any such litigation and its IP rights may be found invalid or unenforceable.

In order to protect its IP, the Company regularly registers patents for its most advanced innovations and systematically registers copyrights. The Company continues to maintain strong licence compliance programs, which are proving effective.

1.6.1.4 Deployment Delays, Product Errors and Defects

Deploying sophisticated software solutions becomes increasingly complex. Such projects need to take into account the Group's customer's infrastructure and diverse software environment. Appropriate project and change management controls are also critical to the success of deploying complex software solutions which impact a large number of users across multiple organizations and processes. If the Company is not able to carefully plan and execute these projects timely, it might need to commit additional resources, both financial and operational, which could adversely impact its operating result.

Sophisticated software also often contains errors, defects or other performance problems when first introduced or when new versions or enhancements are released. If the Company is not able to correct in a timely manner errors or defects discovered in its current or future products or provide an adequate response to its customers, the Company may need to expend significant financial, technical and management

resources, or divert some of its development resources, to resolve or work around those defects. The Company may also incur an increase in its service and warranty costs.

Errors, defects or other performance problems in the Company's products may also result in the loss of, or delay in, the market acceptance of its products or postponement of customer deployment. Such difficulties could also cause the Company to lose customers and, particularly in the case of its largest customers, the potentially substantial associated revenues which would have been generated by its sales to companies participating in the customer's supply chain. Technical problems, or the loss of a customer with a particularly important global reputation, could also damage the Company's own business reputation and cause the loss of new business opportunities.

Because deployment delays, product errors and defects could result in significant financial or other damage to its customers, such customers could pursue claims against the Company. A product liability claim brought against Dassault Systèmes, even if not successful, would likely be time consuming for its management and costly to defend and could adversely affect the Company's marketing efforts.

To reduce the risk of product errors or defects, the Company carries out advanced testing of its new products, releases, and versions prior to market launch. The Company also works as closely as possible with its customers to ensure successful product installation.

The Company has also subscribed to an "Errors & Omissions" insurance policy covering possible defects in its products, although insurance carried by the Company may only partially offset the cost of correcting significant errors (see paragraph 1.6.3 "Insurance").

1.6.1.5 Currency Fluctuations

The Company's results of operations have been affected by changes and high volatility in exchange rates in 2016, and are likely to continue to be impacted in the future. In particular, exchange rate fluctuation of the Japanese yen, the U.S. dollar and to a lesser extent the British pound relative to the euro, can impact revenues and expenses recorded in the Company's statement of income upon translation of other currencies into euro.

The Company bills its customers in major currencies, principally euros, U.S. dollars and Japanese yen. The Company also incurs expenses in different currencies, principally euros, U.S. dollars and Japanese yen, depending on the Company's employees and suppliers location in different countries. Moreover, the Company engages in mergers and acquisitions, particularly outside the euro zone and may lend money in different currencies to its wholly or partially owned subsidiaries or affiliates.

Although the Company currently benefits from a natural coverage of most of its exposure to U.S. dollars from an operating margin perspective, exchange rate fluctuation of the U.S. dollar relative to the euro may impact the Company's revenue and consequently its operating income, net income and earnings per share. In addition, the Company's revenues denominated in Japanese yen, Korean won and British pound substantially outweigh its expenditures in these currencies. As a result, the Company's financial results are exposed to a potential depreciation in the value of these currencies – in particular the Japanese yen, and the British Pound to a lesser degree – relative to the Euro, which could adversely affect the Company's revenue, as well as its operating income, operating margin, net income and earnings per share.

The Company's net financial revenue can also be significantly affected by changes in exchange rates between the time the revenue is recognized and when cash payments are received, and between the time an expense is recorded and when it is paid. Any such differences are accounted for in the "foreign exchange gain/loss" caption of the Company's financial statements.

The main items of financial income subject to fluctuations linked to exchange rates are:

- the difference between the exchange rate used to record invoices in foreign currencies and the exchange rate when the Company receives or makes the payment; and
- the revaluation of monetary assets and liabilities denominated in foreign currencies.

To address the risks created by currency fluctuations, the Company carries out hedging operations on a case-by-case basis (see Note 21 to the consolidated financial statements).

Since market growth rates for the Company's software applications and the revenue growth rates of its significant competitors are computed in U.S. dollars, such growth rates from period to period may not be comparable to the Company's euro-computed revenue growth rates for the same periods.

Finally, in spite of less stress on sovereign debt and financial institutions, the Company continues to maintain a strengthened review of the quality of its investments and remains vigilant as to the liquidity of its assets (see paragraphs 1.6.2.3 "Liquidity Risk" and 1.6.2.4 "Credit or Counterparty Risk").

1.6.1.6 Competition and Pricing Pressure

In the past few years, there have been fewer contenders in the Company's historical software markets. As the various players compete for market share, adoption by competitors of business models different from Dassault Systèmes' could lead to substantial declines in pricing, which could require the Company to adapt to a substantially different commercial environment. These competitive pricing pressures could cause

competitive wins by competitors and could negatively impact the Company's revenue, financial performance and market position.

At the same time, by regularly expanding its product portfolio, entering new geographic markets, diversifying its client base in new sectors of activity, and developing new applications for its products, the Company encounters new competitors. Such competitors could have, as a result of their size or prior presence in these markets, financial, human or technological resources not readily available to the Company. The development of cloud computing offers may also lead to new participants entering the market. The Company's ability to expand its competitive position may thus be reduced.

In the event the Company has difficulties setting up the organization needed to manage its businesses and the new competitive context, the revenues, results of operations, competitive position and reputation of Dassault Systèmes could be negatively impacted.

1.6.1.7 Complex International Regulatory and Compliance Environment – Legal Proceedings

Establishing or strengthening the Company's presence in countries where it previously had not been located or had been present only marginally until now, and increasing the breadth of its business and the diversity of its customers (particularly individuals), have added to the complexity of the regulatory environment in which the Company operates. The Company is subject to complex and rapidly evolving laws, regulations and requirements. The complex laws and regulations to which the Company is subject apply to many different fields, such as general business practices, competitive practices, anti-corruption, handling of personal data, consumer protection, financial reporting standards, corporate governance, employment laws, internal controls, local and international tax regulations and export compliance for high-tech products. Being listed on the French stock exchange, the Company also is subject to specific requirements and reporting standards.

The Company seeks to conduct its business in a wholly ethical manner and requires all of its employees, subsidiaries, indirect sales channels and third party intermediaries to comply with all applicable laws and regulations. The failure or suspected failure to comply with any of these laws and regulations may result in increased regulatory scrutiny through inquiries or investigations, adverse media attention and fines and sanctions, as well as an increase to the Company's litigation risk or limits on the Company's business operations. A number of these adverse consequences could occur even if it is ultimately determined that there has been no failure to comply. There can be no assurance that additional regulation in any of the jurisdictions in which the Company currently operates, or may operate in the future, would not significantly

increase the cost of regulatory compliance. Furthermore, the focus on tax matters is rapidly increasing in many countries where the Company has operations.

The Company's risk of litigation and administrative proceedings also increases as it expands its activities, enhances its position and visibility on the software market, and develops new approaches to its business, including product distribution and online services. Litigation can be lengthy, expensive, and disruptive to the management of Company operations. Results cannot be predicted with certainty, and adverse outcomes in some or all of the claims pending against the Company may result in significant monetary damages or injunctive relief against the Company that could adversely affect its ability to conduct business. Actual outcomes of litigation and other claims may differ from management expectations, which could result in a material adverse impact on the Company's financial position and results of operations.

In order to reduce this risk, the Company continues to reinforce its Ethics & Compliance program (as further described in paragraph 2.1.5 "Business Ethics, Social Dialogue and Personal Safety") which in particular requires all employees to perform online Ethics & Compliance trainings. Moreover the Company audits its subsidiaries around the world on a regular basis and consults outside experts to validate the compliance of various aspects of its practices with applicable regulations. The Company's Legal department, assisted by technical experts, also monitors on a regular basis all outstanding claims and litigation (see also paragraph 4.3 "Legal and Arbitration Proceedings" and Note 25 to the consolidated financial statements), some of which may be covered by insurance (see paragraph 1.6.3 "Insurance").

1.6.1.8 Relationships with Extended Enterprise Partners

The Company's **3DEXPERIENCE** strategy requires a fully integrated platform with access to computer-aided design ("CAD"), simulation, collaboration, manufacturing and data management products, which are increasingly complex and for which customer installations represent significant enterprise projects. To implement its **3DEXPERIENCE** strategy, Dassault Systèmes has continued to develop an extended enterprise model and partners with other companies in areas such as:

- computer hardware and technology, to maximize benefits from available technology;
- product development, to enable software developers to create and market their own software applications using Dassault Systèmes' open product architecture; and
- consulting and services, to support and assist customers as needed to deploy Industry Solution Experiences on the **3DEXPERIENCE** platform.

The Company believes that its partnering strategy allows it to benefit from complementary resources and skills, and to reduce costs while achieving broader market coverage. The Company's broad partnering strategy nevertheless creates a degree of dependency on such partners.

In addition to its own sales force, the Company also relies on an international network of distributors and value-added resellers. The type of relationship that the Company has with its distributors and value-added resellers, as well as their financial and technical reliability, could impact the Company's ability to sell and deploy its product and service offerings.

The Company's ability to establish partner relationships for the development, sale and deployment of its **3DEXPERIENCE** platform is an important element of its strategy.

Serious difficulties in the Company's relationships with its partners, or an unfavorable change of control of these partners, may adversely affect the Company's product and business development, and could cause it to lose the contribution of the employees or contractors of the Company's partners, particularly in the area of R&D. In addition, any failure by the Company's partners to deliver products of quality or according to the expected timing may cause delays in the delivery of, or deficiencies in, the Company's own products.

Due to the rapid evolution of the software development and distribution sectors, it is difficult to ensure the long-term success of the Company's relationship with any particular partner. As the Company strives to expand its coverage and network of distributors and partners, it applies thorough processes in evaluating each potential distributor or partners' technical and financial viability, whenever entering into a new relationship.

1.6.1.9 Organizational and Operational Challenges Arising from the Evolution of the Company

Dassault Systèmes has continued to expand through acquisitions and internal development, and has substantially increased its addressable market through launching **3DEXPERIENCE**. The Company's management policies and internal systems must be adapted on an on-going basis to meet the needs of a larger, more complex structure and implement the Company's strategy to reach a broader market. The Company must continue to reorganize itself to maintain efficiency and operational excellence while ensuring customer retention and the integration of newly acquired companies. It must also continue to focus on quality of execution while maintaining innovation.

As its organization evolves, the Company must also ensure the profiles and competencies of its employee are constantly upgraded and adapted.

If the Company does not address these issues effectively and on a timely basis, the Company's product development, internal processes, cost management and commercial operations could be impacted or fail to satisfy adequately market or customer demands, which could negatively impact its financial or operational performance.

In addition, in order to realize acquisitions or investments, the Company may use significant financial resources, make potentially dilutive issuances of equity securities or incur debt.

Moreover, these operations may require the Company to recognize amortization of acquired intangible assets and/or depreciation of goodwill in case of impairment (see Note 2 to the consolidated financial statements). Minority interests in unaffiliated partners or other investments may also have to be written down in the Company accounts as a result of impairment. Acquired companies may also carry risks related to off-balance sheet commitments, including litigation risk related to pre-acquisition events (such as IP or tax claims). Each of these potential consequences of an investment or acquisition could reduce the Company's operating margin, net income or cash.

The Company seeks to adjust on a regular basis its organization and management model to support its current level of growth by enhancing its geographic-based organization and providing a consistent client experience around the globe. It has also put in place a dedicated integration process to establish a clear path to convergence for its acquisitions.

1.6.1.10 Market introduction of a New Services Offering for Cloud Computing

Dassault Systèmes is developing and distributing a services offering for the online use of certain of its products (SaaS) based on a cloud computing infrastructure. It continues to grow its portfolio of software solutions and processes available on the cloud. An inability to introduce such solutions at the desired speed, with the appropriate pricing model and with the right level of quality could impact the Company's growth and future results, and give rise to technical and legal challenges:

- the progressive roll-out of these services and their distribution also involves the deployment of new support and management processes (for example, processing orders and billing);

- the Company also will become exposed to a complex legal environment and could have increased risk regarding regulatory compliance in the countries where it has operations, in particular with respect to data privacy, consumer laws and data confidentiality. In case of difficulties in providing its clients with online services under appropriate conditions, the Company's revenues, results of operations and competitive position, as well as the reputation of Dassault Systèmes, could be negatively affected.

The Company is seeking to minimize these risks by developing alliances with partners with recognized technical capabilities, and by simulating and controlling, to the extent possible, the technical, legal and financial consequences of processes put in place to serve its customers.

1.6.1.11 Rapidly Changing and Complex Technologies

The Company's software solutions are characterized by the use of rapidly changing technologies and frequent new product introductions or enhancements. These solutions must address complex engineering needs in various areas of product design, simulation and manufacturing, and must also meet sophisticated process requirements in the areas of change management, industrial collaboration and cross-enterprise work.

As a result, the Company's success is highly dependent upon its ability to:

- understand its customers' complex needs in different business sectors, and support them in reengineering key product lifecycle processes, managing the migration of substantial amounts of data in the process;
- enhance its existing solutions by developing more advanced technologies;
- anticipate and take timely advantage of quickly evolving technologies and standards; and
- introduce new solutions in a cost-competitive and timely manner.

The Company also continues to face the challenge of the increasingly complex integration of its products' different functionalities to address customers' requirements. As a result, more difficult industrialization work is required for new releases and offerings, with limitations on the options for interfacing with third-party systems installed at the customer. In addition, if the Company is not successful in anticipating technological leaps and developing new solutions and services that address its customers' increasingly sophisticated

expectations, demand for its products could decline, and the Company's results of operations and financial condition could be negatively affected.

To reduce this risk and keep abreast or ahead of technological developments which may affect its products, the Company commits substantial resources to the development of new offerings. It also maintains close and regular contacts with its key customers to identify and capture their emerging needs and to offer the most adapted solutions. In addition, the Company provides training courses to its R&D teams on new technologies. Complementing its internal R&D, the Company seeks to maintain an active monitoring of third-party technologies that it might acquire to improve its technology offerings where appropriate.

1.6.1.12 Variability in Quarterly Operating Results

The Company's quarterly operating results have in the past varied significantly, and may vary significantly in the future, depending on factors such as:

- the timing and cyclical nature of revenues received due to the signing of important new customer orders, the completion of major service contracts or the completion of customer deployments;
- the timing of any significant acquisition or divestiture;
- fluctuations in foreign currency exchange rates;
- the Company's ability to develop, introduce and market new and enhanced versions of its products and customer order deferrals in anticipation of these new or enhanced products;
- the number, timing and significance of product enhancements or new products that the Company develops or that are released by its competitors;
- general conditions in the Company's software markets (as a whole or on a regional basis) and the software industry generally; and

the increased complexity in planning and forecasting as new business models are introduced alongside the traditional licensing model of the industry.

A substantial portion of the Company's orders and shipments typically occur in the last month of each quarter, and, therefore, if any delay occurs in the timing of significant orders, the Company may experience quarterly fluctuations in its results of operations. Additionally, as is typical in the software applications industry, the Company has historically experienced its highest licensing activity for the year during the last quarter of the year. Delays in orders and shipments can also affect the Company's revenue and income.

The trading price of the Dassault Systèmes' shares may be subject to wide fluctuations in response to quarterly variations in the Company's operating results and the operating results of other software application developers in the Company's markets.

1.6.1.13 Retention of Key Personnel and Executives

The Company's success depends to a significant extent upon the continued service of its key managers and highly qualified personnel, in particular in R&D, technical support and sales management, and on its ability to continue to attract, retain and motivate qualified personnel, as well as keep their skills continuously up to date in line with the organizational needs. In particular, if the Company fails to hire on a timely basis and retain highly skilled sales forces, revenue could be negatively impacted. The competition for such employees is intense, and if the Company loses the ability to hire and retain key employees and executives with a diverse and high level of skills in appropriate domains (such as R&D, strategy, marketing and sales), it could have a material adverse impact on its business activities and operating results. The Company does not maintain insurance with respect to the loss of key personnel.

In order to limit this risk, the Company has put in place training, career development and long-term compensation incentives to attract and retain key personnel and executives, and has also diversified its R&D resources in different regions of the world. The identification of key personnel also constitutes an important step in the process of integrating newly acquired companies into the Company.

1.6.1.14 Infringement of Third-Party Intellectual Property Rights and of Third-Party Technology's Licenses

Third-parties, including the Company's competitors, may own or obtain copyrights, patents or other proprietary rights that could restrict the Company's ability to further develop, use or sell its own product portfolio. Dassault Systèmes has received, and may in the future receive, letters of complaint alleging that its products infringe the patents and other IP rights of others. Such claims could cause the Company to incur substantial costs to defend itself in any litigation which may be brought, regardless of its merits. If the Company fails to prevail in IP litigation, it may be required to:

- cease making, licensing or using the products or services that incorporate the challenged IP;

- obtain and pay for licenses from the holder of the infringed IP right, which might not be available on acceptable terms for Dassault Systèmes, if at all; or
- redesign its products, which could involve substantial costs and require the Company to interrupt product licensing and product releases, or which may not be feasible at all.

In addition, the Company embeds in its products an increasing number of third-party components selected either by the Company itself or by companies which it acquires over time. Although Dassault Systèmes has implemented strict approval processes to certify the originality of third-party components and verify any corresponding licensing terms, the same approval processes may not have been adopted by companies acquired by Dassault Systèmes before their acquisition. As a result, the use of third-party embedded components in the Company's products generates exposure to the risk that a third-party will claim that these components infringe their IP rights. Also, due to the use of third-party components, there is also a risk that such license(s) might expire or terminate without renewal, thereby affecting certain Company products.

If any of the above situations were to occur for a significant product, it could have a material adverse impact on the Company's financial condition and results of operations.

The Company seeks to limit this risk through a process for certifying the origins of its products with respect to IP before making them available for sale.

1.6.1.15 Technology Stock Volatility

Under conditions of increased market uncertainty, the trading price of the Company's shares could be volatile. The market for shares of technology companies has in the past been more volatile than the stock market overall.

1.6.1.16 Shareholder Base

Groupe Industriel Marcel Dassault SAS ("GIMD"), which represents the interests of some of the Company's founding shareholders, owned 41.07% of the Company's outstanding shares, representing 55.58% of the exercisable voting rights (54.95% of theoretical rights) as of December 31, 2016. As more fully described in paragraph 6.3 "Information about the Shareholders", GIMD plays a decisive role with respect to matters submitted to shareholders, including the election and removal of directors and the approval of any merger, consolidation or sale of all or substantially all of the Company's assets.

1.6.2 Financial and Market Risks

The Company's overall risk management policy is based upon the prudent management of the Company's market risks, primarily foreign currency exchange risk and interest rate risk. The Company's programs with respect to the management of these risks, including the use of hedging instruments, are discussed in Note 21 to the consolidated financial statements. The Company's exposure to these risks may change over time and there can be no assurance that the benefits of the Company's risk management policies will exceed the related costs. Such changes could have a materially adverse impact on the Company's financial results.

The Company generates positive cash flows from operations and has financial obligations (e.g., bank loans, loan facilities, employee profit-sharing), but the Company's cash position net of debt is positive throughout the year.

1.6.2.1 Interest Rate Risk

The Company's cash surplus generally earns interest at fixed or floating market rates, while the Company's debt carries

interest at floating rates. Therefore, the Company's interest rate risk is primarily related to a reduction of financial revenue. See Notes 20 and 21 to the consolidated financial statements.

1.6.2.2 Foreign Currency Risk

See paragraph 1.6.1.5 "Currency Fluctuations" above and Note 21 to the consolidated financial statements.

1.6.2.3 Liquidity Risk

The Company has a low liquidity risk. As of December 31, 2016, the Company's cash, cash equivalents and short-term investments totaled €2.49 billion. See Note 12 to the consolidated financial statements.

The Company has analyzed the amounts it will be required to pay under its contractual commitments at December 31, 2016. The Company believes that it will be able to meet such obligations.

The following table summarizes the Company's principal contractual obligations to make future payments as of December 31, 2016.

CONTRACTUAL OBLIGATIONS

(in thousands of euros)	Total	Payments due by period			
		Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating lease obligations ⁽¹⁾	536,239	80,156	140,544	111,094	204,445
Loan facilities ⁽²⁾	1,043,954	11,625	373,378	658,951	-
Employee profit-sharing	64,439	64,439	-	-	-
TOTAL	1,644,632	156,220	513,922	770,045	204,445

(1) Including €248.1 million of future minimum rental payments for the Company's headquarters facilities in France (3DS Paris Campus) and €123.4 million of future minimum rental payments for the American subsidiaries' facilities located in Waltham near Boston, United States (see Note 25 to the consolidated financial statements).

(2) Including interests on the €350 million and €650 million term loan facilities (see Note 20 to the consolidated financial statements). The variable component of the future cash flows from loan interests was calculated using the spot Euribor rate 1 month on December 31, 2016.

1.6.2.4 Credit or Counterparty Risk

The financial instruments which could expose the Company to credit risk include principally its cash equivalents, short-term investments and customer receivables. The hedging agreements entered into with financial institutions pursuant to its policy for managing currency and interest rate risks also expose the Company to credit and counterparty risk. See Notes 12, 13 and 21 to the consolidated financial statements. The Company uses a rigorous selection process for its counterparts according to credit quality, based on several criteria including agency ratings and depending on the maturity dates of the transactions.

1.6.2.5 Equity Risk

For cash management purposes, the Company does not directly invest in listed shares, or any material amounts in funds invested primarily in or indexed to stocks. The Company's financial results are therefore not significantly and directly linked to stock market variations.

1.6.3 Insurance

Dassault Systèmes is insured by several insurance companies for all significant risks. Most of these risks are covered either by insurance policies underwritten in France for the whole Group, or by a North American policy that covers all the North American subsidiaries and their own subsidiaries and branches around the world. In addition, the Company subscribes to specific coverage and/or local policies to comply with applicable local regulations or to meet the specific needs of certain activities or projects.

All of the Group's companies are protected by a policy covering professional and product liability as well as civil liability for operations for a total insured value of €50 million for 2016.

In 2016, the Group renewed its Directors and Officer's Liability Policy for Dassault Systèmes SE and its subsidiaries for a total insured amount of €50 million.

The Company also carries insurance to cover computer risks in an amount equal to the value of its computer equipment and coverage for damage to goods.

Based on the legal requirements applicable in each country, the North American companies and most of their subsidiaries have specific insurance cover. This insurance includes in particular coverage for damage to goods, computer risks, loss of business and operational civil liability and professional liability. In connection with this insurance, the Company also has coverage for work-related accidents and automobile accidents. As additional coverage for the various insurance policies covering the North American companies and their subsidiaries, Dassault Systèmes carries an "umbrella" policy for a maximum amount of \$25 million.

The insurance policies are reviewed regularly and may be modified to reflect changes in the revenue, activities and risks of the different companies within the Group.

Dassault Systèmes has not established captive insurance coverage.

2

SOCIAL, SOCIETAL AND ENVIRONMENTAL RESPONSIBILITY

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Dassault Systèmes, “The **3DEXPERIENCE** Company”, constantly strives to provide businesses and individuals with 3D universes that allow them to imagine sustainable innovations capable of harmonizing product, nature and life. Through this ambition, Dassault Systèmes contributes to the improvement of society and quality of the environment.

By their very nature, virtual universes and the virtual experience that they produce make it possible to address major industrial challenges, such as the management of environmental impacts on a large scale, safety or ergonomics. The adoption

of the **3DEXPERIENCE** platform by customers allows them to envision new ways of imagining, creating and producing. Planning better, collaborating better, learning better: these virtual universes are also essential to gaining insight into and resolving the current issues in society.

The Group’s 15,133 employees spread over 40 countries are driven by this ambition.

Dassault Systèmes has been recognized in various sustainable development indices and rankings, including the Global 100 Index, the FTSE4Good and the Carbon Disclosure Project.

2.1 Social and Societal Responsibility

Dassault Systèmes’ employees are the Group’s most precious asset. They are at the heart of its ambition (harmonizing product, nature and life), and long-term development. Sharing a common culture and the same values is of capital importance to the Group. Its corporate culture and values underpin the employees’ daily interactions within the Company, with customers and in the ecosystem. They are Dassault Systèmes’ distinctive feature, making everyone eager to work together and grow.

In light of the Group’s rapid growth, the innovative environment in which it operates, and the growing number of markets it reaches, its main social and societal challenges are as follows:

Sharing and increasing skills

For Dassault Systèmes, sharing and enhancing skills involves three challenges:

- enabling employees and partners to constantly develop their skills and know-how – via qualification courses available through the 3DS University, which has an online application on the **3DEXPERIENCE** platform – and to share their knowledge through communities around interests and expertise;
- mobilizing the Group’s technologies and talented people to address social issues, such as education. Virtual universes can bring much more than traditional classroom books and boards, such as the “3Dcodex”, a new generation of scientific media that can produce models of the physical world with astonishing realism, like a digital twin.

The “Dassault Systèmes Foundation” – set up in 2015 – provides support to the world of education, research centers, and general-interest organizations (non-profit organizations, museums, etc.) by transforming the learning experience. By placing powerful 3D technologies at the heart of education and research methods, the Dassault Systèmes Foundation wants to contribute to the creation of the right conditions for the development of creative thinking to harmonize product, nature and life. It focuses its general-interest mission on society to build a better future in a constantly changing world.

Moreover, the Global Academia Department extends the entire Dassault Systèmes offering to institutions, governments and students worldwide, thereby promoting the modernization of science and technology education. The instruments of this transformation include virtual laboratories, crowdsourcing for educational content, its on-line distribution, and the teaching of new practices for the industry of the future. These endeavors have been significantly enhanced, particularly through the proliferation of educational research projects in high school and higher education;

- expanding the range of expertise and collaborating with an extensive mix of profiles – such as engineers, researchers, biologists, doctors, geologists, designers, architects, and others. This diversity of talents and viewpoints is crucial to achieve the Group’s ambition: harmonizing products, nature and life.

Inventing new ways to collaborate

Dassault Systèmes developed an initiative in 2015 to create new collaborative methods and a more transversal work model, more conducive to creativity. This initiative aims to allow each person to reveal and use their skills as well as to diversify their scope and expand their network. Among other initiatives, the **3DEXPERIENCE** Lab, set up in November 2015, is an open innovation laboratory within the Company to help innovative start-ups grow. This initiative gives employees the opportunity to get involved in new projects, not necessarily connected to their positions.

Getting the most out of information, a strategic value for the Company and its ecosystem

The constant interaction between employees within the Company and with its ecosystem of customers and partners, through applications, or on-line communities, generates a vast quantity of information, including structured and non-structured data on a daily basis, which form part of the Company's intellectual and economic property. The challenge lies with analyzing, processing in real time, connecting and representing this information and data so that it can be converted into competitive advantages and decision-making aids. With its **3DEXPERIENCE** platform, Dassault Systèmes already has its own tools for managing and monitoring the Company's business.

Accelerating the integration of new employees

A major challenge within a constantly growing company is to integrate new employees. Dassault Systèmes has an employee onboarding and support program provided from the very first day by the 3DS University. It also provides access to online communities. These provide easy access to information concerning the Company, organizations and projects, while highlighting each person's responsibilities, skills and contributions:

The different indicators related to these challenges and, more broadly, the human resources initiatives implemented within the Group are presented below.

- Group Organization and Workforce (2.1.1);
- attracting and developing talented individuals (2.1.2);
- welcoming employees who have joined the Group via recently acquired companies (2.1.3);
- rewarding performance and recognizing employees (2.1.4);
- business ethics, social dialogue and personal safety (2.1.5).

The methodology is described in paragraph 2.1.6 "Methodology for Employee Reporting" and additional information is presented in paragraph 2.1.7 "Appendices regarding the Group's Employee Headcount".

2.1.1 Group Organization and Workforce

The Group is organized into major fields of activity: R&D; Sales, Marketing and Services; Administration and Other functions for its main markets (see paragraph 1.4.2 "Dassault Systèmes' offering") within the three geographic regions (Europe, Americas and Asia). The Total Workforce is made up of employees and service providers of subsidiaries in which the Group has more than a 50% shareholding as well as employees of 3D PLM Software Solutions Ltd and 3DPLM

Global Services Private Ltd in which the Group owns less than 50%.

The data related to the Group's workforce presented in this report is expressed in Full Time Equivalents according to the methodology defined in paragraph 2.1.6 "Methodology for Employee Reporting". The other indicators used are also explained in this paragraph.

Overview and growth of Total Workforce

As of December 31, 2016, the Total Workforce was 15,133 up 8.3% compared to December 31, 2015. The change in Total Workforce over the last three years is set forth below:

Year ended December 31	Employees	Service Providers	3D PLM	Total Workforce	Percentage change
2016	12,100*	779	2,254	15,133	8.3%
2015	11,422	405	2,147	13,974	5.0%
2014	11,013	474	1,825	13,312	24.9%

* Indicator verified by the independent verifier.

Overview and growth of Employee Headcount

Growth of the Company

As of December 31, 2016, the Employee Headcount increased 6% year over year to 12,100 full-time equivalent employees, located in 40 countries and originating from 124 different countries. This growth is due mainly to recruitment carried out in 2016. For more details, see paragraph 2.1.2.1. "Attracting

talented individuals – Movements in Employee Headcount over the period".

The Employee Headcount indicators presented below remained stable overall between 2015 and 2016.

Distribution by geographic region

Year ended December 31	Europe		Americas		Asia		Total	
	Employees	%	Employees	%	Employees	%	Employees	%
2016	6,469	53%	3,571	30%	2,060	17%	12,100*	100%
2015	5,987	52%	3,524	31%	1,911	17%	11,422	100%

* Indicator verified by the independent verifier.

Distribution by activity

Year ended December 31	Europe		Americas		Asia		Total		Total	
	Employees 2016	%	Employees 2015	%						
R&D	2,514	39%	1,149	32%	358	17%	4,021	33%	3,720	33%
Sales, Marketing and Services	3,100	48%	1,974	55%	1,508	73%	6,582	55%	6,282	55%
Administration and other	855	13%	448	13%	194	10%	1,497	12%	1,420	12%
TOTAL	6,469	100%	3,571	100%	2,060	100%	12,100*	100%	11,422	100%

* Indicator verified by the independent verifier.

Distribution by gender

The proportion of women in the Group, while stable between 2015 and 2016, may still seem relatively low. This is mainly

explained by the low number of women in engineering schools which is one of the main sources of recruitment for Dassault Systèmes.

Year ended December 31	Europe		Americas		Asia		Total		Total	
	Employees 2016	%	Employees 2015	%						
Women	1,492	23%	872	24%	516	25%	2,880	24%	2,711	24%
Men	4,977	77%	2,699	76%	1,544	75%	9,220	76%	8,711	76%
TOTAL	6,469	100%	3,571	100%	2,060	100%	12,100*	100%	11,422	100%

* Indicator verified by the independent verifier.

Other characteristics of Employee Headcount

As of December 31, 2016, the key figures to note are as follows (indicator verified by the independent verifier in 2016):

- 98% of Employees worked under permanent contracts;
- Managers account for 19% of the headcount;

- 14% of Dassault Systèmes' 2,880 female employees and 21% of its 9,220 male employees are Managers;
- out of the 2,300 Managers, 18% are women.

These figures remained relatively stable versus 2015. The breakdown of this information and additional information with regard to the distribution by age and seniority are presented in paragraph 2.1.7 "Appendices regarding the Group's Employee Headcount".

Outside service providers and sub-contracting

Dassault Systèmes regularly calls on outside service providers when it requires resources with specific know-how or for projects with a limited duration.

The cost of using outside service providers in 2016 amounted to €101.6 million compared to €78.0 million in 2015 representing

a small amount in relation to the Dassault Systèmes operating expenses €2.38 billion in 2016 and (€2.21 billion in 2015).

At December 31, 2016, 779 outside service providers (data expressed in full-time equivalents) worked for the Group: Major projects conducted in 2016 required higher use of outside providers compared to previous year.

Year ended December 31,	Europe		Americas		Asia		Total	
	Employees	%	Employees	%	Employees	%	Employees	%
2016	283	36%	258	33%	238	31%	779	100%
2015	188	46%	144	36%	73	18%	405	100%

Dassault Systèmes only establishes contractual relationships with sub-contractors that respect the fundamental laws and regulations concerning labor law and environmental protection (see "Principles of Enterprise Social Responsibility and commitments to ensuring respect for basic rights" in paragraph 2.1.5 "Business ethics, social dialogue and personal safety").

Organization

Work time

In each country where Dassault Systèmes has operations, the length of the workweek is determined according to local legal requirements.

For example, in France, work time is determined according to whether an employee is under the system of annual working days (*forfait jours*) or the hourly system (*régime horaire*). Employees under the system of annual working days work a predefined number of days per calendar year and other employees work a certain number of hours as defined by local labor agreements in force within each company.

In most of the other countries where the Group operates, the workweek is set at 40 hours. This is the case in Germany, the United Kingdom, the Netherlands, the United States, Canada, Japan, Malaysia, China and India. In Australia, the workweek is 38 hours.

Full-time and part-time

98% of the Employee Headcount works on a full-time basis. 7% of women and 1% of men work on a part-time basis. These figures are stable versus 2015. Full details on the information pertaining to this indicator are presented in paragraph 2.1.7 "Appendices regarding the Group's Employee Headcount".

Absenteeism

Absenteeism is tracked locally in accordance with regulations applicable in the different countries where Dassault Systèmes operates. The Company does not have a harmonized system for managing absenteeism throughout its subsidiaries (indicator verified by the independent verifier in 2016).

The information presented below covers a part of the Group's French companies (Dassault Systèmes SE, Dassault Systèmes Provence SAS, Dassault Data Services SAS, Netvibes SAS, 3DVIA SAS, Quintiq SAS, Dassault Systèmes Biovia SARL), which represent 30% of the Employee Headcount:

- in 2016, the reasons for employees not reporting for work, excluding annual leave, were as follows: illness for 12,214 days, maternity and paternity leaves for 5,541 days, workplace and commuting accidents for 95 days. The resulting absenteeism rate is 2.3%, up slightly over 2015 (2.1%);
- the total number of authorized absences (such as parental leave and leave for family events excluding paid leave) was 3,805 days at the end of 2016, or 0.5% of the number of days theoretically worked. This rate is very similar to that of 2015.

In the other main countries where the Group operates, the absenteeism rate was the following in 2016: 4.3% in Germany compared to 3.6% in 2015, 0.6% in the United Kingdom compared to 1.0% in 2015, 2.7% in the Netherlands compared to 3.3% in 2015, 2.0% in the United States compared to 0.8% in 2015, 2.5% in Canada compared to 3.3% in 2015, 0.6% in Japan (same as in 2015), 3.9% in Malaysia compared to 3.2% in 2015, 0.8% in China compared to 0.6% in 2015 and 1.6% in Australia compared to 2.4% in 2015. The rate remains very low in South Korea and India (less than 0.5%), where absenteeism for reasons of short-term illness is difficult to ascertain as it is included in paid leave.

2.1.2 Attracting and Developing Talented Individuals

2.1.2.1 Attracting talented individuals

To work for Dassault Systèmes, it is important to have a passion for technological innovation, a desire to work in a collaborative manner and constantly learn, as well as have an appetite for challenge; a mindset which upholds the Group's values.

Employees are mainly recruited locally with permanent contracts, thus contributing to economic growth in each of the 40 countries in which the Group operates. As of December 31, 2016, a little over two-thirds of the Group's Employee Headcount was based outside of France and the Group had employees from 124 different countries.

In general, all available positions are first published internally, then externally and priority is given to internal promotion over external recruitment when the skills level is equal.

Recruitment is a priority for Dassault Systèmes, in order to meet requirements generated by its growth. The Group aims to be recognized as an exemplary employer that contributes to the development of all of its people (permanent employees, apprentices and interns). Dassault Systèmes builds relationships with educational establishments and universities in the major countries in which the Group operates. Initiatives are undertaken in the vast majority of the countries

where the Group has facilities (see also paragraph 2.1.2.3 "Developing relations with the social, regional and community environment").

Moreover, Dassault Systèmes offers its employees an attractive working environment. Many of its facilities boast excellent green ratings, with infrastructures conducive to teamwork. In 2016, 70% of the Employee Headcount worked in certified offices compared to 62% in 2015. This increase was brought about by the implementation of the Group's new environmental strategy. (See paragraph 2.2.2.3 "Inclusion of environmental considerations in the Company's operational locations").

Movements in Employee Headcount over the period

Employee arrivals (Full-time Equivalent)

Most employee arrivals carried out in 2016 stem from direct recruiting efforts.

Year ended December 31,	Europe		Americas		Asia		Total		Total	
	Employees 2016	%	Employees 2015	%						
Permanent contracts	992	88%	392	98%	391	98%	1,775	93%	1,404	90%
Temporary contracts	129	12%	6	2%	6	2%	141	7%	157	10%
TOTAL	1,121	100%	398	100%	397	100%	1,916*	100%	1,561	100%

* Indicator verified by the independent verifier.

Year ended December 31,	Europe		Americas		Asia		Total		Total	
	Employees 2016	%	Employees 2015	%						
Women	306	27%	100	25%	113	28%	519	27%	479	31%
Men	815	73%	298	75%	284	72%	1,397	73%	1,082	69%
TOTAL	1,121	100%	398	100%	397	100%	1,916*	100%	1,561	100%

* Indicator verified by the independent verifier.

The breakdown of employees recruited by type of activity is as follows: 60% in Sales, Marketing and Services, 25% in R&D, 15% in Administration and others.

Additional Information with regard to the age pyramid is presented in paragraph 2.1.7 "Appendices regarding the Group's Employee Headcount".

Employee departures (Full-Time Equivalent)

In 2016, 1,212 employees left the Company. Departures were broken down as follows:

Year ended December 31,	Europe		Americas		Asia		Total		Total	
	Employees 2016	%	Employees 2015	%						
Permanent contracts	485	80%	346	97%	241	95%	1,072	88%	1,021	90%
Temporary contracts	119	20%	9	3%	12	5%	140	12%	109	10%
TOTAL	604	100%	355	100%	253	100%	1,212*	100%	1,130	100%

* Indicator verified by the independent verifier.

On average, the attrition rate was 9.4% in 2016 versus 9.3% in 2015 excluding temporary contracts.

2.1.2.2 Developing, training and recognizing expertise, managing the careers of Dassault Systèmes employees

3DS University

In an environment where innovation is constant, "Passion to Learn" is one of Dassault Systèmes' core values. This core value is driven by the 3DS University mission, which is to offer development initiatives in line with the activities and the objectives for each employee's role.

Via the **3DEXPERIENCE** University application, based on the **3DEXPERIENCE** platform and communities of experts, Dassault Systèmes offers a range of training modules and tests in various formats (on-line, face-to-face, e-classes), to validate knowledge and skills.

To propose a coherent training offering, the 3DS University is structured around core skills development. Five Colleges address job skills and two Programs deal with cross-sector skills and knowledge of the **3DEXPERIENCE** platform. Each College and Program offer dedicated libraries of learning opportunities, as well as certification exams to validate the skills gained:

- the Sales College: customer engagement and skills related to marketing, sales, technical-sales as well as services jobs;
- the R&D College: Information Technologies (IT);
- the Business Administration College: finance, legal and human resources management;
- the Industry College: knowledge of Dassault Systèmes' software offering;
- the Brand College: knowledge of the Dassault Systèmes products used by customers;

- the Manager Program: leadership and team management;
- the SwYmer Program: skills associated with knowledge of the Company and its values and soft skills.

In addition to the supply of training modules to develop skills, 2016 was a crucial year for the management of talent at Dassault Systèmes. Certification programs were launched for functions involved in selling, deploying and developing solutions. The end-goal of the certification is to establish a skills map and be better able to pinpoint each person's development targets.

Key 2016 actions in the Colleges

The certification programs for the sales forces and their ecosystem have been a major development within the Sales College. The development and validation of key skills are crucial to ensure long-term relationships with customers. The 3DS University has thus enhanced its programs to provide support to its customers in their transformation and adoption of the **3DEXPERIENCE** platform. Moreover, these programs include certification exams which confirm the acquisition of skills and the ability to apply them, and recognize the talents' expertise.

To meet the challenges of the marketing teams who must adopt a digital approach in their activities and ensure its continuity, the 3DS University has put in place programs and certifications focused on the development and validation of these digital skills in Dassault Systèmes' environment.

The web development courses on the **3DEXPERIENCE** platform have been enhanced with modules focused on cloud and big data technologies to ensure continuity in the understanding and adoption of these techniques within the development practices of Dassault Systèmes.

Furthermore, to support the transformation of the applications hosted on the **3DEXPERIENCE** platform, a significant effort has been made to focus on training in proprietary applications. These courses, mainly provided online, enable everyone to learn about the functionalities of the applications, to get the most industrial value out of them for the benefit of customers and users.

Key 2016 actions in the Programs

The program dedicated to managers was enhanced to cover diversity the management within teams (in connection with the WIN–Women INitiative), as well as the understanding and sharing of the Group’s values. The 3DS University has launched certification exams to validate these persons’ managerial skills and offer appropriate development actions suited to individual roles (coaching, tutorial sessions, and special team-building events).

The 3DS University has continued its effort to ease the integration of people joining Dassault Systèmes with full-day

events dedicated to the presentation of the Dassault Systèmes Group, its strategy its values, as well as the 3DEXPERIENCE platform, in the same spirit as in 2015. 90 days later, additional sessions are organized to consolidate knowledge and canvas feedback from the new arrivals to continuously forge a sense of community and sharing.

The 2016 program builds on from that of 2015 in terms of number of hours as well as training methods. The introduction of certification exams has ensured that the actions developed were in keeping with each person’s mission.

Distribution of training hours by College or Program on December 31, 2016	Europe ⁽¹⁾	Americas ⁽¹⁾	Asia ⁽¹⁾	2016 Total	%
Sales College	11,641	13,925	7,141	32,707	15%
R&D College	16,903	4,170	4,688	25,761	12%
Business Administration College	12,326	4,988	6,824	24,138	11%
Industry College	3,307	2,233	2,097	7,637	3%
Brand College	29,404	24,051	22,083	75,538	35%
SwYmers Program	20,344	9,676	7,942	37,962	17%
Managers Program	6,669	6,832	2,297	15,798	7%
TOTAL	100,594	65,875	53,072	219,541*	100%
Distribution of training hours by category					
Managers	15,302	11,599	44,819	71,720	33%
Non-Managers	85,292	54,276	8,253	147,821	67%
TOTAL	100,594	65,875	53,072	219,541*	100%
Distribution of training hours by gender					
Men	78,887	51,613	44,114	174,614	80%
Women	21,707	14,262	8,958	44,927	20%
TOTAL	100,594	65,875	53,072	219,541*	100%
Ratio				21 H⁽²⁾	

* Indicator verified by the independent verifier.

(1) Country > 150 Employees – Europe: France/Germany/United Kingdom/Netherlands – Americas: United States/Canada – Asia: Japan/Malaysia/China/South Korea/India/Australia.

(2) Ratio = average number of hours per employee (annual average headcount) excluding 2016 acquisitions.

Promoting diversity and gender balance

The Code of Business Conduct demonstrates the extent to which the Dassault Systèmes culture is based on mutual respect, fairness, and the diversity of its employees. Within this context, recruitment, training, promotion, assignment and more generally, all work-related decisions are based on competencies, talent, achievements and employee motivation, without any form of discrimination, harassment or bullying.

Professional equality between men and women

Dassault Systèmes encourages gender equality within the Company by spearheading initiatives for women's career advancement.

In June 2016, a second 3DS WIN (Women Initiative) Summit brought together 22 Group representatives globally. A priority action plan, including a measure to raise management awareness, was established in order to boost the recruitment of women at Dassault Systèmes and increase their numbers in management positions. On December 31, 2016, 24% of Dassault Systèmes employees were women, accounting for 18% of Managers.

27% of people recruited during the year were women, spread over the following services: 55% in Sales, Marketing and Services, 31% in Administration and other, and 14% in R&D. It is important to highlight that the Group's ability to hire more female engineers is very limited as they are under-represented in engineering schools.

The 3DS WIN internal community, implemented in 2012, continues to coordinate a network of women and men determined to encourage, inspire and mentor women to develop their careers within Dassault Systèmes. In 2016, numerous local actions were implemented, such as: a booklet entitled "It's up to me" for all Dassault Systèmes employees, with 16 tips to help them fulfill their potential within the Company and advance their careers; participation in various events such as the Women's Forum for Economy and Society; a march to raise awareness of cardio-vascular diseases in India, Canada and France on World Heart Day; peer coaching in Montreal and Waltham, etc.

The Dassault Systèmes Executive Committee is comprised of two women and eight men while the Board of Directors has four women members and five men.

Dassault Systèmes endeavors to comply with applicable regulations regarding professional equality and non-discrimination in the different countries where it has employees. The French, German, English, Dutch, American, Canadian, Japanese, Chinese, South Korean and Australian companies of Dassault Systèmes, which employ 86% of the Company's Employee Headcount, are subject to specific employment anti-discrimination and gender-equality laws.

For example, in France, the agreement regarding equal professional treatment and balanced employment between men and women at Dassault Systèmes SE was renewed and signed on July 9, 2015 for a three-year period.

It covers the following themes: hiring and developing the professional gender balance, the policy of equal compensation and pay between men and women, promotions and career development, work-life balance, awareness and communication campaigns to change mindsets and behavior.

In addition, in order to analyze the positioning of men and women at Dassault Systèmes SE and to define actions to be undertaken to eliminate possible inequities, a report on the situation comparing general employment conditions and training for men and women is prepared each year in accordance with the law. It has been available on the Company's internal platform since 2010.

Some French subsidiaries have also implemented agreements on equality or the promotion of diversity (Dassault Systèmes Provence SAS, Dassault Data Services SAS).

In the United States, the subsidiaries ensure compliance with regulations regarding equality in the workplace (hiring, training, promotions, compensation, dismissals and any other decision related to work), in particular Title VII of the Civil Rights Act. It sends reports of compliance with these regulations (EEO1, Vet100 and Affirmative Action reports) to the U.S. authorities each year.

People with disabilities

The French, German, English, Dutch, American, Canadian, Japanese, South Korean and Australian companies of Dassault Systèmes, which account for 83% of the Employee Headcount, are subject to specific laws on people with disabilities. This is also the case for most of the other European countries where employees are located.

In France, since the first agreement implemented in 2003 within Dassault Systèmes SE to promote the employment of workers with disabilities, which created conditions favorable for their integration, several agreements have been renewed, the last of which was signed on December 7, 2015 (Insertion and Employment of people with disabilities within the Dassault Systèmes Group 2016-2017-2018).

These agreements reflect Dassault Systèmes SE's commitment to make the hiring, training and continued employment of workers with disabilities a major component of its policy.

On December 31, 2016, 66 known and reported disabled people were employed by Dassault Systèmes SE compared to 51 in 2015. Dassault Systèmes SE is committed to training and hiring at least 35 people with disabilities under all types of contracts (permanent, temporary, interns, work-study) over three years, including at least 12 permanent contracts, for all types of qualifications.

Furthermore, a large number of initiatives concerning employee support, internal communication and training have been launched: improving workstations, conferences, videos, sessions aimed at raising awareness with regard to welcoming and integrating disabled employees, etc. Actions with external service providers have also been carried out, including partnerships with establishments in the sheltered employment sector and services on the 3DS Paris Campus.

Access to 3DS Paris Campus for people with disabilities was specifically considered during construction (such as floor quality, doors, furniture, Eo-guidage signaling, magnetic loops, accessible meeting rooms, parking lot entrances, etc.)

Since 2011, Dassault Data Services SAS has made a yearly commitment to adopt measures supporting the integration and employment of people with disabilities. In 2016, the following efforts were continued: initiatives in favor of recruitment, adapting workstations, training and awareness initiatives, actions in partnership with sheltered employment sectors.

In the United States, the regulations regarding job equality (see the paragraph above "Professional equality between men and women") apply in cases of discrimination against disabled employees. It is, however, not permissible to inquire about an employee's disability. As a result, no data is provided.

Intergenerational agreements

Pursuant to French law, an intergenerational agreement was signed at Dassault Systèmes SE on October 8, 2013 for a three-year period.

This agreement extends from the agreement regarding employing senior employees (agreement signed in 2010), building on the measures initiated to anticipate career changes, develop and transfer skills and manage the transition between working life and retirement. It has now been broadened to include a component aimed at facilitating the recruitment and integration of young people within the Company.

Following the expiry of this agreement, negotiations were undertaken and a new 3-year intergenerational agreement was signed within Dassault Systèmes SE on December 7, 2016.

On October 25, 2016, Dassault Data Services SAS, the CFTC and the CFE-CGC signed an intergenerational agreement in favor of young people and senior employees. The measures are particularly aimed at hiring young people, keeping senior employees in the workforce, and passing on skills.

An intergenerational agreement was also put in place at Dassault Systèmes Provence SAS for a three-year period and there are corporate action plans at Netvibes SAS and 3DVIA SAS in particular.

2.1.2.3 Developing relations with the social, regional and community environment

The Dassault Systèmes Foundation

The purpose of the Dassault Systèmes Foundation is to contribute to transforming education and research by building on the powerful learning opportunities offered by 3D technology and virtual universes. The Foundation wants to support the creation of conditions conducive to developing creative thinking to harmonize product, nature and life. Its ambition is to:

- actively support the transformation of teaching and educational innovation particularly through 3D experience imaging and content;
- generate interest from young people for careers in engineering, sciences and digital technologies;
- broaden access for schools and universities to 3D technologies and content, as well as simulation;
- encourage scientific and technological research; and
- contribute to the preservation, conservation and enhancement of humanity's intellectual heritage.

The Dassault Systèmes Foundation grants scholarships and provides digital content and virtual technology expertise to education and research projects led by universities, research institutes or other European general interest organizations. This support promotes access to 3D technologies which have been used for a long time by the industry to design, develop and manufacture most of the products on which the Group is based.

Since the creation of its European organization on August 15, 2015, over 2,000 students have directly benefited from this support.

In 2016, 17 projects were selected in Europe. All are innovative educational projects covering a wide variety of fields: industry and agriculture of the future, geology, health, introduction to engineering professions. At the University of Sheffield, with the support of the Dassault Systèmes Foundation, Professor Lacroix and his team are developing a study program aimed at training students in the creation of digital twins of the spine and cardio-vascular system. In the very near future, these new skills will be essential to improve preparation for surgery. The models developed will reduce medical errors having serious implications for the life of patients. In Spain, the Dassault Systèmes Foundation supports the Polytechnic University of Madrid and the University of Cantabria in their efforts to facilitate and accelerate study programs in the Industry of the Future. Working as a network, the teachers strive to transform teaching methods through a collaborative,

multidisciplinary approach by creating new educational content. On the longer term, this network will include 11 universities across Spain. Furthermore, by providing its support to a number of organizations recognized for their professionalism and social commitment like *Apprentis d'Auteuil*, *La main à la pâte* and *Course en Cours*, the Dassault Systèmes Europe Foundation actively promotes the discovery of engineering professions and strives to inspire young people. It focuses its general-interest mission on society to build a better future in a constantly changing world.

Building on extensive experience and driven by the desire to expand the scope of its social action, Dassault Systèmes set up the Dassault Systèmes U.S. Foundation in 2016, with the same objectives and ambitions as the Europe Foundation.

Company relations with high school and higher education

Dassault Systèmes' relations with the world of education are aimed at constantly updating teaching methods and fostering the skills and talents expected by its clients.

Training the engineers and technicians required by Dassault Systèmes' customers

At the end of 2016, 5.8 million pupils and students were using one or more of the Group's technologies in an educational context, mainly in high school and higher education. The Company's efforts have led to the overall broadening of the user community as well as developing and modernizing their uses. To date, they include 40,000 institutions worldwide.

SOLIDWORKS continued its expansion, reaching a total of 2.7 million licenses. Large-scale deployments continued, including the supply of 30,000 licenses to the 26 campuses of the prestigious Mexican engineering school "Tec de Monterrey" (ITESM).

Throughout the year, Dassault Systèmes intensified its recruitment campaign for certification centers on the sites of its academic partners, as well as on university campuses. These centers allow interested students to undergo certification tests essentially based on practical exercises. In addition to the large number of centers dedicated to SOLIDWORKS, 62 new centers (for a total of 119) have been accredited across the world, making it possible to hold thousands of exams on different CATIA versions, for which the average success rate is 66%, confirming the difficulty of the exams. Holding a Dassault Systèmes certification is a guarantee of immediate employability for young graduates, as well as for companies.

The "PLMCC" program for the creation of educational expertise centers, involving Dassault Systèmes and the French ministries of Education and Research, was expanded through the extension of the network to a South African site, the

Durban University of Technology. The goal of these centers is to step up the teaching of good industrial practices through the use of Dassault Systèmes solutions. Since their creation ten years ago, they have trained hundreds of teachers in South America, Africa and Asia.

In order to encourage greater interest in the sciences and technology, and contribute towards reversing the trend of disinterest among young people for these disciplines in France, the multidiscipline *Course en Cours* competition has maintained its level of participation across France and French high schools abroad, with 11,000 secondary and high school students taking part. This program has confirmed its sustainability by celebrating its tenth anniversary in 2016.

Facilitating educational innovation

The development of new educational practices based on Dassault Systèmes' solutions took on a new dimension since 2015 with the creation of a "Learning Lab" on the 3DS Paris Campus in Vélizy-Villacoublay. Numerous directors of academic institutions worldwide have visited this lab to discover new learning experiences that replicate real life experiences which students can apply to their future work environment.

The Learning Lab – set up in 2015 on the 3DS Paris Campus in Vélizy-Villacoublay to imagine and document new ways for digital technology to be used in education – continued to develop its two main activities, dissemination and innovation. In 2016, it welcomed several hundred academic institution directors, education researchers, customers and national and international political representatives.

The 2016 innovations mainly concerned the teaching of new practices for the industry of the future, such as the internet of things, the virtual twin concept, additive manufacturing and the digital factory, as well as project-based teaching methods. Capitalizing on the expertise it has accumulated over the past ten years in the innovative educational uses of Dassault Systèmes solutions, the University of Lorraine, with the support of Dassault Systèmes, set up a new service provision unit called "DITEX" to better disseminate its know-how across the world. The Company actively collaborates with its academic partners to build innovative educational projects in the prospect of their funding by agencies which support research and innovation (European Union, National Research Agency, etc.). This activity intensified in 2016:

- completion of "PLACIS", led by the Paris *Institut Supérieur de Mécanique* (Higher Institute for Mechanics) aimed at developing an international program to train systems engineers;
- continuation of the European collaborative robotics project, "EURLAB", headed by the Louis Armand High School in Nogent-sur-Marne, France, involving high school students in Germany and Italy in a first phase;

- launch of the “EXAPP_3D” project headed by the Paris *Institut Supérieur de Mécanique* to promote the spirit of system engineering and make its practices accessible to high school students;
- launch of the “DEFI&CO” project headed by CESI, aimed in particular at producing, for remote educational purposes, virtual twins for demonstrators of factories of the future and buildings of the future;
- launch of the “EOLE” project headed by the University of Strasbourg, in which the virtual twin concept will be used to create new types of practical exercises in connection with the skills required for the industry of the future.

In the field of innovative teaching methods, in 2016 the Company provided a dedicated configuration of its **3DEXPERIENCE** platform to turn it into a project/problem based learning environment. Tested in context by academic partners, this environment has demonstrated its suitability for increasingly application-based methodologies in technological education, such as PBL (Project/Problem Based Learning) and CDIO (Conceive-Design-Implement-Operate).

These research activities allow full use of the possibilities offered by the latest version of the **3DEXPERIENCE** solutions on the cloud. These solutions saw their first rollout in most of the countries where the Group operates.

All of these activities were supported by the active collaboration of the Group in conjunction with a number of scientific associations including the American Society for Engineering Education (ASEE), the *Société Européenne pour la Formation des Ingénieurs* (European Society for Engineer Training (SEFI), the International Federation of Engineering Education Societies (IFEES), the Global Engineering Deans Council (GEDC), the Indian Society for Technical Education (ISTE), the European SchoolNet, the National Academy of Engineering and the *Association Française d'Ingénierie des Systèmes* (French Association for Systems Engineering). Dassault Systèmes also cooperated with the ICEE (Indo-U.S. Collaboration on Engineering Education) which works towards modernizing technical educational practices in India.

Facilitating open innovation, collective intelligence

The **3DEXPERIENCE** Lab is Dassault Systèmes' open innovation laboratory. Its objective is to invent new types of products and services covering different sectors, with the ambition to help society move forward.

This system is based on the strong conviction that breakthrough projects are born out of collective intelligence. Its mission is to incubate projects in partnership with players including start-ups, and research or innovation laboratories. This implies a new dynamic which will give these projects greater scope, as well as encompassing the idea of societal transformation.

The **3DEXPERIENCE** Lab supports projects based on themes from everyday life, i.e. cities, lifestyles, life sciences, connected objects, the ideation (idea creation) process, and “Fab Labs”. Barely a year after its launch, innovative projects have already been carried out, such as Europe's first 3D printed pavilion created by the start-up XTreeE on the **3DEXPERIENCE** platform in collaboration with ABB and LafargeHolcim.

The **3DEXPERIENCE** Lab program will provide start-ups with the most advanced professional software on the market, a dedicated collaborative cloud area, and a user community. These advanced technological facilities will be supplemented with a high-level mentoring program where each Dassault Systèmes employee can contribute their skills and assist the start-ups in their digital projects.

The unique market positioning of the **3DEXPERIENCE** Lab program is also reflected in the possibility of giving these start-ups access to the networks and connections within Dassault Systèmes' extended ecosystem at an international level. These processes must be orchestrated using a new methodology, new management and new tools, but most importantly a platform-based approach allowing digital continuity and the development of cross-organizational networks. This primarily relies on the necessity to manage the idea life-cycle process, from the seed phase through to industrialization phases, while capitalizing on knowledge and players. An open and social innovation practice has thus been set up and will be available to industrialists seeking to deploy this approach in their own companies.

The 3DS Paris Campus, as well as the 3DS Boston Campus from mid-2017, welcome these start-up founders to the **3DEXPERIENCE** Lab with a dedicated area for training and coaching, the availability of high-performance equipment, and a Fab Lab for the fast prototyping of parts.

(For more information, <http://3dexperienclab.3ds.com/fr/>).

Company commitment to associations

Dassault Systèmes is involved with associations to support the virtual economy and encourage sustainable innovation. To promote the development of the digital economy in France and in Europe, Dassault Systèmes is a founding member of AFDEL (*Association Française des Éditeurs de Logiciels*, the *French Association of Software Editors*), now “Tech in France”. The goal of this association is to promote the software industry as an industry that contributes to sustainable growth. Dassault Systèmes also co-chairs the Alliance for the Industry of the Future in France, of which Tech in France is a founding member. This Alliance helps promote the transformation of French production tools and support companies in transforming their business models, organizations, design modes and marketing. The Group also supports the

“Villette-Universcience Company” in France, whose goal is to promote and encourage the spread of scientific and technical culture to young people and to the general public. Throughout the world, Dassault Systèmes brands are involved in local community efforts.

Social activities

In France, Dassault Systèmes SE subsidizes its Works Council in the amount of 5.2% of total gross annual payroll, with 5.0% for social and cultural activities and 0.2% for the operating budget. In 2016, the Works Council thus received €10.7 million, compared to slightly more than €10.5 million in 2015 and €9.1 million in 2014.

This yearly allocation by Dassault Systèmes SE allows employees, as well as their spouses and children, to be offered a large range of social and cultural activities with many sections dedicated to specific domains from sports to art, as well as financial support, such as for vacations, children’s education, and membership in clubs.

Dassault Data Services SAS subsidizes its Works Council at a level of 1.5% of its total gross annual payroll, with 1.3% for social and cultural activities and 0.2% for the operating budget.

Dassault Systèmes Provence SAS subsidizes its Works Council in the amount of 1.8% of total gross annual payroll, with 1.6% for social and cultural activities and 0.2% for the operating budget.

2.1.3 Welcoming employees who have joined the Group via recently acquired companies

Given the Group’s strong growth, the rapid and effective integration of new employees joining the Group through acquisitions is of major importance for its strategy.

Dassault Systèmes’ objective is to integrate the newly acquired entities with the end goal of sharing the same strategy, using the same processes in all areas, as well as having a single set of values and a common culture within merged legal entities. Dassault Systèmes wants its potential and existing customers to have the same experience in all their relations with the Group. This is materialized through a portfolio of integrated products, a standardized customer engagement model, a unified legal framework, and a harmonized sales cycle – from offer through to service provision. The ambition is to be a great place to work, where each employee benefits from the same development opportunities and working conditions, irrespective of their geographic location or entity.

For this purpose, Dassault Systèmes has defined a methodology and processes aimed at implementing an integration plan. This plan takes place in three stages:

- a preparation phase upon the finalization of the acquisition, which defines the integration strategy;
- a communication program on the date of the signature and a convergence plan for each function with an associated schedule. This plan is co-drafted by the teams of the acquired company and those of Dassault Systèmes, based on a value analysis of the respective processes;

- the implementation of the convergence plan at a rate that can vary depending on the acquired companies. This goes from the adoption of Dassault Systèmes’ processes up to the complete integration of the legal entities.

Throughout this process, a project monitoring system using the tools of the **3DEXPERIENCE** platform, is leveraged to manage the progress, allowing for plan modifications if necessary.

Feedback is solicited to continuously improve the process. For example, in 2015, surveys were conducted with employees from newly acquired companies, around their perception of the integration.

Each integration process is adapted specifically to each acquired company, with the aim of motivating and building the loyalty of talented individuals and providing each employee with learning opportunities.

This methodology is based in particular on the **3DEXPERIENCE** platform as well as the online communities which provide easy access to the information concerning the Company, organizations and projects, while highlighting the responsibilities, competencies and contributions of each person.

A team of employees from Dassault Systèmes and from the acquired company is formed to conduct this convergence project focusing on different processes: R&D and Customer Support, Sales and Marketing, Finance, Sales Administration, Human Resources, IT and Working Environment.

2.1.4 Rewarding Performance and Recognizing Employees

As part of the performance appraisal process, each employee meets his or her manager on a formal basis at least twice a year, to define goals for the year and to assess the results against the set objectives. A mid-year review is also recommended. These discussions relate to rewards and recognition attributed to the employees for their performance and contribution to Dassault Systèmes' development.

Dassault Systèmes also values initiatives with particular attention paid to taste for innovation as well as collective and social actions:

- innovations developed within the Group by the teams, in all organizations, are showcased in the 3DS Innovation Forwards, that, each year, reward the most innovative projects put forth by employees worldwide;
- programs and initiatives are put into place to recognize the employees' hard work and enhance the work environment;
- Dassault Systèmes also recognizes the importance of being a strong corporate citizen, and actively participates and encourages employees to contribute to community based activities.

Performance and compensation

Compensation

The compensation policy at Dassault Systèmes seeks to ensure that each employee receives compensation consistent with market practices in the advanced technology industry in each country where the Company has operations. Compensation is differentiated according to the individual performance of each employee as appraised by his or her Manager during an annual interview reviewing goals and performance.

Increases take place for the entire Company in April each year. All the employees who were with the Company on October 1 of the preceding year are eligible for an annual salary increase.

In 2016, the salary increases granted by Dassault Systèmes depended on individual performance and market changes in each country where the Company has activities.

The table below sets forth the amounts of employee profit-sharing and regulatory profit-sharing at Dassault Systèmes SE over the past three years:

(in thousands of euros)	2016		2015		2014	
	Amount ⁽¹⁾	% payroll	Amount	% payroll	Amount	% payroll
Contractual employee profit-sharing (<i>intéressement</i>)	23,458	11.5%	21,163	11.0%	17,921	10.5%
Regulatory profit-sharing (<i>participation</i>)	23,458	11.5%	21,163	11.1%	17,921	10.4%
TOTAL	46,916	23.0%	42,326	22.1%	35,842	20.9%

(1) including extra profit-sharing as decided by the Board of Directors of Dassault Systèmes SE, meeting on March 16, 2017.

Payroll percentages are calculated on a capped payroll base as per the current profit sharing agreements.

Total gross annual payroll paid by the Group (including for the employees of 3D PLM Software Solutions Ltd and 3DPLM Global Services Private Ltd) amounted to €1,072.1 million in 2016 compared to €1,019.0 million in 2015, representing an increase of 5% for the year.

Payroll taxes for the Group amounted to €263.9 million in 2016 compared to €254.5 million in 2015. In 2016 and 2015, payroll taxes included an amount directly related to an award of performance shares.

Profit-sharing (pursuant to Titles I and II of Book III, Section III of the Labor Code)

Employee profit-sharing (*l'intéressement*) and regulatory profit-sharing (*la participation*) are two employee savings vehicles established by law in France. Employee profit-sharing is optional, while regulatory profit-sharing is required for all companies with more than 50 employees.

The employee profit-sharing and derogatory profit-sharing agreements renegotiated by Dassault Systèmes SE with the labor unions in 2014 are applicable for three years (2014, 2015 and 2016).

Employee profit-sharing in respect of 2015, paid out in 2016 at Dassault Systèmes SE, amounted to €21.2 million (€17.9 million in 2014). The total amount of the contribution by Dassault Systèmes SE for regulatory profit-sharing in respect of 2015, paid out in 2016, was €21.2 million (€17.9 million in 2014).

The Board of Directors of Dassault Systèmes SE, meeting on March 16, 2017, decided to grant extra optional employee profit-sharing and regulated employee profit-sharing for an amount of €1,015,771 each. The addition of optional employee profit-sharing and regulated employee profit-sharing related to 2016 was €46,915,455. The results of operations recorded by Dassault Systèmes SE for the year 2016, and which will be submitted for approval at the General Shareholders' Meeting on May 23, 2017 should permit the distribution of employee profit-sharing and regulatory profit-sharing of €23.5 million each (extra profit sharing included).

The amounts attributed individually to employee beneficiaries are, at the employee's option either directly received, contributed to one of the Company's savings or group retirement plans, or deposited (only possible for regulatory profit-sharing) in a blocked bank account bearing interest at 110% of the average interest rate on private bonds (*Taux de Rendement Moyen des Obligations Privées*).

At Dassault Data Services SAS and Dassault Systèmes Provence SAS, the amount of contractual employee profit-sharing paid in 2016 in respect of year 2015 represented 11.6% and 6.2% of the payroll respectively, and the regulatory profit-sharing represented 0.6% and 19.8%. Employee profit-sharing and derogatory contractual profit-sharing agreements were also signed in 2013 and in 2014 in Netvibes SAS and 3DVIA SAS. These agreements represented respectively 17.9% and 8.1% of the payroll of these companies.

Other plans

In Canada, there is a "Deferred Profit-Sharing Plan" (DPSP) which allows a portion of profits to be distributed to employees registered on the "Registered Pension Plan" (RPP).

Recognizing the flair for innovation and showcasing collective initiatives advocated by the values of Dassault Systèmes

3DS INNOVATION Forwards

Every year, the 3DS INNOVATION Forwards reward the most innovative projects led by Dassault Systèmes' teams worldwide. Launched in 2004, the initiative encourages a spirit of innovation and collaboration within the Group. It partakes in employee recognition and deepens their understanding of the corporate strategy. To this end, the projects submitted must address one of the Company's strategic priorities: providing solutions to industry challenges, creating new user experiences, creating value for customers, partners or employees, enhancing the use of the 3DEXPERIENCE platform, developing the Group's activities, etc.

All Dassault Systèmes employees are invited to submit their projects through a dedicated application on the 3DEXPERIENCE platform. The projects can be seen by everyone and the winners are selected through the votes of employees and by a jury made up of members of the Executive Committee. In the 2016 edition of the 3DS INNOVATION Forwards 233 projects were submitted, representing 1,754 employees. A total of 32 projects were rewarded, i.e. 369 people.

Recognizing and rewarding expertise

2016 is the first year of implementation of a global certification model for Group employees and for partners of the Dassault Systèmes ecosystem.

Following on from a skill development program, certification exams are designed to validate the job skills gained by each employee. These certifications allow the validation of the

professional skills required for each person's job, in line with Dassault Systèmes' corporate culture, as well as technical knowledge concerning industrial solutions and the use of products.

Following this process, each graduate can promote the certifications gained and post their validated skill levels on the 3DEXPERIENCE platform. This makes it possible to highlight the expertise within the ecosystem, put it to use within the scope of cross-functional projects, and extend it to others by supporting their development.

Initiatives to reward work and improve the lives of employees

Since 2010, an internal satisfaction survey has been open to all Dassault Systèmes employees worldwide. This survey enables employees to give their opinions on various topics such as the meaning of their work, the quality of the management, the competitiveness of the work environment, the community of people, and pride in working for Dassault Systèmes. This survey makes it possible to identify watchpoints and the required priority actions for each team and each country.

The action plan, based by geographic region, is shared across the GEO and within the Life@3DS community, which is accessible to all employees. A catalog of 40 good practices is updated every year. It focuses on the following:

- 1) recognition and celebrations;
- 2) the learning company;
- 3) the working environment; and
- 4) managerial practices.

Collective company and social initiatives

Most of the Group's subsidiaries organize or take part in local initiatives within their communities.

This may involve taking part in sporting events to collect funds for various charity organizations, for example: the "Paris to London cycle ride" in the United Kingdom, including the collection of donations for the "Prince's Trust" to help people between the ages of 13 and 30 in education or employment; a 48-hour cycle race in Canada for the "Make-A-Wish Foundation".

Actions supporting children were also carried out. In Germany, donations were made to the F.U.N.K.e.V charity, which supports neuropediatrics in Stuttgart Hospital; donation and toy collections took place in the United States. In France, Dassault Systèmes partners with the *Rêves de Gosse* : *Tour 2016* initiative which offers "extraordinary" children (sick children) the opportunity to go on a first flight organized by amateur and professional pilots; *Rêves de Gosse* comics books were distributed to Dassault Systèmes employees in May 2016 for the 20th anniversary of the initiative. In Germany, gifts for refugee children were collected during a Christmas event. In the United States, employee volunteer days take place with

non-profits, in particular for children's holidays and to give them access to culture.

Initiatives in favor of people with disabilities: in South Korea, Dassault Systèmes conducts a two-month intern program for disabled students in partnership with the "Korea National University of Welfare"; in France, Dassault Systèmes has become party to the regional partnership agreement for the professional integration of young people with handicaps. This led to participation in the round table of the academic day in Créteil (Testimonial on the successful integration of an autistic youth @3DS). In addition, innovative projects in favor of people with disabilities were conducted in partnership with CERHEM and the *Etoile de Martin* association: "New Wheel To Run" project (study and prototype to optimize a one-wheeled chair and urban mobility equipment).

Sustainable development actions are also conducted. For example, in France and the United States, IT and electronic equipment is collected by employees for recycling; new furniture made of recycled plastic was bought to equip the 3DS Paris Campus; and a "Clean Desk" operation was organized. In Canada, a wellness program was launched in 2016 to promote healthier living through conferences, workshops and sporting activities. In Germany, a donation was made to an ocean cleaning project.

In Canada, employees are given two and a half days per year for charity initiatives, while one day is allocated for that purpose in China.

Charity initiatives were also conducted in the United States, in particular for the collection of winter clothes.

2.1.5 Business ethics, social dialogue and personal safety

Business ethics

Since its creation, Dassault Systèmes has developed its culture and built its reputation on different fundamental principles, particularly the creation of long-term relationships with its employees, customers, partners and shareholders, as well as high-quality products with high added-value. Confidence and integrity, supported by rigorous ethics and regulatory compliance, are at the heart of Dassault Systèmes' commitments for sustainable innovation and growth.

The Company's commitment to professional ethics and corporate citizenship is formalized through procedures regarding corporate governance, in particular the "Code of Business Conduct" distributed to all the Company's employees (see paragraph 5.1 "Report of the Chairman on Corporate Governance and Internal Control") and "DS Principles of Social Responsibility" on the Company's internet site. The Code of Business Conduct, which is backed up by specific policies, is intended to serve as the reference for all Company employees to guide their behavior and interactions when performing their activities.

This commitment is also demonstrated through awareness around ethics and compliance being raised among new employees and by offering targeted training courses to employees most exposed to ethical risks in their daily duties.

The online ethics and compliance training course (created in 2013) is now an integral part of the onboarding program for all new employees. This course comprises 14 modules, each of which is broken down into a theory section followed by practical applications in a question/answer format. The topics dealt with include the fight against corruption, the protection

of intellectual property, respect for confidentiality, ethics in the workplace, competition law, information systems security, personal data protection, and conflicts of interest etc.

The fight against corruption

The Code of Business Conduct prohibits Group employees from:

- exchanging gifts or invitations in order to favor or influence a business decision, whether it be taken by a customer, partner, supplier or employees of the Group;
- using Dassault Systèmes' funds or assets to pay bribes or kickbacks or make payments of a similar nature liable directly or indirectly to benefit third parties, including shareholders or companies, whether they are partners, customers, suppliers, service or other companies or organizations, with the goal of benefiting from preferential treatment; and
- using Group funds to make a contribution of any kind to political candidates or parties.

These principles are supplemented by an "anti-corruption policy", which applies to each Dassault Systèmes company, and incorporates, in France, an annex of employee handbook and by a specific training program.

Principles of Enterprise Social Responsibility and commitments to ensuring respect for basic rights

The Code of Business Conduct requires Dassault Systèmes' employees to comply with international standards, such as the Universal Declaration of Human Rights of the United Nations and the various Basic Conventions of the International

Labor Organization. With respect to the Group's activities, the risk of these basic standards being violated is very low and the actions undertaken to support human rights are not specifically reported on.

The Group also promotes corporate responsibility with respect to its ecosystem, based on the acknowledgment of and compliance with basic laws on social rights and environmental protection; the general terms and conditions of the sub-contracting and purchase agreements of Dassault Systèmes' major companies include specific commitments:

- the Dassault Systèmes SE standard contracts oblige service providers to follow the social and environmental responsibility principles which Dassault Systèmes upholds. They are available at the following link:

<http://www.3ds.com/fileadmin/COMPANY/Ethics-and-compliance/Principes-de-Responsabilite-Sociale.pdf>;

- the agreements between Group entities in France, Germany, the United Kingdom, the Netherlands, the United States, Canada, Japan, China, South Korea, India, Australia and other European countries (which account for 87% of the Group's Employee Headcount) and their service providers contain clauses regarding respect for employees' rights.

Dassault Systèmes requests that its suppliers and partners comply with the provisions of the basic conventions of the International Labor Organization, in particular the principles of eradicating child labor by requiring children to attend school

(and in any event under 15 years of age), eliminating forced labor, ensuring working conditions sufficient to provide for employee health and safety, respecting applicable minimum legal or regulatory levels of pay, freedom to unionize and the protection of labor union rights, and the freedom to collectively negotiate labor contracts. The Company also asks them to commit to ban all forms of discrimination (with respect to recruitment, professional development and the end of labor relations), to fight against corruption, and to respect applicable law on the protection of the environment.

Impact of products and services on the health and safety of the Group's customers

The direct impact of Dassault Systèmes' products and services on the health and safety of its customers is very limited given their non-material nature. They are therefore not specifically reported on.

Social dialogue and collective agreements

The quality of the social dialogue is based on the numerous exchanges between the Company's management and the employees and employee representatives.

In France, numerous meetings were organized by the relevant French companies of the Group. Collective agreements, concerning one or several subjects in connection with working and employment conditions, were negotiated and signed each year:

	Dassault Systèmes SE	Dassault Data Services SAS	Dassault Systèmes Provence SAS	Netvibes SAS	3DVIA SAS	Quintic SAS	Dassault Systèmes Biovia SARL	Ortems SAS	CST France EURL
Number of collective agreements in effect on 12/31/2016	47	32	26	3	3	1	1	1	0
Number of collective agreements signed in 2016*	13	11	8	1	1	0	0	1	0

* These agreements may cover several topics such as the Mandatory Annual Negotiations, equality and professional gender balance, organizing working time, contractual employee profit-sharing and regulatory profit-sharing, and the inclusion and employment of people with disabilities.

A negotiation of the Dassault Systèmes companies in France was started in September 2015. This negotiation finally came to a conclusion in June 2016 with the *Gestion Prévisionnelle des Emplois, des Compétences et de Transformations Sociale* agreement, which is focused on the followings three areas:

- anticipating the evolution of skills and competencies;
- developing internal career evolution through enhanced skills management plan;
- opening new schemes: either supporting opportunities for growth inside the Dassault Systèmes' ecosystem or assisting with career-end management.

In Germany, collective agreements are negotiated and signed with the Group Council and the Workers' Council of each Company site (Stuttgart, Hanover, Aix-la-Chapelle, Berlin and Simpack). On December 31, 2016, there were 9 agreements in effect in Stuttgart, 27 in Hanover, none still in effect on December 31, 2016 in Aix-la-Chapelle and Berlin, and 27 with the Group Council. In 2016, 8 agreements were signed with mixed works councils.

In the Group's other main countries of operation – the United Kingdom, the Netherlands, the United States, Canada, Japan, Malaysia, China, India and Australia – there are no employee representatives or trade unions. In South Korea, as in all companies with over 30 people, an employee representative

Committee is elected each year. Its role is to participate in organizing the Company's social activities.

Moreover, 2016 brought the set-up and launch of a European Works council, the *Comité de la Société Européenne* which held its first meeting on April 7, 2016, in the presence of Bernard Charlès. This council is made up of 20 representatives from 16 European countries falling within its scope. In 2016, this Council held four meetings, some of which included all 20 members, while others had a lower attendance (8 members).

Health and safety

In accordance with the provisions of its Code of Business Conduct, the Group undertakes to comply with all applicable laws and regulations on health and safety in the workplace.

Coverage of healthcare costs

The Group ensures that each of its employees has medical coverage in compliance with local practices in the countries where it has activities. Moreover, the Group offers supplementary health coverage, for example in France, the United Kingdom, the United States, Canada, South Korea, Japan and India.

Health and medical checkup

The Group applies the provisions laid down by the countries where it has activities.

For example, in France, its employees undergo regular medical checkups. On the 3DS Paris Campus, a medical team composed of two physicians and four nurses looks after the health and well-being of all on-site employees. In certain other countries (the United States, Japan and South Korea), annual individual medical checkups are offered. This service is included in the health coverage plan. There are no specific provisions in Germany, the United Kingdom, Canada, Malaysia, or Australia.

Work accidents

Given the nature of Dassault Systèmes' activity, few work accidents are recorded. In France, in 2016, nine work or travel accidents resulted in absence from work for more than one day. There were two in Germany and none in the United States, Japan, the United Kingdom, the Netherlands, Canada, Malaysia, South Korea, India, and Australia.

Health, Safety and Working Conditions Committee and specific actions

In France, three Group companies have a Health, Safety and Working Conditions Committee (CHSCT in French), which meets several times during the year in each entity.

Since 2009, Dassault Systèmes SE has launched a series of initiatives to promote well-being in the workplace for all of its employees. To remind them of the information and documents available on this topic (specific processes, training for the prevention of stressful situations, consultation with a psychologist or social worker, etc.), an announcement was sent to all employees at the beginning of the year so that everyone is aware of the tools made available to them by the Company.

At Dassault Systèmes Provence SAS, the occupational risk prevention plan for 2016 focused on the following actions: studies to be continued or undertaken concerning workplace ergonomics, ongoing efforts focused on safety training and the analysis of psychosocial risks, and the set-up of prevention measures, in particular following the recommendations of the working groups focused on "well-being in the workplace".

In addition, in certain countries (such as Canada and Germany), employee representatives are responsible for communicating with the management of the relevant legal entities on employee health and safety.

2.1.6 Methodology for Employee Reporting

Scope

In general, employee reporting covers all Dassault Systèmes companies at year end. Nevertheless, as indicated below, the scope covered for certain indicators may be more limited.

Key employee indicators

For its employee reporting requirements, the Group chose key indicators set out in paragraphs 2.1.1 "Group Organization and Workforce" and 2.1.7 "Appendices regarding the Group's Employee Headcount". They were chosen on the basis of the indicators in article R. 225-105-1 of the French Commercial Code and the specific indicators in the Group's Human Resources policy.

In this respect, Dassault Systèmes has defined the following concepts:

- “Employee Headcount”, which means employees of Dassault Systèmes SE and subsidiaries in which it has at least a 50% shareholding; and
- “Total Workforce” which includes the Employee Headcount, employees of companies in which it has less than a 50% shareholding and outside service providers who have worked more than a full month on the reporting dates on these companies. On December 31, 2016, the Employee Headcounts of companies in which it has less than a 50% shareholding include the employees of 3D PLM Software Solutions Ltd and 3DPLM Global Services Private Ltd.

Data related to employees is calculated on the basis of “full-time equivalents”, which corresponds to the proportion of “hours worked per standard full-time work hours” and which was jointly defined and shared by both Human Resources and Finance teams. Hiring and departure data are also determined using this rule.

To make the reporting process more reliable, an internal methodological guide including definitions and rules for calculating each indicator is updated each year. Data reliability checks are carried out at the time of accounting consolidation as well as throughout the year in connection with analyzing changes from the preceding periods.

Limits of the social report

The Company operates in numerous countries with local regulations and practices which are not always harmonized or consolidated. For example, as the notions generally used in France to define socio-professional categories (*cadre* and *non-cadre*) are not used outside France, and over two-thirds of Dassault Systèmes employees work abroad, the Group has decided to use the following categories: “Managers” who are in charge of teams, and “Non-Managers” who do not manage a team and are specialists in a specific field.

Due to these local differences, the Company is not able to provide consolidated data for overtime, the severity of work accidents and occupational illnesses.

Gathering and consolidating employee data

The following points should be taken into consideration:

- the data pertaining to employees and movements are taken from human resources and financial management software, both of which are deployed across all the companies and represent 100% of the reporting scope;
- the information pertaining to the compensation policy relates to Employee Headcount. The data relating to the total payroll and payroll taxes included the employees

of companies in which the Group has control, including employees at 3D PLM Software Solutions and 3DPLM Global Services Private Ltd;

- the data relating to employees from and the amount of the payments made to outside service providers concern services referred to as “Times and Material”, supporting a Dassault Systèmes activity corresponding to its core business and in respect of which the employees are present for at least one month, paid on an hourly, daily or monthly basis;
- the information pertaining to policies on business ethics, fighting corruption, the Company’s social responsibility principles and commitments ensuring basic rights and the impacts of products and services on the health and safety of the Group’s customers is provided by the Ethics and Compliance department and covers 100% of the reporting scope;
- the data relating to the main policies concerning industrial relations, health and safety, anti-discrimination initiatives, employee and regulatory profit-sharing and other reward systems, work time, absenteeism, fostering diversity and gender balance, and social projects result from additional discussions held with the Human Resources managers in Dassault Systèmes’ major countries with over 150 employees (excluding companies acquired in 2015), namely France, Germany, the United Kingdom, the Netherlands, the United States, Canada, Japan, Malaysia, China, South Korea, India, and Australia. These countries represented 91% of the Group’s Employee Headcount in 2015 and 87% in 2016. Absenteeism data covers sick leave, maternity and paternity leave, as well as work-related accidents. Employees absent for a period exceeding two years are no longer included in the absenteeism ratio. It should be noted that this data is strongly influenced by local regulations; in certain countries, sick leave is counted as paid holiday leave. As such, absenteeism should be considered on a country-by-country basis as it cannot be disclosed on a consolidated basis;
- the data relating to training for the countries with over 150 employees mentioned above is extracted from the 3DEXPERIENCE University solution, excluding companies acquired in 2016, and covers 88% of the Group’s Employee Headcount. Data recorded through the on-line training platform is also taken into account for the same companies;
- lastly, the scope is specified in the body of the text for the other data not previously disclosed: Company relations with high school and higher education, Company commitment to non-profit organizations, 3DS INNOVATION Forwards initiatives to reward work and improve the lives of employees.

2.1.7 Appendices regarding the Group's Employee Headcount

DISTRIBUTION BY AGE

Year ended December 31	Europe		Americas		Asia		Total		Total	
	Employees 2016	%	Employees 2015	%						
< 30 years old	1,287	20%	392	11%	366	18%	2,045	17%	1,968	17%
31 to 40 years old	2,124	33%	955	27%	891	43%	3,970	33%	3,787	33%
41 to 50 years old	1,840	28%	1,082	30%	590	29%	3,512	29%	3,362	30%
> 51 years old	1,218	19%	1,142	32%	213	10%	2,573	21%	2,305	20%
TOTAL	6,469	100%	3,571	100%	2,060	100%	12,100*	100%	11,422	100%

* Indicator verified by the independent verifier.

EMPLOYEE TENURE

Year ended December 31	Europe		Americas		Asia		Total		Total	
	Employees 2016	%	Employees 2015	%						
Temporary contract	170	3%	5	1%	10	1%	185	2%	178	2%
Less than 5 years	2,870	44%	1,569	44%	1,342	65%	5,781	48%	5,702	50%
6 to 15 years	2,056	32%	1,286	36%	600	29%	3,942	32%	3,721	32%
More than 16 years	1,373	21%	711	19%	108	5%	2,192	18%	1,821	16%
TOTAL	6,469	100%	3,571	100%	2,060	100%	12,100*	100%	11,422	100%

* Indicator verified by the independent verifier.

DISTRIBUTION BY SOCIO-PROFESSIONAL CATEGORY

Year ended December 31	Europe		Americas		Asia		Total		Total	
	Employees 2016	%	Employees 2015	%						
Women										
Managers	207	14%	143	16%	58	11%	408	14%	376	14%
Non-Managers	1,285	86%	729	84%	458	89%	2,472	86%	2,335	86%
TOTAL WOMEN	1,492	100%	872	100%	516	100%	2,880	100%	2,711	100%
Men										
Managers	1,058	21%	547	20%	287	19%	1,892	21%	1,780	20%
Non-Managers	3,919	79%	2,152	80%	1,257	81%	7,328	79%	6,931	80%
TOTAL MEN	4,977	100%	2,699	100%	1,544	100%	9,220	100%	8,711	100%
Socio-professional category										
Managers	1,265	20%	690	19%	345	17%	2,300	19%	2,156	19%
Non-Managers	5,204	80%	2,881	81%	1,715	83%	9,800	81%	9,266	81%
TOTAL	6,469	100%	3,571	100%	2,060	100%	12,100*	100%	11,422	100%

* Indicator verified by the independent verifier.

FULL-TIME AND PART-TIME

Year ended December 31	Europe		Americas		Asia		Total		Total	
	Employees 2016	%	Employees 2015	%						
Full-time	6,199	96%	3,556	99%	2,048	99%	11,803	98%	11,136	97%
Part-time	270	4%	15	1%	12	1%	297	2%	286	3%
TOTAL	6,469	100%	3,571	100%	2,060	100%	12,100*	100%	11,422	100%
Women										
Full-time	1,321	89%	862	99%	506	98%	2,689	93%	2,532	93%
Part-time	171	11%	10	1%	10	2%	191	7%	179	7%
TOTAL WOMEN	1,492	100%	872	100%	516	100%	2,880	100%	2,711	100%
Men										
Full-time	4,878	98%	2,694	99%	1,542	99%	9,114	99%	8,604	99%
Part-time	99	2%	5	1%	2	1%	106	1%	107	1%
TOTAL MEN	4,977	100%	2,699	100%	1,544	100%	9,220	100%	8,711	100%
TOTAL	6,469	53%	3,571	30%	2,060	17%	12,100*	100%	11,422	100%

* Indicator verified by the independent verifier.

AGE DISTRIBUTION OF NEW ARRIVALS

Year ended December 31	Europe		Americas		Asia		Total		Total	
	Employees 2016	%	Employees 2015	%						
< 30 years old	518	46%	108	27%	141	35%	767	40%	752	48%
31 to 40 years old	347	31%	113	28%	181	46%	641	33%	489	31%
41 to 50 years old	194	17%	103	26%	60	15%	357	19%	232	15%
> 51 years old	62	6%	74	19%	15	4%	151	8%	88	6%
TOTAL	1,121	100%	398	100%	397	100%	1,916*	100%	1,561	100%

* Indicator verified by the independent verifier.

2.2 Environmental Responsibility

Since 2010, the Dassault Systèmes environmental responsibility strategy has been structured in stages around the following main areas of focus:

- establishment of a global measurement process and collection of environmental information;
- establishment of a collaborative approach involving employees called Sustainability Leaders or the Green Team who participate in initiatives aimed at limiting the impact of operations;
- implementation of projects and industrial partnerships to assess among customers the benefits of its applications on the environment.

Dassault Systèmes' environmental responsibility is characterized by indirect positive and negative impacts on its customers and by direct negative impact of its activities on the environment:

- Dassault Systèmes' software solutions allow its customers to reduce the environmental impact of their products from the design stage. They can help reduce the consumption of raw materials through digital modeling, optimize energy consumption and working processes and manage the

compliance of products with environmental standards. This is the positive impact of Dassault Systèmes' products on the environment;

- the use of the Group's software by its customers generates indirect energy consumption for Dassault Systèmes. This consumption is the potentially indirect negative impact of Dassault Systèmes' products on the environment;
- all of Dassault Systèmes' operations are located in offices (see paragraph 2.2.2 "Responsible Company") and in data centers. For its activities, the Group uses computer hardware and employees are required to travel regularly to the Group's sites, and to visit customers and partners. The Group's environmental impact is therefore mainly generated by the energy consumption of its buildings and data centers; the greenhouse gas emissions produced by employee travel; and the electrical and electronic waste.

In the light of these various contributions, Dassault Systèmes is working on the development of a model to define its overall net positive impact on the environment as defined by the SHINE Project described in paragraph 2.2.2.2 "Industry Collaborations on sustainability".

2.2.1 The Group's vision for environmental responsibility

Dassault Systèmes' corporate purpose is to provide businesses and people with **3DEXPERIENCE** universes to imagine sustainable innovations capable of harmonizing product, nature and life (see paragraph 1.2.1.3 "Dassault Systèmes' Purpose and Strategy"). Sustainable development is thus at the heart of Dassault Systèmes' corporate purpose. To this effect, the Group integrates environmental protection in its operations.

2.2.1.1 An environmental strategy built on 3 pillars

In 2015, Dassault Systèmes defined the environmental strategy for its operations for the coming three years. It is based on the following three pillars:

- **Responsible Company:** Dassault Systèmes helps its customers reduce their environmental impact through its applications while limiting its own impact (see paragraph 2.2.2 "Responsible Company");

- **Responsible Employee:** Dassault Systèmes involves its employees in its environmental strategy through awareness-raising efforts at all of its sites (see paragraph 2.2.3 "Responsible Employee");

- **Responsible Partner:** the Group strives to choose responsible suppliers through the integration of corporate and environmental commitments, and it is trying to increase recycling and local actions (see paragraph 2.2.4 "Responsible Partner").

2.2.1.2 Environmental Management: Integration of environmental responsibility into the Group's real estate strategy

In light of this new vision, environmental strategy management and the annual reporting thereof was entrusted to the Group's Real Estate and Facilities department in 2015, in conjunction with the Public Affairs and Sustainable Development department, which continues to oversee partnership development-related tasks to assess the positive net impact of Dassault Systèmes on the environment through its applications.

2.2.2 Responsible Company

2.2.2.1 3DEXPERIENCE Platform for Sustainability: Apps and Solutions for sustainable development

Companies today face a series of challenges that are both technological and ecological. Dassault Systèmes 3DEXPERIENCE platform helps its customers achieve their combined sustainability and business goals through a portfolio of sustainability Applications enriching several of its Industry Solutions Experiences, based on:

3D Modeling Technologies

The Company's portfolio of modeling technologies makes it possible to create scientifically accurate representations of the environmental impacts of product. These technologies also offer techniques to reduce these impacts, such as eco-design for predictive environmental assessment and virtual prototyping, which improve the carbon footprint, energy consumption, human health impacts, and overall sustainability of products and systems. For example, SOLIDWORKS Sustainability features an integrated Life Cycle Assessment (LCA) dashboard that estimates the environmental implications of each design decision using several environmental indicators. One of the Company's clients, the global leader in door-opening solutions, uses SOLIDWORKS Sustainability to reduce product environmental impact and material usage while cutting their product material and energy costs by 15%.

Virtual+Real Technologies

Technologies that enable real-time realistic simulation can help optimize the physical world in virtual universes, leading to reduced environmental impacts. For complex products, the Company's simulation technologies aid in performance testing and light weighting that allows engineers to verify functionality and conformity while optimizing material usage. Factory and production systems can be executed with minimal material and energy expenditure to enable "green" manufacturing. Ultimately, end consumer usage can be simulated to examine and reduce environmental impacts across the entire life cycle. For example, a leading packaging designer used SIMULIA to simulate complex design interactions, resulting in a 27% reduction of carbon footprint and plastic resin usage while maintaining product integrity.

Intelligent Information Technologies

The searching, sorting, filtering, navigating, real-time analysis and understanding of large amounts of environmental data are central to the achievement of sustainable innovation. With the scope of data requirements expanded from the enterprise to the entire value chain, so-called extended producer responsibility demands both sophisticated and scalable access to these big data, allowing information intelligence applications that can dashboard environmental impacts across the extended enterprise. For example, the EXALEAD search-based infrastructure allows the management of structured and unstructured environmental data, providing decision support to execute corporate sustainability and impact-reduction strategies. For example, the EXALEAD search-based infrastructure enables the management of structured and unstructured environmental data, providing decision support to execute corporate sustainability and impact-reduction strategies. NETVIBES enables customers to assess public sensitivity to sustainable development campaigns and trends.

Connectivity Technologies

Connecting data and people by breaking down silos in organizations contributes to sustainability strategies. Connectivity technologies allow companies to build internal and external communities to manage sustainability efficiently. They also make it possible to connect product data with governmental data to proactively manage adherence to government and industry environmental regulations and standards, such as the Restriction of Hazardous Substances (RoHS) directive and the management of conflict minerals. Dassault Systèmes' solution for environmental compliance and materials intelligence help maintain a proactive risk minimization strategy, and make it possible to engage the people and communities that are critical to the success of sustainability strategies. For example, one of the Group's customers, a leader in test and measurement systems in electronics and bio-analytic instruments, uses ENOVIA Materials Compliance Management (MCM), an automated, enterprise-wide materials compliance data tracking system, to demonstrate compliance with stringent environmental regulations for more than 1,800 products and 160,000 parts from more than 7,000 suppliers.

Dassault Systèmes is a forerunner in creating 3DEXPERIENCE for sustainable innovation to help customers achieve a positive environmental impact on the planet and grow their businesses sustainably. The 3DEXPERIENCE platform enables innovators to truly understand the impact of their ideas and processes on people and the environment, to achieve the vision of a more sustainable world.

2.2.2.2 Industry Collaborations on sustainability

In addition to aiding its customers directly, the Company engages in several industry collaborations to leverage its expertise and leadership for the furthering of sustainable collaboration:

- **International Aerospace Environmental Group (IAEGTM).** The IAEGTM is a self-governed trade association that represents most of the global commercial aerospace industry, such as Boeing and Airbus, as well as the global defense aerospace industry, such as Lockheed Martin, Northrop Grumman and Safran Group. Dassault Systèmes is working with the IAEGTM to aid in the development of chemical material declaration and reporting systems, supplier sustainability surveys, and the aerospace sector's official guidance for the measurement of greenhouse gases (GHGs) under the World Resources Institute's GHG Protocol;
- **Sustainable Apparel Coalition (SAC).** The SAC is a trade organization comprised of brands, retailers, manufacturers, government, and non-governmental organizations and academic experts, representing more than a third of the global apparel and footwear market, and is working to reduce the environmental and social impacts of apparel and footwear products around the world. Dassault Systèmes is engaged with the SAC to provide its leadership in life cycle assessment (LCA)-based design and footprinting methodologies, and to advise and assist its customers in challenges involved with a proactive adoption of the SAC's Higg Index. This index is a series of assessment tools that standardizes the measurement of the environmental and social impacts of apparel and footwear products across the product lifecycle and throughout the value chain;
- **Sustainability and Health Initiative for NetPositive Enterprise (SHINE).** SHINE consists of a consortium of sustainability-focused companies, including Owens Corning, Eaton Corporation, Abbott Laboratories, Johnson & Johnson and Dassault Systèmes, and is led by the Center for Health and Global Environment, part of the T.H. Chan School of Public Health at Harvard. SHINE's objective is to revolutionize the sustainable development strategy of companies by managing both their negative and positive impacts and comparing the two to determine whether a company's net impact is positive or not. In 2015 and 2016, Dassault Systèmes contributed significant support and thought leadership to aid in the development of a new accounting standard and management methodology for environmental Handprinting.

In collaboration with Harvard Professor Greg Norris, the Group co-authored a SHINE case study – available on the website

<http://www.chgeharvard.org/resource/handprints-product-innovation> – which details the impacts of the use of 3D technology on the automotive industry. Dr. Norris found that the widespread application of 3D technology can result in 300-600 million Metric Tons of CO₂ reduction in the automotive industry alone by 2020. Dr. Norris concluded that “by pursuing measures such as advanced training in eco-design and increased accessibility and power of eco-design functions within its design tools, the Company can enable sectors such as the global automotive sector to create handprints which are on the order of 10,000 times greater than its own footprint.” The full case study is available on the Harvard SHINE website, hosted by the Center for Health and the Global Environment.

2.2.2.3 Inclusion of environmental considerations in the Company's operational locations

Dassault Systèmes chooses its site locations based on the objectives of supporting growth in the Company's business and providing employees with a pleasant working environment while integrating sustainable development strategies such as promoting synergies and collaboration, reducing the environmental footprint of activities, and improving employee working conditions. The Company also seeks to be close to its customers, its research partners and leading schools and universities, which are one of the main sources of recruitment for Dassault Systèmes.

The siting of the Dassault Systèmes' facilities is designed to foster collaboration among employees and with partners and customers by grouping together sites, subsidiaries and operations in a particular region or country. This process has, in particular, led to an audit of the facilities and their usage conditions, during external growth transactions, in order to determine steps to be taken in connection with the Group's strategy (maintaining the lease, facilities rehabilitation or consolidation).

Since 2008, the Group has implemented a policy of setting up its activities in offices certified by the local environmental standard such as *Haute Qualité Environnementale* (High Environmental Quality) in France and LEED in the United States, or on sites that applied an environmental management system such as ISO 14001. The environmental certification process continued in 2016, with certified buildings or offices in 14 countries, versus 10 in 2015. In 2016, 70% of the Employee Headcount worked in certified offices compared to 62% in 2015.

Sustainable development is now integrated in real estate projects right from the inception of any plan to move or open up a new site, in line with the Responsible Company policy.

Principal Sites

With the exception of facilities totaling 21,000 square meters belonging to 3D PLM Software Solutions Limited ("3DPLM Ltd") located in Pune, India, the Company does not own the offices it occupies and does not have full ownership rights over any real estate or building, either directly or through a lease (see Notes 14 and 25 to the consolidated financial statements).

At December 31, 2016, the principal sites occupied by Group companies (except 3DPLM Ltd) in its three geographic regions were as set forth in the table below (sites > 4,500 sq.m.).

Geographic region	Principal Sites	Area (in m ²)	Activities on the site
Europe	3DS Paris Campus, France ⁽¹⁾	81,000	Headquarters, R&D, Marketing and sales
	3DS Munich Rosenheimer, Germany	7,800	R&D, Marketing and sales
	3DS Bois-le-Duc, the Netherlands	6,600	R&D, Marketing and sales
Americas	3DS Boston Campus Waltham, Massachusetts, United States ⁽²⁾	27,000	R&D, Marketing and sales
	3DS Providence, Rhode Island, United States	8,800	R&D, Marketing and sales
	3DS San Diego, California, United States	5,700	R&D, Marketing and sales
	3DS Auburn Hills, Michigan, United States	4,600	R&D, Marketing and sales
Asia	3DS Tokyo, Japan	6,000	Marketing and sales
	3DS Selangor, Malaysia	5,900	R&D, Marketing and sales

(1) Dassault Systèmes occupies in Vélizy-Villacoublay a facility covering 57,000 square meters built in 2008 in accordance with the Group's specifications. Since 2011, Dassault Systèmes has rented 11,000 additional square meters in a building located in Meudon-La-Forêt and has benefited from the 3DS Paris Campus facilities. Environmental information regarding the 3DS Paris Campus do not include this building. The extension of the Group's headquarters was completed in December 2016, providing 13,000 square meters of additional office space (see Note 25 to the consolidated financial statements).

(2) The extension of the 3DS Boston Campus started in 2016 and will continue in 2017 to meet the site's requirements.

Europe

Dassault Systèmes' world headquarters located at the 3DS Paris Campus in Vélizy-Villacoublay (France) are certified as NF Service Sector Buildings – HQE under the HQE (High Environmental Quality) system. The Group has implemented real-time monitoring of operation and maintenance incidents related to the energy consumption of the 3DS Paris Campus buildings. The construction of the extension to the 3DS Paris Campus started in 2015 and was completed in December 2016. For this new building, the Group used the same approach as for four of the buildings of the 3DS Paris Campus and obtained the NF certification for high environmental quality service-sector buildings. The Group also launched a Well certification feasibility study for the extension, in order to take into consideration, the well-being of employees in their workplace, in addition to environmental standards.

In 2016, the site of Cambridge in the UK and that of Stockholm in Sweden obtained SKA certification, while the Bois-le-Duc site in the Netherlands obtained BREEAM-In-Use certification.

Americas

The exterior of the 3DS Boston Campus is certified LEED Gold, and in 2014 the campus received LEED Platinum certification for its interior. LEED is an American certification awarded to buildings designed with the goal of optimizing environmental performance. To optimize its energy consumption, the 3DS Boston Campus is equipped with condensation boilers and high-yield air conditioning. In September 2016, the 3DS Providence Campus received two certifications – the LEED Gold certification for its external construction, and the LEED Gold certification for its interior design.

In 2016, the American sites of San Diego and Seattle obtained, respectively, the Energy Star certification and the LEED Operation and Maintenance certification, while the Sao Paulo site in Brazil obtained the LEED for Core and Shell certification. Environmental certification is either obtained at the initiative of Dassault Systèmes or that of the lessor.

Asia

The buildings in Singapore, those in Shanghai and Beijing (China), and those in Tokyo (Japan) are certified according to local or international environmental standards.

2.2.2.4 Dassault Systèmes solutions for its environmental strategy

The Group calls on its own Research & Development teams to develop solutions to monitor and control its environmental impact.

3DEXPERIENCE platform: digitization of the monitoring of the Group's environmental reporting process

The digitization of the Dassault Systèmes sites' environmental reporting process continued in 2016. The Group has fully integrated the monitoring and visualization of the environmental data in a dashboard using the 3DEXPERIENCE platform. Through the deployment of this dashboard, available to all contributors, the environmental data collection and monitoring process has been simplified.

Contributors and the Real Estate, General Resources and Environment Management can view the progress of the environmental data collection, along with three-year consumption records. They can also share comments.

Application technology: use of Workplace 3D to optimize workspace

3D modeling technologies can be used in specialized interior design application fields. The solution developed by Dassault Systèmes, HomeByMe, is a free application for the general public that can position objects such as furniture in a room of a house. The HomeByMe solution, with its Workplace 3D application, can also be used in a professional context to place offices in workspaces and assign offices to employees in a 3D environment. As a result, paper-based processes are replaced with digital processes, thus avoiding manual re-keying and optimizing resources. Employees can also visualize their workspace and propose improvements in terms of comfort.

Finally, and ultimately, the application will be able to integrate all of the elements of facilities management related to workspaces, namely air conditioning and energy, to visualize energy consumption of offices based on the computer equipment installed.

2.2.2.5 Monitoring and control of the Group's environmental impacts

The Group carried out a project to analyze the material nature of its indicators, focusing, in particular, on the key "primary" indicators related to its activity. Dassault Systèmes' primary indicators are the following: electricity consumption, greenhouse gas emissions and waste electronic and electrical equipment (WEEE). The remaining indicators are deemed "secondary" and relate to paper consumption, water consumption and general waste. (See paragraph 2.2.5 "Methodology for Environmental Reporting").

Data presented in the environmental report covers Dassault Systèmes SE and all companies in respect of which it has a shareholding exceeding 50% (see paragraph 2.2.5 "Methodology for Environmental Reporting"). The following consumptions only concern four buildings of the 3DS Paris Campus. In 2017, the Group will include the consumptions of the nearby leased building, as well as its extension (see paragraph 2.2.2.3 "Inclusion of environmental considerations in the Company's operational locations").

Energy consumption

The Real Estate, General Resources and Development department implements actions within the buildings to measure and optimize the sites' energy consumption. The information below concerns electricity and natural gas consumption on Dassault Systèmes sites and in its data centers. Natural gas consumption represents 6% of total energy consumption.

Electricity consumption (in mWh)	2016	2015
Europe	34,406	34,725
<i>of which 3DS Paris Campus</i>	19,490	20,247
Americas	18,160	19,535
Asia	3,130	2,430
TOTAL	55,696*	56,690*

* Indicator verified by the independent verifier.

Electricity consumption of the 3DS Paris Campus fell by 3.7% between 2015 and 2016. This decrease is attributable to the implementation of (i) measures to improve the energy performance of the Campus and of (ii) an energy management system connected to the technical management of the building since November 2014. This system allows malfunctioning equipment to be identified, thus limiting excess consumption.

The Company uses renewable energy at its 3DS Paris Campus headquarters, and has also included in some of its energy contracts the purchase of electricity produced by renewable resources for certain sites (3DS Paris Campus in France, 3DS Stuttgart and 3DS Munich J Wild in Germany). As a result, the consumption of electricity from renewable energy represents 42% of total electricity consumption.

In 2016, the 3DS Paris Campus took part in the CUBE 2020 competition organized by the French Institute for Building Efficiency (IFPEB). The site ranked third in the "Semi-Industrial Buildings" category, with a saving of 11.8% compared to the consumption of the reference year calculated by the IFPEB.

In 2015, pursuant to the EU Energy Efficiency Directive (2012/27/EU), audits had been conducted on the sites of the 3DS Paris Campus, Meudon-la-Forêt and Aix-en-Provence in France and on the Bois-le-Duc site in the Netherlands. In 2016, the Group finalized the energy audit of all its sites in Germany and initiated a voluntary energy auditing process outside Europe. It thus audited the 3DS Boston Campus and 3DS Providence Campus sites in the United States, as well as the 3DS Shanghai site in China.

Data centers

Dassault Systèmes has located part of its servers at several data centers throughout the world. Energy consumption in these centers is included in the total electricity consumption above.

At its main data center, the Group installed its servers in contained cold aisles, thereby optimizing the energy consumption of the servers.

The Group has introduced a process since 2010 to virtualize its servers. The "virtualization" of servers leads to better use of material, savings in space at the data center and a reduction in power consumed by the infrastructure, and thus a reduction in greenhouse gas emissions. In 2016, 90% of the servers of its main data center had been virtualized.

In 2014, Dassault Systèmes launched a transition to Flash storage, a technology which allows the replacement of physical

discs with flash memory. This technology greatly reduces the amount of data, thereby saving space and reducing energy consumption.

Moreover, internationally recognized energy efficiency labels like "Energy Star" are preferred, if possible, when purchasing IT devices such as desktop computers and laptops.

Greenhouse Gas Emissions

Since 2012, Dassault Systèmes has been monitoring and reporting on its scope 1 and 2 emissions, as well as some of its scope 3 emissions linked to business travel.

Dassault Systèmes also identified other sources of greenhouse gas emissions which may have a significant impact on its scope 3 performance, namely:

- purchases of goods and services (for more information on that subject, see paragraph 2.2.4 "Responsible Partner";
- employee travel between home and workplace;
- the use of the products (see paragraph 2.2.2.1 "3DEXPERIENCE Platform for Sustainability: Apps and Solutions for sustainable development").

Following the publication of the implementing decree of Article 173 of the French Energy Transition Act of August 19, 2016, the Group will continue its efforts to identify and analyze its main sources of significant GHG emissions throughout its value chain.

Group transportation optimization policy

Since the Company's business is publishing software, transportation is the principal source of its greenhouse gas emissions.

Dassault Systèmes' travel policy limits the impact of travel on the environment. Under this policy, employees are encouraged to schedule meetings by conference call and video conference rather than by physical travel, use train travel rather than air travel for trips under three hours in length, and use economy class for air travel (the carbon footprint of Business class being greater than for economy class).

Greenhouse gas emissions

To analyze its carbon footprint on a global basis, Dassault Systèmes uses the "GHG Protocol" (Greenhouse Gas Protocol: www.ghgprotocol.org).

	2016 Metric Tons CO ₂ eq. emissions	2015 Metric Tons CO ₂ eq. emissions
SCOPE 1		
Emissions due to on-site natural gas consumption	600	485
Total emissions due to the use of company vehicles	3,970	3,990
Emissions due to the use of company vehicles in Europe	3,870	3,865
Emissions due to the use of company vehicles in the Americas	–	–
Emissions due to the use of company vehicles in Asia	100	125
Emissions due to the use of refrigerants	370	315
TOTAL SCOPE 1	4,940	4,790
SCOPE 2		
Total emissions due to purchases of electricity and district heating	12,330	11,810
Total emissions due to purchases of electricity and district heating in Europe	4,060	4,275
Emissions due to purchases of electricity and district heating in the Americas region	6,170	6,000
Emissions due to purchases of electricity and district heating in Asia	2,100	1,535
TOTAL SCOPE 2	12,330	11,810
SCOPE 3		
Total emissions due to employee business air travel	34,780	32,630
Emissions due to employee business air travel in Europe	13,130	12,165
Emissions due to employee business air travel in the Americas	13,400	12,825
Emissions due to employee business air travel in Asia	8,250	7,640
Total emissions due to employee business travel by train	1,730	1,680
Emissions due to employee travel by train in Europe	295	180
Emissions due to employee travel by train in the Americas	–	–
Emissions due to employee travel by train in Asia	1,435	1,500
Total emissions due to employee travel by personal car in connection with work	1,850	2,185
Emissions due to employee travel using their personal vehicles in Europe	490	640
Emissions due to employee travel using their personal vehicles in the Americas	930	1,105
Emissions due to employee travel using their personal vehicles in Asia	430	440
TOTAL SCOPE 3	38,360	36,495
TOTAL GREENHOUSE GAS EMISSIONS (SCOPES 1 +2 +3)	55,630*	53,095*

* Indicator verified by the independent verifier.

Greenhouse gas emissions increased 5% between 2015 and 2016 due to Group organic growth across all regions.

In terms of carbon intensity per employee, greenhouse gas emissions remained stable at 5.9 tCO₂ per employee in 2015 and 2016.

Water consumption

Water consumption (in cubic meters)	2016	2015
Europe	37,738	39,235
<i>of which 3DS Paris Campus</i>	23,608	26,894
Americas	35,489	40,460
Asia	4,740	4,510
TOTAL	77,967	84,205

The data related to water consumption presented above is mainly based on estimates and as such may differ from actual water consumption (see paragraph 2.2.5 "Methodology for Environmental Reporting – Limitations on environmental reporting").

Treatment of ordinary waste

In light of the nature of its business, Dassault Systèmes generates primarily ordinary waste such as paper, cardboard and plastic. The table below indicates the percentage of employees with access to recycling facilities by geographic region:

Percentage of employees with access to recycling facilities at their work location	2016	2015
Europe	94%	94%
<i>of which 3DS Paris Campus</i>	100%	100%
Americas	96%	100%
Asia	92%	100%
% OF EMPLOYEES WITH ACCESS TO RECYCLING FACILITIES AT THEIR WORK LOCATION	94%	97%

Paper and packaging

Paper consumption (in metric tons)	2016	2015
Europe	29	26
<i>of which 3DS Paris Campus</i>	15	14
Americas	12	15
Asia	10	11
TOTAL	51	52

On the 3DS Paris Campus, total paper consumption amounted to 15 metric tons in 2016 compared with 14 metric tons in 2015. In relation to the number of employees, this

consumption increased from 6.1 kg per employee in 2015, to 6.3 kg in 2016.

2.2.3 Responsible Employee

Dassault Systèmes pursues an ongoing policy of raising employee awareness by involving them in the steps taken to save water and energy and promote waste sorting through:

- a presentation of environmental concerns to new employees joining the Group, eco-friendly habits to adopt in offices, and technologies liable to reduce the environmental impacts of the Group's activities;
- specific events to promote recycling.

Awareness-raising actions

In June 2016, the used equipment collection initiative called *Le Bon Réflexe – Collecte Solidaire* was once again rolled out for one-month period on the 3DS Paris Campus, through the joint efforts of the Dassault Systèmes SE disability taskforce and the Real Estate, General Resources and Environment Management department. Employees were asked to bring their own obsolete electrical and electronic equipment and appliances no longer in working order. The collected equipment was sent for recycling to a sheltered employment firm located in the Yvelines department. A total of 284 kg of equipment was thus recycled by disabled employees.

In 2016, the "*Le bon Réflexe – Clean Desk*" initiative, first launched in 2015 at the 3DS Paris Campus, was rolled out across all Dassault Systèmes sites in France. During this event, employees were invited to recycle their old paper archives and used supplies and cardboard at dedicated collection spaces. Thus, 3.2 metric tons of waste office supplies and paper were recycled by disabled employees.

Following the success of the "Clean Desk" event in France, the Group rolled out the initiative on its major sites worldwide: 3DS Auburn Hills, 3DS Woodland Hills and 3DS Long Beach in the United States, 3DS Gurgaon in India, 3DS Singapore, 3DS Tokyo in Japan, 3DS Krakow in Poland, 3DS Stuttgart in Germany, and 3DS Stockholm in Sweden.

The process was enhanced across all geographic regions with the implementation of local initiatives to raise employee awareness of environmentally-friendly gestures. For example, on the 3DS Boston Campus, the office's Green Team runs bi-annual Green Weeks. Throughout these weeks, various events were conducted to showcase and encourage employees to become more sustainably conscious. For example, activities related to electronic waste, residential solar energy, and energy efficiency were carried out. On the Providence site and the 3DS Boston Campus, the employees were also made aware of the impact of transport, and have been encouraged to ride their bike to work with unique incentives.

Training

In September 2016, Dassault Systèmes launched a training program via the **3DEXPERIENCE** University application to raise employee awareness of sustainable development issues. Upon their arrival in the Group, new employees are invited to take this training course, available in the SwYmer Program (see paragraph 2.1.2.2 "Developing, training and recognizing expertise, managing the careers of Dassault Systèmes employees").

The training course is divided into three parts:

- employees are firstly made aware of the world's current sustainable development challenges;
- the course content is focused on the environmental strategy of Dassault Systèmes, based on three pillars (see paragraph 2.2.1.1 "An environmental strategy built on 3 pillars");
- the last part reminds employees of the good practices to adopt in the office concerning issues such as recycling and energy consumption.

As a result, 241 employees were made aware of the Group's environmental challenges.

2.2.4 Responsible Partner

Dassault Systèmes' contracts include a corporate social responsibility component (see paragraph 2.1.5 "Business ethics, social dialogue and personal safety"). In 2016, the Group strengthened its commitment to environmental protection by giving it greater importance in its calls for tenders and its contracts with suppliers and service providers.

Inclusion of environmental considerations in the Group's calls for tenders

In 2016, the Real Estate, General Resources and Environment Management department and the Purchasing Department targeted three major calls for tenders in which environmental considerations needed to be reinforced: furnishings for the new building, waste management at the 3DS Paris Campus, and the management of beverages in the United States. The Group focused particular attention on service providers with environmental certifications for both their plants and the products sold, the location of the plants and waste treatment centers, and general environmental policies.

Group commitments in favor of circular economy and measures for combating food waste

In 2016, Dassault Systèmes showed a continued willingness to promote local actions. For example, during events organized on the 3DS Paris Campus to raise employee awareness, the Group shined the spotlight on partners that also integrated social and ethical commitments in the recycling of its electrical and electronic waste in Europe. Therefore, socially conscious and solidarity-based companies are given preference wherever possible.

For example, Dassault Systèmes has entrusted the refurbishing or recycling of computer equipment for the Europe region to a socially conscious and solidarity-based company that

employs people with disabilities near its registered office in Vélizy-Villacoublay. It recycles plastic materials to produce urban furniture. Dassault Systèmes purchased some of this urban furniture for its green spaces in 2015 and 2016, and is planning to install bins made of recycled materials in its new building.

When servers are decommissioned from the data center, the Group favors their re-use for other purposes on the 3DS Paris Campus.

In order to create a positive impact at every Group location, local contributions that integrate an ethical and/or socially responsible approach are promoted as soon as possible. In addition, the Group tends to promote recycling activities throughout the world and focus on the purchase of materials and furniture that has been recycled or certified as environmentally friendly.

Given the nature of its activities, food waste is not considered as a major issue for the Group. Nevertheless, on the 3DS Paris Campus, Dassault Systèmes has included a clause in its contract with its provider of catering services requiring the latter to sort waste at source and on the cleaning of food trays. All the organic matter collected in the company restaurant at the registered office is sent to composting/methanization firms. Awareness-raising actions aimed at Dassault Systèmes employees were conducted during the European Week for Waste Reduction in order to reduce the wastage of bread, paper napkins, foodstuffs, etc.

Specific waste treatment

Dassault Systèmes places significant importance on managing its computer equipment both in terms of usage and recycling. The Company's computer equipment includes desktop computers, laptop computers and the servers of its data center.

SPECIFIC WASTE

	2016	2015
% of specific waste recycled according to environmental standards	100	100
Quantity of WEEE⁽¹⁾ recycled according to environmental standards (in kg)		
Europe	10,962	9,250
<i>of which 3DS Paris Campus</i>	9,709	6,083
Americas	4,445	6,307
Asia	1,008	1,442
TOTAL	16,415*	16,999*

* Indicator verified by the independent verifier.

(1) WEEE: Waste Electronic and Electrical Equipment.

In 2015 and 2016, all WEEE were recycled according to environmental standards.

2.2.5 Methodology for Environmental Reporting

Methodology and scope of environmental reporting

The Dassault Systèmes Methodology for Environmental Reporting is summarized in the “Environmental reporting protocol”. The protocol defines:

- the distinction between primary environmental indicators and secondary indicators;
- the methodology for collecting and consolidating environmental information;
- the scope for collecting environmental data.

Pursuant to the provisions of Article 225 of the law referred to as “Grenelle II”, the environmental reporting target scope includes Dassault Systèmes SE and all the companies in respect of which it has a shareholding exceeding 50%. It should be noted that companies acquired during the period are excluded from the 2016 environmental reporting scope.

The environmental reporting scope fits to the published indicators. Most of Dassault Systèmes’ environmental indicators are calculated on the basis of the physical sites’ operating data: buildings’ energy consumption, amounts of water consumed, quantities of waste produced, etc. Conversely, greenhouse gas emissions from business travel are measured through the tracking of purchases of transport services (train and airline tickets, car rentals, etc.) by each of the Group’s legal entities.

These characteristics explain the co-existence of two reporting scopes for environmental data:

- for indicators relating to energy consumption, total greenhouse gas emissions scope 1 and 2, water consumption, general waste treatment, paper and packaging, and specific waste, the data presented in the environmental report concerns the impacts measured at the Group’s main sites. For these indicators, the environmental reporting scope covers the sites which have at least 50 employees. In 2016, the reporting scope thus covered 80% of Group employees versus 78% in 2015;
- for indicators relating to total greenhouse gas emissions scope 3, the data presented in the environmental report

concerns emissions in connection with employees at the Group’s main legal entities. For these indicators, the data presented in the environmental report covers the emissions produced by the employees of legal entities comprising a site with at least 50 employees. In 2016, the reporting scope thus covered 95% of Group employees versus 93% in 2015.

The environmental indicators thus determined for 2016 are presented in paragraphs 2.2.2 “Responsible Company” and 2.2.4 “Responsible Partner”.

The Company’s environmental reporting may evolve as part of the ongoing process of improvement undertaken by the Company, or to take changes in applicable regulations into account.

Collecting and consolidating environmental data

Environmental data was collected by the Sustainability Leaders and consolidated by the Dassault Systèmes Real Estate and General Resources Management based on the environmental reporting protocol. For selected questions, such as business travel and data concerning electronic waste, external service providers were also consulted.

To simplify the consolidation of environmental data, a dedicated software application was rolled out. This new solution facilitates the structuring and standardization of environmental data (regarding all parameters but scope 3 data related to greenhouse gas emissions), like-for-like comparisons and an increase in the frequency of information collection from annual to quarterly.

Primary indicators are collected on a quarterly basis by the Sustainability Leaders and are reviewed and published in a quarterly report issued by the Dassault Systèmes Real Estate and General Resources department. These indicators are presented in detail in this report. They are also checked by the independent verifier and are subject to limited assurance.

Secondary indicators are collected on a yearly basis by the Sustainability Leaders.

Limitations on environmental reporting

In certain cases, the information produced cannot be based on actual consumption. For example, for certain foreign subsidiaries whose contribution is low, the data relating to travel is not available in the same format as for the rest of the scope. The same applies to sites whose water consumption and air-conditioning refrigerant recharge expenses are included in the rent. In these cases, the Environmental Reporting Protocol specifies the procedure to follow in order to make the estimations required (e.g., an estimation of water consumption is made on the basis of the averages recorded on the other sites in the geographic region based on the number

of employees or square meters taken up). As a result, actual consumption may be different from estimates.

Regarding waste treatment, waste treatment and collection are handled for most subsidiaries by local government, which does not furnish any information on collected waste. It is therefore not possible to provide any information on the amount of waste generated. Dassault Systèmes has nevertheless inquired of all subsidiaries included in the 2016 reporting scope as to whether recycling was put in place. Consequently, the Group produces information on the percentage of sites adopting waste recycling rather than on the quantity of waste treated (see paragraph 2.2.2 "Responsible Company").

2.2.6 Industrial and Environmental Risk

The Group is not aware of any industrial risks, environmental risks or climate change related risks which may have a significant impact on its assets or operating results, and it believes that its business has a very limited environmental impact:

- a significant portion of its assets are intangible;
- none of the Company's sites produces hazardous waste or waste with an environmental impact on the ground, air or water, and none of them meets criteria set forth under the European SEVESO directive regarding sites at risk due to hazardous substances, or is classified under ICPE (Classified Installation for the Protection of the Environment);
- the Company does not believe that it is directly exposed to climate change issues in the short or medium-term;
- Dassault Systèmes' business does not have any known negative impact on biodiversity, nor does it create noise or odors that may create a nuisance locally. In addition, the Company is not involved with soil usage matters.

The only aspect for which the Group believes there exists a minor environmental risk, which would not have a significant impact on its financial condition or results of operations, is the fuel storage at the 3DS Paris Campus and the 3DS Boston Campus, which would be used to produce electricity in case of an electrical shortage.

Based on the Company's limited industrial and environmental risks, costs resulting from evaluating, preventing and treating industrial and environmental risks are not significant and are included under different line items representing investments and expenses in the consolidated financial statements.

In 2016, no provisions or guarantees for environmental risks were recorded in the Group's consolidated financial statements. In addition, no expense was recognized in the financial statements related to a court judgment regarding environmental issues or actions taken to remediate any environmental-damage.

To anticipate any regulatory risks related to environmental matters, Dassault Systèmes' Legal department and General Resources and Sustainable Development department closely follow environmental regulations that may have an effect on its business.

2.3 Independent Verifier's Report on Consolidated Social, Environmental and Societal Information Presented in the Management Report

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In our quality as an independent verifier accredited by the COFRAC⁽¹⁾ under the number n° 3-1050, and as a member of the network of one of the statutory auditors of the company Dassault Systèmes, we present our report on the consolidated social, environmental and societal information established for the year ended on the 31st December 2016, presented in chapter 2 of the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of the article L.225-102-1 of the French Commercial code (*Code de commerce*).

Responsibility of the company

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the article R. 225-105-1 of the French Commercial code (*Code de commerce*), in accordance with the protocols used by the company, consisting in HR and environmental reporting protocols (hereafter referred to as the "Criteria"), and of which a summary is included in section 2.1.6 (social reporting) and in section 2.2.5 (environmental reporting) of the management report, as well as available at the company's headquarters.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the article L. 822-11 of the French Commercial code (*Code de commerce*). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial code (*Code de commerce*) (Attestation of presence of CSR Information);
- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in accordance with the Criteria (Limited assurance on CSR Information).

Our verification work was undertaken by a team of five people between October 2016 and March 2016 for an estimated duration of seven weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness and the reasonable assurance report, in accordance with the international standard ISAE 3000⁽²⁾.

(1) Scope available at www.cofrac.fr

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information

1. Attestation of presence of CSR Information

Nature and scope of the work

We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the management report with the list as provided for in the Article R. 225-105-1 of the French Commercial code (*Code de commerce*).

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105, paragraph 3, of the French Commercial code (*Code de commerce*).

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L.233-1 and the entities which it controls, as aligned with the meaning of the Article L.233-3 of the French Commercial code (*Code de commerce*) with the limitations specified in the Methodological Note in sections 2.1.6 and 2.2.5 of chapter 2 of the management report.

Conclusion

Based on this work, and given the limitations mentioned above, we confirm the presence in the management report of the required CSR information.

2. Limited assurance on CSR Information

Nature and scope of the work

We undertook seven interviews with the people responsible for the preparation of the CSR Information in the different departments, including people in the Human Resources, Facilities, Risk and Conformity, Public Affairs, IT, who are in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

- Assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards.
- Verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered the most important⁽³⁾:

- At the level of the consolidated entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report;
- At the level of the representative sample of entities that we selected⁽⁴⁾ based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample reviewed therefore represented on average 33% of the workforce and between 24% and 59% for quantitative environmental information⁽⁵⁾.

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

Paris-La Défense, the 17th of March 2017

French original signed by:

Independent Verifier

ERNST & YOUNG et Associés

Eric Mugnier

Partner, sustainable development

Bruno Perrin

Partner

(3) Social and societal information :

Indicators (quantitative information): workforce (size and breakdown by geography, age, gender, type of contract (unlimited/limited), hiring and terminations, turnover rate, percentage of female managers, absenteeism, total number of training hours .

Qualitative information: employment (total headcount and breakdown, hiring and terminations, remunerations and their evolution), the organisation of working time, absenteeism, social relationships (the organisation of social dialogue, collective bargaining agreements), health and safety conditions at work, training policies, diversity and equality of treatment and opportunities (including measures undertaken for gender equality), promotion and respect of the ILO fundamental conventions , territorial, economic and social impact (impact on neighbouring or local populations), importance of subcontracting and the consideration of environmental and social issues in purchasing policies and relations with suppliers and subcontractors, business ethics (actions undertaken to prevent bribery and corruption and to ensure personal data security).

Environmental information:

Indicators (quantitative information): energy consumption (in MWh), greenhouse gas emissions for scope 1, scope 2 and part of the scope 3 (in tonnes of CO2 equivalent), quantity of waste electrical and electronic equipment recycled according to environmental norms (in kg), share of sites with environmental certified buildings or offices (in %).

Qualitative information: general environmental policy (organisation, certification procedures, information and training of employees on environmental issues), circular economy (measures for preventing, recycling and eliminating waste, energy consumption, measures taken to improve energy efficiency and the use of renewable energy), climate change (significant post of green house gas emissions due to the activity of the company, including the use of sold products and services).

(4) The entities Dassault Systèmes S.E. and Dassault Data Service (DS Paris Campus and Terre Europa sites in Vélizy, France; as well as the servers hosted in data centre in France); the entity DS Deutschland GmbH (Stuttgart, one of the German sites).

(5) The coverage rate of our work is 26% of the workforce for the social data, 59% for the quantities of computers and servers recycled, 48% for energy consumption, and 24% for greenhouse gas emissions (scopes 1, 2 and 3).

2.4 Statutory Auditors' Attestation on the information relating to the Dassault Systèmes SE's total amount paid for sponsorship

2

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as statutory auditors of your company and in accordance with article L. 225-115 5° of the French commercial code (*Code de commerce*), we have prepared this attestation on the information relating to the total amount paid in application of 1 and 4 of Article 238 bis of the French tax code (*Code général des impôts*) for the year ended December 31, 2016, as set out in the attached document.

Your board of directors was responsible for preparing this information. Our role is to attest this information.

In the context of our role as Commissaires aux comptes (*statutory auditors*), we have audited your company's annual financial statements for the year ended December 31, 2016. Our audit was conducted in accordance with professional standards applicable in France, and was planned and performed solely for the purpose of forming an opinion on the annual financial statements taken as a whole and not on any individual component of the accounts used to determine the total amount paid in application of 1 and 4 of article 238 bis of the French tax code (*Code général des impôts*). Accordingly, our audit tests and samples were not carried out with this objective and we do not express any opinion on any components of the accounts taken individually.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (*Compagnie nationale des commissaires aux comptes*). These procedures, which constitute neither an audit nor a review, consisted of performing the necessary reconciliations between the total amount paid in application of 1 and 4 of article 238 bis of the French tax code (*Code général des impôts*) and the accounts from which the figure was calculated, and verifying that it was consistent with the data used to prepare the annual financial statements for the year ended December 31, 2016.

On the basis of our work, we have no matters to report on the reconciliation of the total amount paid in application of 1 and 4 of article 238 bis of the French tax code (*Code général des impôts*), set out in the attached document as € 1,350,919.51, with the accounting records used to prepare the annual financial statements for the year ended December 31, 2016.

This attestation shall constitute certification as accurate of the total amount paid in application of 1 and 4 of article 238 bis of the French tax code (*Code général des impôts*), within the meaning of article L. 225-115 5° of the French commercial code (*Code de commerce*).

This attestation has been prepared for your attention in the context set out in the first paragraph above, and must not be used, distributed or referred to for any other purposes.

Neuilly-sur-Seine and Paris-La Défense, March 20, 2017

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit

Pierre Marty

ERNST & YOUNG et Autres

Pierre-Antoine Duffaud

Vélizy-Villacoublay, March 17, 2017

Vélizy-Villacoublay, March 17, 2017

**CERTIFICATION RELATING TO THE GLOBAL AMOUNT
OF SUMS PAID FOR SPONSORSHIP ON 2016**

The global amount of sums paid for sponsorship, which gives rise to fiscal deductions, and which are referred to at Article 238 bis of the General Tax Code is 1,350,919.51 euros for 2016.

Thibault de TERSANT

Senior Executive Vice-President, Chief Financial Officer

3

FINANCIAL REVIEW AND PROSPECTS

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3.1 Operating and Financial Review

3.1.1 General

The executive overview in paragraph 3.1.1.1 “Executive Overview for 2016” highlights selected aspects of the Company’s financial results for 2016. The executive overview, the supplemental non-IFRS financial information and the more detailed discussion that follows should be read together with the Company’s consolidated financial statements and the related notes included in paragraph 4.1.1 “Consolidated Financial Statements”.

In discussing and analyzing the Company’s results of operations, the Company considers supplemental non-IFRS financial information: (i) non-IFRS revenue data excludes the effect of adjusting the carrying value of acquired companies’ deferred revenue; and non-IFRS expense data excludes, (ii) the amortization of acquired intangibles, (iii) share-based compensation expense and related social charges, (iv) certain other operating income and expense, net, (v) certain one-time items included in financial income and other, net, and (vi) certain one-time tax effects and the income tax effects of the above adjustments. A reconciliation of this supplemental non-IFRS financial information with information set forth in the Company’s consolidated financial statements and the notes thereto is presented below under paragraph 3.1.1.2 “Supplemental non-IFRS Financial Information”.

When the Company believes it would be helpful for understanding trends in its business, it restates percentage increases or decreases in selected financial data to eliminate the effect of changes in currency values, particularly the U.S. dollar and the Japanese yen, relative to the euro. Specifically, the Company’s constant currency revenue data calculations exclude the estimated impact of changes in the currency exchange rates compared to the euro. When trend information is expressed below “in constant currencies”, the results of the prior year have first been recalculated using the average exchange rates of the most recent year, and then compared with the results of the most recent year. All constant currency information is provided on an approximate basis. Unless otherwise indicated, the impact of exchange rate fluctuations is approximately the same for both the Company’s IFRS and supplemental non-IFRS financial data.

3.1.1.1 Executive Overview for 2016 (all revenue growth comparisons are in constant currencies)

Summary Overview

Dassault Systèmes, the **3DEXPERIENCE** Company, provides software applications and services, designed to support companies’ innovation processes. Since the introduction of its market vision of **3DEXPERIENCE** and its Social Industry Experience strategy in 2012, the Company has undergone a deep transformation in its go-to-market strategy, in the orientation of its software applications, and in its regional organization. The Company estimates that its addressable software market now reaches approximately \$24 billion, representing an estimated doubling of its addressable software market since 2012. During 2016 the Company’s total revenues passed the €3 billion milestone.

Over the course of 2016, the Company saw evidence of the increasing traction triggered by its key growth drivers. **3DEXPERIENCE** software sales were up sharply in total. The Company’s brand value creation was visible both with **SOLIDWORKS**, and with its Manufacturing offer, led by **DELMIA**. The Company also made good progress in Industry Diversification and in expansion of its global market footprint with the strong performance from High Growth countries. However, the full extent of the strength of its growth drivers was offset in part by lower Version 5 sales as clients’ transition to **3DEXPERIENCE**.

Specifically:

- The traction with **3DEXPERIENCE** continued to advance with **3DEXPERIENCE** new licenses non-IFRS software revenue increasing 30% in 2016. In turn, **3DEXPERIENCE**’s mix continued to grow, adding 7 points to represent 36% of the related total new licenses revenues for 2016. Three years after its introduction, the **3DEXPERIENCE** platform has reached significant maturity and scalability, with very large deployments in progress, already achieved with tens

of thousands of users. The Company is building critical momentum, with multiple industry leaders confirming the value of the **3DEXPERIENCE** platform in large competitive wins during 2016 and in the prior years.

- The fastest growing industries in 2016 included Industrial Equipment and Business Services in Core Industries and High Tech, Consumer Goods-Retail, Energy, Process & Utilities and Marine & Offshore in Diversification Industries.
- During 2016 Diversification Industries represented 31% of total non-IFRS software revenue, compared to 30% in 2015. In High Tech software revenue increased 16% reflecting major wins in telecommunications, increased business activity with semiconductor and consumer electronics companies. In Energy, Process & Utilities software revenue rose 12%. The Company has a major presence in nuclear energy with client engagements during 2016 in France, Japan, South Korea and Argentina. It is also present in hydro-electric dams, wind energy, as well as in oil & gas and specialty chemicals. Marine & Offshore software revenue was up 55% with key wins in commercial and naval ships, with certification companies and thanks to expansion of its offer to logistics.
- Thanks to its sales channels investments the Company is benefiting from the increase in sales coverage in China, India and in other countries. During 2016 the targeted geographic regions included in High Growth Countries saw non-IFRS software growth of 15%. And from a contribution point of view, they accounted for about 17% of total software revenue.
- By product line and on a non-IFRS basis, **SOLIDWORKS** software revenue increased 12% reflecting improving new sales progressively through the year and strong recurring revenue growth. **CATIA** software revenue increased 4%, with its **3DEXPERIENCE** software revenue up 42% and overall growth reflecting a product transition underway. Other Software increased 8% led by the Company's simulation, manufacturing, and supply chain planning & optimization software (**SIMULIA**, **DELMIA**, and **Quintiq**, respectively) and well in line results for **BIOVIA**.

Overall, the Company delivered a 2016 performance aligned with its non-IFRS financial objectives. Non-IFRS total revenue of €3.07 billion increased 7% driven by non-IFRS software revenue growth of 7%. Non-IFRS operating income increased 8% to €957.7 million with the non-IFRS operating margin increasing to 31.2% in 2016 from 30.8% in 2015. Non-IFRS diluted earnings per share grew 11% in total to €2.49.

Dassault Systèmes continues to evaluate potential acquisitions well aligned with its purpose and brand value creation objectives. During 2016 Dassault Systèmes increased its domain leadership with acquisitions aggregating €263 million, net of cash. In particular, the Company extended **SIMULIA**'s multi-physics, multi-scale simulation offer to electromagnetic simulation – critical to every stage of electronic system design – with the acquisition of **CST**. **SIMULIA** also strengthened its computational fluid dynamics capabilities, specifically for accurate and robust simulation of highly dynamic fluid flow with the addition of the developer of **Xflow** technology, **Next Limit Dynamics**. The Company also further extended **DELMIA** global industrial operations offer with the acquisition of **Ortems**, focused on production planning and scheduling.

Summary 2016 Financial Highlights

(all revenue and software growth comparisons are in constant currencies)

Total Revenue: For the year ended December 31, 2016, IFRS total revenue increased 8%. Non-IFRS total revenue increased 7%, with software revenue growth of 7% and services and other revenue growth of 7%. Excluding acquisitions, total non-IFRS revenue and software revenue growth would have been 6%. **3DEXPERIENCE** implementation engagements were among the principal contributors to the increase in services and other revenue.

Software Revenue: IFRS software revenue increased 8%. Non-IFRS software grew 7% on growth of both new licenses and recurring software revenue. New licenses non-IFRS revenue increased 5% in total with mixed results by industries and geographic regions. The Company's multiple growth drivers are seeing increasing traction. However, they were not

fully visible during 2016 due to a product generation shift. Specifically, during 2016 the Company started to see a slowing of Version 5 licenses sales, which are being replaced by new **3DEXPERIENCE** transactions whose sales cycle times have generally be somewhat longer.

Software Revenue by Region: Asia non-IFRS software revenue increased 8%, led by China with sharply higher growth, and India. In Europe non-IFRS software revenue growth of 8% was led by France and Southern Europe, and solid performance across most of the geographic regions. In the Americas, non-IFRS software revenue increased 6%. Europe represented 43% of non-IFRS total software revenue, Americas 30% and Asia 27%.

Recurring Software Revenue: IFRS and non-IFRS recurring software revenue growth increased 8%, led by a strong level of maintenance subscription growth, and rental subscription growth. Recurring software revenue performance during 2016 also benefited from increased maintenance subscription renewal activity in the 2015 fourth quarter related to a change in reinstatement policy for SOLIDWORKS. Recurring software revenue represented 71% of non-IFRS total software revenue, and is comprised of maintenance subscription and rental subscription. All three sales channels reported strong recurring software revenue performance.

Operating Income and Margin: IFRS operating income increased 6%. Non-IFRS operating income increased 8% to €957.7 million. The non-IFRS operating margin increased to 31.2% for 2016, from 30.8% in 2015, reflecting an underlying improvement of about 70 basis points offset in part by a net negative currency impact and acquisition dilution.

Earnings per Share: IFRS diluted net income per share increased 11%. Non-IFRS diluted net income per share increased 11% to €2.49, up from €2.25 in 2015. 2016 earnings per share results included a 5 cents impact from a reversal of tax reserves in the 2016 first quarter.

Cash flow: Net operating cash flow was €621.7 million for the year ended December 31, 2016, compared to €633.3 million in 2015, reflecting higher net income of 11%, offset principally by higher tax downpayments in 2016. The Company's uses of cash for 2016 were principally for payment for acquisitions of €262.7 million net of cash acquired, share repurchases of €127.3 million, cash dividends of €101.9 million, and capital

expenditures of €56.7 million, net of sales. The Company received cash for stock options exercised of €26.8 million.

Other Financial Highlights: The Company's net financial position increased to €1.49 billion at December 31, 2016, compared to €1.35 billion at December 31, 2015, reflecting an increase in cash, cash equivalents and short-term investments to €2.49 billion from €2.35 billion at December 31, 2015, with long-term debt of €1.00 billion unchanged.

Currency: During 2016 currency exchange rate evolution overall had a slightly net negative impact on the Company's reported revenue, operating income, earnings per share and their respective growth rates. In 2015 currency exchange rates had a material, net positive impact on reported revenue, operating income and earnings per share and their respective growth rates. The Company has followed a long-standing policy of measuring its revenue performance and setting its revenue objectives exclusive of currency in order to measure in a transparent manner the underlying level of improvement in its revenue and software revenue by type, industry, region and product lines.

2017 Business Outlook: For a discussion of the Company's 2017 business outlook, see paragraph 3.2 "Financial Objectives". For further information regarding risks facing the Company, see paragraph 1.6.1 "Risks Related to the Company's Business".

3.1.1.2 Supplemental Non-IFRS Financial Information

Readers are cautioned that the supplemental non-IFRS financial information is subject to inherent limitations. It is not based on any comprehensive set of accounting rules or principles and should not be considered in isolation from or as a substitute for IFRS measurements. The supplemental non-IFRS financial information should be read only in conjunction with the Company's consolidated financial statements prepared in accordance with IFRS. Furthermore, the Company's supplemental non-IFRS financial information may not be comparable to similarly titled non-IFRS measures used by other companies. Specific limitations for individual non-IFRS measures are set forth below.

In evaluating and communicating its results of operations, the Company supplements its financial results reported on an

IFRS basis with non-IFRS financial data. As further explained below, the supplemental non-IFRS financial information excludes the effects of: deferred revenue adjustments for acquired companies, amortization of acquired intangibles, share-based compensation expense and related social charges, other operating income and expense, net, certain one-time items included in financial revenue and other, net, and the income tax effect of the non-IFRS adjustments and certain one-time tax effects. Subject to the limitations set forth above and below, the Company believes that the supplemental non-IFRS financial information provides a consistent basis for period-to-period comparisons which can improve investors' understanding of its financial performance.

The Company's management uses the supplemental non-IFRS financial information, together with its IFRS financial information, for financial planning and analysis, evaluation of its operating performance, mergers and acquisition analysis and valuation, operational decision-making and for setting financial objectives for future periods. Compensation of its senior management is based in part on the performance of its business measured with the supplemental non-IFRS information. The Company believes that the supplemental non-IFRS data also provides meaningful information to investors and financial analysts who use the information for comparing the Company's operating performance to its historical trends and to other companies in its industry, as well as for valuation purposes.

The supplemental non-IFRS financial information adjusts the Company's IFRS financial information to exclude:

- **deferred revenue adjustment of acquired companies:** under IFRS, deferred revenue of an acquired company must be adjusted by writing it down to account for the fair value of obligations assumed under contracts acquired through the acquisition of the company. As a result, in the case of a typical one-year contract, the Company's IFRS revenues for the one-year period subsequent to an acquisition do not reflect the full amount of revenue on assumed contracts that would have otherwise been recorded by the acquired entity in the absence of the acquisition.

In its supplemental non-IFRS financial information, the Company has excluded this write-down to the carrying value of the deferred revenue, and reflects instead the full amount of such revenue. The Company believes that this non-IFRS measure of revenue is useful to investors and management because it reflects a level of revenue and operational results which corresponds to the combined business activities of

Dassault Systèmes and the acquired company. In addition, the non-IFRS financial information provides a consistent basis for comparing its future operating performance, when no further adjustments to deferred revenue are required, against recent results.

However, by excluding the deferred revenue adjustment, the supplemental non-IFRS financial information reflects the total revenue that would have been recorded by the acquired entity but may not reflect the total cost associated with generating the non-IFRS revenue.

- **amortization of acquired intangibles, including amortization of acquired technology:** under IFRS, the cost of acquired intangible assets, whether acquired through acquisitions of companies or of technology or certain other intangible assets, must be recognized according to the assets' fair value and amortized over their useful life.

In its supplemental non-IFRS financial information, the Company has excluded the amortization expenses related to acquired intangibles in order to provide a consistent basis for comparing its historical results. For technology and other intangible assets the Company develops internally, it typically expenses costs in the period in which they are incurred. For example, because it typically incurs most of its R&D costs prior to reaching technical feasibility, its R&D costs are expensed in the period in which they are incurred. By excluding the amortization expenses related to acquired intangibles, the supplemental non-IFRS financial information provides a uniform approach for evaluating the development cost of all the Company's technology, whether developed internally or acquired externally. As a result, the Company believes that the supplemental financial information offers investors a useful basis for comparing its historical results.

However, the acquired intangible assets whose amortization costs are excluded contributed to revenue earned during the period, and it may not have been possible to earn such revenue without such assets. In addition, the amortization of acquired intangibles is a recurring expense until their total cost has been amortized;

- **share-based compensation expense and related social charges:** under IFRS, the Company is required to recognize in its income statement all share-based payments to employees, including grants of employee stock options and performance shares, based on their fair values over the period that an employee provides service in exchange for the award.

The Company excludes this expense in its supplemental non-IFRS financial information as financial analysts and investors use a valuation model which may not take into account its share-based compensation expense. The exclusion of share-based compensation expense in the Company's supplemental non-IFRS financial information therefore helps them ensure the consistency of their valuation metrics. The Company's management considers the supplemental non-IFRS information which excludes share-based compensation expense when reviewing the Company's operating performance, since share-based compensation expenses can fluctuate due to factors other than the level of its business activity or operating performance.

However, share-based compensation is one component of employee compensation. By excluding share-based compensation expense, the supplemental non-IFRS financial information does not reflect the Company's full cost of attracting, motivating and retaining its personnel. Share-based compensation expense is a recurring expense;

- other operating income and expense, net: under IFRS, the Company has recognized certain other operating income and expense comprised of the impact of costs incurred in connection with the voluntary early retirement plan, restructuring activities, gains or losses on sale of subsidiaries, costs directly related to acquisitions and costs related to site closings and reorganization of the Group's premises.

In its supplemental non-IFRS financial information, the Company excludes other operating income and expense effects because of their unusual, infrequent or generally non-recurring nature. As a result, the Company believes that its supplemental non-IFRS financial information helps investors better understand the current trends in its operating performance.

However, other operating income and expense are components of the Company's income and expense and by excluding them the supplemental non-IFRS financial information excludes their impact to its net income;

- certain one-time items included in financial revenue and other, net: under IFRS, the Company has recognized certain one-time items in financial revenue and other, net comprised of the impact of discontinued hedge accounting for interest rate swaps, gains and losses on disposals of non-consolidated equity investments and the expense recognized following the impairment of non-consolidated equity investments.

In its supplemental non-IFRS financial information, the Company excludes certain one-time items included in financial revenue and other, net because of their unusual, infrequent or generally non-recurring nature. As a result, the Company believes that its supplemental non-IFRS financial information helps investors better understand the current trends in its operating performance.

However, these one-time items included in financial revenue and other, net are components of the Company's income and expense and by excluding them the supplemental non-IFRS financial information excludes their impact to its net income;

- certain one-time tax effects: the Company restructured certain activities which resulted in immediate adjustment of the income tax provision. The Company's IFRS financial statements reflect the impact of these one-time tax effects.

In its supplemental non-IFRS financial information, the Company has excluded these one-time tax effects because of their unusual nature in qualitative terms. The Company does not expect such tax effects to occur as part of its normal business on a regular basis. As a result, the Company believes that by excluding these one-time tax impacts, its supplemental non-IFRS financial information helps investors understand the current trends in its operating performance. The Company also believes that the exclusion of certain one-time tax effects facilitates a comparison of its effective tax rate between different periods.

However, these one-time tax effects are a component of the Company's income tax expense. By excluding these effects, the supplemental non-IFRS financial information understates or overstates the Company's income tax expense. These one-time tax effects are not a recurring expense.

The following table sets forth the Company's supplemental non-IFRS financial information, together with the comparable IFRS financial measure and a reconciliation of the IFRS and non-IFRS information.

(in millions of euros, except percentages and per share data)	Year ended December 31,						% Change	
	2016 IFRS	Adjust- ment ⁽¹⁾	2016 non-IFRS	2015 IFRS	Adjust- ment ⁽¹⁾	2015 non-IFRS	IFRS	non-IFRS ⁽²⁾
Total Revenue	€3,055.6	€10.0	€3,065.6	€2,839.5	€37.2	€2,876.7	8%	7%
Total revenue by activity								
Software revenue	2,694.7	9.6	2,704.3	2,502.8	35.1	2,537.9	8%	7%
Services and other revenue	360.9	0.4	361.3	336.7	2.1	338.8	7%	7%
Total revenue by geography								
Americas	942.4	3.5	945.9	889.5	20.0	909.5	6%	4%
Europe	1,301.9	5.7	1,307.6	1,226.5	11.6	1,238.1	6%	6%
Asia	811.3	0.8	812.1	723.5	5.6	729.1	12%	11%
Total software revenue by product line								
CATIA software revenue	970.8	–	970.8	938.5	0.4	938.9	3%	3%
ENOVIA software revenue	321.4	–	321.4	301.9	–	301.9	6%	6%
SOLIDWORKS software revenue	626.0	–	626.0	569.8	–	569.8	10%	10%
Other software revenue	776.5	9.6	786.1	692.6	34.7	727.3	12%	8%
Total Operating Expenses	2,383.6	(275.7)	2,107.9	2,206.3	(214.5)	1,991.8	8%	6%
Share-based compensation expense	(79.3)	79.3	–	(42.5)	42.5	–		
Amortization of acquired intangibles	(155.8)	155.8	–	(159.6)	159.6	–		
Other operating income and expense, net	(40.6)	40.6	–	(12.4)	12.4	–		
Operating Income	672.0	285.7	957.7	633.2	251.7	884.9	6%	8%
Operating Margin	22.0%		31.2%	22.3%		30.8%		
Financial revenue and other, net	(10.5)	5.8	(4.7)	(0.1)	–	(0.1)		
Income before Income Taxes	661.5	291.5	953.0	633.1	251.7	884.8	4%	8%
Income tax expense	(209.3)	(98.4)	(307.7)	(227.1)	(77.3)	(304.4)	(8%)	1%
(of which certain one-time tax restructuring effects)	6.6	(6.6)	–	(6.7)	6.7	–		
Non-controlling interest	(5.0)	–	(5.0)	(3.8)	–	(3.8)		
Net Income attributable to shareholders	€447.2	€193.1	€640.3	€402.2	€174.4	€576.6	11%	11%
Diluted Net Income per Share⁽³⁾	€1.74	€0.75	€2.49	€1.57	€0.68	€2.25	11%	11%

(1) In the reconciliation schedule above, (i) all adjustments to IFRS revenue data reflect the exclusion of the deferred revenue adjustment of acquired companies, (ii) adjustments to IFRS operating expense data reflect the exclusion of the amortization of acquired intangibles, share-based compensation expense and related social charges, as detailed below, and other operating income and expense, net (iii) adjustments to IFRS financial revenue and other, net reflect the exclusion of certain one-time items included in financial revenue and other, net, and (iv) all adjustments to IFRS income data reflect the combined effect of these adjustments, plus with respect to net income and diluted net income per share, the income tax effect of the non-IFRS adjustments and certain one-time tax effects.

(in millions of euros)	Year ended December 31,					
	2016 IFRS	Adjustment	2016 non-IFRS	2015 IFRS	Adjustment	2015 non-IFRS
Cost of revenue	€463.6	€(3.2)	460.4	€437.9	€(1.3)	€436.6
Research and development	540.5	(33.6)	506.9	492.5	(17.7)	474.8
Marketing and sales	952.6	(27.0)	925.6	892.2	(15.4)	876.8
General and administrative	230.5	(15.5)	215.0	211.7	(8.1)	203.6
Total share-based compensation expense		(79.3)			(42.5)	

(2) The non-IFRS percentage change compares non-IFRS measures for the two different periods. In the event there is an adjustment to the relevant measure for only one of the periods under comparison, the non-IFRS change compares the non-IFRS measure to the relevant IFRS measure.

(3) Based on a weighted average of 257.4 million diluted shares for 2016 and 256.6 million diluted shares for 2015.

3.1.1.3 Critical Accounting Principles

The Company's consolidated financial statements have been prepared in accordance with IFRS. The preparation of these financial statements requires the Company to make certain assumptions and estimates. Actual results may differ from these estimates under different assumptions or conditions. The Company believes the following critical accounting policies,

among others, involve the more significant assumptions and estimates used in the preparation of its consolidated financial statements: revenue recognition, share-based payments, purchase price allocation for business combinations, goodwill and other intangible assets, income taxes and reasonable estimates about the ultimate resolution of the Company's tax uncertainties. See Note 2 to the consolidated financial statements for a description of these accounting policies.

3.1.2 Consolidated Information: 2016 Compared to 2015

Revenue

The Company's total revenue is comprised of (i) software revenue, which is its primary source of revenue, representing 88% of total revenue in 2016, and (ii) services and other revenue, which represented 12% of total revenue in 2016.

<i>(in millions of euros, except percentages)</i>	Year ended December 31, 2016	% change	% change in constant currencies	Year ended December 31, 2015
Total Revenue	€3,055.6	8%	8%	€2,839.5
Software Revenue*	2,694.7	8%	8%	2,502.8
<i>Americas software revenue</i>	815.5	8%	8%	756.3
<i>Europe software revenue</i>	1,139.1	6%	8%	1,077.0
<i>Asia software revenue</i>	740.1	11%	8%	669.5
Services and other revenue	360.9	7%	7%	336.7

* The Company's largest national markets as measured by total revenue are the United States, Germany, Japan, France and the United Kingdom. See Note 3 to the consolidated financial statements.

IFRS total revenue increased 8% in constant currencies. Non-IFRS total revenue increased 7%, on software revenue growth of 7% and services and other revenue growth of 7% in constant currencies. Excluding acquisitions, non-IFRS total revenue and software revenue growth would have been 6% in constant currencies.

Software Revenue

Software revenue is primarily comprised of new licenses revenue, periodic licenses, maintenance and other software-

related revenue. Periodic licenses subscription and maintenance subscription revenue are referred to together as "recurring revenue".

The Company's products are principally licensed pursuant to one of two payment structures: (i) new licenses, for which the customer pays an initial or one-time fee for a perpetual license or (ii) periodic (rental subscription or cloud subscription) licenses, for which the customer pays periodic fees to keep the license active. Access to maintenance and unspecified product updates or upgrades requires payment of a fee,

which is recorded as maintenance revenue. Periodic (rental or subscription) licenses entitle the customer to corrective maintenance and product updates without additional charge. Product updates include improvements to existing products but do not cover new products. Other software-related revenue is principally comprised of the Company's product development revenue relating to the development of additional functionalities of standard products requested by customers and reinstated maintenance.

<i>(in millions of euros, except percentages)</i>	Year ended December 31,	
	2016	2015
Software revenue by type:		
New licenses revenue	€773.2	€716.5
Recurring software revenue (periodic and maintenance revenue)	1,910.3	1,765.9
Other software-related revenue	11.2	20.4
Total software revenue	€2,694.7	€2,502.8
(as % of total revenue)	88.2%	88.1%

For 2016, IFRS software revenue increased 7.7%. Non-IFRS software revenue increased 6.6% and 7% excluding currency effects and totaled €2.70 billion compared to €2.54 billion for 2015.

IFRS New licenses revenue increased 7.9% in 2016. Non-IFRS new licenses revenue of €773.8 million increased 5.2% and 5% in constant currencies on mixed results by industries and geographic regions.

IFRS recurring software increased 8.2% to €1.91 billion. Non-IFRS recurring software revenue growth increased 7.7% or 9% excluding currency effects, to €1.92 billion, led by maintenance subscription growth. The Company benefited from a strong maintenance subscription performance in all three regions, with high renewal rates generally and growth in maintenance subscription from prior new licenses activity. In addition, growth in rental software revenue in all three regions contributed to the total growth in rental subscription and in turn to the growth of recurring software revenue.

Non-IFRS recurring software revenue represented 71% and 70% of non-IFRS total software revenue for 2016 and 2015, respectively.

Services and Other Revenue

Services and other revenue is principally comprised of revenue from consulting services in methodology for design, deployment and support, training services and engineering services. In addition, services and other revenue also include content-related digital production for use in 3D visualization, advertising, sales and marketing.

<i>(in millions of euros, except percentages)</i>	Year ended December 31,	
	2016	2015
Services and other revenue	€360.9	€336.7
(as % of total revenue)	11.8%	11.9%

IFRS Services and other revenue increased 7.2%. Non-IFRS services and other revenue of €361.3 million increased 6.6% and approximately 7% in constant currencies, compared to €338.8 million in 2015. The non-IFRS services and other revenue gross margin increased to 14.7% for 2016 compared to 13.2% for 2015.

Services and other revenue growth reflect two distinct trends. The first is the Company's focus on extending its relationships with system integrators and its sales partners to expand the capacity for implementation of its software solutions and therefore it is actively reducing the pursuit of certain consulting and services engagements. At the same time, the Company is benefiting from increased service engagements related to the strong growth in **3DEXPERIENCE** as well as strong growth in services for Quintiq and BIOVIA during 2016.

Operating expenses

<i>(in millions of euros)</i>	Year ended December 31,	
	2016	2015
Operating expenses	€2,383.6	€2,206.3
Adjustments*	(275.7)	(214.5)
Non-IFRS operating expenses*	€2,107.9	€1,991.8

* The adjustments and non-IFRS operating expenses in the table above reflect adjustments to the Company's financial information prepared in accordance with IFRS by excluding (i) the amortization of acquired intangibles of €155.8 million and €159.6 million for 2016 and 2015, respectively, (ii) share-based compensation expense and related social charges of €79.3 million and €42.5 million for 2016 and 2015, respectively, and (iii) other operating income and expense, net of €40.6 million and €12.4 million for 2016 and 2015, respectively. For the reconciliation of this non-IFRS financial information with information set forth in the Company's financial statements and the notes thereto, see paragraph 3.1.1.2 "Supplemental Non-IFRS Financial Information".

Cost of Software Revenue (excluding amortization of acquired intangibles)

The cost of software revenue includes principally software personnel costs, licensing fees paid for third-party components integrated into the Company's own products, hosting and other cloud-related costs and other expenses.

<i>(in millions of euros, except percentages)</i>	Year ended December 31,	
	2016	2015
Cost of software revenue (excluding amortization of acquired intangibles)	€153.8	€143.2
<i>(as % of total revenue)</i>	5.0%	5.0%

IFRS cost of software revenue (excluding amortization of acquired intangibles) increased 7.4%. Non-IFRS cost of software revenue increased 6.8% to €152.3 million, or 6% excluding currency effects, and primarily reflected higher personnel-related costs on headcount growth as well as increased Cloud-related costs.

Cost of Services and Other Revenue

The cost of services and other revenue includes principally personnel and other costs related to organizing and providing consulting, deployment services, content creation and educational services less the technical support provided to sales operations.

<i>(in millions of euros, except percentages)</i>	Year ended December 31,	
	2016	2015
Cost of services and other revenue	€309.8	€294.7
<i>(as % of total revenue)</i>	10.1%	10.4%

IFRS cost of services and other revenue increased 5.1%. Non-IFRS costs of services and other revenue totaled €308.1 million compared to €294.0 million in 2015, representing an increase of 4.8%, or 5% excluding currency effects. The increase in non-IFRS cost of services and other revenue largely reflected higher personnel costs including subcontractors and selective personnel increases.

Research and development Expenses

The Company conducts its research in Europe (mainly France, Germany, the United Kingdom, the Netherlands and Poland), the Americas (the United States and Canada) and Asia Pacific (mainly India, Malaysia and Australia).

Expenses for R&D include primarily personnel costs as well as the rental, depreciation and maintenance expenses for computers and computer hardware used in R&D, development tools, computer networking and communication expenses.

Costs for R&D of software are expensed in the period in which they were incurred. The Company generally does not capitalize any R&D costs. A small percentage of R&D personnel pursue R&D activities in the context of providing clients with software maintenance, and their cost is thus included under cost of software revenue.

Expenses for R&D are recorded net of grants recognized from various governmental authorities to finance certain R&D activities (mainly R&D tax credits in France).

<i>(in millions of euros, except percentages)</i>	Year ended December 31,	
	2016	2015
Research and development expenses	€540.5	€492.5
<i>(as % of total revenue)</i>	17.7%	17.3%

During 2016, IFRS research and development expenses increased 9.7%. On a non-IFRS basis, research and development expenses totaled €506.9 million compared to €474.8 million in 2015 and increased 6.8%, or 7% excluding currency impacts, reflecting higher personnel costs including total headcount growth of 9%. Government grants included in research and development totaled €29.9 million in 2016 and €34.8 million in 2015. See Note 5 of the consolidated financial statements.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of personnel costs, which include sales commissions and personnel for processing sales transactions; marketing and communications expenses, including advertising; travel expenses; and marketing infrastructure costs, such as information technology resources used for marketing.

<i>(in millions of euros, except percentages)</i>	Year ended December 31,	
	2016	2015
Sales and marketing expenses	€952.6	€892.2
<i>(as % of total revenue)</i>	31.2%	31.4%

Sales and marketing expenses increased 6.8%. Non-IFRS sales and marketing expenses totaled €925.6 million compared to €876.8 million in 2015, representing an increase of 5.6% or 6% excluding currency impacts principally due to growth in sales expenses of 7% on personnel costs including growth in total headcount of 7% excluding acquisitions. Marketing expenses increased 2.4% or 3% excluding currency impacts.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel costs of the finance, human resources and other departments, including legal; third-party professional fees (excluding acquisition-related fees) and other expenses; travel expenses; related infrastructure costs, including information technology resources as well as other expenses.

<i>(in millions of euros, except percentages)</i>	Year ended December 31,	
	2016	2015
General and administrative expenses	€230.5	€211.7
(as % of total revenue)	7.5%	7.5%

General and administrative expenses increased 8.9%. On a non-IFRS basis, general and administrative expenses totaled €215.0 million compared to €203.6 million in 2015, increasing 5.6% or 6% excluding currency effects. The growth of non-IFRS general and administrative expenses was principally related to higher personnel related costs, including growth in total headcount of 9%.

Amortization of Acquired Intangibles

Amortization of acquired intangibles includes mainly amortization of acquired technology and acquired customer relationships.

<i>(in millions of euros)</i>	Year ended December 31,	
	2016	2015
Amortization of acquired intangibles	€155.8	€159.6

Amortization of acquired intangibles decreased €3.8 million during 2016.

Other Operating Income and Expense, net

Other operating income and (expense), net, includes the impact of events that are unusual, infrequent or generally non-recurring in nature.

<i>(in millions of euros)</i>	Year ended December 31,	
	2016	2015
Other operating income and (expense), net	€(40.6)	€(12.4)

Other operating and (expense), net increased €(28.2) million principally reflecting an expense of €(14.1) million related to a voluntary early retirement plan implemented in June 2016, an increase in restructuring costs of €(7.2) million and higher expenses related to the reorganization of the Group's premises of €(4.9) million. See Note 8 to the consolidated financial statements.

Operating Income

<i>(in millions of euros)</i>	Year ended December 31,	
	2016	2015
Operating income	€672.0	€633.2

Operating income increased 6.1%. On a non-IFRS basis, operating income increased 8.2% to €957.7 million for 2016, compared to €884.9 million for 2015. The non-IFRS operating margin increased to 31.2% for 2016 compared to 30.8% for 2015, reflecting approximately 70 basis points of underlying improvement, offset in part by a net negative currency impact of 20 basis points and acquisition dilution of about 10 basis points.

Financial revenue and other, net

Financial revenue and other, net includes (i) interest income and interest expense, net; (ii) foreign exchange gains or losses, net, primarily composed of realized and unrealized exchange gains and losses on receivables and loans denominated in foreign currencies; and (iii) one-time items, net principally composed of net gains or losses on sales of investments.

<i>(in millions of euros)</i>	Year ended December 31,	
	2016	2015
Financial revenue and other, net	€(10.5)	€(0.1)

2016 financial revenue and other, net was mainly comprised of interest income and (expense), net of €(7.9) million (2015: €11.2 million), including an impact of €(12.6) million of discontinued hedge accounting treatment for interest rate swaps given the expected trend of negative interest rates, exchange losses of €(9.3) million (2015: €(12.0) million) and other income (loss), net of €6.7 million (2015: €0.7 million), including a gain on sale of investment. See Note 9 to the consolidated financial statements.

On a non-IFRS basis, financial revenue and other, net totaled €(4.7) million compared to €(0.1) million in 2015 and principally reflected lower net financial interest income due to the increase in interest expense related to a new five-year credit facility of €650 million drawn down in October of 2015, as well as lower interest income on interest-earning assets offset in part by lower foreign exchange losses.

Income tax expense

<i>(in millions of euros, except percentages)</i>	Year ended December 31,	
	2016	2015
Income tax expense	€209.3	€227.1
Effective consolidated tax rate	31.6%	35.9%

Income tax expense decreased 7.8% in 2016 compared to 2015, benefiting from a decrease in the effective consolidated tax rate to 31.6% from 35.9%. See Note 10 to the consolidated financial statements for an explanation of the differences between the effective tax rates and the taxes computed at the statutory French tax rate of 34.43% for 2016 and 38% for 2015.

On a non-IFRS basis, income tax expense increased 1.1% to €307.7 million for 2016, compared to €304.4 million for 2015, with growth of 7.7% in non-IFRS pre-tax income to €953.0 million partially offset by a decrease in the non-IFRS effective tax rate to 32.3% for 2016, compared to 34.4% for 2015.

The decreases in both the IFRS and non-IFRS effective tax rates for 2016 reflected both a tax reserve reversal in the 2016 first quarter and a reduction in the corporate statutory tax rate mainly in France.

Net income and diluted net income per share

<i>(in millions of euros, except percentages)</i>	Year ended December 31,	
	2016	2015
Net income attributable to shareholders	€447.2	€402.2
Diluted net income per share	€1.74	€1.57
Diluted weighted average number of shares outstanding	257.4	256.6

IFRS diluted net income per share increased 10.8%. Non-IFRS diluted net income per share increased 10.7% to €2.49, up from €2.25 in 2015. 2016 results included a 5 cents impact from a reversal of tax reserves in the first quarter. Currency exchange rates had a net negative impact on non-IFRS diluted net income per share growth of 100 basis points.

3.1.3 Trends in Quarterly Results

The Company's quarterly new licenses revenue has varied significantly and is likely to vary significantly in the future, according to the Company's business seasonality, clients' decision processes and new licenses and rental licensing mix. Service and other revenue activity also vary by quarter. The Company's total software revenue is, however, less sensitive to quarterly variation due to its significant level of recurring software revenue, which is comprised of maintenance revenue and on-premise software subscriptions as well as initial cloud subscriptions. In combination, maintenance and periodic licenses revenue represented 71% of total IFRS software revenue in 2016 and 2015. This significant level of recurring software revenue has served and continues to serve as a stabilizing factor when new licensing activity is impacting revenue and net income. Acquisitions and divestitures can also cause the different elements of revenue to vary from quarter to quarter.

A significant portion of new license sales typically occurs in the last month of each quarter, and the Company normally experiences its highest new licenses sales for the year in its fiscal fourth quarter ended December 31. Software revenue, total revenue, operating income, operating margin and net income have generally been highest in the fourth quarter of each year.

In 2016, non-IFRS total revenue for the fourth, third, second and first quarters represented, respectively, 28.8% (28.1% in 2015), 24.0% (23.8% in 2015), 24.6% (25.2% in 2015) and 22.6% (22.9% in 2015) of the Company's non-IFRS total revenue for the year.

Nonetheless, it is possible that the Company's quarterly total revenue could vary significantly and that its net income could vary significantly, reflecting the change in revenues, together with the effects of the Company's investment plans. See paragraph 1.6.1.12 "Variability in Quarterly Operating Results".

3.1.4 Capital Resources

Cash and cash equivalents and short-term investments amounted to €2.49 billion as of December 31, 2016 compared to €2.35 billion as of December 31, 2015. The Company's net financial position was €1.49 billion at December 31, 2016, compared to €1.35 billion at December 31, 2015, and was comprised of cash, cash equivalents and short-term investments, less long-term debt.

In 2016 the Company's principal sources of liquidity were cash from operations of €621.7 million, and proceeds from the exercise of stock options amounting to €26.8 million. During 2016 cash obtained from operations was used principally to fund acquisitions of €262.7 million, net of cash acquired, to repurchase shares in the amount of €127.3 million, to distribute cash dividends aggregating €101.9 million (based upon the shareholders electing to receive cash), and to make additions to property, equipment and intangibles of €56.7 million, net of sales.

In 2015 the Company's principal sources of liquidity were cash from operations of €633.3 million, and proceeds from the initially five-year credit facility of €650.0 million, as well

as proceeds from the exercise of stock options amounting to €35.9 million. During 2015 cash obtained from operations was used principally to distribute cash dividends aggregating €98.4 million (based upon the shareholders electing to receive cash), to make additions to property, equipment and intangibles of €43.6 million, to repurchase shares in the amount of €28.3 million and to fund acquisitions of €20.2 million net. See also the Consolidated Statements of Cash Flows in paragraph 4.1.1 "Consolidated Financial Statements".

Exchange rate fluctuations had a positive translation effect, on cash and cash equivalent balances, of €35.7 million as of December 31, 2016, and of €55.2 million as of December 31, 2015.

The Company follows a conservative policy for investing its cash resources, mostly relying on short-term maturity investments. Investment rules are defined by the Company's financial management and controlled by the Treasury department of Dassault Systèmes SE.

3.2 Financial Objectives

The Company confirms its initial 2017 non-IFRS financial objectives which were announced on February 2, 2017, when the unaudited annual results for 2016 were released. These objectives are subject to the assumptions and cautionary statements set forth below and are subject to revision, as market and business conditions evolve during 2017.

The Company's initial 2017 non-IFRS financial objectives are as follows:

- 2017 non-IFRS revenue growth objective range of about 6% to 7% in constant currencies (€3.27 billion to €3.30 billion based upon the 2017 currency exchange rate assumptions outlined below for its principal currencies) with about 8-10% non-IFRS new licenses software revenue and 6% non-IFRS recurring software revenue growth;

- 2017 non-IFRS operating margin of about 31.5% embedding about 50 basis points of organic improvement exclusive of acquisition dilution and currency effects;
- 2017 non-IFRS earnings per share of about €2.65 to €2.70, representing a growth objective of about 6-8% or about 9-11% excluding the 2016 first quarter 5 cent impact from a tax reserve reversal;
- These financial objectives are based upon an average exchange rate assumption of U.S. dollar 1.10 per euro and Japanese yen of 117.0 per euro for 2017.

The Company's objectives are prepared and communicated only on a non-IFRS basis. The 2017 annual non-IFRS objectives set forth above do not take into account the following accounting elements and are based upon the 2017

currency exchange rate assumptions above: deferred revenue write-downs currently estimated at approximately €12 million for 2017; share-based compensation expense, including related social charges, currently estimated at approximately €78 million for 2017 and amortization expense for acquired intangibles currently estimated at approximately €160 million for 2017. These objectives do not include any impact from other operating income and expense, net principally comprised of acquisition, integration and restructuring expenses. These estimates do not include any new stock option or share grants, or any new acquisitions or restructurings completed after February 2, 2017.

In addition, in conjunction with its Capital Markets Day held on June 10, 2016, the Company reaffirmed its 2019 non-

IFRS EPS objective of about €3.50 and confirms it. The 2019 objective was initially outlined on June 13, 2014 at the Company's prior capital markets day.

The information above includes statements that express objectives for the Company's future financial performance. Such forward-looking statements are based on Dassault Systèmes management's views and assumptions as of the date of this Annual Report and involve known and unknown risks and uncertainties. The Company's actual results or performance may be materially negatively affected and differ materially from those in such statements due to a range of factors as described in this Annual Report. For more information regarding the risks facing the Company, see paragraph 1.6 "Risk factors".

3.3 Interim and Other Financial Information

Dassault Systèmes has not published any quarterly or half-year financial information since the date of its last audited financial statements.

4

FINANCIAL STATEMENTS

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The consolidated and parent company financial statements below will be submitted for approval at the General Meeting of Shareholders of Dassault Systèmes scheduled for May 23, 2017.

4.1 Consolidated Financial Statements

In compliance with article 28 of the European Regulation no. 809/2004 of the European Commission, the consolidated financial statements for 2014 and 2015 are incorporated by reference in this Annual Report as stated on page 2 hereof.

4.1.1 Consolidated Financial Statements

Consolidated Statements of Income

<i>(in thousands of euros, except per share data)</i>	Notes	Year ended December 31,	
		2016	2015
New licenses revenue		€773,180	€716,539
Periodic licenses, maintenance and other software revenue		1,921,492	1,786,240
Software revenue	4	2,694,672	2,502,779
Services and other revenue		360,914	336,676
TOTAL REVENUE		3,055,586	2,839,455
Cost of software revenue		(153,838)	(143,183)
Cost of services and other revenue		(309,757)	(294,737)
Research and development		(540,506)	(492,494)
Marketing and sales		(952,566)	(892,182)
General and administrative		(230,463)	(211,731)
Amortization of acquired intangibles		(155,830)	(159,561)
Other operating income and expense, net	8	(40,592)	(12,360)
OPERATING INCOME		672,034	633,207
Interest income and expense, net	9	(7,928)	11,172
Other financial income and expense, net	9	(2,607)	(11,292)
INCOME BEFORE INCOME TAXES		661,499	633,087
Income tax expense	10	(209,292)	(227,136)
NET INCOME		€452,207	€405,951
Attributable to:			
Equity holders of the Company		€447,192	€402,178
Non-controlling interest		€5,015	€3,773
Earnings per share			
Basic net income per share	11	€1.76	€1.59
Diluted net income per share	11	€1.74	€1.57

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

Consolidated Statements of Comprehensive Income

<i>(in thousands of euros)</i>	Notes	Year ended December 31,	
		2016	2015
NET INCOME		€452,207	€405,951
(Losses) Gains on cash flow hedges	23	17,195	(7,137)
Foreign currency translation adjustment		72,530	173,658
Income tax on items to be reclassified		(6,110)	2,549
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax		83,615	169,070
Remeasurements of defined benefit pension plans	22	(12,506)	1,331
Income tax on items not being reclassified		2,885	(582)
Other comprehensive income not being reclassified to profit or loss in subsequent periods, net of tax		(9,621)	749
OTHER COMPREHENSIVE INCOME, NET OF TAX		73,994	169,819
TOTAL COMPREHENSIVE INCOME, NET OF TAX		€526,201	€575,770
Attributable to:			
Equity holders of the Company		€520,903	€571,530
Non-controlling interest		€5,298	€4,240

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

Consolidated Balance Sheets

<i>(in thousands of euros)</i>	Notes	Year ended December 31,	
		2016	2015
Assets			
Cash and cash equivalents	12	€2,436,701	€2,280,534
Short-term investments	12	56,064	70,752
Trade accounts receivable, net	13	820,442	739,141
Income tax receivable		108,230	48,367
Other current assets	13	148,999	102,386
TOTAL CURRENT ASSETS		3,570,436	3,241,180
Property and equipment, net	14	135,402	135,326
Non-current financial assets	15	174,824	132,498
Deferred tax assets	10	135,886	115,284
Intangible assets, net	17	1,079,076	1,024,809
Goodwill	18	1,847,442	1,662,333
TOTAL NON-CURRENT ASSETS		3,372,630	3,070,250
TOTAL ASSETS		€6,943,066	€6,311,430

<i>(in thousands of euros)</i>			
Liabilities and equity			
Trade accounts payable		€144,860	€119,802
Accrued compensation and other personnel costs		315,796	274,933
Unearned revenue		853,147	778,036
Income tax payable		27,262	47,570
Other current liabilities	19	124,575	91,525
TOTAL CURRENT LIABILITIES		1,465,640	1,311,866
Deferred tax liabilities	10	258,729	213,854
Borrowings, non-current	20	1,000,000	1,000,000
Other non-current liabilities	19	335,866	298,012
TOTAL NON-CURRENT LIABILITIES		1,594,595	1,511,866
Common stock		128,998	128,357
Share premium		500,098	454,448
Treasury stock		(222,933)	(108,921)
Retained earnings and other reserves		3,173,639	2,797,556
Other items		280,423	197,091
Parent shareholders' equity		3,860,225	3,468,531
Non-controlling interest		22,606	19,167
TOTAL EQUITY	23	3,882,831	3,487,698
TOTAL LIABILITIES AND EQUITY		€6,943,066	€6,311,430

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

Consolidated Statements of Cash Flows

<i>(in thousands of euros)</i>	Notes	Year ended December 31,	
		2016	2015
Net income		€452,207	€405,951
Adjustments for non-cash items	24	245,759	203,530
Changes in operating assets and liabilities	24	(76,224)	23,780
Net cash provided by operating activities		621,742	633,261
Additions to property, equipment and intangibles	14, 17	(56,655)	(43,579)
Purchases of short-term investments		(41,320)	(93,283)
Proceeds from sales and maturities of short-term investments		60,952	99,087
Payment for acquisition of businesses, net of cash acquired	16	(262,664)	(20,209)
Other		765	(2,538)
Net cash used in investing activities		(298,922)	(60,522)
Proceeds from exercise of stock options		26,827	35,927
Cash dividends paid	23	(101,944)	(98,418)
Repurchase of treasury stock	23	(127,259)	(28,295)
Borrowings	20	-	650,000
Repayment of borrowings	20	-	(10,796)
Net cash provided by (used in) financing activities		(202,376)	548,418
Effect of exchange rate changes on cash and cash equivalents		35,723	55,171
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		156,167	1,176,328
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		2,280,534	1,104,206
CASH AND CASH EQUIVALENTS AT END OF PERIOD		€2,436,701	€2,280,534
Supplemental disclosure			
Income taxes paid		€309,539	€209,276
Cash paid for interest		€11,257	€6,354

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

Consolidated Statements of Shareholders' Equity

<i>(in thousands of euros)</i>	Common stock	Share premium	Treasury stock	Retained earnings and other reserves	Other items		Parent shareholders' equity	Non-controlling interest	Total Equity
					Cash flow hedges	Foreign currency translation adjustment			
JANUARY 1, 2015	€128,182	€484,208	€(187,085)	€2,489,667	€(6,428)	€34,916	€2,943,460	€16,044	€2,959,504
Net income	-	-	-	402,178	-	-	402,178	3,773	405,951
Other comprehensive income, net of tax	-	-	-	749	(4,223)	172,826	169,352	467	169,819
COMPREHENSIVE INCOME, NET OF TAX	-	-	-	402,927	(4,223)	172,826	571,530	4,240	575,770
Dividends	93	12,801	-	(108,535)	-	-	(95,641)	(2,777)	(98,418)
Exercise of stock options	884	34,340	-	-	-	-	35,224	-	35,224
Treasury stock transactions	(802)	(76,901)	78,164	(28,756)	-	-	(28,295)	-	(28,295)
Share-based payments	-	-	-	40,194	-	-	40,194	-	40,194
Other changes	-	-	-	2,059	-	-	2,059	1,660	3,719
DECEMBER 31, 2015	€128,357	€454,448	€(108,921)	€2,797,556	€(10,651)	€207,742	€3,468,531	€19,167	€3,487,698
Net income	-	-	-	447,192	-	-	447,192	5,015	452,207
Other comprehensive income, net of tax	-	-	-	(9,621)	11,130	72,202	73,711	283	73,994
COMPREHENSIVE INCOME, NET OF TAX	-	-	-	437,571	11,130	72,202	520,903	5,298	526,201
Dividends	140	19,062	-	(119,287)	-	-	(100,085)	(1,859)	(101,944)
Exercise of stock options	501	26,588	-	-	-	-	27,089	-	27,089
Treasury stock transactions	-	-	(114,012)	(13,247)	-	-	(127,259)	-	(127,259)
Share-based payments	-	-	-	71,764	-	-	71,764	-	71,764
Other changes	-	-	-	(718)	-	-	(718)	-	(718)
DECEMBER 31, 2016	€128,998	€500,098	€(222,933)	€3,173,639	€479	€279,944	€3,860,225	€22,606	€3,882,831

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

Notes to the Consolidated Financial Statements for Years Ended December 31, 2016 and 2015

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Note 1 Description of Business

The “Company” or the “Group” refers to Dassault Systèmes SE and its subsidiaries. The Company provides end-to-end software solutions and services, designed to support companies’ innovation processes, from specification and design of a new product, to its manufacturing, supply and sale to the customer, through all stages of digital mock-up, simulation, and realistic 3D virtual experiences representing the end-user experience.

The Company’s global customer base includes companies in 12 industrial sectors: Transportation & Mobility; Industrial Equipment; Aerospace & Defense; Financial & Business Services; High-Tech; Life Sciences; Energy, Process & Utilities; Consumer Goods & Retail; Natural Resources; Architecture, Engineering &

Construction; Consumer Packaged Goods & Retail and Marine & Offshore. To serve its customers, the Company has developed a broad software applications portfolio, comprised of 3D modeling applications, simulation applications, social and collaborative applications, and information intelligence applications, powered by its **3DEXPERIENCE** platform.

Dassault Systèmes SE is a European company (*Societas Europaea*), incorporated under the laws of France. The Company’s registered office is located at 10, rue Marcel Dassault, in Vélizy-Villacoublay, France. The Dassault Systèmes SE shares are listed in France on Euronext Paris. These consolidated financial statements were established under the responsibility of the Board of Directors on March 16, 2017.

Note 2 Summary of Significant Accounting Policies

Basis of preparation and consolidation

The accompanying consolidated financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union as of December 31, 2016. The consolidated financial statements are presented in thousands of euros except where otherwise indicated.

The consolidated financial statements include the accounts of Dassault Systèmes SE and its subsidiaries. Companies over which the Company has control are fully consolidated. The Group controls an entity when (i) it has power over this entity, (ii) is exposed to or has rights to variable returns from its involvement with that entity, and (iii) has the ability to use its power over that entity to affect the amount of those returns. Companies over which the Company exercises significant influence are accounted for under the equity method. Intercompany transactions and balances are eliminated.

Impact of recently issued accounting standards

New standards, interpretations or amendments effective beginning on January 1, 2016 did not have a significant impact on the Company’s consolidated financial statements.

The Company undertakes no early application of any standard or interpretation or associated amendments which were already published in the Official Journal of the European Union at December 31, 2016:

IFRS 9 – Financial Instruments

IFRS 9 “Financial Instruments” which supersedes IAS 39 “Financial Instruments: Recognition and Measurement” deals with classification and measurement as well as with impairment and hedge accounting. The new standard will come into effect on January 1, 2018 with early application permitted.

The Company’s consolidated financial statements will take into account IFRS 9 from January 1, 2018 and will fully assess the impact of its application in 2017.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes the accounting principles that an entity shall apply to recognize revenue from contracts with customers. It replaces the previous standards and interpretations related to revenue recognition, notably IAS 18 “Revenue” and IAS 11 “Construction contracts” and IFRIC 13 “Customer Loyalty

Programmes". The standard provides a single, principle based five-step model to be applied in order to define the timing and the amount of revenue arising from a contract with a customer. It provides a guide to applying the standard, notably regarding the licenses and specific provisions for how to recognize incremental costs of obtaining or fulfilling a contract, that are addressed by other standards. The standard requires the disclosure of new qualitative and quantitative information in the notes to the consolidated accounts. The new standard will come into effect on January 1, 2018 with early application permitted.

The Company's consolidated financial statements will take into account IFRS 15 from January 1, 2018. The Company is currently assessing in detail the impact of its first application.

IFRS 16 – Lease

IASB issued on January 13, 2016 a new accounting standard called IFRS 16 "Leases". IFRS 16 is a major revision of the way in which companies account for leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. IFRS applies to annual reporting periods beginning on or after January 1, 2019 with early application permitted and subject to its adoption by the European Union.

The Company has begun the identification of all leases and the measurement of the lease liabilities for a limited scope of entities. Extension to all Group entities of this measurement process is scheduled for 2017.

Summary of significant accounting policies

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses and disclosure of contingent assets and liabilities at the date of the financial statements. Areas involving the use of significant estimates and assumptions mainly include: assessing product lifecycles; identifying the different elements comprising a software arrangement, including the distinction between upgrades/enhancements and new products; determining when technological feasibility is achieved for its products; estimating the recoverable amount of goodwill; determining the nature, fair value and useful

life of acquired intangible assets in a business combination; determining assumptions to estimate the fair value of share-based payments; assessing the recognition of deferred tax assets; and making reasonable estimates about the ultimate resolution of the Company's tax uncertainties based on current tax laws and the Company's interpretation thereof. Actual results and outcomes could differ from management's estimates and assumptions.

Foreign currency adjustments

The functional currency of the Company's foreign subsidiaries is generally the applicable local currency. Assets and liabilities with functional currencies other than the euro are translated into euro equivalents at the rate of exchange in effect on the balance sheet date. Revenues, expenses and cash flows are translated at the average exchange rates for the year unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case revenues, expenses and cash flows are translated at the rate on the dates of the transactions. Translation gains or losses are recorded in Other items in shareholders' equity.

Exchange differences on the settlement or retranslation of monetary items in a currency other than the Company's and its subsidiaries' functional currency are recorded in the statement of income.

Revenue recognition

The Company derives revenue from two primary sources: (1) new software licenses, periodic licenses, maintenance and other software revenue, which includes software license updates, technical support and the development of additional functionalities of standard products requested by clients; (2) consulting and training services and other revenue.

Revenues are disclosed net of taxes collected from customers and remitted to governmental authorities.

New Software Licenses, Periodic Licenses, Maintenance and Other Software Revenue

Software license revenue represents fees earned from granting customers licenses to use the Company's software. The Company's software license revenue consists of perpetual and periodic license sales of software products. Software license revenue is recognized (to the extent the Company has no remaining obligations to perform) when: evidence of an arrangement exists, delivery and acceptance has occurred,

the amount of revenue and associated costs can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Company. In instances when any of the four criteria are not met, the Company defers recognition of software license revenue until all criteria are met. Revenue related to the licensing of software through value-added resellers (VARs) is generally recognized when evidence of a sale to an end-user customer is provided to the Company, assuming all other revenue recognition criteria have been met.

Periodic licenses generally have a one-year term and the corresponding fee is recognized ratably over the term of the license.

Maintenance revenue represents periodic fees associated with the sale of unspecified product updates on a when-and-if-available basis and technical support. Maintenance agreements are entered into in connection with the initial software license purchase. Maintenance support may be renewed by the customer at the conclusion of each term. Revenue from maintenance is recognized on a straight-line basis over the term of the maintenance agreement.

Other software revenue mainly relates to the development of additional functionalities of standard products requested by clients and is recognized as the development work is performed.

Recurring fees for periodic licenses, maintenance and other software revenue are reported within software revenue.

Revenue under multiple-element arrangements, which typically include new software licenses and maintenance agreements sold together, is allocated to each element in the arrangement primarily using the residual method based upon the fair value of the undelivered elements. Discounts, if any, are applied to the delivered elements, usually software licenses, under the residual method. For maintenance, fair value is generally determined based upon the expected renewal rate.

Services and Other Revenue

Services and other revenue consists primarily of fees from consulting services in methodology for design, deployment and support, and training services. Services generally do not require significant modification or customization of software

products and are accounted for separately to the extent they are not essential to the functionality of software products. Service revenues derived from time and material contracts are recognized as time is incurred.

Service revenues derived from fixed price contracts are generally recognized using a percentage of completion basis. For customer support contracts, when no performance pattern is discernible, revenue is recognized ratably over the term of the contract, generally one year, on a straight-line basis.

Share-based payment

The Company recognizes compensation expense for share-based payment awards expected to vest on a straight-line basis over the requisite service period of the entire award. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from initial estimates.

Stock options are measured at fair value on the date of the grant using an option-pricing model based on assumptions made by management on expected volatility, expected option life and distributed dividends.

Performance shares are measured at fair value based on the quoted price of the Company's common stock on the date of grant. The fair value may also include the impact of a market condition based on an option-pricing model. Non-market vesting conditions are excluded from the fair value measurement but are taken into account to estimate the number of shares that will eventually vest. At the end of each reporting period, the Group reviews this estimate and records the impact of changes to original estimate, if any, in the statement of income.

For performance share plans that allow the beneficiaries to acquire shares either upon satisfaction of a market condition or a non-market vesting condition, the Group estimates the fair value of the equity instrument at grant date for each possible outcome, and accounts for the share-based payment based on the most likely outcome at the end of each reporting period.

Cost of software revenue

Cost of software revenue primarily includes software license expense for software products included in the Company's software, maintenance costs and delivery expense.

Research and development

Research costs are expensed as incurred.

Costs incurred to develop computer software products include mainly payroll and other headcount-related costs associated with development of the Company's products. They also include amortization expense, lease and maintenance costs of computer equipment used for product development, software expenditures and costs of information technology and communication.

Due to specificities in the software industry, the Company has determined that technological feasibility is the key criteria to capitalize development expenditure as it is generally the last criteria to be met. Currently the risks and uncertainties inherent in the software development process make it difficult to demonstrate technological feasibility before a working prototype has been completed, which generally occurs shortly before the commercial release of its software products. As a consequence, costs incurred after technological feasibility is established that could potentially be capitalized are not material.

Government grants

The Company receives grants from various governmental authorities to finance certain research and development activities, including research and development tax credits in France that are treated as government grants because they are realizable in cash in the event the Company has insufficient income tax payable. Government grants are recognized as a reduction of research and development costs or cost of services and other revenue when the qualifying research and development activities have been performed and there is reasonable assurance that the grants will be received.

Other operating income and expense, net

The Company distinguishes income and expense that is unusual, infrequent or generally non-recurring in nature in the consolidated statement of income. Such income and expense includes the impact of restructuring activity and other generally non-recurring events, such as gain or loss on sale of subsidiaries, costs directly related to acquisitions, and costs related to site closings or moving from one site to another.

Other financial income and expense, net

Other financial income and expense primarily includes the impact of remeasuring financial instruments at fair value, gains and losses on disposals and the impairment of investments in non-consolidated companies, exchange gains and losses on monetary items and change in fair value of derivative financial instruments not qualified for hedge accounting.

Income taxes

Deferred income tax is recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Allowance for doubtful accounts and loans receivable

The allowance for doubtful accounts and loans receivable reflects the Company's best estimate of probable losses inherent in the receivable balance. The Company determines the allowance based on known troubled accounts, historical experience and other currently available evidence.

Financial instruments

Fair Value – The carrying amounts of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued expenses approximate fair value, due to the short-term maturities of such instruments. Foreign exchange options and forward contracts, which are designated and serve as hedges, are recorded at their fair market value. Fair value is measured based on the following fair value hierarchy: level 1: quoted price in active markets; level 2: inputs observable directly or indirectly, other than quoted price included in level 1; level 3: inputs not based on observable market data. Cash, cash equivalents and short-term investments are measured using the level 1 fair value. Derivative instruments are measured using the level 2 fair value. Other investments that are not equity method investments are measured using the level 3 fair value.

Cash and Cash Equivalents and Short-Term Investments –

The Company considers deposits with banks, investments in money market mutual funds and marketable debt securities with short-term maturities to be cash equivalents since they are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Other marketable debt securities and mutual funds that do not qualify as cash equivalents are considered to be short-term investments and are generally classified as trading securities with changes in fair value recorded in interest income and expense, net.

Non-Current Financial Assets – Non-current financial assets include, principally, available-for-sale equity securities at fair value, loans, deposits and other non-current receivables at amortized cost and equity method investments. For available-for-sale equity securities, any unrealized holding gains and losses excluded from operating results are recognized in the consolidated statements of comprehensive income until realized. The Company assesses declines in the value of individual investments to determine whether such decline is other-than-temporary and thus the investment is impaired. This assessment is made by considering available evidence including changes in general market conditions, specific industry and individual company data, the length of time and the extent to which the market value has been less than cost, the financial condition and near-term prospects of the individual company, and the Company's intent and ability to hold the investment.

Derivative Instruments – The Company uses derivative instruments to manage exposures to foreign currency and interest rates. Derivative instruments are measured at their fair value and changes in the fair value affect the consolidated statements of income unless specific hedge accounting criteria are met. Changes in the fair value of derivatives designated as cash-flow hedges are reported as a component of shareholders' equity until the hedged item is recognized in earnings.

Property and equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives: computer equipment, two to five years; office furniture and equipment, five to 10 years; buildings, 30 years; leasehold improvements are depreciated over the shorter of the life of the assets or the remaining lease term. Repair and maintenance costs are expensed as incurred.

Intangible assets

Intangible assets primarily include acquired technology, contractual customer relationships and computer software. Costs related to intangible assets are capitalized and amortized using the straight-line method over their estimated useful lives, which range from two to 16 years. No intangible assets have been identified with an indefinite useful life.

Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed on the acquisition date. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition, irrespective of the extent of any non-controlling interest.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash generating units or group of cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is tested whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, and at a minimum annually. For the purpose of the impairment test, the Company relies upon projections of future cash flows and takes into account assumptions regarding the evolution of the market and its ability to successfully develop and commercialize its products. Changes in market conditions could have a major impact on the valuation of assets and liabilities and could result in additional impairment losses.

Provisions

Provisions are recognized as liabilities to cover probable outflows of resources that can be estimated and that result from present obligations (legal, contractual or constructive) relating to past events. In cases where a potential obligation resulting from past events exists, but where occurrence of the outflow of resources is not probable or where the amount cannot be reliably estimated, a contingent liability is disclosed among the Company's commitments.

The amount of the provision provided is the best estimate of the outflow of resources required to extinguish this present obligation.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Gains and losses on the purchase, sale, issue or cancellation of the Company's own equity instruments are credited or charged to shareholders' equity and are not recognized in the statement of income.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Any difference between the recorded amount and the redemption value is amortized into income over the period of the borrowing using the effective interest rate method.

Post-employment benefits

The Company's payments for defined contribution plans are recorded as expenses for the relevant period.

For defined benefit plans concerning post-employment benefits, the Company uses the projected unit credit method to determine the present value of its obligations. Under this method, benefits are attributed to periods of service according to the plan's benefit formula. However, if an employee's service in later years will earn a materially higher level of benefit than in earlier years, benefits are attributed to periods of service on a straight-line basis.

Actuarial gains and losses are charged or credited to equity in other comprehensive income in the period in which they arise.

The future payments for employee benefits are measured on the basis of future salary increases, retirement age, mortality and length of employment with the Company, and are discounted at a rate determined by reference to yields on long-term high quality corporate bonds of a duration corresponding to the estimated duration of the benefit plan concerned.

The net expense for the year, corresponding to the sum of the current service costs, past service costs and net interest expense or income, is charged in full to operating income.

Note 3 Segment and Geographic Information

Operating segments are components of the Company for which discrete financial information is available and whose operating results are regularly reviewed by management to assess performance and allocate resources. The Company operates in a single operating segment, the sale of software solutions, whose aim is to offer customers an integrated innovation process, from the development of a new concept to the realistic experience of the resultant product, through all stages of detailed design, scientific simulation and manufacturing, thanks to the **3DEXPERIENCE** platform.

The assessment of the operating segment's performance is based on the Group's supplemental non-IFRS financial information (see paragraph 3.1.1.2 "Supplemental Non-IFRS Financial Information"). The accounting policies used

differ from those described in Note 2 Summary of Significant Accounting Policies as follows:

- the measure of operating segment revenue and income includes the whole revenue that would have been recognized by acquired companies had they remained stand-alone entities but which is partially excluded from Group revenue to reflect the fair value of obligations assumed;
- the measure of operating segment income excludes share-based compensation expense and associated payroll taxes (see Note 6 Personnel Costs and Note 7 Share-based Payments), amortization of acquired intangibles, and other operating income and expense, net (see Note 8 Other Operating Income and Expense, Net).

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
TOTAL REVENUE FOR OPERATING SEGMENT	€3,065,617	€2,876,652
Adjustment for unearned revenue of acquired companies	(10,031)	(37,197)
TOTAL REVENUE	€3,055,586	€2,839,455

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
INCOME FOR OPERATING SEGMENT	€957,700	€884,834
Adjustment for unearned revenue of acquired companies	(10,031)	(37,197)
Share-based compensation expense and related payroll taxes	(79,213)	(42,509)
Amortization of acquired intangibles	(155,830)	(159,561)
Other operating income and expense, net	(40,592)	(12,360)
OPERATING INCOME	€672,034	€633,207

Data by geographic operations of the Company is established according to geographical location of the consolidated companies and is as follows:

<i>(in thousands of euros)</i>	Total revenue	Total assets	Additions to property, equipment and intangibles
2016			
Europe	€1,027,655	€4,224,578	€35,938
<i>of which France</i>	496,249	1,959,214	20,457
<i>of which Germany</i>	219,556	720,539	1,967
Americas	1,284,581	2,191,327	18,543
<i>of which the United States</i>	1,234,761	1,982,857	16,414
Asia	743,350	527,161	6,336
<i>of which Japan</i>	409,094	155,254	2,192
TOTAL	€3,055,586	€6,943,066	€60,817
2015			
Europe	€984,154	€3,656,664	€22,447
<i>of which France</i>	463,345	2,612,147	18,134
<i>of which Germany</i>	214,496	442,781	891
Americas	1,206,888	2,150,243	12,370
<i>of which the United States</i>	1,154,515	1,954,114	11,580
Asia	648,413	504,523	8,762
<i>of which Japan</i>	357,888	136,901	1,207
TOTAL	€2,839,455	€6,311,430	€43,579

The Company also receives data that identifies the location of the Company's end-user customers. Using such information, revenue by geographic area would be as follows:

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
Europe	€1,301,944	€1,226,426
<i>of which France</i>	273,167	246,439
<i>of which Germany</i>	365,961	357,021
Americas	942,389	889,504
<i>of which the United States</i>	828,799	755,552
Asia	811,253	723,525
<i>of which Japan</i>	393,118	347,837
TOTAL REVENUE	€3,055,586	€2,839,455

Note 4 Software Revenue

Software revenue is comprised of the following:

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
New licenses revenue	€773,180	€716,539
Periodic licenses and maintenance revenue	1,910,316	1,765,873
Other software revenue	11,176	20,367
SOFTWARE REVENUE	€2,694,672	€2,502,779

Breakdown of software revenue by main product line is as follows:

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
CATIA software revenue	€970,817	€938,484
SOLIDWORKS software revenue	626,010	569,827
ENOVIA software revenue	321,441	301,878
Other	776,404	692,590
SOFTWARE REVENUE	€2,694,672	€2,502,779

Note 5 Government Grants

Government grants and other government assistance were recorded in the consolidated statements of income as a reduction to research and development expenses and to cost of services and other revenue expenses, as follows:

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
Research and development	€29,916	€34,780
Costs of services and other revenue	1,507	1,308
TOTAL GOVERNMENT GRANTS	€31,423	€36,088

Note 6 Personnel Costs

Personnel costs

Personnel costs, excluding share-based payments (€71.8 million in 2016 and €40.2 million in 2015, see Note 7 Share-based Payments) and associated payroll taxes (€7.4 million in 2016 and €2.3 million in 2015), are presented in the following table:

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
Personnel costs	€(1,171,951)	€(1,102,733)
Social security costs	€(262,214)	(252,212)
TOTAL	€(1,434,165)	€(1,354,945)

Average number of employees was 13,817 and 13,188 in 2016 and 2015 respectively.

Note 7 Share-based Payments

Compensation expense related to share-based payments, including associated payroll taxes, is recorded in the consolidated statements of income as follows:

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
Research and development	€(33,580)	€(17,628)
Marketing and sales	(26,928)	(15,377)
General and administrative	(15,448)	(8,121)
Cost of revenue	(3,257)	(1,383)
TOTAL COMPENSATION EXPENSE RELATED TO SHARE-BASED PAYMENTS	€(79,213)	€(42,509)

Changes during 2016 and 2015 of unvested options and performance shares were as follows:

	Number of awards		
	Performance shares	Stock options	Total
UNVESTED AT JANUARY 1, 2015	2,488,840	609,850	3,098,690
Granted	1,034,600	1,965,555	3,000,155
Vested	(773,550)	-	(773,550)
Forfeited	(76,500)	(170,150)	(246,650)
UNVESTED AT DECEMBER 31, 2015	2,673,390	2,405,255	5,078,645
Granted	1,082,950	1,947,785	3,030,735
Vested	(336,310)	(683,205)	(1,019,515)
Forfeited	(41,810)	(296,636)	(338,446)
UNVESTED AT DECEMBER 31, 2016	3,378,220	3,373,199	6,751,419

Performance shares

Pursuant to an authorization granted by the shareholders at the General Meeting of Shareholders held on September 4, 2015, the Board of Directors decided to grant on May 26, 2016 782,950 performance shares to some employees and executives (Plan 2016-A) and 300,000 shares to Mr. Bernard Charlès, Vice-Chairman of the Board of Directors and Chief Executive Officer, as part of a plan of progressively associating him with the Company's capital (Plan 2016-B). Such shares shall be vested at the end of an acquisition period of two to three years, subject to the condition that the beneficiary be an employee or a director of the Company at the acquisition date and to the achievement of certain performance objectives. The shares granted to Mr. Bernard Charlès are also subject to an additional performance condition related to his variable compensation itself dependent on achieving performance criteria previously established by the Board.

The performance condition for the first tranche will be measured based on the average performance of two criteria: the growth of the non-IFRS diluted earnings per share of the Group for the year 2017, excluding foreign currency effects, compared to the year 2015 (non-market condition), and the outperformance of the price of the Dassault Systèmes share

compared to the performance of the CAC 40 index between February 2016 and February 2018 (market condition). Such growth and outperformance must be at least equal to a threshold established by the Board.

The performance condition for the second tranche will be measured based on two cumulative criteria: the growth of the non-IFRS diluted earnings per share of the Group for the year 2018, excluding foreign currency effects, compared to the year 2015 (non-market condition), and the outperformance of the price of the Dassault Systèmes share compared to the performance of the CAC 40 index between February 2016 and February 2019 (market condition). Such growth and outperformance must be at least equal to a threshold established by the Board.

The weighted average grant-date fair value of shares granted in 2016 was €48.08. It was estimated based on the quoted price of the Company's common stock on the date of grant, adjusted to include the market condition using a Monte Carlo model when applicable. The model simulates the performance of Dassault Systèmes share price and compares it against the performance of the CAC 40 index. Assumptions used are as follows: expected volatility rate of 22%, expected dividend yield of 0.70% and average risk-free interest rate of (0.29%).

A summary of the Company's performance shares plans is as follows:

Plans	2010-04	2014-A	2014-B	2015-A	2015-B	2016-A	2016-B
Date of General Meeting of Shareholders	05/27/2010	05/30/2013	05/30/2013	09/04/2015	09/04/2015	09/04/2015	09/04/2015
Date of grant by Board of Directors	09/07/2012	02/21/2014	02/21/2014	09/04/2015	09/04/2015	05/26/2016	05/26/2016
Total number of shares granted	539,230	529,940	150,000	734,600	300,000	782,950	300,000
Restated total number of shares granted ⁽¹⁾	1,078,460 ⁽²⁾	1,059,880	300,000	734,600	300,000	782,950	300,000
Acquisition period (in years) ⁽³⁾	Three or four ⁽⁴⁾	Four	Four	Two	Two	Two or three ⁽⁷⁾	Two or three ⁽⁷⁾
Performance conditions	See Note ⁽⁵⁾	See Note ⁽⁶⁾	See Note ⁽⁶⁾	See Note ⁽⁶⁾	See Note ⁽⁶⁾	See Note ⁽⁸⁾	See Note ⁽⁸⁾
Performance conditions is reached at December 31, 2016	Yes	See Note ⁽⁹⁾	See Note ⁽⁹⁾	See Note ⁽¹⁰⁾	See Note ⁽¹⁰⁾	N/A	N/A

(1) For shares granted before July 17, 2014, total number of shares granted has been restated to reflect the two-for-one stock split effected on July 17, 2014.

(2) Including 28,000 shares granted to Mr. Bernard Charlès, Vice-Chairman of the Board of Directors and Chief Executive Officer, subject to an additional performance condition related to his variable compensation.

(3) Subject to the condition that the beneficiary be an employee or a director of the Company at the acquisition date.

(4) Three years in France and four years outside of France.

(5) Non-market performance conditions based on actually realized non-IFRS diluted earnings per share of the Group compared to the upper limit of the non-IFRS diluted earnings per share objective during three years (2012, 2013 and 2014 for 2010-04 Shares). The shares granted to Mr. Bernard Charlès, Vice-Chairman of the Board of Directors and Chief Executive Officer, are also subject to an additional performance condition related to variable compensation dependent on achieving performance criteria previously established by the Board of Directors.

(6) Performance condition measured based on two alternative criteria, the growth of the non-IFRS diluted earnings per share of the Group or the outperformance of the price of the Dassault Systèmes share compared to the performance of the CAC 40 index (market condition) for each of the years 2015, 2016 and 2017 for 2014-A and 2014-B Shares, and for the year 2016 for 2015-A and 2015-B Shares, compared to the year 2014. Such growth or difference must be at least equal to a threshold established by the Board of Directors. The 2015-B Shares granted to Mr. Bernard Charlès, Vice-Chairman of the Board of Directors and Chief Executive Officer, are also subject to an additional performance condition related to variable compensation dependent on achieving performance criteria previously established by the Board of Directors.

(7) Share acquisition divided into two tranches, the first vesting in May 26, 2018 and the second in May 26, 2019.

(8) Performance condition for the first tranche will be measured based on the average performance of two criteria: the growth of the non-IFRS diluted earnings per share of the Group for the year 2017, excluding foreign currency effects, compared to the year 2015 (non-market condition), and the outperformance of the price of the Dassault Systèmes share compared to the performance of the CAC 40 index between February 2016 and February 2018 (market condition). Such growth and outperformance must be at least equal to a threshold established by the Board of Directors. Performance condition for the second tranche will be measured based on two cumulative criteria: the growth of the non-IFRS diluted earnings per share of the Group for the year 2018, excluding foreign currency effects, compared to the year 2015 (non-market condition), and the outperformance of the price of the Dassault Systèmes share compared to the performance of the CAC 40 index between February 2016 and February 2019 (market condition). Such growth and outperformance must be at least equal to a threshold established by the Board of Directors. The 2016-B shares granted to Mr. Bernard Charlès, Vice-Chairman of the Board of Directors and Chief Executive Officer, are also subject to an additional performance condition related to his variable compensation itself dependent on achieving performance criteria previously established by the Board of Directors.

(9) Tranche 1 performance conditions based on year 2015 are reached. Tranche 2 performance condition will be measured by March 16, 2017 Board of Directors.

(10) Will be measured by March 16, 2017 Board of Directors.

Performance shares granted in 2016 are measured at fair value based on the quoted price of the Company's common stock on the date of grant.

Stock option

The main features of the Group stock option plans are as follows: Options vest over various periods ranging from one to four years, subject to continued employment, options expire eight to ten years from grant date, or after termination of employment, whichever is earlier, options have generally been granted at an exercise price equal to or greater than the grant-date market value of the Company's share.

Pursuant to an authorization granted by the shareholders at the General Meeting of Shareholders held on May 26, 2016, the Board of Directors decided on the same day to grant 1,947,785 options to subscribe to Dassault Systèmes shares to certain employees, at an exercise price of €69.00 (Plan 2016-01).

Such options shall be vested at the end of an acquisition period of one to three years, subject to the condition that the beneficiary be an employee of the Company at the acquisition date and to the achievement of certain non-market performance objectives for the years 2016, 2017 and 2018. The options expire ten years from grant date or after termination of employment, whichever is earlier.

The weighted average grant-date fair value of options granted in 2016 was €13.19. It was estimated on the date of grant using a Black-Scholes option pricing model. Assumptions used are as follows: weighted-average expected life of 6 years, expected volatility rate of 21%, expected dividend yield of 0.70% and average risk-free interest rate of (0.05%). The expected volatility was determined using a combination of the historical volatility of the Company's stock and the implied volatility of the Company's exchange-traded options

A summary of the Company's stock option activity is as follows:

	2016		2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
OUTSTANDING AS OF JANUARY 1,	5,312,096	€38.40	5,287,411	€23.73
Granted	1,947,785	€69.00	1,965,555	€62.00
Exercised	(1,001,683)	€27.04	(1,769,020)	€19.91
Forfeited	(296,636)	€58.31	(171,850)	€47.57
OUTSTANDING AS OF DECEMBER 31,	5,961,562	€49.31	5,312,096	€38.40
Exercisable	2,588,363	€29.41	2,906,841	€21.50

A summary of the remaining contractual life and the exercise price of options outstanding as of December 31, 2016 is presented below:

Stock option plan	Number of options	Remaining life (years)	Exercise price
2008-02	922,616	0.90	€19.50
2010-01	1,150,623	1.40	€23.50
2014-01	326,326	5.40	€45.50
2015-01	1,668,917	8.68	€62.00
2016-01	1,893,080	9.40	€69.00
OUTSTANDING AS OF DECEMBER 31, 2016	5,961,562	6.12	€49.31

Note 8 Other Operating Income and Expense, Net

Other operating income and expense, net are comprised of the following:

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
Costs incurred in connection with voluntary early retirement plan ⁽¹⁾	€(14,137)	€-
Costs incurred in connection with relocation activities ⁽²⁾	(9,959)	(5,085)
Restructuring costs ⁽³⁾	(8,759)	(1,556)
Acquisition costs-and other ⁽⁴⁾	(7,737)	(5,719)
OTHER OPERATING INCOME AND EXPENSE, NET	€(40,592)	€(12,360)

(1) In June 2016, the Group has implemented for French subsidiaries a voluntary early retirement plan over 3 years. This plan allows eligible employees to retire early while receiving a replacement income until they can access to their full pension. This plan is treated as a post-employment benefit which estimated costs are based on an assumption of expected proportion of employees to enter the plan and accrued taking into account the employees estimated residual service period.

(2) In 2016 and 2015, primarily composed of expenses for vacant leasehold properties related to the reorganization of the Group's premises in North America.

(3) In 2016, primarily composed of severance costs relating to the termination of employees following the Company's decision to rationalize its sales organization principally in Europe.

(4) In 2016 transaction costs primarily relating to the acquisition of CST AG.

Note 9 Interest Income and Expense, Net and Other Financial Income and Expense, Net

Interest income and expense, net and other financial income and expense, net for the years ended December 31, 2016 and 2015 are as follows:

<i>(in thousands of euros)</i>	Year ended December 31	
	2016	2015
Interest income ⁽¹⁾	€17,400	€18,576
Interest expense ⁽²⁾	(25,328)	(7,404)
INTEREST INCOME AND EXPENSE, NET	(7,928)	11,172
Foreign exchange losses, net ⁽³⁾	(9,318)	(11,963)
Other, net ⁽⁴⁾	6,711	671
OTHER FINANCIAL INCOME AND EXPENSE, NET	€(2,607)	€(11,292)

(1) Interest income is primarily composed of interests on cash, cash equivalents and short-term investments.

(2) In 2016, mainly includes interest expense of €11.2 million due pursuant to two term loan facility agreements entered into in October 2015 and June 2013, respectively, for €650 and €350 million, respectively (see Note 20. Borrowings), and the impact of discontinued hedge accounting for interest rate swaps for €12.6 million given the expected trend of negative interest rates (see Note 21. Derivatives). In 2015, mainly include interest expense of €6.3 million due pursuant to these two term loan facility agreements.

(3) Foreign exchange losses, net are primarily composed of realized and unrealized exchange gains and losses on receivables and loans denominated in Malaysian ringgits and British pounds in 2016 and U.S. dollars, Australian dollar and Canadian in 2015.

(4) In 2016, mainly includes a gain on sale of investment.

Note 10 Income Taxes

Deferred tax assets and liabilities are as follows:

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
Provisions and other expenses	€87,334	€80,449
Profit-sharing and pension accruals	44,651	53,686
Net tax loss and tax credit carryforward assets	42,963	44,418
Amortization and basis difference	24,285	26,504
Amortization of acquired intangibles	(299,967)	(288,605)
Other	(22,109)	(15,022)
NET DEFERRED TAX LIABILITY	€(122,843)	€(98,570)
Deferred tax assets	135,886	115,284
Deferred tax liabilities	(258,729)	(213,854)
NET DEFERRED TAX LIABILITY	€(122,843)	€(98,570)

Change in deferred taxes can be summarized as follows:

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
NET DEFERRED TAX LIABILITY AS OF JANUARY 1,	€(98,570)	€(136,048)
Changes included in the income statement	43,170	42,461
Business combinations	(59,337)	(1,398)
Other changes included in shareholders' equity	(6,013)	5,540
Currency translation adjustments	(2,093)	(9,125)
NET DEFERRED TAX LIABILITY AS OF DECEMBER 31,	€(122,843)	€(98,570)

The components of income before income taxes are as follows:

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
France	€290,719	€298,189
Foreign	370,780	334,898
INCOME BEFORE INCOME TAXES	€661,499	€633,087

The components of income tax expense are as follows:

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
France	€(98,774)	€(116,418)
Foreign	(153,688)	(153,179)
CURRENT TAXES	(252,462)	(269,597)
France	12,716	137
Foreign	30,454	42,324
CHANGE IN DEFERRED TAXES	43,170	42,461
INCOME TAX EXPENSE	€(209,292)	€(227,136)

Differences between the income tax provision and the provision computed using the statutory French income tax rate are as follows:

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
Taxes computed at the statutory rate of 34,43% in 2016 (38% in 2015)	€(227,754)	€(240,573)
Foreign tax rate differentials	(6,681)	6,852
R&D tax credit and other tax credits ⁽¹⁾	13,723	17,374
Tax exempt income	19,813	12,458
Adjustments of prior income tax provision	4,412	518
Other, net ⁽²⁾	(12,805)	(23,765)
INCOME TAX EXPENSE	€(209,292)	€(227,136)
Effective tax rate	31.6%	35.9%

(1) R&D tax credit and other tax credits derived mainly from research tax credits in France and in the United States.

(2) In 2016, included mainly tax impact in connection with French *cotisation sur la valeur ajoutée des entreprises* ("CVAE") and reversal of tax reserves. In 2015, includes mainly tax impact in connection with transfer of certain contracts in Asia, and French CVAE.

At December 31, 2016, there were unrecognized tax losses and tax credit carried forward of €51.9 million, which are scheduled to expire after 2022.

Note 11 Earnings per Share

Basic net income per share is determined by dividing net income attributable to equity holders of the Company by the weighted average number of common shares outstanding during the period. Diluted net income per share is determined

by dividing net income attributable to equity holders of the Company by the combination of the weighted average number of common shares outstanding during the period and the dilutive effect of stock options and performance shares.

The following table presents the calculation for both basic and diluted net income per share:

<i>(in thousands of euros, except shares and per share data)</i>	Year ended December 31,	
	2016	2015
Net income attributable to equity holders of the Company	€447,192	€402,178
Weighted average number of shares outstanding	253,916,266	252,480,762
Dilutive effect of share-based payments	3,483,036	4,111,621
Diluted weighted average number of shares outstanding	257,399,302	256,592,383
Basic net income per share	€1.76	€1.59
Diluted net income per share	€1.74	€1.57

Note 12 Cash and Cash Equivalents and Short-term Investments

Cash and cash equivalents are comprised of the following:

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
Bank accounts	€66,759	€88,716
Cash equivalents	2,369,942	2,191,818
CASH AND CASH EQUIVALENTS	€2,436,701	€2,280,534

At December 31, 2016 and 2015, approximately 37% and 26% of cash and cash equivalents was denominated in U.S. dollars, respectively.

Short-term investments of €56.1 million and €70.8 million at December 31, 2016 and 2015, respectively, were primarily comprised of bank certificates of deposit, mutual funds and fixed term deposits. At December 31, 2016 and 2015, short-term investments included approximately 85% and 59% of investments denominated in U.S. dollars, respectively.

Cash, cash equivalents and short-term investments are maintained on deposit with high credit-quality financial institutions, principally in France. The Company follows a conservative policy for investing its cash resources, mostly relying on short-term maturity investments. Investment rules are determined and controlled by the Treasury department of Dassault Systèmes SE.

The Company has adopted policies regarding financial ratings and the spread of maturity dates in order to ensure the security and liquidity of its financial instruments. The Company's management oversees the credit-worthiness of its counterparts and the quality of its investments closely and believes that it has minimal exposure to the risk of bankruptcy of any one of them. The Company also closely oversees the liquidity of its financial assets held at these same counterparts. In this regard, the Company follows in particular the credit rating of each of its counterparties and, up to the present time, all of its counterparties are rated in the Investment Grade category by rating agencies. As a result, the Company believes that it has very low exposure to credit or counterparty risk.

The Group has a central cash management operated by a banking institution. In this context, the parent company of the bank offered a guarantee to the Group in the amount of €474 million, and at the same time the Group offered a guarantee to the bank for the same amount.

Note 13 Trade Accounts Receivable, Net and Other Current Assets

Trade accounts receivable and other current assets are receivables measured at amortized cost.

Trade accounts receivable

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
Trade accounts receivable	€843,818	€759,609
Allowance for trade accounts receivable	(23,376)	(20,468)
TRADE ACCOUNTS RECEIVABLE, NET	€820,442	€739,141

The maturities of trade accounts receivable, net, were as follows:

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
Trade accounts receivable past due at closing date:		
Less than 3 months past due	€84,805	€77,814
3 to 6 months past due	18,030	12,970
More than 6 months past due	11,059	8,065
TRADE ACCOUNTS RECEIVABLE PAST DUE	113,894	98,849
Trade accounts receivable not yet due	706,548	640,292
TOTAL TRADE ACCOUNTS RECEIVABLE, NET	€820,442	€739,141

The Company is not dependent on any of its principal clients. No single customer or sales channel partner represented more than 5% of the Company's total revenue in 2016 and 2015.

Other current assets

Other current assets consist of the following:

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
Prepaid expenses	€75,704	€42,964
Value added tax	49,332	40,248
Derivatives, current ⁽¹⁾	8,909	2,272
Other current assets	15,054	16,902
TOTAL OTHER CURRENT ASSETS	€148,999	€102,386

(1) See Note 21. Derivatives and Currency and Interest Rate Risk Management.

Note 14 Property and Equipment

Property and equipment consist of the following:

<i>(in thousands of euros)</i>	Year ended December 31, 2016			Year ended December 31, 2015		
	Gross	Accumulated depreciation	Net	Gross	Accumulated depreciation	Net
Computer equipment	€177,734	€(128,278)	€49,456	€172,640	€(123,572)	€49,068
Office furniture and equipment	58,792	(40,736)	18,056	55,790	(35,806)	19,984
Leasehold improvements	113,013	(50,560)	62,453	100,682	(40,177)	60,505
Buildings	7,140	(1,703)	5,437	7,057	(1,288)	5,769
TOTAL	€356,679	€(221,277)	€135,402	€336,169	€(200,843)	€135,326

The change in the carrying amount of property and equipment as of December 31, 2016 is as follows:

<i>(in thousands of euros)</i>	Computer equipment	Office furniture and equipment	Leasehold improvements	Buildings	Total
NET PROPERTY AND EQUIPMENT AS OF JANUARY 1, 2016	€49,068	€19,984	€60,505	€5,769	€135,326
Additions	24,526	3,376	10,344	40	38,286
Business combinations	973	722	609	-	2,304
Other changes	(1,017)	202	172	-	(643)
Depreciation for the period	(24,817)	(6,502)	(10,271)	(391)	(41,981)
Exchange differences	723	274	1,094	19	2,110
NET PROPERTY AND EQUIPMENT AS OF DECEMBER 31, 2016	€49,456	€18,056	€62,453	€5,437	€135,402

The change in the carrying amount of property and equipment as of December 31, 2015 is as follows:

<i>(in thousands of euros)</i>	Computer equipment	Office furniture and equipment	Leasehold improvements	Buildings	Total
NET PROPERTY AND EQUIPMENT AS OF JANUARY 1, 2015	€47,956	€21,795	€61,614	€5,372	€136,737
Additions	26,415	3,756	4,164	298	34,633
Other changes	(1,338)	(414)	120	-	(1,632)
Depreciation for the period	(25,912)	(6,431)	(9,796)	(251)	(42,390)
Exchange differences	1,947	1,278	4,403	350	7,978
NET PROPERTY AND EQUIPMENT AS OF DECEMBER 31, 2015	€49,068	€19,984	€60,505	€5,769	€135,326

Note 15 Non-Current Financial Assets

Non-current financial assets consist of the following:

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
Tax receivable ⁽¹⁾	€123,098	€79,860
Loans receivable, non-current	16,164	15,169
Investments	15,498	11,194
Derivatives, non-current ⁽²⁾	3,922	8,643
Deposits and other non-current financial assets	16,142	17,632
NON-CURRENT FINANCIAL ASSETS	€174,824	€132,498

(1) In 2016 and 2015, tax payments following tax reassessments which are disputed by the Group with the relevant authorities (see Note 25 Commitments and Contingencies).

(2) See Note 21 Derivatives and Currency and Interest Rate Risk Management.

Note 16 Business Combinations

2016 acquisitions

Computer Simulation Technology AG ("CST")

On September 30, 2016, the Company acquired 100% of CST, for a cash consideration of approximately €294.8 million, including a contingent consideration of approximately €10 million to be paid in 2017 subject to performance achieved in 2016. Based near Frankfurt, Germany, CST is the technology leader in electromagnetic and electronics simulation.

The preliminary allocation of the purchase price resulted in €126.9 million of goodwill. The primary items that generated goodwill include mainly the value of the synergies between CST and the Company's activities.

Other acquisitions

The Company completed its acquisition of 100% of Ortems, Wave Six LLC and Next Limit Dynamics for total cash consideration of approximately €42.7 million in May, September and December 2016 respectively.

This transaction resulted in €19.4 million of goodwill.

Purchase price allocation

The estimated fair values of assets acquired and liabilities assumed in connection with CST and the other acquisitions presented below are provisional. The Company is waiting for additional information necessary to finalize these fair values and the provisional measurements of fair value presented are subject to change. The Company expects to finalize the valuation and complete the purchase price allocation as soon as practical and no later than one year from the acquisition date.

The purchase prices of CST and other acquisitions have been allocated to identifiable assets acquired and liabilities assumed based on estimated fair values at the date of the acquisition is as follows:

<i>(in thousands of euros)</i>	CST	Other acquisitions	Total
Cash and cash equivalents	€56,117	€3,006	€59,123
Trade accounts receivable	7,847	3,088	10,935
Other assets	15,830	1,056	16,886
Intangible assets acquired ⁽¹⁾	154,163	25,172	179,335
Unearned revenue ⁽²⁾	(3,713)	(1,167)	(4,880)
Other liabilities	(8,653)	(2,307)	(10,960)
Deferred taxes, net	(53,721)	(5,616)	(59,337)
TOTAL IDENTIFIABLE NET ASSETS	€167,870	€23,232	€191,102
Goodwill	126,902	19,446	146,348
TOTAL PURCHASE PRICE	€294,772	€42,678	€337,450

(1) Intangible assets acquired are subject to amortization and include the following:

<i>(in thousands of euros)</i>	CST	Other acquisitions	Total
Software	€98,463	€25,172	€123,635
Customer relationships	55,700	-	55,700
TOTAL INTANGIBLE ASSETS ACQUIRED	€154,163	€25,172	€179,335

(2) The carrying values of unearned revenue were reduced to reflect the fair value of obligations assumed. As a result, approximately €19.5 million of revenues that would have otherwise been recorded by these entities had they not been acquired by the Company will not be recognized in the Company's consolidated statements of income

The unaudited financial information presented in the table below summarizes the combined results of operations for the year ended December 31, 2016 as if the acquisitions had occurred at the beginning of the period. This information is presented for informational purposes and does not purport to be indicative of the results that will be achieved in the future.

This financial information reflects the adjustment to reduce unearned revenue to the fair value of the associated obligation, and the additional amortization expense, assuming the fair value adjustments to deferred revenue and intangible assets had been applied from the beginning of the period, with the related tax effects.

<i>(in thousands of euros)</i>	Year ended December 31, 2016 <i>(unaudited)</i>
Revenue	€3,088,157
Net income	€441,842

In addition, the portion of acquired companies' revenue and net income generated since the acquisition date and included in the Company's consolidated financial statements as of December 31, 2016 is as follows:

<i>(in thousands of euros)</i>	Year ended December 31, 2016
Revenue	€10,709
Net income	€(8,806)

Note 17 Intangible Assets

Intangible assets consist of the following:

<i>(in thousands of euros)</i>	Year ended December 31, 2016			Year ended December 31, 2015		
	Gross	Accumulated amortization	Net	Gross	Accumulated amortization	Net
Software	€1,180,815	€(591,839)	€588,976	€1,030,711	€(503,038)	€527,673
Customer relationships	1,053,573	(578,716)	474,857	972,529	(482,146)	490,383
Other intangible assets	34,809	(19,566)	15,243	27,796	(21,043)	6,753
TOTAL INTANGIBLE ASSETS	€2,269,197	€(1,190,121)	€1,079,076	€2,031,036	€(1,006,227)	€1,024,809

The change in the carrying amount of intangible assets as of December 31, 2016 is as follows:

<i>(in thousands of euros)</i>	Software	Customer relationships	Other intangible assets	Total intangible assets
NET INTANGIBLE ASSETS AS OF JANUARY 1, 2016	€527,673	€490,383	€6,753	€1,024,809
Business combinations	123,635	55,700	-	179,335
Other additions	12,296	36	10,199	22,531
Amortization for the period	(80,411)	(82,728)	(1,317)	(164,456)
Exchange differences	5,783	11,466	(392)	16,857
NET INTANGIBLE ASSETS AS OF DECEMBER 31, 2016	€588,976	€474,857	€15,243	€1,079,076

The change in the carrying amount of intangible assets as of December 31, 2015 is as follows:

<i>(in thousands of euros)</i>	Software	Customer relationships	Other intangible assets	Total intangible assets
NET INTANGIBLE ASSETS AS OF JANUARY 1, 2015	€581,159	€537,431	€7,405	€1,125,995
Business combinations	4,661	-	-	4,661
Other additions	8,879	-	67	8,946
Amortization for the period	(83,054)	(84,720)	(1,229)	(169,003)
Exchange differences	16,028	37,672	510	54,210
NET INTANGIBLE ASSETS AS OF DECEMBER 31, 2015	€527,673	€490,383	€6,753	€1,024,809

Note 18 Goodwill

The change in the carrying amount of goodwill as of December 31, 2016 and 2015 is as follows:

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
GOODWILL AS OF JANUARY 1,	€1,662,333	€1,563,269
Business combinations	146,348	4,401
Exchange differences and other changes	38,761	94,663
GOODWILL AS OF DECEMBER 31,	€1,847,442	€1,662,333

The Company performed annual impairment tests in the fourth quarter of 2016 and 2015; no impairment of goodwill was identified as a result of these tests.

For the purpose of the impairment test, the Company identified 12 cash-generating units ("CGUs") or groups of CGUs as of December 31, 2016, generally corresponding to

the Company's main software products. Each CGU represents the lowest level within the Company at which goodwill is monitored for internal management purposes. Goodwill tested for impairment purposes was allocated to each CGU, or groups of CGUs that were expected to benefit from the synergies of the combination.

Goodwill allocated to each CGU or groups of CGUs is as follows:

<i>(in thousands of euros)</i>	December 31, 2015	CST acquisition	Other acquisitions	Exchange differences and other changes	December 31, 2016
BIOVIA	€414,959	-	-	€13,586	€428,545
SIMULIA	247,931	126,902	13,518	6,248	394,599
CATIA	230,423	-	-	1,315	231,738
ENOVIA	164,910	-	-	4,700	169,610
DELMIA	144,841	-	5,928	3,973	154,742
GEOVIA	115,562	-	-	7,381	122,943
QUINTIQ	119,495	-	-	-	119,495
3DEXCITE	113,143	-	-	-	113,143
Other	111,069	-	-	1,558	112,627
TOTAL	€1,662,333	€126,902	€19,446	€38,761	€1,847,442

The recoverable amount of each CGU or groups of CGUs has been determined based on a value in use calculation. This calculation uses cash flow projections based on financial budgets covering a five- to ten-year period. The ten-year period projections are used for activities that have longer development cycles, representing approximately 57% of the Group's total goodwill as of December 31, 2016. Key assumptions used to determine the value in use of assets are derived from management objectives for revenue growth and operating margin of each CGU or groups of CGUs. The pre-tax discount rates are between 11.0% and 13.1%. Cash flows beyond that five- to ten-year period have been extrapolated using a steady growth rate comprised between 2% and 3%, reflecting long-term growth rates in the software industry.

At December 31, 2016, based on management estimates, the Company concluded that the value in use of each CGU or groups of CGUs exceeded its carrying value. Management believes that any reasonable possible change in key assumptions described above on which recoverable amount is based would not cause each CGU or groups of CGUs' carrying amount to significantly exceed its recoverable amount. In particular, an increase of 150 basis points in the pre-tax discount rate or a decrease of 100 basis points in the long-term growth rates would not cause each CGU or groups of CGUs' carrying amount to significantly exceed its recoverable amount.

Note 19 Other Liabilities

Other liabilities are comprised of the following:

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
Value added tax and other taxes	€88,399	€75,377
Provisions, current ⁽¹⁾	11,380	7,555
Post-employment benefits ⁽²⁾	6,497	-
Derivatives, current ⁽³⁾	524	1,129
Other current liabilities ⁽⁴⁾	17,775	7,464
TOTAL OTHER CURRENT LIABILITIES	€124,575	€91,525
Post-employment benefits ⁽²⁾	€141,442	€116,838
Provisions, non-current ⁽¹⁾	78,788	77,610
Accrual for deferred lease incentives	43,385	46,256
Employee profit sharing, non-current	27,251	27,467
Derivatives, non-current ⁽³⁾	24,080	13,843
Other non-current liabilities	20,920	15,998
TOTAL OTHER NON-CURRENT LIABILITIES	€335,866	€298,012

(1) See reconciliation of provisions below.

(2) See Note 22 Post-employment Benefits.

(3) See Note 21 Derivatives and Currency and Interest Rate Risk Management.

(4) In 2016, includes the contingent consideration related to CST acquisition (see Note 16 Business Combinations).

The change in the carrying value of provisions as of December 31, 2016 is as follows:

<i>(in thousands of euros)</i>	Tax risks	Claims, litigation and other	Restructuring	Total provisions
PROVISIONS AS OF JANUARY 1, 2016	€62,313	€11,394	€11,458	€85,165
Additions	11,625	2,176	16,053	29,854
Utilization	(450)	(759)	(9,851)	(11,060)
Reversal of unused amounts	(15,543)	(1,780)	(216)	(17,539)
Business combinations	-	399	-	399
Exchange differences and other	578	2,421	350	3,349
PROVISIONS AS OF DECEMBER 31, 2016	€58,523	€13,851	€17,794	€90,168

Note 20 Borrowings

In October 2015, the Company entered into a new five-year term loan facility agreement, which maturity can be extended by two additional years, for €650 million. The facility was immediately fully drawn down and bears interest at Euribor 1 month plus 0.50% *per annum*. In October 2016, the Company exercised the option extension for one year.

In June 2013, the Company entered into a term loan facility agreement for €350 million, which was immediately fully

drawn down. The facility provides credit for a period of 6 years and bears interest at Euribor 1 month plus 0.55% *per annum*.

In April 2010, the Company entered into a term loan facility in Japan for JPY14, 500 million (the equivalent of €115.0 million as of the draw date) in order to finance a portion of the IBM PLM acquisition. The facility bore interest at Japanese yen Libor 1 month plus 0.60% *per annum* and was scheduled to be repaid in ten equal semi-annual installments. The Company repaid the last installment in June 2015.

The table below provides a breakdown of total borrowings by contractual maturity date as of December 31, 2016:

<i>(in thousands of euros)</i>	Total	Payments due by period		
		Less than 1 year	1-3 years	3-5 years
Term loan facilities in euros	€1,000,000	€-	€350,000	€650,000

Note 21 Derivatives and Currency and Interest Rate Risk Management

The fair market values of derivative instruments were determined by financial institutions using option pricing models.

All financial instruments related to the foreign currency hedging strategy of the Company have maturity dates of less than 3 years when the maturity of interest rate swap instruments is less than 5 years. Management believes counter-party risk on financial instruments is minimal since the Company deals with major banks and financial institutions.

A description of market risks the Company is exposed to is provided in paragraph 1.6.2 "Financial and Market Risks".

Foreign currency risk

The Company transacts in various foreign currencies, primarily U.S. dollars and Japanese yen.

In 2016, revenue denominated in U.S. dollars represented 36.5% of total revenue, compared with 36.8% in 2015. The Company's operating expenses denominated in U.S. dollars represented 34.4% of total operating expenses in 2016, compared with 36.3% in 2015.

As a result, the Company's net operating exposure to U.S. dollars amounted to €295.2 million in 2016 (9.7% of the Company's total revenue). The average value of the U.S. dollar remained stable against the euro in 2016 following an increase in 2015, resulting in a neutral impact on the Company's revenue and operating income in 2016, and a positive impact in 2015.

In 2016, revenue denominated in Japanese yen represented 13.1% of total revenue, flat compared to 11.8% in 2015. The Company's operating expenses denominated in Japanese yen represented 5.2% of total operating expenses in 2016 and 4.3% in 2015.

As a result, the Company's net operating exposure to Japanese yen amounted to €276.8 million in 2016 (9.1% of the Company's total revenue), and this exposure was in part hedged through market instruments at a level of €197.3 million, as further described below. The average value of the Japanese yen increased by approximately 12% against the euro in 2016, after an increase in value of approximately 4% in 2015, resulting in a favourable impact on the Company's revenue and operating income in 2016 and 2015.

The Company usually hedges exchange rate risk related to its revenues and expenses coming from usual and predictable activity arising in the normal course of operations. The Company may also cover occasional exchange rate risk arising from specific transactions, such as acquisitions paid for in foreign currencies. Hedging activities are generally carried out and managed by Dassault Systèmes SE for its own account and on behalf of its subsidiaries. In certain cases, however, the Company can authorize selected subsidiaries to enter into hedging instruments directly.

The table below sets forth, for the year ended December 31, 2016, the euro value of the Company's revenue, operating expenses and net position, before and after hedging, denominated in U.S. dollars, Japanese yen and other currencies, principally the euro:

<i>(in thousands of euros)</i>	Year ended December 31, 2016			
	U.S. dollars	Japanese yen	Euro and other currencies	Total
Revenue	€1,115,739	€399,654	€1,540,193	€3,055,586
Operating expenses	(820,512)	(122,831)	(1,440,209)	(2,383,552)
NET POSITION	€295,227	€276,823	€99,984	€672,034
Hedge	€-	€197,311	€-	€197,311
NET POSITION AFTER HEDGE	€295,227	€79,512	€99,984	€474,723

With all other variables held constant, movements in euro/U.S. dollar exchange rates by +10% or -10% would have had an impact of €(26.8) and €32.8 million on operating income, respectively. In addition, with all other variables held constant, movements in euro/Japanese yen exchange rates by +10% or -10% would have had an impact of €(25.2) and €30.8 million on operating income, respectively.

To manage currency exposure, the Company generally uses foreign exchange forward contracts. Except as indicated in the table below, the derivative instruments held by the Company

are designated as accounting hedges, have high correlation with the underlying exposure and are highly effective in offsetting underlying price movements.

The effectiveness of forward contracts and currency options is measured using forward rates and the forward value of the underlying hedged transaction. During 2016 and 2015, the portion of gains or losses from hedging instruments excluded from the assessment of effectiveness and the ineffective portions of hedges was nil.

At December 31, 2016 and 2015, the fair value of instruments used to manage the currency exposure was as follows:

<i>(in thousands of euros)</i>	Year ended December 31,			
	2016		2015	
	Nominal amount	Fair value	Nominal amount	Fair value
Forward exchange contract Japanese yen/euros – sale ⁽¹⁾	€162,391	€4,066	€133,832	€(792)
Forward exchange contract euros/Indian rupees – sale ⁽¹⁾	19,163	1,247	27,189	1,865
Forward exchange contract euros/U.S. dollars – sale ⁽¹⁾	51,500	1,581	36,741	(666)
Forward exchange contract U.S. dollars/Indian rupees – sale ⁽¹⁾	31,673	512	20,467	471
Forward exchange contract Japanese yen/U.S. dollars – sale ⁽¹⁾	57,301	4,735	-	-
Forward exchange contract British pounds/euros – sale ⁽¹⁾	36,019	75	-	-
Cross currency swaps Canadian dollars/euros ⁽²⁾	72,765	(3,341)	61,683	6,449
Cross currency swaps Australian dollars/euros ⁽²⁾	73,214	(1)	71,735	2,082
Other instruments ⁽²⁾	70,650	(315)	51,906	(40)

(1) Instruments entered into by the Company to hedge the foreign currency exchange risk of forecasted sales.

(2) Derivatives not designated as hedging instruments. Changes in the derivatives' fair value were recorded in other financial income and expense, net in the consolidated statement of income. Cross currency swaps mainly relate to the acquisition of Gemcom.

Interest rate risk

Except for their impact on the general economic environment, which is difficult to quantify, the Company believes that changes in interest rates in 2016 did not materially affect its revenue and earnings before financial income. Similarly, interest rates are not expected to affect its business or future operating income. Therefore, the Company's interest rate risk is primarily a risk related to a reduction of financial revenue.

In October 2015, the Company entered into interest rate swap agreements for a total amount of €650 million with the objective of modifying forecasted interest obligations relating to the €650 million new French term loan facility (see Note 20 Borrowings) so that the interest payable effectively becomes fixed at 0.72% from October 2015 until October 2020.

In July 2013 and October 2014, the Company entered into interest rate swap agreements for a total amount of €350 million that have the economic effect of modifying forecasted interest obligations relating to the €350 million French term loan facility (see Note 20 Borrowings) so that the interest payable effectively becomes fixed at 1.48% from June 2014 until June 2018 and 1.04% from June 2018 until July 2019.

The effectiveness of interest rate swap agreements is measured using forward interest rates. In 2016, hedge accounting has been discontinued as interest rate swaps no longer met the effectiveness criteria for hedge accounting given the expected trend of negative interest rates. Consequently, changes in fair value of interest rate swaps were recognized in interest income and expense, net for €(6.9) million at December 31, 2016. Accumulated gains and losses on changes in fair value recognized in equity are reclassified to profit or loss in the

periods when the hedged item affects profit or loss (€(5.7) million at December 31, 2016). In 2015, the portion of gains or losses from hedging instruments excluded from the assessment of effectiveness and the ineffective portion of hedges was nil.

Financial revenue, which is composed of interest income from cash, cash equivalents and short-term investments, is sensitive to fluctuations in interest rates. As of December 31, 2016, cash and cash equivalents and short-term investments totaled €2,492.8 million, including €721.2 million sensitive to fluctuations in interest rates mostly in Europe. With all other variables held constant, an increase in interest rates of 100 basis points would have had a positive impact in 2016 of €18.6 million on financial income and a decrease in interest rates of 100 basis points would have had a negative impact of €9.3 million.

At December 31, 2016 and 2015, the fair value of instruments used to manage the interest rate risk was as follows:

<i>(in thousands of euros)</i>	Year ended December 31,			
	2016		2015	
	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swaps in euros	€1,000,000	€(20,332)	€1,000,000	€(13,426)

Note 22 Post-employment Benefits

Contributions made to defined contribution plans were €22.7 million and €21.5 million in 2016 and 2015 respectively.

The Company provides defined benefit retirement indemnities to the employees of its French operations, and sponsors defined benefit pension plans for certain employees in the United States. The Company also has certain defined benefit plans in other countries, mainly in Germany and in Japan.

In France, defined employee benefits include certain gratifications paid upon anniversary of employment and retirement indemnities that are based upon an individual's years of credited service and annualized salary at retirement. Retirement indemnity benefits vest and are settled as a lump sum paid to the employee upon the employee's retirement.

In June 2016, the Group has implemented for French subsidiaries a voluntary early retirement plan over 3 years.

This plan allows eligible employees to retire early while receiving a replacement income until they can access to their full pension. This plan is treated as a post-employment benefit which estimated costs are based on an assumption of expected proportion of employees to enter the plan and accrued taking into account the employees estimated residual service period.

In the United States, pension benefits are based upon years of credited service and the employee's average final salary. Retirement benefits are funded by the Company's contributions to segregated pension plan assets, in an amount that is sufficient to meet or exceed the minimum annual funding requirements of the Employee Retirement Income Security Act. In 2011, the Company decided to freeze the American defined-benefit pension plan, and in 2015, certain American participants received a lump sum distribution of their benefit from the plan.

The projected benefit obligation was determined using the prospective method, based on the following assumptions:

Assumptions

Assumptions used to determine the benefit obligation are as follows:

	Year ended December 31, 2016			Year ended December 31, 2015		
	Europe	Americas	Asia	Europe	Americas	Asia
Discount rate	1.74%*	4.10%	0.40% – 2.70%	2.10%	4.40%	0.90% – 3.00%
Average rate of compensation increase	2.50% – 2.80%	N/A	2.60% – 5.00%	2.50% – 2.80%	N/A	2.60% – 5.00%

* Except for the voluntary early retirement plan implemented for French subsidiaries.

Components of net periodic benefit cost

The components of net periodic benefit cost were as follows:

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
Service cost*	€(22,360)	€(7,961)
Interest cost on benefit obligations	(4,764)	(4,942)
Interest income on plan assets	2,356	2,326
Other	-	698
NET PERIODIC BENEFIT COST	€(24,768)	€(9,879)

* In 2016, includes past service costs related to the voluntary early retirement plan implemented for French subsidiaries for €6.6 million.

Obligations and funded status

Changes in benefit obligations and plan assets as of December 31, 2016 and 2015 are as follows:

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
Benefit obligations at beginning of year	€190,983	€185,245
Service cost	22,360	7,961
Interest cost on benefit obligations	4,764	4,942
Remeasurement (gains) losses*	10,704	(3,845)
Benefits paid	(4,343)	(3,578)
Settlement	(136)	(6,557)
Exchange rate differences and other changes	2,309	6,815
BENEFIT OBLIGATIONS AT END OF YEAR	€226,641	€190,983
Fair value of plan assets at beginning of year	€74,145	€70,330
Employer contribution	4,221	7,109
Interest income on plan assets	2,356	2,326
Benefits paid	(1,587)	(1,415)
Remeasurement (losses)	(1,764)	(2,461)
Settlement	-	(5,990)
Exchange rate differences and other changes	1,331	4,246
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	€78,702	€74,145
NET DEFINED BENEFIT LIABILITY	€(147,939)	€(116,838)

* Remeasurement gains and losses mainly arise from changes in financial assumptions. A decrease of 150 basis points in the discount rates would increase the obligation by €56.5 million.

The benefit obligation by geographical location is as follows:

	Year ended December 31,	
	2016	2015
Europe	70%	67%
Americas	20%	23%
Asia	10%	10%
TOTAL BENEFIT OBLIGATIONS	100%	100%

The fair value of plan assets by geographical location is as follows:

	Year ended December 31,	
	2016	2015
Europe	48%	49%
Americas	52%	51%
TOTAL FAIR VALUE OF PLAN ASSETS	100%	100%

Plan assets

The weighted average asset allocations are as follows:

	Year ended December 31,	
	2016	2015
Debt instruments	65%	73%
Equity instruments	35%	27%
TOTAL	100%	100%

Cash flows

The Company expects to make additional contributions to its pension plans in 2017 for \$3 million.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

<i>(in thousands of euros)</i>	Total
2017	€(10,850)
2018	(11,817)
2019	(13,052)
2020	(11,397)
2021	(10,580)
2022-2026	(65,061)

Note 23 Shareholders' Equity

Shareholders' equity activity

As of December 31, 2016, Dassault Systèmes SE had 257,996,603 common shares issued with a nominal value of €0.50 per share. Changes in shares outstanding as of December 31, 2016 and 2015 are as follows:

<i>(in number of shares)</i>	Year ended December 31,	
	2016	2015
SHARES ISSUED AS OF JANUARY 1,	256,714,186	256,364,077
Dividend paid in shares	280,734	185,709
Exercise of stock options	1,001,683	1,769,020
Cancellation of treasury stock	-	(1,604,620)
SHARES ISSUED AS OF DECEMBER 31,	257,996,603	256,714,186
Treasury stock as of December 31,	(4,370,051)	(2,863,505)
SHARES OUTSTANDING AS OF DECEMBER 31,	253,626,552	253,850,681

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and for the purpose of increasing the profitability of shareholders' equity and earnings per share. The Company manages its capital structure and adjusts it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2016 and 2015.

Dividend rights

Dassault Systèmes SE is required to maintain a legal reserve equal to 10% of the aggregate nominal value of its issued share capital. The legal reserve balance was €12.8 million as of December 31, 2016 and 2015, respectively, and represents a component of retained earnings in the consolidated balance sheet. The legal reserve is distributable only upon the liquidation of Dassault Systèmes SE.

Distributable profit, consisting of net income of the year increased by retained earnings from prior years and after deduction for legal reserve when required, is available for distribution to shareholders of the Company as dividends. Allocation of this profit is subject to approval by the General Meeting of Shareholders following recommendations by the Board of Directors.

In 2016 and 2015, the Shareholders' Meeting approved the distribution of a dividend of €119.3 and €108.5 million for

2015 and 2014 respectively, and offered shareholders the option to receive payment of their dividend in the form of new Dassault Systèmes shares. Shareholders who opted to receive payment in whole or in part of the 2015 and 2014 dividend in the form of new Dassault Systèmes SE shares represented approximately 16% and 12% of Dassault Systèmes' shares, respectively, resulting in the issuance of 280,734 and 185,709 new ordinary shares in 2016 and 2015, respectively. The cash dividend was paid in 2016 and 2015 in an aggregate amount of €100.1 million and €95.6 million, respectively.

Dividends per share were €0.47 and €0.43 as of December 31, 2015 and December 31, 2014, respectively.

A dividend of €1.9 and €2.8 million was paid to non-controlling interest in 2016 and 2015 respectively.

Stock repurchase programs

The General Meeting of Shareholders authorized the Board of Directors to implement a share repurchase program limited to 10% of the Company's share capital. Under this authorization, the Company may not buy shares at a price exceeding €100 per share or above a maximum annual aggregate amount of €500 million.

Furthermore, the Group signed a liquidity agreement for an initial period until December 31, 2016, automatically renewable for subsequent 12-month terms. On December 31, 2016, 1,760,576 shares were purchased, at an average price of €70.90, and 1,740,506 shares were sold, at an average price of €70.87.

Components of other comprehensive income

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
Cash flow hedges:		
(Losses) Gains arising during the year	€(300)	€(5,655)
Less: reclassification adjustments for gains or losses included in the income statement	(17,495)	1,482
	€17,195	€(7,137)

Note 24 Consolidated Statements of Cash Flows

Adjustments for non-cash items consist of the following:

<i>(in thousands of euros)</i>	Notes	Year ended December 31,	
		2016	2015
Depreciation of property and equipment	14	€41,981	€42,390
Amortization of intangible assets	17	164,456	169,003
Non-cash share-based payment expense	6, 7	71,764	40,194
Deferred taxes	10	(43,170)	(42,461)
Other		10,728	(5,596)
ADJUSTMENTS FOR NON-CASH ITEMS		€245,759	€203,530

Changes in operating assets and liabilities consist of the following:

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
(Increase) in trade accounts receivable	€(61,271)	€(71,581)
(Decrease) Increase in accounts payable	17,866	(16,905)
Increase in accrued compensation	29,671	27,260
(Decrease) in income tax payable	(116,542)	(52)
Increase in unearned revenue	52,358	85,475
Changes in other assets and liabilities	1,694	(417)
CHANGES IN OPERATING ASSETS AND LIABILITIES	€(76,224)	€23,780

Note 25 Commitments and Contingencies

Leases

The Company leases computer equipment, premises and office equipment under operating leases. Rent expense under operating leases was €77.1 million for the year ended December 31, 2016 and €74.9 million for the year ended December 31, 2015.

At December 31, 2016, future minimum annual rental commitments under non-cancelable lease obligations were as follows:

<i>(in thousands of euros)</i>	Operating leases
2017	€80,156
2018	74,058
2019	66,486
2020	56,687
2021	54,407
2022 and thereafter	204,445
TOTAL FUTURE MINIMUM LEASE PAYMENTS	€536,239

3DS Paris Campus (Headquarters facilities)

The Company has leased approximately 57,000 square meters of office space for its headquarters facilities located in Vélizy-Villacoublay, outside Paris, France since June 30, 2008. In February 2013, the Company entered into a new lease agreement for its headquarters facilities for a non-cancelable initial term of 10 years beginning with the delivery of an additional 13,000 square meters of office space in the fourth quarter of 2016. Close to that site, the Company also leases approximately 11,000 square meters more in a building located in Meudon-La-Forêt, since October 2010. Future minimum rental payments until the end of the lease amount to approximately €248.1 million in the aggregate and have been included in the table presented above.

3DS Boston Campus

The Company leases approximately 27,000 square meters of office space for its campus located in the United States, regrouping the primary operating facilities of the Company's main American activities. The initial lease agreement signed June 1st, 2011 included a lease term of 12 years. In September 2016, the lease has been extended for 25 months and will end June 30, 2026. The total rented space will progressively increase, reaching 30,000 square meters in 2017. Future minimum rental payments amount to approximately €123.4 million in the aggregate and have been included in the table presented above.

Litigation and other proceedings

The Company is involved in litigation and other proceedings, such as civil, commercial and tax proceedings, incidental to normal operations.

The Company is subject to ongoing tax audits and tax reassessments in jurisdictions in which the Company has or had operations. Certain of these reassessments, in particular those related to acquisition financing, are being challenged by the Company which is strongly confident in the technical merits of its positions and will continue to defend them with the relevant tax authorities. In this context, the Company made payments to the French tax authorities for a total amount of €123.1 million from 2014 to 2016, but disputed them with the relevant authorities. Therefore, the Company planned to appeal a first instance judgment in relation to this dispute before the end of March 2017..

It is not possible to determine with certainty the outcome of the dispute in these matters. However, in the opinion of management, after consultation with legal and tax counsel, the resolution of such litigation and proceedings should not have a material effect on the consolidated financial statements of the Company.

Other commitments

In April 2016, the Company and Geometric Ltd announced that they have reached an agreement whereby the Group will acquire full ownership of 3D PLM Software Solutions Limited (3DPLM), its joint venture in India with Geometric Ltd, increasing its share in 3DPLM capital from 42% to 100%. The transaction was undertaken through a court-approved scheme which is subject to shareholders, High Court and other Indian statutory approvals. It was finalized on March 2, 2017. 3DPLM being already fully consolidated in the Company's consolidated financial statements, the transaction will be treated as an equity transaction in 2017 financial statements.

Note 26 Related-Party Transactions

Compensation of key management personnel

The table below summarizes compensation granted to the members of the Group Executive Committee and to the Chairman of the Board of Directors as of December 31, 2016 and 2015:

<i>(in thousands of euros)</i>	Year ended December 31,	
	2016	2015
Short-term benefits ⁽¹⁾	€11,230	€9,368
Share-based compensation ⁽²⁾	29,339	15,052
COMPENSATION OF KEY MANAGEMENT PERSONNEL	€40,569	€24,420

(1) Including gross salaries, bonus, incentives, profit-sharing, directors' fees and fringe benefits.

(2) Expense recorded in the income statement for share-based payments (stock options and performance shares).

In certain circumstances, the Group Chief Executive Officer is entitled to an indemnity payment upon the termination of his functions as Chief Executive Officer. The amount of the indemnity due would be equivalent to a maximum of two years of compensation as Chief Executive Officer and would depend on satisfying the performance conditions established for calculating his variable compensation.

Other transactions with related parties

The Company licenses its products for internal use to Dassault Aviation, a sister company to the Company. The Chairman of Dassault Systèmes SE is also the Chief Executive Officer of

the Industrial Group Marcel Dassault which controls Dassault Aviation. Dassault Aviation licenses the Company's products on commercial terms consistent with those granted to the Company's other customers of similar size. These licenses generated €13.4 and €16.8 million of software revenue for the years ended December 31, 2016 and 2015, respectively. The Company also provides service and support to Dassault Aviation. Such activity generated service revenues of €4.0 and €6.8 million in the years ended December 31, 2016 and 2015, respectively. The balances of trade accounts receivable with Dassault Aviation were €8.0 million, and €7.1 million at December 31, 2016 and 2015, respectively.

Note 27 Principal Statutory Auditors' Fees and Services

The following table presents the amount of fees paid to each of the Company's principal Statutory Auditors in 2016 and 2015:

	PricewaterhouseCoopers Audit				Ernst & Young et Autres			
	Amount		%		Amount		%	
<i>(in thousands of euros, excluding VAT)</i>	2016	2015	2016	2015	2016	2015	2016	2015
Certification of accounts								
Audit opinion, review of statutory and consolidated financial statements ⁽¹⁾ :								
• issuer	€1,007	€1,013	32%	32%	€230	€229	13%	12%
• other consolidated subsidiaries	1,851	1,636	58%	53%	497	474	28%	25%
SUBTOTAL	2,858	2,649	90%	85%	727	703	41%	37%
Other services								
Other audit related services ⁽²⁾ :								
• issuer	50	-	2%	0%	26	54	1%	3%
• other consolidated subsidiaries	93	339	3%	11%	260	227	15%	12%
Other services (Legal, tax, social) ⁽³⁾ :								
• issuer	-	-	0%	0%	105	832	6%	44%
• other consolidated subsidiaries	158	139	5%	4%	645	69	37%	4%
SUBTOTAL	301	478	10%	15%	1,036	1,181	59%	63%
TOTAL	€3,159	€3,127	100%	100%	€1,763	€1,885	100%	100%

(1) Audit fees consist of fees billed for the annual audit services engagement and other audit services for the years ended December 31, 2016 and 2015, which are those services that only the Statutory Auditor reasonably can provide, and include the Group audit, statutory audits, consents, attest services, and services provided in connection with documents filed with the AMF.

(2) Audit-related fees generally consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements or that are traditionally performed by the Statutory Auditor, and include due diligence services related to acquisitions, consultations concerning financial accounting and reporting standards, attestation services not required by statute or regulation, and information system reviews. In 2016 and 2015, they primarily included fees related to certain acquisitions.

(3) Fees billed by members of the Statutory Auditors' respective networks to consolidated subsidiaries are related to the support in the execution of software licensing reviews and to local and international tax compliance services, including the review of tax returns and tax services regarding statutory, regulatory or administrative developments and expatriate tax assistance and compliance.

Note 28 Principal Dassault Systèmes Companies

The principal Dassault Systèmes SE subsidiaries included in the scope of consolidation as at December 31, 2016 are as follows:

Country	Consolidated companies	% of Interest
France	Dassault Data Services SAS	100%
Germany	Dassault Systemes Deutschland GmbH	100%
Germany	Dassault Systemes 3DExcite GmbH	100%
Netherlands	Quintiq Applications B.V.	100%
Italy	Dassault Systemes Italia Srl	100%
Sweden	Dassault Systemes AB	100%
United Kingdom	Dassault Systemes UK Limited	100%
United Kingdom	Dassault Systemes Biovia Limited	100%
Canada	Dassault Systèmes Canada Inc.	100%
United States	Dassault Systemes Americas Corp.	100%
United States	Dassault Systemes Corp.	100%
United States	Dassault Systemes Simulia Corp.	100%
United States	Dassault Systemes SolidWorks Corporation	100%
United States	Dassault Systemes 3DExcite Corp.	100%
United States	Dassault Systemes Biovia Corp.	100%
United States	Quintiq, LLC (formerly "Quintiq, Inc.")	100%
United States	Spatial Corp.	100%
China	Dassault Systemes (Shanghai) Information Technology Co., Ltd	100%
India	3D PLM Software Solutions Limited	42%*
India	Dassault Systemes India Private Limited	100%
South Korea	Dassault Systemes Korea Corp.	100%
Japan	Dassault Systemes K.K.	100%
Japan	SolidWorks Japan K.K.	100%
Singapore	Dassault Systemes Singapore Pte. Ltd.	100%
Australia	Dassault Systemes Geovia Australia Pty Ltd	100%
Malaysia	Quintiq Sdn Bhd	100%

* The Company determined that it has control over 3DPLM. As a result, 3DPLM is fully consolidated in the Company's consolidated financial statements.

Note 29 Events After the Reporting Period

On March 2, 2017, the Group acquired full ownership of 3D PLM Software Solutions Limited (3DPLM), its joint venture in India with Geometric Ltd, increasing its share in 3DPLM capital from 42% to 100%. See Note 25 Commitments and Contingencies.

4.1.2 Statutory Auditors' Report on the Consolidated Financial Statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

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

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meetings of Shareholders, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying consolidated financial statements of Dassault Systèmes SE,
- the justification of our assessments,
- the specific verification required by law.

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

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 31 December 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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:

- The paragraph "Revenue recognition" of the note 2 to the consolidated financial statements sets out the accounting principles and methods used to account for revenue including firstly new software licenses along with related maintenance, and secondly services and other revenue.
- The paragraph "Business combinations and goodwill" of the note 2 to the consolidated financial statements set out the accounting principles and methods used to determine the value of the assets and liabilities acquired through business combinations, which are based on significant assumptions and estimates made by management.
- The paragraph "Share-based payment" of the note 2 to the consolidated financial statements set out the accounting principles and methods used to determine the fair value of the share based payment awards granted to certain employees and executive, which is based on significant assumptions and estimates made by management.

As part of our work, we verified the correct application of the above mentioned accounting principles and methods, examined the assumptions used and their application, and verified that the information provided in the notes 4, 7, 16 and 18 was appropriate.

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 and in accordance with professional standards applicable in France, we have also verified 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.

Neuilly-sur-Seine and Paris-La Défense, on March 17, 2017

The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT

French original signed by:

Pierre Marty

ERNST & YOUNG ET AUTRES

French original signed by:

Pierre-Antoine Duffaud

4.2 Parent Company Financial Statements

4.2.1 Parent Company Financial Statements and Notes

The 2016 financial statements presented below are the individual parent company financial statements of Dassault Systèmes SE.

Presentation of the parent company financial statements and the valuation methods used

The financial statements for the year ended December 31, 2016 have been prepared in accordance with the French General Chart of Accounts (*Plan comptable général*). They are presented in the same manner and prepared using the same valuation methods as the preceding year except for the accounting treatment of the intangible assets that now complies to the new ANC rule n°2015-06 dated November 23, 2015 (see Note 2 Summary of Significant Accounting Policies and Note 10 Intangible Assets).

Results of operations of Dassault Systèmes SE

In 2016, operating revenue increased 6.3% to €1,362.4 million from €1,281.4 million in 2015. The portion of revenue earned from export sales amounted to €1,124.0 million, or 83.3% of net sales. Software revenue increased 4.6% to €1,049.1 million in 2016 from €1,002.6 million in 2015.

Operating expenses increased 7.9% to €1,048.2 million in 2016, from €971.8 million in 2015. The main drivers of this change were:

- a 6.8% increase in other purchases and external expenses, mainly due to an increase in intra-group subcontracting costs, and in expenses relating to distribution and IT services principally for on-line service activities;
- a 10.7% increase in personnel costs resulting from the increase in new hiring principally in R&D, from the full year impact of 2015 *transmissions universelles de patrimoine* or TUP, and from salary inflation;
- a 92.1% increase in depreciation and reserves, mainly resulting from the application of the ANC rule n°2015-06 under which certain intangible assets are now amortized (see Note 10 Intangible Assets);
- a 9.2% decrease in other expenses, principally due to a decrease in royalties from Group products sales, as a result of the acquisition in 2016 of ENOVIA-SmarTeam technology which was previously held by another Group subsidiary.

Operating income increased 1.5% to €314.2 million in 2016 compared to €309.6 million in 2015.

Financial income for 2016 amounted to €87.7 million, compared with €74.9 million for the preceding year, showing an increase of €12.8 million. This change was principally due to net favorable changes in the provisions for financial contingencies and exchange losses, partly offset by the full year interest charges related to the loan facility agreement of €650 million entered into in October 2015.

Exceptional income and loss amounted to a loss of €28.3 million in 2016 compared to an income of €33.4 million in 2015. This is principally explained in 2015 by a capital gain of €43.2 million on a sale of a shareholding, and in 2016 by the cost related to a voluntary early retirement plan signed in June 2016.

In 2016, income tax expense amounted to €57.1 million as compared to €76.1 million in 2015. The effective income tax rate decreased to 17.5% in 2016 compared to 20.3% in 2015, mainly driven by the end of the exceptional contribution on income tax in 2016.

Net income decreased to €269.6 million in 2016 compared with €299.5 million in 2015.

At December 31, 2016, cash and short-term investments stood at €1,212.1 million, compared with €2,035.2 million at December 31, 2015. This decrease was principally due to the investment policy of USD-denominated cash from foreign subsidiaries into a cash pooling structure (see Note 19 Trade Payables).

Statement of income

<i>(in thousands of euros)</i>	Notes	Year ended December 31,	
		2016	2015
OPERATING REVENUE		1,362,417	1,281,356
Revenue	3	1,350,179	1,260,846
<i>Of which exports</i>		1,124,029	1,064,663
Other revenue		12,238	20,510
OPERATING EXPENSE		(1,048,188)	(971,754)
Other purchases and external expenses		(413,588)	(387,266)
Taxes, duties and similar payments		(24,233)	(21,874)
Personnel Costs	4	(376,947)	(340,468)
Depreciation, amortization and provisions		(59,971)	(31,219)
Other operating expense		(173,449)	(190,927)
OPERATING INCOME		314,229	309,602
FINANCIAL INCOME AND EXPENSE, NET	5	87,731	74,880
CURRENT INCOME		401,960	384,482
EXCEPTIONAL INCOME/(LOSS)	6	(28,345)	33,446
EMPLOYEE PROFIT-SHARING		(46,916)	(42,323)
Contractual employee profit-sharing (<i>intéressement</i>)		(23,458)	(21,160)
Contractual employee profit-sharing (<i>participation</i>)		(23,458)	(21,163)
INCOME TAX EXPENSE	7	(57,113)	(76,133)
NET INCOME		269,586	299,472

Balance sheet

<i>(in thousands of euros)</i>	Notes	Year ended December 31,	
		2016 Net	2015 Net
Assets			
NON-CURRENT ASSETS		2,818,554	2,412,937
Intangible Assets	10	313,617	317,845
Property and Equipment	11	37,420	35,794
Non-current Financial Assets	12	2,467,517	2,059,298
CURRENT ASSETS		2,004,024	2,602,789
Receivables	13	592,512	460,799
Marketable Securities	14	1,206,967	2,029,351
Treasury Shares	14	199,450	106,822
Cash and cash equivalents		5,095	5,817
PREPAID EXPENSES		52,853	23,095
FOREIGN CURRENCY TRANSLATION ADJUSTMENT		19,764	25,633
TOTAL ASSETS		4,895,195	5,064,454

<i>(in thousands of euros)</i>	Notes	Year ended December 31,	
		2016	2015
Liabilities and equity			
SHAREHOLDERS' EQUITY	15	3,148,402	2,954,719
Capital		128,998	128,357
Share and contribution premiums		771,689	726,039
Legal reserve		12,836	12,818
Retained earnings		1,965,014	1,784,847
Income (loss) for the fiscal year		269,586	299,472
Regulated provisions		279	3,186
PROVISIONS FOR CONTINGENCIES AND LOSSES	16	155,738	80,898
FINANCIAL LIABILITIES	17	1,028,057	1,027,661
TRADE PAYABLES	19	521,210	955,437
UNEARNED REVENUE	20	39,933	42,874
FOREIGN CURRENCY TRANSLATION ADJUSTMENT		1,855	2,865
TOTAL LIABILITIES AND EQUITY		4,895,195	5,064,454

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Financial Statements

Parent Company Financial Statements

Notes to the Annual Financial Statements for Years Ended December 31, 2016 and 2015

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Note 1 Description of Business and Key Events of the Year

Description of business

Dassault Systèmes SE provides end-to-end software solutions and services, designed to support companies' innovation processes, from specification and design of a new product, to its manufacturing, supply and sale to the customer, through all stages of digital mock-up, simulation, and realistic 3D virtual experiences representing user experience.

Dassault Systèmes SE's global customer base includes companies in 12 industrial sectors: Transportation & Mobility; Industrial Equipment; Aerospace & Defense; Financial & Business Services; High-Tech; Life Sciences; Energy, Process & Utilities; Consumer Goods & Retail; Natural Resources; Architecture, Engineering & Construction; Consumer Packaged Goods & Retail and Marine & Offshore. To serve its customers, Dassault Systèmes SE has developed a broad software applications portfolio, comprised of 3D modeling applications, simulation applications, social and collaborative applications, and information intelligence applications, all powered by its 3DEXPERIENCE platform.

Dassault Systèmes SE is a European company (*Societas Europaea*) incorporated under the laws of France. The Company's registered office is located at 10, rue Marcel Dassault, in Vélizy-Villacoublay, France. The Dassault Systèmes SE shares are listed in France on Euronext Paris. These financial statements were established under the responsibility of the Board of Directors on March 16, 2017.

Key Events of the Year

A company agreement regarding employment forecasting, competencies and social transformation (GPEC) has been signed in June 2016 for three years with no automatic renewal (see Note 16 Provisions for Contingencies and Losses). The goal of this agreement is to implement means and measures allowing Dassault Systèmes SE to reach three strategic objectives:

- anticipation of competencies needed to sustain the Company's development;
- training modalities for employees to acquire those competencies;
- internal and external employment evolution plan, in interaction with its ecosystem.

This agreement applies to all employees of the French subsidiaries of the Group. It includes innovating structures which enable the sharing of competencies, the development of entrepreneurial projects, the research of new but non-rival jobs outside the Group and the facilitation of the transition between work and retirement on a voluntary basis. The costs relating to this agreement are recorded as exceptional expenses.

The Company has adopted the accounting ANC rule n°2015-06 dated November 23, 2015 regarding the treatment of intangible assets from January 1, 2016 onwards (see Note 2 Summary of Significant Accounting Rules and Note 10 Intangible Assets).

Note 2 Summary of Significant Accounting Policies

The financial year lasts for 12 months from January 1 through December 31.

The annual financial statements for the fiscal year ended December 31, 2016 have been prepared and are presented in accordance with the French General Chart of Accounts. General accounting conventions have been applied in keeping with the principle of prudence, the principle of continuity of accounting methods from one year to the next, the independence of financial years, and the assumption that the business is a going concern. Assets and liabilities are initially recorded at historical cost.

Significant accounting policies applied are as follows:

Revenue

Dassault Systèmes SE derives revenue from three primary sources: (1) new software licenses, periodic licenses,

maintenance and other software revenue, which includes software license updates, technical support and the development of additional functionalities of standard products requested by clients; (2) consulting and training services and other revenue; and (3) royalties from distribution agreements signed primarily with the Group's subsidiaries.

Revenues are disclosed net of taxes collected from customers and remitted to governmental authorities.

New Software Licenses, Periodic Licenses, Maintenance and Other Software Revenue

Software license revenue represents fees earned from granting customers licenses to use the Company's software. The Company's software license revenue consists of perpetual and periodic license sales of software products. Software license revenue is recognized (to the extent Dassault Systèmes SE has no remaining obligations to perform) when: evidence of an arrangement exists, delivery and acceptance has

occurred, the amount of revenue and associated costs can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Company. In instances when any of the four criteria are not met, Dassault Systèmes SE defers recognition of software license revenue until all criteria are met. Revenue related to the licensing of software through value-added resellers (VARs) is generally recognized when evidence of a sale to an end-user customer is provided to the Company, assuming all other revenue recognition criteria have been met.

Periodic licenses generally have a one-year term and the corresponding fee is recognized ratably over the term of the license.

Maintenance revenue represents periodic fees associated with the sale of unspecified product updates on a when-and-if-available basis and technical support. Maintenance agreements are entered into in connection with the initial software license purchase. Maintenance support may be renewed by the customer at the conclusion of each term. Revenue from maintenance is recognized on a straight-line basis over the term of the maintenance agreement.

Other software revenue mainly relates to the development of additional functionalities of standard products requested by clients and is recognized as the development work is performed.

Recurring fees for periodic license, maintenance and other software revenue are reported within software revenue; see Note 3 Revenue.

Revenue under multiple-element arrangements, which typically include new software licenses and maintenance agreements sold together, is allocated to each element in the arrangement primarily using the residual method based upon the fair value of the undelivered elements. Discounts, if any, are applied to the delivered elements, usually software licenses, under the residual method. For maintenance, fair value is generally determined based upon the expected renewal rate.

The useful life of intangible assets, property and equipment is presented below:

Amortization using the straight-line method	Amortization period
Intangible assets	
Software	3 to 5 years
Technologies	5 to 10 years
Customer assets	5 to 10 years
Tangible assets	
Computer equipment	3 to 5 years
Fixtures and fittings	Over the term of the lease
Office furniture	10 years

Depreciation using the declining balance method may be used for computer equipment.

Services and Other Revenue

Services and other revenue consists primarily of fees from consulting services in methodology for design, deployment and support, and training services. Services generally do not require significant modification or customization of software products and are accounted for separately to the extent they are not essential to the functionality of software products. Service revenues derived from time and material contracts are recognized as time is incurred.

Service revenues derived from fixed price contracts are generally recognized using a percentage of completion basis. For customer support contracts, when no performance pattern is discernible, revenue is recognized ratably over the term of the contract, generally one year, on a straight-line basis.

Research and development

Research costs are expensed as incurred. Technological feasibility is not demonstrated before a working prototype has been completed. Technological feasibility is generally demonstrated shortly before the commercial release of software products. As a consequence, costs incurred after technological feasibility is established and that could potentially be capitalized are not material.

Intangible assets, property and equipment

Intangible assets, property and equipment are recognized at cost, including ancillary expenses, when they are purchased, at their production cost when they are produced internally, and at their integration value when they are transferred.

Under the ANC rule n°2015-06 dated November 23, 2015, intangible assets which were mainly made of technical deficits from mergers (*transmissions universelles de patrimoine* or *TUP*) and goodwill have been allocated to their underlying assets and amortized if necessary since January 1, 2016. Residual goodwill is considered as permanent and is not amortized but subject to yearly impairment tests.

Non-current Financial Assets

Investments in subsidiaries are recognized at cost without revaluation of the transaction currencies. Expenses directly related to the acquisition of equity securities are included in the acquisition cost of these securities. Loans and advances to subsidiaries are valued at their net realizable value.

Periodically and at a minimum at the annual closing period, Dassault Systèmes SE reviews the net realizable value of its investments and loans and advances to subsidiaries. In particular, the net realizable value of securities takes into account the amount of shareholders' equity, long-term profitability and strategic factors. An impairment loss is recognized if the net realizable value is less than the carrying value for a long period of time.

Marketable Securities

Marketable securities are initially recorded at cost and are depreciated, when applicable, by referring to their quoted price in an active market at year end.

Receivables and payables

Trade receivables are reported at their net receivable value and trade payables are reported at their nominal value. For trade receivables, an allowance is recorded when the net realizable value is lower than the carrying value taking into account, in particular, aging and risk of non-collectability.

Foreign currency transactions

Transactions in foreign currencies are recorded in euros in the income statement at the monthly average exchange rate, except for significant transactions which are booked at the daily exchange rate. Receivables, payables and cash in foreign currencies are converted to euros in the balance sheet at the closing exchange rate or at the hedged rate when they are subject to exchange rate hedging. The conversion differences are recorded on the balance sheet in "Unrealized Exchange Losses/Gains". In the event of unrealized losses, a provision for contingencies (exchange loss) is recorded.

However, the current accounts used for the Group cash pooling and the cash and cash equivalents (except for marketable securities) are reevaluated at the closing rate and generate exchange gains or losses recorded in financial income (expense), net. These flows are shown in foreign exchange gains or losses, net.

Provisions for Contingencies and losses

Provisions for contingencies and losses are recognized as liabilities to cover probable outflows of resources resulting from a present obligation. These provisions are estimated taking in account the most probable hypothesis at the closing date.

Derivatives

Dassault Systèmes SE can manage exposure to foreign currency and interest rates with regards to revenue and cost generated by its ongoing and predictable activity. Dassault Systèmes SE can also mitigate a given foreign currency exposure linked to specific operations.

In order to hedge foreign currency exposure, Dassault Systèmes SE uses, as needed, foreign exchange contracts or financial instruments for which total maximum losses are known from the outset.

Interest rate derivatives

Financial income and expense resulting from the use of derivatives are recorded in the income statement in the same manner as income and expense from the covered transactions when the derivatives are considered to be hedging transactions from an accounting perspective. If the instruments do not qualify as hedging, they are accounted for as follows:

- net unrealized losses are fully reserved;
- net gains are recognized in the income statement upon settlement.

Exchange rate derivatives

Exchange rate derivatives are included in Dassault Systèmes SE's currency position. Unrealized losses on these derivatives are taken into account in determining the provision for unrealized exchange losses.

Tax credit in favor of competitiveness and employment (CICE)

Dassault Systèmes SE recognizes the tax credit in favor of competitiveness and employment (the *Crédit d'impôt pour la compétitivité et l'emploi*, or CICE) as an offset to personnel costs.

Notes on the Income Statement

Note 3 Revenue Breakdown

<i>(in thousands of euros)</i>	12/31/2016	12/31/2015
New licenses revenue	112,091	100,889
Periodic licenses and maintenance revenue	322,969	307,068
Royalties	614,015	594,639
TOTAL SOFTWARE REVENUE	1,049,075	1,002,596
Services	36,390	22,399
Other revenue	264,714	235,851
TOTAL REVENUE	1,350,179	1,260,846

The breakdown of software revenue by geographic area is as follows:

<i>(in thousands of euros)</i>	12/31/2016	12/31/2015
Europe	582,014	559,778
Asia	287,667	271,388
Americas	179,394	171,430
TOTAL SOFTWARE REVENUE	1,049,075	1,002,596

Note 4 Personnel Costs

Personnel costs are comprised of the following:

<i>(in thousands of euros)</i>	12/31/2016	12/31/2015
Salaries and wages	255,040	229,016
Social security costs	121,907	111,452
TOTAL PERSONNEL COSTS	376,947	340,468

Average Headcount by Category

<i>Salaried employees by category</i>	12/31/2016	12/31/2015
Managers	2,868	2,716
Supervisors and technicians	109	107
Employees	53	57
TOTAL AVERAGE HEADCOUNT (IN FULL TIME EQUIVALENTS)*	3,030	2,880

* Apprentices excluded.

The merger operation (TUP) carried out in 2016 increased the headcount of Dassault Systèmes SE by 4 employees.

Tax credit in favor of competitiveness and employment (CICE)

The tax credit in favor of competitiveness and employment (the *Crédit d'impôt pour la compétitivité et l'emploi*, or CICE) is based on total compensation due for the current period. In 2016, an amount of €1.7 million of CICE was recognized (the same amount as in 2015), and was allocated to funding working capital requirements.

Compensation of Executives

The total gross compensation paid to executive officers by Dassault Systèmes SE during 2016 was as follows:

<i>(in thousands of euros)</i>	12/31/2016	12/31/2015
Salaries	4,554	4,308
Benefits	20	21
Directors' fees*	71	69
TOTAL COMPENSATION OF EXECUTIVES	4,645	4,398

* Compensation is based on payments made. 2016 directors' fees represent €72,600 paid in 2017.

Note 5 Financial Income and Expense, Net

Net financial income and expense is as follows:

<i>(in thousands of euros)</i>	12/31/2016	12/31/2015
Interest income	73,606	63,105
Interest expense	(11,872)	(8,457)
INTEREST INCOME AND EXPENSE, NET	61,734	54,648
Revenue from disposals of investment securities	8,752	16,821
Net foreign exchange income (expense), net other financial contingencies	(22,587)	(5,622)
Net reversal (additions) of provisions for impairment	39,832	9,033
FINANCIAL INCOME AND EXPENSE, NET	87,731	74,880

Interest income is comprised primarily of dividends paid by Group subsidiaries for an amount of €62.0 million in 2016 compared to €48.9 million in 2015 as well as from income from treasury investments. Net movement of the provisions for impairment of subsidiary shares was a reversal of €40.0 million in 2016.

Note 6 Exceptional Income/Loss

Exceptional loss for the year ended December 31, 2016 was €28.3 million compared to an income of €33.4 million for the year ended December 31, 2015. The change was primarily due to the recognition in 2015 of a net capital gain on the sale of previously held investments, and to increasing costs in

2016 resulting among others from the implementation of the GPEC agreement and its voluntary early retirement plan for 3 years with no automatic renewal (see Note 1 Description of Business and Key Events of the Year).

Note 7 Income Tax

The tax group included 10 entities at the end of December 2016. Under the tax integration agreement, it is agreed that the income tax expense of tax-integrated companies will be the

same as it would have been if each subsidiary had not been a member of the Group. Without the tax integration agreements, the income tax expense of Dassault Systèmes SE, the head of the tax group, would have been €78.8 million in 2016.

The breakdown of income tax between current income and exceptional income for the year ended December 31, 2016, was as follows:

<i>(in thousands of euros)</i>	Income before tax	Tax (expense) credit	Income after income tax
Current income	401,960	(84,720)	317,240
Exceptional income	(75,261)	27,607	(47,654)
TOTAL	326,699	(57,113)	269,586

The effective income tax rate for the year ended December 31, 2016 was 17.5% against 20.3% in 2015. This decrease is mainly driven by the end of the exceptional contribution on income tax in 2016.

Note 8 Performance Shares

Pursuant to an authorization granted by the Extraordinary General Meeting held on September 4, 2015, the Board of Directors of Dassault Systèmes SE, meeting on May 26, 2016, decided to grant 782,950 performance shares to certain employees and executives and 300,000 shares to Mr. Bernard Charlès, Vice-Chairman of the Board of Directors and Chief Executive Officer, in respect of the gradual process of associating him with the Company's share capital.

The main characteristics of the performance share plans impacting 2015 or 2016 accounts are shown in the table below:

Plan	2010-04	2014-A	2014-B	2015-A	2015-B	2016-A	2016-B
Date of General Meeting	05/27/2010	05/30/2013	05/30/2013	09/04/2015	09/04/2015	09/04/2015	09/04/2015
Date granted by the Board of Directors	09/07/2012	02/21/2014	02/21/2014	09/04/2015	09/04/2015	05/26/2016	05/26/2016
Total number of shares granted	539,230	529,940	150,000	734,600	300,000	782,950	300,000
Restated total number of shares granted ⁽¹⁾	1,078,460 ⁽²⁾	1,059,880	300,000	734,600	300,000	782,950	300,000
Acquisition period (in years) ⁽³⁾	Three or four ⁽⁴⁾	Four	Four	Two	Two	Two or three ⁽⁷⁾	Two or three ⁽⁷⁾
Performance conditions	See note ⁽⁵⁾	See note ⁽⁶⁾	See note ⁽⁶⁾	See note ⁽⁶⁾	See note ⁽⁶⁾	See note ⁽⁸⁾	See note ⁽⁸⁾
Performance conditions reached at December 31, 2016	Yes	See note ⁽⁹⁾	See note ⁽⁹⁾	See note ⁽¹⁰⁾	See note ⁽¹⁰⁾	N/A	N/A

(1) For shares granted before July 17, 2014, total number of shares granted has been restated to reflect the two-for-one stock split effected on July 17, 2014.

(2) Including 28,000 shares granted to Mr. Bernard Charlès, Vice-Chairman of the Board of Directors and Chief Executive Officer, subject to an additional performance condition related to his variable compensation.

(3) Subject to the condition that the beneficiary be an employee or a director of the Company at the acquisition date.

(4) Three years in France and four years outside of France.

(5) Non-market performance conditions based on actually realized non-IFRS diluted earnings per share of the Group compared to the upper limit of the non-IFRS diluted earnings per share objective during three years (2012, 2013 and 2014 for 2010-04 shares). The shares granted to Mr. Bernard Charlès, Vice-Chairman of the Board of Directors and Chief Executive Officer, are also subject to an additional performance condition related to variable compensation dependent on achieving performance criteria previously established by the Board of Directors.

(6) Performance condition measured based on two alternative criteria, the growth of the non-IFRS diluted earnings per share of the Group or the outperformance of the price of the Dassault Systèmes share compared to the performance of the CAC 40 index (market condition) for each of the years 2015, 2016 and 2017 for 2014-A and 2014-B shares, and for the year 2016 for 2015-A and 2015-B shares, compared to the year 2014. Such growth or difference must be at least equal to a threshold established by the Board of Directors. The 2015-B shares granted to Mr. Bernard Charlès, Vice-Chairman of the Board of Directors and Chief Executive Officer, are also subject to an additional performance condition related to variable compensation dependent on achieving performance criteria previously established by the Board of Directors.

(7) Share acquisition divided into two tranches, the first vesting in May 26, 2018 and the second in May 26, 2019.

(8) Performance condition for the first tranche will be measured based on the average performance of two criteria: the growth of the non-IFRS diluted earnings per share of the Group for the year 2017, excluding foreign currency effects, compared to the year 2015 (non-market condition), and the outperformance of the price of the Dassault Systèmes share compared to the performance of the CAC 40 index between February 2016 and February 2018 (market condition). Such growth and outperformance must be at least equal to a threshold established by the Board of Directors. Performance condition for the second tranche will be measured based on two cumulative criteria: the growth of the non-IFRS diluted earnings per share of the Group for the year 2018, excluding foreign currency effects, compared to the year 2015 (non-market condition), and the outperformance of the price of the Dassault Systèmes share compared to the performance of the CAC 40 index between February 2016 and February 2019 (market condition). Such growth and outperformance must be at least equal to a threshold established by the Board of Directors. The 2016-B shares granted to Mr. Bernard Charlès, Vice-Chairman of the Board of Directors and Chief Executive Officer, are also subject to an additional performance condition related to his variable compensation itself dependent on achieving performance criteria previously established by the Board of Directors.

(9) Tranche 1 performance conditions based on year 2015 are reached. Tranche 2 performance condition will be measured by March 16, 2017 Board of Directors.

(10) Will be measured by March 16, 2017 Board of Directors.

The expense related to performance shares plans, for personnel of subsidiaries of Dassault Systèmes SE is recharged when the shares are definitively attributed to beneficiaries. During the vesting period, Dassault Systèmes SE accrues only for the costs related to the performance shares attributed to employees contributing directly to its activity.

Note 9 Additional Information

Research and Development Expenses

In 2016, Dassault Systèmes SE recorded a total of €236.9 million of research and development expenses, which corresponds to 22.6% of software revenue.

Notes to the Balance Sheet

Note 10 Intangible Assets

<i>(in thousands of euros)</i>	12/31/2015	2016 additions	2016 disposals	12/31/2016
Goodwill	327,487	1,413	(27,616)	301,284
Software, technology and other	110,298	38,508	(311)	148,495
TOTAL GROSS VALUE	437,785	39,921	(27,927)	449,779
Goodwill	(37,188)	(31,140)	27,616	(40,712)
Software, technology and other	(82,752)	(13,009)	311	(95,450)
TOTAL AMORTIZATION AND PROVISIONS	(119,940)	(44,149)	27,927	(136,162)
Goodwill	290,299	(29,727)	–	260,572
Software, technology and other	27,546	25,499	–	53,045
TOTAL NET VALUE	317,845	(4,228)	–	313,617

Intangible assets are now amortized in compliance with the ANC rule n°2015-06 dated November 23, 2015 (see Note 2 Summary of Significant Accounting Policies). Goodwill is allocated to underlying assets and is amortized if necessary. In 2016, this amortization expense amounted to €26.6 million. Moreover, residual goodwill which is considered as permanent, amounted to €86.3 million net of provisions.

Note 11 Property and Equipment

<i>(in thousands of euros)</i>	12/31/2015	2016 additions	2016 disposals	12/31/2016
Machinery and equipment	74,953	10,500	(10,438)	75,015
Fixtures and fittings	27,220	920	(216)	27,924
Office furniture and equipment	15,714	3,626	(448)	18,892
TOTAL GROSS VALUE	117,887	15,046	(11,102)	121,831
Machinery and equipment	(57,965)	(10,290)	10,299	(57,956)
Fixtures and fittings	(13,335)	(1,927)	212	(15,050)
Office furniture and equipment	(10,793)	(1,010)	398	(11,405)
TOTAL DEPRECIATION	(82,093)	(13,227)	10,909	(84,411)
Machinery and equipment	16,988	210	(139)	17,059
Fixtures and fittings	13,885	(1,007)	(4)	12,874
Office furniture and equipment	4,921	2,616	(50)	7,487
TOTAL NET VALUE	35,794	1,819	(193)	37,420

Note 12 Non-Current Financial Assets

<i>(in thousands of euros)</i>	12/31/2015	2016 additions	2016 disposals	12/31/2016
Investments in subsidiaries	1,873,250	334,313	(1,600)	2,205,963
Loans and advances to subsidiaries	290,725	17,272	(3,016)	304,981
Treasury Shares	3,758	25,008	(3,758)	25,008
TOTAL GROSS VALUE	2,167,733	376,593	(8,374)	2,535,952
Provision for impairment	(108,435)	–	40,000	(68,435)
TOTAL PROVISION FOR IMPAIRMENT	(108,435)	–	40,000	(68,435)
Investments in subsidiaries	1,764,815	334,313	38,400	2,137,528
Loans and advances to subsidiaries	290,725	17,272	(3,016)	304,981
Treasury Shares	3,758	25,008	(3,758)	25,008
TOTAL NET VALUE	2,059,298	376,593	31,626	2,467,517

The increase in investments in subsidiaries mainly relates to the recapitalization of Group entities (see Note 24 Information Relating to Subsidiaries and Shareholdings).

Note 13 Receivables

Receivables are as follows:

<i>(in thousands of euros)</i>	Less than 1 year	Due dates over one year	12/31/2016	12/31/2015
TRADE ACCOUNTS RECEIVABLE, NET	141,099	–	141,099	116,295
Trade accounts receivable and related items	156,636	–	156,636	137,383
Allowance for trade accounts receivable	(15,537)	–	(15,537)	(21,088)
OTHER CURRENT ASSETS	450,803	610	451,413	344,504
Current accounts receivable*	254,193	–	254,193	231,479
Income tax receivable	178,823	–	178,823	92,080
Value added tax	15,150	–	15,150	10,346
Foreign currency hedges	–	610	610	8,532
Other	2,637	–	2,637	2,067
TOTAL RECEIVABLES	591,902	610	592,512	460,799

* See Note 18 Elements Concerning Related Companies.

The €131.7 million increase in total receivables mainly results from the increase in income tax receivable (see Note 22 Other Commitments and Contingencies), and to a lesser extent, from the evolution of the trade accounts receivable and of the current accounts receivable, in line with the Group activity.

Note 14 Treasury

Marketable Securities

At December 31, 2016, marketable securities amounted to €1,207.0 million compared with €2,029.4 million at December 31, 2015.

The decrease in marketable securities is principally attributable to the new cash pooling structure dedicated to the USD-denominated investments coming from the foreign subsidiaries.

An amount of €1,206.1 million of marketable securities are held in monetary investments.

Treasury Shares

Share repurchases are analyzed below in 2016:

	Number of shares authorized and issued	Average price (in euros)	Total (in thousands of euros)
TREASURY SHARES AS OF JANUARY 1, 2016	2,359,891	46.86	110,580
Vesting of shares	(336,310)	39.39	(13,247)
Repurchase of treasury shares*	1,822,786	69.02	125,801
Repurchase of treasury shares through liquidity agreement	20,070	65.97	1,324
TREASURY SHARES AS OF DECEMBER 31, 2016	3,866,437	58.05	224,458

* The Combined General Meetings of Shareholders authorized the Board of Directors to implement a share repurchase program not to exceed 10% of Dassault Systèmes SE's share capital. In addition, Dassault Systèmes SE is authorized to purchase shares at a price not exceeding €100 per share and that the annual aggregate amount may not exceed €500 million.

Note 15 Shareholders' Equity

Share Capital

Changes in share capital during the year ended December 31, 2016 were as follows:

	Number of shares authorized and issued	Par value (in euros)	Capital (in euros)
SHARES AS OF JANUARY 1, 2016	256,714,186	0.50	128,357,093
Shares issued pursuant to exercise of share subscription options	1,001,683	0.50	500,842
Capital increase*	280,734	0.50	140,367
SHARES AS OF DECEMBER 31, 2016	257,996,603	0.50	128,998,302

* See "Dividend rights" below.

Shareholder base

On December 31, the share capital of Dassault Systèmes SE was held by:

(%)	2016	2015
Public	49.7	50.2
Groupe Industriel Marcel Dassault	41.1	41.2
Charles Edelstenne ⁽¹⁾ and beneficiaries ⁽²⁾	6.1	6.1
Bernard Charlès	1.1	1.1
Treasury stock ⁽³⁾ and indirect treasury stock ⁽⁴⁾	1.6	1.1
Directors and senior management ⁽⁵⁾	0.4	0.3
TOTAL	100.0	100.0

On December 31, the voting rights in Dassault Systèmes SE were held by:

(in % of exercisable voting rights) ⁽²⁾	2016	2015
Groupe Industriel Marcel Dassault	55.6	55.5
Public	34.7	34.9
Charles Edelstenne ⁽¹⁾ and beneficiaries ⁽²⁾	8.2	8.2
Bernard Charlès	1.5	1.4
TOTAL	100.0	100.0

(1) Including shares held in trust for the benefit of his family and managed by Mr. Edelstenne.

(2) At December 31, 2016, Mr. Edelstenne held 4,063,810 shares with all ownership rights and 3,342 shares through two family companies which he manages, representing a total of 1.58% of the capital and 2.11% of the exercisable voting rights, as well as 11,613,382 shares with "usage" rights (*usufruit*). For the usage rights with respect to these 11,613,382 shares, representing 6.11% of the exercisable voting rights, Mr. Edelstenne can only exercise the right to vote on decisions of the General Meeting concerning the allocation of profits; the holders of the bare property rights (*nue-propriété*) exercise the right to vote for other resolutions in compliance with Article 11 of the by-laws.

(3) Including 57,524 shares through the liquidity agreement as of December 31, 2016. As of December 31, 2015, such number was 50,988 shares.

(4) Shares held by SW Securities LLC. This company is a subsidiary of Dassault Systèmes SE, Dassault Systèmes' shares held by it do not have voting rights.

(5) Management excluding Mr. Edelstenne and Mr. Charlès.

Stock Option Plan

A summary of the stock option activity is as follows:

(in euros)	2016		2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
OUTSTANDING AS OF JANUARY 1,	5,312,096	38.40	5,287,411	23.73
Number of options granted	1,947,785	69.00	1,965,555	62.00
Exercised	(1,001,683)	27.04	(1,769,020)	19.91
Forfeited	(296,636)	58.31	(171,850)	47.57
OUTSTANDING AS OF DECEMBER 31,	5,961,562	49.31	5,312,096	38.40
Exercisable	2,588,363	29.41	2,906,841	21.50

A summary of the remaining contractual life and the exercise price of options outstanding as of December 31, 2016 is presented below:

Stock option plan	Number of options	Remaining life (years)	Exercise price
2008-02	922,616	0.90	19.50
2010-01	1,150,623	1.40	23.50
2014-01	326,326	5.40	45.50
2015-01	1,668,917	8.68	62.00
2016-01	1,893,080	9.40	69.00
OUTSTANDING AS OF DECEMBER 31, 2016	5,961,562	6.12	49.31

Movements in Shareholders' Equity

Movements in shareholders' equity for the year ended December 31, 2016 were as follows:

<i>(in thousands of euros)</i>	12/31/2015	Appropriation of 2015 earnings	Effect of exercising options	Net income for 2016 fiscal year	Other	12/31/2016
Share Capital	128,357	140	501	–	–	128,998
Share and contribution premiums	726,039	19,062	26,588	–	–	771,689
Legal reserve	12,818	18	–	–	–	12,836
Retained earnings	1,784,847	180,167	–	–	–	1,965,014
Income (loss) for the fiscal year	299,472	(299,472)	–	269,586	–	269,586
Regulated provisions	3,186	–	–	–	(2,907)	279
SHAREHOLDERS' EQUITY	2,954,719	(100,085)	27,089	269,586	(2,907)	3,148,402

Dividend rights

The Combined General Meeting of Shareholders held on May 26, 2016 approved a dividend of €119.3 million, based on the existing shares as at February 29, 2016. The General Meeting approved offering shareholders the option

to receive payment of their dividend for 2015 in the form of new Dassault Systèmes SE shares. As a result, 280,734 new ordinary shares were created. The cash dividend was paid in the total amount of €100.1 million.

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Note 16 Provisions for Contingencies and Losses

Movements of provisions for contingencies and losses were as follows:

<i>(in thousands of euros)</i>	12/31/2015	Additions	Utilization	Reversal of unused amounts	12/31/2016
Provisions for performance shares	28,983	57,643	(13,247)	–	73,379
Provisions for exchange losses	25,630	19,761	(25,630)	–	19,761
Provisions for post-employment benefits	18,693	3,952	(18)	–	22,627
Other provisions for contingencies and losses	2,355	34,181	(432)	(1,830)	34,274
Provisions for jubilee awards	5,237	470	(10)	–	5,697
TOTAL PROVISIONS	80,898	116,007	(39,337)	(1,830)	155,738

Dassault Systèmes SE recorded in 2016 a €11.0 million provision for contingencies and losses in the framework of the Company's voluntary early retirement agreement.

Changes in provisions for contingencies and losses impacted captions of the income statement as follows:

<i>(in thousands of euros)</i>	Additions	Utilization	Reversal of unused amounts
Operating income	46,079	(13,580)	(794)
Financial income and expense, net	42,080	(25,630)	–
Exceptional income/(loss)	27,848	(127)	(1,036)
TOTAL	116,007	(39,337)	(1,830)

Provisions for Post-employment Benefits

Dassault Systèmes SE's commitment in terms of post-employment benefits was evaluated and recognized using the prospective actuarial future rights pro rata method with the use of a corridor.

This method takes into account rights acquired by employees on the date of their retirement, computed on the basis of the employees' seniority and annual salary at the time of retirement. These rights are acquired and paid to employees when they retire as a fixed amount.

The projected benefit obligation at December 31, 2016 was determined based on the following assumptions: retirement between 60 and 65 years of age, discount rate of 1.74%, average increase in salaries of 2.80% and a 1.74% expected return on plan. Dassault Systèmes SE has an insurance policy with Sogecap, a life insurance company affiliated with the Société Générale, intended to cover the retirement payment commitments. Pursuant to this policy, Dassault Systèmes SE has invested a total of €11.3 million. Actuarial gains and losses and the cost of past service is spread in profit using the corridor method. They totaled €14.7 million to be spread over an average residual employee service of 22 years.

Note 17 Financial Liabilities

Financial liabilities are as follows:

<i>(in thousands of euros)</i>	Less than 1 year	1 to 5 years	12/31/2016	12/31/2015
Bank loans and borrowings	388	1,000,000	1,000,388	1,001,321
Mandatory employee profit-sharing scheme	3,757	15,402	19,159	18,492
Other financial liabilities	19	8,491	8,510	7,848
TOTAL FINANCIAL LIABILITIES	4,164	1,023,893	1,028,057	1,027,661

In October 2015, Dassault Systèmes SE entered into a new five year term loan facility agreement, which maturity can be extended by two additional years at the Company's option, for €650 million. The facility was immediately drawn down and bears interest at Euribor 1-month plus 0.50% per annum. In October 2016, the maturity of this loan facility agreement was extended by one year.

In June 2013, Dassault Systèmes SE entered into a six year term loan facility agreement for €350 million. The facility was immediately drawn down and bears interest at Euribor 1-month plus 0.55% per annum.

Note 18 Elements Concerning Related Companies

<i>(in thousands of euros)</i>	12/31/2016	12/31/2015
Loans receivable	297,904	290,315
Trade accounts receivable and related items	51,092	41,634
Current accounts receivable	254,193	231,479
Accounts payable and related items	–	1,603
Current accounts with credit balances	287,242	757,806
Finance income: dividends collected and net interest received	73,157	61,324

Current accounts with credit balances sharply decreased as a result of the implementation of the new cash pooling structure set up within the Group for the foreign subsidiaries.

Note 19 Trade Payables

Trade payables are as follows:

<i>(in thousands of euros)</i>	Less than 1 year	1 to 5 years	12/31/2016	12/31/2015
ACCOUNTS PAYABLE AND RELATED ITEMS	73,733	–	73,733	58,507
Group trade payables	–	–	–	1,603
Third-party trade payables	73,733	–	73,733	56,904
TAX AND SOCIAL SECURITY PAYABLES	141,459	11,729	153,188	136,424
Mandatory and contractual profit-sharing	25,231	11,729	36,960	33,759
Accrued vacation	40,940	–	40,940	40,068
Other employee expenses	65,456	–	65,456	53,175
Value added tax and other taxes and duties	9,832	–	9,832	9,422
OTHER OPERATING LIABILITIES	294,289	–	294,289	760,506
Current accounts payable*	287,242	–	287,242	757,806
Other liabilities	7,047	–	7,047	2,700
TOTAL PAYABLES	509,481	11,729	521,210	955,437

* See Note 18 Elements Concerning Related Companies.

In accordance with Articles L. 441-6 and D. 441-4 of the French Commercial Code related to information regarding payment due dates, at December 31, 2016, the balance of Dassault Systèmes SE's trade payables to its suppliers amounted to €22.7 million (2015: €11.6 million). Due dates are as follows:

	12/31/2016	12/31/2015
Due within 30 days	54.1%	58.5%
Due in more than 30 days	45.9%	41.5%
TOTAL	100.0%	100.0%

Note 20 Unearned Revenue

Unearned revenue is composed primarily of deferred software, maintenance and support revenue relating to periods subsequent to year end. Unearned revenue amounted to €39.9 million in 2016 compared to €42.9 million in 2015.

Note 21 Financial Commitments

Financial Instruments

At December 31, 2016 and 2015, the fair value of instruments used to manage currency and interest rate exposure was as follows:

<i>(in thousands of euros)</i>	Year ended December 31,			
	2016		2015	
	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swaps in euros ⁽¹⁾⁽⁵⁾	1,000,000	(20,332)	1,000,000	(13,426)
Forward exchange contract Japanese yen/euros – sale ⁽³⁾	162,391	4,066	133,832	(792)
Cross currency swaps Canadian dollars/euros ⁽⁴⁾	72,765	(3,341)	61,683	6,449
Cross currency swaps Australian dollars/euros ⁽⁴⁾	73,214	(1)	71,735	2,082
Forward exchange contract euros/U.S. dollars – sale ⁽²⁾	51,500	1,581	36,741	(666)
Forward exchange contract euros/U.S. dollars – buy ⁽²⁾	51,500	(1,581)	36,741	666
Forward exchange contract British pounds/euros – sale ⁽³⁾	36,019	75	–	–
Other instruments ⁽⁵⁾	28,025	189	21,853	(73)

(1) Term loan facilities obtained by Dassault Systèmes SE in June 2013 and October 2015 respectively for €350 million and €650 million (see Note 17 Financial liabilities).

(2) Dassault Systèmes SE has entered into hedging agreements for its subsidiaries.

(3) Instruments entered into by the Company to hedge the foreign currency exchange risk of forecasted sales.

(4) Hedging contracts with regards to loans made to subsidiaries to finance acquisitions; these instruments are not designated as hedging instruments.

(5) Derivatives not designated as hedging instruments.

The fair market values of derivative instruments were determined by financial institutions using market prices and option pricing models.

At the end of 2016, foreign exchange contracts have maturity dates of less than three years. Swaps of cross currency and interest rates have respectively a maturity less than three and five years.

Increases and Reductions in Future Income Tax Payable

Increases and reductions in future income tax payable have been evaluated on the basis of the standard corporate tax rate, plus extraordinary contributions when applicable.

<i>(in thousands of euros)</i>	12/31/2016	12/31/2015
Nature of temporary differences		
SHORT TERM	39,333	42,553
Provision for mandatory profit-sharing	23,458	21,163
Depreciation of receivables	15,537	21,088
Other	338	302
LONG TERM (28.92% TAX RATE)	32,475	18,692
Provision for post-employment benefits	32,475	18,692
TOTAL TEMPORARY DIFFERENCES	71,808	61,245
Net reduction of the future corporate tax debt		
(34.43% tax rate)	13,542	21,087
(28.92% tax rate)	9,392	–

Note 22 Other Commitments and Contingencies

Leases

Dassault Systèmes SE has leased approximately 57,000 square meters of office space for its headquarters facilities located in Vélizy-Villacoublay, outside Paris, France since June 30, 2008. In February 2013, the Company entered into a new lease agreement for its headquarters facilities for a non-cancelable initial term of 10 years beginning with the delivery of an additional 13,000 square meters of office space in the fourth quarter of 2016.

On December 31, 2016, commitments stood at €256.8 million for real estate and equipment rentals including €233.6 million relating to the lease for the headquarters in Vélizy-Villacoublay (compared with €272.6 million as of December 31, 2015); and €14.5 million (compared with €8.6 million as of December 31, 2015) related to the lease of the "Terre Europa" site, next to the headquarters, effective as from July 2011.

Litigation and other proceedings

Dassault Systèmes SE is involved in litigation and other proceedings, such as civil, commercial and tax proceedings, incidental to normal operations.

Dassault Systèmes SE is subject to ongoing tax audits and tax reassessments. Certain of these reassessments, in particular those related to acquisition financing, are being challenged

by Dassault Systèmes SE which is strongly confident in the technical merits of its positions and will continue to defend them with the relevant tax authorities. In this context, Dassault Systèmes SE made payments to the French tax authorities for a total amount of €123.1 million from 2014 to 2016, but disputed them with the relevant authorities. Therefore, Dassault Systèmes SE planned to appeal a first instance judgment in relation to this dispute before the end of March 2017.

It is not possible to determine with certainty the outcome of the dispute in these matters. However, in the opinion of management, after consultation with legal and tax counsel, the resolution of such litigation and proceedings should not have a material effect on the financial statements of Dassault Systèmes SE.

Guarantee pledged

The Group has a central cash management operated by a banking institution. In this context, the parent company of the bank offered a guarantee to the Group in the amount of €475 million, and at the same time Dassault Systèmes SE offered a guarantee to the bank for the same amount.

Moreover, Dassault Systèmes SE offered guarantees in the framework of contracts between subsidiaries and third parties for a total amount of €33 million.

Note 23 Additional Information

Events after the reporting period

In April 2016, the Company and Geometric Ltd announced that they have reached an agreement whereby the Group will acquire full ownership of 3D PLM Software Solutions Limited (3DPLM), its joint venture in India with Geometric Ltd, increasing its share in 3DPLM capital from 42% to 100%. The transaction was undertaken through a court-approved scheme which is subject to shareholders, High Court and other Indian statutory approvals. It was finalized on March 2, 2017.

Identity of the Consolidating Company

Dassault Systèmes SE's business is included in the consolidated financial statements of Groupe Industriel Marcel Dassault SAS, whose registered office is located at 9, Rond-Point des Champs-Élysées – Marcel Dassault, 75008 Paris, France.

Note 24 Information Relating to Subsidiaries and Shareholdings

<i>(in thousands of euros)</i> ⁽¹⁾	Share capital and share premiums	Equity excluding share capital and share premiums	% of interest	Net profit or loss
> 50% owned subsidiaries ⁽²⁾				
Dassault Systemes Corp. ⁽³⁾	1,753,435	818,551	100	19,088
Dassault Systemes UK Ltd	353,596	(1,650)	100	1,140
Dassault Systèmes International SAS	128,943	577	100	(6,203)
Dassault Systemes KK	35,251	22,800	100	30,344
Dassault Systemes Israel Ltd	33,307	(17,304)	100	7,321
Dassault Systèmes Provence SAS	32,394	8,464	100	19,916
Dassault Systemes Deutschland GmbH	10,601	130,977	100	(16,800)
Dassault Systemes India Private Ltd	4,424	8,944	100	1,334

(1) The earnings of foreign subsidiaries are presented in local GAAP for the year 2015, based either on statutory accounts or, if not available, on accounts communicated in the framework of the consolidation process. The results and revenue have been converted using the 2016 average annual exchange rates for the relevant currencies, while the shareholders' equity of foreign subsidiaries have been converted using the closing rates in effect at year-end 2016.

(2) Subsidiaries with gross book values exceeding 1% of Dassault Systemes SE's share capital at December 31, 2016.

(3) American holding company owning 100% of Dassault Systemes SolidWorks Corp., and Dassault Systemes Holding LLC, the latter itself holding principally 100% of Dassault Systemes Simulia Corp. and Dassault Systemes Americas Corp.

<i>(in thousands of euros)</i>	Subsidiaries		Participations	
	French	Foreign	French	Foreign
Gross book value of shares	287,027	1,917,421	–	90
Net book value of shares	241,027	1,894,987	–	90
Loans and advances	137,481	91,817	–	–
Guarantees received (provided)*	13,500	69,422	–	–
Dividend rights received	43,025	18,961	–	–

* Dassault Systèmes SE has guaranteed the repayment of 3DPLM preference shares up to INR 4,974 million.

4.2.2 Selected financial and other information for Dassault Systèmes SE over the last five years

<i>(in euros)</i>	2012	2013	2014	2015	2016
Share capital					
Share Capital	125,096,778	126,932,985	128,182,039	128,357,093	128,998,301
Number of shares authorized and issued ⁽²⁾	125,096,778	126,932,985	256,364,077	256,714,186	257,996,603
Statement of income data					
Revenue	990,705,543	1,064,558,462	1,125,687,175	1,260,845,593	1,350,178,886
Result before income tax, profit sharing, amortization and provisions	386,581,931	435,033,094	359,636,561	533,131,911	508,202,894
Result before income tax, profit sharing, amortization and provisions and reversals of provisions	367,577,134	413,314,821	304,131,981	447,874,625	429,982,212
Income tax	52,457,635	68,216,039	45,164,304	76,133,045	57,113,129
Regulated employee profit-sharing	16,266,653	15,512,132	17,921,044	21,163,228	23,457,774
Optional employee profit-sharing	13,601,995	18,421,890	17,921,044	21,163,228	23,457,773
Net income	254,846,867	263,440,594	183,005,154	299,471,749	269,585,830
Data per share					
Result after income tax and profit sharing and before amortization and provisions	2.28	2.45	0.87	1.28	1.26
Basic net income per share	2.04	2.08	0.71	1.17	1.04
Dividend per share ⁽²⁾	0.80	0.83	0.43	0.47	0.53 ⁽¹⁾
Personnel					
Average headcount ⁽³⁾	2,298	2,449	2,672	2,080	3,030
Personnel costs paid during the year	164,250,610	180,114,271	203,666,853	229,015,587	255,040,681
Social security contributions paid during the year	88,239,898	86,640,481	99,949,422	111,452,364	121,906,769

(1) To be proposed for approval at the General Meeting scheduled for May 23, 2017.

(2) Historical data prior to 2014 does not reflect the two-for-one stock split of Dassault Systèmes SE shares carried out on July 17, 2014.

(3) Apprentices are excluded.

4.2.3 Statutory Auditors' Report on the Parent Company Financial Statements

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

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

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders.

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

To the Shareholders,

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

- the audit of the accompanying financial statements of Dassault Systèmes;
- the justification of our assessments;
- the specific verifications and information required by law.

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

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.

Without qualifying our opinion, we draw your attention to the effects of the application of the ANC rule n°2015-06 of November 23, 2015 on the allocation and amortization of the intangible assets mainly made up of technical deficits from mergers and goodwill detailed in the paragraph "intangible assets, property and equipment" of note 2 and in note 10 "intangible assets" of the financial statements.

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:

- The paragraph on "Revenue" of note 2 to the financial statements sets out the accounting principles and methods used to account for revenue including, firstly, new software licenses along with the related maintenance, and, secondly, services and other revenue. We verified the appropriateness of the selected accounting principles and methods, their application and the information disclosed in note 2 to the financial statements.
- The paragraph on "Intangible assets, property and equipment" of note 2 to the financial statements sets out the methods of recognition and valuation of intangible assets. We verified that the values in use of the business assets ("fonds de commerce") were consistent with their carrying value. We also verified the validity of the aforementioned change in accounting method and the presentation thereof.

- The paragraph on “Non-current Financial Assets” of note 2 to the financial statements sets out the methods of recognition and valuation of the financial fixed assets. We verified that the values in use of the long-term equity interests were consistent with their carrying value.

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 Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the Directors and any other commitments made in their 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 voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris-La Défense, March 17, 2017

The Statutory Auditors
French original signed by
French original signed by

PricewaterhouseCoopers Audit

ERNST & YOUNG et Autres

Pierre Marty

Pierre-Antoine Duffaud

4.2.4 Statutory Auditors' Report on Related Party Agreements and Commitments

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby present to you our report on 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. 225-31 of the French Commercial Code (*Code de commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R.225-31 of the French Commercial Code (*Code de commerce*) concerning the implementation, during the year ended 2016, of the agreements and commitments already approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliances with professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

Agreements and commitments submitted for approval to the Annual General Meeting

We hereby inform you that we have not been notified of any agreements or commitments authorized in the course of the year to be submitted to the Annual General Meeting for approval in accordance with Article L.225-38 of the French Commercial Code (*Code de commerce*).

Agreements and commitments already approved by the Annual General Meeting

We hereby inform you that we have not been notified of any agreements or commitments already approved by the Annual General Meeting, whose implementation continued during the year ended December 31, 2016.

Agreements and commitments approve in prior years

In addition, we have been notified that the following agreements and commitments, which were approved by the Annual General Meeting in prior years, were not implemented during the year ended December 31, 2016.

1. With Mr. Bernard Charlès, CEO

Nature and purpose

Indemnity in the event of the removal of Mr. Bernard Charlès from corporate office.

Conditions

At its meeting held on May 26, 2014, on the occasion of the renewal of Mr. Bernard Charlès' term of office as CEO, the Board of Directors authorized, upon the proposal of the Remuneration and Selection Committee, the renewal of the agreement granting Mr. Bernard Charlès a compensation in case of the termination of his functions as CEO according to the terms adopted by the Board of Directors at its meetings held on May 27, 2010, March 28, 2008 and March 27, 2009.

At its meeting held on May,26 2014, the Board of Directors decided to make no change to the conditions, as defined by the Board of Directors at its meeting held on March,27 2009, in which this compensation would be due in view of the recommendations of the Remuneration and Selection Committee and in accordance with the recommendations integrated into the AFEP/MEDEF Consolidated Corporate Governance Code (*Code de gouvernement d'entreprise consolidé*) of December 2008.

The amount of the indemnity due would be equivalent to a maximum of two years of remuneration of the CEO and would depend on meeting performance targets established for the calculation of his variable remuneration.

The amount paid would be calculated as a prorated percentage of the variable remuneration paid during the three years prior to the departure in relation to the target variable remuneration for these same years.

Thus, the amount due would be calculated according to the following formula:

- total gross remuneration (including variable remuneration but excluding benefits in kind and directors' fees) due in respect of his corporate office for the two years ended prior to the date of departure,
- multiplied by the figure resulting from the division i) of the amount of the variable remuneration paid to the CEO during the three years ended prior to the date of the departure (numerator), by ii) the amount of the target variable remuneration decided for each of these same years by the Board of Directors according to the achievement of the targets fixed for the Company (denominator).

The indemnity may only be paid in the event of a change in control or strategy duly established by the Board of Directors that results in a forced departure within the following twelve months. It could also be paid in a scenario of a forced departure without being related to poor results of the Company or to mismanagement by the CEO; the Board of Directors can then decide to grant all or part of the termination compensation.

The indemnity will not be due in a situation where the CEO leaves the Company on his own initiative to take up a new position, or changes position within the Group, or if he is able to claim a pension within a short time period.

Besides, in the event of exceptional events that could seriously damage the Group's image or income and have a significant negative impact on the stock market share price of your Company, according to the assessment of the Board of Directors, or in the event of misconduct independent of his functions and incompatible with the normal performance of his office as CEO, the Board of Directors may establish that the indemnity will not be due.

2. With the board members of your Company, in connection with the insurance policy "Civil liability of the Directors and the Corporate Officers" signed with the Insurance company Allianz

a. Nature and purpose

Advance to the Board Members of their expenses of possible legal defense instituted against them in the exercise of their mandate.

Conditions

At its meeting held on July 24, 1996, the Board of Directors authorized the decision to have your Company advance its Boards members' legal defense costs should their personal civil liability be questioned, compensation for the financial consequences that may result therefrom and legal defense costs relating thereto, in case the insurance policy signed with the Insurance company (Allianz) would not cover these advances and financial consequences.

b. Nature and purpose

Payment of the Board Members' legal defense costs in the framework of possible proceedings taking place in the United States.

Conditions

At its meeting held on September 23, 2003, the Board of Directors authorized the decision to have your company pay the fees and travel expenses that Board Members of the Company and of its subsidiaries might have to bear to prepare their personal defense before a civil, criminal or administrative court in the United States if this defense were to be exercised within the scope of an inquiry or investigations being carried out against your Company.

Payment of these costs is ensured on the three-part condition that the Board Members and Directors concerned are assisted by lawyers selected by the Company, that the Company remain in control of its strategic choices in terms of proceedings and methods of defense and that the expenses incurred be reasonable.

Neuilly-sur-Seine and Paris-La Défense, March 17, 2017

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit

ERNST & YOUNG et Autres

Pierre Marty

Pierre-Antoine Duffaud

4.3 Legal and Arbitration Proceedings

In the ordinary course of business, the Company is involved from time to time in litigation, tax audits or regulatory inquiries. The Company is subject to ongoing tax audits and tax reassessments in jurisdictions in which it has or had operations. Certain reassessments have been contested and the Company is under discussion with the relevant tax authorities. To the

Company's knowledge, there is no outstanding, suspended or pending government proceeding, litigation or arbitration, which has had during the last twelve months preceding the publication of this Annual Report (*Document de référence*), or is likely to have, a significant impact on the Company's financial position or results of operations.

5

CORPORATE GOVERNANCE

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5.1 Report of the Chairman on Corporate Governance and Internal Control

Report of the Chairman of the Board to the Combined General Meeting of May 23, 2017

To the Shareholders of Dassault Systèmes,

The purpose of this report is to describe inter alia the composition and practices of the Board of Directors of Dassault Systèmes SE, the application thereto of the principle of balanced representation of men and women, and the internal control and risk management procedures established by the Company.

This report was drawn up in accordance with the French Commercial Code and the regulations of the Financial Markets Authority (AMF), based on work carried out by the Finance, Legal and Internal Audit departments of Dassault Systèmes. It has been reviewed by the Audit Committee and approved by the Board of Directors on March 16, 2017.

Since its IPO in 1996, Dassault Systèmes has sought to implement the best international standards of corporate governance. Dassault Systèmes currently adheres to most of the recommendations of the AFEP-MEDEF Code (available on the MEDEF website: www.medef.com) and therefore summarizes in a table the reasons why it does not apply certain of these recommendations (see paragraph 5.1.5 "Application of the AFEP-MEDEF Code").

5.1.1 Composition and Practices of the Board of Directors

5.1.1.1 Composition of the Board of Directors

As of the date of this Annual Report, the Board of Directors of Dassault Systèmes SE comprises 11 members the term of their office is 4 renewable years:

- Charles Edelstenne (Chairman);
- Bernard Charlès (Vice-Chairman);
- Thibault de Tersant;
- Jean-Pierre Chahid-Nourai;
- Catherine Dassault;
- Arnoud De Meyer;
- Odile Desforges;
- Tanneguy de Fromont de Bouaille (director representing employees);
- Marie-Hélène Habert-Dassault;
- Laurence Lescourret;
- Toshiko Mori.

The composition of the Board of Directors of Dassault Systèmes SE reflects the particular attention the Company pays to seeking a balance between senior and new directors, between independent and non-independent directors, between women and men, as well as to the diversity of background, nationalities and competences.

As at December 31, 2016, the proportion of independent directors as per AFEP-MEDEF Code (i.e. excluding the director representing the employees) is 50%.

To assess such independence, Dassault Systèmes SE bases its decision on the definition of the AFEP-MEDEF Code which has been incorporated into the internal regulation of the Board of Directors, whereby a director is independent when he or she has no relationship whatsoever with Dassault Systèmes SE, the Group or its management which might compromise his/her free judgment. At its meeting of March 16, 2017, the Board of Directors assessed (as every year) and stated that five directors are independent: Ms. Desforges, Ms. Mori, Ms. Lescourret, Messrs Chahid-Nourai and De Meyer. This decision by the Board is based on the recommendations of the Compensation and Nomination Committee.

As none of the independent directors have a business relationship with the Group, the Board of Directors had to express an opinion, as at present, neither on the materiality of any such relationship nor on the criteria used to assess it.

Dassault Systèmes SE is also committed to ensure a significant female representation at the Board, which is, with 50% of women director (excluding the director representing the employees in accordance with law) above the minimum of 40% set forth by law.

The Board does also have an international dimension, with a Belgian and a Japanese director accounting for 18% of the members.

The average age of the directors was 61 at the date of this Annual Report (*Document de référence*).

The above information is summarized in the table below.

COMPOSITION OF THE BOARD OF DIRECTORS OF DASSAULT SYSTÈMES SE

Director	Independence	Start of 1 st term of office	Term expires in	Changes in 2016	Contribution to the diversity of the Board's composition
Charles Edelstenne		04/08/1993	2018		
Bernard Charlès		04/08/1993	2018		
Thibault de Tersant		04/08/1993	2018		
Jean-Pierre Chahid-Nourai	X	04/15/2005	2019		
Catherine Dassault		07/20/2016	2019	Cooptation ⁽¹⁾	Enhanced female representation
Nicole Dassault		05/26/2011	2019	Resignation ⁽²⁾	Enhanced female representation
Arnoud De Meyer	X	04/15/2005	2019		Enhanced international representation
Odile Desforges ⁽³⁾	X	05/30/2013	2017		Enhanced female representation
Tanneguy de Fromont de Bouaille		06/24/2016	2020	Designation ⁽⁴⁾	
Marie-Hélène Habert-Dassault		07/23/2014	2020	Re-appointment	Enhanced female representation
Laurence Lescourret	X	05/26/2016	2020	Appointment	
Toshiko Mori	X	05/26/2011	2019		Enhanced female and international representation

(1) Replaces Nicole Dassault until expiry of her term of office. Ratification of her cooptation will be proposed to the General Meeting on May 23, 2017 (see the paragraph 7.1 ("Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting on May 23, 2017").

(2) On May 27, 2016.

(3) The re-appointment of this director is proposed to the General Meeting of May 23, 2017.

(4) The director representing employees designated by the trade union organization that has obtained the highest number of votes in the first round of the elections for Works Council members, the CFE-CGC Aéronautique, Espace et Défense (Aeronautics, Space and Defense Union).

The roles and duties performed by the Dassault Systèmes SE Corporate Officers (*mandataires sociaux*) in 2016 are indicated in the table below.

CHARLES EDELSTENNE – CHAIRMAN OF THE BOARD

Biography: Charles Edelstenne qualified as a Chartered Accountant. He has spent his whole career with Dassault Aviation, where he started working in 1960 as Head of the Financial Studies department. In 1975 he became General Secretary then Vice-Chairman responsible for economic and financial affairs in 1986. From 2000 to 2013, he was Dassault Aviation Chairman-Chief Executive Officer. In January 2013, Charles Edelstenne was appointed Chief Executive Officer of Groupe Industriel Marcel Dassault. He was founder, Manager then Chairman and Chief Executive Officer of Dassault Systèmes and is currently Chairman of its Board of Directors.

Age: 79 years

Nationality: French

Professional address: Groupe Industriel Marcel Dassault – 9 Rond-Point des Champs-Élysées – Marcel Dassault, 75008 Paris – France

End of current term: General Meeting approving the financial statements for the year ending December 31, 2017

Date of first appointment: 04/08/1993

Dassault Systèmes shares owned at December 31, 2016: 15,680,534 (including a majority of beneficial ownership shares)

Other current positions and directorships:

Inside Dassault Group, in France: Chief Executive Officer and member of the Supervisory Board of Groupe Industriel Marcel Dassault SAS (GIMD)⁽¹⁾, Honorary Chairman and Director of Dassault Aviation SA (listed company, subsidiary of GIMD), Director of Sogitec Industries SA, Dassault Médias SA, Groupe Figaro Benchmark SASU

Inside Dassault Group, outside France: Director of SABCA (listed company, subsidiary of GIMD) (Belgium), Director of Dassault Falcon Jet Corporation (United States)

Outside Dassault Group: Director of Thales and Carrefour (listed companies), and Banque Lepercq de Neuflyze & Co. Inc. (USA); Honorary Chairman of Gifas⁽²⁾, Manager of the partnerships Arie, Arie 2, Nili and Nili 2

Other positions held, and expired, during the past five years:

Chairman of Gifas and Cidef⁽³⁾

Chairman and CEO of Dassault Aviation SA (listed company, subsidiary of GIMD), Chairman of the Board of Dassault Falcon Jet Corporation and Chairman of Dassault International, Inc.

(1) GIMD is the main shareholder of Dassault Systèmes SE (See paragraph 6.3.2 "Controlling Shareholder").

(2) Groupement des Industries Françaises Aéronautiques et Spatiales.

(3) Conseil des Industries de Défense Françaises.

BERNARD CHARLÈS – VICE-CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Biography: Bernard Charlès has been Vice-Chairman of the Board (since 2016) and Chief Executive Officer of Dassault Systèmes since 2002. Since 1995, Mr. Charlès has had executive functions which he shared with Mr. Edelstenne. Prior to holding this position, Mr. Charlès served as Director of the New Technology, Research and Development and Strategy department from 1986 to 1988 and as Director of Strategy, Research and Development from 1988 to 1995.

Age: 59 years

Nationality: French

Professional address: Dassault Systèmes – 10 rue Marcel Dassault, 78140 Vélizy-Villacoublay – France

Main position: Vice-Chairman of the Board and Chief Executive Officer of Dassault Systèmes

End of current term: General Meeting approving the financial statements for the year ending December 31, 2017

Date of first appointment: 04/08/1993

Dassault Systèmes shares owned at December 31, 2016: 2,890,441

Main other current positions and directorships (inside the Dassault Systèmes Group, outside France): Chairman of the Board of Dassault Systemes Corp., Dassault Systemes SolidWorks Corp., Dassault Systemes Simulia Corp. and Dassault Systemes Biovia Corp. (United States); Chairman of the Advisory Board (corporate body) of Dassault Systemes 3DExcite GmbH (Germany)

Other positions held, and expired, during the past five years (all inside the Dassault Systèmes Group, outside France):

Chairman of the Board of Dassault Systemes Delmia Corp., Dassault Systemes Enovia Corp. (United States), Dassault Systemes Canada Software Inc. (Canada) and Chairman of the Supervisory Board of RealTime Technology AG (Germany)

THIBAUT DE TERSANT – SENIOR EXECUTIVE VICE-PRESIDENT AND CHIEF FINANCIAL OFFICER

Biography: Thibault de Tersant has been Senior Executive Vice-President and Chief Financial Officer of Dassault Systèmes since 2003. He joined Dassault Systèmes in 1988 as Executive Vice-President and Chief Financial Officer. Prior to joining Dassault Systèmes, Mr. de Tersant served as a finance executive at Dassault International.

Age: 59 years

Nationality: French

Professional address: Dassault Systèmes – 10 rue Marcel Dassault, 78140 Vélizy-Villacoublay – France

Main position: Senior Executive Vice-President and Chief Financial Officer of Dassault Systèmes

End of current term: General Meeting approving the financial statements for the year ending December 31, 2017

Date of first appointment: 04/08/1993

Dassault Systèmes shares owned at December 31, 2016: 123,651

Main other current positions and directorships:

Inside Dassault Systèmes Group, in France: Chairman of Dassault Systèmes International SAS

Chairman of the Board of La Fondation Dassault Systèmes

Inside Dassault Group, outside France: Chairman of the Board of Spatial Corp., Director of Dassault Systemes Corp., Dassault Systemes SolidWorks Corp., Dassault Systemes Simulia Corp., Dassault Systèmes Biovia Corp. (United States), member of the Advisory Board (corporate body) of Dassault Systemes 3DExcite GmbH (Germany)

Outside Dassault Systèmes Group: Director of Temenos (listed company) (Switzerland); Director of the DFCG (the French National Association of Chief Financial Officers and Financial Controllers)

Other positions held, and expired, during the past five years (all inside the Dassault Systèmes Group, outside France):

Manager of Elsys SPRL, Director of Dassault Systemes Delmia Corp., and Dassault Systemes Enovia Corp. (United States)

JEAN-PIERRE CHAHID-NOURAÏ – INDEPENDENT DIRECTOR*Chairman of the Audit Committee**Chairman of the Compensation and Nomination Committee*

Biography: Jean-Pierre Chahid-Nouraï is an independent consultant. He was a managing director (administrateur délégué) of Finaval Conseil from 1992 to 2007. Former member of the Michelin management and Financial Manager, Mr. Chahid-Nouraï was also an investment banker at MM. Lazard Frères et Cie, Banque Veuve Morin-Pons, Financière Indosuez and S.G. Warburg, as well as a consultant with McKinsey & Co. At the same time, he taught finance at ESSEC, the Centre de Formation à l'Analyse Financière, INSEAD and CEDEP (Centre Européen d'Éducation Permanente).

Age: 78 years**Nationality:** French**Professional address:** 56 rue de Boulainvilliers, 75016 Paris – France**Main position:** director**End of current term:** General Meeting approving the financial statements for the year ending December 31, 2018**Date of first appointment:** 04/15/2005**Dassault Systèmes shares owned at December 31, 2016:** 2,062**Other current positions and directorships:**

None

Other positions held, and expired, during the past five years:

Director of the Fondation Stanislas pour l'Éducation

NICOLE DASSAULT – DIRECTOR⁽¹⁾**Age:** 86 years**Nationality:** French**Professional address:** Groupe Industriel Marcel Dassault, 9 Rond-Point des Champs-Élysées – Marcel Dassault, 75008 Paris – France**Main position:** member of the Supervisory Board (Conseil de surveillance) of GIMD**End of current term:** General Meeting approving the financial statements for the year ending December 31, 2018**Date of first appointment:** 05/26/2011**Dassault Systèmes shares owned at December 31, 2016:** 0⁽²⁾**Other current positions and directorships: (All Inside Dassault Group)** Vice-Chairman and member of the Supervisory Board (Conseil de surveillance) of Immobilière Dassault SA, Chief Executive Officer (Directeur Général Délégué) of Rond-Point Immobilier SAS, Director of Dassault Aviation (a listed company), Dassault Medias SA, groupe Figaro SAS and Artcurial SA and founding member of the Serge Dassault Foundation

(1) Nicole Dassault resigned on May 27, 2016.

(2) Nicole Dassault is a shareholder of GIMD.

CATHERINE DASSAULT – DIRECTOR

Biography: Catherine Dassault is a member of the Organizing Committee and the Honorary Committee of the French Alzheimer's Research Association, to whose growth she has contributed decisively. Catherine Dassault also sits on the Board of the Institut de l'Engagement, which helps young volunteers enrolled in France's Civic Service scheme to pursue their studies, find a job or set up their own business. Before devoting her time to helping develop and fund medical research and education, Catherine Dassault studied law and psychology and worked for some time in the communications industry.

End of current term: General Meeting approving the financial statements for the year ending December 31, 2018

Date of first appointment: 07/20/2016

Dassault Systèmes shares owned at December 31, 2016: 1,409

Age: 50 years

Nationality: French

Professional address: Groupe Industriel Marcel Dassault, 9 Rond-Point des Champs-Élysées – Marcel Dassault, 75008 Paris – France

Main position: Active member of associations recognized to be of public interest

Other current positions and directorships:

None

Other positions held, and expired, during the past five years:

Manager of C'est Ainsi (SARL)

ARNOUD DE MEYER – INDEPENDENT DIRECTOR

Chairman of the Scientific Committee

Member of the Compensation and Nomination Committee

Biography: Arnoud De Meyer is President of the Singapore Management University. Mr. De Meyer is a specialist in the management of innovation and has published numerous articles and books on this subject. He was previously Director of Judge Business School (University of Cambridge, U.K.) and Professor of Technology Management at INSEAD and Deputy Dean of INSEAD in France in charge of Administration and External Relations. He has also taught at Waseda University and Keio Business School in Japan and created the INSEAD Campus in Singapore.

End of current term: General Meeting approving the financial statements for the year ending December 31, 2018

Date of first appointment: 04/15/2005

Dassault Systèmes shares owned at December 31, 2016: 1,169

Age: 62 years

Nationality: Belgian

Professional address: Singapore Management University – 81 Victoria Street, Singapore 188065 – Singapore

Main position: President of the Singapore Management University

Other current positions and directorships:

Outside France: Director of Temasek Management Services Pte. Ltd, Singapore International Chamber of Commerce, SMU Ventures Pte. Ltd, member of the Board of Directors of Singapore National Research Foundation, Director of the Singapore Symphony Orchestra

Other positions held, and expired, during the past five years:

Director of Kylian Technology Management Pte. Ltd.

ODILE DESFORGES – INDEPENDENT DIRECTOR

Member of the Audit Committee

Biography: Odile Desforges graduated from the École Centrale Paris in 1973. She began her career at the Transport Research Institute, before joining Renault in 1981 as Planner and then Product Engineer. In 1986, she joined the Purchasing department. She was Body Equipment Purchasing General Manager for Renault/Volvo Purchasing Organization, then for Renault. In 1999, she became Executive Vice-President of Renault-VI Mack Group, before becoming in 2001 President of Volvo Group's 3P Business Unit.

In 2003, she was appointed Senior Vice-President, Purchasing, and Chairwoman and managing director of Renault Nissan Purchasing Organization (RNPO). Between March 1, 2009 and July 1, 2012, she was Executive Vice-President, Engineering and Quality, and a member of the Group Executive Committee.

End of current term: General Meeting approving the financial statements for the year ending December 31, 2016

Date of first appointment: 05/30/2013

Dassault Systèmes shares owned at December 31, 2016: 300

Age: 67 years

Nationality: French

Professional address: 3, rue Henri Heine, 75016 Paris – France

Main position: director

Other current positions and directorships:

In France: Director of Safran, Faurecia and Imerys (listed companies)

Outside France: Director of Johnson Matthey Plc (United Kingdom)

Other positions held, and expired, during the past five years:

Director of RNBV, RNTBCI, Renault Espana SA and Sequana

TANNEGUY DE FROMONT DE BOUAILLE – DIRECTOR REPRESENTING THE EMPLOYEES

Biography: Tanneguy de Fromont de Bouaille is the director representing the employees appointed by the CFE-CGC. He has been recruited by Dassault Systèmes in 1992 and currently serves as Consumer Goods and Retail Industry Sales Director, after having been employed as General Manager of Dassault Data Services (between 1992 and 2004), and Europe Sales Administration Director for ENOVIA (between 2004 and 2012). He previously held technical functions and then commercial agency management functions with Cap Gemini France and Cap Gemini America. Tanneguy de Fromont de Bouaille graduated from École Centrale Lyon and Massachusetts Institute of Technology.

End of current term: General Meeting approving the financial statements for the year ending December 31, 2019

Date of first appointment: 06/24/2016

Dassault Systèmes shares owned at December 31, 2016: 13,257*

Age: 62 years

Nationality: French

Professional address: Dassault Systèmes – 10 rue Marcel Dassault, 78140 Vélizy-Villacoublay – France

Main position: Consumer Goods and Retail Industry Sales Director of Dassault Systèmes

Main other current positions and directorships:

None

Other positions held, and expired, during the past five years:

None

* Tanneguy de Fromont de Bouaille is not bound by law or convention to hold Dassault Systèmes shares.

MARIE-HÉLÈNE HABERT-DASSAULT – DIRECTOR

Biography: After a Master's degree in Business Law and Taxation, a business law practitioner diploma (Assas, 1988) and a Master's in Strategy and Marketing (Sciences Po, 1989), Marie-Hélène Habert-Dassault began her career at DDB Publicité in London as a media planning consultant. She joined the Dassault Group in 1991 as Deputy Director of Communications. Since 1998, she has been Group Director of Communication and Patronage.

Age: 51 years

Nationality: French

Professional address: Groupe Industriel Marcel Dassault, 9 Rond-Point des Champs-Élysées – Marcel Dassault, 75008 Paris – France

Main position: Director of Communication and Patronage, Dassault Group

End of current term: General Meeting approving the financial statements for the year ending December 31, 2019.

Date of first appointment: 07/23/2014

Dassault Systèmes shares owned at December 31, 2016: 500*

Other current positions and directorships:

Inside Dassault Group: member of the Supervisory Board of GIMD, permanent representative of GIMD on the Supervisory Board of Immobilière Dassault, member of the Board of Directors of Dassault Aviation (listed company), member of the Strategy Committee HDF, Director and Vice-Chairman of the Serge Dassault Foundation, Director of Artcurial

Outside Dassault Group: Director of Biomérieux (listed company), General Manager of H Investissements, General Manager of HDH

Other positions held, and expired, during the past five years:

Member of Strategic Committee of Dassault Développement

* Marie-Hélène Habert-Dassault is a shareholder of GIMD.

LAURENCE LESCOURRET – INDEPENDENT DIRECTOR

Member of the Audit Committee

Biography: Laurence Lescourret has been an associate professor at the Finance department of ESSEC Business School since 2010. She is also a Director of ESSEC's "Capital Markets and Regulation" Excellence Center and an affiliate academic researcher at the Centre de Recherche en Économie et Statistique (CREST).

She holds a PhD in finance from HEC Paris (2003), a Master in management from EDHEC, a Master "104 Finance" from Paris Dauphine University, and a Master in political economy analysis from the École d'Économie de Paris.

Between 2004 and 2011, she was first an assistant professor, co-director and ultimately Director of the ESSEC Finance department. She also taught at ENSAE between 2000 and 2010.

As an academic researcher, she is the author of several publications on organizing and regulating capital markets and has received distinction for her work. She was the 2013 recipient of the Vega Prize from the Federation of European Securities Exchanges and received the 2015 award for best research article on derivative products granted by the IFSID (*Montreal Institute of Structured Finance and Derivatives*).

Age: 43 years

Nationality: French

Professional address: ESSEC Business School – Avenue Bernard Hirsch – 95021 Cergy-Pontoise – France

Main position: Associate professor in the Finance department – ESSEC Business School

End of current term: General Meeting approving the financial statements for the year ending December 31, 2019.

Date of first appointment: 05/26/2016

Dassault Systèmes shares owned at December 31, 2016: 0*

Other current positions and directorships:

None

Other positions held, and expired, during the past five years:

Member of the Supervisory Board of Groupe ESSEC

* Laurence Lescourret indicated she had used some of the directors fees paid to her in Q1 2017 to purchase Dassault Systèmes shares. As a result, on February 28, 2017 she held 115 Dassault Systèmes shares.

TOSHIKO MORI – INDEPENDENT DIRECTOR

Member of the Scientific Committee

Biography: Toshiko Mori is the Robert P. Hubbard Professor in the Practice of Architecture at Harvard University's Graduate School of Design and was the Chairman of the department of Architecture from 2002 to 2008. She is principal of Toshiko Mori Architect, and founder of VisionArc, a think-tank promoting global dialogue for a sustainable future. She has been honoured with: numerous American Institute of Architects New-York Awards; the Academy Award in Architecture from the American Academy of Arts and Letters; the American Institute of Architects New-York Chapter Medal of Honor; and the 2016 Tau Sigma Delta National Honor Society Gold Medal. Her project in Senegal won the Plan 2016 award in Culture, was a finalist for the Aga Khan 2014-2016 award, and won the Architizer 2016 A+ awards for Architecture + Community and Architecture + Humanitarianism. The project was also recently awarded the American Institute of Architects 2017 Institute Honor Award. Architectural Digest listed her amongst their biennial AD100 in 2014, 2016 and 2017 (the distinction became annual in 2017). She is a member of the World Economic Forum Global Future Council on The Future of Cities, jury member of the Alvar Aalto Medal 2017, and was inducted as a member of the American Academy of Arts & Sciences. Lastly she is a partner of Paracoustica, a non-for-profit organization which brings music to underserved communities.

End of current term: General Meeting approving the financial statements for the year ending December 31, 2018

Date of first appointment: 05/26/2011

Dassault Systèmes shares owned at December 31, 2016: 600

Age: 65 years

Nationality: Japanese

Professional address: Toshiko Mori Architect, 199 Lafayette Street, New York NY 10012 – USA

Main position: Partner at Toshiko Mori Architect PLLC

Other current positions and directorships:

Outside France: Robert P. Hubbard Professor in Harvard Graduate School of Design, member of the American Institute of Architects College of Fellows, member of the World Economic Forum Global Future Council on Future of Cities and Urbanism, member of the Advisory Board of A + U Magazine, member of the G1 Summit (Japan) and member of the Alvar Aalto Medal 2017 jury.

Other positions held, and expired, during the past five years:

President of World Economic Forum Global Agenda Council on Design

Advisor to Isamu Noguchi Museum

Member the World Economic Forum Global Agenda Council on Design & Innovation

5.1.1.2 Practices of the Board of Directors

Separation of the offices of Chairman and Chief Executive Officer

Dassault Systèmes separated the offices of Chairman of the Board and Chief Executive Officer. In addition to the balance of powers that this offers, it enables the Chairman and the Chief Executive Officer to concentrate on their specific remits (described below) within an experienced and harmonious management team (Mr. Charles Edelstenne previously held both roles as Chairman and Chief Executive Officer of Dassault Systèmes SE).

Mr. Charles Edelstenne, Chairman of the Board, organizes and supervises the work of the Board and reports thereon at the General Shareholders' Meeting. He ensures the proper functioning of the Board and the committees of Dassault Systèmes SE and their compliance with the best practices of good corporate governance, for example, by making sure that the directors are capable of fulfilling their duties. Mr. Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer keeps him regularly informed of significant matters concerning the Company and in particular its strategy, organization and investment projects. Mr. Charles Edelstenne also oversees maintaining quality relations with shareholders in close coordination with measures taken in this area by Mr. Bernard Charlès. All of these tasks of the Chairman of the Board are directed toward serving the Company, and his actions are taken into account in reviewing and determining his compensation.

The Chief Executive Officer is vested by law with the most comprehensive powers to represent Dassault Systèmes SE, subject to the limitations of powers indicated in paragraph 5.1.1.4 "Powers of the Chief Executive Officer" below. He represents Dassault Systèmes SE in its dealings with third parties.

In accordance with the recommendation of the Compensation and Nomination Committee, following the amendment to the by-laws decided by the General Meeting on May 26, 2016, the Board meeting held on the same day decided to appoint Bernard Charlès as Vice-Chairman of the Board. This appointment was made within framework of the implementing by the Group of best governance practices and a succession plan to ensure the Board would continue to operate normally in the absence of its Chairman the maximum age of which has been increased in 2016, to 85 years old.

The Board of Directors has set up a number of special committees to help it perform its tasks: the Audit Committee (established in 1996), the Compensation and Nomination Committee and the Scientific Committee (established in 2005). The committees report regularly to the Board as to the performance of their missions. The composition of these committees and their practices are described in paragraph 5.1.1.3 "Composition, Practices and Activities of the Board Committees".

Main provisions of the Board's internal regulation

The Board of Directors established an internal regulation (amended on May 26, 2016) to reflect the future appointment of a director representing employees. It defines the objectives, and the rules governing the composition and operation of the Board and its committees, and their interactions. The Audit Committee has its own charter, which was updated on May 26, 2016.

The internal regulation stipulates the frequency of the Board meetings take place and how Board members may participate in them. It also provides rules on the information and disclosure provided to the Board members on a regular basis (e.g. information on off-balance sheet commitments and the cash position) and on when an event occurs that might have a material impact on the Company's prospects, outlook or on the implementation of the Company's strategy.

The internal regulation requires that, each year:

- the Board reviews the independence of the directors;
- the non-executive directors meet on one occasion without the other directors to have a general discussion on the practices of the Board of Directors, and if applicable, debate specific subjects; and
- the Board discusses its practices. Every three years, the Board conducts a formal review.

With regard to the obligations applicable to directors, the internal regulation provides a reminder of the legal confidentiality requirements and reflects the ethical rules set out in the AFEP-MEDEF Code, particularly in the areas of prevention and management of conflicts of interest⁽¹⁾. In terms of the number of positions held in other companies, each director is required to inform the Board of any other position held in another French or foreign company, including in their committees. Moreover, the executive officers (*dirigeants mandataires sociaux*) must first obtain the approval from the Board prior to accepting a new term of office in a listed company. The internal regulation also requires them to hold, directly or indirectly, a relatively significant number of Dassault Systèmes SE shares (except the director representing the employees), and to comply with the Group's rules on the prevention of insider trading.

(1) An amendment to the internal regulation is planned for 2017 to set out the rules governing the prevention and management of conflicts of interest, in line with the new provisions of the AFEP-MEDEF Code.

The Board of Directors' activities in 2016

The Board of Directors met eight times in 2016, with an attendance rate of 91%.

In addition to the deliberations on its agenda pursuant to the law (notice of the General Meeting and approval of the annual management report), the Board also discussed principally the following issues:

- the Company's strategy (definition and review of strategic directions, review of partnership, acquisition, financing and guarantee transactions);
- the financial statements and the budget (approval of the 2015 annual financial statements and consolidated financial statements, the consolidated financial statements for the first half of 2016, the 2016 forward accounts and the review of the 2016 quarterly results); the Board is kept informed as to the Group's financial position by reports from the Audit Committee and presentations made at each meeting by the Senior Executive Vice-President and Chief Financial Officer;
- the review of the assessment of the internal control system;
- the amendment of the Board's internal regulation and the Audit Committee's charter;
- the compensation of directors and allocation of shares and share subscription options;
- the composition and the functioning of the Board (review of directors identified as independent; examination of materiality of any business relationships with the Group; cooptation of a director; decisions relating to the office of the director representing employees – training, preparation time);
- the compliance of Dassault Systèmes SE with the rules and recommendations on corporate governance;
- the proposal to pay additional profit-sharing (*intéressement et participation*) for fiscal year 2016;
- the professional equality policy.

Directors' training

Since 2016, the Company has extended to all the directors the possibility to attend an annual information day implemented in 2015 for the independent directors. The Company also systematically requests that all directors attend the **3DEXPERIENCE** Forum which it organizes every year notably in France, USA and Japan where they can discover reviews made by clients and partners of the Company. In accordance with the AFEP-MEDEF Code, each director may request, if he or she considers it necessary, additional training relating to Dassault Systèmes' specific features, businesses and markets.

Tanneguy de Fromont de Bouaille benefits from a training specifically designed to his office of director representing the employees.

Finally, the members of the Audit Committee receive, upon appointment, information on the specific accounting, financial and operational aspects of the Group.

The Board's review of its practices and performance

The Board of Directors is constantly seeking to improve its practices. It has two ways of doing this:

- it asks the independent directors for their comments on the subject. The independent directors meet every year to discuss the Board's practices. In 2016, a presentation was made to them on this topic, after which they were able to have a discussion without the presence of the Dassault Systèmes teams, before reporting on their discussion to the Board;
- it holds a debate at least once a year on its practices, and conducts a formal review every three years, in accordance with its internal regulation and the AFEP-MEDEF Code. The 2016 discussions on Board practices provided the directors with the opportunity to welcome the decision to appoint a new director and member of the Audit Committee. This decision followed a wish from the directors of such Committee, which was formally recorded during the 2015 discussions on Board practices and backed by the management.

The Board declared that it was satisfied with the effective contribution of the directors to the works of the Board, notably on the basis of the attendance and the involvement of each director.

5.1.1.3 Composition, Practices and Activities of the Board committees

Audit Committee

The Audit Committee consists solely of independent directors: Ms. Odile Desforges, Ms. Laurence Lescouret (director since May 26, 2016), and Mr. Jean-Pierre Chahid-Nourai, the Committee Chairman. All have financial or accounting expertise.

It is the task of the Audit Committee to oversee:

- matters related to the preparation and the auditing of accounting and financial information, in compliance with the applicable regulations and its Charter;
- the preparation process for financial information, the effectiveness of the internal control and risk management systems, the audit by the Statutory Auditors of the annual financial statements and consolidated financial statements and the independence of the Statutory Auditors and;
- the relationship between Dassault Systèmes SE and its Statutory Auditors. In this regard, the Audit Committee is involved in appointing and reappointing the Statutory Auditors and in appointing them for non-audit related missions. It monitors the Statutory Auditors to ensure they fulfill their mission and takes account of the findings and conclusions of the *Haut conseil du Commissariat aux Comptes* after audits have been conducted.

On all these matters, this Committee reports its recommendations to the Board of Directors.

The Audit Committee also provides the Board with regular reports on its activities, the results of the process of certification of the financial statements by the Statutory Auditors, how this process contributed to the integrity of the financial information and the role it played in this process. It informs the Board immediately of any difficulties it encounters.

It approves the annual plan for internal audits and gives its opinion on the department's organization. Lastly, it authorizes the Statutory Auditors to provide services other than the certification of the financial statements.

In the performance of its missions, the Audit Committee is given presentations by the Group's financial management, particularly regarding risks and, as the case may be, off-balance sheet commitments, and during the audit of the financial statements, a presentation from the Statutory Auditor on the results of the statutory audit and the accounting options selected. With regard to the efficiency of the internal control and risk management systems, the Statutory Auditors informs the Audit Committee of their main findings and the Internal Audit Director reports to the Audit Committee the conclusions of his work. In addition, the Committee may call on external experts, having assessed their expertise and independence.

In 2016, the Audit Committee met eight times, including three meetings at head office, which were attended by the Senior Executive Vice-President and Chief Financial Officer, the Company Finance Vice-President, the Group Controller, the Financial Reporting Director, the Internal Audit Director, the General Counsel and the Statutory Auditors of the Company, with which regular discussions were held without the management in attendance. The meetings preceding the disclosure of the quarterly results took place by conference call. The attendance rate for meetings of the Audit Committee in 2016 was 100%.

During 2016, in addition to reviewing the financial statements, the Audit Committee had the opportunity to express an opinion on various topics brought to its attention, including:

- audit reform introduced by the Order of March 17, 2016;
- update of a procedure for the authorization of non-audit services following the reform of the auditing sector;
- follow-up of the action plan in response to the OCDE Base Erosion and Profit Shifting (BEPS) recommendation;
- presentation on the significant changes in accounting standards (IFRS or French) and their impacts;
- regular reviews of the internal audit plan;
- Anti-Piracy Compliance program;
- information on the bill "Sapin II" regarding anti-corruption practices;
- re-appointment of a Statutory Auditor;
- information on the new market abuse legal framework; and
- possible acquisitions of target companies, as well as the Group's corporate simplification scheme.

Compensation and Nomination Committee

The Compensation and Nomination Committee is entirely comprised of independent directors: Mr. Chahid-Nourai (Chairman) and Mr. De Meyer.

The main duties of this Committee are:

- to propose to the Board of Directors the amounts for compensation and benefits of the executive officers (*dirigeants mandataires sociaux*), including the formulas and the rules to apply for determining variable compensation, and to verify the application of these rules;
- to evaluate the overall amount and the allocation of the directors' fees;
- to propose to the Board the nomination or renewal of directors and examine the independence of those who are so identified, based on criteria set out in the AFEP-MEDEF Code;
- to examine the Company's policy for nominating, and to be informed of the compensation policy for the managers, including non-executive officers;
- to discuss the employee profit-sharing and incentive plan comprised of grants of performance shares and share subscription options; and
- to propose to the Board of Directors solutions in case of vacancy of the position of Chairman of the Board and of Chief Executive Officer.

When the Compensation and Nomination Committee carries out its nomination work, it liaises with Mr. Charles Edelstenne, Chairman of the Board and Mr. Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer.

In relation to its duties, the Committee met three times in 2016, with an attendance rate of 100%. During these meetings, the Committee made recommendations to the Board on the following subjects:

- the governance of the Board of Directors and the appointment of Bernard Charlès as Vice-Chairman;

- the renewal of the term of office of a director, the appointment and cooptation of directors;
- the independence of directors, which was reviewed in relation to the responses of each director to a questionnaire;
- the compensation of executive officers (*dirigeants mandataires sociaux*);
- the share plans and share subscription option plans for Group directors and employees;
- the amount and allocation of the fees allocated to directors.

On a general and ongoing basis, the Compensation and Nomination Committee monitors the compliance of Dassault Systèmes with the law and best practice in the area of corporate governance, particularly with regard to the composition of the Board.

Scientific Committee

Similar to the other Board committees, the Scientific Committee is comprised solely of independent directors: Ms. Toshiko Mori and Mr. Arnoud De Meyer (Chairman of this Committee). It meets at least once a year. The Committee reviews the main directions of research and development, as well as the Company's technological achievements and makes recommendations on these matters. The persons with principal responsibility for these matters within Dassault Systèmes are invited to the Committee's meetings.

The Scientific Committee met twice in 2016, with an attendance rate of 75%. At these meetings, it reviewed a number of topics central to Dassault Systèmes strategy and in particular:

- Data Science with big data, cloud, and machine learning; and
- Life Science and precision medicine with the Group's investments and successes and the development opportunities for this market.

5.1.1.4 Powers of the Chief Executive Officer

Pursuant to French law, the Chief Executive Officer represents Dassault Systèmes SE in dealings with third parties within the limits set by the corporate purpose of the Company and by the powers reserved by law to the shareholders or the Board of Directors.

However, under the Dassault Systèmes SE's by-laws, certain decisions of the Chief Executive Officer are submitted to the prior approval of the Board. This concerns, in particular, the acquisition or the disposal of an entity, shareholding or asset (excluding internal transactions) or the use of external funding (bank loan or capital market issue), if the amount of the transaction exceeds a threshold set each year by the Board. This threshold, which was set by the Board on March 16, 2017, is €500 million.

On March 16, 2017, the Board also renewed its authorization to the Chief Executive Officer to grant guarantees, endorsements or securities in the name of Dassault Systèmes SE up to an aggregate amount of €500 million.

5.1.2 The Executive Committee

Chaired by Mr. Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer, the Executive Committee gathers together the managers of the main Dassault Systèmes business areas and functions. It has 10 members:

Bernard Charlès⁽¹⁾	Vice-Chairman of the Board and Chief Executive Officer
Dominique Florack	President, Research and Development
Thibault de Tersant⁽²⁾	Senior Executive Vice-President, Chief Financial Officer
Bruno Latchague	Senior Executive Vice-President, Global Field Operations (Americas), Industry solutions and Indirect channels
Monica Menghini	Executive Vice-President, Chief Strategy Officer
Pascal Daloz	Executive Vice-President, Brands and Corporate Development
Sylvain Laurent	Executive Vice-President, Global Field Operations (Asia-Oceania), Worldwide Business Transformation
Laurent Blanchard	Executive Vice-President, Global Field Operations (EMEAR) ⁽³⁾ , Worldwide Alliances and Services
Laurence Barthès	Executive Vice-President, Chief People and Information Officer
Philippe Forestier	Executive Vice-President, Global Affairs and Communities

(1) Mr Bernard Charlès is an acting executive officer (*dirigeant mandataire social exécutif*) as defined by the AFEP-MEDEF Code.

(2) Mr. Thibault de Tersant is also a director of Dassault Systèmes SE.

(3) Europe Middle-East Africa Russia.

5.1.3 Declarations regarding the administrative Bodies and Senior Management

To Dassault Systèmes SE's knowledge:

- there is no family relationship between the directors, or between a director and a member of the Executive Committee (see paragraph 5.1.2 above for the list of members), with the exception of Ms. Marie-Hélène Habert-Dassault and her sister-in-law Ms. Catherine Dassault;
- in the past five years, none of the directors or members of the Group's Executive Committee has been convicted of fraud, been declared bankrupt or their property impounded or liquidated, been subject to an official accusation and/or penalty delivered by legal or regulatory authorities, or been prohibited by a court from becoming a member of an administrative, management or supervisory body of a company, or from being involved in the management or direction of the affairs of a company;
- there are no potential conflicts of interest between the duties to the Company of the members of the Board of Directors and their private interests and/or other duties, and no director or member of the Group's Executive Committee has been named to the Board or to an administrative, management or supervisory body as a result of an agreement between the Company's main shareholders, customers, suppliers or any other persons;
- no director or member of the Group's Executive Committee is party to a service contract with Dassault Systèmes SE, or one of its subsidiaries, which provides him or her with a personal benefit.

5.1.4 Principles established by the Board of Directors pertaining to compensation of the Executive Officers and directors

Dassault Systèmes SE's compensation policy is designed to attract, motivate and retain highly qualified individuals, with the aim of ensuring the success of Dassault Systèmes. Indeed, this success depends on the achievement of its objectives, in particular, strategic, business and financial objectives, over the medium and long term. In setting criteria for determining compensation, Dassault Systèmes seeks to strike a balance between short, medium and long-term financial objectives, in order to take into account the creation of stockholder value and recognize individual performance.

The annual compensation of the executive officers (*dirigeants mandataires sociaux*) is set by the Board on the basis of recommendations of the Compensation and Nomination Committee. Such Committee bases its recommendations on a benchmark of compensations granted to Presidents of Boards of Directors or Supervisory Boards and CEOs of French groups part of the SBF 120 index, and of compensations granted to CEOs (also founders in a majority of cases) of international technology companies.

Also, in accordance with the recommendations of the AFEP-MEDEF Code, the compensation elements due or granted for the last financial year to each executive officer (*dirigeant mandataire social*) within the meaning of AFEP-MEDEF Code,

i.e. Charles Edelstenne, Chairman, and Bernard Charlès, Vice-Chairman and CEO, will be subject to shareholders' vote. In 2016, such resolutions relating to compensation elements due or granted for the financial year 2015 to Charles Edelstenne (6th resolution) and to Bernard Charlès (7th resolution) were approved by 98.46% and 81.35%, respectively.

Besides, in accordance with Article L. 225-37-2 of the French Commercial Code, the principles and criteria applicable to the determination, distribution and to the granting of the fix, variable and, as the case may be, exceptional elements which are part of the total compensation and benefits of all kinds attributable to Mr. Charles Edelstenne, Chairman of the Board, and to Mr. Bernard Charlès, Vice-Chairman and CEO, for the purposes of their duty during 2017 and which form part of the compensation policy relating to them, will be subject to a vote in the next General Meeting (see paragraph 7.1 "Presentation of the resolutions proposed by the Board of Directors to the General Meeting on May 23, 2017"). In accordance with Article L. 225-100 of the French Commercial Code, the variable or exceptional compensation elements resulting of the implementation of the compensation policy will be subject to a vote of the shareholders during the General Meeting convened to approve the 2017 annual accounts.

5.1.4.1 Fix, variable and exceptional compensation and in-kind benefits

The annual compensation of the Chairman of the Board is a fixed amount. However, the compensation of each member of the Executive Committee of the Group is comprised of a fixed portion and a variable portion. The variable portion may represent a significant part of the total compensation if the annual targets are achieved or outperformed. The targets are reviewed every year in order to be consistent with the Company's strategic orientations and include individual management targets.

Members of the Executive Committee within the French scope, except for the Chief Executive Officer, are also eligible for profit-sharing payments in the same manner as other employees of Dassault Systèmes SE, as described in paragraph 5.1.4.5 "Employee Profit-sharing".

Each year, the Board of Directors sets:

- the amount of the compensation (fixed only in accordance with the recommendation of the AFEP-MEDEF Code) of Mr. Charles Edelstenne, Chairman of the Board.

At its meeting on March 16, 2017, the Board of Directors set the amount of the Chairman's 2017 compensation at €982,000. The Chairman's compensation has therefore remained the same since 2014.

- the annual compensation of Mr. Bernard Charlès Vice-Chairman of the Board and CEO.

For his office as CEO, the annual target compensation with objectives achieved of Mr. Bernard Charlès is comprised of a fixed portion for 50%, paid monthly, and a variable portion for 50%, paid annually in relation to the achievement of the performance criteria previously set by the Board of Directors. The level of achievement of the objectives determines the amount actually paid for the variable compensation, which can result in a payment below the target, or up to 140%. Any significant change in his fixed compensation is made over the long term and relates to the increase in the Group's scope and market footprint.

The variable portion of the CEO's compensation paid in 2017 in respect of 2016, was set by the Board dated at its meeting of March 16, 2017, upon recommendation of the Compensation and Nomination Committee, to 1,378,000 euros after review of the achievement of the performance criteria set, representing 104% of the annual target compensation in 2016.

The categories of performance criteria, each equally weighted, are set forth in the following table with an indication, for each of them, of the level of payment resulting from the level of satisfaction of the quantifiable and qualitative objectives.

Performance criteria categories	Type	
Diluted net profit per share on a non-IFRS consolidated basis (hereinafter referred to as the "EPS") in line with the objectives communicated by Dassault Systèmes for the year	Quantifiable	108%
Company's efficiency processes, measured by the fact that the non-IFRS operating margin is in line with the objectives announced by Dassault Systèmes for the year	Quantifiable	104%
Dassault Systèmes' competitive position, measured by the evolution of the increase in the turnover compared to the competitors and the increase of the weight of the diversification industries in the global software turnover	Quantifiable	103%
Composition of product portfolio	Qualitative	100%
Implementation of the Group's short-, medium- and long-term strategy	Qualitative	105%

During its meeting held on March 16, 2017, the Board of Directors also set the foregoing performance criteria categories to assess the payment of the CEO's variable compensation for 2017. In 2017, those performance criteria categories show, as for 2016, a limit of 40% to the purely qualitative part of this variable compensation. In order to protect the Company's competitive position, the Board of Directors considered that it was not appropriate to disclose further details of the qualitative performance criteria. These qualitative and quantifiable criteria, which are discussed by the Compensation and Nomination Committee and the Board, are both internal and external in nature and depend on the Group's annual performance or its multi-year strategy (medium- and long-term). In addition, they include a strong "Social and Environmental Responsibility" dimension in relation with the Group's business, each of Dassault Systèmes' brands containing a promise of sustainable

development (see paragraphs 2.2.2.1 "3DEXPERIENCE platform for Sustainability: apps and solutions for sustainable development", 2.1.4 "Rewarding performance and recognizing employees" and 2.1.2.3 "Developing relations with the social, regional and community environment").

At its meeting of March 16, 2017, the Board of Directors set for 2017 the annual target compensation with objectives achieved for the Chief Executive Officer at €2,650,000, composed of a fixed portion for €1,325,000 (unchanged since 2015) and a variable portion the paid amount of which will depend upon the achievement of the objectives and will be subject to the prior approval by the General Meeting convened to approve the 2017 annual accounts. Therefore, the annual target compensation with objectives achieved for the Chief Executive Officer remains unchanged since 2015.

Mr. Bernard Charlès receives as Chief Executive Officer, benefits in-kind in the form of the use of a vehicle provided by Dassault Systèmes SE, as indicated in paragraph 5.3 "Summary of Compensation and Benefits Due to Directors".

As regards his office as Vice-Chairman of the Board, Mr. Bernard Charlès has not been granted nor has received any compensation in 2016.

Finally, Mr. Charles Edelstenne, Chairman of the Board, and Mr. Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer have not been granted in 2016 any exceptional compensation or any multi-annual compensation. They are not beneficiaries of an additional retirement plan nor any indemnity under a non-competition clause.

5.1.4.2 Performance Shares and Share Subscription Options

The members of the Group's Executive Committee are given long-term incentives notably through grants of Dassault Systèmes performance shares or share subscription options to associate them with the development and performance of the Company. In general, performance shares or share subscription options may be granted to key employees of the Company, and the number granted to each of them is dependent on the individual performance and level of responsibility of each of the beneficiaries (see paragraph 5.3.2 "Interests of Executive Management and Employees in the Share Capital of Dassault Systèmes SE").

Grants of share subscription options and performance shares generally occur during identical periods. However, there may be rare exceptions to this rule, given the recent changes in the tax and legal frameworks, or on the compliance with the knowledge of inside information by the corporate officers.

The General Meeting of September 4, 2015 set the maximum number of shares which could be granted to the executive officers (*dirigeants mandataires sociaux*) at 35% of the overall amount approved, assessed on the date of allocation, which was 1,800,078 shares at May 26, 2016.

Within the framework of this authorization, the Board of Directors which met on May 26, 2016, decided, on the recommendation of the Compensation and Nomination Committee, to grant 300,000 shares to the Vice-Chairman of the Board and Chief Executive Officer ("2016-B Shares") as part of the gradual process of making Bernard Charlès a company shareholder that began several years ago, with the aim of recognizing his entrepreneurial role during more than 30 years with the Group and providing him with an equity interest comparable to that of founders of companies in the same sector or more generally his peers in technology companies around the world. This number of 300,000 shares granted remains unchanged since 2005, which is the year of first grant to the CEO (taking into account the two-for-one share split on July 17, 2014).

These 2016-B shares represent 5.86% of the overall amount approved by the General Meeting of September 4, 2015.

The vesting of these shares to Mr. Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer is subject to his remaining in office and two cumulative performance conditions:

1. the first performance condition is identical to that of the 2016-A performance shares plan approved by the Board at its meeting of May 26, 2016, for the benefit of certain employees of the Group.

Under the first tranche of the 2016-B shares, such first performance condition is based on the average achievement level of the following objectives:

- (i) the intrinsic performance of the Group measured by the increase in the EPS for 2017 compared to that for 2015. it being specified that the achievement level will vary linearly between 0 and 100% subject to a threshold and a target defined by the Board dated May 26, 2016, and
- (ii) the outperformance by reference to the Dassault Systèmes stock price determined by difference between the change in the stock price over of the last five trading days of the months of February 2016 and 2018 and the change in the CAC40 Index on the same basis. The achievement level will vary linearly subject to a threshold and a target defined by the Board dated May 26, 2016.

Under the second tranche of those 2016-B shares, the first performance condition is subject to:

- (i) the intrinsic performance of the Group measured by the increase of the EPS for 2018 compared to that for 2015. it being specified that the achievement level will vary linearly between 0 and 100% subject to a threshold and a target defined by the Board dated May 26, 2016, and
 - (ii) the outperformance by reference to the Dassault Systèmes stock price determined by difference between the change in of the stock price over of the last five trading days of the months of February 2016 and 2019 and the change in the CAC40 Index on the same basis. This difference must be at least equal to a minimum set by the Board;
2. the additional performance condition, only applicable to Mr. Bernard Charlès, Vice-Chairman and Chief Executive Officer, is related to his variable compensation actually paid, for the first tranche, in respect of the years 2016 and 2017 (and effectively paid in 2017 and 2018), and for the second tranche, in respect of the years 2016, 2017 and 2018 (and effectively paid in 2017, 2018 and 2019), the amount of which depends on the level of achievement of performance criteria set by the Board.

In accordance with the AFEP-MEDEF Code and AMF recommendations, the Board meeting of May 26, 2016 reached a decision regarding the commitment of the Vice-Chairman of the Board and CEO to maintain in a registered form at least 15% of the total amount of shares vested to him under the 2016-B grant, such percentage being calculated after deduction of the number of shares which would be necessary to sell to pay taxes, social charges and expenses related to the sale of the total number of shares vested.

Mr. Bernard Charlès also as formally agreed not to use forward contracts in order to secure a capital gain in connection with the sale of performance shares or the exercise of stock options, until the expiry of the legal lock-up period. The Dassault Systèmes' insider trading rules already impose such restriction.

Further information concerning share subscription options and performance shares is provided in paragraph 5.3 "Summary of Compensation and Benefits Due to Directors".

Aside from Dassault Systèmes SE, no other Group company has granted shares or options to corporate officers (*mandataires sociaux*) in 2016.

5.1.4.3 Indemnities Due in the Event of the Imposed Departure (*départ contraint*) of Mr. Bernard Charlès

In accordance with the French Commercial Code and the AFEP-MEDEF Code, the principle and the amount of the indemnity paid to the Chief Executive Officer upon the termination of his functions are subject to conditions, in particular performance conditions. Thus the indemnity would be due in case of a change in control or strategy duly acknowledged by the Board of Directors, which results in an imposed departure (*départ contraint*) in the subsequent 12 months. The indemnity may also be paid if the imposed departure is not linked to poor results of the Company or to mismanagement by the Chief Executive Officer, the Board of Directors being entitled to decide to pay all or part of the indemnity. The Board decided to provide for this indemnity payment given the shareholder structure of the Company and the length of service to the Company of the Chief Executive Officer.

However, the indemnity would not be due in the event the Chief Executive Officer were to leave the Company on his own initiative to take a new position elsewhere, or were to be assigned a new position within the Company, or if he were to receive retirement benefits shortly after leaving. Furthermore, in the event of exceptional circumstances seriously damaging the image or results of the Company and significantly reducing, in the opinion of the Board, the market price of the Company's shares or in the event of misconduct other than in connection with his corporate functions (*faute séparable de ses fonctions*) and incompatible with the normal performance of his mandate, the Board may decide that the indemnity payment is not due.

The amount of the indemnity due to the Chief Executive Officer in the event of the termination of his functions will be equivalent to a maximum of two years of compensation as Chief Executive Officer and will depend on satisfying the performance conditions established for calculating his variable compensation. The amount paid would be calculated pro rata with respect to the percentage of variable compensation which was paid during the three years preceding his departure as compared to the targeted variable compensation for such years. The amount due would be calculated by using the following formula:

- the aggregate gross compensation (including variable compensation but excluding compensation in kind and directors' fees) due in connection with his position for the two years ended prior to the date of departure;
- multiplied by the quotient of (i) the amount of variable compensation actually paid during the three financial years completed prior to the date of departure with regard to their respective years of reference (numerator), divided by (ii) the amount of target variable compensation determined for each of these years by the Board of Directors on the basis of achievement of the objectives set for the Company (denominator).

The indemnity is thus subject to performance conditions related to achieving targets fixed for the variable compensation.

5.1.4.4 Directors' Fees

For the purposes of their respective offices as Chairman of the Board and director, Mr. Charles Edelstenne and Mr. Bernard Charlès receive directors' fees (see paragraph 5.3 "Summary of the Compensation and Benefits Due to Corporate Officers (*mandataires sociaux*)").

The General Meeting of May 26, 2016, set the maximum annual amount of directors' fees at €420,000.

For 2016, the amount of the directors' fees actually granted to the Dassault Systèmes SE directors was €353,749, of which €185,449 was for their positions (fixed portion) and €168,300 was for attendance of meetings of the Board of Directors and its committees (variable portion). In accordance with the AFEP-MEDEF Code, the variable portion of the directors' fees is structurally greater.

The distribution of the fees among the directors for 2016 is based on the following principles, which were set by the Board of Directors at its meeting on May 26, 2016: €16,500 per director, an additional €16,500 for the Chairman of the Board and an extra €4,400 for the Chairman of the Audit Committee (these amounts are prorated for the actual period served in the positions during the year); €2,200 per director for actual attendance at a Board meeting; €4,400 per member of the Audit Committee for actual attendance at a meeting of that Committee; €2,200 per member of the Compensation and Nomination Committee or Scientific Committee for each meeting of these committees they physically attend; and €1,100 each per conference call or videoconference in relation to a meeting of the Board of Directors or one of these committees.

5.1.4.5 Employee profit-sharing

Finally Dassault Systèmes SE has profit-sharing plans for all employees. The results of the year ended December 31, 2016, which are subject to approval by the General Meeting of Shareholders on May 23, 2017, should thus enable the distribution of an amount of €46,915,455 in profit-sharing (*intéressement et participation*).

More than 90% of the employees of the French subsidiaries held directly by Dassault Systèmes SE also benefit from profit-sharing agreements. For more information on these agreements, see paragraph 2.1.4 "Rewarding performance and recognizing employees".

5.1.5 Application of the AFEP-MEDEF Code

Dassault Systèmes refers to the recommendations of the AFEP-MEDEF Code (revised in November 2016) and reviews its corporate governance practices on a regular basis in order to achieve continual improvement in this area.

As permitted by such Code and the law, Dassault Systèmes SE has not adopted all of the Code's provisions, or has adopted certain provisions in modified form, in view of its particular situation or due to its compliance with other provisions of the Code. These are summarized in the table below, together with the reasons for their exclusion/modification.

Recommendations of the AFEP-MEDEF Code	Explanation
Proportion of performance shares in executive officer compensation (Article 24.3.3)	A significant portion of the shares granted to Mr. Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer falls under the plan adopted several years ago to progressively make him a Company shareholder, with the goal of recognizing his entrepreneurial role during more than 30 years with the Company and to provide him an equity interest comparable to that of founders of companies in the same sector, and more generally, of his peers in technology companies around the world.
Appointment to the Compensation and Nomination Committee of the director representing employees (Article 17.1)	The Board of Directors did not wish to alter the composition of the Compensation and Nomination Committee and considers that its current composition – 100% independent directors – is the best guarantee of its effectiveness.

5.1.6 Internal Control Procedures and Risk Management

Because Dassault Systèmes was listed on the stock market in the United States until the end of 2008, Dassault Systèmes defined and implemented an internal control procedure based mainly on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework, as well as on the AMF's suggested reference framework regarding internal control updated on July 22, 2010.

This Chairman's report on internal control procedures applies to Dassault Systèmes SE and its consolidated subsidiaries.

5.1.6.1 Definition and objectives of internal control

According to the COSO accounting basis, internal control is a process implemented by the Board of Directors, managers and employees, aimed at providing a reasonable guarantee with regard to achieving the following objectives: performing and optimizing operations, the reliability of financial and accounting information, and compliance with the laws and regulations in force.

The internal control procedures within the Company, whether at the level of Dassault Systèmes SE or its subsidiaries, are designed to:

- improve the performance and efficiency of operations through optimized use of available resources (an objective inspired by the COSO framework);
- ensure the reliability, quality and availability of financial data (an objective inspired by the COSO and AMF frameworks);
- ensure that operations comply with legislation in effect and the Company's internal procedures (an objective inspired by the COSO and AMF frameworks);
- guarantee the security of assets, particularly intellectual property, the human and financial resources and the image of the Company (an objective inspired by the AMF framework);
- prevent risks of error or fraud (an objective inspired by the COSO and AMF frameworks).

5.1.6.2 Internal Control Participants and Organization

All corporate governance bodies participate in the implementation of the internal control processes.

The Board of Directors, concerned with the issue of internal control, created in 1996 an Audit Committee, with the mission described above (see paragraph 5.1.1.3 “Composition, Practices and Activities of the Board Committees”).

In parallel, the Company’s management has established the following bodies:

- an Insider Committee responsible for setting and applying the rules aimed at preventing insider trading. In particular, this Committee informs all interested parties (employees, directors, consultants, etc.) of the periods in which they are prohibited from buying or selling Dassault Systèmes securities. These blackout periods are longer than those set forth by law. In addition, as they have regular access to privileged and insider information in relation to their roles, the Group managers must obtain the Insider Committee’s prior approval for any transactions involving the Company’s securities (as defined in the Group’s Insider Trading Rules). The Company complies with laws and regulations regarding the prevention of insider trading on a general basis;
- an Internal Audit department reporting to the Senior Executive Vice-President and Chief Financial Officer and to the Audit Committee, one of its main missions is to evaluate the relevance of Dassault Systèmes’ internal control processes, to alert the management and the Audit Committee regarding possible deficiencies or risks, and to propose measures that will limit the risks and improve the efficiency of operations. The Internal Audit department also has the responsibility for the annual assessment, on behalf of the management, of the internal control mechanisms related to financial reporting;
- an Ethics & Compliance department reporting to the Vice-Chairman and Chief Executive Officer, responsible for ensuring the implementation and respect of the Code of Business Conduct, as well as the Company’s specific policies, recommendations and procedures regarding ethics and compliance. This department is supported by an Ethics Committee which meets every month and investigates any alleged non-conformities brought to its knowledge.

The internal control is also based on the principle of giving responsibility to each of the departments and subsidiaries of the Company in its respective area of expertise, and on delegations of powers to certain members of the Executive Committee of the Company, such delegations having specific fields of application.

Moreover, the subsidiaries’ local chief executive and financial officers are responsible for preparing the subsidiaries’ financial statements which are included in the Company’s consolidated financial statements, and the annual financial statements and management reports for each of their respective subsidiaries, whether the accounts are prepared by their own financial

teams or by shared internal financial and accounting services centers located particularly in Malaysia, Japan, the United States and France.

The Company’s Financial Planning and Analysis department is responsible for directing the financial objectives of the Company in accordance with budget monitoring procedures and, in this respect, performs specific controls and analyzes of the quarterly accounts. It is also responsible for identifying, analyzing and warning of any differences from the previous year, the previous quarter and the Company’s budget objectives, which are subject to a quarterly update.

5.1.6.3 Internal Control and Risk Management Procedures

The internal control mechanisms developed by the Company promote internal control in the following areas:

- control report: The professional ethics of the Company are set forth in the Code of Business Conduct, which describes the manner in which Dassault Systèmes expects its business to be conducted and which may serve as a reference tool for all Group employees to help guide their behavior and their interactions in their professional work. The Code of Business Conduct, which applies to all employees of Dassault Systèmes and is available on the Group’s internet site and online community platform, addresses, in particular (i) compliance with regulations applicable to the Company’s business, (ii) individual interactions within the Company and with its ecosystem, and (iii) protecting the Company’s assets (in particular, the Company’s intellectual property and that of its clients and partners). The Code also includes rules governing conflicts of interest, insider trading and financial reporting. The distribution of the Code of Conduct is accompanied by training, which is specifically provided to any new employee and to employees joining the Group as part of the integration process for such acquisitions;
- risk analysis: The main risks which may impact the performance of the Company are identified, assessed and regularly reviewed by the management of the Company. These risks are described in paragraph 1.6.1 “Risks Related to the Company’s Business”. This paragraph specifies the measures taken by the Group to manage or limit these risks whenever possible;
- operational risks are essentially managed by subsidiaries. Risks in the area of IP protection, ethics and financial risks are specifically monitored by Dassault Systèmes SE as well as locally monitored;
- protection and monitoring activities:
 - 1) protecting its intellectual property is an on-going concern for the Group. This protection is ensured by implementing and monitoring corporate processes designed to verify the Company’s rights before it markets its software products. The Company also protects its inventions through a reasonable and well-considered approach to filing patents in several

jurisdictions. The Company's principal brands are also registered in a large number of countries. The Group is continuing to actively develop its program designed to fight against infringement concerning its products,

- 2) information systems security, which is critical to ensuring the protection of the source codes for the Company's applications, is continually evaluated, tested and strengthened in the areas of network access or performance, anti-virus protection, and the physical security of servers and other information system facilities,
 - 3) the internal control policies related to the main processes within the Company (information technology security, sales administration, human resources, protection of intellectual property, closing and publication of financial statements, treasury management, client credit risk management) are formalized and updated at the level of both Dassault Systèmes SE and its main subsidiaries or the related shared services centers,
 - 4) key control points making it possible to prevent or detect risks impacting the financial information in the significant entities of the Company are documented,
 - 5) tests are performed annually on these key control points to evaluate their effectiveness,
 - 6) the operational entities implement action plans with the goal of continuous improvement;
- monitoring: The Company has deployed processes to monitor, review and analyze on a regular basis its performance at the level of its main entities, brands, distribution channels and geographical areas (governance, budget reviews, activity reviews). In addition, quarterly communication meetings are also held to ensure a better dissemination of the Group's strategy to all its managers and discussions facilitating its implementation;
 - audit missions: In 2016, the Internal Audit department carried out different missions within the Company's subsidiaries to verify compliance of the local internal control procedures with the Company objectives. These missions, authorized by the Audit Committee, result in the issuance of recommendations to the local management teams and the implementation of action plans when deemed necessary to reinforce the audited processes and organizations. The Internal Audit department carries out a review of the implementation of these plans.

In addition, the Company has put in place internal preventative measures to continue operations and limit the impact of a major damage. As a result, several secured computer systems protect source codes and all electronic data stored on the servers, work stations and laptop computers used in the different entities of the Company. The computer protection systems are maintained in different sites.

5.1.6.4 Internal Control Procedures Relating to the Preparation and Treatment of Financial and Accounting Information

With respect to the internal control processes related to the preparation of financial and accounting information, the Company's focus has been to:

- implement a quarterly control system to update budget objectives and identify and analyze any variation from the objectives set by the Financial department of the Company and from the previous quarter and fiscal year.

Thus, each of the subsidiaries prepares a detailed and documented presentation of its sales activity for the past quarter and the year, and performs a comparative analysis of its financial results (revenues and costs) in comparison with the budget targets of the current year and compared to the same quarter for the previous year.

Budget projections are reviewed, analyzed and updated each quarter by the teams of the Financial department to take into account all changes in the market and the economic environment, particularly as regards exchange rates, and to present realistic objectives to shareholders and financial markets;

- improve the reliability of its consolidation tools and processes in order to establish and publish required financial information every quarter as soon as possible. The consolidation procedure as defined by Dassault Systèmes SE is based on:
 - 1) giving responsibility to the chief financial officers in the subsidiaries, who are required to certify the quarterly statements transmitted to Dassault Systèmes SE and to provide detailed business reviews and analyses before the accounts are consolidated,
 - 2) the use of consolidation tools that make data transmission and processing secure and allow the elimination of intra-group transactions,
 - 3) standardization of processes and information systems, particularly with respect to centralizing and recording most of the transactions at shared services centers,
 - 4) the implementation of an annual process to monitor off-balance sheet commitments, related-party agreements (*conventions réglementées*),
 - 5) a detailed review by the Group's financial division of the quarterly accounts of Dassault Systèmes SE and its subsidiaries,
 - 6) the detailed analysis by the Company's Accounting department of all the material software license and/or services transactions in order to validate their correct accounting recording;

- systematize the processes by which the Audit Committee and the Board of Directors review financial information prior to publication;
- structure its financial communications to ensure simultaneous and equivalent publication of information on its principal markets of financial results or any other information that could have an impact on the price of its shares.

5.1.6.5 Evaluation of Internal Control

Since its voluntary delisting from the NASDAQ in October 2008, Dassault Systèmes SE is no longer subject to the requirements of the U.S. Sarbanes-Oxley Act with regard to the assessment of its internal control procedures. The Company therefore evaluates the internal control procedures applicable to its principal processes and subsidiaries in accordance with European Regulations.

As the Company management aims to maintain a high level of internal control within the Company, detailed assessment

work was again performed in 2016, as part of the process of achieving continuous improvement and for the purpose of preparing targeted action plans and audits. In this respect, the scope of Group entities subjected to internal control evaluations, in the form of self-evaluation questionnaires and internal control reviews conducted in the months immediately following acquisition continues to expand to entities that had previously been considered immaterial and to newly acquired companies. The results of the evaluation of the internal control are presented to the Audit Committee. In addition, Internal Control's efficiency is assessed by the Statutory Auditors.

5.1.6.6 Limitations on Internal Control

The internal control system cannot provide an absolute guarantee that the Company's objectives in this area will be achieved. Inherent limitations apply to all internal control systems, related in particular to the exercise of individual judgments, or dysfunctions which may occur as a result of human failure or simple error or in the external environment.

5.1.7 Other information required by Article L. 225-37 of the French Commercial Code

5.1.7.1 Specific Conditions Related to Shareholders' Participation in the General Meeting

Shareholders participate in the General Meetings of the Company according to provisions specified by law and by the Company's by-laws (Articles 24 to 33). Thus, every shareholder has the right to participate in General Meetings and deliberations either personally or via a proxy, regardless of the number of shares held, according to the conditions specified by Article 27 of the by-laws of Dassault Systèmes (see paragraph 6.1.2 "Memorandum and Specific By-Laws Provisions").

In the case of the separation of the ownership of the shares, the voting right belongs to the bare owner (*nu-propriétaire*), except for decisions relating to the allocation of profits, where it belongs to the beneficial owner (*usufruitier*).

5.1.7.2 Financial risks linked to climate change and measures taken to reduce them through the implementation of a low-carbon strategy

The Group has not identified any financial risks linked to the impact of climate change on its business. For further information regarding risks facing the Company, see paragraph 1.6.1 "Risks Related to the Company's Business".

5.1.7.3 Statement on the publication of information required by Article L. 225-100-3 of the French Commercial Code

The information required by Article L. 225-100-3 of the French Commercial Code is indicated in paragraphs 6.3 "Information about the Shareholders" (concerning control of GIMD), 6.2.4 "Delegations and Authorizations Granted to the Board of Directors by the General Meeting" (concerning share issues), 6.2.5 "Stock Repurchase Programs" (concerning acquisition by Dassault Systèmes SE of its treasury shares), 6.1.2.2 "General Meetings" (concerning the conditions for exercising voting rights) and 5.1.4.3 "Indemnities Due in the Event of the Imposed Departure (départ contraint) of Mr. Bernard Charlès" in this 2016 Annual Report (*Document de référence*) which is also a part of the annual management report issued by the Board of Directors.

The Annual Report (*Document de référence*) is available on the AMF website (www.amf-france.org) and on the Dassault Systèmes website (www.3ds.com). A press release is issued to announce when the Annual Report (*Document de référence*) becomes available.

Charles Edelstenne

Chairman of the Board

5.2 Report of the Statutory Auditors on Corporate Governance and Internal Control

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Dassault Systèmes SE, and in accordance with Article L. 225-235 of the French Commercial Code (*Code de commerce*), we hereby report to you on the report prepared by the Chairman of your Company in accordance with Article L. 225-37 of the French Commercial Code for the year ended December 31, 2016.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by Article L. 225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information; and
- to attest that the report sets out the other information required by Article L. 225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

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

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

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report, prepared in accordance with Article L. 225-37 of the French Commercial Code.

Other information

We attest that the Chairman's report sets out the other information required by Article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine and Paris-La Défense, on March 17, 2017

The Statutory Auditors

French original signed by:

PricewaterhouseCoopers Audit
Pierre Marty

ERNST & YOUNG et Autres
Pierre-Antoine Duffaud

5.3 Summary of the Compensation and Benefits Due to Corporate Officers (*mandataires sociaux*)

5.3.1 Compensation of the Company's Corporate Officers (*mandataires sociaux*)

The tables below provide a summary, in accordance with the recommendations of the AMF and the AFEP-MEDEF Code, of the compensation and benefits paid to the corporate officers of Dassault Systèmes SE, pursuant to Article L. 225-102-1 of the French Commercial Code (see also paragraphs 5.1.4 "Principles established by the Board of Directors pertaining to compensation of the Executive Officers and directors"; 5.3.2.1. "Dassault Systèmes Share Subscription Options" and 5.3.2.2. "Performance Shares").

TABLE 1: SUMMARY OF THE COMPENSATION, OPTIONS AND SHARES AWARDED TO EACH EXECUTIVE OFFICER

<i>(in euros)</i>	2016	2015
Charles Edelstenne, Chairman of the Board		
Compensation due for the year (detailed in Table 2)	1,027,100	1,025,000
Value of the variable multi-year compensation granted during the year	N/A	N/A
Value of the stock options granted during the year (detailed in Table 4)	N/A	N/A
Value of the performance shares granted during the year (detailed in Table 6)	N/A	N/A
Value of the other long-term compensation plans	N/A	N/A
Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer		
Compensation due for the year (detailed in Table 2)	2,740,626 ⁽¹⁾	2,887,684
Value of the variable multi-year compensation granted during the year	N/A	N/A
Value of the stock options granted during the year (detailed in Table 4)	N/A	N/A
Value of the performance shares granted during the year (detailed in Table 6)	N/A	N/A
Value of the other long-term compensation plans	See below	See below

VALUE OF THE SHARES GRANTED TO BERNARD CHARLÈS, VICE-CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER, AS PART OF THE PLAN TO PROGRESSIVELY ASSOCIATE HIM WITH THE COMPANY'S CAPITAL

These shares are granted to Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer as part of the gradual process of associating him with the Company's capital that began several years ago, with the aim of recognizing his entrepreneurial role during more than thirty years with the Company and providing him with an equity interest comparable to that of founders of companies in the same sector, and more generally, of his peers in technology companies around the world.

<i>(in euros)</i>	2016	2015
Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer		
Value of the shares granted during the year (see Table 6) ⁽¹⁾	9,519,744 ⁽²⁾	11,653,530 ⁽³⁾

(1) Value based on the method chosen for the consolidated financial statements before the spreading of the expense and taking into account the performance criteria.

(2) i.e., 300,000 2016-B Shares granted in 2016.

(3) i.e., 300,000 2015-B Shares granted in 2015.

TABLE 2: SUMMARY OF THE COMPENSATION OF EACH EXECUTIVE OFFICER

Gross compensation before tax of the executive officers (*dirigeants mandataires sociaux*) is set forth in the table below.

(in euros)	2016		2015	
	Amounts due in respect of the year	Amounts paid in 2016	Amounts due in respect of the year	Amounts paid in 2015
Charles Edelstenne, Chairman of the Board				
Fixed compensation ⁽¹⁾	982,000	982,000	982,000	982,000
Annual variable compensation	N/A	N/A	N/A	N/A
Multi-year variable compensation	N/A	N/A	N/A	N/A
Extraordinary compensation	N/A	N/A	N/A	N/A
Directors' fees ⁽²⁾	45,100	43,000	43,000	42,000
Benefits in kind ⁽³⁾	N/A	N/A	N/A	N/A
TOTAL	1,027,100	1,025,000	1,025,000	1,024,000
Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer				
Fixed compensation	1,325,000 ⁽⁴⁾	1,325,000 ⁽⁴⁾	1,325,000	1,325,000
Annual variable compensation ⁽⁵⁾	1,378,000 ⁽⁶⁾	1,523,750 ⁽⁷⁾	1,523,750 ⁽⁷⁾	1,269,600 ⁽⁸⁾
Multi-year variable compensation	N/A	N/A	N/A	N/A
Extraordinary compensation	N/A	N/A	N/A	N/A
Directors' fees	27,500	28,000	28,000	27,000
Benefits in kind ⁽⁹⁾	10,126	10,126	10,934	10,934
TOTAL	2,740,626	2,886,876	2,887,684	2,632,534

(1) GIMD paid Mr. Charles Edelstenne, as GIMD's Chief Executive Officer, gross fixed compensation of €802,404 in 2016 and €800,000 in 2015

(2) GIMD paid Mr. Charles Edelstenne, for his term as a member of GIMD's Supervisory Board, directors' fees of €28,740 in 2016 and €27,222 in 2015

(3) GIMD granted benefits in kind related to the use of a car for Mr. Charles Edelstenne equivalent to an amount of €10,440 in 2016 and in 2015.

(4) With the exception of director's fees, Dassault Systèmes has paid to Bernard Charlès each of the compensation elements referred to in the table above with respect to his office as Chief Executive Officer of Dassault Systèmes. On May 26, 2016, Mr. Charlès has been appointed Vice-Chairman of the Board but has not received any compensation in consideration of this office as Vice-Chairman.

(5) The rules governing the determination of variable compensation of the Chief Executive Officer are described in paragraph 5.1.4 "Principles Established by the Board of Directors to Determine the Compensation of the Company's Executive Officers and members of the Group's Executive Committee".

(6) Variable portion of the compensation due for 2016 and paid in 2017.

(7) Variable portion due for 2015 and paid in 2016.

(8) Variable portion due for 2014 and paid in 2015.

(9) These benefits in kind provided by Dassault Systèmes SE are related to the use of a car by Bernard Charlès.

TABLE 3: DIRECTORS' FEES AND OTHER COMPENSATION RECEIVED BY THE NON-EXECUTIVE DIRECTORS

The directors do not receive any compensation other than the fees set forth in the table below, except for Charles Edelstenne and Bernard Charlès, whose compensation is set forth in Table 2 above, and Thibault de Tersant, Senior Executive Vice-President and Chief Financial Officer, and Tanneguy de Fromont de Bouaille (director representing the employees) whose compensations are set forth in Notes 1 and 4 to the table below.

<i>(in euros)</i>	Directors' fees paid in 2016 for fiscal year 2015	Directors' fees paid in 2015 for fiscal year 2014
NON-EXECUTIVE DIRECTORS (MANDATAIRES SOCIAUX NON-DIRIGEANTS)		
Thibault de Tersant⁽¹⁾	28,000	27,000
Jean-Pierre Chahid-Nourai	53,000	53,000
Catherine Dassault (director since July 20, 2016)	–	–
Nicole Dassault (director until May 27, 2016)⁽²⁾	22,000	22,000
Serge Dassault (director until May 27, 2014)⁽³⁾	N/A	10,000
Arnoud De Meyer	38,000	38,000
Odile Desforges	44,000	42,000
Tanneguy de Fromont de Bouaille (director representing the employees since June 24, 2016)⁽⁴⁾	–	–
Marie-Hélène Habert-Dassault⁽⁵⁾	28,000	9,657
Laurence Lescouret (director since May 26, 2016)	–	–
Toshiko Mori	30,000	28,000
TOTAL	243,000	229,657

(1) The overall compensation received by Thibault de Tersant in 2016 and 2015 is set out below:

	Compensation paid in 2016	Compensation paid in 2015
Thibault de Tersant, director, Senior Executive Vice-President and Chief Financial Officer		
Fixed Compensation	480,000	480,000
Annual variable compensation	240,000 ^(a)	250,000 ^(b)
Multi-year variable compensation	–	–
Extraordinary compensation	3,147	1,056
Directors' fees	28,000	27,000
Benefits ^(c)	9,867	9,865
TOTAL	761,014	767,921

(a) Variable portion due for 2015. In 2016, Thibault de Tersant also received €35,920.68 under the Company's French profit sharing plans.

(b) Variable portion due for 2014. In 2015, Thibault de Tersant also received €34,582.91 under the Company's French profit sharing plans.

(c) These benefits in kind are related to the use of a car provided by Dassault Systèmes SE.

(2) GIMD paid to Nicole Dassault in 2016 and 2015 respectively €21,911 and €14,778 as director's fees for his office as member of the Supervisory Board of GIMD.

(3) In 2015, GIMD paid Serge Dassault directors' fees of €27,222 for his role as a member of the Supervisory Board of GIMD and compensation of €630,000 in connection with his role as President of GIMD and granted him benefits in kind related to the use of a car equivalent to an amount to €14,448.

(4) The overall compensation received by Tanneguy de Fromont de Bouaille in 2016 is set out below:

	Compensation paid in 2016	Compensation paid in 2015
Tanneguy de Fromont de Bouaille, director representing the employees^(a)		
Fixed Compensation	116,769	N/A
Annual variable compensation	24,690 ^(b)	N/A
Multi-year variable compensation	N/A	N/A
Extraordinary compensation	1,135	N/A
Directors' fees	N/A	N/A
Benefits	N/A	N/A
TOTAL	142,594	N/A

(a) Dassault Systèmes SE has paid to Tanneguy de Fromont de Bouaille each of the compensation elements referred to in the table above with respect to his employment contract as Consumer Goods and Retail Industry Sales Director with Dassault Systèmes. Mr. Tanneguy de Fromont de Bouaille, who has been designated as director representing employees by the trade union organization that has obtained the highest number of votes in the first round of the elections for Works Council members, has not received director's fees for his office as such director's fees due for 2016 has been directly paid in 2017 by Dassault Systèmes SE to the CFE-CGC.

(b) Variable portion due for 2015. In 2016, Tanneguy de Fromont de Bouaille also received €34,450.83 under the Company's French profit sharing plans.

(5) In 2016 and 2015 respectively, GIMD paid Marie-Hélène Habert-Dassault directors' fees of €25,325 and € 27,222 in connection with her role as a member of the Supervisory Board of GIMD, and compensation of €343,830.88 and €338,534 for her role as Director of Communication and Patronage, Dassault Group. GIMD also granted her a bonus in an amount of €5,000 (in 2016 and in 2015) and benefits in kind related to the use of a car in an amount of €3,323.82 in 2016 and €3,550 in 2015.

Other elements relating to the compensation of the directors are described in paragraph 5.1.4.4 "Directors' Fees".

TABLE 4: SUBSCRIPTION OR PURCHASE OPTIONS GRANTED IN 2016 TO EACH EXECUTIVE OFFICER BY THE ISSUER AND BY ANY OF THE GROUP COMPANIES

<i>(in euros)</i>	N° and date of the plan	Type of options (purchase or subscription)	Value of the options	Number of options granted in 2016	Exercise price	Exercise period
Charles Edelstenne	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-
Bernard Charlès	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

TABLE 5: SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED DURING 2016 BY EACH EXECUTIVE OFFICER

<i>(in euros)</i>	Plan number and date	Number of options exercised in 2016	Exercise price
Charles Edelstenne	-	-	-
Bernard Charlès	-	-	-
TOTAL	-	-	-

TABLE 6: SHARES GRANTED IN 2016 TO EACH EXECUTIVE OFFICER BY THE ISSUER AND BY ANY OF THE GROUP COMPANIES

	Plan number and date	Number of performance shares granted in 2016	Value of the shares (en euros) ⁽¹⁾	Date of acquisition	Date of availability	Performance conditions
Charles Edelstenne	–	N/A	–	–	–	–
Bernard Charlès	2016-B 05/26/2016	300,000 ⁽²⁾	9,519,744	05/26/2018 (Tranche 1) and 05/26/2019 (Tranche 2)	05/26/2018 (Tranche 1) and 05/26/2019 (Tranche 2)	Yes
TOTAL		300,000				

(1) Value based on the method chosen for the consolidated financial statements before the spreading of the expense and taking into account the performance criteria.

(2) Such shares are granted to Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer as part of the gradual process of associating him with the Company's capital that began several years ago, with the aim of recognizing his entrepreneurial role during more than thirty years with the Company and providing him with an equity interest comparable to that of founders of companies in the same sector, and more generally, of his peers in technology companies around the world.

TABLE 7: SHARES THAT BECAME AVAILABLE DURING 2016 FOR EACH EXECUTIVE OFFICER

	Plan number and date of the plan	Number of rested shares that became available in 2016	Vesting conditions*
Bernard Charlès	2010-05 09/07/2012 2010-02 09/29/2011	300,000 28,000	
TOTAL		–	

* Such shares have been granted to Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer as part of the gradual process of associating him with the Company's capital that began several years ago, with the aim of recognizing his entrepreneurial role during more than thirty years with the Company and providing him with an equity interest comparable to that of founders of companies in the same sector, and more generally, of his peers in technology companies around the world. In accordance with law, a portion of such shares is subject to lock-up (see paragraph 5.1.4.2 "Performance Shares and Share Subscription Options"). The number of 28,000 shares reflects the two-for-one split in the Dassault Systèmes' share on July 17, 2014 and the correlative multiplication of the number of shares.

TABLE 8: GRANTS OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTED

See paragraph 5.3.2.1 "Dassault Systèmes Subscription Options" below.

TABLE 9: SHARE SUBSCRIPTION OPTIONS GRANTED TO THE TOP TEN EMPLOYEES WHO ARE NOT EXECUTIVE DIRECTORS AND WHO RECEIVED THE MOST SHARE SUBSCRIPTION OPTIONS, AND OPTIONS EXERCISED BY THESE EMPLOYEES

See paragraph 5.3.2.1 "Dassault Systèmes Subscription Options" below.

TABLE 10: HISTORY OF PERFORMANCE SHARES GRANTED

See paragraphs 5.3.2.2 "Performance Shares" below.

TABLE 11: FOLLOW-UP OF THE AFEP-MEDEF'S RECOMMENDATIONS

As indicated in the table below, Dassault Systèmes SE complies with the main recommendations of the AFEP-MEDEF Code regarding compensation and benefits granted to executive officers (*dirigeants mandataires sociaux*).

	Employment agreement		Additional retirement plan		Indemnities or benefits due or which may become due in the event of termination of or change in present functions		Indemnities related to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Executive officers								
Charles Edelstenne		X		X		X		X
Chairman of the Board Director since (1 st appointment): 04/08/1993 Term: until the annual General Meeting to be held in 2018								
Bernard Charlès		X		X	X*			X
Vice-Chairman of the Board and Chief Executive Officer 1 st appointment as CEO: 04/08/1993 Term: until the annual General Meeting to be held in 2018								

* The conditions for payment and the amount of the indemnities owed are described in paragraph 5.1.4.3 "Indemnities Due in the Event of the Imposed Departure (départ contraint) of Mr. Bernard Charlès".

There is no specific additional retirement plan (*régime complémentaire de retraite*) for the executive officers. The companies controlled by Dassault Systèmes SE have not paid any compensation or granted any other benefits in kind to the executive officers (*dirigeants mandataires sociaux*) mentioned above.

The new Table 10 "Summary of variable multi-annual compensations for each executive officer (*dirigeant mandataire social*)" recommended by the AFEP-MEDEF Code modified in November 2016 is not relevant as no such variable multi-annual compensations has been granted to any executive officer (*dirigeant mandataire social*) of Dassault Systèmes SE.

5.3.2 Interests of Executive Management and Employees in the Share Capital of Dassault Systèmes SE

5.3.2.1 Dassault Systèmes Share Subscription Options

As of December 31, 2016, there were five active share subscription options plans for the benefit of certain Company managers and employees. The exercise price of share subscription options, for all the plans, was fixed without a discount.

The General Meeting of May 26, 2016 authorized the Board of Directors to grant options to subscribe or to purchase Company shares for a period of 38 months, provided that the total of all outstanding stock options does not give a right to more than 5% of Dassault Systèmes SE's share capital. At its meeting on the same day, the Board of Directors used this authorization to grant to 720 beneficiaries 1,947,785 share subscription options (the "2016-01 Options"), the exercise of which is subject to them remaining with the Company and

performance conditions for each reference year 2016, 2017 and 2018.

The new shares created by the exercise of options between January 1 and the date of the Annual General Meeting deciding on the allocation of profit related to the most recently completed financial year are entitled to receive the dividend distributed with respect to that year. As a result, the new shares are traded on the same line as the previously existing shares.

However, the new shares created as from the day after this Annual General Meeting do not have a right to receive this dividend. Those shares are temporarily listed on a second trading line until the date the shares trade ex-dividend (i.e. without the right to receive the dividend to be distributed on Dassault Systèmes shares).

The following table provides certain information on the stock options plans in effect during 2016.

HISTORY OF SHARE SUBSCRIPTION AND PURCHASE OPTIONS GRANTED*(Corresponding to Table 8 of the AMF Position-Recommendation No. 2009-16)*

For all the grants prior to July 17, 2014, the figures in this table (options, shares and exercise price) reflect the two-for-one split of the Dassault Systèmes share effective on July 17, 2014 and the correlative multiplication of the number of shares that may be exercised.

Stock option plan	2008-02	2010-01	2014-01	2015-01	2016-01	Total
General Meeting	05/22/2008	05/27/2010	05/30/2013	05/30/2013	05/26/2016	
Board of Directors	11/27/2009	05/27/2010	05/26/2014	09/04/2015	05/26/2016	
Total Number of shares to be subscribed pursuant to options exercise	3,703,000	2,480,000	624,450	1,965,555	1,947,785	10,720,790
• by corporate officers (<i>mandataires sociaux</i>)	340,000	220,000	-	-	N/A	560,000
Bernard Charlès	100,000 ⁽¹⁾	100,000 ⁽¹⁾	N/A	N/A	N/A	200,000
Thibault de Tersant	240,000	120,000	-	N/A	N/A	360,000
Starting point for exercising the options	11/27/2013	05/27/2014	02/21/2016	09/04/2016	05/26/2017	
Expiry date	11/26/2017	05/26/2018	05/25/2022	09/03/2025	05/25/2026	
Exercise price (<i>in euros</i>)	19.50	23.50	45.50	62.00	69.00	
Terms of exercise			See note ⁽²⁾	See note ⁽³⁾	See note ⁽⁴⁾	
Total number of shares subscribed pursuant to options exercised as of 12/31/2016	2,470,384	1,122,677	47,964	120,117	-	3,761,142
Cumulative number of options canceled or null and void as of 12/31/2016	310,000	206,700	250,160	176,521	55,114	998,495
Number of options outstanding as of 12/31/2016	922,616	1,150,623	326,326	1,668,917	1,892,671	5,961,153
Number of shares subscribed pursuant to options exercised between 01/01/2017 and 02/28/2017	63,244	75,200	19,093	22,817	-	180,354
Number of options canceled or null and void between 01/01/2017 and 02/28/2017	-	-	42,424	8,144	6,825	57,393
Number of options outstanding as of 02/28/2017	859,372	1,075,423	264,809	1,637,956	1,885,846	5,723,406
Total number of shares subscribed pursuant to options exercised as of 02/28/2017	2,533,628	1,197,877	67,057	142,934	-	3,941,496

(1) The options granted to the Chief Executive Officer are subject to performance conditions related to his variable compensation actually paid out over three years, the amount of which is itself dependant upon the satisfaction of the performance criteria defined by the Board of Directors of Dassault Systèmes SE.

(2) The 2014-01 options are exercisable by one-third tranches as from February 21, 2016, February 21, 2017 and February 21, 2018, respectively, provided that the beneficiary remains with the Company and fulfils the performance conditions related to the target for his or her respective brand.

(3) The 2015-01 options are exercisable by one-third tranches as from September 4, 2016, September 2017 and September 2018, respectively, provided that the beneficiary remains with the Company and fulfils the performance condition relating to the diluted net profit per share on a non-IFRS consolidated basis (hereinafter referred to as the "EPS"), and/or the achievement of the target for his or her respective brand.

(4) The 2016-01 options are exercisable by one-third tranches as from May 26, 2017, 2018 and 2019 respectively, provided that the beneficiary remains with the Company and fulfils the performance condition relating to the EPS (neutralized from currency effects), and/or the achievement of the target for his or her respective brand.

For information regarding the dilutive effect on share capital by the exercise of options, see also paragraph 6.2.1 "Share Capital at February 28, 2017".

At December 31, 2016, the only corporate officers (*mandataires sociaux*) owning such share subscription options were Bernard Charlès and Thibault de Tersant.

For information regarding the equity interests in Dassault Systèmes SE of the corporate officers (*mandataires sociaux*), see paragraphs 5.1.1 "Composition and Practices of the Board of Directors" and 6.3 "Information about the Shareholders" in this Annual Report (*Document de référence*).

SUBSCRIPTION AND PURCHASE OPTIONS OF THE TOP TEN EMPLOYEES WHO ARE NOT EXECUTIVE OFFICERS AND THE OPTIONS THEY EXERCISED DURING 2016

(Corresponding to Table 9 of the AMF Position-Recommendation No. 2009-16)

The following table sets forth, on a global basis, the total number and weighted average exercise price of shares subscribed by the ten Company employees who exercised the largest number of Dassault Systèmes SE stock options during 2016 and who are not corporate officers (*mandataires sociaux*) of the Dassault Systèmes SE.

	Total number of options	Average weighted price per option	Plan no. 2008-02	Plan no. 2010-01	Plan no. 2014-01	Plan no. 2015-01	Plan no. 2016-01
Stock options granted in 2016 to the ten employees who received the largest number of stock options	320,250	€69.00	-	-	-	-	320,250
Stock options exercised in 2016 by the ten employees who exercised the largest number of stock options*	396,617	€41.38	-	293,452	80,500	13,332	-

* For all the grants prior to July 17, 2014, the figures in this table (options and exercise price) reflect the two-for-one split of the Dassault Systèmes share effective on July 17, 2014 and the correlative multiplication of the number of shares that may be exercised.

5.3.2.2 Performance Shares

The General Meeting of September 4, 2015 authorized the Board of Directors to grant Dassault Systèmes shares, up to a maximum of 2% of Dassault Systèmes SE's capital at the date of granting by the Board of Directors (i.e. 5,143,080 shares as at May 26, 2016), this authorization being valid during a 38-month period.

The Board meeting of May 26, 2016 used this authorization to grant 782,950 "2016-A" performance shares to 604 beneficiaries, and 300,000 "2016-B" shares to Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer (see paragraph 5.1.4.2 "Performance Shares and Share Subscription Options"). This second grant is compliant with the resolution of the General Meeting, which limited the portion of shares that could be granted to Bernard Charlès to 35% of the overall amount of shares as of the date of the grant (i.e. 1,800,078 shares as at May 26, 2016).

HISTORY OF PERFORMANCE SHARES GRANTED

(Corresponding to Table 10 of the AMF Position-Recommendation No. 2009-16)

For all the grants prior to July 17, 2014, the figures in this table reflect the two-for-one split of the Dassault Systèmes share effective on July 17, 2014 and the correlative multiplication of the number of shares.

Plan Number	2010-02 France Plan	2010-04 – France Plan	2010-04 – International Plan	2014-A	2015-A	2016-A	Total
General Meeting	05/27/2010	05/27/2010	05/27/2010	05/30/2013	09/04/2015	09/04/2015	
Date of the Board meeting	09/29/2011	09/07/2012	09/07/2012	02/21/2014	09/04/2015	05/26/2016	
Total number of shares granted, including the number granted to:	621,000	661,600 ⁽¹⁾	416,860 ⁽¹⁾	1,059,880	734,600	782,950	4,276,890
• to corporate officers (mandataires sociaux)	62,000	62,000	–	40,000	40,000	40,000	244,000
Bernard Charlès	28,000 ⁽²⁾	28,000 ⁽²⁾	–	–	–	–	56,000⁽²⁾
Thibault de Tersant	34,000	34,000	–	40,000	40,000	40,000	188,000
Vesting date of shares	09/29/2014	09/07/2015	09/07/2016	02/21/2018	09/04/2017	05/26/2018 (Tranche 1) and 05/26/2019 (Tranche 2)	
Date of end of holding period	09/29/2016	09/07/2017	N/A	N/A	N/A	N/A	
Performance conditions	Yes ⁽³⁾	Yes ⁽⁴⁾	Yes ⁽⁴⁾	Yes ⁽⁵⁾	Yes ⁽⁶⁾	Yes ⁽⁷⁾	
Number of shares vested as at 02/28/2017	588,000	622,000	336,310	–	–	–	1,546,310
Total number of shares cancelled or lapsed as at 12/31/2016	33,000	39,600	80,550	84,810	11,450	2,950	252,360
Performance shares remaining at the end of financial year	–	–	–	975,070	723,150	780,000	2,478,220

(1) In the event of international mobility, the beneficiaries of the France Plan may be transferred under certain conditions to the International Plan and vice versa during the vesting period. Therefore, the total number of vested shares under the France or International Plans may differ from the number of shares originally granted under these plans.

(2) The shares granted to the Chief Executive Officer are subject to an additional performance condition in relation to his variable compensation actually paid with respect to three financial years set forth in the regulations of the plan in question, the amount of which is itself dependent on achieving performance criteria previously established by the Board of Directors of Dassault Systèmes SE.

(3) The 2010-02 Shares will be fully vested at the end of the vesting period applicable to the beneficiary, provided the beneficiary remains with the Company and satisfies a performance condition, which is measured according to the EPS actually realized compared to the high end of the range EPS as published for each of the 2011, 2012 and 2013 financial years.

(4) The 2010-04 Shares will be fully vested at the end of the vesting period applicable to the beneficiary, provided the beneficiary remains with the Company and satisfies a performance condition, which is measured according to the EPS actually realized compared to the high end of the range EPS as published for each of the 2012, 2013 and 2014 financial years.

(5) The 2014-A Shares will be fully vested at the end of the vesting period, provided the beneficiary remains with the Company and fulfils each year over a three-year period at least one of the following performance conditions: growth in the EPS compared to 2014, and such growth must be at least equal to a threshold (expressed as a percentage) established at the Board meeting at which the shares were granted, or outperformance of the Dassault Systèmes share compared to the performance of the CAC 40 index; and this difference must be at least equal to a threshold (expressed as a percentage) established at the same Board meeting.

(6) The 2015-A Shares will be fully vested at the end of the vesting period, provided that the beneficiary remains with the Company and fulfils at least one of the following performance conditions whose achievement will be measured in 2017: growth in the EPS compared to 2014, and such growth must be at least equal to a threshold (expressed as a percentage) established at the Board meeting at which the shares were granted, or outperformance of the Dassault Systèmes share compared to the performance of the CAC 40 index; and this difference must be at least equal to a threshold (expressed as a percentage) established at the same Board meeting.

(7) The 2016-A Shares will be fully vested at the end of the vesting period, provided that the beneficiary remains with the Company and fulfils at least one of the following performance condition (based on alternative criteria in consideration of each tranche) whose achievement will be measured in 2018 and 2019: growth in the EPS compared to 2015, and such growth must be at least equal to a threshold (expressed as a percentage) established at the Board meeting at which the shares were granted, or outperformance of the Dassault Systèmes share compared to the performance of the CAC 40 index; and this difference must be at least equal to a threshold (expressed as a percentage) established at the same Board meeting.

HISTORY OF THE SHARE GRANTS TO BERNARD CHARLÈS, VICE-CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER, IN RESPECT OF THE GRADUAL PROCESS OF ASSOCIATING BERNARD CHARLÈS WITH THE COMPANY'S SHARE CAPITAL.

(See also paragraph 5.1.4.2 "Performance Shares and Share Subscription Options")

For all the grants prior to July 17, 2014, the figures in this table reflect the two-for-one split of the Dassault Systèmes share effective on July 17, 2014 and the correlative multiplication of the number of shares.

Plan Details	2009	2010	2010-03	2010-05	2014-B	2015-B	2016-B
General Meeting	06/06/2007	05/27/2010	05/27/2010	05/27/2010	05/30/2013	09/04/2015	09/04/2015
Board of Directors	11/27/2009	05/27/2010	09/29/2011	09/07/2012	02/21/2014	09/04/2015	05/26/2016
Total number of shares granted to Bernard Charlès	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Vesting date of shares	11/27/2011	05/27/2012	09/29/2013	09/07/2014	02/21/2018	09/04/2017	05/26/2018 (Tranche 1) and 05/26/2019 (Tranche 2)
Date of end of holding period ⁽¹⁾	11/27/2013	05/27/2014	09/29/2015	09/07/2016	N/A	N/A	N/A
Performance conditions	See note ⁽²⁾	See note ⁽³⁾	See note ⁽⁴⁾	See note ⁽⁵⁾	See note ⁽⁶⁾	See note ⁽⁷⁾	See note ⁽⁸⁾
Number of shares vested as at 02/28/2017	300,000	300,000	300,000	300,000	-	-	-

(1) Non applicable to the shares subject to the legal lock-up commitment set by the Board of Directors (see paragraph 5.1.4.2 "Performance Shares and Share Subscription Options").

(2) Performance condition related to variable compensation actually paid to the Chief Executive Officer with respect to the 2009 and 2010 financial years, the amount of which is itself dependent on achieving performance criteria previously established by the Board.

(3) Performance condition related to variable compensation actually paid to the Chief Executive Officer with respect to the 2010 and 2011 financial years, the amount of which is itself dependent on achieving performance criteria previously established by the Board.

(4) Performance condition related to variable compensation actually paid to the Chief Executive Officer with respect to the 2011 and 2012 financial years, the amount of which is itself dependent on achieving performance criteria previously established by the Board.

(5) Performance condition related to variable compensation actually paid to the Chief Executive Officer with respect to the 2012 and 2013 financial years, the amount of which is itself dependent on achieving performance criteria previously established by the Board.

(6) The same performance condition as that stipulated for the 2014-A performance shares granted by the Board on the same day to certain employees of the Group.

(7) Performance condition (i) identical to the one stipulated for the 2015-A performance shares and (ii) an additional condition tied to the variable compensation actually paid to the Chief Executive Officer with respect to financial years 2015 and 2016, the amount of which is itself dependent on the achievement of performance criteria previously established by the Board meeting that set his compensation.

(8) Performance condition (i) identical to the one stipulated for the 2016-A performance shares and (ii) an additional condition tied to the variable compensation actually paid to the Chief Executive Officer with respect to financial years 2016, 2017 and 2018, the amount of which is itself dependent on the achievement of performance criteria previously established by the Board meeting that set his compensation (see paragraph 5.1.4.2 "Performance Shares and Share Subscription Options").

5.4 Transactions in the Company's Shares by the Management of the Company

Pursuant to Article 223-26 of the AMF General Regulations, the table below shows transactions involving securities issued by Dassault Systèmes SE carried out in 2016 by directors or executive officers of the Company, or by persons related to them (according to Article L. 621-18-2 of the French Monetary and Financial Code) on the basis of the declarations made by the relevant parties to the AMF, available on www.amf-france.org.

Date And place	Directors and Executive Officers	Nature of the transaction	Unit price (in euros)	Gross amount (in euros)
01/12/16 Euronext Paris	Dominique Florack	Exercise of share subscription options	19.50	195,000.00
02/15/16 Euronext Paris	Thibault de Tersant	Exercise of share subscription options	23.50	940,000.00
02/15/16 Euronext Paris	Thibault de Tersant	Sale of shares	67.2117	2,688,470.59
04/25/16 Euronext Paris	Thibault de Tersant	Exercise of share subscription options	23.50	122,200.00
04/25/16 Euronext Paris	Thibault de Tersant	Exercise of share subscription options	19.50	27,300.00
04/27/16 Euronext Paris	Thibault de Tersant	Sale of shares	70.3827	2,815,308.60
04/27/16 Euronext Paris	Thibault de Tersant	Exercise of share subscription options	23.50	940,000.00
05/02/16 Euronext Paris	Pascal Daloz	Exercise of share subscription options	19.50	1,950,000.00
06/24/16 Euronext Paris	Laurence Barthès	Reinvestment of dividends in shares	68.40	8,960.40
06/24/16 Euronext Paris	Jean-Pierre Chahid-Nourai	Reinvestment of dividends in shares	68.40	547.20
06/24/16 Euronext Paris	Pascal Daloz	Reinvestment of dividends in shares	68.40	21,272.40
06/24/16 Euronext	Individual related to Bernard Charlès	Reinvestment of dividends in shares	68.40	68,058.00
06/24/16 Euronext	Individual related to Bernard Charlès	Reinvestment of dividends in shares	68.40	205.20
06/24/16 Euronext	Individual related to Bernard Charlès	Reinvestment of dividends in shares	68.40	342.00

Date And place	Directors and Executive Officers	Nature of the transaction	Unit price (in euros)	Gross amount (in euros)
06/24/16 Euronext	Charles Edelstenne	Reinvestment of dividends in shares	68.40	136.80
06/24/16 Euronext	Charles Edelstenne	Reinvestment of dividends in shares	68.40	1,500,148.80
06/24/16 Euronext	Individual related to Charles Edelstenne	Reinvestment of dividends in shares	68.40	2,740,788.00
06/24/16 Euronext	Legal person related to Charles Edelstenne	Reinvestment of dividends in shares	68.40	820.80
06/24/16 Euronext	Legal person related to Edelstenne	Reinvestment of dividends in shares	68.40	820.80
07/28/16 Euronext Paris	Philippe Forestier	Exercise of share subscription options	19.50	390,000.00
07/28/16 Euronext Paris	Philippe Forestier	Sale of shares	74.0375	1,480,751.71
07/28/16 Euronext Paris	Thibault de Tersant	Exercise of share subscription options	23.50	817,800.00
07/28/16 Euronext Paris	Thibault de Tersant	Sale of shares	74.0514	2,576,989.02
08/02/16 Euronext Paris	Bruno Latchague	Exercise of share subscription options	23.50	35,367.00
08/02/16 Euronext Paris	Bruno Latchague	Sale of shares	73.6396	110,827.63
09/09/16 Euronext Paris	Bruno Latchague	Sale of shares	76.5805	2,603,737.00
10/31/16 Euronext Paris	Thibault de Tersant	Sale of shares	72.0825	720,825.00

TRANSACTIONS MADE BY GIMD, A LEGAL ENTITY RELATED TO CHARLES EDELSTENNE, CHAIRMAN OF THE BOARD, AND MARIE-HÉLÈNE HABERT-DASSAULT, DIRECTOR

Date and place	Nature of the transaction	Unit price (in euros)	Gross amount (in euros)
06/15/2016 Euronext Paris	Acquisition of shares	66.2085	15,956,248.50
10/27/16 Over the counter market	Sale of other types of financial instruments	1.56	23,400.00
10/28/16 Over the counter market	Sale of other types of financial instruments	1.4126	21,189.00
11/15/16 Over the counter market	Sale of other types of financial instruments	1.7159	25,738.50

5.5 Statutory Auditors

Principal Statutory Auditors

PricewaterhouseCoopers Audit, member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles*, 63, rue de Villiers – 92200 Neuilly-sur-Seine, represented by Pierre Marty, whose first mandate began on June 8, 2005 and was renewed on May 26, 2011 for a period of six fiscal years expiring at the General Meeting of Shareholders approving the financial statements for the fiscal year ending on December 31, 2016.

Ernst & Young et Autres, member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles*, 1/2, place des Saisons – 92400 Courbevoie – Paris-La Défense 1, represented by Pierre-Antoine Duffaud, whose first mandate began on May 27, 2010 was renewed on May 26, 2016 for a period of six fiscal years expiring at the General Meeting of Shareholders approving the financial statements for the fiscal year ending on December 31, 2021.

It will be proposed to the General Meeting of May 23, 2017 to renew PricewaterhouseCoopers Audit mandate, for a six fiscal

year period. This mandate will expire at the General Meeting approving the financial statements for the year ending on December 31, 2022.

Deputy Statutory Auditors

Yves Nicolas, 63, rue de Villiers – 92200 Neuilly-sur-Seine, whose mandate began on May 26, 2011 for a period of six fiscal years expiring at the General Meeting of Shareholders approving the financial statements for the fiscal year ending on December 31, 2016.

The company Auditex, 1/2, place des Saisons – 92400 Courbevoie – Paris-La Défense 1, whose mandate was renewed on May 26, 2016 and will expire at the General Meeting of Shareholders approving the financial statements for the fiscal year ending on December 31, 2021.

Principal Auditors' fees and services

See Note 27 to the consolidated financial statement.

6

INFORMATION ABOUT DASSAULT SYSTÈMES SE, THE SHARE CAPITAL AND THE OWNERSHIP STRUCTURE

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6.1 Information about Dassault Systèmes SE

6.1.1 General Information

6.1.1.1 Commercial Name and Registered Office

Dassault Systèmes

10, rue Marcel Dassault – 78140 Vélizy-Villacoublay, France

Telephone: +33 (0)1 61 62 61 62

6.1.1.2 Legal form – Applicable Law – Place of Registration and Registration Number – APE code

Dassault Systèmes SE is a European company (*Societas Europaea*) incorporated and registered under French law, governed by the provisions of Council Regulation (EC) no. 2157/2001 as well as by French provisions in force at any time (hereinafter the "Law"). The Company is registered with the Versailles trade and companies registry under number 322 306 440. The Company's APE code is 5829 C.

Dassault Systèmes SE is governed by a Board of Directors.

6.1.1.3 Date of Incorporation and Term

Dassault Systèmes SE was incorporated as a limited liability company (*société à responsabilité limitée*) on June 9, 1981 for a 99-year term starting on the date of its registration (until August 4, 2080). The Company was transformed into a public limited liability company (*société anonyme*) on April 8, 1993 and then into a European company (*Societas Europaea*) on June 15, 2015.

6.1.1.4 Corporate Purpose

Pursuant to Article 2 of the Company's by-laws, Dassault Systèmes SE's corporate purpose, in France and abroad, is:

- the conception, development, production, marketing, purchase, sale, brokerage, rental, maintenance and the provision of after-sale services of software, digital content and/or computer hardware;
- the supply and providing of services of data centers, including the supply of online software services as a service and the operation and supply of the corresponding infrastructures;
- the supply and providing of services to users notably in the area of training, demonstration, methodology, display and utilization; and
- the supply and sale of computer resources, together or separate from the supply or sale of software or services, notably in the areas of 3D design, solutions, modeling, simulation, manufacturing, operations planning, collaboration, lifecycle management, business intelligence, marketing or 3D for public at large in the domains of products, nature and life.

The purpose of the Company shall also be:

- the creation, acquisition, rental and management-lease of any on-going business, signing leases, and the establishment and operation of any facilities;
- the acquisition, operation or sale of any industrial or intellectual property rights as well as any knowhow in the field of computers; and
- more generally, taking an interest in any business or company created or to be created as well as in any legal, economic, financial, industrial, civil commercial, personal or real property enterprise connected directly or indirectly, in whole or in part, with the purposes above or any similar or related purposes.

6.1.1.5 Fiscal Year

The 12-month fiscal year covers the period from January 1st to December 31st of each year.

6.1.1.6 Branches

Dassault Systèmes SE has 11 branches as of February 28, 2017, located at the following addresses:

- 5 rue de l'Halbrane, Technocampus Océan, ZAC Croix Rouge – 44340 Bouguenais
- 15 rue Claude Chappe, bâtiment B – Zac des Champs blancs – 35510 Cesson-Sevigné
- Rue Evariste Galois, ZAC St-Philippe II, lot 24, Quartier des Lucioles – 06410 Biot
- 10 Place de la Madeleine – 75008 Paris
- 20 Boulevard Eugène Deruelle, bâtiment A, Immeuble Le Britannia – 69003 Lyon

- 35 rue Haroun Tazieff, Immeuble Ecoparc Océanis 1 B – 54320 Maxeville
- 53 avenue de l'Europe – 13090 Aix-en-Provence
- 1-3 rue Jeanne Braconnier, Immeuble Terre Europa – 92360 Meudon
- 120 rue René Descartes – 29280 Plouzané
- 37 Chemin des Ramassiers, ZAC des Ramassiers – 31770 Colomiers
- 1 Allée Lavoisier – 59650 Villeneuve d'Ascq

6.1.1.7 Documents on Display

Dassault Systèmes SE's by-laws, minutes of the General Meetings and Board of Directors' reports to the General Meetings, reports of the Statutory Auditors, financial statements for the last three years and, more generally, all documents provided or made available to shareholders pursuant to the Law may be viewed at Dassault Systèmes SE's registered office.

Some of these documents are also available on the Group's website (www.3ds.com/investors/regulated-information).

6.1.2 Memorandum and Specific By-Laws Provisions

Dassault Systèmes SE's by-laws were modified during the General Shareholders' Meeting of May 26, 2016 to take into account the new provisions relating to the director representing employees, extend the maximum age of the Chairman of the Board, and enable the Board to appoint a Vice-Chairman.

6.1.2.1 Allocation of Profits (Article 36 of the Company's By-Laws)

The profits for each year, less any losses from prior periods, where appropriate, are first allocated to the reserves as required by Law. A sum of 5% is deducted to form the legal reserve fund. This deduction ceases to be compulsory when said fund reaches one-tenth of share capital; it becomes compulsory once again when the legal reserve falls below this amount.

The distributable profit is composed of the profit from the year less any losses from prior periods as well as the amounts allocated to reserves as required by Law or the Company's by-laws, and increased by retained profits.

The General Meeting then deducts from this distributable profit the amounts deemed appropriate to allocate to any optional, ordinary or special reserves or to the retained earnings account.

As appropriate, any remaining balance is distributed to all shares proportionately to the unredeemed paid-up value.

However, except in the event of a share capital reduction, no distribution can be made to shareholders if the equity is, or would be as a result of the distribution, less than the amount of the share capital plus the reserves that cannot be distributed under the law or the by-laws.

The General Meeting may decide to distribute amounts taken from available reserves, either to pay or increase a dividend, or distribute a special dividend. In this case, the resolution explicitly identifies from which reserves these amounts are to be withdrawn. Nevertheless, the dividends are distributed in order of priority starting with the distributable profit of the year.

After the approval of the financial statements by the General Meeting, any losses are recorded in a special account and carried forward against the profits of future years, until they have been eliminated.

In case of stripping of the ownership of the shares, Article 11 of the by-laws reserves for beneficial owners the right to vote on decisions relating to the allocation of profits (see paragraph 6.1.2.3 "Shares and Voting Rights").

6.1.2.2 General Meetings

Notice and agenda of meeting (Articles 25 and 26 of the Company's by-laws)

General Meetings are convened by the Board of Directors or, if the Board of Directors fails to convene a General Meeting, by the Statutory Auditor(s). One or more shareholders who together hold at least 10% of the subscribed capital may also request the Board of Directors to call and set the agenda of such General Meetings. The request to convene the meeting shall set out the items to be put on the agenda.

Notice of the meeting is made through an announcement placed in a journal of legal notices in the department of the registered office, and in the French Bulletin of required legal

notices (*Bulletin des Annonces Légales Obligatoires* – BALO). Shareholders holding registered shares for at least one month from the date of the announcement are also notified of all General Meetings by letter sent by standard mail or, at their request and expense, by registered letter. The General Meeting cannot be held less than 15 days after the announcement is published or the letter is sent to registered holders.

One or more shareholders, representing at least the required percentage of capital, also have the possibility of requesting that items and proposed resolutions be added to the agenda in accordance with the Law.

Conditions for admission (Article 27 of the Company's by-laws)

Every shareholder has the right to participate in General Meetings either in person or by proxy, provided his/her shares are fully paid-up and:

- for holders of registered shares, that they are held in a registered account (directly or through a financial intermediary) at 0:00 a.m. (Paris time) on the second business day preceding the meeting;
- for holders of shares in bearer form, that they are recorded in a bearer securities account maintained by the accredited intermediary at 0:00 a.m. (Paris time) on the second business day preceding the meeting.

The registration of shares in a bearer securities account maintained by the accredited intermediary shall be validated by a shareholding certificate (*attestation de participation*) issued by the accredited intermediary to the holder of the shares. This certificate must be attached to the voting or proxy form or to the request for an admission card issued in the shareholder's name. A certificate can also be issued to a shareholder who wishes to attend in person the General Meeting and who has not received an admission card by the second business day preceding the meeting.

Shareholders may vote by mail using a form that will be sent to them under the conditions indicated by the notice of meeting. The form, duly completed and accompanied, as the case may be, by a shareholding certificate (*attestation de participation*), must be received by Dassault Systèmes SE at least three days before the date of the General Meeting, or it will not be taken into consideration.

A shareholder may be represented by his/her spouse or by any other natural or legal person who has been appointed as proxy, under conditions provided by the Law. The shareholders who are legal entities are represented by the natural persons duly authorized to represent them with respect to third parties or by any person to whom the power of proxy has been transferred.

A shareholder, who is a non-French resident as defined in Article 102 of the French Civil Code, may be represented at General Meetings by an accredited intermediary registered according to the provisions of the Law. Such shareholder

will be considered present in calculating the quorum and the results of voting.

If the Board of Directors so decides when convening the General Meeting, any shareholder may also participate and vote at the meeting by video-conference or by any other means of telecommunications permitting him/her to be identified and to participate effectively. Such participation must comply with the conditions and means set forth in the provisions of the Law. Such shareholder will be accounted for in calculating the quorum and the results of voting.

Actions needed to amend shareholders' rights (Articles 13, 31 and 32 of the Company's by-laws)

Only an Extraordinary General Meeting can amend shareholders' rights in compliance with the provisions of the Law.

Except as may be otherwise provided for under the provisions of the Law and with the exception of reverse share splits carried out in accordance with the Law, no majority may impose on shareholders an increase in their commitments. If new classes of shares are created, only an Extraordinary General Meeting and a Special Meeting of Shareholders of the specific class of shares may approve any amendment to the rights of these classes of shares.

6.1.2.3 Shares and Voting Rights

Rights, privileges and restrictions attached to each class of shares (Articles 13 and 39 of the Company's by-laws)

All the shares are of the same class and are entitled to, under the Company's by-laws, the same rights to the allocation of profits and any amounts distributed in the event of liquidation (see also paragraph 6.1.2.1 "Allocation of Profits (Article 36 of the Company's By-Laws)"). However, a double voting right is attributed to any fully paid-up share held in registered form for at least two consecutive years in the name of the same holder (see paragraph "Double voting rights (Article 29 of the Company's by-laws)" below).

Conditions for exercising voting rights (Articles 11 and 29 of the Company's by-laws)

The right to vote attached to shares or dividend-right shares is proportional to the portion of capital they represent.

Voting is carried out by show of hands, by roll call or secret ballot, as decided by the secretariat of the meeting or the shareholders. Shareholders may also vote by mail, by video-conference or by any other means of communication, as indicated in the preceding paragraph. For the calculation of the majority, the votes cast shall not include votes attaching to shares in respect of which the shareholder has not taken part in the vote or has returned a blank or spoilt ballot paper.

In case of stripping of the ownership of the shares, the voting right attached to the share belongs to the bare owner (*nu-propriétaire*), except for the decisions relating to the allocation of profits for which it belongs to the beneficial owner (*usufruitier*).

Double voting rights (Article 29 of the Company's by-laws)

Each share gives the right to one vote. Nevertheless, since 2002, a double vote has been awarded to all fully paid-up shares held in registered form for at least two consecutive years in the name of the same holder. In the case of a capital increase by incorporation of reserves, profits or premiums, this double voting right will be attached on the date of their issuance to free registered new shares allotted to a shareholder in consideration for his or her old shares giving rise to such right.

Under the Law, any share converted into a bearer share or changing hands shall lose the right to the double voting right except in the case of a transfer from a registered account to another registered account at inheritance or a gift *inter vivos* to a spouse or a relative entitled to succeed to the donor's estate. The double voting right may also be cancelled by a resolution of the shareholders at an Extraordinary General Meeting, provided the approval of the Special Meeting of Shareholders having a double voting right.

Limitations on voting rights

The by-laws contain no restrictions on the exercise of voting rights attached to Dassault Systèmes shares except in the event of stripping of the ownership of the shares (see paragraph "Conditions for exercising voting rights (Articles 11 and 29 of the Company's by-laws)" above).

6.1.2.4 Declarations Concerning Crossing of the Ownership Thresholds (Article 13 of the Company's By-Laws)

In addition to the legal obligation to inform Dassault Systèmes SE and the Financial Markets Authority (AMF) in the event a shareholder's interest passes the thresholds set out in Article L. 233-7 of the French Commercial Code, any natural or legal person, acting alone or in concert with others, who acquires directly or indirectly shares representing at least 2.5% of Dassault Systèmes SE's share capital or voting rights, or a multiple thereof, must inform Dassault Systèmes SE of the total number of shares or voting rights which it holds. This information must be sent to Dassault Systèmes SE by registered letter with return receipt requested, within four trading days following the date of acquisition or disposal.

This declaration must be made each time the number of shares held exceeds this threshold of 2.5% (or one of its multiples), up to 50% (inclusive) of the total number of Dassault Systèmes shares or voting rights, or falls below it. The shareholder must certify in each declaration that it includes all shares or voting rights held or owned, in accordance with Article L. 233-7 et seq. of the French Commercial Code. The declaration must also indicate the date or dates on which the acquisitions or divestitures occurred.

In the event of non-compliance of this requirement, the shares exceeding the fraction of 2.5% which should have been declared will lose their voting rights, upon the request recorded in the minutes of the General Meeting of one or more shareholders holding a portion of Dassault Systèmes SE share capital or voting rights equal to at least 2.5% of the capital or voting rights. The voting rights will be lost for all General Meetings held until the expiration of two years following the date on which the required declaration is made.

6.1.2.5 Terms in the Company's By-Laws, Charter or Regulation Which Could Delay, Postpone or Prevent a Change in Control

Other than the aforementioned double voting right (see paragraph 6.1.2.3 "Shares and Voting Rights") and the reporting obligation when holdings exceed 2.5% (see paragraph 6.1.2.4 "Declarations Concerning Crossing of the Ownership Thresholds (Article 13 of the By-Laws)"), Article 10 of the by-laws provides that Dassault Systèmes SE may, at any time and in compliance with the provisions of the Law, request that a central depository maintaining the Company's share register, communicate to it the name (or corporate name for legal entities), the nationality, the year of birth or the year of incorporation and the postal and, where applicable, e-mail address of holders of Dassault Systèmes shares in bearer form which grant, immediately or over time, the right to vote at General Meetings, as well as the number of shares held by each of these shareholders and, where appropriate, any restrictions applicable to such shares.

6.1.2.6 Terms in the Company's By-Laws Concerning Modifications in Share Capital Which Are More Restrictive than the Law

The by-laws of Dassault Systèmes SE do not contain any provisions concerning modifications of share capital which are more restrictive than those provided under the Law.

6.2 Information about the Share Capital

6.2.1 Share Capital at February 28, 2017

At February 28, 2017, the Company's share capital was comprised of 258,176,957 fully paid-up shares with a nominal value of €0.50 per share. At December 31, 2016, the Company's share capital was €128,998,301.50, divided into 257,996,603 shares.

6.2.2 Potential Share Capital

At February 28, 2017, outstanding share subscription options (whether or not exercisable) would, if all were exercised, result in the issuance of 5,723,406 new shares, representing 2.22% of the Company's share capital at that date (on a diluted basis).

On the basis of the closing price of the Company's shares on February 28, 2017 (€76.23 per share), the exercise of all exercisable issued options, whose exercise price was less than that closing price, would have resulted in the issuance of 2,500,392 new shares, representing 0.97% of the Company's share capital at that date (on a diluted basis). The dilutive effect per share at December 31, 2016 is also set forth in Note 11 to the consolidated financial statements.

In connection with the acquisition of the SolidWorks company in 1997, Dassault Systèmes SE issued shares to the holders of shares subscription options and warrants issued by SolidWorks prior to this acquisition. These Dassault Systèmes shares have historically been held by the Group's wholly-owned U.S. subsidiary, SW Securities LLC. No other SolidWorks share subscription options or warrants remain outstanding at this time. At December 31, 2016, as at February 28, 2017,

SW Securities LLC held 503,614 shares, or approximately 0.20% on these dates, of the Company's share capital. Similar to treasury stock, the shares held by SW Securities LLC do not have voting rights and are not eligible for dividends.

Other than the share subscription options granted in connection with stock option plans and performance share grants as described in paragraph 5.3.1 "Compensation of the Company's corporate officers" and paragraph 5.3.2 "Interests of Executive Management and Employees in the Share Capital of Dassault Systèmes SE", there are no other securities giving a right to subscribe shares of Dassault Systèmes SE, and there is no agreement which could result in a capital increase. Dassault Systèmes SE has not issued any securities which do not represent an interest in its share capital.

Pledges of shares

To the Company's knowledge, there was no pledge of Dassault Systèmes shares in registered form and representing a significant portion of its share capital as of February 28, 2017.

6.2.3 Changes in Dassault Systèmes SE Share Capital over the Past Three Years

Date	Operation	Nominal amount of changes in share capital (in euros)	Amount in share capital (in euros)	Number of shares created or canceled	Total number of shares
February 28, 2014	Capital increase resulting from the exercise of share subscription options	940,826	127,071,267	940,826	127,071,267
March 21, 2014	Share capital reduction through cancellation of treasury stock	(741,175)	126,330,092	(741,175)	126,330,092
June 20, 2014	Capital increase by a dividend payment in shares	802,310	127,132,402	802,310	127,132,402
July 9, 2014	Capital increase resulting from the exercise of share subscription options	729,347	127,861,749	729,347	127,861,749
July 17, 2014	Split of the share nominal value by two	-*	127,861,749	127,861,749*	255,723,498
February 28, 2015	Capital increase resulting from the exercise of share subscription options	555,900	128,417,649	1,111,800	256,835,298
March 20, 2015	Share capital reduction through cancellation of treasury stock	(802,310)	127,615,339	(1,604,620)	255,230,678
June 22, 2015	Capital increase by a dividend payment in shares	92,854.50	127,708,193.50	185,709	255,416,387
February 29, 2016	Capital increase resulting from the exercise of share subscription options	716,980.50	128,425,174	1,433,961	256,850,348
June 22, 2016	Capital increase by a dividend payment in shares	140,367	128,565,541	280,734	257,131,082
February 28, 2017	Capital increase resulting from the exercise of share subscription options	522,937.50	129,088,478.50	1,045,875	258,176,957

* The nominal value of the share was reduced from €1 to €0.50 on July 17, 2014.

The changes in equity resulting from the operations through December 31, 2016 set forth above are included in the "Consolidated Statements of Shareholders' Equity" in the consolidated financial statements.

6.2.4 Delegations and Authorizations Granted to the Board of Directors by the General Meeting

The following table summarizes the delegations and authorizations granted by the General Meeting to the Board of Directors and with effect during the 2016 financial year and as of the date of this Annual Report (*Document de référence*). It includes authorizations to increase share capital and to repurchase and cancel the Company's own shares.

Resolutions and General Meetings ("GM")	Description of the delegation of authority granted to the Board of Directors	Utilization in 2015
SHARES BUYBACK AND CANCELLATION OF SHARES		
13 th resolution GM of 05/26/2016	Authorization: purchase Dassault Systèmes shares. Duration: approximately 12 months (expiring at the GM approving the financial statements for the fiscal year ended on 12/31/2016). Cap: 10% of share capital within the limit of €500 million and a maximum price per share not exceeding €100.	See paragraph 6.2.5 "Stock repurchase programs"
14 th resolution GM of 05/26/2016	Authorization: cancel shares purchased under the buyback program. Duration: approximately 12 months (expiring at the GM approving the financial statements for the fiscal year ended on 12/31/2016). Cap: 10% of share capital in a 24-month period.	See paragraph 6.2.5 "Stock repurchase programs"
ISSUANCE OF SECURITIES		
16 th resolution GM of 05/28/2015	Authorization: increase the share capital by issuance of shares or securities giving right to shares of Dassault Systèmes SE and issue securities giving right to debt securities, with preemptive right of shareholders. Duration: 26 months, i.e. until 07/28/2017. Cap: For a maximum nominal amount of €12 million for shares or securities – For a maximum nominal amount of €750 million for debt securities.	None
17 th resolution GM of 05/28/2015	Authorization: increase the share capital by issuance of shares or securities giving right to shares of Dassault Systèmes SE or giving right to receive debt securities and to issue securities giving right to equity securities to be issued, with waiver of preemptive right of shareholders, by public offering. Duration: 26 months, i.e. until 07/28/2017. Cap: For a maximum nominal amount of €12 million for shares or securities – For a maximum nominal amount of €750 million for debt securities (to be deducted from the aforementioned overall nominal limits).	None
18 th resolution GM of 05/28/2015	Authorization: increase the share capital and issue securities giving right to debt securities, without preemptive rights of shareholders, under the delegation referred to in the previous line, by a private placement, under section II of the Article L. 411-2 of the French Monetary and Financial Code. Duration: 26 months, i.e. until 07/28/2017. Cap: To be deducted from the aforementioned overall nominal limit of €12 million (16th resolution).	None
19 th resolution GM of 05/28/2015	Authorization: increase the share capital by incorporation of reserves, profits or premiums. Duration: 26 months, i.e. until 07/28/2017. Cap: Up to the aforementioned overall nominal limit of €12 million (16th resolution).	None
20 th resolution GM of 05/28/2015	Authorization: increase the share capital to remunerate contributions in kind of shares or equity-linked securities. Duration: 26 months, i.e. until 07/28/2017. Cap: 10% of share capital.	None

Resolutions
and General
Meetings
("GM")

Description of the delegation of authority granted to the Board of Directors

Utilization in 2015

ISSUANCE FOR THE BENEFIT OF EMPLOYEES AND EXECUTIVE OFFICERS

1 st resolution EGM of 09/04/2015	Authorization: grant free shares, existing or to be issued, for the benefit of certain employees and/or corporate officers of the Company and its affiliated entities as defined in Article L. 225-197-2 of the French Commercial Code. Duration: 38 months, i.e. until 11/04/2018. Cap: 2% of share capital.	Described in paragraph 5.3.2.2 "Performance shares"
15 th resolution GM of 05/26/2016	Authorization: grant stock options giving right to subscribe to new shares or purchase existing shares for the benefit of certain employees and/or corporate officers of Dassault Systèmes SE and its affiliated entities as defined in Article L. 225-180 of the French Commercial Code. Duration: 38 months, i.e. until 07/26/2019. Cap: 5% of share capital.	See paragraph 5.3.2.1 "Dassault Systèmes SE Share Subscription Options"
16 th resolution EGM of 05/26/2016	Authorization: increase the share capital for the benefit of members of a corporate savings plan of Dassault Systèmes SE and its affiliated entities. Duration: 26 months, i.e. until 07/26/2018. Cap: For a maximum nominal amount of €5 million to be deducted from the limit set forth by the 16 th resolution of the General Meeting on May 28, 2015.	None

The authorizations to purchase the Company's shares and to cancel these purchased shares expire at the end of the General Meeting to be held on May 23, 2017. It is thus proposed to this General Meeting to renew these authorizations (see paragraph 6.2.5.2 "Description of the Share Repurchase Program Proposed to the General Meeting on May 23, 2017").

It will also be proposed to renew all the above-mentioned authorizations which expire in 2017 (see paragraph 7.1. "Presentation of the resolutions proposed by the Board of Directors to the General Meeting on May 23, 2017").

6.2.5 Stock Repurchase Programs

6.2.5.1 Transactions carried out by Dassault Systèmes SE in 2016 and early 2017

Transactions carried out by Dassault Systèmes SE in 2016

During 2016 financial year, Dassault Systèmes SE purchased, under the authorizations granted to the Board of Directors by the General Meetings of May 28, 2015 and May 26, 2016, 1,822,786 of its own shares (excluding shares acquired through the liquidity agreement a report of which is presented below).

These shares were purchased at an average price of €69.02 per share, giving a total cost of €125,801,110.29 (excluding tax), given that 563,957 shares were purchased by way of acquisitions of blocks of shares over-the-counter market at an average price of €69.63 per share, giving a total cost of €39,267,463.70⁽¹⁾. The transaction costs paid by the Company in connection with these shares repurchased amounted to €45,231.86, all taxes included (plus the tax on financial transactions for an amount of €251,602.22).

These 1,822,786 shares were entirely allocated for purposes of coverage of the Company's obligations resulting from performance share grants. Out of these 1,822,786 shares, 280,734 have been re-allocated to the cancellation objective.

The shares repurchased before 2016 are entirely allocated to cover the Company's obligations resulting from performance share grants decided prior to 2016 (see paragraph 5.3.1 "Compensation of the Company's corporate officers").

The Company directly held, on December 31, 2016, 3,852,903 (including 57,524 shares through the liquidity agreement) of its own shares of a nominal value of €0.50 each, which had been repurchased at an average price of €48.14, representing approximately 2.99% of share capital at that date. Out of these 3,852,903 shares, 3,795,379 shares are at the disposal of Dassault Systèmes SE and are allocated to cover the Company's obligations resulting from performance shares grants (for 3,514,645 shares) and to the cancellation objective (for 280,734 shares).

Pursuant to the authorization granted in 2014, on January 5, 2015, Dassault Systèmes SE signed a liquidity agreement in accordance with the Code of Ethics of the AFEI (French association of investment firms) recognized by the Financial Markets Authority (AMF), with Oddo et Cie for an annual amount of €50,000 implemented from January 7, 2015 for an initial period until December 31, 2015, automatically renewable for subsequent 12-month terms.

During 2016, 1,753,042 shares have been purchased and 1,746,506 shares have been sold within the framework of this liquidity agreement. As at December 31, 2016, the following resources appeared on the liquidity account:

- 57,524 Dassault Systèmes shares; and
- €7,425,035.35 in cash.

Transactions carried out by Dassault Systèmes SE between early 2017 and February 28, 2017

Since the beginning of 2017 and until February 28, 2017, Dassault Systèmes SE has acquired 383,664 and sold 370,164 of its own shares. All of these acquisitions and disposals has been completed within the framework of the liquidity agreement

During fiscal year 2016 and since the start of 2017, the Company has not performed any transactions on derivative securities linked to its shares and has not purchased or sold any of its shares by exercising them or through the maturity of such derivative securities.

6.2.5.2 Description of the Stock Repurchase Program Proposed to the General Meeting on May 23, 2017

Pursuant to Articles 241-2 *et seq.* of the General Regulations of the Financial Markets Authority (AMF) and L. 451-3 of the French Monetary and Financial Code, and in accordance with European Regulations, this description relates to the terms and objectives of the Company's share repurchase program that will be submitted for approval at the General Meeting of May 23, 2017.

Breakdown of treasury stock by purpose as of the date of this document

On February 28, 2017, Dassault Systèmes SE held 3,866,403 of its own shares directly and 503,614 indirectly. These 3,866,403 shares were allocated to the following objectives:

- coverage of the Company's obligations resulting from share grants decided in 2012, 2014, 2015 and 2016: 3,514,645 shares;
- cancellation: 280,734
- liquidity agreement signed with Oddo et Cie⁽¹⁾ on January 5, 2015 and renewed for the financial year 2017: 71,024 shares.

(1) These are transactions concluded on a bilateral basis between Dassault Systèmes SE and a vendor. The said transactions were then « disclosed » to a trading platform. In accordance with AMF position-recommendation (*position-recommandation*) no. 2017-04, as these transactions were "disclosed", they benefit from the exemption provided for Article 5 of the European Regulation no. 596/2014 on market abuse.

Purposes of the new repurchase program

- 1) Cancel shares in order to increase the return on equity and net income per share.
- 2) Meet obligations related to shares options granted or other allocation of shares to the benefit of the employees or corporate officers of Dassault Systèmes SE or of an affiliated company.
- 3) Provide shares upon exercise of rights attached to equities giving right to shares of Dassault Systèmes SE.
- 4) Stimulate the market or provide liquidity for the Company's shares through the intermediary of an investment services provider by means of a liquidity contract complying with a Code of Ethics accepted by the Financial Markets Authority (AMF).
- 5) Carry out any market practice which may be authorized by the law or by the Financial Markets Authority (AMF).

The purposes 1 to 3 above comply with the terms of paragraph 2, Article 5 of the European Regulation no. 596/2014 dated April 16, 2014, and the purpose 4 complies with the market practice accepted by the Financial Markets Authority (AMF) no. 2011-07.

The General Meeting of May 23, 2017 will also be asked to authorize the Board of Directors to cancel, as the case may be, all or part of the shares which it may repurchase in connection with the share repurchase program and to carry out the corresponding reduction in share capital.

Maximum proportion of share capital, maximum number, characteristics of the securities that the Company proposes to acquire, and maximum purchase price

The Board of Directors may repurchase Dassault Systèmes shares representing up to 25,000,000 shares. The purchase price of the shares would be capped at €100 per share and subject to the limits stipulated by the applicable regulations. The maximum amount of the funds used for the purpose of buying back shares would be €500 million.

Duration of the stock repurchase program

The program would last about 12 months, starting on the General Meeting of May 23, 2017. This authorization should be valid until the Ordinary General Meeting approving the financial statements for the financial year ending December 31, 2017.

6.3 Information about the Shareholders

6.3.1 Shareholder Base and Double Voting Rights

The table below sets forth certain information concerning Dassault Systèmes SE's shareholder base over the last three fiscal years. Pursuant to the Financial Markets Authority (AMF) recommendation no. 2009-16, it specifies:

- the theoretical or "gross" voting rights, taking into account the voting rights attached to the shares without voting rights, in accordance with Article 223-11 of the General Regulations of the Financial Markets Authority (AMF) and used as a denominator by shareholders to calculate their percentage of shares held and voting rights for the purposes of regulatory declarations (in particular the declarations with regards to exceeding the threshold); and

- the voting rights that can be exercised at the General Meeting ("GM" in the table below) or "nets", not taking into account shares without voting rights.

Double voting rights are attributed to all fully paid-up shares held in registered form for at least two consecutive years in the name of the same holder.

The major shareholders of Dassault Systèmes SE do not hold voting rights which are different from voting rights of other shareholders (such as double voting rights).

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Information about Dassault Systèmes SE, the share capital and the ownership structure

Information about the Shareholders

Shareholders	Shares	% of capital	Theoretical voting rights	% of theoretical voting rights	Voting rights exercisable in the General Meeting	% of voting rights exercisable in the General Meeting
AT DECEMBER 31, 2016						
Groupe Industriel Marcel Dassault	105,957,646	41.07%	211,344,292	54.95%	211,344,292	55.58%
Charles Edelstenne ⁽¹⁾ and beneficiaries ⁽²⁾	15,680,534	6.08%	31,243,478	8.12%	31,243,478	8.21%
Bernard Charlès	2,890,441	1.12% ⁽⁶⁾	5,642,265	1.47% ⁽⁶⁾	5,642,265	1.48% ⁽⁶⁾
Treasury stock ⁽³⁾	3,852,903 ⁽³⁾	1.49%	3,852,903	1.00%	–	–
Indirect treasury stock ⁽⁴⁾	503,614	0.20%	503,614	0.13%	–	–
Directors and senior management ⁽⁵⁾	942,166	0.37%	1,214,470	0.32%	1,214,470	0.32%
Public	128,169,299	49.67%	130,838,680	34.01%	130,838,680	34.41%
TOTAL	257,996,603	100%	384,639,702	100%	380,283,185	100%
AT DECEMBER 31, 2015						
Groupe Industriel Marcel Dassault	105,716,646	41.18%	210,104,554	55.12%	210,104,554	55.53%
Charles Edelstenne ⁽¹⁾ and beneficiaries ⁽²⁾	15,618,506	6.08%	31,033,732	8.14%	31,033,732	8.20%
Bernard Charlès	2,890,441	1.13% ⁽⁶⁾	5,239,723	1.37% ⁽⁶⁾	5,239,723	1.38% ⁽⁶⁾
Treasury stock ⁽³⁾	2,359,891 ⁽³⁾	0.92%	2,359,891	0.62%	–	–
Indirect treasury stock ⁽⁴⁾	503,614	0.20%	503,614	0.13%	–	–
Directors and senior management ⁽⁵⁾	867,821	0.34%	914,765	0.24%	914,765	0.24%
Public	128,757,267	50.15%	131,042,738	34.38%	131,042,738	34.65%
TOTAL	256,714,186	100%	381,199,017	100%	378,335,512	100%
AT DECEMBER 31, 2014						
Groupe Industriel Marcel Dassault	105,386,646	41.11%	208,709,314	55.04%	208,709,314	55.74%
Charles Edelstenne ⁽¹⁾ and beneficiaries ⁽²⁾	15,562,944	6.07%	30,978,146	8.17%	30,978,146	8.27%
Bernard Charlès	2,751,624	1.07% ⁽⁶⁾	4,719,926	1.24% ⁽⁶⁾	4,719,926	1.26% ⁽⁶⁾
Treasury stock ⁽³⁾	4,267,010	1.66%	4,267,010	1.13%	–	–
Indirect treasury stock ⁽⁴⁾	503,614	0.20%	503,614	0.13%	–	–
Directors and senior management ⁽⁵⁾	348,474	0.14%	390,168	0.10%	390,618	0.11%
Public	127,543,765	49.75%	129,610,747	34.19%	129,610,747	34.62%
TOTAL	256,364,077	100%	379,178,925	100%	374,408,301	100%

(1) Including shares held in trust for the benefit of his family and managed by Mr. Edelstenne.

(2) At December 31, 2016, Mr. Edelstenne held 4,063,810 shares with all ownership rights and 3,342 shares through two family companies which he manages, representing a total of 1.58% of the capital and 2.11% of the exercisable voting rights, as well as 11,613,382 shares with "usage" rights (usufruit). For the usage rights with respect to these 11,613,382 shares, representing 6.11% of the exercisable voting rights, Mr. Edelstenne can only exercise the right to vote on decisions of the General Meeting concerning the allocation of profits; the holders of the bare property rights (nue-propriété) exercise the right to vote for other resolutions in compliance with Article 11 of the by-laws. For details related to Mr. Edelstenne's shareholding as of December 31, 2014 and December 31, 2015, see paragraph 6.3.1. of Annual Reports for 2014 and 2015 respectively.

(3) Including 57,524 shares through the liquidity agreement as of December 31, 2016. As of December 31, 2015, such number was 50,988 shares.

(4) Shares held by SW Securities LLC. This company is a subsidiary of Dassault Systèmes SE, Dassault Systèmes' shares held by it do not have voting rights.

(5) Excluding Mr. Edelstenne and Mr. Charlès, "management" includes the officers listed in paragraph 5.1.2 "The Executive Committee".

(6) For further information, see Table 5 of paragraph 5.3.1 "Compensation of the Company's Corporate Officers (mandataires sociaux)".

The overall number of voting rights amounted to 384,639,702 as at December 31, 2016 (the number of exercisable voting rights was 380,283,185) and, as at February 28, 2017, 384,719,747 (with the number of exercisable voting rights amounting to 380,349,730). The difference between the number of theoretical and exercisable voting rights is explained by the treasury stock and shares controlled by the Company.

MFS Investment management (MFS) notified Dassault Systèmes SE that as of September 17, 2015 the funds managed by companies within its group (i) held more than 2.5% of the share capital of Dassault Systèmes SE and (ii) crossed downward the 2.5% threshold of the voting rights of Dassault Systèmes SE.

Based on shareholders' obligations to declare if they exceed the threshold, there are no other shareholders (except as indicated above) who held 2.5% (threshold set forth in the Company's by-laws), directly or indirectly, alone or in agreement with other shareholders or more than 5% of the Company's share capital or voting rights at December 31, 2016.

Although Dassault Systèmes SE voluntarily delisted its shares from NASDAQ in October 2008, it continues to maintain its ADR ("American Depositary Receipts") program, which are still traded on the over-the-counter market (see paragraph 6.4 "Stock Market Information"). On February 28, 2017 there were 7,470,255 American Depositary Shares ("ADS") outstanding and the number of recorded ADS holders, holding them either for themselves or for third parties amounted to 51.

In January 2017, Dassault Systèmes SE commissioned a survey on the Company's shares from an external specialized services provider. According to this survey, institutional investors holding more than 2,000 shares each numbered 456 and held 42.50% of the Dassault Systèmes SE share capital as at December 31, 2016.

As at February 28, 2017, Dassault Systèmes SE held 71,024 shares within the framework of the liquidity agreement entered into with Oddo et Cie, and 3,795,379 treasury shares. Out of these 3,795,379 treasury shares, 1,320,349 shares have been bought during the buyback program adopted by the General Meeting of May 26, 2016 and the remaining, i.e. 2,475,030 shares within the framework of a program of earlier buybacks, which represents approximately 1.5% of the share capital as at February 28, 2017, with no voting rights or dividend rights being attached to these shares.

At December 31, 2016, 133,348,834 Dassault Systèmes shares (i.e. approximately 51.69% of the capital) are held in registered form; they provide entitlement to 255,693,740 exercisable voting rights (i.e. approximately 66.47% of the gross voting rights).

In accordance with Article L. 225-102 of the French Commercial Code, the number of Dassault Systèmes shares held by employees through the corporate savings plan (*plan d'épargne entreprise*) was 404,077 shares at December 31, 2016, or approximately 0.15% of the total number of shares at that date.

6.3.2 Controlling Shareholder

GIMD (*Groupe Industriel Marcel Dassault*) is the principal shareholder of Dassault Systèmes SE with, as of December 31, 2016, 41.07% of the share capital and 55.58% of the exercisable voting rights (i.e. 54.95% of theoretical voting rights). With more than 50% of the voting rights of Dassault Systèmes SE, GIMD controls Dassault Systèmes. GIMD is wholly-owned by the members of the Dassault family.

In order to ensure that the control of GIMD is not exercised in an "improper" manner under the meaning of the General Regulations of the Financial Markets Authority (AMF), the Board of Directors of Dassault Systèmes SE is made up of 50% of independent directors⁽¹⁾ i.e. a proportion exceeding the requirement stipulated in the AFEP-MEDEF Code for controlled companies, and that all of the committees under

the Board (Audit Committee, Compensation and Nomination Committee, Scientific Committee) are only made up of independent directors.

As GIMD possesses more than one third but less than half of the shares and more than half of the voting rights in the Company, GIMD may not increase its stake by more than 1% of the total number of shares of the Company in a period of 12 consecutive months, unless it launches a public tender offer on all the equity securities issued by Dassault Systèmes, except for an exemption from the obligation to make an offer based on Article 234-9 (6°) of the General Regulations of the Financial Markets Authority (AMF), which the latter can grant at its discretion.

(1) In accordance with Article 8.3 of the AFEP-MEDEF Code, the director representing employees is not taken into account for the purposes of the calculation of the number of independent directors.

6.3.3 Shareholder Agreements

In 2011, 2013, 2014 and 2015, Dassault Systèmes was informed about collective undertakings concluded concerning the holding of shares whose characteristics are summarized in the tables hereafter in accordance with Financial Markets Authority (AMF) recommendation no. 2009-16.

In 2016, Dassault Systèmes has not been informed about collective undertakings concluded concerning the holding of shares.

Collective undertakings concluded in 2015

System	Article 787 B of the General Taxation Code	Article 787 B of the General Taxation Code
Date of signing	December 17, 2015	December 17, 2015
Duration of collective undertakings	At least two years	At least two years
Contractual duration of the agreement	Permanent with cases of termination	Permanent with cases of termination
Conditions for renewal	No specific conditions stipulated	No specific conditions stipulated
Capital and voting rights % concerned by the agreement (at the date of its execution)	24.85% of the share capital and 33.33% of the voting rights	24.66% of the share capital and 33.20% of the voting rights
Names of the signatories having the capacity of executives ⁽¹⁾	Mr. Charles Edelstenne Mr. Bernard Charlès	Mr. Charles Edelstenne Mr. Bernard Charlès
Name(s) of the signatorie(s) having close links with executives	Groupe Industriel Marcel Dassault	Groupe Industriel Marcel Dassault
Names of the signatories holding at least 5% of the capital and/or voting rights of Dassault Systèmes SE	Groupe Industriel Marcel Dassault Mr. Charles Edelstenne and beneficiaries ⁽²⁾	Groupe Industriel Marcel Dassault Mr. Charles Edelstenne and beneficiaries ⁽²⁾

(1) Pursuant to Article 885 O bis of the General Taxation Code.

(2) See Note 2 under the table of paragraph 6.3.1 "Shareholder Base and Double Voting Rights".

Collective undertakings concluded in 2014

System	Article 787 B of the General Taxation Code	Article 787 B of the General Taxation Code
Date of signing	February 27, 2014	December 16 and 17, 2014
Duration of collective undertakings	At least two years	At least two years
Contractual duration of the agreement	Permanent with cases of termination	Permanent with cases of termination
Conditions for renewal	No specific conditions stipulated	No specific conditions stipulated
Capital and voting rights % concerned by the agreement (at the date of its execution)	25.0% of the share capital and 33.8% of the voting rights	24.7% of the share capital and 33.4% of the voting rights
Names of the signatories having the capacity of executives ⁽¹⁾	Mr. Charles Edelstenne Mr. Bernard Charlès	Mr. Charles Edelstenne Mr. Bernard Charlès
Name(s) of the signatorie(s) having close links with executives	Groupe Industriel Marcel Dassault	Groupe Industriel Marcel Dassault
Names of the signatories holding at least 5% of the capital and/or voting rights of Dassault Systèmes SE	Groupe Industriel Marcel Dassault Mr. Charles Edelstenne and beneficiaries ⁽²⁾	Groupe Industriel Marcel Dassault Mr. Charles Edelstenne and beneficiaries ⁽²⁾

(1) Pursuant to Article 885 O bis of the General Taxation Code.

(2) See Note 2 under the table of paragraph 6.3.1 "Shareholder Base and Double Voting Rights".

	Collective undertakings concluded in 2011 still in force	Collective undertaking concluded in 2013
System	Article 787 B of the French Tax Code	Article 787 B of the French Tax Code
Date of signing	July 11, 2011	October 29, 2013
Duration of collective undertakings	At least two years	At least two years
Contractual duration of the agreement	Permanent with cases of termination	Permanent with cases of termination
Conditions for renewal	No specific conditions stipulated	No specific conditions stipulated
Capital and voting rights % concerned by the agreement (at its date of execution)	29.6% of the share capital and 41.8% of the voting rights	28.2% of the share capital and 41.7% of the voting rights
Names of the signatories having the capacity of executives ⁽¹⁾	Mr. Charles Edelstenne Mr. Bernard Charlès	Mr. Charles Edelstenne Mr. Bernard Charlès
Name(s) of the signatorie(s) having close links with executives	Groupe Industriel Marcel Dassault	Groupe Industriel Marcel Dassault
Names of the signatories holding at least 5% of the capital and/or voting rights of Dassault Systèmes SE	Groupe Industriel Marcel Dassault Mr. Charles Edelstenne and beneficiaries ⁽²⁾	Groupe Industriel Marcel Dassault Mr. Charles Edelstenne and beneficiaries ⁽²⁾

(1) Pursuant to Article 885 O bis of the French Tax Code.

(2) See Note 2 under the table of paragraph 6.3.1 "Shareholder Base and Double Voting Rights".

The same shares can be subject to several joint lock-up agreements.

6.4 Stock Market Information

Stock Exchange

Shares of Dassault Systèmes have been listed on Compartiment A of Euronext Paris (ISIN code FR0000130650) since June 28, 1996. Its shares were also listed on the NASDAQ in the form of ADS (American Depositary Shares) under the symbol DASTY until October 16, 2008. The ADS are still traded under this symbol on the U.S. over-the-counter market.

One ADS represents one ordinary share (see paragraph 6.3.1 “Shareholding and Double Voting Rights”).

For dividend policy, see the paragraph 7.1 “Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting on May 23, 2017”.

Share price history and trading volumes of Dassault Systèmes shares from January 1, 2016

<i>(in euros except for Volume of shares traded)</i>	Volume of shares traded	Share price on last day of the month	Highest share price during the month	Lowest share price during the month
January 2016	6,224,855	€ 71.19	€ 73.42	€ 64.11
February 2016	7,085,498	€ 69.89	€ 71.90	€ 63.50
March 2016	5,991,974	€ 69.73	€ 72.45	€ 67.03
April 2016	5,595,350	€ 68.30	€ 73.00	€ 68.30
May 2016	4,057,007	€ 71.56	€ 71.69	€ 67.59
June 2016	6,744,433	€ 68.28	€ 71.98	€ 64.45
July 2016	5,659,795	€ 73.87	€ 74.36	€ 65.84
August 2016	3,642,282	€ 75.52	€ 76.34	€ 72.66
September 2016	5,203,306	€ 77.23	€ 79.50	€ 74.46
October 2016	5,755,488	€ 72.14	€ 77.73	€ 70.49
November 2016	5,589,680	€ 72.02	€ 72.98	€ 68.50
December 2016	5,379,888	€ 72.39	€ 72.78	€ 67.76
January 2017	4,886,391	€ 71.68	€ 73.96	€ 70.80
February 2017	6,066,326	€ 76.23	€ 78.02	€ 71.67

Person Responsible for Financial Communications

François-José Bordonado

Vice-President, Investor Relations

To obtain all financial information and documents published by the Company, please contact:

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Indicative Timetable for the Publication of Financial Information for 2017

- First quarter of 2017: April 26, 2017
- Second quarter of 2017: July 25, 2017
- Third quarter of 2017: October 25, 2017
- Fourth quarter of 2017: February 1st, 2018

7

GENERAL MEETING

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7.1 Presentation of the resolutions proposed by the Board of Directors to the General Meeting on May 23, 2017

7.1.1 Annual financial statements and allocation of the results

We invite you to approve the annual financial statements of Dassault Systèmes SE (or the "Company" for the purposes of the present Chapter 7 "General Meeting") for the year ended December 31, 2016, prepared on the basis of French accounting principles, as they have been presented in paragraph 4.2 "Parent company financial statements".

Dassault Systèmes SE has paid dividends every year since 1986. The decision to distribute dividends and their amount depends on the profits and the financial position of Dassault Systèmes SE as well as other factors. Dividends, which have been distributed but are not collected by a shareholder, revert to the French State at the end of the five-year period following the date of their payment.

Based on the financial statements and the management report of the Board of Directors included in this Annual Report (*Document de référence*), a profit of €269,585,829.57⁽¹⁾ has been realized for the year ended December 31, 2016, which we propose that you allocate as follows:

• to the legal reserve	€64,120.85
• for distribution to the 258,176,957 shares forming the capital as of 02/28/2017 of a dividend of (€0.53 × 258,176,957 shares) ⁽²⁾	€136,833,787.21
• to retained earnings	€132,687,921.51
which, increased by the retained earnings from prior years of €1,965,014,111.26, brings the amount of retained earnings to	€2,097,702,032.77

(1) After allocation to the legal reserve, this profit increased by the retained earnings from prior years of €1,965,014,111.26 results in a distributable profit of €2,234,535,819.98.

(2) The aggregate amount of the dividend will be increased, based on the number of new shares created between March 1, 2017 and the date of the General Meeting of May 23, 2017, consecutively to the exercise of share subscription options, it being specified that the maximum number of shares which could be issued upon the exercise of subscription options is 2,500,392, i.e. a maximum amount of a supplementary dividend of €1,325,207.76.

Further new shares created by exercise of options until the date of the Annual General Meeting deciding on the allocation of profit related to the preceding year will receive the dividend distributed with respect to that year (see paragraphs 5.3.2.1 "Dassault Systèmes Share Subscription Options" and 6.4 "Stock Market Information").

Therefore, we propose to the General Meeting of May 23, 2017 to approve for the year 2016 the distribution of (i) a dividend of €0.53 per share comprising the capital as of the date of this General Meeting, resulting – on the basis of the number of shares comprising the share capital as of February 28, 2017 – in an aggregate amount of €136,833,787.21 and (ii) where applicable, an additional aggregate maximum amount of €1,325,207.76, which corresponds to the maximum number of new shares which could be issued between March 1, 2017 and the date of the General Meeting (i.e. 2,500,392 shares).

Shares will be traded ex-dividend as of May 30, 2017 and dividends made payable as from June 26, 2017.

On the date of payment, the amount of the dividend corresponding to (i) the treasury shares of Dassault Systèmes SE and (ii) the treasury shares of Dassault Systèmes SE held by SW Securities LLC, a company which is controlled by the Dassault Systèmes Group, will be allocated to "retained earnings", in accordance with the provisions of Article L. 225-210 of the French Commercial Code and the contractual provisions in force between SW Securities LLC and Dassault Systèmes SE.

In addition, prior to distribution of the dividend, the Board of Directors, or if so delegated, the Chief Executive Officer, will determine the number of additional shares issued as a result of the exercise of share subscription options between March 1

and the date of the General Meeting on May 23, 2017. The amount required for payment of dividends for shares issued during this period will be taken from "retained earnings".

The amount thus distributed will be taken into account for determining shareholders' total revenue subject to the

progressive rate of income tax for the year during which it was received after application of an uncapped deduction of 40% (as provided by Article 158-3-2 of the French Tax Code). The dividend may be subject to a non-discharging income tax withholding at a rate of 21% (as provided by Article 117 quater of the French Tax Code).

Pursuant to Article 243 bis of the French Tax Code, it is noted that dividends per share paid over the last three years have been as follows:

	2015	2014	2013
Dividend (in euros)	0.47	0.43	0.83
Number of shares eligible for dividends	257,154,032	255,644,058	126,746,027*

* The number of shares was given before the two-for-one stock split of the Dassault Systèmes SE share on July 17, 2014.

7.1.2 Sumptuary expenses and general charges set forth in Article 223 of the French Tax Code

In accordance with the provisions of Article 223 quater of the French Tax Code, we inform you that no non-deductible tax expenses and charges have been borne by the Company and

consequently no taxation has been borne by the Company in this respect.

7.1.3 Option to receive payment of dividends in the form of shares

It is proposed that each shareholder be granted the option to choose, in whole or in part, to receive payment of the dividend noted above, in cash or in the form of new shares of the Company. If the option to receive payment in the form of new shares is chosen, the new shares will be issued at a price equal to the average of the closing prices quoted on Euronext Paris during the 20 stock exchange sessions preceding the date of the General Meeting less the amount of the dividend and rounded up to the next one hundredth of a euro.

Shareholders may choose, in whole or in part, to receive payment of the dividend in new shares between May 30 and June 15, 2017, inclusive, by sending their request to the financial intermediaries that are authorized to pay the dividend or, for shareholders listed in the direct registered share accounts held by the Company, to its authorized representative (Société

Générale, Securities department, 32 rue du Champ-de-Tir, CS 30812, 44308 Nantes Cedex 3). Accordingly, the shareholders who have not chosen to receive payment of dividend in shares before the end of this period or who have chosen only partial payment, will receive the dividend in cash for the portion for which payment in shares was not chosen as from June 26, 2017. For shareholders who have chosen to receive payment of the dividend in shares, the new shares will be delivered as of the same day.

If the option selected does not correspond to a whole number of shares, the shareholder may choose between receiving a number of shares rounded up to the next whole number, by paying the difference in cash on the day the option is selected, or receiving a number of shares rounded down to the next whole number, and the balance in cash.

7.1.4 Consolidated financial statements

In addition to the 2016 parent company annual financial statements, it is also proposed to approve the Company's consolidated financial statements for the year ended

December 31, 2016, prepared in accordance with IFRS standards as described in paragraph 4.1.1 "Consolidated Financial Statements" of this Annual Report.

7.1.5 Related-party agreements (*conventions réglementées*)

The following agreements, which were approved in accordance with Articles L. 225-38 *et seq.* of the French Commercial Code, were in effect during the year ended December 31, 2016:

- the following undertakings made by the Company in connection with its "Directors & Officers" liability insurance policy entered into with Allianz (ACS):
 - to reimburse, under certain conditions, the cost of legal defense of directors in the event of their personal liability being sought, and indemnify the directors for the financial implications of such liability payment of the costs in relation with legal defense related thereto, to the extent they would not be covered by that insurance policy (approved by the Board of Directors' meeting held on July 24, 1996),
 - to assume, under certain conditions, the cost of legal defense of directors of the Dassault Systeme SE should they have to prepare their personal defense before a civil, criminal or administrative court in the United States in connection with an inquiry or investigation conducted

against the Company (approved by the Board of Directors' meeting held on September 23, 2003);

- the agreement regarding Dassault Systèmes SE's undertakings to the benefit of Bernard Charlès, relating to indemnities which would be due upon the termination of his functions as Chief Executive Officer (approved by the Board of Directors' meeting held on May 27, 2010).

These agreements were reviewed by the Board of Directors at its meeting on March 16, 2017, in accordance with the provisions of Article L. 225-40-1 of the French Commercial Code.

The Statutory Auditors have prepared a special report pursuant to Articles L. 225-40 and L. 225-40-1 of the French Commercial Code, as set forth in paragraph 4.2.4 "Special Report of the Statutory Auditors on Related-party Agreements and Commitments". The General Meeting has been requested to acknowledge this report which refers to no new agreements.

7.1.6 Compensation elements due or granted with respect to 2016 to Mr. Charles Edelstenne, Chairman of the Board, and to Mr. Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer

In accordance with the recommendation of the AFEP-MEDEF Code, it is proposed that the General Meeting votes on the compensation elements due or granted with respect to 2016 to each executive officer as defined by this Code, namely Mr. Charles Edelstenne, Chairman of the Board, and Mr. Bernard Charlès, Vice-Chairman of the Board and Chief Executive

Officer, whose compensation elements are summarized in the tables below (see also paragraphs 5.1 "Report of the Chairman on Corporate Governance and Internal Control" and 5.3.1 "Compensation of the Company's Corporate Officers (*mandataires sociaux*)").

7.1.6.1 Compensation elements due or granted with respect to 2016 to Mr. Charles Edelstenne, Chairman of the Board

Compensation elements	Amount (in euros)	Observations
Fixed compensation⁽¹⁾	982,000	Gross fixed compensation for 2016 set by the Board of Directors on March 17, 2016, upon the proposal of the Compensation and Nomination Committee.
Annual variable compensation	N/A	Mr. Charles Edelstenne receives no annual variable compensation.
Deferred annual variable compensation	N/A	Mr. Charles Edelstenne receives no deferred annual variable compensation.
Multi-year variable compensation	N/A	Mr. Charles Edelstenne receives no multi-year variable compensation.
Directors' fees⁽²⁾	45,100	Gross amount of directors' fees due for 2016.
Extraordinary compensation	N/A	Mr. Charles Edelstenne receives no extraordinary variable compensation.
Granting of share subscription options and/or performance shares	N/A	Mr. Charles Edelstenne does not hold any share subscription options and was not granted any performance shares.
Indemnity upon start or termination of function	N/A	Mr. Charles Edelstenne receives no indemnity upon start or termination of function.
Non-compete indemnity	N/A	Mr. Charles Edelstenne receives no non-compete indemnity.
Additional retirement plan	N/A	No additional retirement plan was implemented by Dassault Systèmes SE.
Benefits in kind⁽³⁾	N/A	Mr. Charles Edelstenne receives no benefits in kind.

(1) See also paragraph 5.1.4.1 "Fix, variable and exceptional compensation and in-kind benefits". In 2016, GIMD paid Mr. Charles Edelstenne, as GIMD's Chief Executive Officer, gross fixed compensation of €802,404.

(2) In 2016, GIMD paid Mr. Charles Edelstenne €28,740 in directors' fees for his mandate as a member of the Supervisory Board of GIMD. See also paragraph 5.1.4.4 "Directors' Fees" on the conditions for distributing the directors' fees at Dassault Systèmes SE.

(3) In 2016, GIMD granted benefits in kind related to the use of a car in an amount of €10,440 to Mr. Charles Edelstenne.

7.1.6.2 Compensation elements due or granted with respect to 2016 to Mr. Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer

Compensation elements	Amount (in euros)	Observations
Fixed Compensation	1,325,000	Fixed gross compensation with respect to 2016 set by the Board of Directors on March 17, 2016 ⁽¹⁾ .
Annual variable compensation	1,378,000	Variable gross compensation with respect to 2016 actually earned and decided by the Board of Directors on March 16, 2017 ⁽¹⁾ .
Deferred annual variable compensation	N/A	Mr. Bernard Charlès receives no deferred annual variable compensation.
Multi-year variable compensation	N/A	Mr. Bernard Charlès receives no multi-year annual variable compensation.
Directors' fees⁽²⁾	27,500	Gross amount of directors' fees due for 2016.
Extraordinary compensation	N/A	Mr. Bernard Charlès receives no extraordinary compensation.
Granting of share subscription options and/or performance shares	9,519,744 ⁽³⁾	Mr. Bernard Charlès was granted 300,000 2016-B shares by the Board of Directors on May 26, 2016. ⁽⁴⁾⁽⁵⁾
Indemnity upon start or termination of function	N/A	Mr. Bernard Charlès receives under certain conditions an indemnity upon the termination of his functions, the amount of which would not exceed two years of the Chief Executive Officer's compensation and would depend on the satisfaction of the performance conditions for the payment of his variable compensation. In accordance with Articles L. 225-40-1 and L. 225-42-1 of the French Commercial Code, this commitment on the part of Dassault Systèmes SE was authorized by the Board of Directors on May 26, 2014 and approved by the General Meeting on May 28, 2015. The Board of Directors reviewed this commitment on March 16, 2017 as it remained in effect during 2016 ⁽⁶⁾ .
Non-compete indemnity	N/A	Mr. Bernard Charlès receives no non-compete indemnity.
Additional retirement plan	N/A	No additional retirement plan was implemented.
Benefits in kind	10,126	These benefits in kind provided by Dassault Systèmes SE are related to the use of a car by Bernard Charlès.

(1) See also paragraph 5.1.4.1 "Fix, variable and exceptional compensation and in-kind benefits", and 5.3.1 Table 2 "Summary of the compensation of each Executive Officer".

(2) See also paragraph 5.1.4.4 "Directors' Fees".

(3) Value based on the method chosen for the consolidated financial statements before the spreading of the expense and taking into account the performance criteria.

(4) Such shares are granted to Mr. Bernard Charlès as part of the gradual process of associating him with the Company's capital that began several years ago, with the aim of recognizing his entrepreneurial role during more than thirty years with the Company and providing him with an equity interest comparable to that of founders of companies in the same sector, and more generally, of his peers in technology companies around the world.

(5) See also paragraph 5.1.4.2 "Performance Shares and Share Subscription Options".

(6) See also paragraph 5.1.4.3 "Indemnities Due in the Event of the Imposed Departure (départ contraint) of Mr. Bernard Charlès".

7.1.7 Policies and criteria used to determine, distribute and allocate the fixed, variable and exceptional components of the total compensation and benefits of all kinds granted to the Chairman of the Board and to the Vice-Chairman and Chief Executive Officer

In accordance with the provisions of Article L. 225-37-2 of the French Commercial Code, paragraph 5.1.4 "Principles established by the Board of Directors pertaining to compensation of the Executive Officers and directors" describes the policies and criteria used to determine, distribute

and allocate the fixed, variable and exceptional components of the total compensation and benefits of all kinds granted to the Chairman and to the Vice-Chairman and Chief Executive Officer.

7.1.8 Re-appointment of a director and ratification of the appointment by cooptation of a new director

The term of office as director of Ms. Odile Desforges ends at the General Meeting of May 23, 2017. You are invited to re-appoint her as a director for a four-year term.

You are also invited to ratify the appointment of Ms. Catherine Dassault, made on a provisional basis by the Board of Directors on July 20, 2016, in replacement of Ms. Nicole Dassault, for her remaining term of office, i.e. until the General Meeting

approving the financial statements for the year ending December 31, 2018. (For a presentation of these directors, see paragraph 5.1.1.1 "Composition of the Board of Directors".)

If these proposals are approved, the proportions of women and independent directors will comply with law and the AFEP-MEDEF Code respectively⁽¹⁾.

(1) It is noted that the director representing the employees is not included in the calculation of the number of female and independent members of the Board, in accordance with the provisions of Article 8.3 of the AFEP-MEDEF Code and Article L. 225-27-1 of the French Commercial Code respectively.

7.1.9 Appointment of one new director

On the basis of the recommendation of the Compensation and Nomination Committee, it is proposed to appoint one new director, Mr. Soumitra Dutta.

In compliance with Article R. 225-83 of the French Commercial Code, information regarding the director proposed for appointment by the General Meeting of Shareholders is set forth below.

SOUMITRA DUTTA – DIRECTOR CANDIDATE

Biography: Soumitra Dutta began his career in 1985 as a research assistant at University of California, Berkeley, USA. Between 1988 and 1990, he gained further research experience at General Electric. He then joined Insead, the international management school based in Fontainebleau (France), where he served as lecturer then dean of technology and e-learning. In 1999, he set up eLab@Insead, the school's research and analytics center focused on big data analytics for businesses, which he headed until 2012. In 2002, he was named dean of Executive Education at Insead. During his tenure at Insead, Soumitra Dutta also participated in setting up and managing three strategy consultancies specialized in new technologies and innovation, which he developed before selling them. In 2012, he was appointed Dean of the Samuel Curtis Johnson Graduate School of Management at Cornell University in New York, and in 2016 became the founding dean of the Cornell College of Business, comprising Cornell's three accredited business programs: the School of Hotel Administration, the Charles H. Dyson School of Applied Economics and Management, and the Samuel Curtis Johnson Graduate School of Management.

End of current term: General Meeting called to approve the financial statements for the year ended December 31, 2020.

Dassault Systèmes shares owned at December 31, 2016: 0

Age: 53

Nationality: Indian

Professional address: College of Business - Cornell University - Ithaca, New York (USA)

Main position: Founding Dean and professor of Management at Cornell College of Business at Cornell University, Ithaca, New York

Other current positions and directorships:

Director of Sodexo (listed company) and of The Association to Advance Collegiate Schools of Business (AACSB), USA.

Other positions held during the past five years:

Chairman of the Board of Directors of Fisheye Analytics Ltd, Singapore.

Upon recommendation of the Compensation and Nomination Committee, the Board has concluded that Soumitra Dutta is independent.

If this proposal is approved, the proportions of women and independent directors will comply with law and AFEP-MEDEF Code respectively.

7.1.10 Determination of the amount of directors' fees

The General Meeting is invited to increase to €500,000 for the current and subsequent years, the maximum annual amount of directors' fees allocated to directors, which is currently set

at €420,000, notably to take into account the appointment of Mr. Soumitra Dutta

7.1.11 Re-appointment of a Statutory Auditor, PricewaterhouseCoopers Audit

PricewaterhouseCoopers Audit was appointed as Statutory Auditor on June 8, 2005. Since its term of office expires during the General Meeting called to approve the financial statements for the year ended December 31, 2016, you are invited to re-appoint it for a six-year term, until the General Meeting called to approve the financial statements for the year ended December 31, 2022.

It is not contemplated to appoint a deputy Auditor in replacement of Mr. Yves Nicolas the term of office of whom expires this year.

In accordance with the law, (i) the Chief Executive Officer did not participate in the vote of the Board of Directors on this re-appointment proposal and (ii) the Audit Committee issued a positive recommendation on the re-appointment proposal.

The amount of the fees received by PricewaterhouseCoopers Audit is given in note 27 to the consolidated financial statements.

7.1.12 Authorization to repurchase shares of the Company

The authorization to repurchase shares of the Company granted to the Board of Directors at the General Meeting on May 26, 2016 will expire at the General Meeting of May 23, 2017. Within the framework of this authorization, share repurchases were carried out in 2016 and in early 2017 (these operations are described in paragraph 6.2.5 "Share repurchase programs") in order to cover the Company's obligations resulting from share grants and to animate the market and provide liquidity of the Dassault Systèmes share through the intermediary of an investment services provider by means of a liquidity agreement complying with a Code of Ethics accepted by the Financial Markets Authority (AMF) and concluded between Dassault Systèmes SE and Oddo et Cie. This agreement has been automatically renewed for 2017.

Additional share repurchases may be made until the date of the General Meeting, and will be described in the Annual Report (*Document de référence*) for the year ending December 31, 2017.

You are invited to reauthorize the Board of Directors to repurchase Dassault Systèmes' shares, in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code, within a limit of 25 million shares, at a maximum purchase price of €100 per share and within the limits set by the applicable regulations. The maximum amount of funds dedicated to repurchase shares of the Company may not exceed €500 million.

Should you approve this proposal, the authorization will be valid until the Annual General Meeting approving the financial statements for the year ending December 31, 2017.

This authorization to repurchase shares may be used for the following purposes:

- 1) cancel shares for the purpose of increasing the profitability of shareholders' equity and earnings per share, subject to adoption by the Extraordinary General Meeting of the resolution permitting shares to be canceled;
- 2) meet obligations related to stock option grants or other allocations of shares to employees or corporate officers of Dassault Systèmes SE or of an affiliated company;
- 3) provide shares upon exercise of rights attached to securities giving right to shares of Dassault Systèmes SE;
- 4) stimulate the market or provide liquidity for the Company's shares through the intermediary of an investment services provider by means of a liquidity contract complying with a Code of Ethics accepted by the Financial Markets Authority (AMF);
- 5) implement any stock-exchange market practice which may be authorized by law or by the Financial Markets Authority (AMF).

The share repurchase program is described in paragraph 6.2.5 "Share repurchase programs" of this Annual Report (*Document de référence*), where all relevant information is presented.

In light of the possible cancellation of the repurchased shares, we propose that you also authorize the Board of Directors to cancel, as the case may be, for the same period, all or a portion of the shares which it has repurchased and to reduce in a corresponding amount the share capital, within a limit of 10% of its amount.

7.1.13 Delegations and authorizations for the purpose of increasing the share capital

7.1.13.1 General financial authorizations

The delegations and authorizations for the purpose of increasing the share capital granted to the Board of Directors by the General Meeting of May 28, 2015, will expire in July 2017. Consequently, you are invited to reauthorize the Board of Directors to increase the share capital for a period of 26 months, in order to enable it, in particular, to choose, at any time, from a wide range of securities giving access to the Company's share capital or to its debt securities, with or without pre-emptive right, by public offering or private placement, the most appropriate financing solution for the Group's development, considering the characteristics of the market at the time in question.

You are also invited to reauthorize the Board of Directors to increase the share capital by incorporation of reserves, profits or premiums, as well as to increase the capital as consideration for in-kind contribution of equity or other securities.

The resolutions proposed in this regard will replace the resolutions adopted by the General Shareholders' Meeting of May 28, 2015. The use made of these resolutions is presented in paragraph 6.2.4 "Delegations and authorizations granted by the General Meeting to the Board of Directors". The Board of Directors made no other use of these resolutions in 2016, nor between the start of 2017 and the date this Annual Report.

If you adopt these resolutions, the Board of Directors will be free to:

- carry out share capital increases with or without pre-emptive right (by using in particular the option provided by law to resort to a private placement with portfolio managers or qualified investors) within the limit of the maximum nominal amount of €12 million and, concerning the debt securities giving access to the share capital, within the limit of the nominal amount of €750 million. This cap of €12 million also represents the overall cap of the maximum nominal amount of all the share capital increases that may be carried out under the seventeenth, to twentieth and twenty-second resolutions;
- carry out share capital increases by incorporation of reserves, profits or premiums, within the same limit of the maximum nominal amount of €12 million;
- increase the share capital as consideration for in-kind contribution of equity or other securities within the limit of 10% of the share capital.

7.1.13.2 Financial authorizations to employees and to corporate officers (mandataires sociaux)

In accordance with the law, you are invited to authorize the Board of Directors to carry out share capital increases reserved for the employees of Dassault Systèmes SE and/or affiliated companies and members of Company savings plan. The maximum nominal amount of the capital increases that may be carried out through the issue of new shares or securities giving access to capital would be €5 million. This new authorization will cancel and replace the one given by the General Meeting of May 26, 2016.

7.2 Draft resolutions proposed by the Board of Directors to the General Meeting on May 23, 2017

Ordinary General Meeting

I First resolution

Approval of the parent company annual financial statements

The General Meeting, after the reading of the management report of the Board of Directors and the report of the Statutory Auditors, in addition to the explanations made orally, hereby approves the report of the Board and the parent company annual financial statements for the year ended December 31, 2016, as they have been presented.

The General Meeting consequently approves any transactions disclosed in these financial statements or summarized in these reports and in particular, in accordance with the provisions of Article 223 quater of the French Tax Code, the fact that there are no non-deductible tax expenses and charges referred to in Article 39.4 of said Code, and that consequently such transactions did not give rise to corporate income tax.

I Second resolution

Approval of the consolidated financial statements

The General Meeting, after the reading of the report of the Board of Directors with respect to management of the Group included in the management report and the report related to the consolidated financial statements of the Statutory Auditors, in addition to the explanations made orally, hereby approves in all respects the report of the Board and the consolidated financial statements for the year ended December 31, 2016, as they have been presented.

The General Meeting consequently approves any transactions disclosed by such consolidated financial statements or summarized in such reports.

I Third resolution

Allocation of the results

The General Meeting, upon the proposal of the Board of Directors, hereby resolves to allocate the profit of the year amounting to €269,585,829.57⁽¹⁾ as follows:

• to the legal reserve	€64,120.85
• for distribution to the 258,176,957 shares forming the capital as of 02/28/2017 of a dividend of (€0.53 × 258,176,957 shares) ⁽²⁾	€136,833,787.21
to retained earnings	€132,687,921.51
which, increased by the retained earnings from prior years of €1,965,014,111.26, brings the amount of retained earnings to	€2,097,702,032.77

(1) After allocation to the legal reserve, this profit increased by the retained earnings from prior years of €1,965,014,111.26 results in a distributable profit of €2,234,535,819.98.

(2) The aggregate amount of the dividend will be increased, based on the number of new shares created between March 1, 2017 and the date of the General Meeting of May 23, 2017, consecutively to the exercise of share subscription options, it being specified that the maximum number of shares which could be issued upon the exercise of subscription options is 2,500,392, i.e. a maximum amount of a supplementary dividend of €1,325,207.76.

Shares will be traded ex-dividend as of May 30, 2017 and dividends made payable as from June 26, 2017.

On the date of payment, the amount of the dividend corresponding to (i) the treasury shares of Dassault Systèmes SE and (ii) Dassault Systèmes' shares held by SW Securities

LLC, a company which is controlled by the Dassault Systèmes Group, will be allocated to "retained earnings", in accordance with the provisions of Article L. 225-210 of the French Commercial Code and the contractual provisions in force between SW Securities LLC and Dassault Systèmes SE.

In addition, prior to distribution of the dividend, the Board of Directors, or if so delegated, the Chief Executive Officer will determine the number of additional shares issued as a result of the exercise of share subscription options between March 1, 2017 and the date of this General Meeting; the amount required for payment of dividends for shares issued during this period will be taken from “retained earnings”.

The amount thus distributed will be taken into account for determining shareholders’ total revenue subject to the progressive rate of income tax for the year during which it was received after application of an uncapped deduction of 40% (as provided by Article 158-3-2 of the French Tax Code). The dividend may be subject to a non-discharging income tax withholding at a rate of 21% (as provided by Article 117 quater of the French Tax Code).

Pursuant to Article 243 bis of the French Tax Code, it is noted that dividends per share paid over the last three years have been as follows:

	2015	2014	2013
Dividend (in euros)	0.47	0.43	0.83
Number of shares eligible for dividends	257,154,032	255,644,058	126,746,027*

* The number of shares was given before the two-for-one stock split of the Dassault Systèmes share on July 17, 2014.

I Fourth resolution

Option to receive payment of dividends in the form of shares

The General Meeting, after the reading of the Board of Directors’ report, and finding that the capital is fully paid up, has decided to offer each shareholder the possibility of choosing, in whole or in part, to receive payment of the dividend decided in the third resolution, and to which he is entitled, in the form of new shares in the Company.

Each shareholder may choose, in whole or in part, to receive payment of the dividend in cash or in shares.

If the shareholder chooses to receive payment of the dividend in the form of shares, the new shares will be issued without a discount at a price equal to the average of the closing prices quoted on the regulated market of Euronext Paris during the 20 stock exchange sessions preceding the date of the General Meeting less the net amount of the dividend decided in the third resolution rounded up to the next one hundredth of a euro. Such new shares will be eligible for dividends as from January 1, 2017, and will have all the rights and privileges as the other shares issued by Dassault Systèmes SE.

Shareholders may choose, in whole or in part, to receive payment of the dividend in cash or new shares between May 30 and June 15, 2017, inclusive, by sending their request to the financial intermediaries that are authorized to pay the dividend or, for shareholders listed in the direct registered share accounts held by the Company, to its authorized representative (Société Générale, Securities department, 32 rue du Champ-de-Tir, CS 30812, 44308 Nantes Cedex 3). Failing exercise of such option as at June 15, 2017 at the latest, the dividend will only be paid out in cash.

Shareholders who have not chosen payment of dividends in shares before the end of this period or who have chosen only partial payment, will receive the dividend in cash for the portion for which payment in shares was not chosen as from June 26, 2017. For shareholders who have chosen to receive payment of the dividend in shares, the new shares will be delivered as of the same day.

If the amount of dividend for which payment in the form of shares has been chosen does not correspond to a whole number of shares, the number of shares to be received by the shareholder will be rounded up to the next whole number with the shareholder paying the difference in cash on the day he/she chose to receive payment in the form of shares, or alternatively the number of shares to be received by the shareholder will be rounded down to the previous whole number and the shareholder will receive the balance in cash.

The General Meeting gives full powers to the Board of Directors, with the right of sub delegation to the Chairman of the Board under the conditions provided by law, to carry out the payment of dividends in new shares, to stipulate the terms of application and implementation, to record the number of new shares issued under this resolution, to make any necessary changes in the Company’s by-laws relating to the share capital and the number of shares it contains, and, more generally, to do whatever may be appropriate or necessary.

I Fifth resolution

Related-party agreements (conventions réglementées)

The General Meeting, having reviewed the special report of the Statutory Auditors on the agreements governed by Articles L. 225-38 et seq. of the French Commercial Code, acknowledges the report, which does not include any new agreements.

I Sixth resolution

Policies and criteria used to determine, distribute and allocate the fixed, variable and exceptional components of the total compensation and benefits of all kinds granted to the Chairman of the Board

The General Meeting approves the policies and criteria used to determine, distribute and allocate the fixed, variable and exceptional components of the total compensation and benefits of all kinds granted to the Chairman, as indicated in the 2016 Annual Report, under chapter 5 "Corporate Governance", paragraph 5.1.4 "Principles established by the Board of Directors pertaining to compensation of the Executive Officers and directors".

I Seventh resolution

Policies and criteria used to determine, distribute and allocate the fixed, variable and exceptional components of the total compensation and benefits of all kinds granted to the Vice-Chairman and Chief Executive Officer

The General Meeting approves the policies and criteria used to determine, distribute and allocate the fixed, variable and exceptional components of the total compensation and benefits of all kinds granted to the Vice-Chairman and Chief Executive Officer, as indicated in the 2016 Annual Report, under Chapter 5 "Corporate Governance", paragraph 5.1.4 "Principles established by the Board of Directors pertaining to compensation of the Executive Officers and directors".

I Eighth resolution

Compensation elements due or granted with respect to 2016 to Mr. Charles Edelstenne, Chairman of the Board

The General Meeting approves the compensation elements due or granted with respect to 2016 to Mr. Charles Edelstenne, Chairman of the Board, as indicated in the 2016 Annual Report (*Document de référence*), under Chapter 5 "Corporate Governance", paragraph 5.3.1 "Compensation of the Company's Corporate Officers (mandataires sociaux)".

I Ninth resolution

Compensation elements due or granted with respect to 2016 to Mr. Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer

The General Meeting approves the compensation elements due or granted with respect to 2016 to Mr. Bernard Charlès, Vice-Chairman and Chief Executive Officer, as indicated in the 2016 Annual Report (*Document de référence*), under Chapter 5 "Corporate Governance", paragraph 5.3.1 "Compensation of the Company's Corporate Officers (mandataires sociaux)".

I Tenth resolution

Re-appointment of Ms. Odile Desforges

The General Meeting notes that Ms. Odile Desforges's term as director expires at this General Meeting and re-appoints her for a four-year period. This term of office will expire at the General Meeting approving the financial statements for the year ending December 31, 2020.

I Eleventh resolution

Ratification of the cooptation of Ms. Catherine Dassault as director

The General Meeting ratifies the appointment by cooptation of Ms. Catherine Dassault as director, decided by the Board of Directors on July 20, 2016, for the remaining term of office of her predecessor Ms. Nicole Dassault, who has resigned, i.e. until the General Meeting approving the financial statements for the year ending December 31, 2018.

I Twelfth resolution

Appointment of a new director

The General Meeting decides to appoint Mr. Soumitra Dutta as director of the Company for a four-year term. This term of office will expire at the General Meeting approving the financial statements for the year ending December 31, 2020.

I Thirteenth resolution

Determination of the amount of directors' fees

The General Meeting sets forth the amount of the directors' fees to be distributed among the directors at €500,000 for the current and subsequent years, until otherwise decided by the General Meeting. It gives all powers to the Board of Directors to allocate the directors' fees, in whole or part, under conditions that it shall determine.

I Fourteenth resolution

Re-appointment of a Principal Statutory Auditor

The General Meeting, after the reading of the report of the Board of Directors, decides to re-appoint PricewaterhouseCoopers Audit, whose registered office is located at 63 rue de Villiers – 92200 Neuilly-sur-Seine, as Principal Statutory Auditor for a term of six years, i.e. until the General Meeting called to approve the financial statements for the year ending December 31, 2022.

PricewaterhouseCoopers Audit has already indicated that it accepted its re-appointment.

I Fifteenth resolution

Authorization to repurchase Dassault Systèmes's shares

The General Meeting, having reviewed the report of the Board of Directors, authorizes the Board of Directors to purchase a maximum amount of 25,000,000 Dassault Systèmes shares, in accordance with the terms and conditions stipulated in Articles L. 225-209 *et seq.* of the French Commercial Code.

This authorization may be used by the Board of Directors for the following purposes:

- 1) cancel shares for the purpose of increasing the profitability of shareholders' equity and earnings per share, subject to adoption by the Extraordinary General Meeting of the resolution permitting shares to be canceled;
- 2) meet obligations related to stock option grants or other allocations of shares to employees or corporate officers of Dassault Systèmes SE or of an affiliated company;
- 3) provide shares upon exercise of rights attached to securities giving right to shares of Dassault Systèmes SE;
- 4) stimulate the market or provide liquidity for the Company's shares through the intermediary of an investment services provider by means of a liquidity contract complying with a Code of Ethics accepted by the Financial Markets Authority (AMF);

- 5) implement any stock-exchange market practice which may be authorized by law or by the Financial Markets Authority (AMF).

The acquisition, sale, transfer or exchange of such shares may be effected by any means allowed on the market (whether or not the market is regulated), multilateral trade facilities (MTF) or through a systematic internalizer or over the counter, in particular acquisition of blocks, and at the times deemed appropriate by the Board of Directors or any person acting pursuant to a sub delegation and according to the law.

The maximum amount of funds dedicated to repurchase of Company shares may not exceed €500 million, this condition being cumulative with the cap of 25,000,000 Dassault Systèmes shares.

Dassault Systèmes SE may not purchase shares at a price per share which exceeds €100 (excluding acquisition costs), and in any case the price per share will not exceed the maximum price provided by the applicable legal rules, subject to adjustments in connection with transactions on its share capital, in particular by capitalization of reserves and free allocation of shares and/or regrouping or split of shares.

This authorization can be used by the Board of Directors for all the treasury shares held by Dassault Systèmes.

This authorization will be valid commencing on the date of this General Meeting until the annual Ordinary General Meeting approving the financial statements for the year ending December 31, 2017. The General Meeting hereby grants any and all powers to the Board of Directors with option of delegation when legally authorized, to place any stock orders or orders outside the market, enter into any agreements, prepare any documents including information documents, determine terms and conditions of Company transactions on the market, as well as terms and conditions for purchase and sale of shares, file any declarations, including those required by the Financial Markets Authority (AMF), accomplish any formalities, and more generally, carry out any necessary measures to complete such transactions.

The General Meeting also grants any and all powers to the Board of Directors, in case that the law or the Financial Markets Authority (AMF) appear to extend or to complete the authorized objectives concerning the share repurchase program, in order to inform the public, pursuant to applicable regulations and laws, about the potential changes of the program concerning the modified objectives.

In accordance with the provisions of Articles L. 225-211 and R. 225-160 of the French Commercial Code, the Company or the intermediary in charge of securities administration for the Company shall keep registers which record purchases and sales of shares pursuant to this program.

This authorization replaces and supersedes the previous share repurchase program authorized by the Combined General Shareholders' Meeting of May 26, 2016, in its thirteenth resolution.

Extraordinary General Meeting

I Sixteenth resolution

Authorization granted to the Board of Directors to reduce the share capital by cancellation of previously repurchased shares in the framework of the share repurchase program

The General Meeting, after the reading of the report of the Board of Directors and the special report of the Statutory Auditors, hereby authorizes the Board of Directors, pursuant to the provisions of Article L. 225-209 of the French Commercial Code, to:

- reduce the share capital by cancellation, in one or several transactions, of all or part of the shares repurchased by the Company pursuant to its share repurchase program, up to a limit of 10% of the share capital over periods of 24 months;
- deduct the difference between the repurchase value of the canceled shares and their nominal value from available premiums and reserves.

The General Meeting hereby gives, more generally, any and all powers to the Board of Directors to set the terms and conditions of such share capital reduction(s), record the completion of the share capital reduction(s) made pursuant to the cancellation transactions authorized by this resolution, amend the by-laws of the Company as may be necessary, file any declaration with the Financial Markets Authority (AMF) or other institutions, accomplish any formalities and more generally take any necessary measures for the purposes of completing this transaction.

This authorization is granted to the Board of Directors for a period ending at the end of the General Meeting called to approve the financial statements for the year ending December 31, 2017.

I Seventeenth resolution

Authorization granted to the Board of Directors for the purpose of increasing the share capital by issuing shares or equity securities giving access to other equity securities of the Company or giving right to debt securities, and of issuing securities giving access to equity securities of the Company to be issued, with pre-emptive right

The General Meeting, after review of the report of the Board of Directors and the special report of the Statutory Auditors:

- 1) delegates to the Board of Directors, pursuant to the provisions of Articles L. 225-129 to L. 225-129-6, L. 228-91 and L. 228-92 of the French Commercial Code, its authority to decide to issue, on one or more occasions, at the time or times and in the proportions it deems fit, both in France and abroad, ordinary shares and/or equity securities giving access to other equity securities or giving right to debt securities and/or any other securities giving access to equity securities of the Company to be issued, it being specified that the Board of Directors may delegate to the Chief Executive Officer, or with the latter's agreement, to one or more Deputy CEOs, in accordance with the conditions permitted by law, all the necessary powers to decide to increase the share capital;
- 2) decides that any issue of preferred shares or securities giving access to preferred shares is expressly excluded;
- 3) decides that the maximum nominal amount of the share capital increases that may be carried out immediately and/or subsequently under this authorization may not exceed €12 million, it being specified that this overall cap is set exclusive of the nominal amount of the shares to be issued to protect the rights of the holders of securities or other rights giving access to the Company's share capital, in accordance with the applicable legal and regulatory provisions and, if relevant, the contractual provisions stipulating other adjustment cases;
- 4) decides moreover that the nominal amount of the debt securities of the Company that may be issued under this authorization will be at most €750 million or the equivalent of this amount in foreign currency or in accounting units calculated by reference to multiple currencies;
- 5) decides that the shareholders may exercise, under the conditions laid down in law, their pre-emptive right to shares, equity securities and other securities issued under this resolution;
- 6) decides that if applications for subscription on an irreducible basis and if applicable, a reducible basis do not absorb all of issue of shares, equity securities or other securities, the Board of Directors may offer all or some of the unsubscribed securities to the public;
- 7) notes that this authorization automatically entails that the shareholders waive, for the benefit of the holders of securities giving access to the Company's share capital that may be issued, their pre-emptive right to the equity securities to which these securities give right;
- 8) decides that the sum due or to fall due to the Company for each share issued under this authorization must be at least equal to the par value of the shares on the issue date;
- 9) decides that the Board of Directors may, if it deems it appropriate, deduct the costs and expenses of carrying out the issues from the issue premium(s), and if applicable,

deduct the sums needed to increase the legal reserve to one-tenth of the new share capital after each issue from this amount;

- 10)** decides that this authorization supersedes the similar authorization granted by the sixteenth resolution of the Combined General Meeting of May 28, 2015.

The authorization thus granted to the Board of Directors is valid for 26 months from the date of this General Meeting.

I Eighteenth resolution

Authorization granted to the Board of Directors for the purpose of increasing the share capital by issuing shares or equity securities giving access to other equity securities of the Company or giving right to debt securities, and of issuing securities giving access to equity securities to be issued, without pre-emptive rights and within the framework of a public offering

The General Meeting, after review of the report of the Board of Directors and the special report of the Statutory Auditors:

- 1)** delegates to the Board of Directors, pursuant to the provisions of Articles L. 225-129 to L. 225-129-6, L. 225-135, L. 225-136, L. 225-148 and L. 228-91 to L. 228-94 of the French Commercial Code, its authority to decide to carry out, through a public offering or, if relevant and subject to the approval by the General Meeting of a specific resolution to this effect, through an offer as referred to in II of Article L. 411-2 of the French Monetary and Financial Code, on one or more occasions, at the time or times and in the proportions it deems fit, both in France and abroad:
 - a)** issuance of shares and/or equity securities giving access to other equity securities or giving right to debt securities of the Company and/or any other securities giving access to equity securities of the Company to be issued,
 - b)** issuance of shares and/or equity securities giving access to other equity securities or giving right to debt securities of the Company and/or any other securities giving access to equity securities of the Company to be issued following issuance by companies, in which the Company directly or indirectly holds over half of the share capital, of any equity securities or securities giving access to equity securities of the Company to be issued,
 - c)** issuance of shares and/or equity securities and/or securities by the Company giving access to equity securities of a company, in which the Company directly or indirectly holds over half of the share capital, to be issued,
 - d)** issuance by the Company of securities giving access to existing equity securities or giving right to debt securities of another company in which the Company does not, directly or indirectly, hold over half of the share capital.
- The Board of Directors may delegate to the Chief Executive Officer, or with the latter's agreement, to one or more Deputy CEOs, in accordance with the conditions permitted by law, all the necessary powers to decide to increase the share capital.
- This authorization automatically entails that the shareholders waive, for the benefit of the holders of securities that may be issued by the subsidiaries, their pre-emptive right to the equity securities to which these securities give right;
- 2)** decides that the maximum nominal amount of the share capital increases that may be carried out immediately and/or subsequently under this authorization may not exceed €12 million, it being specified that this cap is set exclusive of the nominal amount of the shares to be issued to protect the rights of the holders of securities or other rights giving access to the Company's share capital, in accordance with the applicable legal and regulatory provisions and, if relevant, the contractual provisions stipulating other adjustment cases;
 - 3)** decides that the nominal amount that may be issued under this resolution will be included in the maximum nominal amount for share capital increases of €12 million set under the seventeenth resolution of this General Meeting;
 - 4)** decides that any issue of preferred shares or securities giving access to preferred shares is expressly excluded;
 - 5)** decides that this share capital increase may be the result of the exercise of a right resulting from any of the securities issued by any company in which the Company directly or indirectly holds over half of the share capital and with the agreement of the latter;
 - 6)** decides moreover that the nominal amount of debt securities that may be issued under this authorization will be at most €750 million or the equivalent of this amount in foreign currency or in accounting units calculated by reference to multiple currencies, and will be included in the cap of €750 million set under the seventeenth resolution of this General Meeting;
 - 7)** decides to eliminate the pre-emptive rights of shareholders to subscribe for shares, equity securities and other securities to be issued, it being understood that the Board of Directors may grant the shareholders a priority subscription period in respect of to all or part of the issue, subject to the time limit and conditions set by the Board, in accordance with the provisions of Article L. 225-135 of the French Commercial Code; this priority subscription period will not give rise to negotiable rights;

- 8) acknowledges that this authorization automatically entails that the shareholders waive, for the benefit of the holders of securities giving access to the Company's share capital that may be issued, their pre-emptive right to the equity securities to which these securities give right;
- 9) decides that the sum due or to fall due to the Company for each share issued or to be issued under this authorization must be at least equal to the minimum value set by the regulations in force when this authorization is used, i.e. at present the Company's average weighted share price on the regulated market of Euronext Paris over the last three trading days prior to the date the issue price is set, less a possible discount of up to 5%, and after, where appropriate, correction of this amount to take into account the differences in dividend eligibility dates;
- 10) decides that the Board of Directors may use this authorization, in whole or in part, for the purpose of remunerating securities tendered in a public exchange offer initiated by the Company, within the limits and under the conditions stipulated in Article L. 225-148 of the French Commercial Code;
- 11) decides that the Board of Directors may, if it deems it appropriate, deduct the costs and expenses of carrying out the issues from the issue premium(s), and if applicable, deduct the sums needed to increase the legal reserve to one-tenth of the new share capital after each issue from this amount;
- 12) decides that this authorization supersedes the similar authorization granted by the seventeenth resolution of the Combined General Meeting of May 28, 2015.

The authorization thus granted to the Board of Directors is valid for 26 months from the date of this General Meeting.

I Nineteenth resolution

Authorization granted to the Board of Directors for the purpose of increasing the share capital by issuing shares or equity securities giving access to other equity securities or giving right to debt securities, and of issuing securities giving access to equity securities to be issued, without pre-emptive right, within the framework of a private placement as referred to in II of Article L. 411-2 of the French Monetary and Financial Code

The General Meeting, after review of the report of the Board of Directors and the special report of the Statutory Auditors:

- 1) delegates to the Board of Directors, pursuant to the provisions of Article L. 225-136 of the French Commercial Code, its authority to decide to issue, within the framework and under the terms of the eighteenth resolution of this General Meeting and within the limit

of the maximum nominal amount of €12 million, equity securities or debt securities, through an offer as referred to in II of Article L. 411-2 of the French Monetary and Financial Code;

- 2) decides that the maximum nominal amount of the share capital increases that may be carried out immediately and/or subsequently under this authorization will be included in the maximum nominal amount for capital increases of €12 million set under the seventeenth resolution of this General Meeting;
- 3) decides that this authorization supersedes the similar authorization granted by the eighteenth resolution of the Combined General Meeting of May 28, 2015.

The authorization thus granted to the Board of Directors is valid for 26 months from the date of this General Meeting.

I Twentieth resolution

Authorization granted to the Board of Directors for the purpose of increasing the share capital by incorporation of reserves, profits or premiums

The General Meeting, deliberating under the quorum and majority conditions required for Ordinary General Meetings, pursuant to the provisions of Article L. 225-130 of the French Commercial Code, and after considering the report of the Board of Directors:

- 1) delegates to the Board of Directors its authority to increase the share capital, on one or more occasions, at the time or times and in the proportions it deems fit, by incorporation of reserves, profits, premiums or other amounts that may be capitalized, or by combining such a share capital increase with a share capital increase in cash carried out under the seventeenth, eighteenth or nineteenth resolutions of this General Meeting, by issuing and granting free shares or raising the nominal value of the existing shares, or, finally, by combining the two transactions, it being specified that the Board of Directors may delegate to the Chief Executive Officer, or with the latter's agreement, to one or more Deputy CEOs, in accordance with the conditions permitted by law, all the necessary powers to decide the share capital increase;
- 2) decides that the maximum nominal amount of the share capital increases that may be carried out under this authorization may not exceed €12 million, it being specified that this cap is set exclusive of the nominal amount of the shares to be issued to protect the rights of the holders of securities or other rights giving access to the Company's share capital, in accordance with the applicable legal and regulatory provisions and, if relevant, the contractual provisions stipulating other adjustment cases;

- 3) decides that this maximum nominal amount will be included in the maximum nominal amount set for share capital increases that may be carried out under the seventeenth resolution of this General Meeting;
- 4) decides that the rights giving rise to fractional shares will not be negotiable and that the corresponding shares will be sold. The proceeds of the sale will be allocated to the holders of the rights within 30 days after the date of entry in their account of the full number of shares granted;
- 5) decides that the Board of Directors may, if it deems it appropriate, proceed with any charge against the issue premium or premiums, in particular for expenses, duties and fees incurred due to the implementation of the issues, and, if appropriate, deduct from this amount the necessary amounts to bring the legal reserve to one-tenth of the new share capital after each issue;
- 6) decides that this authorization supersedes the similar authorization granted by the nineteenth resolution of the Combined General Meeting of May 28, 2015.

The authorization thus granted to the Board of Directors is valid for 26 months from the date of this General Meeting.

I Twenty-first resolution

Authorization granted to the Board of Directors for the purpose of increasing the share capital by issuing shares or equity securities giving access to other equity securities or giving right to debt securities as well as securities giving access to equity securities to be issued, within the limit of 10%, as consideration for in-kind contributions of equity or other securities

The General Meeting, after review of the report of the Board of Directors and the special report of the Statutory Auditors:

- 1) delegates to the Board of Directors, pursuant to the provisions of Article L. 225-147 of the French Commercial Code, the necessary powers to increase the share capital by issuing shares and/or equity securities giving access to other equity securities or giving right to debt securities of the Company and/or securities giving access to equity securities to be issued by the Company, within the limit of 10% of the share capital, based on the report of the Capital Contributions Auditor(s), as consideration for in-kind contributions of equity or securities giving access to the share capital, when the provisions of Article L. 225-148 of the French Commercial Code do not apply;
- 2) decides that the Board of Directors will have all the necessary powers to implement this authorization, in particular to determine all the terms and conditions of the authorized transactions and in particular to evaluate the contributions and grants, where applicable, of special

advantages, to set the number of securities to be issued as consideration for contributions, as well as the effective date of the securities to be issued, to proceed with any charge against the issue premium or premiums, in particular for expenses, duties and fees incurred due to the implementation of the issues, to formally record the share capital increase and amend the by-laws accordingly, and to more generally take all necessary measures, enter into any agreements and carry out any and all formalities required in particular for the admission of the shares to trading;

- 3) notes, where necessary, that this authorization automatically entails that the shareholders waive their pre-emptive right to the equity securities of the Company to which the securities that may be issued under this authorization may give entitlement;
- 4) decides that this authorization supersedes the similar authorization granted by the twentieth resolution of the Combined General Meeting of May 28, 2015.

The authorization thus granted to the Board of Directors is valid for 26 months from the date of this General Meeting.

I Twenty-second resolution

Authorization of the Board of Directors to increase the share capital for the benefit of members of a corporate savings plan, without pre-emptive rights

The General Meeting, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, pursuant to the provisions of Articles L. 3332-1 et seq. of the French Labor Code and Articles L. 225-138-1 and L. 225-129-6, first and second paragraphs, of the French Commercial Code:

- 1) delegates to the Board of Directors its authority to increase the share capital of the Company, in one or several transactions, at its sole discretion, by a maximum nominal amount of €5 million through the issue of new shares or other securities giving access to the Company's share capital under the conditions prescribed by law, reserved for members of corporate savings plans of the Company and/or its affiliated entities within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code;
- 2) decides to eliminate the pre-emptive rights of shareholders to subscribe for the new shares to be issued or other securities giving access to share capital and securities to which these securities give entitlement under this resolution for the benefit of the members of the plans referred to in the previous paragraph and waives the rights to the shares or other securities that would be allocated through the application of this resolution;

- 3) decides that the maximum nominal amount that may be issued under this authorization will be included in the maximum nominal amount for share capital increases of €12 million set under the seventeenth resolution;
- 4) decides that the subscription price for the new shares will be at least 80% of the average listed price of the Company's shares on Euronext Paris in the 20 trading days preceding the day on which subscriptions open, where the lock-up period set by the savings plan pursuant to Article L. 3332-25 of the French Labor Code is shorter than ten years, and 70% of this average where the lock-up period is ten years or more. However, the General Meeting of Shareholders expressly authorizes the Board of Directors, if it deems it appropriate, to reduce or cancel the above-mentioned discounts, within the legal and regulatory limits, in order to take account of, *inter alia*, the legal, accounting, tax and social security rules applicable locally;
- 5) decides that the Board of Directors may also replace all or part of the discount with the free allocation of shares or other securities giving access to the Company's share capital, whether existing or to be issued, it being specified that the total benefit resulting from this allocation and, if applicable, from the discount mentioned above, cannot exceed the total benefit that members of the savings plan would have received if this difference had been 20% or 30%, depending on whether the lock-up period set by the plan is greater than or equal to ten years;
- 6) decides that the Board of Directors may provide for, pursuant to Article L. 3332-21 of the French Labor Code, the free allocation of shares or other securities giving access to the Company's share capital to be issued or already issued under a bonus scheme, provided that the inclusion of their monetary value, valued at the subscription price, does not result in the legal or regulatory limits being exceeded;
- 7) decides that the characteristics of the other securities giving access to the Company's share capital will be determined by the Board of Directors according to the conditions laid down by the regulations;
- 8) decides that the Board of Directors will have all the necessary powers, with the option for delegation or sub-delegation, in accordance with the legal and regulatory provisions, within the limits and under the conditions specified above, to determine all the terms and conditions of transactions and, in particular, to decide on the amount to be issued, the issue price and the terms of each issue, and to define the terms for the free allocation of shares or other securities giving access to the share capital, under the authorization given above, to determine the opening and closing dates for subscriptions, to set, within the maximum limit of three years, the period granted to subscribers to pay for their shares, to determine the date, which may be retroactive, from which the new shares will be eligible for dividends, to apply for their admission to listing on the stock market wherever they are advised to do so, to record the share capital increase in the amount of shares effectively subscribed for, to make all necessary arrangements to carry out the share capital increases, carry out all formalities arising therefrom and amend the by-laws accordingly, and at its sole discretion, and if it deems it appropriate, to deduct the fees involved in carrying out the share capital increases from the premiums relating to these increases as well as the sums necessary to increase the legal reserve to one-tenth of the new share capital after each increase;
- 9) decides that this authorization supersedes all previous authorizations relating to share capital increases reserved for members of corporate savings plans, and in particular, that granted by the General Shareholders' Meeting of May 26, 2016 in the sixteenth resolution;
- 10) the authorization thus granted to the Board of Directors is valid for 26 months from the date of this General Meeting.

Ordinary and Extraordinary General Meeting

I Twenty-third resolution

Powers for formalities

The General Meeting hereby grants any and all powers to the bearer of an original, a copy or an excerpt of the minutes of these deliberations for the purpose of carrying out any legal formalities for publication.

CROSS-REFERENCE TABLES

Annual financial report

The cross-reference table below allows to identify the information included in the annual financial report provided by the Article L. 451-1-2 of the Monetary and Financial French Code and by the Article 222-3 of the General Regulation of the *Autorité des marchés financiers*.

Annual financial report	Reference Document	
	Paragraphs	Pages
1. Parent Company Financial Statements	4.2	133
2. Consolidated Financial Statements of the Group	4.1	92
3. Management Report	See Annual management report cross-reference table below	
4. Certification of the Person Responsible for the Reference Document	-	3
5. Statutory Auditors Report on the Parent Company Financial Statements	4.2.3	156
6. Statutory Auditors Report on the Consolidated Financial Statements	4.1.2	131
7. Principal Accountants Fees and Services	4.1.1 – Note 27	129

Annual management report

The cross-reference table below identifies in the Reference Document the information included in the annual management report to be provided by the Company's Board of Directors, as required by Articles L. 225-100 et seq. of the French Commercial Code.

Annual management report	Reference Document	
	Paragraphs	Pages
1. Business Trends Analysis	3.1	78
2. Analysis of Results	3.1	78
3. Financial Operations Analysis	3.1	78
4. Description of Main Risks and Uncertainties	1.6	30
5. Financial Instruments Use	4.1.1 – Notes 2, 21	98, 121
6. Risk Factors such as Pricing, Credit, Liquidity in Cash and Treasury	1.6.2	37
7. Current Delegations to the Board of Directors and their Use during the Fiscal Year 2016	6.2.4	204
8. Information Required by the Article L. 225-100-3: Possible Consequences in Case of a Public Tender Offer	5.1.7.3	182
9. Information Required by the Article L. 225-211 of the French Commercial Code, Relating to the Shares Repurchases	6.2.5	206
10. Situation during the Fiscal year 2016	3.1, 4.1, 4.2	78, 92, 133
11. Foreseeable Trend of the Situation	3.1.1.1, 3.2	78, 89
12. Substantial Events Occurred since the End of 2016	4.2.1 – Note 23	153
13. Research and Development Activities	1.5	29
14. Existing branches	6.1.1.6	198
15. Business and Results of Operations of the Parent Company Dassault Systèmes SE	1.3, 1.4, 4.2	13, 14, 133
16. Business and Results of the Parent Company's Subsidiaries during the Fiscal Year 2016	1.3.2, 1.4	13, 14
17. Financial and non-financial key performance indicators		
18. 2017 Business Outlook	3.1.1.1, 3.2	78, 89
19. Selected Financial Information of Dassault Systèmes SE over the Last Five Fiscal Years	4.2.2	155
20. Employees' Involvement in the Capital of the Issuer the Last Day of the Fiscal Year	6.3.1	207
21. Compensation and Benefits Granted to each Corporate Officer (mandataire social) of Dassault Systèmes in 2016	5.3	196
22. Undertakings by the Company to the benefit of Corporate Officers (mandataires sociaux) corresponding to elements of compensation, indemnities or other benefits due or to be due as a consequence of the entry into office, termination of the office or change in the office (even after termination of the same), notably retirement undertakings or other lifelong undertakings	5.3	196
23. List of the Terms and Responsibilities of the Directors (mandataires sociaux) of Dassault Systèmes in 2016	5.1.1.1	162
24. Social and Environmental Information	2	40
25. Equity Holdings or Controlled Companies, Subsidiaries with a French Head-Office	4.2.1 – Notes 1, 24	138, 154
26. Table of Transactions in the Company's Shares by the Management of the Company	5.4	194
27. Information on the Payment Cycles for Suppliers	4.2.1 – Note 19	151
28. Chairman of the Board's Report on Corporate Governance and Internal Control	5.1	162
29. Dividends Paid over the Last Three Fiscal Years	7.1	214
	5.1.4; 7.1.7; draft resolutions 6 and 7 referred to at paragraph 7.2	175, 219, 225
30. Information referred to in Article L. 225-37-2 of the French Commercial Code within the framework of the report appended to the management report	"Draft Resolutions Proposed by the Board of Directors to the General Meeting on May 23, 2017"	
31. Evolution and repartition of the shareholding (including treasury shares)	6.3.1	207

Cross-reference tables

Cross-reference table including the European Directive no. 809/2004 – Annex 1 items

Cross-reference table including the European Directive no. 809/2004 – Annex 1 items

The cross-reference table below identifies the information included in the Reference Document, and reflects the transposition of the European Directive no. 809/2004 in its Annex 1, adopted by the European Commission of April 29, 2004.

European directive – Annex 1 items	Reference Document	
	Paragraphs	Pages
1. PERSONS RESPONSIBLE		
1.1 Name and function of the persons responsible		3
1.2 Declaration of the persons responsible		3
2. STATUTORY AUDITORS	5.5	196
3. SELECTED FINANCIAL INFORMATION	1.1	6
4. RISK FACTORS	1.6	30
5. INFORMATION ABOUT THE ISSUER		
5.1 History and development of the Company	1.2.1	8
5.2 Investments	1.2.2	11
6. BUSINESS OVERVIEW		
6.1 Principal activities	1.4.1	14
6.2 Principal markets	1.4.2	18
6.3 Exceptional factors	None	
6.4 Extent to which the issuer is dependent on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	1.6	30
6.5 Basis for any statements made by the issuer regarding its competitive position	1.4.1, 1.4.2.7	14,28
7. ORGANIZATIONAL STRUCTURE		
7.1 Brief description of the Group	1.3.1	13
7.2 List of the significant subsidiaries	1.3.2	13
8. PROPERTY, PLANT AND EQUIPMENT		
8.1 Existing or planned material tangible fixed assets	2.2.2.3, 4.1.1 – Notes 14, 25	62, 115, 127
8.2 Any environmental issues that may affect the issuer's utilization of the tangible fixed assets	2.2.2.3	62
9. OPERATING AND FINANCIAL REVIEW	3.1	78
10. CAPITAL RESOURCES	3.1.4	89
11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES	1.5	29
12. TREND INFORMATION	1.6.1.1	30
13. PROFIT FORECASTS OR ESTIMATES	3.2	89
14. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT		
14.1 Information relating the Board of Directors and Senior Management	5.1.1, 5.1.2	162, 174
14.2 Administrative, Management and Supervisory Bodies and Senior Management Conflicts of Interests	5.1.3	175
15. REMUNERATION AND BENEFITS		
15.1 Amount of remuneration paid and benefits in kind	5.3	184
15.2 Amount set aside or accrued to provide pension, retirement or similar benefits	5.3.1 – Table 11	189

European directive – Annex 1 items	Reference Document	
	Paragraphs	Pages
16. BOARD PRACTICES	5.1	162
16.1 Date of expiration of the current term of office	5.1.1.1	162
16.2 Service contracts with the issuer	5.1.3	174
16.3 Information about the committees	5.1.1.3	172
16.4 Statement of compliance with the regime of corporate governance	5.1, 5.1.5	162, 179
17. EMPLOYEES		
17.1 Number of employees	2.1.1	41
17.2 Shareholdings and stock options	5.1.1, 5.3.2	162, 189
17.3 Arrangement involving the employees in the issuer's capital	None	
18. MAJOR SHAREHOLDERS	6.3	207
18.1 Shareholders having more than 5% of interest in the issuer's capital or of voting rights	6.3.1	207
18.2 Existence of different voting rights	6.1.2.3	198
18.3 Control of the issuer	6.3.2	209
18.4 Arrangement, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer	6.3.3	210
19. RELATED PARTY TRANSACTIONS	4.1.1 – Note 26, 4.2.4, 7.1.5	128, 158, 216
20. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES		
20.1 Historical Financial Information	4.1	92
20.2 Pro forma Financial Information	Not applicable	
20.3 Financial Statements	4.1, 4.2	92, 133
20.4 Auditing of Historical Annual Financial Information	4.1.2, 4.2.3, 4.2.4	131, 156, 158
20.5 Date of the latest financial statements	December 31, 2016	
20.6 Interim and Other Financial Information	3.3	90
20.7 Dividend Policy	7.1	214
20.8 Legal and Arbitration Proceedings	4.3	160
20.9 Significant Change in the Issuer's Financial or Trading Position	4.1.1 – Note 29	130
21. ADDITIONAL INFORMATION		
21.1 Share Capital	6.2, 6.3	202, 207
21.2 Memorandum and By-laws	6.1.2	199
22. MATERIAL CONTRACTS	1.4.3	28
23. THIRD-PARTY INFORMATION, EXPERTS' STATEMENTS AND DECLARATION OF ANY INTEREST	Not applicable	
24. DOCUMENTS AVAILABLE TO THE PUBLIC	6.1.1.7	198
25. INFORMATION ON HOLDINGS	1.3.2, 4.1.1 – Note 28, 4.2.1 – Note 24	13, 130, 154

NRE correspondence table

Article R. 225-105-1 of the French Commercial Code items	Reference Document	
	Paragraphs	Pages
EMPLOYMENT		
Total employees and distribution by gender, age and geographic location	2.1.1, 2.1.7	41,58
New hires and departures	2.1.2, 2.1.7	44,58
Compensation	2.1.4	52
ORGANIZATION OF WORKING TIME		
Organization of working time	2.1.1	41
Absenteeism	2.1.1	41
LABOR RELATIONS		
Organization of employee relations and employee communications, consultation and negotiation procedures	2.1.5	54
Summary of collective agreements	2.1.5	54
HEALTH AND SAFETY		
Health and safety conditions	2.1.5	54
Summary of agreements reached with labor unions or employee representatives regarding health and safety	2.1.5	54
Work accidents	2.1.5	54
TRAINING		
Training policies	2.1.2	44
Total training time	2.1.2	44
EQUAL TREATMENT		
Measures for the equal treatment of women and men	2.1.2	44
Measures for the employment of disabled persons	2.1.2	44
Anti-discrimination policy	2.1.2	44
PROMOTION OF AND RESPECT FOR THE PROVISIONS OF THE BASIC CONVENTIONS OF THE INTERNATIONAL LABOR ORGANIZATION ON		
Respect for the freedom of association and the right to collective negotiation	2.1.5	54
Eliminating discrimination at work	2.1.2	44
Eliminating forced labor	2.1.5	54
Eliminating child labor	2.1.5	54
INFORMATION ON SOCIETAL COMMITMENTS AND COMMITMENTS TO SUSTAINABLE DEVELOPMENT		
Regional, economic and social impact of the business of the Company in terms of employment and regional development, on nearby or local populations	2.1.2	44
Relations with individuals and organizations interested by the Company's business (job placement associations, educational establishments, environmental protection associations, etc.), process relating to the dialogue with those persons or organizations and partnership and sponsorship actions.	2.1.2	44
Sub-contractors and suppliers: social responsibility. Taking social and environmental issues into account in the purchasing policy. Importance of sub-contracting. Taking suppliers' and sub-contractors' social and environmental responsibility into account in relations with them	2.1.1	41
Good citizen practices (actions to prevent corruption and measures to protect the health and safety of consumers) and other measures to support human rights	2.1.5	54
GENERAL POLICY ON ENVIRONMENTAL ISSUES		
Organizing the Company to take into account environmental issues.		
If need be, environmental assessment or certification processes	2.2.1	41
Employee training and information actions regarding environmental protection	2.2.3	51
Resources devoted to the prevention of environmental risks and pollution	2.2.6	71

Article R. 225-105-1 of the French Commercial Code items	Reference Document	
	Paragraphs	Pages
POLLUTION		
Measures for preventing, reducing or curing releases to the air, water and soil which would harm the environment	2.2.2.5 and 2.2.6	70, 71
CIRCULAR ECONOMY		
Prevention and waste management:		
<ul style="list-style-type: none"> ● measures for prevention, recycling, reutilisation, any other form of waste recovery and disposal 	2.2.2.5 and 2.2.4	64, 69
<ul style="list-style-type: none"> ● actions against food waste 	2.2.4	69
Sustainable use of resources:		
<ul style="list-style-type: none"> ● water consumption 	2.2.2.5	64
<ul style="list-style-type: none"> ● raw materials consumption 	2.2.2.5 and 2.2.4	64, 69
<ul style="list-style-type: none"> ● measures taken to improve the efficiency of the use of raw materials 	2.2.2.5 and 2.2.4	64, 69
<ul style="list-style-type: none"> ● energy consumption 	2.2.2.5	64
<ul style="list-style-type: none"> ● measures taken to improve energy efficiency and the use of renewable energy 	2.2.2.5	64
CLIMATE CHANGE		
Significant items of issuance of greenhouse gaz due to the Company's activity, notably by reason of the usage of its production of goods and services	2.2.2.5	64

Information not published due to lack of relevancy	Explanation
Frequency/severity rate of work accidents. Professional illnesses.	Given the nature of Dassault Systèmes' activity, the number of work accidents is low and consists of only a few cases per year. This indicator is not calculated.
Consideration of noise pollution Land use Water supply in accordance with local constraints Adaptation to the consequences of climate change Biodiversity protection	Given Dassault Systèmes' activity, these topics are not covered. The Group is not aware of any noise pollution that could negatively impact the environment, nor is it aware of any impact on biodiversity. With regards to land use, the Group is only a commercial user, and the Group is not aware of any local constraints with regards to water supply. The Group does not believe that it is at risk with regards to climate change in the near-or mid-term.

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