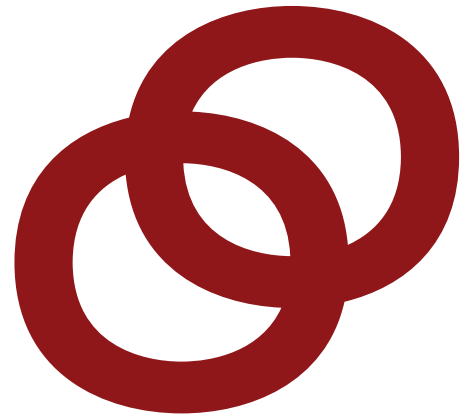


# DELIVERING DIGITAL TRANSFORMATION TOGETHER



REGISTRATION DOCUMENT  
ANNUAL FINANCIAL REPORT



2018

sopra  steria

<b>INTEGRATED PRESENTATION: SOPRA STERIA</b>	<b>2</b>	<b>5</b>	<b>PARENT COMPANY FINANCIAL STATEMENTS <small>AFR</small></b>	<b>179</b>
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Elements of the Annual Financial Report are identified by the AFR logo

**TRANSPARENCE** LABEL OR

This seal of quality is awarded to Registration Documents achieving the highest level of transparency according to the Annual Transparency Rankings criteria.

INCLUDING THE ANNUAL FINANCIAL REPORT AND  
THE MANAGEMENT REPORT, INCLUDING ITEMS FROM  
THE NON-FINANCIAL PERFORMANCE STATEMENT



The original French-language version of this Registration Document was filed with the Autorité des Marchés Financiers (AMF) on 12/04/2019 in accordance with Article 212-13 of the AMF General Regulation. The French-language original may be used as a basis for a financial transaction if it is supplemented by a prospectus authorised by the AMF. This document was prepared by the issuer, whose authorised signatories alone assume responsibility for its content.

Copies of this Registration Document may be obtained by submitting a request to Sopra Steria Group, Communications Department, 6 Avenue Kleber, 75116 Paris, France; via our website: <https://www.soprasteria.com>; or via the website of the Autorité des Marchés Financiers: [www.amf-france.org](http://www.amf-france.org).

In accordance with Article 28 of Commission Regulation (EC) No. 809/2004 of 29 April 2004, the following information is included for reference in this Registration Document:

## 1. RELATING TO FINANCIAL YEAR 2016:

The Management Report, included in the Registration Document filed on 13 April 2017 under number D.17-0381, is detailed in the cross-reference table (pages 296 to 297) - Information regarding the Management Report;

The consolidated financial statements and the Statutory Auditors' report on those financial statements, included in the Registration Document filed on 13 April 2017 under number D.17-0381 (pages 143 to 211 and 212, respectively);

The individual company financial statements of Sopra Steria and the Statutory Auditors' report on those financial statements, included in the Registration Document filed on 13 April 2017 under number D.17-0381 (pages 213 to 240 and 241, respectively);

The Statutory Auditors' special report on related-party agreements and commitments, included in the Registration Document filed on 13 April 2017 under number D.17-0381 (pages 242 to 243).

## 2. RELATING TO FINANCIAL YEAR 2017:

The Management Report, included in the Registration Document filed on 13 April 2018 under number D.18-0329, is detailed in the cross-reference table (pages 292 to 293) - Information regarding the Management Report;

The consolidated financial statements and the Statutory Auditors' report on those financial statements, included in the Registration Document filed on 13 April 2018 under number D.18-0329 (pages 129 to 192 and 193 to 196, respectively);

The individual company financial statements of Sopra Steria and the Statutory Auditors' report on those financial statements, included in the Registration Document filed on 13 April 2018 under number D.18-0329 (pages 197 to 220 and 221 to 224, respectively);

The Statutory Auditors' special report on related-party agreements and commitments, included in the Registration Document filed on 13 April 2018 under number D.18-0329 (pages 225 to 226).

The information included in both of those Registration Documents, other than the information mentioned above, has been replaced and/or updated, as applicable, by the information included in this Registration Document.

*This document is a free translation into English of the original French "Document de référence", referred to as the "Registration Document". It is not a binding document. In the event of a conflict of interpretation, reference should be made to the French version, which is the authentic text.*

# MESSAGE FROM THE CHAIRMAN

"The world we live in is changing in so many different ways, and our clients are embarking on far-reaching transformations. Our business is also experiencing sweeping changes. Sopra Steria Group is adapting and adjusting to its environment to maintain and strengthen its enduring partnerships with its major clients, just as it has always done over the past 50 years.

At Sopra Steria - which recorded revenue of over €4 billion and now has close to 45,000 employees - strategic decisions always put our long-term vision and respect for the commitments made to our clients first. We constantly ensure that we are making the right level of investments to secure our Group's long-term future and growth.

In the same vein, we made a decision many years ago to play an active role in the major workforce-related, environmental and social changes taking place, and to make a positive contribution to the challenges they represent. And Sopra Steria's policy of sustainable growth has gained recognition precisely because of this approach. In January 2019, for the second year in a row, CDP ranked the Group's environmental performance in the A List - the highest level - and the Group's overall corporate responsibility performance was again awarded EcoVadis' Gold medal with a score at the Advanced level.

"Sopra Steria's policy of sustainable growth has gained recognition precisely because of this approach. In January 2019, for the second year in a row, CDP ranked the Group's environmental performance in the A List - the highest level."

Our strategy as an independent group rests on two key pillars: adding more value for our major clients in their own specific areas of business, and harnessing the strengths of our software business to set ourselves apart from our competitors, especially in the financial services sector, where we can leverage synergies with our services businesses.

2018 was a year of major progress, with enhancements to Sopra Steria's business model, investments in innovation and several key acquisitions. Our performance was held back by delivery issues. They indicate that the transformation initiatives launched within the Group need to accelerate and require a more robust internal governance framework. The necessary decisions have been taken and are being implemented. This will help the Group pursue its medium-term strategy.

The most significant progress achieved in 2018 includes the expansion in the Consulting business to 10% of the Group's revenue from 7.5% in the previous year. Promising first results were also recorded as a result of the far-reaching transformation programme launched in the United Kingdom. Adjustments were made to human resources, and trends in revenue and operating profitability picked up in the second half. Lastly, a number of Sopra Banking Software's major transformation projects were successfully completed, with the Platform product going live for European clients, Amplitude Up for clients in English-speaking Africa, and Cassiopae in North America. The acquisition of Apak also established an unrivalled global position in the asset finance software market.

Going forward in 2019, we are optimistic and determined, mindful of what we need to do to reach our objectives. In a market driven by digital transformation, we are confident in our ability to steadily and continually raise our performance. Over the medium term, we are targeting annual organic revenue growth of between 4% and 6%, an operating margin on business activity of around 10%, and free cash flow of between 5% and 7% of revenue."



"Going forward in 2019, we are optimistic and determined, mindful of what we need to do to reach our objectives."

# KEY FIGURES FOR 2018

Sopra Steria, a major European player in digital transformation, has one of the most comprehensive portfolios of offerings on the market, spanning consulting and systems integration, the development of business and technology solutions, infrastructure management, cybersecurity and business process services (BPS).

## REVENUE

€4.1bn

4.9% organic growth<sup>1</sup>

85% Digital Services

15% Solutions

## OPERATING PROFIT ON BUSINESS ACTIVITY

€307.9m

7.5% of revenue

## NUMBER OF EMPLOYEES

44,114

## NET PROFIT - GROUP SHARE

€125.1m

3.1% of revenue

## NUMBER OF LOCATIONS

184

## BASIC EARNINGS PER SHARE

€6.20

## NUMBER OF COUNTRIES

25

## DIVIDEND PER SHARE

€1.85<sup>2</sup>

## EQUITY

€1.3 bn

## NET FINANCIAL DEBT

€620.9m

i.e. 1.68x pro forma EBITDA on a 12-month rolling basis

## MARKET CAPITALISATION AT 28/02/2019

€2.1bn



### TOP 5

European digital services companies



### TOP 10

Digital services companies operating in Europe

<sup>1</sup> Alternative performance measures are defined in the glossary at the end of this document.

<sup>2</sup> Dividend to be proposed at the General Meeting of 12 June 2019.

See Chapter 4 for more information

# CORPORATE PLAN

## KEY POINTS OF THE CORPORATE PLAN

### AN INDEPENDENT MODEL

An independent model built on long-term vision and business performance, upholding the Group's responsibilities to the environment and to its stakeholders as a good corporate citizen.



### ENTREPRENEURIAL CULTURE

By its very nature, the Group is agile, has short decision-making circuits, and moves rapidly. The core values are a dedication to serving clients, managers' autonomy, a sense of collective responsibility and respect for others.



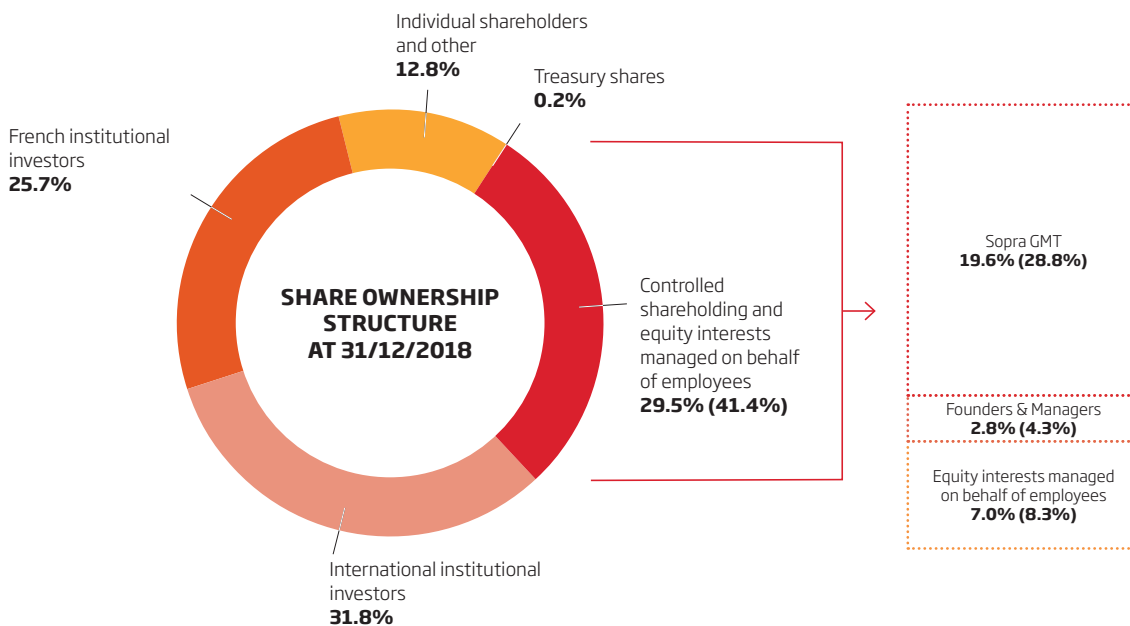
### IMPORTANCE OF HUMAN CAPITAL

A demanding human resources policy focused on talent aligned with the business culture and the development of employees' skills.



See Chapter 1 for more information

## A REFERENCE SHAREHOLDER BACKING THE CORPORATE PLAN



20,547,701 listed shares.  
 26,147,566 exercisable voting rights.  
 XX.X% = Percentage of share capital held.  
 (XX.X%) = Percentage of voting rights exercisable.

TPI survey of identifiable holders of shares at 31/12/2018 - Ownership threshold of over 1,000 shares

See Chapter 6 for more information

## HISTORY OF SOPRA STERIA

### A strategic partner to key accounts and European organisations

Sopra Steria has reinforced its position as a European leader in digital transformation. The Group - which is listed on the SBF 120 index - posted €4.1 billion in revenue and employed more than 44,000 people in over 25 countries in 2018. Sopra Steria was formed from the merger in 2014 of two of France's most long-standing digital services companies, Sopra and Steria, founded respectively in 1968 and 1969 and both characterised by a strong entrepreneurial spirit as well as a firm collective commitment to serving their clients.

See Chapter 1 for more information

# CORPORATE RESPONSIBILITY

For more than 50 years we have built our Group on solid fundamentals and a set of ethical principles and core values that define us. Our ambition is to be a company engaged in the key issues currently facing society, drawing on our principles and values, and setting ambitious, meaningful targets that create value for all our stakeholders.

Sopra Steria's corporate responsibility strategy is built on 7 key priorities:

- Being a leading employer that attracts the best talent, fosters employee dialogue and promotes diversity and equal opportunities;
- Establishing ongoing constructive and transparent dialogue with our stakeholders;
- Being the partner of choice for our clients, meeting their needs as effectively as possible by providing them with the best technology;
- Involving our entire value chain in our corporate responsibility approach to contribute to a more sustainable world;
- Reducing the environmental impact of our operations and contributing to a low-carbon economy;
- Acting ethically and with integrity in our day-to-day operations and all our business activities;
- Supporting local communities by stepping up our community engagement initiatives, notably in the area of digital inclusion.

Our strategy is supported by an improvement process focusing on a number of key issues. This process is based on **our commitment to the United Nations Global Compact**, a matrix-based analysis of the various challenges facing the Group, and a governance framework that coordinates the implementation of strategy and related measures.

## OUR COMMITMENTS

### WORKFORCE



- Equal opportunities
- Employability
- Greater emphasis on access to employment opportunities and employment support for people with disabilities
- Skills development
- Career management

### SOCIETY



- Strengthening stakeholder dialogue
- Community outreach programmes under which employees support local communities

### ENVIRONMENT



- GHG<sup>(1)</sup> reduction target per employee: -43% between 2015 and 2025 approved by the SBTi<sup>(2)</sup> (-29.1% achieved between 2015 and 2018)
- CarbonNeutral® business travel, office space and on- and off-site data centres
- Incorporate sustainable development priorities into the value proposition by measuring the impact of solutions provided to our clients to meet the environmental challenges they face

### ETHICS AND COMPLIANCE



- A Code of Ethics, supplemented by a Code of Conduct for the prevention of corruption and influence peddling, has been published in ten languages and distributed to all Group employees

## High-profile recognition from three major international organisations in early 2019

- **CDP Climate Change**  
For the second year running, Sopra Steria is made a member of the **A List** in recognition of its environmental performance
- **CDP Supplier Engagement leader**  
Sopra Steria's performance in the environmental engagement of its supply chain also made Sopra Steria a "Supplier Engagement leader"
- **EcoVadis**  
Its corporate responsibility performance earned Sopra Steria **the Gold category - Advanced level** for its corporate responsibility performance



## Sopra Steria Group joined 3 new Environmental, Social and Governance (ESG) indices in 2018

- Dow Jones Sustainability Europe Index (DJSI Europe Index)
- Eurozone 120 index
- ESI Excellence Europe Index (Ethibel Sustainability Europe Index)



1 Greenhouse gas emissions from business travel, offices and on- and off-site data centres  
2 Science Based Targets initiative

See Chapter 3 for more information

# BUSINESS MODEL AND...

## Our mission

The digital revolution has triggered a radical transformation in our environment. It is speeding up changes in our clients' business models, internal processes and information systems. In this fast-changing environment, our role is to bring our clients new ideas and support them in their transformation by making the most effective use of digital technology.

## Our business

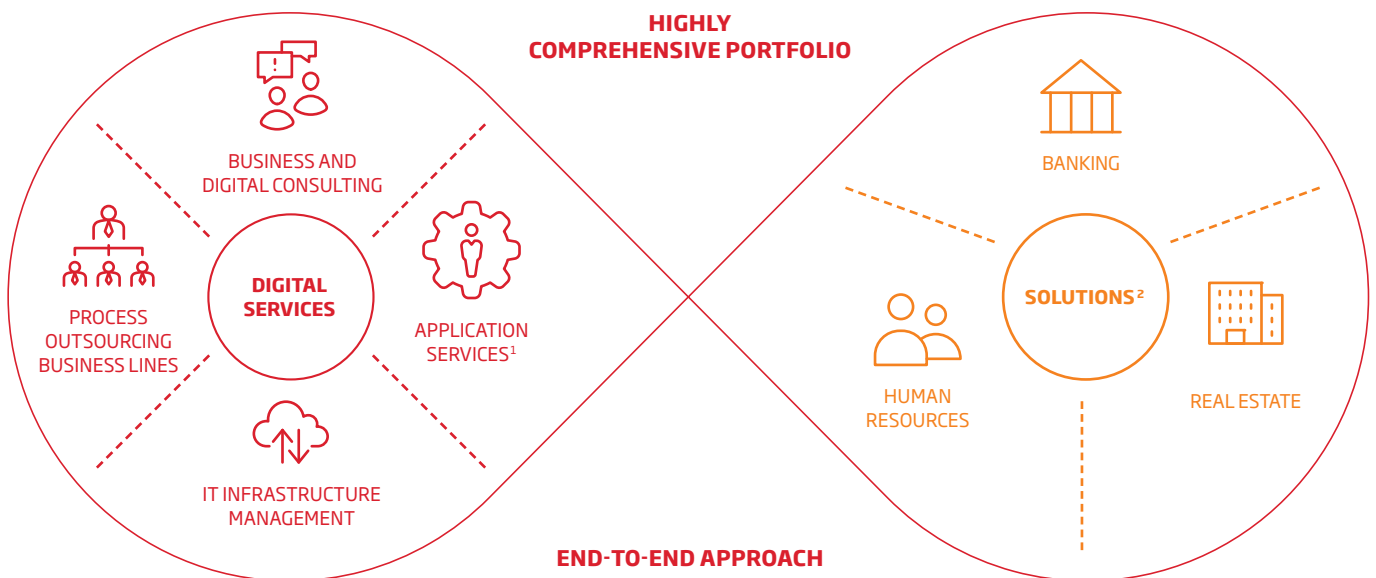
Sopra Steria provides end-to-end solutions addressing the core business and competitive needs of large companies and organisations in Europe and further afield, helping them throughout their digital transformation.

## Our market

- Spending on digital services in Western Europe: €305bn in 2018\*
- A market expected to grow more than 4% per year out to 2022\*
- Sopra Steria is ranked among the top 10 digital services companies operating in Europe (excluding captive service providers and purely local players)

(\*) Source: Gartner (Q4 2018), in constant 2013 US dollars.

## Our offering

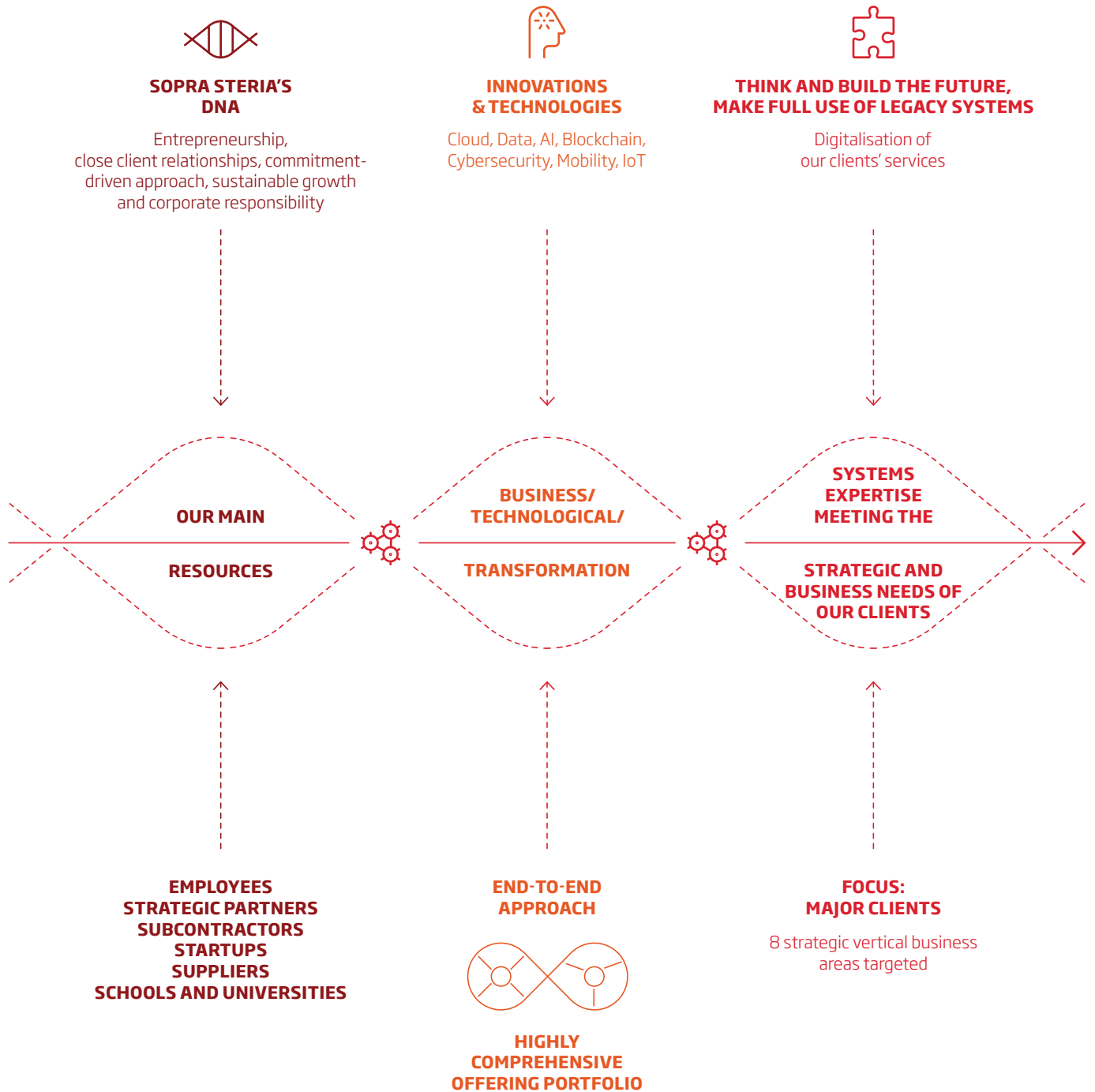


1 Systems Integration and Third-Party Application Maintenance  
 2 Licensing model and SaaS/Cloud model

See Chapter 1 for more information



# ... VALUE CHAIN



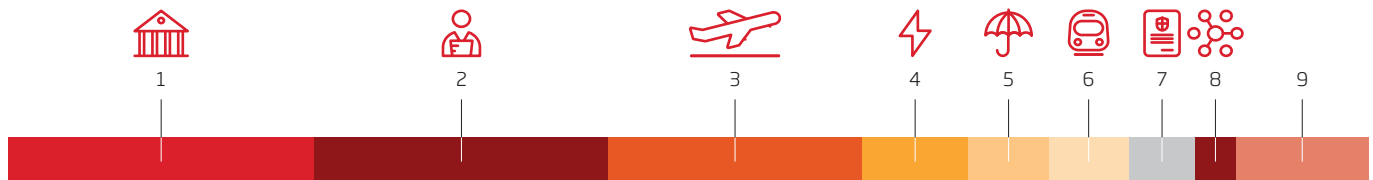
See Chapter 1 for more information

# ANALYSIS OF REVENUE AND DISTRIBUTION OF WORKFORCE

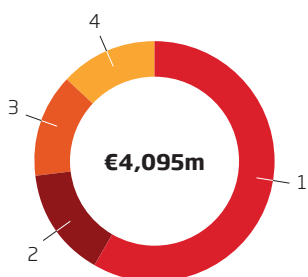
## BREAKDOWN OF REVENUE

### REVENUE BY VERTICAL MARKET

1 Banking	<b>22%</b>	4 Energy & Utilities	<b>7%</b>	7 Telecoms, Media & Gaming	<b>5%</b>
2 Public sector	<b>22%</b>	5 Insurance	<b>6%</b>	8 Retail	<b>3%</b>
3 Aerospace, Defence & Homeland Security	<b>17%</b>	6 Transport	<b>6%</b>	9 Other	<b>12%</b>

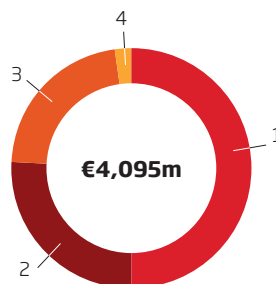


### GROUP REVENUE BY BUSINESS LINE



1 Consulting & Systems Integration	<b>64%</b>
2 Solutions	<b>15%</b>
3 IT Infrastructure Management	<b>12%</b>
4 Business Process Services	<b>9%</b>

### GROUP REVENUE BY REGION



1 France	<b>50%</b>
2 United Kingdom	<b>21%</b>
3 Other Europe	<b>27%</b>
4 Rest of World	<b>2%</b>

### WORKFORCE

GROUP  
**44,114**  
employees

FRANCE  
**19,013**

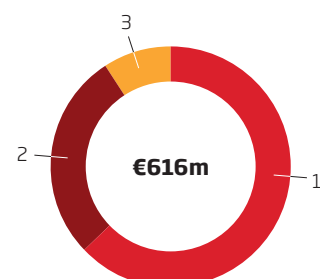
UNITED KINGDOM  
**6,407**

OTHER EUROPE  
**10,095**

REST OF WORLD  
**344**

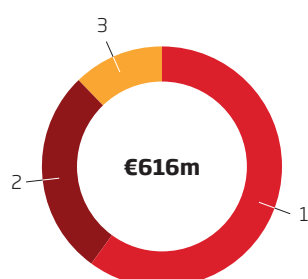
X-SHORE<sup>1</sup>  
**8,255**

### SOLUTIONS REVENUE BY PRODUCT



1 Sopra Banking Software	<b>61%</b>
2 Sopra HR Software	<b>27%</b>
3 Real Estate Management Solutions	<b>12%</b>

### SOLUTIONS REVENUE BY REGION



1 France	<b>59%</b>
2 Rest of Europe	<b>26%</b>
3 Rest of World	<b>15%</b>

<sup>1</sup> India, Poland, Spain and North Africa.

See Chapter 1 for more information

# STRATEGY

## STRATEGIC GOALS

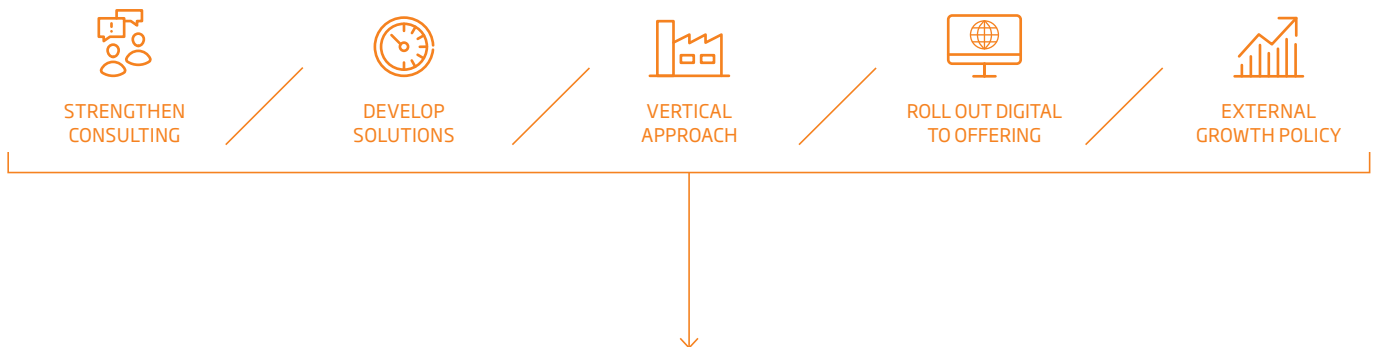
### Services

- **Strategic partner** for large public authorities, financial and industrial players, and strategic companies in Europe, providing end-to-end support for the transformation of their business and operating models, making the best possible use of digital and the Group's solutions

### Solutions

- Main emphasis on **banking**
- Developer of core business solutions for retail banks and specialist lenders, all among the leaders in our target markets:
  - EMEA for core banking solutions
  - Rest of the world for specialist lenders

## STRATEGIC LEVERS



### ADDED VALUE

Sopra Steria stands out from its competitors by continuing to build on its two key differentiating factors: industry-specific solutions that, combined with its full range of services, make its offering unique in the sector and very close relationships with its clients, founded on its strong roots in the regions where it operates and its ability to meet its clients' core business requirements as effectively as possible.



### INNOVATION

Numerous initiatives are being encouraged to promote and enhance innovation, such as an innovation imperative assigned to project teams, internal innovation competitions to develop new digital uses for the Group's markets, hackathons open to clients and partners, as well as platforms for digital demonstrations, co-design, rapid development and technology intelligence open to clients, employees and partners at all the Group's major locations (DigiLabs).



### END-TO-END APPROACH

With one of the most comprehensive ranges of solutions and services in the market, the Group endeavours to develop its capacity as a turnkey provider in order to harness all its business lines and its ecosystem of partners (start-ups, third-party vendors, etc.) to deliver seamless end-to-end value propositions that respond as comprehensively as possible to the business challenges facing its clients.



## MEDIUM-TERM OBJECTIVES

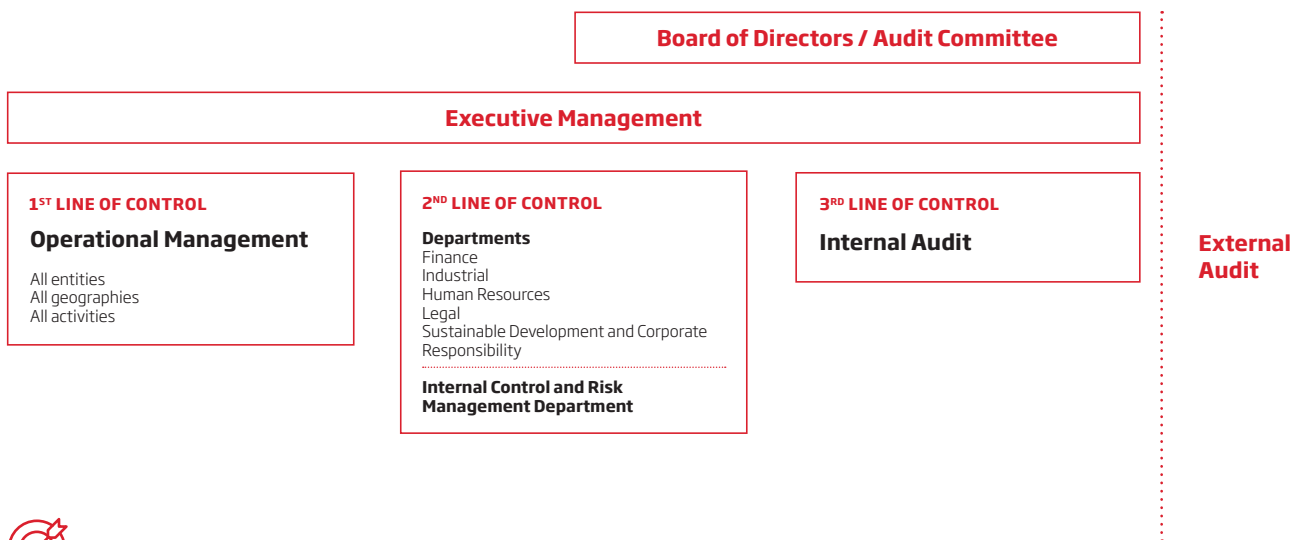
The Group has reaffirmed its strategy through its independent, value-creating corporate plan based on expansion, added value and differentiation, particularly through its Solutions business. With this in mind, and with the market being driven by digital transformation, Sopra Steria is confident in its ability to steadily and continually improve its performance. The Group is targeting annual organic revenue growth of between 4% and 6%, an operating margin on business activity of around 10%, and free cash flow of between 5% and 7% of revenue.

See Chapter 1  
for more information

# RISK MANAGEMENT



## INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM STAKEHOLDERS



## IDENTIFICATION OF THE GROUP'S MAIN RISKS

The Group's risk mapping exercise covers all internal and external risk factors and includes both financial and non-financial issues. In particular, the assessment of risks involves an evaluation of their probability of occurrence and the estimated magnitude of their adverse impact should an event occur (low, medium or high). As part of this exercise, the main risks are identified, namely the ones that are most significant for Sopra Steria, in terms of probability of occurrence and the expected magnitude of their impact. They have been ranked by category of risk.

### MAIN OPERATING RISKS

Risk related to market developments and the transformation of the business model

Risk related to the adaptation of skills\*

Risk related to the protection and security of client data

Risk related to project delivery

Risk related to continuity of service and information system security

Risk related to attracting and retaining talent\*

Risk related to the loss of a significant client

Risk related to activities in high-risk countries

Risk related to Brexit

Risks associated with retirement benefit obligations

### MAIN NON-FINANCIAL RISKS

Risk of breaches of ethics or violations of the law\*

The aims of the internal control system and the risk management policies put in place by the Group are to reduce the probability of occurrence of these main risks as well as their potential impact on the Group.

Chapter 1 of this document includes a detailed description of each of these risks, including the ways in which they are addressed by the Group's risk management policies.

\* This risk also meets the requirements of the regulations set out in Articles L. 225-102-1-III and R. 225-105 of the French Commercial Code.

See Chapter 1 for more information

# GOVERNANCE

## BOARD OF DIRECTORS AS OF 11 APRIL 2019

PIERRE PASQUIER, Chairman of the Board of Directors



MEMBERS

16

- 15 Directors, including 2 Directors representing the employees
- 1 Non-Voting Director



MEN

54%



WOMEN

46%



AVERAGE AGE OF DIRECTORS AT 31/12/2018

60



NATIONALITIES

7



INDEPENDENT DIRECTORS

54%

7 Independent Directors out of 13 Directors appointed at the General Meeting



## SKILLS REPRESENTED ON THE BOARD OF DIRECTORS

It is a top priority for the Board of Directors to have a diverse range of skills. The Company has identified ten key competencies that it would like to be represented within the Board of Directors. These skills and areas of experience are as follows:

- |  |            |  |            |
|--|------------|--|------------|
| • Knowledge of consulting, digital services, software development, ability to promote innovation | <b>75%</b> | • Human resources and labour relations                 | <b>63%</b> |
| • Knowledge of one of the Group's main vertical markets  | <b>63%</b> | • International teams and organisations                | <b>88%</b> |
| • Entrepreneurial experience   | <b>50%</b> | • Social issues  | <b>63%</b> |
| • Executive management of an international group   | <b>56%</b> | • Knowledge of Axway Software                          | <b>31%</b> |
| • Finance, risk management and control   | <b>50%</b> | • Operational experience within the Sopra Steria Group | <b>56%</b> |

See Chapter 2 for more information



## SENIOR MANAGEMENT

The Group's organisational structure is built around several central functions and a number of operational divisions. The Group's management's structure is underpinned by an Executive Management team, an Executive Committee and a Management Committee. Executive Management is represented by the Chief Executive Officer and the Deputy CEOs.

**VINCENT PARIS**  
Chief Executive Officer of Sopra Steria Group

**JOHN TORRIE**  
Deputy Chief Executive Officer of Sopra Steria Group

**LAURENT GIOVACHINI**  
Deputy Chief Executive Officer of Sopra Steria Group

The Executive Committee is made up of Executive Management and the heads of the main operating and functional entities.

The Management Committee is made up of the members of the Executive Committee members and of other operational and functional entities.

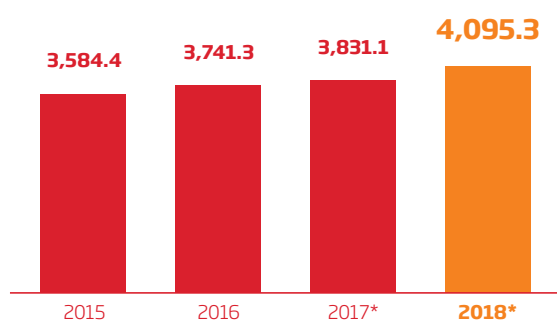
See Chapter 1 for more information

# FINANCIAL PERFORMANCE



## REVENUE

in millions of euros

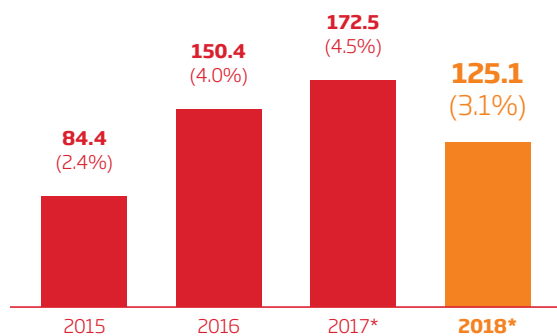


\* IFRS 15



## NET PROFIT ATTRIBUTABLE TO THE GROUP

in millions of euros and as % of revenue

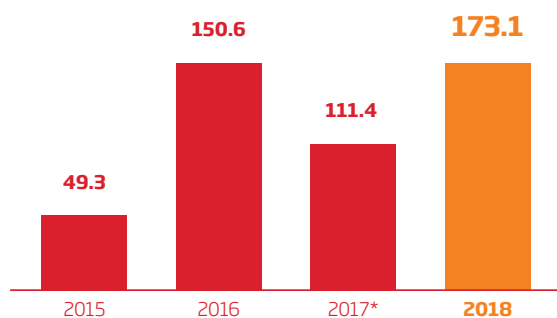


\* IFRS 15



## FREE CASH FLOW

in millions of euros

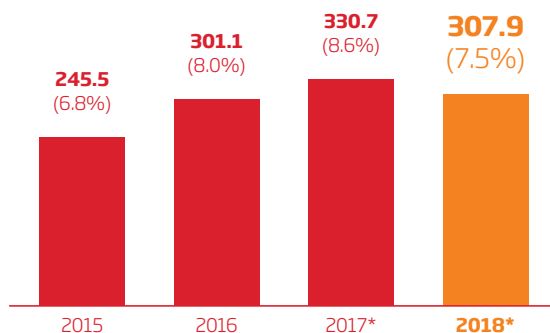


\* Free cash flow calculated excluding the sale of trade receivables with deconsolidation (€37 million sold in 2017)



## OPERATING PROFIT ON BUSINESS ACTIVITY

in millions of euros and as % of revenue

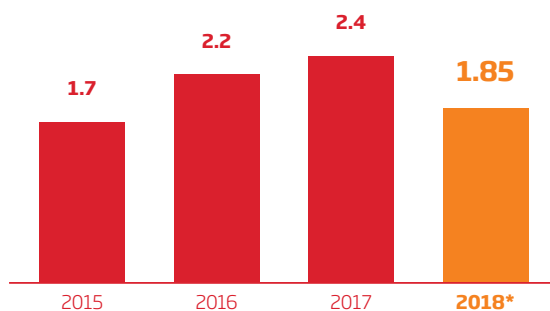


\* IFRS 15



## DIVIDEND IN EUROS

per share



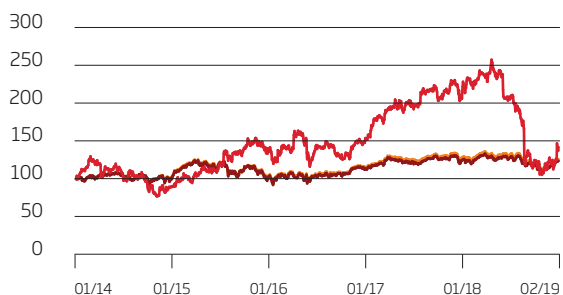
\* Amount to be proposed at the General Meeting of 12 June 2019



## PERFORMANCE OF SOPRA STERIA SHARES OVER THE PAST 5 YEARS\*

relative to the performance of the SBF 120 and CAC 40 indices

SOPRA STERIA +42.42% SBF120 +26.44% CAC 40 +23.97%



\* Rebased 100 at 2 January 2014

# DIALOGUE WITH INVESTORS



## SHARE FACTSHEET

<b>Listing</b>	Euronext Paris
<b>Market</b>	Compartment A
<b>ISIN</b>	FR0000050809
<b>Ticker symbol</b>	SOP
<b>Main indices</b>	SBF 120, CAC ALL-TRADABLE, CAC ALL SHARES, CAC MID & SMALL, CAC MID 60, CAC SOFT & C. S., CAC TECHNOLOGY, EURONEXT FAS IAS, NEXT 150, Dow Jones Sustainability Europe Index (DJSI Europe Index), Eurozone 120 Index, ESI Excellence Europe Index (Ethibel Sustainability Europe Index)

Eligible for French PEA share savings plan  
Eligible for Deferred Settlement Service



## FINANCIAL CALENDAR 2019

<b>22 February 2019</b> before market open	2018 annual revenue and earnings*
<b>26 April 2019</b> before market open	Q1 2019 revenue
<b>12 June 2019</b>	Annual General Meeting
2 July 2019	Ex-dividend date
4 July 2019	Dividend payment date
<b>26 July 2019</b> before market open	2019 interim revenue and earnings*
<b>25 October 2019</b> before market open	Q3 2019 revenue

\* The full-year and half-year results are published in press releases and presented at face-to-face meetings and at bilingual webcast meetings in French and English.

## MEETING WITH INVESTORS



**INSTITUTIONAL INVESTORS MET**

217



**COUNTRIES COVERED**

9



**CITIES COVERED**

15



**INDIVIDUAL INVESTORS MET**

263



**ROADSHOWS**

22



**CONFERENCES**

8



**GRAND PRIX DE LA TRANSPARENCE\***  
Top 20 ranking based on transparency of regulated information - 14<sup>th</sup> place

## PERCENTAGE OF THE GROUP'S SHARE CAPITAL HELD BY INSTITUTIONAL INVESTORS

31.8%

International institutional investors

29.5%

Controlled holdings and holdings managed on behalf of employees

25.7%

French institutional investors

0.2%

Treasury shares

12.8%

Percentage of share capital held by individual investors and other

TPI survey of identifiable holders of shares at 31/12/2018 - Ownership threshold of over 1,000 shares

## TRANSPARENCE LABEL OR

This seal of quality is awarded to Registration Documents achieving the highest level of transparency according to the Annual Transparency Rankings criteria.

\*Scientific Committee of the Grand Prix de la Transparence organised by Labrador

# KEEP IN TOUCH



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Group website

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"Corporate Responsibility" section

<https://www.soprasteria.com/en/sopra-steria-at-a-glance/corporate-responsibility>

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<https://www.youtube.com/user/SteriaGroup>

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Investor Relations Department

Olivier Psaume

Phone: +33 (0)1 40 67 68 16

Email: [investors@soprasteria.com](mailto:investors@soprasteria.com)



# 1 DETAILED PRESENTATION OF SOPRA STERIA

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## 1. History of Sopra Steria Group

### A PERFORMANCE-ENHANCING CORPORATE PLAN

Sopra Steria has reinforced its position as a European leader in digital transformation. The Group's shares are listed on the SBF 120 index, and it posted €4.1 billion in revenue and employed more than 44,000 people in over 25 countries in 2018.

Sopra Steria was born from the merger in 2014 of two of France's oldest digital services companies, Sopra and Steria, founded respectively in 1968 and 1969, and both characterised by a strong entrepreneurial spirit as well as a firm collective commitment to serving their clients.

### 1968–1985

#### Meeting the needs of an increasingly computerised society

The emerging IT services industry is in step with the demands of an increasingly modern society. Sopra and Steria set ambitious growth targets to achieve critical mass as quickly as possible, and to meet the needs of major clients with innovative products and services.

Sopra invests in software development and opens up new vertical markets. Meanwhile, Steria signs a series of major contracts from the public sector.

### 1985–2000

#### An era of rebuilding

After two decades of strong momentum, the IT services market enters a maturity phase and faces its first tests. In 1985, Sopra rethinks its fundamentals. A model combining two complementary businesses emerges, and the company focuses on systems integration and software development. The Group places financial performance at the heart of its strategy to ensure its long-term independence and prepare for its initial public offering, which takes place in 1990.

Steria also reorganises its functional structure. By rationalising and industrialising processes, it once again wins major deals. Everything is ready for the company to plan its initial public offering in 1999.

### 2000–2014

#### Contributing to clients' digital transformation

In 2001, the Internet bubble bursts accelerating market changes. Clients are looking for global players capable of assisting them in transforming their businesses.

Steria responds to these challenges by making major, structural acquisitions. The Group doubles in size by integrating Bull's European services businesses in 2001, and boosts its consulting offering with the acquisition of German firm Mummert Consulting in 2005. Xansa, a British group specialising in business process outsourcing (BPO), joins the Steria fold in 2007. In 2013, Steria signs one of the biggest contracts in its history with the UK government, strengthening its foothold in the public sector.

Sopra combines internal and external growth to consolidate its European expansion and its areas of expertise: consulting, systems integration and solutions development. Axway, a subsidiary formed by bringing together the Group's software infrastructure divisions,

is floated in 2011 to let it pursue its growth independently and set out to conquer the US market. Sopra is recognised for its expertise in financial services, leading to the creation of Sopra Banking Software in 2012. In 2014, dedicated human resources solutions are brought together in a single subsidiary, Sopra HR Software.

### 2014–2019

#### A new dimension and accelerated performance

Due to the changes resulting from digital transformation, business-related issues are becoming increasingly significant within the digital services market. In this context, a friendly tie-up between Sopra and Steria makes perfect sense, and on 31 December 2014, a new European leader in digital transformation is created: Sopra Steria. The two groups perfectly complement each other in terms of business activities, strategic vertical markets and geographic segments, and their business cultures are closely aligned.

In the first few months of 2015, the integration plan jointly designed by Sopra and Steria teams is successfully rolled out in the operational and functional departments of the new Group. At the same time, the Sopra Steria 2020 Project is launched in order to improve performance in all areas and increase added value. By capitalising on an end-to-end offering delivered to major clients using a vertical approach, the project supports initiatives within the area of digital technology and puts the emphasis on consulting services and the development of software solutions, by means of organic growth and acquisitions. In 2016, the Group launches New Way, a three-year programme aiming to unite all employees around a single culture and shared fundamental values. The We Share employee shareholding plan gives employees a greater stake in the Group's expansion. With around 7% of share capital managed on behalf of its employees, Sopra Steria is France's leading digital services company in terms of employee shareholders.

Strategic investments continue in services, consulting and the development of business solutions. The acquisition of CIMPA in October 2015 boosts the Group's presence in the product lifecycle management (PLM) market. Following the acquisition of software house Cassiopae, finalised in January 2017, three new companies joined the Sopra Steria Group in 2017 (Kentor, 2MoRO and Gallitt). These acquisitions have helped to strengthen Sopra Steria's positioning in Scandinavia, in the aerospace and banking vertical markets.

In 2018, the acquisitions of **BLUECARAT**, a German IT services company (finalised on 3 May 2018) and of **it-economics**, a German digital consulting firm (finalised on 5 July 2018), strengthen Sopra Steria's position in Germany.

In the first half of 2018, Sopra Banking Software strengthened its footprint in its markets with the acquisition of **O.R. System**, followed by that of **Apak** in the second half.

Sopra Steria thus provides end-to-end solutions to address the core business needs of large companies and organisations, helping them remain competitive and grow. Combining expert business knowledge and added value with innovative high-performance services, the company excels in guiding its clients through transformation projects to help them make the most of digital technology.

## 2. Overview of the digital services sector

### 2.1. Main markets – Competitive environment of the digital services sector

In 2018, the digital services market in Western Europe was worth an estimated €305 billion <sup>(1)</sup>.

#### I DIGITAL SERVICES MARKET IN WESTERN EUROPE (EXCLUDING HARDWARE AND SOFTWARE)

Country (in billions of euros)	2018 estimates
France	40.3
United Kingdom	90.8
Germany	52.7
Rest of Europe	121.2
<b>TOTAL</b>	<b>305.0</b>

Source: Gartner (Q4 2018), in constant 2013 US dollars.

The market in Western Europe expanded by an estimated 4% in 2018, including growth of 4.6% in Germany, 4% in France and 2.4% in the United Kingdom. According to market research (source: Gartner), this trend is expected to continue, with annual growth of more than 4% out to 2022.

#### I DIGITAL SERVICES MARKET IN WESTERN EUROPE (EXCLUDING HARDWARE AND SOFTWARE)

Business (in billions of euros)	2018 estimates
Consulting	61.2
Systems development and integration	75.7
Outsourced IT services	129.7
Business process outsourcing	38.4
<b>TOTAL</b>	<b>305.0</b>

Source: Gartner (Q4 2018), in constant 2013 US dollars.

In 2018, the business process outsourcing and outsourced IT services segments expanded at estimated rates of 2.9% and 2.8%, respectively. The fastest-growing segments were services relating to applications development and systems integration (estimated 4% growth) and consulting (estimated 7.7% growth).

The European market has two main characteristics:

- three countries (the United Kingdom, Germany and France) account for 60% of IT services spending <sup>(1)</sup>;
- outsourcing of technology services (application maintenance and infrastructure management) and business process outsourcing together account for a little over half of IT services spending by European companies <sup>(1)</sup>.

Furthermore, the IT services market remains fragmented despite some consolidation, with the leading player in the European market

holding far less than a 10% share. Against this backdrop, Sopra Steria is one of the ten largest digital services companies operating in Europe (excluding captive service providers and purely local players). Its market share stands at over 4% in France and currently averages between 0.5% and 1% in the other major European markets.

Sopra Steria's main competitors in Europe are Accenture, Atos, Capgemini, CGI, DXC and IBM, all of which are present worldwide. It also faces competition from Indian groups, chiefly in the United Kingdom (such as TCS, Cognizant, Wipro and Infosys), and local companies with a strong regional presence (Indra in Spain, Fujitsu in the United Kingdom, Tieto and Evry in Scandinavia, etc.). Apart from its services business, listed rivals such as Temenos and Alfa Financials also command a significant presence in the software market, where Sopra Steria is also present, especially in banking.

(1) Source: Gartner (Q4 2018), in constant 2013 US dollars.

## 3. Sopra Steria's activities

### 3.1. A major European player in digital transformation

Sopra Steria, a major European player in digital transformation, has one of the most comprehensive portfolios of offerings on the market, spanning consulting and systems integration, the development of business and technology solutions, infrastructure management, cybersecurity and business process services (BPS).

The Group provides end-to-end solutions to address the core business needs of large companies and organisations, helping them remain competitive and grow throughout their transformation, from strategic analysis, programme definition and implementation, and IT infrastructure transformation and operation, to designing and implementing solutions and outsourcing business processes.

Combining added value, innovative solutions and high-performance services, Sopra Steria's hybrid model capitalises on its substantial experience. Thanks to very close relationships with its clients, the Group is able to continually innovate to guarantee that its offerings remain relevant to the strategic challenges of each of its vertical markets.

Sopra Steria is an independent group whose founders and managers control 22.4% of its share capital and 33.0% of its theoretical voting rights. With more than 44,000 employees in over 25 countries, it pursues a strategy based on European key accounts.

Sopra Steria Group is also the preferred partner of Axway Software, whose exchange and digital enablement platforms play an important role in renovating information systems and opening them up to digital technology.

For Sopra Steria, helping clients succeed in their digital transformation means breaking down their strategic and business challenges into digital initiatives through an exclusive end-to-end offering. Whether this takes a vertical approach (from the ideation of a need through to execution) or a horizontal approach (driven by data continuity), Sopra Steria's approach enables it to offer multi-disciplinary teams. These teams are trained in the new microservices platforms, DevOps and cloud computing (hard skills). They are also adopting new methods of designing, delivering and embedding teams (soft skills). Sopra Steria is therefore able to offer the two key components of successful digital transformation: speed of execution (or delivery in "fast IT" mode) and openness to external ecosystems.

#### 3.1.1. CONSULTING AND SYSTEMS INTEGRATION

##### a. Consulting

Sopra Steria Consulting, the Group's consulting brand, is a leading consulting firm. Sopra Steria Consulting has over 40 years' experience in business and technological consultancy for large companies and public bodies, with around 3,000 consultants in France and Europe. Its aim is to accelerate the development and competitiveness of its clients by supporting them in their digital transformation. This support mainly involves understanding clients' business issues using substantial sector-specific expertise, and then working to design

transformation roadmaps (business processes, data architecture, change management, etc.) to make the most of new digital technologies.

##### b. Systems integration

Systems integration is Sopra Steria's original core business, and covers all aspects of the information system lifecycle and major transformation programmes. Sopra Steria is equipped to address the full range of its clients' software asset needs:

##### Design and integration

Sopra Steria's teams help their clients implement agile and industrial-scale projects. The Group undertakes to design and deliver systems in line with business requirements that are flexible and adapted to the new requirements of digital transformation as well as sector-specific regulatory constraints. This is made possible by working closely with the Sopra Steria Consulting teams.

##### Performance and transformation

In addition to standard information systems maintenance, Sopra Steria takes a continuous transformation approach to these systems to guarantee optimised operational efficiency for its clients, suited to changes in their business. The transformation approach includes a well-equipped and documented procedure making it possible to combine the issues involved in reducing the time to market with improved competitiveness and continuity of service.

##### Streamlining data flow

Once the systems and technologies are implemented, the information system gives access to reliable, relevant and critical data, offering better analysis of user satisfaction and optimisation of service performance.

With the increasing number of diverse data sources relating to fundamental changes in use, data is a more valuable to the company than ever. To increase the value of this data, Sopra Steria has developed specific know-how and expertise to manage the exponential growth in data volumes and associated skills (data science, smart machines, automation, artificial intelligence) by integrating them in a global solution, securing the data regardless of its origin (mobile devices, smart objects, data privacy, the cloud, multimodal and multichannel systems, etc.) and using the data by means of contextualised algorithms.

The Group's systems integration offering thus meets the challenges posed by both the obsolescence and modernisation of information systems, ensuring optimal flexibility and value creation.

##### Product lifecycle management (PLM)

CIMPA provides comprehensive expertise via its PLM offering, which covers all the various facets of PLM services:

- PLM strategy creation or optimisation;
- deployment of strategy-related tools, processes or methods;
- user training and support.

### 3.1.2. IT INFRASTRUCTURE MANAGEMENT

With over 4,500 technology experts worldwide and more than 10 years' experience in developing our outsourcing service centres in Europe and India, Sopra Steria provides digital transformation support for all technological and organisational transformation projects from consulting to execution in the IT infrastructure management sector.

The **hands-on approach applied for infrastructure management** covers five types of services that are essential to support information system transformation for our clients:

- **Consulting on Services:** Offers value propositions for the co-management and operation of transformation projects. This is provided across all four of the other service categories listed below;
- **Optimum Cloud Services:** A comprehensive range of cloud solutions and services with key market operators. Customisable services such as: CloudOps, CloudOptim or even CloudMigrationFactory to manage our clients' cloud environments;
- **Application Live Services:** Proven commissioning solutions, continuity of service and data management solutions. Customisable services such as: DevOps services, live services, API services and smart data services to ensure reliability and a high level of application availability;
- **Intelligent Services:** An intelligent services platform to better serve our clients' employees. Customisable services such as: digital workplace services, support services and AI services to make client services more efficient;
- **Legacy Services Plus:** Technology experts in servers, storage and backup to optimise existing applications while also looking after development and interconnection with applications hosted in the cloud. These services are complemented by hosting capacity in Europe, benefiting from HDS certification (France).

We assist large organisations with their strategic cloud-native, cloud-first or "data centre-less" initiatives.

Combining consulting and multimodal delivery, our teams work more specifically on transformation and managed services projects in private, public and hybrid cloud environments.

### 3.1.3. CYBERSECURITY

With over 700 experts and several state-of-the-art cybersecurity centres in Europe and worldwide (France, United Kingdom, Singapore), Sopra Steria is a global player in protecting critical systems and sensitive information assets for major institutional and private clients.

Cybersecurity covers five key areas of expertise:

- **Governance, Risk and Compliance (GRC):** High value-added consulting services coupled with GRC solution integration in order to provide well-equipped security governance focused on managing business risks. In the area of regulatory compliance, Sopra Steria's comprehensive support to ensure compliance with major French and European regulations (LPM/NIS, CNIL/GDPR, export control, etc.) is based on the legal and operational expertise of our consultants;
- **Application Security:** A complete programme for securing applications, including a "secure by design" project approach and a unique code review as a service (CRaaS) production capacity made possible by our cybersecurity centres;
- **Cloud Security:** Sopra Steria Cloud Security Services covers compliance with the frameworks concerned, "secure by design" principles, application security and overall monitoring of public cloud and multi-cloud environments;
- **Data Security:** A comprehensive programme, extending from business-related risks to protection and surveillance measures,

designed for hybrid environments (legacy, cloud) and leveraging the best of big data and data science technologies;

- **Security Intelligence Centre (SIC):** A scalable Security Operations Centre (SOC) offering that may be used by the organisations known in France as *opérateurs d'importance vitale*, or OIVs (identified by the French state as having activities that are vital or hazardous for the population), in line with Sopra Steria's certification as an authorised security incident detection service provider (PDIS) by the ANSSI, the French networks and information security agency. The leading offering of its kind in France, this type of SOC combines information management and artificial intelligence to anticipate, detect, analyse and respond to cyber attacks as quickly and accurately as possible.

This comprehensive offering is suited for any environment and provides a tangible solution for the security issues specific to industrial systems.

### 3.1.4. BUSINESS SOLUTIONS

Sopra Steria offers its business expertise to clients via packaged solutions in three areas: banks and other financial institutions via Sopra Banking Software, human resources personnel via Sopra HR Software, and real estate owners and agents with its real estate management solutions. The Group offers its clients the most powerful solutions, in line with their objectives and representing the state of the art in terms of technology, know-how and expertise in each of these three areas.

#### Solutions

##### Sopra Banking Software: Solutions developer for the financial services industry

Sopra Banking Software, a wholly owned subsidiary of the Group, is the developer of market-leading financial solutions for more than 800 banks (direct- and branch-based retail banks, private banks, microfinance companies, Islamic financial institutions, centralised payment or credit factories) and specialist lenders around the world.

Sopra Banking Software's 4,200 experts are all fully dedicated to the success of their clients, implementing solutions that process more than 800 million transactions in order to meet objectives such as enhancing the client experience, operational excellence, controlling costs, compliance and reducing risks.

Beyond solutions and technologies, the question of the value promises made to clients is of paramount importance. This involves the development of new client experiences, but also the optimisation of existing systems. Optimisation helps to identify the investments needed to innovate and drive economic growth, promote advances in technology and ensure legal and ethical compliance. Each transformation is a multidimensional process specific to each client. This is why Sopra Banking Software works together with each of its clients to develop solutions and help them forge their own path going forward.

##### Platform, Amplitude and Digital Experience Platform: Three offerings to transform banks

Supported by an API, RESTful, microservices and cloud-native architecture, Sopra Banking Software's offerings cover all business processes in banking, from client relationships and banking production to accounting integration and regulatory reporting, and are entirely open. They use them to carry out their day-to-day operations and successfully complete their transformations to guarantee sustainable growth.

Sopra Banking Software is recognised for the power of its solutions and the quality of its experts.

## DETAILED PRESENTATION OF SOPRA STERIA

Sopra Steria's activities

### An unrivalled global position in asset finance

Sopra Banking Software's complete, flexible and field-proven solution in this area covers all requirements for business and personal financing and loans: car loans, capital goods loans, but also equipment and real estate leasing, and even market financing.

Thanks to the value-creating innovation culture fostered among all the entity's experts, combined with a collaborative working approach, its clients are able to raise satisfaction levels among their customers while driving growth.

#### Services

From consulting to analysis, planning, training of teams, implementation and maintenance, Sopra Banking Software also supports its clients by offering a wide range of related services over the entire life cycle of their projects.

In addition to operating its own solutions, Sopra Banking Software offers SaaS solutions.

### Sopra HR Software: A market leader in human resource management

Sopra Steria Group also develops human resource management solutions via Sopra HR Software (a wholly-owned subsidiary of Sopra Steria). Sopra HR Software is present in 10 countries, providing comprehensive HR solutions perfectly suited to the needs of human resources departments. Sopra HR Software currently has a workforce of 1,576 people and manages the payrolls of 850 clients with over 12 million employees.

Sopra HR Software is a partner for successful digital transformation of companies and anticipates new generations of HR solutions.

#### Solutions

The Sopra HR Software offerings are based on the most innovative business practices and cover a wide range of functions, including core HR, payroll, time and activity tracking, talent management, HR spaces for employee engagement and collaboration, and analytics. The offering is based on two product lines, HR Access® and Pléiades®, aimed at large and medium-sized public or private organisations in any sector and of varying organisational complexity, irrespective of their location.

Within Sopra HR Lab, the Group anticipates the best of new HR solutions.

#### Services

Sopra HR Software, a comprehensive service provider, offers a number of services linked to its solution offering. Sopra HR Software supports its clients throughout their projects, from consulting through to implementation, including staff training, maintenance and business process services (BPS).

Sopra HR Software implements its own solutions either on-premise or in the cloud and also offers a wide range of managed services.

### Real Estate Management Solutions by Sopra Steria: The leading name in digital transformation for real estate management

Sopra Steria is the leading developer/distributor/integrator/service manager of real estate management software in France. At the cutting edge of digital technologies, it offers its clients the most comprehensive information system on the market.

Targeting major operators in the public and private sector in France (institutional investors, social housing, real estate management companies, major users), Sopra Steria covers all areas of the real estate industry and markets itself through comprehensive solutions comprising products, innovative technology services (collaborative environments, BIM, apps, cloud, extranet) and consulting services.

With this full digital offering, Sopra Steria combines digital services around a single data repository for the building, its occupants and the management of real estate assets. This therefore makes it possible to achieve a higher return on the real estate portfolio while also improving its use and relations with occupants and service providers.

### 3.1.5. BUSINESS PROCESS SERVICES

Sopra Steria offers a full range of business process services (BPS) solutions: consulting for the identification of target operating models, development of transition and transformation plans, and managed services.

Today, our BPS offering goes hand in hand with digital transformation. Digital technologies have opened up opportunities for improving key business processes in all organisations. Whether they involve robotics, chatbots, automatic natural language processing (NLP) or artificial intelligence (AI) more widely, digital technologies can streamline the execution of processes, cut their costs and lead to new approaches.

Sopra Steria has forged relationships with major providers of digital solutions for BPS. Furthermore, we enjoy a strong presence in the technology ecosystem, both in France and worldwide. We thus have access to a dynamic network of partners as well as a singular ability to identify innovative solutions owing to our connections with the world of technology startups. We combine our own platforms with those of our technology partners to provide the right level of innovation within our design/production/operation services. Our specialised design teams work to ensure the best possible client experience for end-users and we offer our clients ways to considerably improve process efficiency by leveraging intelligent automation and machine learning. Thanks to our technology assets, we are helping to develop tomorrow's operating models.

Sopra Steria employs many consultants and practising professionals with expertise in BPS and the digital sector. They help organisations make the best use of new digital technologies to transform their activities, from their operating models to their processes and end-user services. Our ability to handle transformation in both its human and business dimensions allows us to support our clients wherever their digital journey takes them, helping them to move from a theoretical perspective on possible solutions to a focus on specific technologies. We eliminate inefficient practices, reorganise tasks and improve results for each activity entrusted to us, whether it involves individual business processes or highly complex shared services. Added to this is the experience of our employees in change management, which is essential to the success of any transformation. In the various BPS areas, we can provide the services ourselves or work in tandem with the client's personnel to carry out the engagement. In these cases, we invest in these individuals to help them become more effective and productive, sharing our best practices with them.

Sopra Steria operates two of the largest shared service centres in Europe, taking charge of multiple business processes each day on behalf of end-clients.

## 3.2. Business expertise at the heart of our strategy

Sopra Steria has chosen eight major vertical markets that constitute its areas of excellence and make up 90% of revenue. The Group has a comprehensive offering in each of these fields, meeting the specific challenges of its clients.

### 3.2.1. BANKING

The banking and financial services sector has entered a new era, that of Open Banking. Client demands and regulatory pressures are constantly increasing and new market entrants (fintech companies, the "Big Four" tech companies, retail and telecoms players, etc.) are helping to accelerate transformations in this ecosystem, moving it toward greater openness, a paradigm shift often referred to as the Open Banking revolution.

Faced with these new challenges, Sopra Steria aims to be a partner for banks, helping to facilitate and accelerate this transformation.

With three core areas of expertise – understanding of the banking sector, its clients and the most innovative technologies – the Group offers powerful and agile software solutions, as well as their application by means of value-added use. The Group and its subsidiary Sopra Banking Software provide comprehensive solutions and turn changes in the banking world into opportunities for their clients, whether in risk management, regulatory compliance, data protection, improving the client experience, optimising performance, delivering differentiation or identifying new sources of income.

### 3.2.2. PUBLIC SECTOR

Faced with new expectations from civil society and businesses, the need to optimise their expenditure, the obligation to keep up with regulatory changes and driven by a wave of reforms, public sector entities are continuing the broad-based transformation of their activities, organisations and the services offered to their users.

When digital technology is a force for change, Sopra Steria provides solutions in two main categories: (i) the digitisation of government services, the re-engineering of processes and, more generally, the modernisation of business-specific information systems via digital transformation programmes, and (ii) the pooling of support functions for central government agencies, local authorities, and key providers in the health and welfare sectors.

As a result, public sector organisations can ensure that they meet their targets and priorities at the lowest cost, while giving their information system the agility it requires to cope with the challenges they face.

### 3.2.3. AEROSPACE, DEFENCE AND HOMELAND SECURITY

#### a. Aerospace

The aeronautics and space sector is a particularly fertile ground for innovation. It is subject to constraints regarding reliability, availability, security and performance, which require suppliers to have full command of the technologies and processes implemented, as well as a thorough understanding of their different clients' core businesses.

For optimal service, companies operating in this sector must align their capacities with the pace of production and optimise their processes and information systems while also improving profitability. Digital continuity and the ability to manage the product life cycle, from design to manufacture and after-sales services, are crucial. Sopra Steria's acquisition in 2015 of CIMPA, a specialist in product lifecycle management, makes total sense in this context particularly as it was followed in 2017 by the acquisition of 2MoRO, extending the Group's offering in aerospace maintenance activities.

To meet these challenges, Sopra Steria's expertise comes into play in such critical areas as industrial efficiency, manufacturing and particularly the shop floor, supply chain, on-board systems and air traffic control.

#### b. Defence

In a tense geopolitical context, marked by the rise of new threats to states (cybercrime, terrorism, etc.), defence departments must improve their effectiveness while taking into account budgetary constraints. It has become essential to optimise the interoperability and security of critical operational systems for exchanging real-time information.

With over 40 years' experience in supporting the military in Europe, Sopra Steria combines pragmatism and innovation, thanks to powerful technological and process solutions:

- interoperability and security of military systems;
- efficiency and overall effectiveness of the armed forces;
- efficiency of the military supply chain (supply chain management);
- reliability of operational and communication information systems;
- mass data leveraging for information systems;
- sovereign cyber-defence solutions and services;
- control over costs and the complexity of ensuring compliance for command and control systems.

#### c. Homeland security

Sopra Steria supports public authorities in meeting the challenges of homeland security. The Group operates in 24 countries, serving many different organisations: police, emergency services, border control, census services, justice, customs and homeland security services.

Sopra Steria carries out large-scale, complex and critical projects on behalf of these organisations, concerning:

- management of surveys and domestic intelligence;
- road safety;
- automation of command and control solutions;
- management of identity documents, security credentials and civil and criminal biometrics;
- modernisation of civil and criminal systems and management of prisoners;
- intelligent, distributed computer systems;
- infrastructure security;
- mobile technologies to optimise operations on the ground.

In addition, the Group has developed innovative solutions specific to the security sector, to meet the challenges and requirements of clients in this field (biometrics, mobile technology, fingerprint and genetic footprint search engines, etc.).

### 3.2.4. ENERGY AND UTILITIES

Faced with the challenges of energy transition and the opening up of markets, as well as regulatory constraints, companies in the energy sector must be increasingly creative to improve their productivity, develop new products and services, control costs, reduce their environmental impact and rationalise their operations.

In a context of strategic choices to be made between integration and specialisation, investment priorities focused on the regulated arena or the competitive sector, and the extent of internationalisation, digitisation is fast becoming the inevitable route to step up transformation for players in this sector.

Sopra Steria supports energy suppliers and utilities in their strategic responses to trends affecting a number of areas:

- experience and client acquisition: Reinventing customer relations and designing new services;
- optimisation of asset performance: Controlling operating costs and securing performance;
- digital transformation of engineering firms: Overhauling processes for the design, construction and maintenance of industrial assets;
- modernisation of networks: Accompanying the decentralisation and the digitisation of energy networks;
- transformation and performance of organisations: Facilitating changes in organisations and business lines necessitated by major changes affecting the sector.

### 3.2.5. TELECOMS, MEDIA AND GAMING

The telecoms, media and gaming sector is at the centre of the digital revolution, and is continually innovating to stay abreast of new digital interactions and the emergence of new technologies and usage patterns.

Sopra Steria enables its clients to meet the following main challenges:

- transformation of the telecommunications sector: End-to-end digitisation from client systems to infrastructure, network virtualisation, fixed-mobile convergence, reduction of the time to market, optimisation and digitisation of customer relationships;
- network management: Reduction in infrastructure management costs, introduction and operation of new technologies such as SDN/NFV or 5G, reduction in delivery times, sharing of operating and investment expenditures between providers;
- diversification: Operators offer new services such as the internet of things, content distribution and even financial services;
- core media business: Use of new technologies, optimisation of advertising revenue, digitisation of content, improvement in the creation and broadcasting of television programmes;
- core gaming business: Management of customer retention and churn, fraud reduction and control over cash flows, compliance with regulations, digitisation of distribution channels, and differentiation by customer experience.

### 3.2.6. TRANSPORT

The transport sector is undergoing far-reaching changes and must meet new challenges: growing international and urban traffic, new modes of transport (carpooling, low-cost operators, long-distance buses, free-floating systems for car, bike and scooter sharing, to name a few), the inescapable renovation of ageing networks, while preparing for the opening to competition and the arrival of new digital players (Google, Uber, BlaBlaCar, etc.).

Faced with these major challenges, the transport sector must strive to provide door-to-door, multimodal services (rail and underground, bicycles, taxis, buses, scooters) with a low carbon footprint, adopting a passenger-centric approach.

In transport, our aim is to be the digital transformation partner for the main players across the three key business dimensions of their value chain: innovation in the passenger experience to achieve greater simplicity and fluidity, operational management of resources to ensure more robust offerings, and better use of capital assets (fleets, infrastructure).

Our ambition is also to be a recognised player in mobility ecosystems: mobility platforms, autonomous shuttles/vehicles, smart cities, etc.

Sopra Steria has developed business know-how in all of these fields based on four main themes:

- infrastructure management: Asset management, preventive and predictive management (e.g. industrial IoT), factory 4.0 or factory of the future, maintenance of aeroplanes and rolling stock, mobility, paperless records, etc.;
- traffic management: From timetable design to transport planning, rolling stock management and supervision of rail, road and air traffic;
- passenger experience: Mobile ticketing, boarding and access control, passenger information, and new services in stations and airports;
- transport services tailored to smart cities: Mass transit, sustainable urban logistics, multimodal urban mobility services (MaaS), collaborative mobility management.

Sopra Steria is a leading player in business and information system transformation for major clients in the rail, aviation, postal services and urban transport sectors.

### 3.2.7. INSURANCE

The insurance sector is fiercely competitive and subject to increasingly strict regulation. As in other areas, policyholders expect to interact with providers via various channels, and providers are attempting to develop client-centred processes in order to ensure seamless service for all the policyholder's major milestones. Insurance companies and social welfare providers have to find a way of cutting costs while also optimising efficiency and providing a differentiated and harmonious client experience.

Sopra Steria offers its clients solutions focused on transforming distribution models, the development of new insurance products and services, and operational efficiency, through services such



as maximising value-add for the client experience, leveraging of data and information assets, acceleration of paperless processes and digital transformation, alignment of business processes and information systems, and the use of smart devices for prevention, big data for combating fraud and artificial intelligence for smart care.

### 3.2.8. RETAIL

Retailers face a challenging business environment as well as profound and continual changes in the shopping habits of customers, who increasingly use digital technology. To remain competitive, transformation is essential. The aim is to secure and better manage retail business practices while offering a real ability to innovate to meet consumer demand for immediate and flexible services.

Sopra Steria assists retailers with their digital transformation and has developed knowledge and experience in multi-channel commerce, optimisation of logistics chains and understanding client needs. In this way, the business processes and information systems of these companies become a lever for performance.

## 3.3. Research and Development in Solutions

The Group has continued its R&D efforts, investing €104.9 million in 2018 (versus €102.2 million in 2017) in developing and expanding its business solutions. All of these totals are gross amounts and do not take into account funding related to the French R&D tax credit.

# 4. Strategy and objectives

## 4.1. Strong and original positioning in Europe

Sopra Steria's ambition is to be a major European player in digital transformation, with a comprehensive, high value-added offering, enabling its clients to make the best use of digital technology to innovate, transform their models (business as well as operational models), and optimise their performance.

The Group's aim is to be the benchmark partner for large public authorities, financial and industrial operators and strategic companies in the main countries in which it operates.

To achieve this aim, Sopra Steria will continue to strengthen its key competitive advantages:

- business software solutions which, when combined with the Group's full range of services, make its offering unique;
- a position among the leaders in the financial services vertical (core banking and specialist lenders) bolstered by the success of the Sopra Banking Software solutions;
- very close relationships with its clients, thanks to its roots in the regions where it operates and its ability to meet core business requirements without taking the prescriptive approach favoured by certain global providers.

## 4.2. Confirmed objectives and priority action areas

### 4.2.1. DEVELOPMENT OF SOLUTIONS

The Group, currently France's number two software development company <sup>(1)</sup>, confirms its medium-term target of bringing the share of its solution development and integration activities to 20% of its revenue. Through a combination of organic growth and acquisitions, efforts will continue to be focused on enriching the Group's solutions, adapting them to cloud systems and leveraging new digital technologies, along with the development of managed services and geographic expansion.

The development of Sopra Banking Software, whose aim is to conquer markets beyond Europe, is a priority. The Group will also continue to strengthen its leading position in human resources and real estate management solutions, remaining on the lookout for new sector opportunities.

### 4.2.2. EXPANSION IN CONSULTING

In order to position itself even more securely with client decision-makers at the business department level, the Group is continuing its move up the value chain in Consulting, and confirms its medium-term target of bringing the share of these activities to 15% of revenue. To do this, it is gradually developing a range of consulting services and capacity in all of the regions in which it operates, using a model that favours synergies with the Group's other business lines. The priorities in this area are digital consulting, upstream consulting (e.g. digital strategy, operating strategy, IT strategy), enhancing business expertise in each vertical market with special emphasis on the financial services vertical and building a strong brand for the Consulting business in the market.

(1) Source: Truffle 100, May 2018.

#### 4.2.3. LEVERAGING DIGITAL TECHNOLOGIES

Sopra Steria has successfully completed numerous digital projects. Its experience has allowed it to offer a holistic approach to digital transformation to the market, based on a series of best practices, with the ultimate goal of creating the platform enterprise.

Accordingly, to step up its commitment along these lines, the Group is continuing its investments with the following goals:

- being at the cutting edge of the market in all of its services and business models;
- strengthening its technology assets;
- transforming its operational models;
- educating all of its employees in digital culture, practices and skills;
- keeping an eye on the market in order to clarify its digital strategy and target the best digital partners.

##### Digitisation of offerings and business model adaptation

The Group is gradually adapting its solutions to factor in advances in digital technology in a number of key areas, such as client/user experience, service platforms, analytics and virtual advisors, and accommodate the growing use of hybrid (private/public) cloud environments by its clients.

The same approach is being applied for each of the Group's major service offerings – Consulting, Application Services (Build and Application Management), Infrastructure Management, Cybersecurity, Business Process Services – with the following objectives:

- using the immense potential of new technologies for the benefit of all of its clients;
- presenting new value propositions to the market: UX/UI strategy and design, digital factories, development/operation of service platforms, end-to-end approaches covering needs from consulting to run services for cloud migration and the modernisation of legacy information systems, etc.

The digitisation of offerings and, more broadly speaking, changing client expectations, have led the Group to adapt its business models. The Group anticipates that it will be selling more and more solutions operated on behalf of clients and, in services, increasingly leveraging intellectual property (reusable components, implementation accelerators, integration/operation platforms, etc.), thereby gradually moving away from billing simply based on the number of person-days spent on a project.

##### Technology assets

The Group is continually investing in the exploration of new ideas and expertise in architectures, and in emerging digital and cloud technologies and uses, relying on its teams of “digital champions”.

At the same time, all necessary resources are being put in place to rapidly develop and operate digital solutions on behalf of the Group's clients that are natively designed to function in hybrid (private/public) cloud environments:

- DevOps to industrialise processes;
- technology foundation to enable the quick setup of digital services platforms (based in particular on the components of Axway's Hybrid Integration Platform);
- environment for the development, management and execution of reusable software components;
- Implementation accelerators for new digital technologies (blockchain, augmented reality (AR)/ virtual reality (VR), smart machines, the internet of things (IoT), etc.);

- pre-trained machine learning/data science algorithms and models (for targeted verticals and business areas);
- digital factories to enable service offerings combining consulting and software (e.g. cloud migration and information system modernisation).

##### Transformation of operational models

The Group is gradually changing the operational model for its services and R&D activities, by integrating its developed technology assets:

- expanding use of new agile and collaborative approaches resulting from digital technologies;
- rollout of processes and resources (software and digital factories) for industrialisation, automation and reusable components developed to boost productivity and quality for IT services and R&D activities;

In particular, this involves greater use of smart machines (robotic process automation, intelligent automation, virtual assistants) in the Group's recurring service activities (in connection with its Business Process Services, Infrastructure Management, Application Management and Support offerings) as well as expanding the reuse of existing technology- or business software components (IP blocks, open source) and the use of low-code/no-code development platforms for the building of solutions;

- transformation in line with the location of each activity (distribution of roles between the onshore production teams, the shared service centres, and the offshore and nearshore R&D teams).

##### Innovation

Numerous initiatives are being encouraged to promote and enhance innovation, such as the Group's digital champions keeping an eye on technology advances and uses, innovation imperatives assigned to project teams, internal innovation competitions to develop new digital uses for the Group's vertical markets, hackathons open to clients and partners, as well as platforms for digital demonstrations, brainstorming, co-design, rapid development and technology intelligence open to clients, employees and partners at all the Group's major locations (DigiLabs), etc.

##### Ecosystem of partners

Special efforts are being made to establish targeted partnerships with leading players in the digital ecosystem by vertical and by major technology area (startups and niche players, institutions of higher education and research laboratories, top software development companies and tech giants, etc.). It is within this framework that a strategic partnership has been forged with Axway.

In order to ensure effective market intelligence, a collaborative startup observatory is made available to the Group's teams of digital champions and all its managers.

In certain very specific cases relating to its digital strategy, the Group may take equity stakes in young startups that it considers as the most innovative in the market, applying a corporate venturing approach.

#### 4.2.5. VERTICAL APPROACH

##### Focused business development

To support the positioning it has in view, the Group is continuing its policy targeting specific vertical markets, key accounts and business areas in all countries where it operates.

In line with this approach, eight priority verticals currently account for nearly 90% of revenue: Financial Services; Public Sector; Aerospace, Defence and Homeland Security; Energy and Utilities; Telecoms and Media; Transport; Insurance; and Retail.

For each vertical, the Group selects a small number of key accounts (fewer than 100 at Group level) and focuses on a few different business areas in which it aims to secure a leading position.

#### End-to-end vertical offerings

In order to achieve its leadership objective in its targeted verticals and business areas, the Group mobilises the development efforts of its various business activities and countries to build end-to-end value propositions as well as offerings of business solutions designed to address the business challenges faced by its major clients.

As part of this approach, particular emphasis is placed on the financial services vertical, for which the Group offers comprehensive responses to productivity issues and the challenges brought about by "platformisation" in the core banking and specialist lending sectors. These responses are based on Sopra Banking Software's industry-specific assets, the Group's technology assets and its full range of services.

#### 4.2.5. ACQUISITION STRATEGY

The Group will continue to play an active role in market consolidation, in a targeted manner. Its approach will focus on three main areas: solutions (with the priority on banking solutions), consulting, and strengthening its position in certain geographies.

### 4.3. Medium-term strategic objectives

The Group has reaffirmed its strategy through its independent, value-creating corporate plan based on expansion, added value and differentiation, particularly through its software business. With this in mind, and with the market being driven by digital transformation, Sopra Steria is confident in its ability to steadily and continually improve its performance.

The Group is targeting annual organic revenue growth of between 4% and 6%, an operating margin on business activity of around 10%, and free cash flow of between 5% and 7% of revenue.

With respect to the 2019 financial year, the Group's targets are:

- organic revenue growth of between 4% and 6%;
- slight improvement in operating margin on business activity;
- free cash flow in excess of €150 million.

## 5. Recent investments and developments

### 5.1. Investments during the year

#### 5.1.1. ACQUISITIONS IN 2018

During 2018, the Sopra Steria Group announced the following acquisitions:

##### a. Apak

On 18 October 2018, through its subsidiary Sopra Banking Software, Sopra Steria acquired 100% of Apak, which develops specialised lending solutions for car loans and asset finance. Apak has been consolidated in Sopra Steria's consolidated financial statements since October 2018.

##### b. it-economics

On 6 July 2018, Sopra Steria announced that it had finalised the acquisition of it-economics, a German digital consulting firm, on 5 July 2018. The planned acquisition had first been announced in a press release on 15 May 2018. it-economics has been consolidated within Sopra Steria since 5 July 2018.

##### c. BLUECARAT

On 4 May 2018, Sopra Steria announced that it had finalised its acquisition of BLUECARAT, a German IT services company, on 3 May 2018. The planned acquisition had first been announced in a press release on 8 January 2018. BLUECARAT has been consolidated within Sopra Steria since May 2018.

##### d. O.R. System

On 4 April 2018, Sopra Banking Software completed the acquisition of O.R. System, the developer of a counterparty risk management solution for the banking sector and financial institutions. The company has been consolidated within Sopra Steria since the second quarter of 2018.

#### 5.1.2. INFRASTRUCTURE AND TECHNICAL FACILITIES

A total of €52.2 million was invested in 2018 in infrastructure and technical facilities, as against €44.5 million in 2017.

Investments in facilities comprised the following:

- land and buildings: €2.1 million;
- fixtures and fittings: €28.6 million;
- IT equipment: €21.5 million.

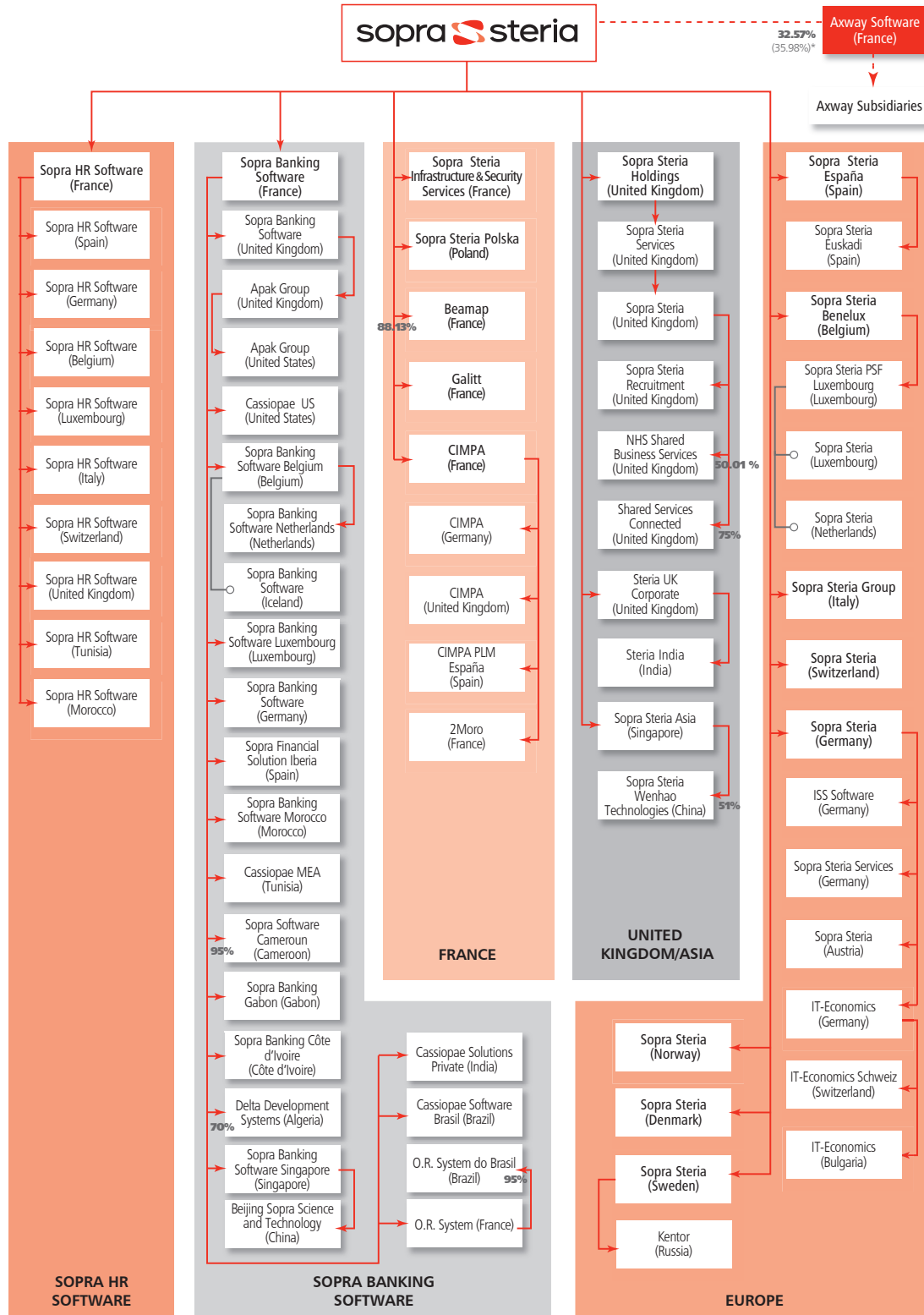
#### 5.1.3. RECENT DEVELOPMENTS

On 10 April 2019, Sopra Steria announced its plans to acquire SAB – a French core banking developer that generated €64.4 million in revenue in 2018 – to bolster Sopra Banking Software's strategy. This proposed acquisition is subject to customary closing conditions.

#### 5.1.4. RATINGS GIVEN TO THE COMPANY BY CREDIT RATING AGENCIES

The Company is not rated by any financial rating agencies.

### 6. Simplified Group structure at 31 December 2018



## 7. Group organisation

Sopra Steria Group's governance consists of a Board of Directors, Chairman, Chief Executive Officer and Deputy Chief Executive Officers.

The organisation is supported by a permanent operational and functional structure as well as temporary structures for the management of particular deals and projects.

Sopra GMT, the holding company that takes an active role in managing the Group, takes part in conducting Group operations through:

- its presence on the Board of Directors and the three Board committees;
- a tripartite assistance agreement entered into with Sopra Steria and Axway, concerning services relating to strategic decision-making, coordination of general policy between Sopra Steria and Axway, and the development of synergies between these two companies, as well as consulting and assistance services, particularly with respect to finance and control.

### 7.1. Permanent structure

The Group's permanent structure is composed of four operational tiers and their associated functional structures.

#### 7.1.1. TIER 1: EXECUTIVE MANAGEMENT AND THE EXECUTIVE COMMITTEE

Executive Management is represented by the Chief Executive Officer and the Deputy CEOs.

##### Members of Executive Management as at 31 December 2018:

- Vincent Paris, Chief Executive Officer of Sopra Steria Group;
- John Torrie, Deputy Chief Executive Officer of Sopra Steria Group and Chief Executive Officer of Sopra Steria UK;
- Laurent Giovachini, Deputy Chief Executive Officer of Sopra Steria Group.

The Executive Committee (ExCom) consists of Executive Management and the heads of the main operating and functional entities.

The members of Sopra Steria Group's Executive Committee supervise the Group's organisation, management system, major contracts and support functions and entities and take part in the Group's strategic planning and implementation.

#### 7.1.2. TIER 2: SUBSIDIARIES OR COUNTRIES

These are the main operating entities. Their scope corresponds to one of the following:

- a specific line of business (consulting and systems integration, business solutions, infrastructure management, cybersecurity, business process services);
- geographic area (country).

These entities are managed by their own Management Committee, comprising in particular the Director and management of tier 3 entities.

#### 7.1.3. TIER 3: DIVISIONS

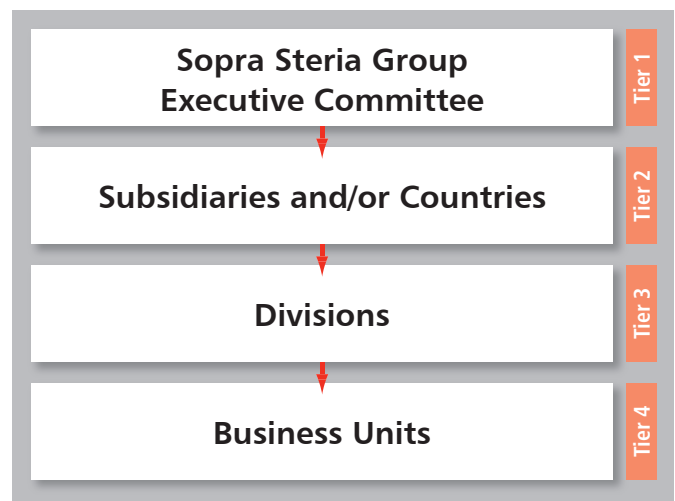
Each country or subsidiary is made up of divisions based on two criteria:

- vertical market;
- geographic area (region).

#### 7.1.4. TIER 4: BUSINESS UNITS

Each division is made up of business units, which are the organisation's primary building blocks. They operate as profit centres and enjoy genuine autonomy. They have responsibility for their human resources, budget and profit and loss account. Management meetings focusing on sales and marketing strategy and human resources are held weekly, and the operating accounts and budget are reviewed on a monthly basis.

The diagram below illustrates the four main tiers of the ongoing structure:



#### 7.1.5. OPERATIONAL SUPPORT FUNCTIONS

The operational organisation is strengthened by operational support entities responsible for managing major transformations:

- the Key Accounts and Partnerships Department (DGCP), responsible for promoting the Key Accounts policy and developing relations with partners. The role of this department is to coordinate the commercial and production approaches for our major clients, particularly when different entities are involved;
- the Digital Transformation Office (DTO), responsible for designing and managing the Group's digital transformation. It also manages the Group's innovation approach;
- the Industrial Department, responsible for industrialising working methods and organising subcontracting on X-shore platforms. It also checks that projects are properly executed.

### 7.1.6. FUNCTIONAL STRUCTURES

The functional departments are the Human Resources Department, the Communications and Marketing Department, the Corporate Responsibility and Sustainable Development Department, the Internal Control and Risk Management Department, the Finance Department, the Legal Department, the Real Estate and Purchasing Department, and the Information Systems Department.

These centralised functions ensure Group-wide consistency. Functional managers transmit and ensure commitment to the Group's core values, serve the operational entities and report directly to Executive Management.

The Group's functional structures standardise management rules (information system resources, IT systems, financial reporting, etc.) and monitor the application of strategies and rules. In this manner, they contribute to overall supervision and enable the operational entities to focus on business operations.

### 7.1.7. A SOLID, EFFICIENT INDUSTRIAL ORGANISATION

Sopra Steria manages complex and large-scale programmes and projects in a market where delivery commitments are increasing and becoming globalised. The Group has an increasingly wide range of skills to support multi-site projects that generate strong gains in productivity with delivery models that guarantee clients an optimal cost structure.

Sopra Steria applies an industrial production approach, supported by five levers:

- production culture: Transmission of know-how and expertise in the field;
- choice of personnel: Human resources are central to the approach, providing training, support and improved skills for each employee;

- organisation: The Industrial Department and its representatives in the business units control production quality and performance, identify and manage risks, support project managers and roll out industrialised production processes;
- toolkit: The Quality System, the eMedia method, the Continuous Delivery Kit (CDK) and associated software tools;
- global delivery model: Rationalising production by pooling resources and expertise within service centres, with services located based on the needs of each client (local services in France, nearshore in Spain, North Africa and Poland, and offshore in India).

## 7.2. Temporary structures for specific deals and projects

The Group's organisation must retain flexibility in order to adapt to changes in its markets and ensure the successful completion of projects.

These are handled by temporary teams:

- within the entities;
- under the authority of a pilot entity, established to leverage synergies across several entities.

Each project is organised and carried out in order to meet fundamental objectives: client service, business success, and contribution to the overall growth of the Group.

Depending on their particularities (size, area of expertise, geographic area covered) large-scale projects can be managed at the business unit, division, subsidiary/country or Executive Management level. Certain large projects requiring the resources of several business units may involve the creation of a division.

## 8. Risk factors and internal control

The Group performs its activities in a constantly changing environment. It is therefore exposed to risks the occurrence of which may have a negative impact on its business activities, results, financial position, image and outlook. This chapter sets out the main risks to which the Sopra Steria Group is deemed to be exposed. Other risks, of which the Group is not currently aware or which it considers as of lesser importance at the date when this Registration Document was drawn up, might also have an adverse effect on the Group, its operations, financial position, business results or share price.

Sopra Steria cannot provide an absolute guarantee that its objectives will be achieved and all risks will be eliminated. The internal control and risk management system aims to identify and qualify the risks to which it is exposed, as well as to reduce their probability of occurrence and their potential impact on the Group.

### 8.1. Main risks

#### RISK MAPPING EXERCISE AND METHODOLOGY

A new risk mapping exercise was carried out at the end of 2018. It was led by the Internal Control and Risk Management Department and involved the relevant internal stakeholders, together with Executive

Management and the members of the Executive Committee. This risk mapping covers all internal and external risk factors and includes both financial and non-financial issues. The process helps to identify and assess risks. In particular, the assessment of risks involves an evaluation of their probability of occurrence and the estimated magnitude of their adverse impact should an event occur (low, medium or high). As part of this exercise, the main risks are identified, namely the ones that are most material for Sopra Steria,

in terms of probability of occurrence and the expected magnitude of their adverse impact. They are then ranked by category of risk.

Specific mapping exercises for corruption and influence-peddling risks and risks relating to the duty of care have also been taken into account in preparing the overall mapping of risks. The risk mapping was presented to the Board of Directors' Audit Committee at the same time as the Group insurance programme.

Sopra Steria's main risk factors are presented below. They are listed initially in order of importance, with regard to their probability of occurrence and the magnitude of their potential adverse impact, in the summary table below.

For each risk factor, a description is provided explaining in what ways it can affect Sopra Steria as well as the risk management measures put in place, i.e. policies, procedures and action plans.

## SUMMARY TABLE OF MAIN RISKS AND RISK MANAGEMENT MEASURES

Main operating risks	Main risk management measures
<b>Risk related to market developments and the transformation of the business model</b>	<ul style="list-style-type: none"> <li>■ Comprehensive annual strategy review</li> <li>■ Governance of the transformation supervised by the Chairman and the Chief Executive Officer</li> <li>■ Regular follow-up on the implementation of decisions and execution</li> </ul>
<b>Risk related to the adaptation of skills*</b>	<ul style="list-style-type: none"> <li>■ Recruitment selectivity</li> <li>■ HR policy including the rollout of the DPEPP approach, which stands for Dynamique Prospective Emplois et Parcours Professionnels, or Dynamic Forecasting of Workforce Requirements and Career Development</li> <li>■ Training programmes</li> </ul>
<b>Risk related to the protection and security of client data</b>	<ul style="list-style-type: none"> <li>■ Security policies and procedures, with an organisational structure led by the Chief Information Security Officer (CISO)</li> <li>■ ISO 27001 certification and GDPR compliance programme</li> <li>■ Support provided by the Toulouse security operations centre (SOC)</li> <li>■ Large-scale training and awareness programme</li> </ul>
<b>Risk related to project delivery</b>	<ul style="list-style-type: none"> <li>■ Organisation and procedures (including the Quality System) for the pre-sales, production and quality control phases of projects</li> <li>■ Reviews and audits by the Industrial Department</li> </ul>
<b>Risk related to continuity of service and information system security</b>	<ul style="list-style-type: none"> <li>■ Policy and procedures for the selection of locations for shared service centres, organisation and planning for continuity of service</li> </ul>
<b>Risk related to attracting and retaining talent*</b>	<ul style="list-style-type: none"> <li>■ Ambitious recruitment and retention policy</li> </ul>
<b>Risk related to the loss of a significant client</b>	<ul style="list-style-type: none"> <li>■ Policy and strategy for key accounts reviewed annually</li> <li>■ Regular monitoring of the client portfolio by the Key Accounts and Partnerships Department</li> </ul>
<b>Risk related to activities in high-risk countries</b>	<ul style="list-style-type: none"> <li>■ Implementation of an export policy and procedure</li> </ul>
<b>Risk related to Brexit</b>	<ul style="list-style-type: none"> <li>■ Specific committee formed to monitor the associated risks and propose action plans</li> </ul>
<b>Risks associated with retirement benefit obligations</b>	<ul style="list-style-type: none"> <li>■ Monitoring and management by Finance Departments at entity and Group levels</li> </ul>
Main non-financial risks	Main risk management measures
<b>Risk of breaches of ethics or violations of the law*</b>	<ul style="list-style-type: none"> <li>■ Reinforced ethics and compliance programme, including the implementation of a system for preventing and combating corruption and influence peddling</li> <li>■ Internal Control and Risk Management Department set up to coordinate and monitor compliance, internal control and risk management issues in a cross-functional manner</li> <li>■ Appointment of Compliance Officers, responsible for compliance issues as well as internal control in each of the entities</li> </ul>

\* This risk also relates to the anticipated regulatory changes provided for in Articles L. 225-102-1 III and R.225-105 of the French Commercial Code.

Each of these main risks is presented in more detail on the following pages, including information describing the risk as well as the Group's risk management process.

## DETAILED PRESENTATION OF SOPRA STERIA

Risk factors and internal control

### DETAILED PRESENTATION OF THE GROUP'S MANAGEMENT OF ITS MAIN OPERATING RISKS

#### I RISK RELATED TO MARKET DEVELOPMENTS AND THE TRANSFORMATION OF THE BUSINESS MODEL

Risk description	Risk management
<p>The business activities of the Group's clients are changing and are being transformed as a result of digitisation and the emergence of new rivals, new businesses and new organisations.</p> <p>Clients are seeking to become more agile, and to do so they are reinventing their business models, organisational structures and resources.</p> <p>If the Group is unable to understand, satisfy and anticipate clients' needs, an unsuitable market positioning and/or difficulties in implementing its strategy could potentially impact its financial performance.</p> <p>Furthermore, although some of the Group's activities involve multi-year contracts (maintenance activities, facilities management, outsourcing of business processes), its consulting and integration activities as well as its licence sales are characterised by short cycles, making it difficult to prepare forecasts for levels of activity, order intake and future earnings.</p>	<p>The management of this risk is integrated into the development of the Group's strategy as well as its effective implementation. Each year, the Group conducts a comprehensive strategy review and update, under the supervision of the Strategy Department, the Chairman and the Chief Executive Officer, covering all markets and sectors in which it operates. This review is performed with all activities and regions, using external studies and surveys as well as internal feedback from various parties, in particular all those in contact with clients. At the end of this annual process, a number of decisions are made. The approach to risk management is itself reviewed on a quarterly basis by all entities. The implementation of actions and priorities is guided and monitored on a regular basis by the Chairman and the Group's Executive Committee.</p> <p>By way of illustration, the following decisions, in particular, were translated into actions during the year: development of the Consulting business, especially with regard to its move up the value chain; stepping up of cybersecurity activities and reinforcement of related expertise; acquisition strategy; acceleration of agile and/or co-design development in order to respond to the needs of clients and market changes; software development as a service; investments in centres of excellence for digital technologies and internal platforms for the development and assembly of modules (introduction of a digital enablement platform and hybrid digital platforms), strengthening of partnerships in cloud services with Microsoft, Google and Amazon; transformation and revamped organisation for the human resources function.</p> <p>In order to track technology advances in a proactive manner, an organisation has been set up via the Innovation Department and built around Chief Technology Officers (CTOs), together with the Group's digital champions and experts, and in relation to each of the Group's vertical markets. The goal is to plan ahead as effectively as possible for developments driven by new technologies as well as the transformation of our clients' businesses.</p>

#### I RISK RELATED TO THE ADAPTATION OF SKILLS

Risk description	Risk management
<p>In light of the transformation of our clients' businesses as well as developments in digitisation and artificial intelligence, training and adapting employees' skills to new roles are essential in the IT services and digital transformation industry. Any inability or difficulty in training Group employees in client needs and new activities relating to the digital revolution might make it difficult to deliver the Group's strategy and thus adversely impact its financial performance.</p>	<p>Skills development aims to meet the current and future needs of the Group's clients, but also to give each employee the means to take responsibility for their own professional development.</p> <p>Sopra Steria's policy to maintain and develop skills is part of an overall approach aimed at anticipating changes in our business lines and our target populations so that we can continue to serve our clients and meet the objectives of the Group's strategic plan, developing the skills of employees to safeguard their employability while assisting them in their career planning, supporting motivation and promoting employee engagement.</p> <p>Sopra Steria's proactive management of change resulted in the launch of the following Group-wide actions during the year: the digitisation and update of the Group's Core Competency Reference Guide; the standardisation of appraisal practices; and a new forward-looking approach for maintaining and developing skills. This approach is known by its French acronym DPEPP, which stands for Dynamique Prospective Emplois et Parcours Professionnels (Dynamic Forecasting of Workforce Requirements and Career Development). It draws on an understanding of contexts in the various countries to anticipate workforce trends over the next three years for each business line and at each level, in line with the Core Competency Reference Guide. It focuses on transformation trends in each speciality area, in terms of opportunities, risks and key skills, together with an analysis of emerging and sustainable job profiles, as well as those likely to see lower staffing levels, in order to adapt skills to changes affecting the market and guide HR action plans (career management, recruitment, training, etc.).</p> <p>Training policy is a decisive factor. For this reason, the objectives of the training strategy are reviewed and approved by the Group's Executive Committee. The management and coordination of training programmes have been reinforced, courses have been redesigned and reorganised, digitised training has been expanded, with more MOOCs (massive open online courses) and the launch of e-learning modules to promote compliance with Group standards (information security, personal data protection, anti-corruption measures, but also e-learning tools relating to disabilities).</p> <p>Increase in the number of training hours delivered: 1,244,583 hours in 2018 across 99% of the Group, up 15.5% compared with 2017).</p>



## I RISK RELATED TO THE PROTECTION AND SECURITY OF CLIENT DATA

**Risk description**

A cyber attack on the Group's systems, a security flaw in the Group's systems and/or our clients' systems could result in the loss of information or data, and depending on the matter concerned, the loss or disclosure of confidential information or data, particularly in sensitive activities. This risk of loss or disclosure might involve personal data in the BPS, maintenance and/or managed services activities, particularly in the context of payment and/or payroll activities.

Situations such as this could result in a risk of client complaints, contract compliance risk and/or a risk of damage to Group property or data, or a risk of revenue loss.

In view of the Group's activities, a major security breach could potentially result in a risk to the Group's image and raise doubts about the trust placed in us by our clients, and thereby result in a loss of business.

**Risk management**

Security and the protection of client data are key issues for the Group.

To avoid security incidents that could impact the Group's information systems, cut response times and implement the necessary actions particularly in the event of an attack, the Group has an information security policy and a solid organisational structure supported by the Chief Information Security Officer (CISO) within the various entities. This organisational structure with its local network, meeting different countries' regulatory requirements and client demands as closely as possible, allows for in-depth knowledge of areas of risk and our clients' business demands. This organisation is coordinated cross-functionally across the entire Group and overseen at Group level. Steering meetings are held frequently and reports are issued on a regular basis. Policies, procedures and the organisational approach are reviewed each year to ensure the best possible adaptation to the environment and risks, and to reinforce the entire system.

The Group has opted for a cross-cutting organisational approach bringing together all participants in order to take early preventive action: the Security Manager, the Information Systems Department, the Industrial Director, the Shared Service Centre Manager, the Legal Department, the Director of Communications, the Insurance Manager, the Compliance Officer, the Head of the Internal Control and Risk Management Department, but also the Purchasing Department.

Everything is controlled and audited on a regular basis. To date, the Group has earned ISO 27001 certification for 12 of its operations, in the United Kingdom, Norway, Germany, Switzerland, Italy, Spain, India and France, as well as for the IT services supplied by the Information Systems Department to all Group entities. Other audits under ISAE 3402 are carried out regularly at the sites of the entities SBS, SHR and IM (France and Poland).

To manage and verify compliance by contractual commitments with standards, all contracts are reviewed by the Legal Department. With respect to security, Sopra Steria mainly provides consulting services or takes part in projects in application of policies and levels of security defined and decided by its clients.

The Group capitalises in particular on specific cybersecurity-related skills and services developed at its own security operations centre (SOC) and offered to its clients. Located in Toulouse, this centre offers threat investigation, monitoring and handling services. As a result, investigations, regular tests and automatic interventions can be carried out in the event of a threat, as well as early intervention and/or crisis management.

In 2018, the Group invested heavily in a security awareness and training programme for all Group employees (e-learning modules, internal phishing campaigns, videos, on-site training).

A cybersecurity insurance policy has been taken out to supplement the Group's professional liability insurance, in order to ensure consistency between the Group's insurance programmes and the insurance coverage obtained, particularly in the event of cyber attacks as well as to better manage and cover the varying types of risk: compensation claims as a result of complaints from third parties, property damage and loss of use, business interruption, additional communications expenses for crisis management following a security incident, for example.

As regards the various international and local regulations relating to data protection and security, all of the Group's entities comply with national regulations relating to the protection of personal data, in particular the requirements of the CNIL in France.

Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 (the General Data Protection Regulation, or GDPR) entered into force on 25 May 2018. Sopra Steria Group and its subsidiaries have rolled out a programme aimed at ensuring compliance with this regulation and local legislation.

In particular, this programme overseen by the Group Legal Department, which coordinates data protection arrangements across all subsidiaries, includes the following:

- Appointment of Data Protection Officers (DPOs);
- Rollout of training to all Group employees;
- Adjustments to contracts;
- Implementation of specific internal procedures.

In addition, at Sopra HR Software, the Sopra Steria Group's HR solutions publisher subsidiary, the Binding Corporate Rules (BCR) have been in place within its entities since 2015.

## I RISK RELATED TO PROJECT DELIVERY

**Risk description**

For fixed-price projects and fixed-price services (contracts involving commitments as to price, results and lead times), any failure to complete the project or provide the services as agreed in the contract, or any provision of services or project delivery not in line with standards as specified therein, may entail a risk of default which, depending on the contractual causes and consequences, may give rise to various risks for Sopra Steria (contractual penalties, client complaints, claims for damages, non-payment, additional costs, early contract termination, reputational risk). In the current environment, clients' demands are becoming increasingly complex.

For fixed-price projects and fixed-price services, a poor assessment of the scale of the work to be done, an underestimate of the cost of providing the service or an incorrect estimate of the technical solutions to be implemented can lead to estimated costs being exceeded or contractual deadlines not being met. This delay can, in itself, result in late delivery penalties and/or budget overruns (additional days), resulting in additional costs and potentially impacting project margins.

In 2018, fixed-price integration projects and fixed-price services accounted for 19.4% and 42.9% of the Group's consolidated revenue, respectively. The breakdown of Group revenue according to the nature of contracts is presented at the end of this section (see the summary table on page 37 of this document).

**Risk management**

It is critical for the Group to be able to meet client demands and deliver consistent quality.

In order to ensure the quality of management and execution of client projects, the Group *has* developed a series of methods, processes and controls via its Quality System. The selection of Project Directors and Heads of Project Management responds to specific requirements and criteria according to the level of risk and project complexity. Particular attention is paid on making any appointments. Project managers receive specific training. These courses are regularly updated to include issues meriting special attention and warnings relating to risks.

In addition to project and line management, Industrial Managers under the authority of division/subsidiary managers and reporting functionally to the Group Industrial Department are responsible for monitoring all projects as well as the application of the Quality System. Structural audits are performed so as to verify the application and effectiveness of the Quality System among the Sopra Steria staff members concerned (management, sales, operational quality unit). Projects are reviewed on a regular basis, at key phases in their life cycle. These reviews, which are organised by the Industrial Department or by its local representatives, provide an external perspective on the status and organisation of projects.

Monthly steering meetings facilitate an overview of quality at all levels, the monitoring of annual quality targets established during management reviews and the determination of the appropriate action plans to continuously improve production performance and the quality of Sopra Steria products and services. The implementation of actions agreed during steering committees, audits and reviews is checked by the Industrial Department.

The review of proposals and contracts by line management, but also by the Industrial Department and the Legal Department, is an integral part of the Group's first- and second-level controls relating to these issues.

An annual review is performed by Executive Management to ensure that the Quality System remains pertinent, adequate and effective. This review is based in particular upon an analysis of project reviews and internal structural audits performed at all levels of the Group as well as upon annual quality reports produced by divisions or subsidiaries. During this review, the adequacy of the quality policy is evaluated, the annual quality objectives are defined and possible improvements and changes in the Quality System are considered.

As part of its insurance programme, the Group has taken out a policy offering coverage for premises and operations liability as well as professional indemnity. This programme covers all of the Group's companies for monetary consequences arising as a result of their civil and professional liability in connection with their activities, due to bodily injury, material or non-material damage caused to third parties. Overall coverage is limited to €150 million per claim and per year of insurance.

## I RISK RELATED TO CONTINUITY OF SERVICE AND INFORMATION SYSTEM SECURITY

### Risk description

The reliability of IT and communications infrastructures is an issue of growing importance to production. In view of its business model integrating service centres as well as national and worldwide shared data centres in nearshore and offshore countries, the Group is dependent on its remote production centres and telecommunications networks functioning correctly. Any claims, failures or shutdowns at the level of these centres could have an impact on both internal systems and client systems, resulting in a potential risk of non-compliance in the execution of contractual services, and consequently potential demands for damages and interest and/or loss of income.

It should be noted that a proportion of the Group's production activities are located in India. India still shows various characteristics that may constitute risk factors (including political, economic and social unrest, wage inflation, natural disasters and pandemics).

The Group has service centres in Spain, Tunisia, Poland and India.

### Risk management

The continuity and security of our clients' services is one of the key criteria in the definition of the policy for the Group's production sites and the implementation decisions. The policy concerning site locations and all decisions taken in this regard follow the guidance provided by the Group based on various criteria, including client requirements and risk management (natural or geopolitical risks). The decision to expand into new geographies, countries and regions is an integral part of this policy to maintain security and reduce risk exposure, allowing for the management of backup plans, in particular by *setting* up redundancies and duplication between sites.

Once the decision has been made, strict prevention and security procedures covering physical security, information systems security, power cuts, regulation of temperature changes, data storage and backups apply to the Group's production sites, service centres and data centres. The Group has a business continuity strategy that defines a nominal level of service and a principle of redundancy for all critical system components, relying in particular on multi-site replications. Remote redundancy is implemented for all critical system components. Business continuity and disaster recovery plans are put in place and reviewed on a regular basis. Contracts with our suppliers are reviewed according to their nature by the Information Systems Department or the General Resources Department, taking account of the same security and service level requirements. In the case of outsourcing or subcontracting, the same level of service is demanded of our suppliers.

The Group has four production facilities in India. These sites are distant from each other and located in three different regions, thus limiting the consequences of incidents or risks that might arise in a specific region. In addition, the fact that a large number of production facilities are used across the Group, with a range of onshore, nearshore and offshore services, makes it possible to have backup solutions.

## I RISK RELATED TO ATTRACTING AND RETAINING TALENT

## Risk description

In view of the Group's ambitions in terms of expansion and growth, the constantly changing competitive environment, the talent war, the scarcity of certain IT skills and expertise, Sopra Steria may face difficulties in attracting and recruiting talented candidates.

Recruitment difficulties and/or increased employee turnover may prevent the Group from delivering on its strategic objectives and fulfilling its ambitious recruitment targets to support its growth, thereby impacting the Group's financial performance. The recruitment of young people and the best digital professionals is also indispensable to maintain an adequate level of quality and innovation as well as a coherent age-earnings profile.

## Risk management

Sopra Steria's overall attractiveness as an employer, together with its ability to attract the best digital professionals and retain talented staff, are key priorities for the Group.

An ambitious recruitment policy has been adopted: In 2018, the Group hired 11,662 employees (compared with 9,500 in 2017), including 4,356 new staff across all types of employment contract in France. Women make up 33% of the Group's new hires and 37% of all joiners were under 26. To meet these challenges, the Group's recruitment policy deliberately places a priority on hiring young higher education graduates as well as the hosting of interns and students doing work-linked training, and is aimed at ensuring equality of opportunity while promoting diversity and inclusion. It is organised around five main pillars:

- Building closer ties with schools and promoting digital professions to attract more young people, and particularly young women (in 2018, more than 780 actions of this type were conducted at schools);
- Giving substance to employee engagement: Enriching experiences offered through citizenship projects (HandiTutorat, Prix Étudiants Fondation Sopra Steria Institut de France, etc.);
- Adapting the recruitment process: Free exchanges between employees and applicants via sites like PathMotion and Glassdoor; increasing the number of LinkedIn subscribers (194,000 in 2018); improvements in rankings (15<sup>th</sup> place in the Happy Trainees survey in France);
- In addition, the organisation devoted to recruitment has been considerably reinforced, particularly in France;
- Encouraging mobility: Meeting the career development goals of students and employees by offering international mobility opportunities (including 112 interns and students doing work-linked training, up 57% in 2018).

A retention policy founded on a robust induction and integration strategy, a key phase in the retention of both new hires, most of whom are young people, and employees joining the Group as a result of mergers and acquisitions. It is implemented through three main measures:

- An integration process tailored to seniority levels, designed to allow joiners to gain an understanding of the Group's culture, values and fundamentals;
- An ongoing career and skills assessment and development process to maintain staff employability;
- An international Group employee share ownership programme to give all employees a more meaningful stake in the company's performance.

Employees under 30 account for 24% of the Group's total workforce (scope: staff on permanent contracts at 31 December 2018, excluding new hires during the year).

The employee turnover rate was 16.9% for the Group as a whole at 31 December 2018, compared with 15.6% a year earlier.

Special attention paid to well-being in the workplace: Sopra Steria has adopted a preventive approach to professional risks, with the aim of safeguarding the health and safety of its employees and subcontractors, while promoting employee well-being in the workplace.

Employer brand: All of the work around the brand platform, designed to reinforce the Group's employer brand, is also carried over into other actions to raise Sopra Steria's profile, especially among recruitment candidates and employees.

Reinforcement of the human resources and recruitment organisation: The Human Resources Department also underwent a reorganisation in 2018, particularly in France, so as to be closer to operations and better manage the adaptation of skills and resources to the specific requirements of projects and clients.

Career management: The entire support process for annual appraisal interviews and career management was also revamped in 2018 to better provide for long-term management of skills and talent. Sopra Steria continues to develop systems for the recognition, engagement and retention of its employees.

The training policy is instrumental in supporting career management and must ensure that the necessary skills are available at all times and in all places. It must also address the acceleration of project cycles. The full range of training topics is discussed in the "Risk related to the adaptation of skills" section above.

The Group's recruitment and talent management policies are described in detail in Section 2, "Social responsibility", in Chapter 3 of this Document (pages 83 to 87).

## I RISK RELATED TO THE LOSS OF A SIGNIFICANT CLIENT

Risk description	Risk management
<p>The risk of the loss of a client or a major contract remains a potential risk, particularly in view of rapid changes in the Group's markets and possible consolidation within the various sectors. The loss of a client leads to the loss of the associated revenue and requires the reassignment of the project teams in place, a risk all the more difficult to manage if the loss of the client was not able to be predicted.</p> <p>In 2018, the Group's top client accounted for 6.7% of revenue, the top five clients represented 19% and the top ten contributed 30%.</p> <p>Main clients include:</p> <ul style="list-style-type: none"> <li>■ In France: Airbus Group, Banque Postale, BNP Paribas, CNAM, Crédit Agricole, EDF, Ministry of Defence, Orange, Société Générale and SNCF;</li> <li>■ In the United Kingdom: Ministry of Justice, Home Office, Ministry of Defence and National Health Service.</li> </ul>	<p>The Group's policy is to maintain a multi-client and multi-sector portfolio across multiple geographical operations and sites, in particular to avoid any uncontrolled concentration risk. The Group's largest client is also a client across multiple business lines and geographical operations and the revenue generated with this client is based on a large number of contracts. The Group's policy and strategy relating to key accounts are reviewed each year in accordance with country, business line and sector-specific strategic reviews in order to adapt this strategy to market developments. This is the object of a dedicated exercise with all concerned parties. A regular review at monthly steering committee meetings is also organised within the Group. In addition, the IT services market is currently a full employment market, which means that, in the event of the loss of a significant client, it is possible to reassign staff more easily and limit the related impacts in terms of resources and wages.</p>

## I RISK RELATED TO ACTIVITIES IN HIGH-RISK COUNTRIES

Risk description	Risk management
<p>Sopra Steria has locations in a number of different countries. Even though it operates in what are generally considered stable countries, the Group may be exposed to political and economic risks. Furthermore, in addition to geopolitical risks, in a difficult economic climate or new political climate, some governments may be tempted to adopt new regulations, taxes and duties.</p> <p>Furthermore, the desire for the Sopra Steria Group to expand outside France and carry out further acquisitions requires – in addition to mapping of the various country risks – knowledge of international regulations and certain control of operations. Any compliance risk and/or risk of non-control of international operations could have an impact in terms of performance and image.</p>	<p>Export activity remains marginal within Sopra Steria and relates primarily to software development activities, licence sales and associated services. In order to improve controls on the Group's international expansion and its activities in countries where it does not have a subsidiary, specific rules and procedures have been put in place to organise the necessary prior validations and checks. This organisation allows for the monitoring and control of these export transactions, whether on a local level or at Group level. A formal export procedure has been rolled out, notably including the requirement for prior validation by each entity's senior management of any export transaction as well as guidelines for preliminary analyses and assessments. Formal assessment procedures for export clients and partners have been developed and are in the process of being rolled out. Specific and dedicated training sessions on export activities are delivered. The Group-wide rollout and implementation of these procedures and controls is part of an internal control and continuous improvement process.</p>

## DETAILED PRESENTATION OF SOPRA STERIA

### Risk factors and internal control

#### I RISK RELATED TO BREXIT

##### Risk description

Major uncertainties remain concerning the terms of the United Kingdom's departure from the European Union. Against this backdrop, the effects remain uncertain. Brexit could have an unfavourable impact on the economy and market conditions, as well as an impact in terms of instability on the financial markets and international forex markets. In addition, Brexit may result in legal uncertainties and have associated effects such as certain decisions being delayed while awaiting greater visibility. The most significant risks seem to involve political disturbances and uncertainties and macroeconomic impacts. Each of these effects, as well as others that are not yet known and cannot be anticipated, could have an unfavourable impact on the Group's activities, performance and financial position. It should be noted that although the Group may appear to be exposed to the increased volatility of euro and sterling exchange rates, which could have an impact in the consolidated financial statements of transactions carried out in the United Kingdom, the Group's exposure to foreign exchange transaction risk seems limited insofar as its activities are conducted primarily by subsidiaries that operate in their own country and their own currency. It should also be noted that in spite of this context, business opportunities remain available.

##### Risk management

With respect to Brexit, Sopra Steria's management in the United Kingdom and the Group's Executive Committee are keeping a close eye on any political decisions made by the United Kingdom or the European Union in this area so as to take any requisite measures to reduce risk.

Sopra Steria has set up a Brexit working group. This working group tracks and manages the potential risks identified in the following areas: human resources; financial, tax, legal, regulatory and IT systems; and data security. This involves an analysis by segment of Brexit's implications for client requirements. Mitigation measures have been put in place, such as communications campaigns, and requests have been sent to certain key suppliers, particularly with regard to the hosting of data and data flows. This subject and its developments are being addressed in regular exchanges with clients in the United Kingdom. The Group has not identified any logistics risk of service interruption. In fact, more than two-thirds of business activities in sales, services and solutions are recurring in nature, the majority of clients are local, and both resources and organisations remain local, with the exception of the service centre in India, whose activity is not affected by Brexit. Nevertheless, a number of minor preventive and anticipatory measures have been decided, particularly with respect to communications and relations with suppliers.

#### I RISKS ASSOCIATED WITH RETIREMENT BENEFIT OBLIGATIONS

##### Risk description

Sopra Steria Group provides its employees with retirement benefits in several countries, including the United Kingdom (which accounts for 48% of the Group's retirement benefit obligations).

The Group's financial statements may be affected by provisions for obligations under defined-benefit pension plans and the associated liabilities.

Within the framework of commitments made, the employer is obliged to cover any difference (deficit) between the value of the fund assets and the pension obligations to be paid.

The evaluation of pension fund liabilities can be impacted by regulatory developments, changes in long-term interest rates, life expectancy and more generally any changes in the financial markets, as well as any changes in macroeconomic parameters. These parameters, which are external to the company, can have a non-neutral impact on the valuation of both assets and liabilities. The Group may also be compelled to meet calls for funds to make up for low pension contribution levels as part of the three-yearly negotiations with trustees in the United Kingdom or as a result of regulatory developments.

Furthermore, assets are managed by fund trustees and invested in different asset classes (including shares) that are subject to the risk of fluctuations in financial markets.

##### Risk management

Since 2010, defined-benefit plans in the United Kingdom have been replaced by defined-contribution plans (pension benefits are based on the performance of the fund's investments over the contribution period), although benefits vested prior to this decision remain in effect. The defined benefit plans are exceptionally maintained in connection with a few public-sector outsourcing projects, to comply with the legislation and commitments made to clients.

All elements relating in particular to the management and review of assets and liabilities, as well as the three-yearly negotiations, are monitored by the Group's Finance Department. The Finance Department takes part in the regular exchanges with the trusts managing pension fund assets in the United Kingdom, and also participates in the three-yearly negotiations. The next round of three-yearly negotiations is to be held in 2020. It should be noted that the proceedings previously initiated by the Steria Pension Plan trustees before the High Court of Justice to confirm the validity and effective date of an amendment signed in 2006 have been settled amicably.

For more information, see Note 5.3 to the consolidated financial statements in Chapter 4 of this document (pages 128 to 133).

## I BREAKDOWN OF REVENUE ACCORDING TO THE NATURE OF CONTRACTS

(% of revenue)	2018	2017	2016
Licences	1.7%	2.6%	2.2%
Fixed-price projects	19.4%	19.3%	17.1%
Fixed-price services	42.9%	45.1%	48.1%
Time and materials	36%	33%	32.6%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## DETAILED PRESENTATION OF THE MANAGEMENT OF MAIN NON-FINANCIAL RISKS

### I RISK OF BREACHES OF ETHICS OR VIOLATIONS OF THE LAW

Risk description	Risk management
<p>Ethics and integrity are core values of the Sopra Steria Group. Like any international group with a large number of employees across many different countries, Sopra Steria could be exposed to risks in the event of violation or breaches of laws, regulations and internal rules by its employees or third parties with which the Group works. Breaches of this kind may expose the Group, its senior executives or its employees to criminal or administrative sanctions, and could also expose the Group to liability depending on the situation and damage its reputation (reputational risk). In addition, the Group remains subject, like any company, to regular audits by various authorities and regulators with regard to the completeness of compliance and prevention programmes.</p> <p>Moreover, the Group is a multinational company that operates in many countries, subject to a range of constantly changing laws and regulations. The Group's activities and operating profit might be affected by significant changes in laws or regulations, or by decisions taken by authorities. The tax rules in the various countries in which the Group operates are continually evolving. The Group cannot guarantee that the existing tax arrangements will continue to apply. Furthermore, the Group cannot guarantee that the current interpretations of existing tax arrangements will not be challenged, potentially with adverse consequences for its financial position or business results.</p>	<p>Building on the Group's Code of Ethics and its values of transparency and integrity, and in order to accompany the Group's expansion and growth following the merger while satisfying new regulatory requirements, Executive Management has placed emphasis on reiterating the rules and procedures applicable to all employees across the Group so as to provide a common foundation for all processes and entities. A new department was created, with responsibility for issues of compliance, internal control and risk management, in order to coordinate the Group's efforts in these areas. This department is supported in its work by the Compliance Officers (who are also responsible for internal control) throughout the Group's various geographical operations, the network of local representatives and local teams.</p> <p>In addition to the implementation of guidelines in these areas and the coordination of the organisational structure put in place, the Group has a Code of Ethics, which has been supplemented in particular by a specific code of conduct for stock market transactions.</p> <p>Along these same lines, a programme has been introduced to prevent and combat corruption. This anti-corruption system benefits from the following features:</p> <ul style="list-style-type: none"> <li>■ Strong involvement of the executive body;</li> <li>■ A cross-cutting organisation coordinated by the Heads of Internal Control, responsible for compliance issues and risk management in each of the entities;</li> <li>■ A mapping of corruption and influence-peddling risks, carried out at the same intervals and applying the same methodology used for the overall risk mapping exercise, and shared with the affected staff;</li> <li>■ A code of conduct for the prevention of corruption and influence peddling, illustrated with real-world examples and made available as a supplement to the Code of Ethics, which has been translated into 10 languages and covers all Group entities;</li> <li>■ A disciplinary regime based on the Code of Conduct made binding via its inclusion in the internal rules, with the understanding that the Group applies a zero tolerance policy with respect to corruption and influence peddling;</li> <li>■ Specific, formal procedures rolled out across the Group;</li> <li>■ A stricter procedure for assessing third parties;</li> <li>■ A Group-wide training programme, including an e-learning module available in five languages, rolled out to 95% of the Group's employees, via the website of the Group's training organisation (Sopra Steria Academy) and face-to-face training for segments of the workforce considered as the most exposed;</li> <li>■ Strengthened control and audit procedures;</li> <li>■ A whistleblowing system, incorporating the French legal requirements laid down by the Sapin II Act and the Duty of Care Act, rolled out to all Group entities.</li> </ul> <p>This entire programme and its dedicated organisational structure are described in Section 5 of Chapter 3, "Corporate responsibility", on pages 99 to 101 of this document.</p> <p>Developments in laws and regulations are monitored on a regular basis so as to anticipate upcoming changes by way of the departments concerned (Legal Department, Finance Department) and make the necessary adjustments to rules and procedures.</p> <p>In order to reduce risks related to changes in tax rules, the Group is actively monitoring regulatory and case law developments in the countries where it operates, making sure that its tax practices are in compliance with local laws and regulations.</p>

Disclosures required by specific obligations, including those relating to the other risks mentioned in the French Commercial Code, are presented in Section 2, "Disclosures arising from specific obligations – Other risks" in Chapter 7 of this document (pages 229 to 233).

## 8.2. Insurance

The Group's insurance policy is closely linked to its risk prevention and management practices, in order to ensure coverage for its major risks. The Group's insurance management is centralised under a single department, the Internal Control and Risk Management Department.

The aim of Sopra Steria Group's insurance programmes is to provide uniform and adapted cover of the risks facing the company and its employees for all Group entities at reasonable and optimised terms.

The scope and coverage limits of these various insurance programmes are reassessed annually in light of changes in the size of the Group, developments in its business activities as well as changes in the insurance market, and based on the results of the most recent risk mapping exercise.

All Group companies are insured with leading insurance companies for all major risks that could have a material impact on its operations, business results or financial position.

The main insurance programmes in place within the Sopra Steria Group are the following:

- premises and operations liability and professional indemnity insurance

This programme covers all of the Group's companies for monetary consequences arising as a result of their civil and professional liability in connection with their activities, due to bodily injury, material or non-material damage caused to third parties. Overall coverage is limited to €150 million per claim and per year of insurance;

- cybersecurity insurance

This programme covers all of the Group's companies for any direct or indirect financial losses, property damage or loss of use, and business interruption losses resulting from a cyber attack.

- property damage and business interruption insurance

This programme covers all of the Group's sites for the direct material damage to property they may suffer as well as any consequential losses in the event of reduced business activity or business interruption occasioned by the occurrence of an insured event. Operating losses are insured on the basis of the loss of gross profit. Overall policy coverage (for all types of damages and operating losses) is limited to €100 million per claim and per year of insurance.

In addition, Group programmes have been put in place covering in particular:

- the civil liability of senior executives and company officers;
- assistance to employees on assignment, as well as to expatriate employees and employees on loan.

## 8.3. Internal control and risk management

This section of the report outlines Sopra Steria's internal control and risk management systems. These systems are based on the reference framework issued by the AMF. A specific subsection addresses the preparation of accounting and financial information.

The management control system is one of the fundamental components of internal control at Sopra Steria. It supports the internal dissemination of information as well as the various reporting and risk management procedures, and the implementation of controls.

### 8.3.1. OBJECTIVES AND FRAMEWORK FOR THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

#### a. Objectives of the internal control and risk management system

In order to address the identified risk factors presented in the preceding chapter, the Sopra Steria Group has adopted a governance approach as well as a set of rules, policies and procedures together constituting its internal control and risk management system.

In accordance with the AMF reference framework, the internal control and risk management system, which is under the responsibility of the Group's Chief Executive Officer, is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- compliance with laws and regulations;
- implementation of instructions, guidelines and rules set forth by Executive Management;
- proper functioning of the Company's internal processes, particularly those intended to safeguard its assets;
- quality and reliability of financial and accounting information.

The risk management system is designed to identify, analyse and manage the Company's main risks.

More generally, the Group's internal control and risk management system contributes to the control of its business activities, the effectiveness of its operations and the efficient use of its resources.

This system is updated on a regular basis, in application of a continuous improvement process, in order to best measure the level of risk to which the Group is exposed as well as the effectiveness of the action plans put in place to mitigate risks.

Nevertheless, the internal control and risk management system cannot provide an absolute guarantee that the Company's objectives will be achieved and that all risks will be eliminated.

#### b. Reference framework and regulatory context

The Sopra Steria Group refers and adheres to the reference framework issued by the Autorité des Marchés Financiers (AMF, the French securities regulator).

### 8.3.2. SCOPE

The internal control and risk management system applies across the entire Group, i.e. the parent company Sopra Steria Group, together with all fully consolidated companies.



### 8.3.3 COMPONENTS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

#### a. Environment

Sopra Steria Group's internal control and risk management system is founded upon the Group's four-tier operational organisation as well as its centralised functional organisation. Each tier of the operational organisation is directly involved in the implementation of internal control and risk management practices. To this end, the Group has put in place a set of operating principles and rules, along with the appropriate delegations of authority. It is the responsibility of all Group employees to familiarise themselves with these rules and to apply them. For more information on the Group's organisation, see Section 7, "Group organisation", of this chapter (pages 27 to 28).

#### b. A shared management control system

The management control system is designed not only to manage the dissemination of information, upwards to Executive Management and downwards to the operational units, but also to guide, control and support the Group's employees. It involves steering meetings held at each of the different organisational levels, including the Group's Executive Committee.

These meetings are governed by specific standards (reporting timetable, participants, agenda, documents to be presented at the beginning and end of the meeting) and are supported by the management reporting system. Meetings are held according to a calendar, dependent on the organisational level and timeframe objectives:

- weekly meetings for the current month: Priority is given to the monitoring of sales, production and human resources;
- monthly meetings for the current year: In addition to the topics discussed at the weekly meetings, additional emphasis is placed on financial indicators (entity performance for the previous month, update of annual forecasts, actual vs. budget, progress report on actions in line with the medium-term strategy);
- annual meetings, looking ahead several years: The medium-term strategy and the annual budget process for the entities are discussed in the context of the Group's overall strategic plan.

The implementation of this system at all operational and functional entities is a highly effective vehicle for cohesiveness, the sharing of values and practices throughout the Group, and control.

#### c. Tools

The Group's management applications and office automation software are designed to standardise the documents produced by the Group. The production tools used or developed by the Group allow for the industrialisation of project delivery by improving the quality of deliverables. They incorporate the processes that make up the Group's production methodology.

#### d. A shared framework for Group rules

##### Code of Ethics, anti-corruption Code of conduct and code of conduct for stock market transactions

The aims of the Group's Code of Ethics, which is based on its core values, are to ensure compliance with international treaties, laws and

regulations in force in all countries where it operates, and to reaffirm the Group's ethical principles. In 2017, the Code of Ethics was supplemented by a code of conduct for stock market transactions whose main aim is to reiterate and clarify the rules regarding sensitive information, insider information and the management of securities. In 2018, the Code of Ethics was further supplemented by an anti-corruption code of conduct, setting out the rules and behaviours to be adopted to prevent corruption and influence peddling. For more details on the anti-corruption code of conduct, see the "Ethics and compliance" section of Chapter 3, "Corporate responsibility", on pages 99 to 101.

##### Group rules, policies and procedures

In 2017, work was carried out to formally document the Group's rules and applicable decision-making levels. A corpus of Group rules and delegations of authority (decision-making levels) was thus re-established and consolidated across the Group to provide a common foundation for all processes. These rules apply to all employees at any Group entity.

These general rules have been adapted to the Group's various entities, and continue to be supplemented at Group level via the formal documentation of procedures, always with a focus on the continuous improvement of internal control and so as to better manage the risks identified in the course of the Group's risk mapping exercises. These Group rules and procedures are then further detailed to take into account local regulatory constraints across all of the Group's geographical operations. The areas covered by the rules and procedures include organisation and delivery management, internal control and accounting practices, information systems, human resources, production and quality assurance, sales and marketing, and procurement.

These rules and procedures are available via the Group's intranet. They are reinforced through the Group's various training and communications initiatives.

On the production front, Sopra Steria's Quality System defines all the production, management and quality assurance processes required to successfully manage projects. The primary goal is to contribute effectively to the delivery of high quality IT systems that meet clients' needs in line with time and budget constraints. This methodology defines project management practices and processes suited to various environments and at different levels of management and supervision, as well as software engineering practices and processes. The basic principles of the Quality System are described in a Quality Manual supplemented by procedural guides and operating manuals. UK, Scandinavia and CIMPA apply mechanisms that are similar but rely on specific methods geared to the primary characteristics of their activities. Information security risks and IT/communications infrastructure risks are subject to the specific oversight of the Chief Information Security Officer (CISO) function.

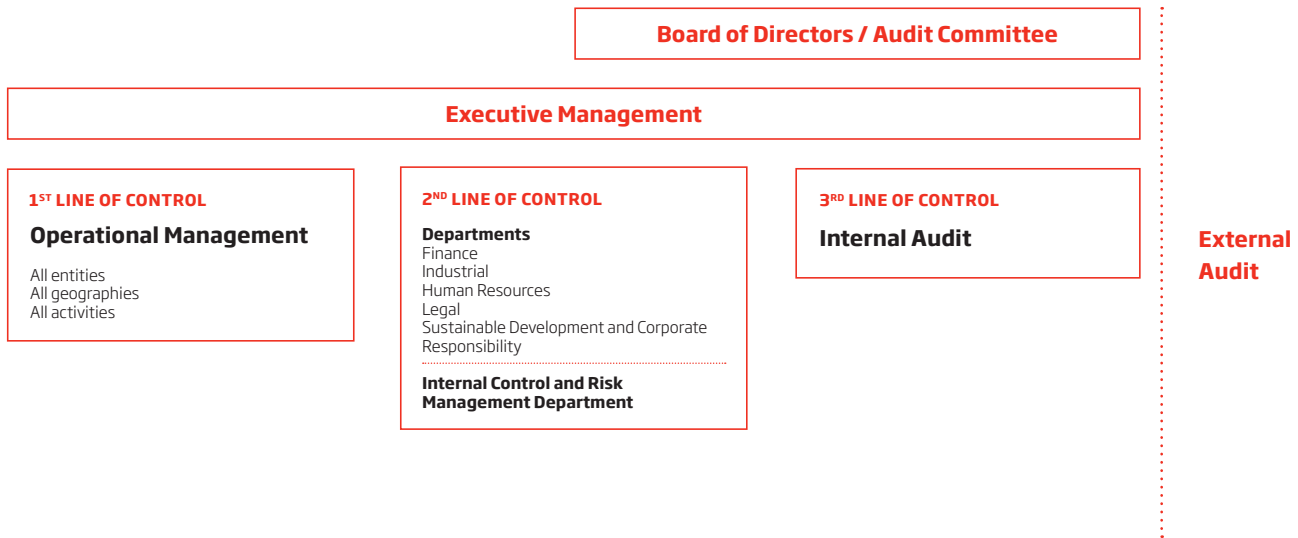
The Group's rules and procedures are regularly updated and supplemented to best reflect the Group's organisation and manage the identified risks.

### 8.3.4. PARTICIPANTS IN INTERNAL CONTROL AND RISK MANAGEMENT

Everyone in the Group has a part to play in risk management and internal control, from the governance bodies and senior management to the employees of each Group company.



#### PARTICIPANTS IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM



#### Executive Management

The internal control and risk management system is approved and overseen by Executive Management, thus at the Group's highest level. As the top level of authority and responsibility for the internal control and risk management system, it monitors the system's continuing effectiveness and takes any action required to remedy shortcomings identified and remain within acceptable risk tolerance thresholds. Executive Management ensures that all appropriate information is communicated in a timely manner to the Board of Directors and to the Audit Committee.

#### Audit Committee of the Board of Directors

The Group's Audit Committee examines the main features of the internal control and risk management procedures selected and implemented by Executive Management to manage risks, including the organisation, roles and functions of the key actors, the approach, structure for reporting risks and monitoring the effectiveness of control systems. It has access to the elements necessary to reach an overall understanding of the procedures relating to the preparation and processing of accounting and financial information (presented in the following chapter).

Each year, the Audit Committee reviews the results of the Group's risk mapping exercise and holds regular meetings with the Internal Control and Risk Management Department to monitor the implementation and adaptation of the Group's rules and the internal control process.

The Audit Committee also monitors the activity of the Internal Audit Department through the following actions:

- approval of the annual internal audit plan;
- meeting with its Director once a year in the presence of the Statutory Auditors, but without the presence of management;
- biannual review of the results of internal audit assignments and follow-up on the implementation of action plans resulting from recommendations.

#### Three lines of control

In accordance with the AMF reference framework, the internal control and risk management system put in place by the Sopra Steria Group is structured around three lines of control, as presented below.

##### ■ First line of control: Front-line staff and operational management

The first line of control for the internal control and risk management system consists of:

- operational management, tasked with implementing the system defined at Group level for the area under its responsibility. This line of control makes sure that the internal control rules and procedures are effectively implemented, fully understood and consistently applied within its scope of operations.
- the Group's employees, who take due note of and apply all of the rules set out within the organisation

##### ■ Second line of control: Risk management and compliance functions

The aim of the second line of control is to monitor the internal control and risk management system on an ongoing and continuous basis to verify its effectiveness and coherence as well as the proper application of its rules and procedures.

- Internal Control and Risk Management Department and Compliance Officers at the entities

The internal control and risk management system is steered and coordinated by the Internal Control and Risk Management Department at Group level. As the coordinator of the system, and with regard to the risks that have been identified and assessed, the Internal Control and Risk Management Department defines and updates the system's various components. In carrying out these duties, the Internal Control and Risk Management Department works closely with the Group's functional and operational departments.

The Group has set up a network of Compliance Officers, appointed at each of the Group's entities and across all its geographical operations. These Compliance Officers are responsible for adapting the guidelines and rules defined at Group level. In particular, they are tasked with making sure that all components of the internal control and risk management system as well as those of the Group's compliance programme are effectively implemented, fully understood and consistently applied.

- Functional departments

The functional departments are also key participants in the coordination of the internal control and risk management system. They assist the Internal Control and Risk Management Department in updating procedures specific to the process or processes under their responsibility.

Alongside the self-assessment and control procedures implemented by operational managers at every level, functional departments play a special role in application of the rules for delegations of authority in force within the Group. They support operational staff in the area of risk management and, from a preventive standpoint, they may serve in an advisory capacity or perform ex-ante or ex-post controls on the application of rules.

The Finance Department is entrusted with specific responsibilities in the context of financial controls and the Industrial Department is responsible for control procedures relating to the management of its Quality System.

- Finance Department

Financial Controlling falls under the responsibility of the Finance Department. Its main responsibilities include the consolidation and analysis of monthly results produced by the internal management system, controlling the consistency of monthly forecasts, verifying the application of Group rules, assisting operational managers, training management system users, and performing the reconciliation between the internal management accounts and the general ledgers.

As part of its control responsibilities, Financial Controllers identify and measure risks specific to each business unit. In particular, they ensure that contractual commitments and project production are aligned with the revenue recognised. They raise alerts for projects that present technical, commercial or legal difficulties. They check that revenue is recognised in line with Group accounting rules as well as analysing any commercial concessions applicable and verifying their treatment in the business unit's accounts. They also ensure that the costs for the business unit are completely and accurately recognised.

Financial Controllers devote particular attention to unbilled revenue and contractual milestone payments, and check that invoices issued are paid. In coordination with the manager at the relevant entity, they trigger payment collection, which is managed directly by the Finance Department. They check any credit notes issued.

Financial Controllers assess business units' and/or divisions' organisation and administrative operations. They monitor compliance with rules and deadlines.

- Industrial Department (Management of the Quality System)

Quality management relies upon the day to day interaction between the operational and quality structures and covers the methods for the production and application of professional standards.

Sopra Steria's quality structure is independent of the project management and delivery operations. As such, it offers external quality assurance for projects with the objectives of assuring production and cost controlling, overseeing associated human resources, verifying production conformity and compliance with quality assurance procedures, and monitoring the quality assurance plan's effectiveness.

Industrial managers under the authority of division/subsidiary managers and reporting functionally to the Group Industrial Department are responsible for monitoring the Quality System and all projects.

Structural audits are performed so as to verify the application and effectiveness of the Quality System among the Sopra Steria staff members concerned (management, sales, operational quality unit). Projects are reviewed on a regular basis, at key phases in their life cycle. These reviews, which are organised by the Industrial Department, or by the quality structure's local representatives, provide an external perspective on the status and organisation of projects.

Monthly steering meetings facilitate an overview of quality at all levels, the monitoring of annual quality targets established during management reviews and the determination of the appropriate action plans to continuously improve production performance and the quality of Sopra Steria products and services.

The implementation of actions agreed during steering committees, audits and reviews is checked by the Industrial Department.

An annual review is performed by Executive Management to ensure that the Quality System remains pertinent, adequate and effective. This review is based in particular upon an analysis of project reviews and internal structural audits performed at all levels of the Group as well as upon annual balance sheets produced by divisions or subsidiaries. During this review, the adequacy of the quality policy is evaluated, the annual quality objectives are defined and possible improvements and changes in the Quality System are considered.

The Group has put in place a certification policy, covering all or a portion of its operations, depending on market expectations. This policy relates to the following standards or frameworks: ISO 9001, TickIT Plus, ISO 27001, ISO 22301, ISO 14001, ISO 20000, CMMI and TMMi.

- **Third line of control: Internal audit function**

#### Internal Audit Department

Under the internal audit charter adopted by the Group, the Internal Audit Department has the following tasks:

- independent, objective evaluation of the effectiveness of the internal control system via a periodic audit of entities;
- formulation of all recommendations to improve the Group's operations;
- monitoring the implementation of recommendations.

The work of the Internal Audit Department is organised with a view to covering the "audit universe" (classification of key processes) reviewed annually by the Audit Committee.

Internal Audit covers the entire Group over a cycle of a maximum of four years. Audits are performed more frequently for the main risks identified. To this end, Internal Audit carries out field audits while using self-assessment questionnaires for areas of lesser importance.

## DETAILED PRESENTATION OF SOPRA STERIA

### Risk factors and internal control

By carrying out work relating specifically to fraud and corruption, the Internal Audit Department has identified processes that are potentially concerned, associated risks, control procedures to be adopted (prevention and detection) and audit tests to be carried out. These are systematically integrated into internal audit programmes.

Internal Audit, which reports to the Chairman of the Board of Directors and operates under the direct authority of Executive Management, is responsible for internal control and monitors the system in place. It submits its findings to Executive Management and the Audit Committee.

The Chairman of the Board of Directors validates the audit plan, shared with Executive Management, notably on the basis of risk information obtained using the risk mapping procedure, the priorities adopted for the year and the coverage of the "audit universe". This plan is presented to the Audit Committee for review and feedback. Recommendations are monitored and compiled in a report provided to Executive Management and the Audit Committee.

The Internal Audit Department carried out 22 assignments in 2018.

#### External monitoring system

Furthermore, the internal control and risk management system is also monitored by the Statutory Auditors and the quality certification inspectors for the Quality System.

#### Statutory Auditors

As part of their engagement, the Statutory Auditors obtain information on the internal control system and the procedures in place. They attend all Audit Committee meetings.

The Statutory Auditors are engaged throughout the year across the Group. Their involvement is not limited to interactions with the accounting department. To gain a more in-depth understanding of how operations and transactions are recorded in the accounts, the Statutory Auditors are in regular contact with operational managers, who are best placed to explain the Company's business activity. These meetings with operational staff are structured around business unit, division or subsidiary reviews, during which the Statutory Auditors examine the main ongoing projects, progress made and any difficulties encountered by the business unit or subsidiary.

#### Quality certification inspectors

The audit procedure aims to ensure that the Quality System is both in compliance with international standards and is applied to the entire certified scope of operations.

Each year, quality certification inspectors select the sites visited depending upon an audit cycle and relevance of the activity in relation to the certification.

#### 8.3.5. ASSESSMENT AND CONTINUOUS IMPROVEMENT PROCESS

The purpose of this audit process is to identify ways in which the quality management system might be improved in order to ensure continuous improvement.

The internal control system and its operation are subject to internal and external assessments to identify areas for improvement. These may lead to implementation of action plans to strengthen the internal control system, in certain cases under the direct oversight of the Group's Audit Committee.

## 8.4. Procedures relating to the preparation and processing of accounting and financial information

### 8.4.1. COORDINATION OF THE ACCOUNTING AND FINANCIAL FUNCTION

#### a. Organisation of the accounting and financial function

##### Limited number of accounting entities

By keeping the number of legal entities, and therefore accounting entities, relatively low, the Group can drive reductions in operating costs and minimise risks.

##### Centralised coordination of the accounting and financial function

The activities of Sopra Steria's accounting and financial function are overseen by the Group's Finance Department, which reports directly to Executive Management.

The responsibilities of the Finance Department mainly include the production of the accounts, financial controlling, tax issues, financing and cash management, and participation in financial communications and legal matters.

Each subsidiary has its own financial team that reports functionally to the Group's Finance Department.

##### Supervision of the accounting and finance function by Executive Management and the Board of Directors

The Finance Department reports to the Group's Executive Management. As with all other entities, it follows the management reporting and controlling cycle described above: weekly meetings to address current business activities, monthly meetings devoted to a detailed examination of figures (actual and forecast), the organisation of the function and the monitoring of large-scale projects.

Executive Management is involved in the planning and supervision process as well as in preparing the period close.

The Board of Directors is responsible for the oversight of accounting and financial information. It approves the annual accounts and reviews the interim accounts. It is supported by the Audit Committee, as described in Section 1.2.3 of Chapter 2, "Corporate governance" of this document (pages 62 to 63).

#### b. Organisation of the accounting information system

##### Accounting

The configuration and maintenance of the accounting and financial information system are centralised at Group level. Central teams manage access permissions, and update them at least once a year. The granting of these permissions is validated by Finance teams at the subsidiaries.

All Group companies prepare, at a minimum, complete quarterly financial statements on which the Group bases its published quarterly revenue figures and interim financial statements.

Monthly cash flow forecasts for the entire year are prepared for all companies and consolidated at Group level.

### Accounting policies and presentation

The accounting policies applied within the Group are presented in the notes to the consolidated financial statements in this document. At each balance sheet date, the Audit Committee ensures that these policies and presentation have been applied by the Finance Department and the Statutory Auditors.

The proper use of the percentage-of-completion method to value ongoing projects is monitored on a permanent basis jointly by the Industrial Department and by the Finance Department (Financial Controllers).

## 8.4.2. PREPARATION OF THE PUBLISHED ACCOUNTING AND FINANCIAL INFORMATION

### a. Reconciliation with the internal management system accounting data

All Group entities prepare a monthly budget, a monthly operating statement and revised monthly forecasts.

The budget process, which is short in duration, takes place in the last quarter of the year. This is a key stage. It provides an opportunity to apply the strategy approved by the Group's Executive Committee, to adapt the organisation to developments in business segments and market demand, and to assign quantitative and qualitative objectives to all Group entities. Budgets, including detailed monthly operating forecasts, are prepared by each unit at this event.

Each Group entity prepares a monthly operating statement closed on the third working day of the following month. Management indicators (utilisation rate, selling prices, average salary, indicators relating to human resources, invoicing and receipts, etc.) are also reviewed on a monthly basis.

Finally, a revised operating statement prepared each month includes the results of the previous month and a revised forecast for the remaining months of the current year.

Sales metrics (prospects, contracts in progress, signings, etc.), client invoicing and cash receipts are analysed at the management meetings organised by the management control system described above.

The results derived from the monthly management reporting documents are verified by Financial Controllers reporting to the Finance Department, who also reconcile this data with the quarterly accounting results in the general ledgers.

### b. Procedures for the preparation of the consolidated financial statements

Each company establishes quarterly financial statements and prepares a consolidation pack.

For each of the companies falling within the scope of the audit of consolidated financial statements, the Statutory Auditors examine the interim and annual consolidation packs. Once approved, they are used by the Group Finance Department and the consolidated financial statements are examined by the Group's Statutory Auditors.

### c. Procedure for signing off the financial statements

The interim and annual consolidated financial statements are presented to Executive Management by the Finance Department.

As part of their annual accounts close-out at 31 December, the financial statements of Sopra Steria Group and its subsidiaries undergo a legal audit by the Statutory Auditors in order to be certified. A limited review is also performed on 30 June.

As part of its assignment to monitor the legal control of the financial statements, the Audit Committee takes note of the Statutory Auditors' work and conclusions during the review of the interim and annual financial statements.

The Audit Committee examines the financial statements, notably in order to review the Company's exposure to risks, verify that the procedures for gathering and controlling information guarantee its reliability, and ensure that accounting policies have been applied consistently and appropriately. It gathers comments from the Statutory Auditors.

The Group's financial statements are then presented to the Board of Directors for approval.

### d. Financial communications

The Financial Communications and Investor Relations Department, which is supervised by the Chairman of the Board of Directors, manages the Group's financial communications.

The Group communicates financial information via several different means, notably:

- press releases;
- the Registration Document and the various reports and disclosures that it contains;
- the presentation of the interim and annual financial statements.

The Group's website has a dedicated "Investors" section that presents all of the aforementioned items as well as other regulatory or informative items.



# 2 CORPORATE GOVERNANCE

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This chapter contains information on the Board of Directors, the roles and compensation of the executive company officers, and the recommendations of the AFEP-MEDEF Code <sup>(1)</sup> that have exceptionally been set aside or only partially implemented by the Company.

## 1. Board of Directors

### 1.1. Members of the Board of Directors

On the date at which this Registration Document was published, the Board of Directors had 15 members with the right to vote, 13 of whom were appointed at the General Meeting and two of whom were Directors representing employees.

Sopra Steria Group is under the de facto control of Sopra GMT, the holding company that takes an active role in managing the Group, through which the founders and their family groups hold the bulk of their shareholdings (see Chapter 6, "Sopra Steria Group and the stock market" on pages 217 to 220 of this document).

#### I SUMMARY PRESENTATION OF THE BOARD OF DIRECTORS

Name	Personal information				Position on the Board				Attendance rate (current term of office) June – December 2018			
	Age	Gender	Nationality	Number of directorships at listed companies (excluding Sopra Steria Group)	Independent Director	Beginning of term	End of current term	Years of service on the Board*	Board of Directors	Audit Committee	Nomination, Ethics and Governance Committee	Compensation Committee
<b>Pierre Pasquier</b> Chairman of the Board of Directors	83	M	FRA	1		12/06/2018	AGM 2024	51	100%		100%	
<b>Éric Pasquier</b> Vice-Chairman of the Board of Directors	48	M	FRA	0		12/06/2018	AGM 2024	5	100%	100%		
<b>Sopra GMT, represented by Kathleen Clark Bracco</b> Chairman of the Nomination, Ethics and Governance Committee	51	F	USA	1		12/06/2018	AGM 2024	5	100%		100%	100%
<b>Éric Hayat</b> Vice-Chairman of the Board of Directors	78	M	FRA	0		12/06/2018	AGM 2024	5	100%		100%	100%
<b>Astrid Anciaux</b> Director	54	F	BEL	0		12/06/2018	AGM 2020	5	100%			
<b>Solfrid Skilbrigt</b> Director	59	F	NOR	0		12/06/2018	AGM 2020	4	100%			
<b>Michael Gollner</b> Director	60	M	USA/GBR	1	Yes	12/06/2018	AGM 2022	1	100%	67%		
<b>Javier Monzón</b> Director	62	M	ESP	2	Yes	12/06/2018	AGM 2022	1	60%			100%
<b>Jean-Luc Placet</b> Chairman of the Compensation Committee	66	M	FRA	0	Yes	12/06/2018	AGM 2022	7	100%		100%	100%
<b>Sylvie Rémond</b> Director	55	F	FRA	0	Yes	12/06/2018	AGM 2020	4	100%			
<b>Marie-Hélène Rigal-Drogerys</b> Chairman of the Audit Committee	48	F	FRA	1	Yes	12/06/2018	AGM 2024	5	100%	100%		

(1) The AFEP-MEDEF Code is the code to which the Company refers pursuant to Article L. 225-37 of the French Commercial Code. It is available on the website of France's Haut Comité de Gouvernement d'Entreprise ([www.hcge.fr](http://www.hcge.fr)).



Name	Personal information				Position on the Board				Attendance rate (current term of office) June – December 2018			
	Age	Gender	Nationality	Number of directorships at listed companies (excluding Sopra Steria Group)	Independent Director	Beginning of term	End of current term	Years of service on the Board*	Board of Directors	Audit Committee	Nomination, Ethics and Governance Committee	Compensation Committee
<b>Jean-François Sammarcelli</b> Director	68	M	FRA	1	Yes	12/06/2018	AGM 2022	9	100%	100%	100%	
<b>Jessica Scale</b> Director	56	F	FRA/ GBR	0	Yes	12/06/2018	AGM 2020	3	100%		100%	100%
<b>Hélène Badosa</b> Director representing the employees	60	F	FRA	0		Works Council Meeting of 27–28/09/2018	AGM 2020	0	100%			
<b>René-Louis Gaignard</b> Director representing the employees	53	M	FRA	0		Works Council Meeting of 27–28/09/2018	AGM 2020	0	100%			
<b>Jean-Bernard Rampini</b> Non-Voting Director	62	M	FRA	0		12/06/2018	AGM 2020	5	100%			

	Board of Directors	Audit Committee	Nomination, Ethics and Governance Committee	Compensation Committee
<b>Number of meetings in financial year 2018</b>	10	6	6	6
<b>Attendance rate in financial year 2018</b>	93%	83%	100%	98%

\* Number of years at the date of publication of the 2018 Registration Document, rounded to the nearest year.

F: Female M: Male.

## I CHANGES IN THE BOARD OF DIRECTORS AND ITS COMMITTEES

	Departures <sup>(1)</sup>	Appointments <sup>(1)</sup>	Reappointments <sup>(1)</sup>
<b>Board of Directors</b>	François Odin (†2018) Jean-Bernard Rampini Emma Fernández Gérard Jean Jean Mounet Hervé Saint-Sauveur Christian Bret (Non-Voting Director) Aurélie Peaud Gustavo Roldan de Belmira	Michael Gollner Javier Monzón Jean-Bernard Rampini (Non-Voting Director) Hélène Badosa 27–28/09/2018 René-Louis Gaignard 27–28/09/2018	Pierre Pasquier Éric Pasquier Sopra GMT, represented by Kathleen Clark Bracco Éric Hayat Astrid Anciaux Solfrid Skilbrigt Jean-Luc Placet Sylvie Rémond Marie-Hélène Rigal-Drogerys Jean-François Sammarcelli Jessica Scale
<b>Audit Committee</b>	François Odin (†2018) Hervé Saint-Sauveur	Éric Pasquier Jean-François Sammarcelli Michael Gollner	Marie-Hélène Rigal-Drogerys
<b>Nomination, Ethics and Governance Committee</b>	Gérard Jean Christian Bret (Non-Voting Director)	Jean-François Sammarcelli Jessica Scale	Sopra GMT, represented by Kathleen Clark Bracco Pierre Pasquier Éric Hayat Jean-Luc Placet
<b>Compensation Committee</b>	Gérard Jean Gustavo Roldan de Belmira Christian Bret (Non-Voting Director)	Javier Monzón Jessica Scale Hélène Badosa 21/02/2019	Sopra GMT, represented by Kathleen Clark Bracco Jean-Luc Placet Éric Hayat

(1) Unless stated otherwise, all departures, appointments and reappointments occurred on 12 June 2018.

### 1.1.1. CONSEQUENCES OF THE SOPRA-STERIA MERGER

The current size and composition of the Board of Directors again reflects to a large extent the negotiations conducted in 2014 by Sopra GMT with Groupe Steria with a view to its merger with Sopra Group to form Sopra Steria Group. These negotiations led to a shareholders' agreement being put in place between Sopra GMT and Soderi, Groupe Steria's general partner.

To foster integration between the two companies, this shareholders' agreement provides, until August 2019, a balance on the Board of Directors between the number of Directors representing Sopra GMT and those from Steria and for a Soderi representative to have one seat.

Both of these groups – which were originally composed of four Directors – were limited to just three each when the Board of Directors was reconfigured in June 2018 to reduce the size of the Board of Directors and increase the proportion of Independent Directors.

Sopra GMT's representatives pursuant to this agreement are Pierre Pasquier, Éric Pasquier and Kathleen Clark Bracco (permanent representative of Sopra GMT).

The Directors representing Steria are Astrid Anciaux, Solfrid Skilbrigt (Soderi's representative) and Éric Hayat. In addition, Jean-Bernard Rampini, Chairman of Soderi, continues to sit on the Board of Directors as a Non-Voting Director.

### 1.1.2. PRESENTATION OF THE DIVERSITY POLICY

The Board of Directors' diversity policy is to build a reasonably sized team reflecting the Group's needs and make-up, and the various different areas of interest, skills and experience that are needed for effective collective decision-making. Individually, each of the team's members should also possess the powers of judgement and foresight, and uphold the standards of ethical conduct expected of a Director.

The diversity issue and appointment of future members of the Board of Directors is considered every time a proposal is made to appoint or reappoint a Director at the General Meeting. The Nomination, Ethics and Governance Committee plays a key role in this area. The Committee and its Chairman were heavily involved in the renewal of the Board of Directors in 2018.

Diversity is frequently addressed by using measurable indicators such as gender balance, age, nationality and skills.

With respect to gender balance, the Company aims to continue moving toward gender equality to the greatest extent possible, and in any event has set itself the target of full compliance with the law in this respect. It is actively seeking to make its Board committees gender-balanced.

Women account for six of the thirteen appointments made at the General Meeting (46%). Two of the three committees are chaired by a female Director. Two of the three female Independent Directors belong to at least one committee.

Age is not a criterion that is considered. The Company has not set a minimum or maximum age applicable to its Directors. However, French law limits the proportion of Directors aged over 70 to one-third. The average age of the members of the Board of Directors is 60. Two of the fifteen Directors are over 70 years old.

The Company believes that a foreign national generally brings a multicultural perspective when appointed as a Director of a French company. Given the international dimension of the Group's business activities, foreign nationals are an asset for the Board of Directors. Wherever possible, they should come from or live in the main countries in which the Group operates or in which it is seeking to expand some or all of its operations (United Kingdom, Spain, Scandinavia, Germany, United States). To attract Directors living outside France, the internal rules and regulations of the Board of Directors permit Directors to take part in meetings using videoconferencing or conference call systems, and the Company can make payments to cover their travel costs. A change in the arrangements used to assign the directors' fees set by shareholders at the General Meeting is also being considered to more accurately reflect the role and responsibility of each individual Director. Six of the fifteen Directors are foreign nationals, and two reside outside France.

It is a top priority for the Board of Directors to have a diverse range of skills. The Company has identified ten key competencies that it would like to be represented within the Board of Directors. These skills and areas of experience are as follows:

- knowledge of consulting, digital services, software development, ability to promote innovation;
- knowledge of one of the Group's main vertical markets;
- entrepreneurial experience;
- executive management of an international group;
- finance, risk management and control;
- human resources and labour relations;
- international teams and organisations;
- social issues (institutions, professional associations, non-profit organisations);
- knowledge of Axway Software;
- operational experience within the Sopra Steria Group.

Each of these ten key areas of expertise and experience are currently represented on the Board of Directors by several Directors (see table below):

Main areas of expertise and experience	Astrid Anciaux	Hélène Badosa	Kathleen Clark Bracco Sopra GMT representative	René-Louis Gaignard	Michael Gollner	Éric Hayat	Javier Monzón	Éric Pasquier	Pierre Pasquier	Jean-Luc Placet	Jean-Bernard Rampini	Sylvie Rémond	Marie-Hélène Rigal-Drogerys	Jean-François Sammarcelli	Jessica Scale	Solfrid Skilbrig
Consulting, digital services, software development, innovation		✓	✓	✓		✓	✓	✓	✓	✓	✓		✓		✓	✓
Knowledge of one of the Group's main vertical markets					✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓
Entrepreneurial experience		✓			✓	✓	✓	✓	✓	✓				✓		
Executive management of an international group					✓	✓	✓	✓	✓		✓		✓	✓	✓	✓
Finance, risk management and control	✓				✓		✓	✓	✓		✓	✓	✓	✓		
Human resources and labour relations	✓	✓				✓	✓	✓	✓	✓	✓		✓	✓		✓
International teams and organisations	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Social issues	✓		✓	✓	✓	✓			✓	✓		✓	✓	✓		
Knowledge of Axway Software			✓	✓			✓	✓			✓					
Operational experience within the Sopra Steria Group	✓	✓	✓	✓		✓	✓	✓		✓						✓

### 1.1.3. DIRECTORS REPRESENTING THE EMPLOYEES AND EMPLOYEE SHAREHOLDERS

- Two Directors representing employees were nominated in September 2018 by the Sopra Steria Group works council: Hélène Badosa, a member of the Compensation Committee, and René-Louis Gaignard.
- Astrid Anciaux, Chairman of the Supervisory Board of the FCPE Steriactions corporate mutual fund, has been a member of the Board of Directors since September 2014.

- Jean-Bernard Rampini, Non-Voting Director, continues to provide the Board of Directors with the benefit of his expertise in employee share ownership.

### 1.1.4. INDEPENDENT DIRECTORS

The Nomination, Ethics and Governance Committee also monitors the proportion of Independent Directors on the Board.

Seven Directors are considered independent by the Board of Directors, or 54% of the Directors appointed by the shareholders at the General Meeting.

Every year, the Committee and then the Board of Directors review the status of each member of the Board of Directors with respect to the requirements for Independent Directors set out in Article 8 of the AFEP-MEDEF Code of Corporate Governance for Listed Companies:

#### Requirement 1: Employee or executive company officer in the past five years

Must not have been at any time over the preceding five years and must not currently be:

- an employee or executive company officer of the Company;
- an employee or executive company officer or Director of a company that the Company consolidates;
- an employee, executive company officer or Director of the parent company or of a company consolidated by that parent company.

#### Requirement 2: Cross-directorships

Must not be an executive company officer of a company in which the Company directly or indirectly holds a directorship, or in which an employee appointed as such or an executive company officer of the Company (currently serving or having served within the preceding five years) holds a directorship.

#### Requirement 3: Material business relationships

Must not be a customer, supplier, commercial banker or corporate banker:

- of material importance to the Company or Group;
- or a material portion of whose business is transacted with the Company or Group.

The materiality of the relationship with the Company or its Group is considered by the Board, and the quantitative and qualitative criteria used to formulate its opinion (continuity, economic reliance, exclusivity, etc.) are stated explicitly in the annual report.

#### Requirement 4: Family ties

Must not have close family ties with a company officer.

**Requirement 5: Statutory Auditor**

Must not have been a Statutory Auditor during the preceding five years.

**Requirement 6: Term of office of over 12 years**

Must not have been a Director of the Company for more than 12 years. Directors lose their Independent Director status on the 12th anniversary date of their appointment.

**Requirement 7: Non-executive company officer**

A non-executive company officer may not be considered independent if he/she receives his/her variable compensation in cash or shares or any other payment linked to the performance of the Company or the Group.

**Requirement 8: Major shareholder**

Directors representing major shareholders of the Company or its parent company may be considered independent if these shareholders do not have full or partial control of the Company. However, if the relevant major shareholders hold more than 10% of the share capital or of voting rights, the Board, based on a report by the nomination committee, considers as a matter of course the Directors' independent status with regard to the composition of the share capital and any potential conflicts of interest.

Requirements <sup>(1)</sup>	Michael Gollner	Javier Monzón	Jean-Luc Placet	Sylvie Rémond	Marie-Hélène Rigal-Drogerys	Jean-François Sammarcelli	Jessica Scale
Requirement 1: <i>Executive company officer in the past five years</i>	✘	✓	✓	✓	✘	✓	✓
Requirement 2: <i>Cross-directorships</i>	✓	✓	✓	✓	✓	✓	✓
Requirement 3: <i>Material business relationships</i>	✓	✓	✓	✓	✓	✓	✓
Requirement 4: <i>Family ties</i>	✓	✓	✓	✓	✓	✓	✓
Requirement 5: <i>Statutory Auditor</i>	✓	✓	✓	✓	✓	✓	✓
Requirement 6: <i>Term of office of over 12 years</i>	✓	✓	✓	✓	✓	✓	✓
Requirement 7: <i>Non-executive company officer</i>	✓	✓	✓	✓	✓	✓	✓
Requirement 8: <i>Major shareholder</i>	✓	✓	✓	✓	✓	✓	✓

(1) In this table, ✓ represents an independence requirement that is satisfied and ✘ an independence requirement that is not satisfied.

**Comments and clarifications****Requirement 1**

Like Sopra Steria Group, Axway Software is fully consolidated by Sopra GMT. In keeping with the opinion of the Nomination, Ethics and Governance Committee, the Board of Directors considers that the status of Michael Gollner and of Marie-Hélène Rigal-Drogerys as members of the Board of Directors of Axway Software does not call into question their status as Independent Directors:

- Axway Software's day-to-day operations and investments are not discussed by Sopra Steria Group's Board of Directors, although it is kept informed on a regular basis of the company's position operational and financial performance;
- the procedure for handling potential conflicts of interest apply to the consideration of matters related to Axway Software;
- the Independent Directors present on both Sopra Steria Group's and Axway Software's Boards of Directors ensure that opinions independent of the core shareholder are heard on issues concerning both companies and their strategy.

**Requirement 3**

Sopra Steria Group purchases consulting services from PwC. Jean-Luc Placet's role within PwC is not connected operationally with the relevant activities. These services are not material either for Sopra Steria Group or for PwC, either with respect to their nature or the

revenues they generate (0.03% of the Group's purchases). They do not give rise to any reciprocal dependence. Accordingly, the Nomination, Ethics and Governance Committee considers that these services do not constitute a material business relationship likely to call into question Jean-Luc Placet's status as an Independent Director. The Board of Directors has endorsed this view.

On the recommendation of the Nomination, Ethics and Governance Committee, the Board of Directors concluded that:

- Sylvie Rémond was appointed in her own name and does not represent the Société Générale group on the Board of Directors;
- Sylvie Rémond's professional duties do not place her in a position to take or influence decisions within the Société Générale group that might have repercussions for Sopra Steria's business or operations;
- the Société Générale group does not generally act as an advisor for the Group's external growth transactions;
- although the Société Générale group is a major client for Sopra Steria (accounting for more than 1% of the Group's revenue), the existing business relations between the two groups do not entail any mutual dependence and are not different in nature from those maintained by Sopra Steria with other large French and international banking groups, given that the banking sector is one of Sopra Steria's key markets.

No other business relationships were identified by the Company with Independent Directors.

### 1.1.5. SENIOR INDEPENDENT DIRECTOR

Since the duties of Chairman of the Board of Directors and of Chief Executive Officer are held by separate individuals, no Senior Independent Director (*administrateur référent*) has been appointed. The Chairman of the Board of Directors is responsible for the Board's shareholder relations (see Section 2 below: "Role and compensation of executive company officers").

### 1.1.6. NON-VOTING DIRECTORS


Under the Articles of Association, Non-Voting Directors shall attend Board of Directors' meetings, and shall receive notice of such meetings in the same manner as the Directors. At the initiative of the Board of Directors, they may also serve on the committees created by the Board.

Non-voting members receive all documents provided to the Board of Directors. They shall keep the Board's items of business confidential.

Non-voting members have no decision-making powers, but are at the disposal of the Board of Directors and its Chairman to provide their opinions on matters of all types submitted to them, particularly technical, commercial, administrative and financial matters. They participate in deliberations in an advisory capacity, but do not take part in votes. Their absence from meetings has no effect on the validity of decisions.

Jean-Bernard Rampini, currently the Company's only Non-Voting Director, brings to the Board of Directors his expertise in employee share ownership. His term of office will end at the close of the General Meeting convened in 2020 to approve the financial statements for the year ending 31 December 2019.

### 1.1.7. DETAILED PRESENTATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

<b>PIERRE PASQUIER</b>		Number of shares in the Company owned personally: <b>108,113</b> <sup>(1)</sup>		
<b>Chairman of the Board of Directors</b>				
	<ul style="list-style-type: none"> <li>Member of the Nomination, Ethics and Governance Committee</li> </ul>	<b>Date of first appointment:</b> 1968 (date Sopra was founded)		
	<p><b>Business address:</b> Sopra Steria Group – 6 Avenue Kleber 75116 Paris – France</p> <p><b>Nationality:</b> French                      <b>Age:</b> 83</p>	<b>Date term of office ends:</b> General Meeting to approve the financial statements for the year ended 31/12/2023		
Main positions and appointments currently held		Appointments		
		Outside the Group	Outside France	Listed company
<ul style="list-style-type: none"> <li>Chairman of the Board of Directors of Sopra Steria Group</li> </ul>				✓
<ul style="list-style-type: none"> <li>Chairman of the Board of Directors of Axway Software</li> </ul>		✓		✓
<ul style="list-style-type: none"> <li>Chairman and CEO of Sopra GMT</li> </ul>		✓		
<ul style="list-style-type: none"> <li>Executive company officer, Director or permanent representative of Sopra GMT at Sopra Steria Group subsidiaries (direct and indirect)</li> </ul>				
<ul style="list-style-type: none"> <li>Company officer of direct and indirect subsidiaries of Axway Software</li> </ul>				
Other directorships and offices held during the last five years				
<ul style="list-style-type: none"> <li>Not applicable</li> </ul>				
Biography				
<p>Pierre Pasquier has served as Chairman of the Board of Directors since the company, which he co-founded, was established in 1968. He is a graduate of the University of Rennes (mathematics, 1962).</p> <p>Pierre Pasquier served as Chairman and Chief Executive Officer of Sopra Group until 20 August 2012, when the roles of Chairman and Chief Executive Officer were separated.</p> <p>Pierre Pasquier is Chairman and Chief Executive Officer of Sopra GMT, the holding company for Sopra Steria Group and Axway Software.</p> <p>Pierre Pasquier has served as Chairman of the Board of Directors of Axway Software – formerly a wholly owned subsidiary of Sopra Steria Group listed on the stock exchange in June 2011 – since it was formed.</p> <p>Pierre Pasquier has over 50 years' experience in IT services and corporate management.</p>				

(1) The Pasquier family group holds 68.44% of the share capital of Sopra GMT (the holding company that takes an active role in managing Sopra Steria Group and Axway Software). Shares held directly or indirectly through Sopra GMT by the Chairman in a personal capacity or by the Chairman's family group make up more than 10% of the Company's share capital. See Chapter 6, Section 2 ("Share ownership structure"), on page 217 of this document.

**ÉRIC PASQUIER**

Vice-Chairman of the Board of Directors

Number of shares in the Company owned personally: **503** <sup>(1)</sup>

- Member of the Audit Committee

**Business address:**

Sopra Banking Software –  
6 avenue Kleber 75116 Paris – France

**Nationality:** French**Age:** 48**Date of first appointment:** 27/06/2014**Date term of office ends:** General Meeting to approve the financial statements for the year ended 31/12/2023

Main positions and appointments currently held	Appointments		
	Outside the Group	Outside France	Listed company
<ul style="list-style-type: none"> <li>■ Chief Executive Officer of Sopra Banking Software</li> </ul>			
<ul style="list-style-type: none"> <li>■ Managing Director and member of the Board of Directors of Sopra GMT</li> </ul>	✓		
<ul style="list-style-type: none"> <li>■ Company officer of direct and indirect subsidiaries of Sopra Steria Group</li> </ul>			
<b>Other directorships and offices held during the last five years</b>			
<ul style="list-style-type: none"> <li>■ Not applicable</li> </ul>			

**Biography**

Éric Pasquier has been a member of the Board of Directors of Sopra Steria Group since 2014 and is Managing Director of Sopra GMT, the holding company that takes an active role in managing Sopra Steria Group and Axway Software.

After completing his engineering studies at EPITA, he joined Sopra Steria Group in 1999, handling the operational management of major IT projects.

In 2004, he became head of the Group's operations in Spain to define its delivery model there, which would later be rolled out across the entire Group. He was then appointed Managing Director of the Spanish subsidiaries, where he oversaw their growth and profitability in a difficult economic context.

In 2014, he became Deputy Chief Executive Officer of Sopra Banking Software, and then its CEO in 2016. Since 2014, Éric Pasquier has supported major banking clients in Europe, the Middle East and Africa through their digital transformation, while overseeing the rollout of Sopra Banking Software's project.

(1) The Pasquier family group holds 68.44% of the share capital of Sopra GMT (the holding company that takes an active role in managing Sopra Steria Group and Axway Software). Shares held directly or indirectly through Sopra GMT by the Chairman in a personal capacity or by the Chairman's family group make up more than 10% of the Company's share capital. See Section 2 of Chapter 6 "Share ownership structure" of this report (page 217).

**SOPRA GMT****KATHLEEN CLARK BRACCO**

Permanent representative of Sopra GMT

Number of shares in the Company held by Sopra GMT:  
**4,034,409**

- Chairman of the Nomination, Ethics and Governance Committee
- Member of the Compensation Committee

**Date of first appointment:** 27/06/2014**Date term of office ends:** General Meeting to approve the financial statements for the year ended 31/12/2023**Business address:**

Sopra Steria Group – 6 Avenue Kleber 75116 Paris – France

**Nationality:** American**Age:** 51

Main positions and appointments currently held by Kathleen Clark Bracco	Appointments		
	Outside the Group	Outside France	Listed company
■ Director of Corporate Development of Sopra Steria Group			✓
■ Vice-Chairman of the Board of Directors of Axway Software	✓		✓
■ Deputy Director of Sopra GMT	✓		
■ Director or permanent representative of Sopra GMT at Sopra Steria Group subsidiaries (direct and indirect)			
<b>Other directorships and offices held during the last five years</b>			
■ Director of Sopra Group – (19/06/2012 – 15/07/2014)			✓

**Biography**

Kathleen Clark Bracco is Director of Corporate Development for Sopra Steria Group.

A graduate of the University of California, Irvine (literature, 1994) and the University of California, San Jose (English, 1989), she began her career in teaching in the United States.

She headed up Group Investor Relations for over 12 years.

Ms Clark Bracco has been a member of the Board of Directors of Axway Software since 28 April 2011 and has served as Deputy Chairman since 24 October 2013.

She has been Deputy Director of Sopra GMT since 1 January 2012 and permanent representative of Sopra GMT on the Board of Directors of Sopra Steria Group since 27 June 2014, after having served as a Director from June 2012 until that date.

**ÉRIC HAYAT**

Vice-Chairman of the Board of Directors

Number of shares in the Company owned personally: **37,068**

- Member of the Compensation Committee
- Member of the Nomination, Ethics and Governance Committee

**Business address:**

Sopra Steria Group – 6 Avenue Kleber 75116 Paris – France

**Nationality:** French**Age:** 78**Date of first appointment:** 27/06/2014**Date term of office ends:** General Meeting to approve the financial statements for the year ended 31/12/2023

Main positions and appointments currently held	Appointments		
	Outside the Group	Outside France	Listed company
<ul style="list-style-type: none"> <li>■ President of Éric Hayat Conseil</li> </ul>	✓		
<ul style="list-style-type: none"> <li>■ Chairman of the public interest group <i>Modernisation des Déclarations Sociales</i> (MDS GIP)</li> </ul>	✓		
<b>Other directorships and offices held during the last five years</b>			
<ul style="list-style-type: none"> <li>■ Director of Rexecode</li> </ul>	✓		
<ul style="list-style-type: none"> <li>■ Member of the Supervisory Board and then Chairman of the Board of Directors of Groupe Steria SA</li> </ul>			✓

**Biography**

Éric Hayat has been Deputy Chairman of the Board of Directors of Sopra Steria Group since 3 September 2014, the date of Sopra Steria Group's successful public exchange offer for Groupe Steria SCA. Éric Hayat was co-founder and then Deputy CEO of Steria SA. He holds an engineering degree from the École Nationale Supérieure de l'Aéronautique.

He was previously Chairman of Syntec Informatique (1991–1997), and of Fédération Syntec (1997–2003), and then a member of the Executive Board of the French employers' union MEDEF (1997–2005).

**ASTRID ANCIAUX**

Director

Number of shares in the Company owned personally: **845****Business address:**Sopra Steria Benelux – Le Triomphe  
Avenue Arnaud Fraiteur 15/23  
1050 Brussels – Belgium**Nationality:** Belgian**Age:** 54**Date of first appointment:** 27/06/2014**Date term of office ends:** General Meeting to approve the financial statements for the year ended 31/12/2019

Main positions and appointments currently held	Appointments		
	Outside the Group	Outside France	Listed company
<ul style="list-style-type: none"> <li>■ Chief Finance Officer of Sopra Steria Benelux</li> </ul>			
<ul style="list-style-type: none"> <li>■ Company officer of direct and indirect subsidiaries of Sopra Steria Group</li> </ul>		✓	
<ul style="list-style-type: none"> <li>■ Chairman of the Supervisory Board of the Steriactions company mutual fund (FCPE)</li> </ul>			
<ul style="list-style-type: none"> <li>■ Director of Soderi</li> </ul>	✓		
<b>Other directorships and offices held during the last five years</b>			
<ul style="list-style-type: none"> <li>■ <i>Not applicable</i></li> </ul>			

**Biography**

Currently Finance Director of Sopra Steria Benelux with over 30 years of experience in three regions, Astrid Anciaux has been a member of the Board of Directors since 3 September 2014, the date of Sopra Steria Group's successful public exchange offer for Groupe Steria SCA.

After studying at EPHEC (*École Pratique des Hautes Études Commerciales*) in Brussels, she gained professional experience at an accounting firm before joining the finance department at Steriabel, Steria's first Belgian subsidiary, in 1987.

Astrid Anciaux also chairs the Supervisory Board of the Steriactions employee investment fund and is a member of the Board of Directors of Soderi.



**SOLFRID SKILBRIGT**

Director

Number of shares in the Company  
owned personally: **1,187****Business address:**Sopra Steria Group Biskop Gunnerus' gate 14A  
0185 Oslo – Norway**Nationality:** Norwegian**Age:** 59**Date of cooption:** 21/04/2015**Date term of office ends:** General Meeting to  
approve the financial statements for the year ended  
31/12/2019

Main positions and appointments currently held	Appointments		
	Outside the Group	Outside France	Listed company
■ Director of HR & Strategy at Sopra Steria Group Scandinavia			
■ Director of Soderi	✓		
■ Director of the French-Norwegian Chamber of Commerce	✓	✓	

**Other directorships and offices held during the last five years**

- *Not applicable*

**Biography**

Solfrid Skilbrigt currently oversees Sopra Steria's Human Resources, Strategy, Marketing and Communications department in Scandinavia. She has a Masters of Management from the Norwegian Business School specialising in knowledge management, change management, information management and business intelligence. She has been with Steria Group since 2001, holding a variety of positions in human resources in Scandinavia, as well as at the same time taking charge of social and environmental responsibility at Group level, until the tie-up with Sopra in 2015. From 1986 to 2001, she worked for the Bull group in Norway as Business Director, head of the infrastructure unit and Human Resources Director.

**MICHAEL GOLLNER**

Independent Director

Number of shares in the Company  
owned personally: **100**

- Member of the Audit Committee

**Business address:**21 Poland Street  
London United Kingdom W1F 8QG**Nationality:** American  
and British**Age:** 60**Date of first appointment:** 12/06/2018**Date term of office ends:** General Meeting to  
approve the financial statements for the year ended  
31/12/2021

Main positions and appointments currently held	Appointments		
	Outside the Group	Outside France	Listed company
■ Director of Axway Software	✓		✓
■ Executive Chairman of Madison Sports Group	✓		
■ Managing Partner of Operating Capital Partners	✓		
■ Director of Zlien, Incorporated	✓		

**Other directorships and offices held during the last five years**

- *Not applicable*

**Biography**

Michael Gollner has been a member of the Board of Directors of Axway Software since 24 May 2012. Since 2013, he has been Executive Chairman of Madison Sports Group, promoter of the Six Day Series professional cycling events. He is also Managing Partner of Operating Capital Partners, an investment firm that he founded in 2008. He previously served as Managing Director – Europe for Citigroup Venture Capital (and then its successor, Court Square Capital) from 1999 to 2008.

Before that he had worked for several investment banks: Marine Midland Bank from 1985 to 1987, Goldman Sachs International from 1989 to 1994 and Lehman Brothers International from 1994 to 1999.

Michael Gollner is a graduate of Tulane University in New Orleans and holds an MBA from the Wharton School as well as an MA in International Studies from the University of Pennsylvania.

**JAVIER MONZÓN**

Independent Director

Number of shares in the Company  
owned personally: 100

- Member of the Compensation Committee

**Business address:**

Sopra Steria Group – 6 Avenue Kleber 75116 Paris – France

**Nationality:** Spanish**Age:** 62**Date of first appointment:** 12/06/2018**Date term of office ends:** General Meeting to approve the financial statements for the year ended 31/12/2021

Main positions and appointments currently held	Appointments		
	Outside the Group	Outside France	Listed company
<ul style="list-style-type: none"> <li>Chairman of the Board of Directors of Prisa Group, Spain</li> </ul>	✓	✓	✓
<ul style="list-style-type: none"> <li>Chairman of the Board of Directors of Openbank (Santander Group in Spain) and Member of the Board of Directors of Santander Group, Spain</li> </ul>	✓	✓	
<ul style="list-style-type: none"> <li>Director of Ferroglobe, United Kingdom</li> </ul>	✓	✓	✓
<ul style="list-style-type: none"> <li>Member of the Advisory Board of Trident Cybersecurity and Member of the Board of 4IQ, United States</li> </ul>			
<ul style="list-style-type: none"> <li>Chairman of the Executive Committee of Fundación CyD, Spain</li> </ul>			
<ul style="list-style-type: none"> <li>Member of the Board of Endeavor, Spain</li> </ul>			
<ul style="list-style-type: none"> <li>Member of the International Advisory Council of The Brookings Institution, United States</li> </ul>			
<b>Other directorships and offices held during the last five years</b>			
<ul style="list-style-type: none"> <li>Chairman and Chief Executive Officer of Indra, Spain</li> </ul>	✓	✓	✓
<ul style="list-style-type: none"> <li>Director of ACS and ACS Servicios y Concesiones, Spain</li> </ul>	✓	✓	✓
<ul style="list-style-type: none"> <li>Member of the Supervisory Board of Lagardère, France</li> </ul>	✓		✓
<ul style="list-style-type: none"> <li>Vice-Chairman of the Board of Universidad Carlos III de Madrid, Spain</li> </ul>			

**Biography**

Javier Monzón is an economist. His professional career has been focused on finance and technology. He served as Corporate Banking Director of Cajamadrid, a large Spanish savings bank, and a Partner at Arthur Andersen in charge of Corporate Finance Consulting Services in Spain. He was appointed as Chief Financial Officer and Executive Vice President of Telefónica in charge of strategic business development, as well as Chairman of Telefónica International. From 1993 to 2015, he was Chairman and Chief Executive Officer of Indra, Spain's largest IT company. He was also a member of the Supervisory Board of Lagardère.

He is currently Chairman of the Board of Directors and Chairman of the Appointments, Compensation and Governance Committee of Prisa Group in Spain, Director of (Nasdaq-listed) Ferroglobe in the United Kingdom, Chairman of Openbank (Santander Group's digital bank) and Member of the Board and Chairman of the Appointments Committee of Banco Santander in Spain. He is also an investor in several technology companies in Europe and the United States.

In addition to his executive management roles, Javier Monzón has been closely involved in non-profit organisations focusing on education, innovation and entrepreneurship. He was Vice-Chairman of the Board of Universidad Carlos III de Madrid in Spain, and is currently Chairman of the Executive Committee of Fundación CyD, a member of the Board of Endeavor in Spain, and a member of the International Advisory Council of The Brookings Institution in the United States.

**JEAN-LUC PLACET**

Independent Director

Number of shares in the Company  
owned personally: **100**

- Chairman of the Compensation Committee
- Member of the Nomination, Ethics and Governance Committee

**Business address:**  
PwC – 63 rue de Villiers  
92208 Neuilly-sur-Seine – France

**Nationality:** French**Age:** 66**Date of first appointment:** 19/06/2012**Date term of office ends:** General Meeting to approve the financial statements for the year ended 31/12/2021

Main positions and appointments currently held	Appointments		
	Outside the Group	Outside France	Listed company
■ PwC Partner	✓		
■ Chairman of IDRH SA	✓		
<b>Other directorships and offices held during the last five years</b>			
■ Member of the Conseil Économique, Social et Environnemental			
■ Chairman of Fédération Syntec			
■ Member of the Statutory Committee of MEDEF			
■ Chairman of EPIDE			

**Biography**

Jean-Luc Placet is a partner at PwC and Chairman of IDRH SA. After graduating from the ESSEC business school, he began his career with Saint-Gobain's marketing department and then *L'Expansion* magazine before joining IDRH in 1981. As Chairman and Chief Executive Officer of IDRH from 1992 to 2016, he helped a number of government ministries (notably including infrastructure and finance) and French multinationals (including Lafarge, Michelin, BNP Paribas and France Télécom) run projects in the areas of strategic analysis, organisation, management and human resources. He is a member of the Statutory Committee of MEDEF.

**SYLVIE RÉMOND**

Independent Director

Number of shares in the Company  
owned personally: **2**

**Business address:**  
Société Générale  
75886 Paris Cedex 18 – France

**Nationality:** French**Age:** 55**Date of cooption:** 17/03/2015**Date term of office ends:** General Meeting to approve the financial statements for the year ended 31/12/2019

Main positions and appointments currently held	Appointments		
	Outside the Group	Outside France	Listed company
■ Group Chief Risk Officer, Société Générale Group			
■ Director of Sogecap (Société Générale Group)	✓		
<b>Other directorships and offices held during the last five years</b>			
■ Director, SGBT Luxembourg (Société Générale group)	✓	✓	✓
■ Director of Rosbank, Russia (Société Générale group)	✓	✓	
■ Director of KB Financial Group Czech Republic (Société Générale group)	✓	✓	
■ Director, ALD SA, France (a subsidiary of Société Générale Group)	✓		✓
■ Director of Oseo Banque	✓		

**Biography**

Sylvie Rémond has been Group Chief Risk Officer of the Société Générale Group since May 2018. She has been a member of the Société Générale Group's Executive Committee since January 2011. She joined Société Générale in 1985 and held various different positions in the Individual Client Division and the Large Corporate Division. In 1992, she joined the Acquisition Finance team within the Structured Finance business. Subsequently in 2000, she was appointed as co-head of the Corporate and Acquisition Finance syndication team. She joined the Risk Division in 2004 as co-head of credit risk for the Corporate and Investment Banking unit, before becoming Deputy Group Chief Risk Officer in January 2010. In January 2015, she was appointed Co-Head of the Coverage and Investment Banking Division, a position she held until May 2018. Sylvie Rémond is a graduate of the ESC Rouen business school.

**MARIE-HÉLÈNE RIGAL-DROGERYS**

Independent Director

Number of shares in the Company  
owned personally: **100**

- Chairman of the Audit Committee

**Business address:**

École Normale Supérieure de Lyon  
15, parvis René Descartes, BP 7000 –  
69342 Lyon Cedex 07 – France

**Nationality:** French**Age:** 48**Date of first appointment:** 27/06/2014**Date term of office ends:** General Meeting to  
approve the financial statements for the year ended  
31/12/2023

Main positions and appointments currently held	Appointments		
	Outside the Group	Outside France	Listed company
<ul style="list-style-type: none"> <li>■ Advisor to the President, École Normale Supérieure de Lyon</li> </ul>			
<ul style="list-style-type: none"> <li>■ Director of Axway Software</li> </ul>	✓		✓
<ul style="list-style-type: none"> <li>■ Expert member of the Advisory Board, Institut Mines-Télécom (IMT) Albi-Carmaux</li> </ul>			
<b>Other directorships and offices held during the last five years</b>			
<ul style="list-style-type: none"> <li>■ Consultant and Partner of ASK Partners</li> </ul>			

**Biography**

Currently serving as advisor to the President at the *École Normale Supérieure de Lyon*, Marie-Hélène Rigal-Drogerys was a consulting partner with ASK Partners. With a PhD in mathematics, she began her career as a lecturer and researcher at the University of Montpellier and then at École Normale Supérieure de Lyon. She then joined Mazars as Senior Manager, where she notably managed Sopra Group's financial audit. Since 2009, she has worked in strategic and organisational consulting.

**JEAN-FRANÇOIS SAMMARCELLI**

Independent Director

Number of shares in the Company  
owned personally: **500**

- Member of the Audit Committee
- Member of the Nomination, Ethics and Governance Committee

**Business address:**

Sopra Steria Group – 6 avenue Kleber, 75116 Paris – France

**Nationality:** French**Age:** 68**Date of cooption:** 15/04/2010**Date term of office ends:** General Meeting to  
approve the financial statements for the year ended  
31/12/2021

Main positions and appointments currently held	Appointments		
	Outside the Group	Outside France	Listed company
<ul style="list-style-type: none"> <li>■ Chairman of the Supervisory Board, NextStage</li> </ul>	✓		✓
<ul style="list-style-type: none"> <li>■ Director of RiverBank, Luxembourg</li> </ul>	✓	✓	
<ul style="list-style-type: none"> <li>■ Director of Crédit du Nord</li> </ul>	✓		
<ul style="list-style-type: none"> <li>■ Director of Boursorama</li> </ul>	✓		
<ul style="list-style-type: none"> <li>■ Director of Sogeprom</li> </ul>	✓		
<ul style="list-style-type: none"> <li>■ Member of the Supervisory Board of Société Générale Marocaine de Banques</li> </ul>	✓	✓	
<ul style="list-style-type: none"> <li>■ Director of Société Générale Monaco</li> </ul>	✓		
<ul style="list-style-type: none"> <li>■ Non-Voting Director of Ortec Expansion</li> </ul>	✓		
<b>Other directorships and offices held during the last five years</b>			
<ul style="list-style-type: none"> <li>■ Advisor to the Chairman of Société Générale</li> </ul>			
<ul style="list-style-type: none"> <li>■ Chairman of the Board of Directors of Crédit du Nord</li> </ul>	✓		
<ul style="list-style-type: none"> <li>■ Director of Banque Paribas</li> </ul>	✓		
<ul style="list-style-type: none"> <li>■ Director of Amundi Group</li> </ul>	✓		
<ul style="list-style-type: none"> <li>■ Permanent representative of SG FSH on the Board of Directors of Franfinance</li> </ul>	✓		

**Biography**

Jean-François Sammarcelli is a graduate of the *École Polytechnique* and spent his entire career at Société Générale. In particular, he served as Deputy Chief Executive Officer and Head of Retail Banking in France from 2010 to 2014, his last positions before his retirement in 2015. He also was Chairman of the Board of Directors of Crédit du Nord and has been a Director of Banque Paribas and Amundi Group.

**JESSICA SCALE**

Independent Director

Number of shares in the Company  
owned personally: **10**

- Member of the Compensation Committee
- Member of the Nomination, Ethics and Governance Committee

**Business address:**

Sopra Steria Group – 6 Avenue Kleber 75116 Paris – France

**Nationality:** French and British **Age:** 56**Date of first appointment:** 22/06/2016**Date term of office ends:** General Meeting to approve the financial statements for the year ended 31/12/2019

Main positions and appointments currently held	Appointments		
	Outside the Group	Outside France	Listed company
■ Chairman of digitfit	✓		
■ Independent consultant specialising in the challenges posed by the digital transformation			

**Other directorships and offices held during the last five years**

- *Not applicable*

**Biography**

Jessica Scale runs digitfit, a hub that advises senior executives on the opportunities provided by the digital transformation. A graduate of Sciences Po Paris and holder of a PhD in political science, she has taught at Sciences Po Paris since 1990. Having begun her career in strategy consulting (at Bossard and PwC), she held operational management and executive management positions at tech companies (including IBM Global Services, Unisys and Logica-CGI). She has been involved in international entrepreneurship networks and in campaigns promoting women in business. She has also written books on strategy, communication and marketing.

**HÉLÈNE BADOSA**

Director representing the employees

Number of shares in the Company  
owned personally: None**Business address:**

Sopra Steria Group – 6 Avenue Kleber 75116 Paris – France

**Nationality:** French**Age:** 61**Date of first appointment:** Works Council Meeting of 27–28/09/2018**Date term of office ends:** General Meeting to approve the financial statements for the year ended 31/12/2019

Main positions and appointments currently held	Appointments		
	Outside the Group	Outside France	Listed company
■ Lead Engineer			✓
■ Member of the Board of Directors of the Traid-Union union			
■ Manager of two SCIs			

**Other directorships and offices held during the last five years**

- Member of the Regional Economic Commission - SSG Auvergne-Rhône-Alpes
- SSG - Lyon's employee representative affiliated with the Traid Union trade union
- Union representative with the Lyon and Aix-en-Provence CHSCT (Health, safety and working conditions commission)

**Biography**

Hélène Badosa, currently a testing specialist for one of Sopra Steria's large client accounts, began her professional career as an IT specialist. After running a department in EDS' data processing centre in north-eastern France, she resumed her studies at the age of 37 and specialised in production management, going on to become an SAP ERP consultant. In the last 19 years with Sopra Steria, she has worked on numerous engineering projects, both in France and abroad.

**RENÉ-LOUIS GAIGNARD**

Director representing the employees

Number of shares in the Company owned personally: None

**Business address:**

Sopra Steria Group – 6 Avenue Kleber 75116 Paris – France

**Nationality:** French**Age:** 53**Date of first appointment:** Works Council Meeting of 27–28/09/2018**Date term of office ends:** General Meeting to approve the financial statements for the year ended 31/12/2019**Appointments****Main positions and appointments currently held**

	Outside the Group	Outside France	Listed company
■ Business Analyst in healthcare and social affairs			✓

- Business Analyst in healthcare and social affairs

**Other directorships and offices held during the last five years**

- *Not applicable*

**Biography**

René-Louis Gagnard began his career with Unilog, where he worked as a programmer/analyst. He then joined Inforsud (a company acquired in 2003 by Sopra Group) where he became project leader in banking information and desktop publishing. Since 2017, he has been a business analyst in healthcare and social affairs. In a private capacity, René-Louis Gagnard is the treasurer of a sports association in the Tarn department.

**JEAN-BERNARD RAMPINI**

Non-Voting Director

Number of shares in the Company owned personally: **1,815****Business address:**

Sopra Steria Group – 6 Avenue Kleber 75116 Paris – France

**Nationality:** French**Age:** 62**Date of first appointment:** 27/06/2014**Date term of office ends:** General Meeting to approve the financial statements for the year ended 31/12/2019**Appointments****Main positions and appointments currently held**

	Outside the Group	Outside France	Listed company
■ Innovation Executive Manager, Sopra Steria Group			
■ Chairman of the Board of Directors of Soderi	✓		
■ Founder and Director of Fondation Sopra Steria Group - Institut de France	✓		

- Innovation Executive Manager, Sopra Steria Group

- Chairman of the Board of Directors of Soderi

- Founder and Director of Fondation Sopra Steria Group - Institut de France

**Other directorships and offices held during the last five years**

- *Not applicable*

**Biography**

An alumnus of the École Supérieure d'Électronique-Informatique-Automatique, Jean-Bernard Rampini is currently Innovation Executive Manager at Sopra Steria Group and Chairman of the Board of Directors of Soderi. He is also the founder and a Director of the Sopra Steria – Institut de France Foundation.

Jean-Bernard Rampini has been with Sopra Steria Group for over 38 years. He became Chief Operating Officer at Steria after having led and developed Steria's Transport and Manufacturing vertical markets for over 20 years, both in France and abroad, first as Deputy Director and then as Director of Steria's Transport and Industry business unit, and Chief Executive Officer of Steria's Singapore subsidiary. He gained an independent director qualification awarded by IFA-Sciences Po in 2017.

Owing to their professional experience as well as activities pursued outside the Company, the members of the Board of Directors have all acquired expertise in the area of management and some of them also have gained expertise in the Company's industry sector.

In addition, to the best of the Company's knowledge, none has:

- any conflict of interest affecting the exercise of his/her duties and responsibilities;
- any familial relationship with another member of the Board of Directors, with the exception of Éric Pasquier, who is related to Pierre Pasquier;
- any conviction during the last five years in relation to fraudulent offences;
- been incriminated and/or been the focus of an official public sanction issued by statutory or regulatory authorities, nor barred by a court from serving as a member a supervisory board, board of directors or other management body of an issuer or from taking part in the management or conduct of an issuer's business affairs at any point during the past five years;
- been involved in any bankruptcy proceedings or been subject to property sequestration during the last five years as a member of a board of directors, a management body or a supervisory board.

Furthermore, there are no service agreements binding the members of governing and management bodies to the issuer or to any one of its subsidiaries that provide benefits upon the termination of such agreements.

## 1.2. Preparation and organisation of the work of the Board of Directors

### 1.2.1. REGULATORY FRAMEWORK GOVERNING THE BOARD OF DIRECTORS, ITS ORGANISATION AND ITS WORKING PROCEDURES

The organisation and working procedures of the Board of Directors are governed by law, the Company's Articles of Association and the Board's own internal rules. Each of the permanent Board Committees has adopted its own charter approved by the Board of Directors setting forth how it should operate.

#### a. Legal provisions

The working procedures of the Board of Directors are governed by Articles L. 225-17 et seq. of the French Commercial Code. The principal mission of the Board of Directors is to determine the strategic directions to be followed by the Company and to oversee their implementation.

#### b. Provisions in the Articles of Association

The rules governing the organisation and procedures of the Board of Directors are set forth in Articles 14 to 18 of the Articles of Association. The Articles of Association are available on the Group's website (*Investors* section).

By way of exception to the guidelines of the AFEP-MEDEF Code, the term of office of Directors under the Articles of Association is set at six years. The provisions of the Articles of Association setting the term of office of Directors to a maximum of six years, but permitting first appointments for shorter periods in order to stagger their renewal, were approved by an 82.7% majority of the shareholders at the Combined General Meeting of 12 June 2018. The maximum term length of six years allows for the re-appointment of one-third of Board members every two years and thus meets the Company's

current requirements. The Board of Directors will consider the issue of the length of terms of office again when the Articles of Association are next reviewed.

#### c. Internal rules and regulations of the Board of Directors

The internal rules and regulations of the Board of Directors were last revised on 21 February 2019.

They define the roles of the Board of Directors, its Chairman and the Chief Executive Officer, and specify the conditions for the exercise of their prerogatives. They also provide that prior approval by the Board of Directors is required for certain decisions "that are highly strategic in nature or that are likely to have a significant impact on the financial position or commitments of the Company or any of its subsidiaries". The internal rules and regulations are available on the Group's website (*Investors* section).

They also set out the number, purpose and composition of the committees tasked with preparing certain matters for the Board of Directors, and give specific provisions for its three standing committees, namely:

- the Audit Committee;
- the Nomination, Ethics and Governance Committee;
- the Compensation Committee.

The internal rules and regulations provide that the Board of Directors may create one or more ad hoc committees and that those committees may, in the performance of their respective duties and after having duly informed the Chairman, hear matters brought to them by the Group's managers and use the services of external experts at the Company's expense.

The internal rules and regulations also address the following issues: summary of powers under applicable law and the Articles of Association, meetings, information received by the Board of Directors, training of members, evaluation of the Board, travel expenses, directors' fees, confidentiality, Non-Voting Directors, works council representatives, and discretionary and other ethical obligations, in particular regarding conflicts of interest or stock exchange transactions.

### 1.2.2. MEETINGS OF THE BOARD OF DIRECTORS

#### a. Number of meetings held during the financial year

An annual schedule is drawn up detailing the work of the Board. This schedule may be changed where justified by special events or deals.

The Board of Directors met ten times in 2018.

In 2018, as a departure from the recommendations of the AFEP-MEDEF Code, no meetings of the Board of Directors were held in the absence of the Executive Company Officer, Vincent Paris, Chief Executive Officer. However, it is worth noting that Vincent Paris is not a Director and does not take part in the Board's discussions relating to the evaluation of his performance or the determination of his compensation.

#### b. Directors' attendance

In accepting their appointments as Directors, all Board members agree to devote the time and attention necessary to fulfil their duties. Directors are required to be present at every meeting of the Board as well as those of its committees on which they serve, unless they are unable to attend due to an emergency situation or other legitimate reason.

All Board members also agree to resign from their positions should they feel they are no longer able to fully assume their responsibilities. They must inform the Chairman of the Board of Directors of any change in their professional situation that might affect their availability.

In 2018, the average attendance rate at Board meetings for Directors and the Non-Voting Director for the full financial year was 93%. Aside from the newly appointed Directors, whose constraints were not taken into account when the annual work programme was drawn up, the attendance rate of the Directors in office since 12 June 2018 was 100%.

The Board of Directors decided in February 2012 to remove the fixed portion of directors' fees. These are now all allotted based on actual attendance at meetings of the Board of Directors and its committees.

### c. Items of business

The Board of Directors was kept regularly informed of the activities of the three permanent committees through reports by their respective chairmen on the work performed between each meeting of the Board of Directors.

The main items of business in 2018 were:

- approval of the financial statements for the year ended 31 December 2017;
- approval of the interim financial statements for the first half of 2018;
- 2018 budget and major strategies;
- quarterly performance;
- approval of management forecasts and corresponding reports;
- review of the work and recommendations of the Audit Committee;
- continuation of previously authorised agreements;
- Group strategy;
- external growth transactions;
- various transactions relating to the Group's internal legal structure;
- review of the recommendations of the Compensation Committee, in particular those relating to the compensation of company officers;
- decision to make an additional Group incentive payment in respect of financial year 2017;
- introduction of an employee share ownership plan;
- introduction of a long-term incentive plan providing for awards of performance shares;
- review of the recommendations of the Nomination, Ethics and Governance Committee, in particular those relating to:
  - composition and functioning of the Board of Directors,
  - qualification of Independent Directors;
- separation of the functions of Chairman and Chief Executive Officer;
- appointment of the Chairman and Vice-Chairmen;
- formation of Board committees and appointment of their members;
- company policy on workplace and pay equality;
- preparation for the Combined General Meeting of 12 June 2018;
- review of draft financial communications;
- authorisation to guarantee commitments by subsidiaries controlled by the Group;
- delegation to the Chief Executive Officer of the authorisation received at the General Meeting of Shareholders to repurchase the Company's shares;
- formal record of the level of the share capital at 31 December 2017.

## 1.2.3. COMMITTEES OF THE BOARD OF DIRECTORS

### a. Audit Committee

The composition and functioning of the Audit Committee are governed by the Board of Directors' internal rules and regulations and by a charter that is reviewed at least once every two years by the Committee and approved by the Board of Directors.

Its current members are:

- Marie-Hélène Rigal-Drogerys, Chairman (Independent Director);
- Michael Gollner (Independent Director);
- Éric Pasquier;
- Jean-François Sammarcelli (Independent Director).

This composition provides the blend of financial and accounting expertise and knowledge of the business that are necessary for the Committee's work. The Committee meets at least four times a year. At least two of these meetings are convened to review the interim and annual financial statements, respectively.

The Committee does not have its own decision-making power. It submits its findings and recommendations to the Board of Directors in support of the Board's decisions.

In the performance of its duties, the Committee may:

- receive any internal documentation necessary for its purposes;
- hear any person affiliated with or external to the Company;
- where applicable, retain the services of independent experts to assist it at the Company's expense;
- expedite an internal audit with the consent of the Chairman of the Board of Directors.

The Audit Committee Charter gives a precise definition of the Committee's remit and explicitly states the principal matters excluded from that remit. The Committee's main responsibilities include:

- financial statements and financial policy:
  - reviewing the financial statements, especially in order to:
    - provide a judgment on risk exposure,
    - verify that the procedures for gathering and checking information ensure its reliability,
    - ensure that accounting policies have been applied consistently and are pertinent;
  - reviewing financial policy.
- internal control and risk:
  - monitoring the effectiveness of internal control and risk management procedures,
  - monitoring of the internal audit function and its work;
- external control:
  - managing the statutory audit of the financial statements by the Statutory Auditors,
  - ensuring compliance with requirements for the independence of the Statutory Auditors,
  - prior authorisation of non-audit services.

The Committee met in person six times in 2018. Meetings were attended by the Statutory Auditors, the Chief Financial Officer and the Director of Internal Audit. The attendance rate for Committee members was 83%. In order for the Audit Committee to obtain any and all desired clarifications, its meeting on the annual financial statements is held at least twenty-four hours before that of the Board of Directors. Prior to that, two preparatory sessions are held to address issues of methodology or specific points on the preparation and presentation of the financial statements.



The main items of business in 2018 were as follows:

- *with regard to the review of the financial statements and financial policy:*
  - validation of cash-generating units;
  - asset impairment testing for 2017;
  - approval of the financial statements for the year ended 31 December 2017;
  - presentation by the Statutory Auditors of the key audit matters arising from the statutory audit and the accounting options adopted;
  - review of the 2018 interim financial statements;
  - the Group's credit lines (amount of guaranteed credit lines, maturity, cost, monitoring of covenants);
  - off balance sheet commitments and guarantees given under the delegated authority of the Board of Directors;
  - the project to implement IFRS 16;
- *with regard to monitoring the effectiveness of internal control and risk management procedures:*
  - presentation of work by the department in charge of internal control and risk management,
  - risk mapping exercise,
  - measures implemented and those provided for as part of the programme to improve internal control,
  - preparations for implementation of the General Data Protection Regulation,
  - presentation of the anti-corruption system (Sapin II Act),
  - coverage of risks by insurance policies,
  - business ethics,
  - organisation of the internal audit function and the work programme for 2018,
  - the "audit universe" (terminology used for the Group's key processes),
  - checks on the exhaustiveness of the internal audit function's coverage of the Group,
  - presentation of a summary of internal audit reports from joint ventures in the United Kingdom,
  - follow-up on implementation of recommendations from internal and external audit assignments,
  - significant changes in the Company's legal environment,
  - detailed presentation of the corporate structure,
- *with regard to the management of the statutory audit:*
  - statutory audit engagement (scope, work schedule, fees for the past year, budget),
  - the independence of the Statutory Auditors,
  - prior authorisation for non-audit services,
- *with regard to the Committee's own organisation and activities:*
  - the annual work schedule,
  - the periodic review of the Committee's own terms of reference,
  - committee self-assessment,
  - verification of the Committee's compliance with best practices (revised IFA/KPMG guide).

The Statutory Auditors were heard by the Committee with no senior executives attending. The same was true of the Director of Internal Audit.

Minutes are prepared after every meeting and are then approved at the beginning of the following meeting.

When requests by the Audit Committee cannot be satisfied immediately, they are subject to a formal follow-up procedure in order to ensure that they are addressed in full at the various meetings scheduled throughout the year. Thirteen specific requests were monitored using this approach in 2018 and were added to the meeting agendas established on the basis of the Committee's annual work plan.

The Audit Committee requested that a meeting concerning the external audit be added to the work schedule from 2018 onwards.

#### **b. Nomination, Ethics and Governance Committee**

The composition and functioning of the Nomination, Ethics and Governance Committee are governed by the Board of Directors' internal rules and regulations and by a charter approved by the Board of Directors. Its current members are:

- Kathleen Clark Bracco, permanent representative of Sopra GMT – Chairman;
- Éric Hayat;
- Pierre Pasquier;
- Jean-Luc Placet (Independent Director);
- Jean-François Sammarcelli (Independent Director);
- Jessica Scale (Independent Director).
- regarding the Nomination, Ethics and Governance Committee, the tie-up between Sopra and Steria in 2014 entailed the Company's departure from the recommendations of the AFEP-MEDEF Code, which state that Independent Directors should make up the majority (not 50%) of the members of such committees.
  - Governance was a key aspect of the negotiations relating to the tie-up between Sopra and Steria. The balance between Directors representing Sopra GMT and Directors from Steria (see Section 1.1.1 of this chapter, page 48) as well as the precise composition of Board committees were among the conditions of the merger.
  - It was agreed that Éric Hayat, the Group's Vice-Chairman who formerly served in this capacity at Steria, would be appointed to the Nomination, Ethics and Governance Committee and to the Compensation Committee. The Committee's proposed membership was made public in advance and was approved by the shareholders.
  - With this appointment, the number of Directors deemed independent (3) was brought on an equal footing (50%) with that of the Directors representing the controlling shareholder, Sopra GMT (2) plus the Board member (1) formerly from Steria serving on the Nomination, Ethics and Governance Committee.
  - In January 2017, one of the independent members of the Committee resigned as a Director before re-joining it after his appointment as a Non-Voting Director by the shareholders at the General Meeting of 13 June 2017.
  - At the close of the General Meeting of 12 June 2018, two new Independent Directors were appointed to replace one Independent Director and the Non-Voting Director, whose terms of office had ended, while maintaining the committee's balance.
  - The composition of the Nomination, Ethics and Governance Committee gives it the mix of skills and knowledge of the Group it needs for it to operate effectively. Given the current configuration of the Board of Directors, an additional Independent Director would be unable to participate effectively in the Committee's work.

The Chairman of the Board of Directors sits on the Nomination, Ethics and Governance Committee. The Committee hears the Chief Executive Officer on the items of business as necessary.

The Committee's main responsibilities are as follows:

- preparing appointments of members of the Board of Directors and executive company officers;
- carrying out the annual review of the plan for unforeseen departures by the Chairman of the Board of Directors and the Chief Executive Officer;
- evaluating the Board of Directors and the effectiveness of corporate governance;
- verifying that good governance rules are applied at the Company and its subsidiaries;
- assessing whether Board members may be deemed independent in view of deliberations by the Board of Directors on this subject;
- proposing and managing changes it deems beneficial or necessary to the procedures or composition of the Board of Directors;
- verifying that the Group's values are observed and promoted by its company officers, executives and employees;
- checking that there are rules of conduct which address competition and ethics;
- ensuring that the anti-corruption framework operates effectively and that the Company's Code of Conduct, training, whistleblowing framework and disciplinary system as provided for in French law no. 2016-1691 of 9 December 2016 on transparency, the fight against corruption and modernisation of business life are all fit for purpose;
- assessing Company policy on sustainable development and corporate responsibility;
- ensuring that the Company has implemented an anti-discrimination and diversity policy and preparing for the Board of Directors' annual review of the Company's policy on workplace and pay equality.

The Committee met six times in 2018, with an attendance rate of 100%. Items of business included:

- effectiveness of governance and annual review of the plan for unforeseen departures by the Chairman of the Board of Directors and the Chief Executive Officers;
- members of the Board of Directors: the search for new Directors and proposals to reappoint Directors whose terms of office are nearing their end;
- assessment of the Board of Directors and its operations;
- composition of the committees and the appointment of a director representing the employees on the Compensation Committee;
- verification of Company compliance with the AFEP-MEDEF Code;
- qualification of Independent Directors;
- company policy on workplace and pay equality;
- review of the draft Registration Document for 2017;
- presentation by the Internal Control & Risk Management Department on progress made towards introducing the anti-corruption framework, including the Code of Conduct and the whistleblowing system.

Minutes are prepared after every meeting and are then approved at the beginning of the following meeting.

#### c. Compensation Committee

The composition and functioning of the Compensation Committee are governed by the Board of Directors' internal rules and regulations and by a charter that is reviewed once every two years by the Committee and approved by the Board of Directors. Its current members are:

- Jean-Luc Placet, Chairman (Independent Director);
- H  l  ne Badosa (Director representing the employees);

- Kathleen Clark Bracco, permanent representative of Sopra GMT;
-   ric Hayat;
- Javier Monz  n (Independent Director);
- Jessica Scale (Independent Director).

The Committee's main responsibilities are as follows:

- submitting its recommendations to the Board of Directors on the principles and guidelines used to determine, structure and grant the fixed, variable and exceptional components of the total compensation and benefits of any kind received by the company officers;
- verifying the application of rules determined for the calculation of variable components of compensation;
- where applicable, offering recommendations to Executive Management on the compensation of the company's principal executives;
- obtaining an understanding of pay policy and ensuring that this policy is in line with the Company's interests and enables it to reach its objectives;
- preparing decisions related to employee savings plans;
- preparing the policy for granting share subscription or purchase options and awarding performance shares;
- preparing the Board of Directors' decisions regarding directors' fees and their apportionment;
- verifying the quality of the information communicated to shareholders concerning compensation, benefits in kind, options, and directors' fees received by executive company officers.

The Committee hears the executive company officers at the start of its meetings for general information and on each item of business as necessary.

Minutes are prepared after every meeting and are then approved at the beginning of the following meeting.

The Committee met six times in 2018, with an attendance rate of 98%. Items of business included:

- fixed compensation, benefits in kind to be paid to executive company officers and their variable compensation: criteria, targets and recommendations based on performance;
- developing employee share ownership;
- a long-term incentive plan providing for awards of performance shares;
- an additional Group incentive payment in respect of financial year 2017;
- review of the draft Registration Document for 2017;
- apportionment of directors' fees.

#### 1.2.4. ORGANISATION AND ASSESSMENT OF THE BOARD OF DIRECTORS

##### a. Access to information for members of the Board of Directors

##### Dissemination of information – preparatory materials

**Article 4 of the internal rules and regulations states:**

- "Each member of the Board shall receive all information required in the performance of his/her mission and is authorised to request any documents deemed pertinent;
- in advance of each meeting of the Board, a set of preparatory materials shall be addressed to members presenting the items on the agenda requiring special analysis and preliminary reflection, provided that confidentiality guidelines allow the communication of this information;

- *the members of the Board shall also receive, in the intervals between meetings, all pertinent and critical information concerning events or operations that are significant for the Company. This information shall include copies of all press releases disseminated by the Company”.*

The members of the Board of Directors receive a monthly summary report on Sopra Steria Group’s share performance. This report describes and analyses developments in the share price and trading volumes, putting them into perspective by highlighting main trends in macroeconomic data and financial markets.

Board members receive all press releases intended for investors and are invited to the presentations of the Company’s full-year and half-year results.

#### **Additional information at meetings**

The Chief Executive Officer and the Chief Financial Officer are invited to Board meetings, subject to certain exceptions. Thanks to their participation, additional information that may be useful to discussions is made available. They do not take part in the consideration of matters that involve the Chief Executive Officer.

Depending on the items of business before a given Board meeting, other operational managers or outside consultants may be invited to attend. This is the case, in particular, for strategic presentations and discussions of external growth transactions.

#### **Training**

Article 5 of the internal rules and regulations states: *“Any member of the Board may, on the occasion of his/her appointment or at any point during his/her term in office, engage in training he/she feels is necessary for the performance of his/her duties”.*

Following the appointment of the Directors representing the employees, a specific training plan was implemented to orientate new Directors. The content and format of this orientation training was approved by the Board of Directors after consultation with the individuals concerned and with the Nomination, Ethics and Governance Committee.

#### **b. Preventing conflicts of interest**

Members of the Board of Directors must inform the Board of any current or potential conflicts of interest in which they could be directly or indirectly involved.

Any member of the Board of Directors in a situation of conflict of interest, even potentially, must not participate in deliberations concerning the corresponding issue.

During the 2018 financial year, several Board members occasionally abstained from participating in certain issues for this reason.

#### **c. Assessment of the Board of Directors and its committees**

In accordance with the recommendations of the AFEP-MEDEF Code in this area:

- each year, at least one discussion by the Board of Directors is devoted to its operating procedures and ways in which they might be improved;

- in addition, the Board of Directors carried out a formal assessment of its operations in 2016, led by the Nomination, Ethics and Governance Committee. The previous board evaluation took place in 2013.

The Nomination, Ethics and Governance Committee proposed that the Board of Directors proceed with a self-assessment on the basis of a questionnaire whose responses would be collected anonymously. To this end, the Committee drew up a draft questionnaire containing 27 items divided into four sections:

- members of the Board of Directors;
- information provided to Directors;
- meeting procedures and content;
- relations between the Board of Directors and its committees.

In particular, the aims of this questionnaire were to:

- evaluate to what extent the composition of the Board of Directors actually represents all shareholders and allows it to fulfil its role and responsibilities efficiently. The questionnaire also focused on the Directors’ contributions to meetings and their level of commitment, their understanding of the Company’s business activities, and the manner in which they update and refresh their skills and knowledge;
- ascertain the quality of the information made available to Board members and their level of satisfaction with the responses provided to their questions and the handling of their requests;
- identify potential opportunities for improvements relating to the work procedures and encompassing all aspects, from the annual work schedule to the minutes of meetings;
- evaluate the preparation of discussions by the Board’s committees and the contribution of their work to the quality of exchanges at Board meetings.

Following the Board’s approval of the questionnaire and the analysis of individual responses, an overview of its findings was first examined by the Nomination, Ethics and Governance Committee and then discussed by the Board at its meeting of 20 April 2016.

This self-assessment procedure revealed a need, which has since been met by the participation of Board members in the annual launch seminar along with all the Group’s senior managers and by holding a meeting for them with the Executive Committee members. The procedure also resulted in the communication of specific requests regarding the annual work schedule and the availability of preparatory materials. These requests were taken into account.

The Board’s permanent committees also carry out their own procedural reviews on a regular basis, separate from those of the Board, and update their charters at least once every two years.

Each year, the Audit Committee conducts its own self-assessment using a questionnaire that covers its composition and its working procedures, the way in which its work is organised and its ability to fulfil its responsibilities. The Committee compares its procedures with the best practices established by similar bodies in other companies. It also examines developments in the regulatory environment and adapts its own working procedures in consequence.

## 1.2.5. COMPENSATION OF MEMBERS OF THE BOARD OF DIRECTORS (AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, JUNE 2018)

## I STATEMENT OF DIRECTORS' FEES AND OTHER COMPENSATION RECEIVED BY NON-EXECUTIVE COMPANY OFFICERS

(amounts rounded to the nearest euro)

	2018	2017
<b>Astrid Anciaux</b>		
Directors' fees	€19,697	€16,852
Other compensation	-	-
<b>Hélène Badosa</b> (nominated by the works council at its meeting on 27 and 28 September 2018)		
Directors' fees not collected (reversion)	€3,940	-
Other compensation	-	-
<b>Christian Bret</b> , (Non-Voting Director; term of office ended at the close of the General Meeting of 12 June 2018)		
Directors' fees	€16,762	€25,349
Other compensation	-	-
<b>Emma Fernández</b> (term of office ended at the close of the General Meeting of 12 June 2018)		
Directors' fees	€9,848	€12,037
Other compensation	-	-
<b>René-Louis Gaignard</b> (nominated by the works council at its meeting on 27 and 28 September 2018)		
Directors' fees not collected (reversion)	€3,940	-
Other compensation	-	-
<b>Michael Gollner</b> (appointed by the shareholders at the General Meeting of 12 June 2018)		
Directors' fees	€18,182	-
Other compensation	-	-
<b>Éric Hayat</b>		
Directors' fees	€30,961	€27,936
Other compensation	-	-
<b>Gérard Jean</b> (term of office ended at the close of the General Meeting of 12 June 2018)		
Directors' fees	€19,921	€32,936
Other compensation	-	-
<b>Javier Monzón</b> (appointed by the shareholders at the General Meeting of 12 June 2018)		
Directors' fees	€8,473	-
Other compensation	-	-
<b>Jean Mounet</b> (term of office ended at the close of the General Meeting of 12 June 2018)		
Directors' fees	€7,879	€16,852
Other compensation	-	-
<b>François Odin</b> († 2018) (term of office ended at the close of the General Meeting of 12 June 2018)		
Directors' fees	€8,106	€41,852
Other compensation	-	-
<b>Éric Pasquier</b>		
Directors' fees	€32,197	€16,852
Other compensation	-	-
<b>Aurélie Peaud</b> (term of office ended at the close of the General Meeting of 12 June 2018)		
Directors' fees	€9,848	€14,444
Other compensation	-	-
<b>Jean-Luc Placet</b>		
Directors' fees	€32,243	€27,936
Other compensation	-	-
<b>Jean-Bernard Rampini</b> , Non-Voting Director		
Directors' fees	€19,697	€16,852
Other compensation	-	-
<b>Sylvie Rémond</b>		
Directors' fees	€17,727	€16,852
Other compensation	-	-

*(amounts rounded to the nearest euro)*

	2018	2017
<b>Marie-Hélène Rigal-Drogerys</b>		
Directors' fees	€55,227	€41,852
Other compensation	-	-
<b>Gustavo Roldan de Belmira</b> (term of office ended at the close of the General Meeting of 12 June 2018)		
Directors' fees not collected (reversion)	€14,977	€24,259
Other compensation	-	-
<b>Hervé Saint-Sauveur</b> (term of office ended at the close of the General Meeting of 12 June 2018)		
Directors' fees	€34,848	€64,444
Other compensation	-	-
<b>Jean-François Sammarcelli</b>		
Directors' fees	€33,983	€16,852
Other compensation	-	-
<b>Jessica Scale</b>		
Directors' fees	€24,047	€16,852
Other compensation	-	-
<b>Solfrid Skillbrigt</b>		
Directors' fees	€19,697	€16,852
Other compensation	-	-
<b>Sopra GMT</b>		
Directors' fees	€34,532	€31,612
Other compensation	-	-
<b>TOTAL</b>	<b>€476,732</b>	<b>€479,473</b>

The total amount of directors' fees to be allocated with respect to the 2018 financial year was €500,000 (Resolution 9 approved at the General Meeting of 12 June 2018). The directors' fees allocated to Pierre Pasquier with respect to 2018, totalling €23,268, are presented in Table 2 – "AFEP-MEDEF Code of Corporate Governance for Listed Companies, June 2018".

The internal rules of the Board of Directors stipulate that the total amount of directors' fees is fully allocated to members effectively taking part in the meetings of the Board and its committees (voting and non-voting members) solely in proportion to their attendance at those meetings, whether in person or by telephone, as follows:

- an amount equal to 65% of the total directors' fees being reserved and divided among members having attended Board meetings;
- an amount equal to 20% of the total directors' fees being reserved and divided among members having attended Audit Committee meetings, with each attendance by its Chairman counting double;
- an amount equal to 10% of the total directors' fees being reserved and divided among members having attended Compensation Committee meetings, with each attendance by its Chairman counting double;
- an amount equal to 5% of the total directors' fees being reserved and divided among members having attended Nomination Committee meetings, with each attendance by its Chairman counting double.

It should also be noted that:

- the implementation of the tripartite framework agreement for assistance entered into between Sopra GMT, Sopra Steria Group and Axway Software in 2011 resulted in the invoicing to Sopra Steria Group by Sopra GMT of a net amount of €802,794 in respect of the assignments performed under this agreement (see Section 2.4 below and the Statutory Auditors' special report on related-party agreements and commitments on pages 212 to 213);
- Trigone, a company controlled by Jean Mounet, invoiced commercial consulting services totalling €245,000 excluding VAT in 2018 under the terms of a contract signed in 2009;
- Éric Hayat Conseil, a company controlled by Éric Hayat, provided consulting services for business development in strategic operations, billed in the amount of €302,450 excluding VAT under an agreement that took effect on 18 March 2015 for a period ending on 31 December 2018. The Board of Directors authorised the extension of this agreement on 25 October 2018.

## 2. Role and compensation of executive company officers

### 2.1. Roles of executive company officers

On 19 June 2012, Sopra's Board of Directors decided to separate the roles of Chairman and Chief Executive Officer. It confirmed this decision at the meeting it held after the General Meeting of 12 June 2018, during which the terms of office of all the current Directors, other than those of the Directors representing the employees, were extended.

This separation of roles emerged as the most appropriate organisational choice in light of the themes raised by the Group's growth and ongoing transformation. The Chairman is tasked with managing strategy, while the Chief Executive Officer is responsible for operations, but they and their teams work in close collaboration and maintain an ongoing dialogue.

*The Chairman:*

- Guides the implementation of the Group's strategy and all related matters, including mergers and acquisitions;
- Assists Executive Management with the transformation of the Group;
- Oversees investor relations and manages the Board's relations with shareholders.

*The Chief Executive Officer:*

- Works with the Chairman to formulate strategy;
- Supervises the implementation of decisions adopted;
- Ensures the operational management of all Group entities.

It should be noted that Vincent Paris – appointed Chief Executive Officer on 17 March 2015 – does not hold any company officer positions outside the Group.

### 2.2. Succession plan for executive company officers

In 2018, the succession plan for the executive company officers, namely the Chairman of the Board of Directors and the Chief Executive Officer, was reviewed by the Nomination, Ethics and Governance Committee, which found it to be realistic, effective and appropriate to the Company's circumstances. This plan is reviewed every year by the Committee, which reports on it to the Board of Directors.

### 2.3. Overview of the activities of the Chairman of the Board of Directors in 2018

The Chairman of the Board of Directors carried out activities on a full-time basis throughout the year, involving not only the direction of the work of the Board, but also complementary assignments entrusted to him by the governance.

This scope comprises the governance of strategy, acquisitions and investor relations as well as the supervision of matters listed early in

the year in coordination with the Chief Executive Officer. These issues all relate to preparations for the long term necessitated in particular by the Group's transformation (transformation of HR, digital, industrial, main principles for the organisation and functioning of the Group, employee share ownership, promotion of values and compliance).

The various matters placed under the Chairman's responsibility require a perfect knowledge of operational realities and thus close relations with the Chief Executive Officer and the Executive Committee. This close relationship fosters information flows between them. It facilitates effective coordination on decisions required for the delivery of the medium-term strategic plan and follow-up over the long term on implementation of these decisions, although operational imperatives may be given a higher priority.

The separation of the roles of Chairman and Chief Executive Officer is based on the definition of duties and responsibilities set out in the Board of Directors' internal rules, observance of the respective prerogatives of the Chairman and Chief Executive Officer, a relationship founded on trust built up over time, and a natural complementarity between these office holders. In sum, the current framework contributes to fluid and flexible governance arrangements. It ensures decisions are taken with due care and provides the execution speed needed to keep a firm grip on Sopra Steria Group's strategic priorities.

### 2.4. Agreement with Sopra GMT, the holding company that manages and controls Sopra Steria Group

In carrying out all of these assignments, the Chairman draws on resources across the Group but is also supported by a permanent team of five individuals – four of whom are highly experienced – at the Sopra GMT holding company. These resources underpin the Board of Directors' ability to oversee the smooth running of the Company.

The team established at the time of the Axway Software spin-off mainly comprised senior managers who have spent most of their working life within the Group and are fully familiar with all the details of its operations. It performs assignments for Sopra Steria Group and Axway Software, a company in which Sopra Steria Group is a shareholder. Above and beyond the support provided separately to each of these companies, Sopra GMT makes sure that best practices are shared and, that synergies are harnessed.

Sopra GMT's staff work on specific assignments (management of acquisitions, board secretarial tasks for Sopra Steria Group and Axway Software and their committees) and provide assistance to the functional division managers of Sopra Steria Group and Axway Software. Sopra GMT's employees play an active role on steering committees and work groups and on key issues for Sopra Steria Group.

The costs rebilled by Sopra GMT mainly comprise the portion of payroll and related personnel costs allocated to the assignments performed for Sopra Steria Group, plus, where applicable, the external expenses (such as specialised advisors' fees) incurred by Sopra GMT under the same conditions.

Sopra Steria Group charges Sopra GMT fees for providing premises, IT resources, and assistance from the Group's functional departments as well as provision of appropriate expertise for the assignments performed by Sopra GMT.

The work performed by this team and the principle for the rebilling to the Company of the costs incurred are covered in a framework agreement for assistance approved by the shareholders at the General Meeting among related-party agreements and commitments and reviewed each year by the Board of Directors. This agreement does not cover services provided in connection with the position of Pierre Pasquier within Sopra Steria Group.

In sum, 95% of Sopra GMT's expenses are rebilled (with the remaining 5% reflecting the estimated expenses arising from Sopra GMT's administration of its investments). Expenses are rebilled on a cost-plus basis including a 7% margin. By definition, Sopra GMT generally records a small operating loss. On average since 2011, 70% of the rebillings have been allocated to Sopra Steria Group. The actual allocation varies from year to year and reflects the respective needs of Sopra Steria Group and Axway Software.

The tripartite agreement does not fall within the purview of Point 10° of Article R. 225-29-1 of the French Commercial Code, since it was not entered into as a result of the office held by Pierre Pasquier at Sopra Steria Group.

Pierre Pasquier's compensation at Sopra GMT (€60,000 gross p.a.), reflects his oversight of the assignments performed by the Sopra GMT team for Sopra Steria Group and Axway Software.

The income and expenses recorded in Sopra Steria Group's financial statements in respect of services provided under this agreement during the 2018 financial year were as follows:

- Expenses: €1,137.1 thousand;
- Income: €334.3 thousand.

## 2.5. Principles and guidelines used to determine the compensation of executive company officers

While paying particular attention to the stability of the principles used to determine and structure compensation for executive company officers, the Board of Directors re-examines their compensation packages on an annual basis to verify their fit with the Group's requirements. The Board's discussions are preceded by a series of two or three preparatory meetings of the Compensation Committee between December and February.

During these meetings, the Compensation Committee considers the updated information it has received concerning the Group's pay policy. It receives the performance assessment for the past year and the objectives set for the Executive Committee members, as well as the updates to the annual component of their compensation under consideration. Lastly, it examines the recommendations of the Chairman of the Board of Directors concerning the Chief Executive Officer and takes into account comparisons with other companies. The Committee ensures that its own recommendations are consistent with all of the information it receives.

### 2.5.1. COMPENSATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

#### 2018 and previous financial years

In 2017, the General Meeting of Shareholders approved a proposal to the General Meeting to suppress the variable component of compensation for the Chairman without altering the amount of his total compensation package. Under this proposal, the average amount of variable compensation paid since the last update of the fixed component in January 2011 was included within his fixed compensation, whose gross annual amount would thus be raised to €500,000 on a gross basis.

This decision by the Board of Directors aims in particular to align the structure of the compensation received by the Chairman of the Board of Directors with the AFEP-MEDEF Code (§24.2) without changing the overall compensation at unchanged activity levels.

No changes were made to the compensation policy applicable to the Chairman for 2018. His overall compensation package has thus remained the same since 2011.

Details of Pierre Pasquier's compensation for 2018 and 2017 are shown below in the standard format tables recommended in the AFEP-MEDEF Code (see Section 2.5.3 of this chapter, pages 72 to 75).

#### Financial year 2019 and following

On the recommendation of the Compensation Committee, the Board of Directors decided at its meeting of 21 February 2019 not to make any changes to the compensation policy applicable to the Chairman of the Board of Directors.

In accordance with the second paragraph of Article L. 225-37-2 of the French Commercial Code, the principles and guidelines used to determine, structure and grant the fixed, variable and exceptional components of the total compensation and benefits of any kind received by the Chairman, in recognition of his service in this position, are presented below.

**Presentation of the principles and guidelines used to determine, structure and grant the fixed, variable and exceptional components of total compensation and benefits of any kind received by the Chairman of the Board of Directors, the Chief Executive Officer and, where applicable, any Deputy Chief Executive Officers, subject to shareholder approval at the General Meeting**

#### I COMPENSATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Items of compensation	Comments
Annual fixed compensation	Determination by the Board of Directors, acting on a recommendation by the Compensation Committee
Annual variable compensation	Not applicable
Variable deferred compensation	Not applicable
Multi-year variable compensation	Not applicable
Exceptional compensation	Applicable, by decision of the Board of Directors, contingent upon very specific circumstances (spin-off and listing of a subsidiary, merger, etc.) Payment subject to shareholder approval of all items of compensation at an Ordinary General Meeting and in all circumstances capped at 100% of annual fixed compensation
Share options, performance shares and any other long-term items of compensation	Not applicable
Directors' fees	In accordance with the Board of Directors' internal rules (see allocation rules in Section 1.2.5)
Any other benefits	Company car
Severance pay	Not applicable
Non-compete payment	Not applicable
Supplementary pension plan	Not applicable

#### 2.5.2. COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

##### 2018 and previous financial years

In 2017, at the General Meeting, the shareholders approved the change in the compensation policy for the Chief Executive Officer decided by the Board of Directors:

- The Chief Executive Officer's annual fixed compensation was raised to €500,000 on a gross basis, effective 1 January 2017;
- Under this proposal, the Chief Executive Officer's variable compensation was set at 60% of his annual fixed compensation should the objectives be met, capped at 100% in the event of particularly outstanding performance.

The procedures used to determine the granting of annual variable compensation were also revised in the interests of clarity and compliance with AFEP-MEDEF recommendations. Of the criteria taken into account, two-thirds (i.e. 40% of annual fixed compensation, if targets are fully met) was based on the quantifiable target (operating margin on business activity) and one-third (i.e. 20% of annual fixed compensation, if targets are fully met) was based on one or more qualitative targets. The qualitative targets are precisely defined, in line with the Group's strategy and/or the assessment of the Chief Executive Officer's performance.

For 2018, the quantifiable objective of operating margin on business activity and the three qualitative objectives in line with strategy were unanimously approved by the Board of Directors at its meeting of 16 February 2018, without the Chief Executive Officer being present. They have not been made public for confidentiality reasons. It should be noted that the qualitative targets were aligned with the Group's organisational, governance and HR transformation priorities.

While noting the progress made by the Group in 2018, particularly on the cash generation front, the Compensation Committee took into consideration the implications for all the various stakeholders (employees and management, shareholders) of the shortfall in the

operating margin on business activity relative to the targets set at the beginning of the year. At the end of its review, it concluded that the Group's performance was not sufficient to justify the payment of variable compensation in respect of the 2018 financial year. After due consideration, the Board of Directors approved the recommendation made by the Compensation Committee.

The long-term incentive plan for senior managers based on the grant of rights to performance shares (on the basis of the authorisation received at the General Meeting of the shareholders on 22 June 2016) gave rise to the implementation at the beginning of the year of a third three-year plan covering the 2018–2020 plan, and Vincent Paris was thus granted rights to 3,000 shares.

For this plan and for those that preceded it in 2016 and 2017:

- For all recipients, the granting of shares is subject to continued employment at the end of the vesting period. However, this condition may be waived in whole or in part on an exceptional basis, depending on the circumstances and arrangements for his departure;
- Strict performance conditions are measured over three financial years (the year of allotment and the two following years) against targets for organic consolidated revenue growth, operating profit on business activity (expressed as a percentage of revenue) and free cash flow. These targets are at least equal to any guidance disclosed to the financial market;
- Achievement of the performance condition is measured by calculating the average annual achievement rates, with each of the three criteria given an equal weighting;
- Vincent Paris is subject to the same rules as all the other recipients under these plans. In addition, the Board of Directors decided that he must retain at least 50% of the vested shares allocated to him under these plans throughout his entire term of office as Chief Executive Officer. Vincent Paris has agreed not to engage in any hedging transactions with respect to performance shares held until the expiry of these plans.



Details of Vincent Paris' compensation for 2017 and 2018 are shown below in the standard format tables recommended in the AFEP-MEDEF Code (see Section 2.5.3 of this chapter).

### Financial year 2019 and following

On the recommendation of the Compensation Committee, the Board of Directors decided not to make any changes to the Chief Executive Officer's annual fixed compensation.

The Board of Directors decided on the following variable compensation structure for the Chief Executive Officer:

Requirement	Type	% of AVC*	% of AFC*
Organic revenue growth of 4% to 6%	Quantifiable	40%	24%
An improvement in the operating margin on business activity compared with 2018 (The specific target is not disclosed for confidentiality reasons and so as not to interfere with financial communications)	Quantifiable	40%	24%
Target aligned with the Group's organisational and medium-term priorities (Exact details of the target are not disclosed for confidentiality reasons)	Qualitative	15%	9%
Support provided to help meet corporate social responsibility targets, particularly regarding gender equality	Qualitative	5%	3%
<b>TOTAL</b>		<b>100%</b>	<b>60%</b>

\* AVC: annual variable compensation; AFC: annual fixed compensation.

Based on the targets adopted, an amount equivalent to 60% of the annual fixed compensation cannot be exceeded. Even so, in the event of an outstanding performance relative to the quantifiable targets, the Board of Directors may, after consulting the Compensation Committee, authorise a gesture to recognize the fact that the targets were beaten, without exceeding the cap on annual variable compensation set at 100% of annual fixed compensation. Actual payment of the Chief Executive Officer's variable compensation will, in any event, be subject to shareholder approval at an Ordinary General Meeting.

The Compensation Committee formulated its recommendation to the Board of Directors in consideration of the strategy, the Group's circumstances and the goal of boosting its performance and competitiveness over the medium to long term through qualitative targets.

At the present time, the Board of Directors does not envisage introducing another long-term incentive plan in 2019 granting performance shares to management.

In accordance with the second paragraph of Article L. 225-37-2 of the French Commercial Code, the principles and guidelines used to determine, structure and grant the fixed, variable and exceptional components of the total compensation and benefits of any kind received by the Chief Executive Officer and any Deputy Chief Executive Officers who might be appointed, in recognition of their service in these positions, are presented below.

It should be noted that the payment of variable and exceptional components of compensation is subject to shareholder approval at an Ordinary General Meeting of the compensation package for the individual in question.

**Presentation of the principles and guidelines used to determine, structure and grant the fixed, variable and exceptional components of total compensation and benefits of any kind received by the Chief Executive Officer and, where applicable, any Deputy Chief Executive Officers, subject to shareholder approval at the General Meeting**

**I COMPENSATION OF THE CHIEF EXECUTIVE OFFICER (PRINCIPLES ALSO APPLICABLE FOR ANY DEPUTY CHIEF EXECUTIVE OFFICERS)**

Items of compensation	Comments
Annual fixed compensation	Determination by the Board of Directors, acting on a recommendation by the Compensation Committee (taking into account the responsibilities held, experience, plus internal and external benchmarking)
Annual variable compensation	Amount: <ul style="list-style-type: none"> <li>■ 60% of annual fixed compensation if objectives are met</li> <li>■ Capped at 100% of annual fixed compensation</li> <li>■ Criteria:               <ul style="list-style-type: none"> <li>• Four-fifths based on one or more quantifiable objectives</li> <li>• One-fifth based on meeting one or more precisely defined qualitative objectives consistent with the Group's strategy, its corporate responsibility policy and/or the assessment of the company officer's performance</li> </ul> </li> <li>■ Payment subject to shareholder approval of all items of compensation at an Ordinary General Meeting</li> </ul>
Variable deferred compensation	Not applicable
Multi-year variable compensation	Not applicable
Exceptional compensation	Applicable, by decision of the Board of Directors, in case of very specific circumstances (spin-off and listing of a subsidiary, merger, etc.) Payment subject to shareholder approval of all items of compensation at an Ordinary General Meeting and in all circumstances capped at 100% of annual fixed compensation
Share options, performance shares and any other long-term items of compensation	Eligibility for long-term incentive plans set up by the Group for its senior managers These plans are subject to continued employment and to strict performance conditions based on targets that are at least equal to any guidance disclosed to the market Obligation to hold a portion of the shares that will vest under these plans for the entire duration of the recipient's term of office
Directors' fees	Not applicable (except in case of appointment by the Board of Directors of the Company Appointments held at Group subsidiaries do not give rise to any compensation)
Any other benefits	Company car; contribution to the GSC unemployment insurance for executives
Severance pay	Not applicable
Non-compete payment	Not applicable
Supplementary pension plan	Not applicable

**2.5.3. STANDARD-FORMAT PRESENTATION OF THE COMPENSATION OF EXECUTIVE COMPANY OFFICERS (2018 FINANCIAL YEAR)**

**I SUMMARISED STATEMENT OF COMPENSATION, OPTIONS AND SHARES GRANTED TO PIERRE PASQUIER, CHAIRMAN OF THE BOARD OF DIRECTORS (TABLE 1 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, JUNE 2018)**

	2018	2017
Compensation due for the year	€531,818	€529,077
Value of stock options granted during the year	-	-
Value of performance shares granted during the year	-	-
Value of other long-term compensation plans	-	-
<b>TOTAL</b>	<b>€531,818</b>	<b>€529,077</b>

**I SUMMARISED STATEMENT OF THE COMPENSATION OF PIERRE PASQUIER, CHAIRMAN OF THE BOARD OF DIRECTORS  
(TABLE 2 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, JUNE 2018)**

	2018		2017	
	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	€500,000	€500,000	€500,000	€500,000
Annual variable compensation	-	-	-	€150,000
Exceptional compensation	-	-	-	-
Directors' fees	€23,268	€20,527	€20,527	€21,791
Benefits in kind	€8,550	€8,550	€8,550	€8,550
<b>TOTAL</b>	<b>€531,818</b>	<b>€529,077</b>	<b>€529,077</b>	<b>€680,341</b>

As Chairman and CEO of Sopra GMT – the holding company that takes an active role in managing Sopra Steria Group – Pierre Pasquier received fixed compensation of €60,000 from that company in respect of his duties there (leading the Sopra GMT team), as well as €12,000 in directors' fees for the 2018 financial year. As Chairman of the Board of Directors of Axway Software, as indicated in its registration document, he also received fixed compensation from that company in the amount of €138,000.

**I SUMMARISED STATEMENT OF COMPENSATION, OPTIONS AND SHARES GRANTED TO VINCENT PARIS, CHIEF EXECUTIVE OFFICER  
(TABLE 1 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, JUNE 2018)**

	2018	2017
Compensation due for the year	€510,848	€701,471
Value of stock options granted during the year	-	-
Value of performance shares granted during the year	€431,640	€312,930
Value of other long-term compensation plans	-	-
<b>TOTAL</b>	<b>€942,488</b>	<b>€1,014,401</b>

See Table 6 below for details and comments relating to the granting of shares subject to conditions regarding continued employment and performance over a period of three financial years.

**I SUMMARISED STATEMENT OF THE COMPENSATION OF VINCENT PARIS, CHIEF EXECUTIVE OFFICER  
(TABLE 2 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, JUNE 2018)**

	2018		2017	
	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	€500,000	€500,000	€500,000	€500,000
Annual variable compensation	€0	€190,000	€190,000	€162,400
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits in kind	€10,848	€11,471	€11,471	€11,471
<b>TOTAL</b>	<b>€510,848</b>	<b>€701,471</b>	<b>€701,471</b>	<b>€673,871</b>

**I STATEMENT OF DIRECTORS' FEES AND OTHER COMPENSATION RECEIVED BY NON-EXECUTIVE COMPANY OFFICERS  
(TABLE 3 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, JUNE 2018)**

See Section 1.2.5 of this chapter, "Compensation of members of the Board of Directors" (pages 66 and 67).

**I SHARE SUBSCRIPTION AND PURCHASE OPTIONS GRANTED DURING THE YEAR TO EXECUTIVE COMPANY OFFICERS  
(TABLE 4 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, JUNE 2018)**

None.

**I SHARE SUBSCRIPTION AND PURCHASE OPTIONS EXERCISED DURING THE YEAR BY EXECUTIVE COMPANY OFFICERS  
(TABLE 5 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, JUNE 2018)**

None.

## CORPORATE GOVERNANCE

Role and compensation of executive company officers

**I PERFORMANCE SHARES AWARDED TO EACH EXECUTIVE COMPANY OFFICER DURING THE FINANCIAL YEAR  
(TABLE 6 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, JUNE 2018)**

Name of executive company officer	Number and date of plan	Number of Sopra Steria Group shares awarded during the year	Value of shares according to the method used for the consolidated financial statements	Vesting date	Availability date	Performance conditions
Vincent Paris	16/02/2018	3,000	€431,640	31/03/2021	31/03/2021 (50%) At the end of his term of office (50%)	<b>1)</b> Sopra Steria Group's organic consolidated revenue growth in 2018, 2019 and 2020 <b>2)</b> Change in the Group's operating profit on business activity in 2018, 2019 and 2020 <b>3)</b> Change in the Group's free cash flow in 2018, 2019 and 2020
<b>TOTAL</b>	-	<b>3,000</b>	<b>€431,640</b>	-	-	-

At its meeting of 24 June 2016, the Board of Directors decided to set up a long-term incentive plan, covering a total of 88,500 rights to free performance shares, for the Group's senior managers. It granted 3,000 rights to shares (0.01% of the share capital) to Vincent Paris, executive company officer. Since the targets linked to the plan were 66.11% achieved, Vincent Paris received a full and final grant of 1,984 shares, and he is obliged to retain at least 992 of these shares until his term of office as Chief Executive Officer comes to an end.

The Board of Directors decided at its meeting of 24 February 2017 to set up a second long-term incentive (LTI) plan, along the same lines as the 24 June 2016 plan, awarding a total of up to 109,000 rights, including 3,000 (0.01% of the share capital) awarded to Vincent Paris. This plan remains in force.

Lastly, the Board of Directors decided at its meeting of 16 February 2018 to set up a third plan of this type, still along the same lines as the earlier plans and corresponding to a total of 128,000 rights to performance shares, including 3,000 rights (0.01% of the share capital) conditionally awarded to Vincent Paris. This plan remains in force.

A total of 9,000 rights to performance shares have thus been conditionally awarded to Vincent Paris, in accordance with the authorisation given by shareholders at the General Meeting of 22 June 2016. The vesting periods for the three plans in question extend from 24 June 2016 to 31 March 2021. At the present time, the Board of Directors does not envisage setting up another plan in 2019 based on the authorisation received at the General Meeting of 12 June 2018.

**I PERFORMANCE SHARES NO LONGER SUBJECT TO A HOLDING PERIOD DURING THE YEAR FOR EACH EXECUTIVE COMPANY OFFICER (TABLE 7 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, JUNE 2018)**

None.

**I RECORD OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTED – INFORMATION ON SHARE SUBSCRIPTION OR PURCHASE OPTIONS (TABLE 8 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, JUNE 2018)**

None.

**I OVERVIEW OF PERFORMANCE SHARE GRANTS – INFORMATION ON PERFORMANCE SHARES (TABLE 9 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, JUNE 2018)**

See Chapter 5, Section 6.6.2 (page 203 of this document).

**I SUMMARY STATEMENT OF THE MULTI-YEAR VARIABLE COMPENSATION OF EACH EXECUTIVE COMPANY OFFICER (TABLE 10 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, JUNE 2018)**

None.

**I EMPLOYMENT CONTRACTS, SUPPLEMENTARY PENSION PLANS, ALLOWANCES OR BENEFITS DUE ON THE CESSATION OF DUTIES OR A CHANGE IN DUTIES, NON-COMPETITION CLAUSES (TABLE 11 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, JUNE 2018)**

Executive company officers	Employment contract		Supplementary pension plan		Allowances or benefits due or likely to become due as a result of the cessation of duties or a change in duties		Allowances for a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Pierre Pasquier Chairman Term of office began: 2018 Term of office ends: 2024		X		X		X		X
Vincent Paris Chief Executive Officer Term of office began: 2015 Term of office ends: indefinite	X			X		X		X

It should be noted that Vincent Paris was appointed Chief Executive Officer on 17 March 2015 and does not hold any company officer positions outside the Group. By way of an exception to the AFEP-MEDEF Code, his employment contract was not terminated and remains in abeyance.

The recommendation in this article applies to the Chairman and the Chief Executive Officer, but not to the Deputy Chief Executive Officers.

Hired on 27 July 1987 following his graduation from the École Polytechnique, Vincent Paris has spent his entire career within Sopra Steria Group or within the companies having merged since that date with Sopra Steria Group. After 26 years of employment within the Group, as part of the tie-up with Groupe Steria and as its integration was being completed, he was appointed Deputy Chief Executive Officer in January 2014, then Chief Executive Officer in April 2014, once again Deputy Chief Executive Officer in September 2014 and finally Chief Executive Officer again in March 2015. Although the criteria used to determine and structure his variable compensation – which have long been strictly in keeping with those used for the Company's senior managers – underwent changes in 2017, they remain very similar.

At present, no commitments have been entered into by the Company with regard to severance pay, a non-compete payment

or a supplementary pension plan for Vincent Paris. Vincent Paris is not a member of the Board of Directors. His employment contract has been in abeyance since his first appointment as Deputy Chief Executive Officer.

In light of his career within the Group, his length of service, his circumstances, his significant contributions and the components of his compensation, the decision not to terminate his employment contract still seems to be in the best interests of the Company. A decision of this kind would carry great symbolic weight and would, in addition, be difficult to envision without an agreement to a set of terms in exchange. On the other hand, the possible disadvantages of maintaining the employment contract in abeyance have not been identified. Nonetheless, it should be noted that if Vincent Paris were no longer a company officer, his employment contract would remain in effect and would entitle him to claim retirement bonuses or termination benefits, if applicable. The employment contract in abeyance is a standard Sopra Steria Group employment contract governed by the Syntec collective bargaining agreement with no special provisions, even concerning termination, compared with those signed by the Group's other employees. As things stand, only standard legal rights (*droit commun*) would apply upon the termination of the employment contract.

### 3. Departures from the guidelines set forth in the AFEP-MEDEF Code

At its meeting of 11 April 2019, the Board of Directors noted the following departures from the guidelines set forth in the AFEP-MEDEF Code after hearing the report of the Nomination, Ethics and Governance Committee:

- Recommendation 13.1. The term of office of Directors under the Articles of Association is set at six years. The clauses of the Articles of Association whereby the term of office of Directors is limited to, but may be less than, six years were approved by an 82.7% majority of the shareholders at the Combined General Meeting of 12 June 2018. The maximum term length of six years allows for the re-appointment of one-third of Board members every two years and thus meets the Company's current requirements. The Board of Directors will consider the issue of the length of terms of office again when the Articles of Association are next reviewed.
- Recommendation 10.3. As a departure from the recommendations of the AFEP-MEDEF Code, no meetings of the Board of Directors were held in the absence of the Chief Executive Officer in 2018. However, it is worth noting that Vincent Paris is not a Director and does not take part in the Board's discussions relating to the evaluation of his performance or the determination of his compensation;
- Regarding the Nomination, Ethics and Governance Committee, the tie-up between Sopra and Steria in 2014 entailed the Company's departure from the recommendations of the AFEP-MEDEF Code, which state that Independent Directors should make up the majority (not 50%) of the members of such committees.
  - Governance was a key aspect of the negotiations relating to the tie-up between Sopra and Steria. The balance between Directors representing Sopra GMT and Directors from Steria (see Section 1.1.1 of this chapter, page 48) as well as the precise composition of Board committees were among the conditions of the merger.
  - It was agreed that Éric Hayat, the Group's Vice-Chairman who formerly served in this capacity at Steria, would be appointed to the Nomination, Ethics and Governance Committee and to the Compensation Committee. The Committee's proposed membership was made public in advance and was approved by the shareholders.
  - With this appointment, the number of Directors deemed independent (3) was brought on an equal footing (50%) with that of the Directors representing the controlling shareholder, Sopra GMT (2) plus the Board member (1) formerly from Steria serving on the Nomination, Ethics and Governance Committee.
  - In January 2017, one of the independent members of the Committee resigned as a Director before re-joining it after his appointment as a Non-Voting Director by the shareholders at the General Meeting of 13 June 2017.
  - At the close of the General Meeting of 12 June 2018, two new Independent Directors were appointed to replace one Independent Director and the Non-Voting Director, whose terms of office had ended, while maintaining the committee's balance.
  - The composition of the Nomination, Ethics and Governance Committee gives it the mix of skills and knowledge of the Group it needs for it to operate effectively. Given the current configuration of the Board of Directors, an additional Independent Director would be unable to participate effectively in the Committee's work.

#### Recommendations regarding the status and compensation of company officers:

- Recommendation 22. The Board of Directors has not, to date, fixed the number of shares that must be held and registered in the name of the Chairman of the Board of Directors who co-founded of the Company. Shares held directly or indirectly through Sopra GMT by the Chairman in a personal capacity or by the Chairman's family group make up more than 10% of the Company's share capital;
- Recommendation 21.1 By way of an exception to the AFEP-MEDEF Code, the Chief Executive Officer's employment contract was not terminated and remains in abeyance;

The recommendation in this article applies to the Chairman and the Chief Executive Officer, but not to the Deputy Chief Executive Officers.

- Hired on 27 July 1987 following his graduation from the École Polytechnique, Vincent Paris has spent his entire career within Sopra Steria Group or within the companies having merged since that date with Sopra Steria Group. After 26 years of employment within the Group, as part of the tie-up with Groupe Steria and as its integration was being completed, he was appointed Deputy Chief Executive Officer in January 2014, then Chief Executive Officer in April 2014, once again Deputy Chief Executive Officer in September 2014 and finally Chief Executive Officer again in March 2015. Although the criteria used to determine and structure his variable compensation – which have long been strictly in keeping with those used for the Company's senior managers – underwent changes in 2017, they remain very similar.
- At present, no commitments have been entered into by the Company with regard to severance pay, a non-compete payment or a supplementary pension plan for Vincent Paris. Vincent Paris is not a member of the Board of Directors. His employment contract has been in abeyance since his first appointment as Deputy Chief Executive Officer.
- In light of his career within the Group, his length of service, his circumstances, his significant contributions and the components of his compensation, the decision not to terminate his employment contract still seems to be in the best interests of the Company. A decision of this kind would carry great symbolic weight and would, in addition, be difficult to envision without an agreement to a set of terms in exchange. On the other hand, the possible disadvantages of maintaining the employment contract in abeyance have not been identified. Nonetheless, it should be noted that if Vincent Paris were no longer a company officer, his employment contract would remain in effect and would entitle him to claim retirement bonuses or termination benefits, if applicable. The employment contract in abeyance is a standard Sopra Steria Group employment contract governed by the Syntec collective bargaining agreement with no special provisions, even concerning termination, compared with those signed by the Group's other employees. As things stand, only standard legal rights (*droit commun*) would apply upon the termination of the employment contract.

# 3 CORPORATE RESPONSIBILITY

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## Committed to a sustainable, responsible world



**Vincent Paris**  
Chief Executive Officer

*“By sharing our commitments and convictions with all our stakeholders, we constantly gain new perspective and see the world differently”*

Many years ago – beyond the current fashions, trends and regulations – we made a decision to play a proactive role in the major economic, labour-related, environmental and social changes of our time, and to make a positive contribution to the challenges they pose.

To contribute to a more sustainable world, we continue to innovate in all our business areas, working closely with our ecosystem. By sharing our commitments and convictions with all our stakeholders, we constantly gain new perspective and see the world differently – because together, we can create a sustainable, virtuous economic circle that benefits us all.

Our corporate responsibility commitments set out in this report are based on our values and the fundamentals that drive their goals.

They are promoted and upheld at the very highest levels of the organisation and by all staff, who, through their diversity, skills and desire to make a difference, play a vital part in making them a reality, thus contributing to the Group’s success.

This approach is one of our unique hallmarks and is in our DNA. It makes good sense and must drive progress for all.

In 2018, we continued to make progress against our labour-related, environmental, ethical and social goals, achieving high levels of recognition across the board. This is a source of pride for the Group as a whole and its stakeholders. We owe it to ourselves to continue our efforts, holding ourselves to high standards and staying true to our values.

### Foreword

Changes in regulations on the disclosure of non-financial information require us to publish a Statement of Non-Financial Performance for financial year 2018.

For this first year of implementation of this new requirement, Sopra Steria has opted to publish a Corporate Responsibility Report within its Registration Document containing information (related to the Group’s workforce, the environment, society, respect for human rights and the fight against corruption and tax evasion) that is relevant in light of the Group’s main non-financial risks, as required for the Statement of Non-Financial Performance, but also to voluntarily disclose all labour-related, environmental and social information deemed useful and important in the context of Sopra Steria’s Corporate Responsibility programme.

A description of the Group’s business model is provided in the introductory section “Business model and value chain” section of the integrated presentation of Sopra Steria on pages 6 and 7.

Key risks, the methodology, and policies, procedures and actions associated with managing and controlling those risks – including non-financial risks – are set out in Chapter 1, Section 8: “Risk factors and internal control”, on pages 28 to 44.



# 1. Sopra Steria: Committed to a sustainable, responsible world

## 1.1. Overview of the Group's corporate responsibility strategy

For more than 50 years we have built our Group on solid fundamentals and a set of ethical principles and core values that define us. Our strategic vision for corporate responsibility is to be a company engaged in the key issues currently facing society, drawing on our principles and values and setting ambitious, meaningful targets that create value for all our stakeholders.

Sopra Steria's corporate responsibility strategy is founded on seven key priorities, all directly aligned with the Group's business model:

- being a leading employer that attracts the best talent, fosters employee dialogue and promotes diversity and equal opportunity;
- establishing ongoing constructive and transparent dialogue with our stakeholders;
- being a long-lasting partner for our clients, meeting their needs as effectively as possible by providing them with the best technology as part of a value-creating approach;
- involving our entire value chain in our corporate responsibility approach to contribute to a more sustainable world;
- reducing the environmental impact of our operations and contributing to a low-carbon economy;
- acting ethically and with integrity in our day-to-day operations and across all our business activities;
- supporting local communities by stepping up our community engagement initiatives, notably in the area of digital inclusion.

This strategy is supported by a continuous improvement process covering the key areas set out in this report. This process is based on our commitment to the United Nations Global Compact, the materiality matrix used to assess the various challenges facing the Group, and a governance structure that coordinates implementation of policy and associated processes.

This strategy, the policy and key achievements in the year are presented to and discussed by the Board's Selection, Ethics and Governance Committee.

### 1.1.1. OUR COMMITMENT TO THE UNITED NATIONS GLOBAL COMPACT



As an expression of our values, Sopra Steria is a signatory to and member of the United Nations Global Compact, in the "Global Compact Advanced" category (Top 9%). Under this commitment, Sopra Steria supports the Global Compact's 10 principles on human rights, labour standards, protection of the environment and anti-corruption, and is committed to promoting these principles within its ecosystem of influence and continuing with its efforts in these areas.

This commitment forms the foundation of Sopra Steria's corporate responsibility strategy.

### I CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The Sustainable Development Goals are the 17 global priorities adopted by the United Nations General Assembly for the period to 2030. They concern the fight against poverty and hunger, education and healthcare, as well as decent work, climate change, biodiversity, and sustainable consumption and production.

## SUSTAINABLE DEVELOPMENT GOALS



Through its corporate responsibility programmes targeting social, societal, environmental and ethical goals, Sopra Steria supports the 17 United Nations Sustainable Development Goals (SDGs). This contribution is presented in the various policies and results set out in this chapter. Examples further illustrating the Group's contribution to the SDGs may also be found in the supplementary report entitled "Sopra Steria: Committed to a more sustainable, responsible world".

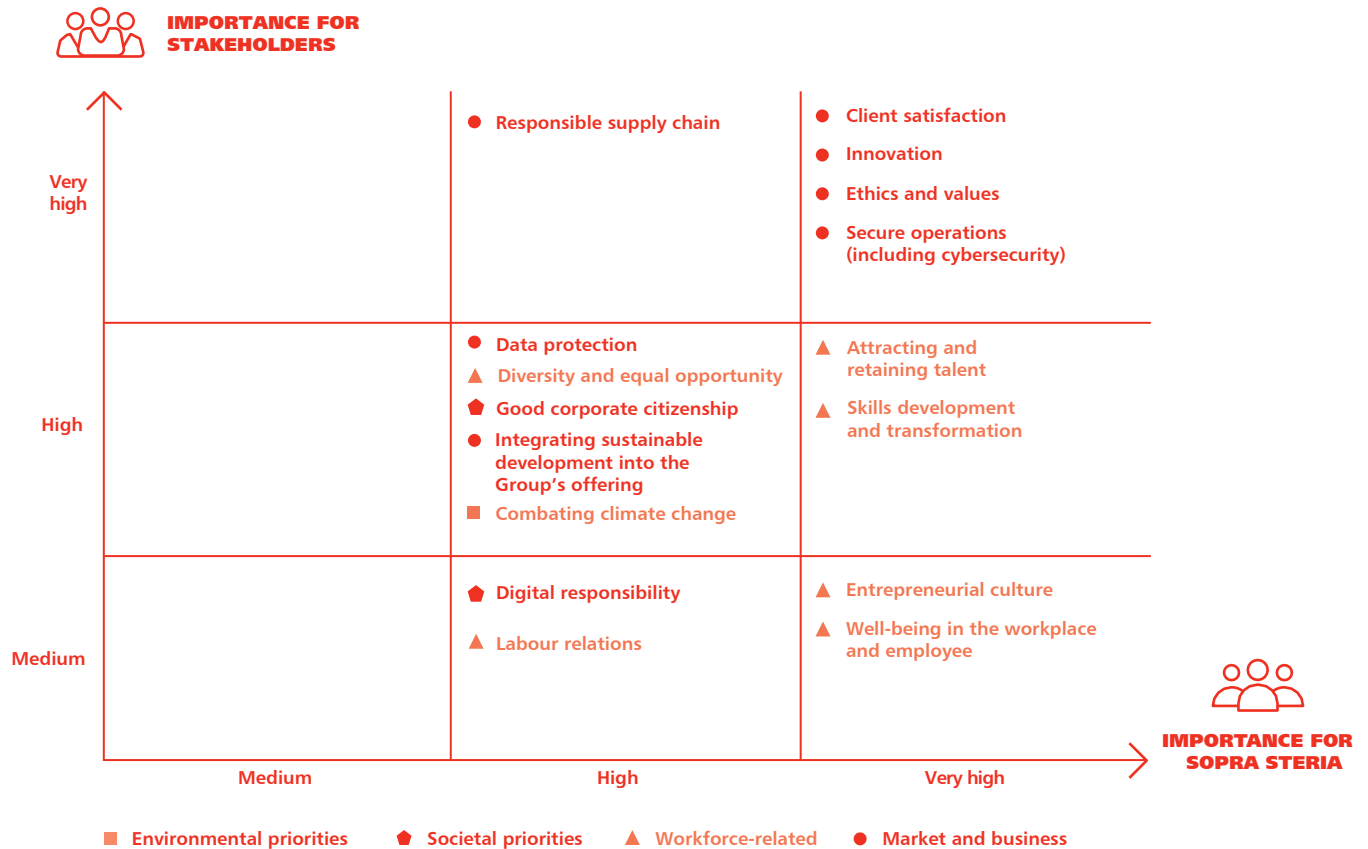
### 1.1.2. MATERIALITY ANALYSIS ALIGNED WITH THE BUSINESS MODEL

Based on the Group’s business model and changes in stakeholders’ expectations, Sopra Steria has identified its key corporate responsibility commitments in light of its materiality matrix, which was updated in 2018.

Materiality analysis helps identify and rank those priorities that are most relevant to the Group and its stakeholders between out to 2020. These priorities are directly aligned with the Group’s business

model and strategy described in the integrated presentation of Sopra Steria, on pages 6 and 7 of this document.

The analysis is shown graphically in the form of a matrix plotting the significance of priorities for the Group (x-axis) against their significance for the organisation’s external stakeholders (y-axis).



### MAIN AREAS OF ACTION

#### ACTION ADDRESSING ENVIRONMENTAL PRIORITIES

- Reducing the Group’s environmental impact and connecting its value chain to the fight against climate change.

#### ACTION ADDRESSING SOCIETAL PRIORITIES

- ◆ Spearheading societal efforts for a more sustainable, responsible world
- ◆ Contributing to discussions on the impact of digital technology

#### ACTION ADDRESSING LABOUR-RELATED PRIORITIES

- ▲ Attracting and retaining talent
- ▲ Developing and transforming skills
- ▲ Fostering an entrepreneurial culture within teams
- ▲ Building strong labour relations
- ▲ Promoting diversity and equal opportunity
- ▲ Promoting well-being in the workplace and employee engagement

#### ACTION ADDRESSING MARKET AND BUSINESS CONDUCT PRIORITIE

- Ensuring client satisfaction
- Integrating innovation throughout the entire value chain
- Promoting the Group’s ethics and values
- Securing the Group’s operations
- Working with a responsible supply chain
- Protecting employees’ and clients’ personal data
- Integrating sustainable development into the Group’s offering

The priorities resulting from the materiality matrix define the framework for action under Sopra Steria's corporate responsibility programme.

Key issues resulting from the materiality analysis, associated policies and key results are broken down in the various sections of this Corporate Responsibility Report (Chapter 3). A supplementary report, "Sopra Steria: Committed to a more sustainable, responsible world", is available from the Group's website. In particular, it includes all the Group's indicators and detailed results relating to these corporate responsibility policies.

### 1.1.3. A CORPORATE RESPONSIBILITY GOVERNANCE STRUCTURE SUPPORTING THE GROUP'S PRIORITIES

Sopra Steria's corporate responsibility approach and programme are the responsibility of Executive Management, who validate the Group's strategy and policy in this area. Corporate responsibility issues are presented as part of an annual update on the Group's actions in this area to the Nomination, Ethics and Governance Committee of the Board of Directors.

This system is organised around a dedicated Group department and four interdependent units supported by functional and operational departments.

#### Group Sustainable Development and Corporate Responsibility Department

The Sustainable Development and Corporate Responsibility (SD&CR) Department coordinates the strategy chosen with Executive Management and oversees the rollout of the Group's corporate responsibility policy. It works with the relevant departments to coordinate the continuous improvement approach, and supports those departments and all entities as they implement their action programmes.

#### Market Responsibility unit

On a day-to-day basis, this unit works with operational departments to help respond to the specific needs of clients and the Group's partners in relation to corporate responsibility and sustainable development. The unit is coordinated by the SD&CR Department at Group level. It is managed in close cooperation with Group departments responsible for particular aspects of market responsibility, particularly as regards ethics and compliance (Internal Control and Risk Management Department and Legal Department) and responsible purchasing (Purchasing Department).

#### Responsible Employment unit

Responsible employment is a key priority for the Sopra Steria Group. It is overseen by the Group Human Resources Department. This department works with Executive Management to determine employee policy, with key programmes to speed up recruitment of top professionals, bolster skills development and develop initiatives relating to workplace well-being, equal opportunity and diversity.

#### Environmental Responsibility unit

The Environmental Responsibility unit manages the Group's environmental programme as well as its annual reporting. Its work involves the participation of a number of central departments (Real Estate & Purchasing, Information Systems, Quality and operational departments) that roll out their action programmes to local entities.

The unit, which is overseen by the SD&CR Department, is supported by a network of environment correspondents (known as Sustainability Champions), together forming the Group Environmental Sustainability Committee or GESC, spanning all entities and countries.

#### Community Engagement unit

Each Group entity implements community action programmes adapted to the needs of its local communities. This unit oversees the actions of the Sopra Steria-Institut de France Foundation. Its activities are carried out under the supervision of the Group SD&CR Department, which determines an engagement framework for the Group and coordinates the network of local stakeholders.

To strengthen management arrangements within each of these units, the corporate responsibility policy is supported by two Group-level bodies.

#### Sustainable Development and Corporate Responsibility Committee

The Sustainable Development and Corporate Responsibility Committee (SD&CR Committee) is overseen by a member of the Executive Committee and the Sustainable Development and Corporate Responsibility Director. It brings together department and entity heads involved in the Group's programme in this area.

The Committee's role is to monitor the roadmap and progress against associated action plans. It met twice in 2018. Depending on the issues at hand, more specific interim meetings may be held throughout the year with the relevant functional departments, as well as Group entities and operational departments.

#### Corporate Responsibility Advisory Board

The purpose of the Advisory Board is to provide external feedback on the various components of the Group's corporate responsibility approach.

The Advisory Board consists of four external experts and key Group managers with responsibility for business units and major issues. It met twice in 2018.

The main topics discussed by the Committee in 2018 related to the Group's anti-corruption policy and procedures, data protection issues, gender equality, Group-wide rollout of the internal shadow carbon price and external partnerships.

In 2018, the Advisory Board's membership included the following four independent experts:

- Marie-Ange Verdickt, former Director of Research and Socially Responsible Investment at *La Financière de l'Échiquier*, a company director working with institutions that champion social development;
- Patrick Bourdet, former founder and Chairman and CEO of Areva Med, who joined the Committee in 2018, an executive consultant and coach working with educational and child welfare bodies;
- Mark Maslin, Professor of Climatology at University College London (UCL), an expert in climate change and author of numerous studies and publications on climate issues;
- Frédéric Tiberghien, an honorary member of France's Council of State, Chairman of Finansol and Honorary Chairman of ORSE (*Observatoire de la Responsabilité Sociétale des Entreprises* – Observatory of Corporate Social Responsibility).

## 1.2. Major recognition



In 2018, Sopra Steria received major recognition in the areas of corporate responsibility and sustainable development.

- the Group was reassessed by EcoVadis, achieving Gold Advanced level for the second year running, putting it in the top one percent of companies assessed by EcoVadis in the area of corporate responsibility.
- Sopra Steria achieved a Gaia rating score of 86 out of 100, making it one of the top companies in the Gaia Index for the tenth year running.
- the Group scored "A" for environmental performance, the highest score awarded by CDP Climate Change, putting it on the A-list for the tenth consecutive year. Its performance as regards the environmental engagement of its supply chain also put it in the "Supplier engagement leader" category.



In 2018, the Group was added to the following indices:

- the Dow Jones Sustainability Index (DJSI) Europe, which includes European sustainability leaders as identified by RobecoSAM;
- the Euronext® Vigeo Eurozone 120 index, which includes the 120 best-performing listed companies in the euro area in terms of sustainable development;
- the Ethibel Sustainability Index (ESI) Excellence Europe, which includes the 200 best-performing European listed companies in terms of sustainable development;
- the Euronext® CDP Environment France EW index, which includes the 40 best-performing French listed companies in terms of the environment.

## 1.3. Overview of reporting scope

The Corporate Responsibility Report, presented in the 2018 Registration Document, aims to set out the non-financial information that is most relevant to the Group in light of its business model, its activities, key issues arising from the materiality matrix and the key risks facing the Group.

The information required to draw up this report is collected in accordance with a reporting procedure. This procedure is reviewed annually to take into account changes in the Group's scope and reporting approach and, with effect from 2018, new regulatory requirements arising from Ordinance 2017-1180 of 19 July 2017 on disclosure of non-financial information.

Based on regulations in force and taking into account the specific nature of its business activities, Sopra Steria measures the Group's progress in five areas of corporate responsibility: Workforce, Environment, Ethics, Compliance and Human Rights.

This report includes a significant amount of information pertaining to Articles L. 225-100 and L. 225-102 of the French Commercial Code and Articles 70 and 173 of the Energy Transition for Green Growth Act, consistent with the general principles laid down in the guidelines of the GRI (Global Reporting Initiative) and aligned

as closely as possible with the seven core subjects addressed by ISO 26000.

A cross-reference table covering non-financial information included in the Statement of Non-Financial Performance has been added as an appendix to this document (see the cross-reference table of the Management Report page 258).

Furthermore, pursuant to the seventh paragraph of Article L. 225-102-1 of the French Commercial Code, Sopra Steria has appointed Mazars as independent third party to verify that the Statement of Non-Financial Performance complies with the provisions laid down in Article R. 225-105 of the French Commercial Code and that the information provided pursuant to point 3 of the first and second paragraphs of Article R. 225-105 of the French Commercial Code, disclosed in this report pursuant to Article R. 225-105-2 of the French Commercial Code, is truthful.

### DEFINITIONS OF SOCIAL INDICATORS

Unless otherwise indicated, indicators are calculated on the basis of numbers of employees on permanent and temporary contracts and internship agreements. The following definitions are used:

- Permanent contract: Full-time or part-time employment contract entered into with an employee for an indefinite period;
- Fixed-term contract: Full-time or part-time employment contract entered into with an employee and expiring at the end of a specific period or on completion of a specific task lasting an estimated period;
- Frequency rate of workplace accidents in France: Calculated in business days, using the following formula: (Number of lost-time work-related accidents × 1,000,000)/Total number of hours worked by total workforce in the year;
- Absence rate: Calculated in business days and is based on the average full-time equivalent workforce. It takes into account absences for illness, workplace accidents and accidents while travelling. It corresponds to the ratio of the number of actual calendar days' absence and the number of work days theoretically available;
- Proportion of employees with a disability: Based on the number of employees with a declared disability, each considered as a "disabled worker unit" in France, increased by 50% where allowed under the rules applied by the French government agency Agefiph, which promotes the employment of people with disabilities + number of FTE employees with a disability provided under subcontracting contracts with companies in the sheltered or adapted sector, divided by the relevant workforce. The workforce numbers used are also calculated according to the rules defined by Agefiph.

### SCOPE OF REPORTING

To ensure compliance with regulations, the Group has developed a reporting process for collecting the relevant data and leveraging the results in this document.

The following indicators (required by Article L. 225-102.1 of the French Commercial Code) have been excluded since they do not apply to Sopra Steria Group's business: combating food waste and food insecurity, promoting animal welfare and responsible food production.

Sopra Steria's corporate responsibility policy applies to all Group entities. The headcounts provided in the workforce section of this report and used in certain environmental indicators include the

employees of Delta Development System in Algeria (3 people), a non-consolidated subsidiary of the Group.

Depending on the indicator, the geographic scope is either:

- the full worldwide scope of Sopra Steria Group businesses (i.e. Sopra Steria Group);
- all Sopra Steria Group businesses in a given country (Sopra Steria France, Sopra Steria UK, Sopra Steria España, etc.). For each country, all Sopra Steria Group subsidiaries are included (Sopra Banking Software, Sopra HR Software, I2S, CIMPA, Kentor, Beamap, Cassiopae, etc.);
- in 2018, employee headcount at acquired companies was taken into account when calculating indicators as follows:
  - employee headcount at acquired companies BLUECARAT, it-economics and O.R. System was included when calculating all indicators,
  - employee headcount at acquired company Sword Apak and 2017 acquisitions Galitt and 2MoRO was only included when calculating indicators in the "Workforce by geographic region" section;

- the scope of 2018 environmental reporting spans all entities over which the Group has both financial and operational control. It thus includes the NHS SBS and SSCL joint ventures, but Apak, BLUECARAT, it-economics and O.R. System are not taken into account for all indicators. Inclusion of Galitt and 2MoRO is specified for each indicator on a case-by-case basis. The scope of calculated indicators includes all entities over which the Group has operational control (and therefore includes joint venture sites) but does not include Kentor, Galitt, Beamap, Cassiopae or 2MoRO;
- corporate responsibility reporting covers the calendar year from 1 January to 31 December 2018. Any exceptions to calendar year reporting are indicated in respect of the data concerned.

To check consistency between financial and non-financial reporting, some structural indicators common to both areas are compared and verified at various levels of detail.

An overview of the reporting process and reporting tools relating to this report is set out in the reporting protocol available on request from Sopra Steria's SD&CR Department.

## 2. Social responsibility: A collective commitment to acting responsibly



Sopra Steria's responsible employment policy aims to promote equal opportunity and diversity, thus boosting the Group's appeal as an employer and retaining talent. It forms part of a continuous improvement approach aimed at reconciling economic effectiveness with social equity.

Sopra Steria supports the United Nations Sustainable Development Goals 1, 3, 4, 5, 8, 10, 11 and 17 related to employment.

Attracting, retaining and developing talent is at the heart of the Group's Corporate Plan to further the Group's market leadership and growth objectives.

The Group's ambition is to attract the best professionals, anticipate future skills requirements, promote internal mobility and offer a broad range of professional and innovative digital training. These ambitions and a working environment nurturing professional development in which everyone feels valued, help to retain its talent.

### 2.1. Responsible employment challenges

The Group is transforming itself to increase its value to clients by addressing their business challenges, combining its various service offerings as part of an end-to-end approach, incorporating digital

technology at every level and developing its employees' ability to constantly adapt to technological and market changes.

Against this backdrop, Sopra Steria's ambitions in relation to responsible employment practices entail five types of challenges for the Group:

- as regards **attractiveness**, attracting the best digital professionals and **retaining** talent to support the Group's development;
- as regards **maintaining and developing skills**, developing and aligning employees' skills to proactively meet clients' current and future needs;
- as regards **diversity and equal opportunity**, addressing issues of importance to the Group and in the public interest, preventing any form of discrimination by fostering access to employment for people with disabilities, promoting gender equality in the workplace and access to employment for young people;
- as regards **labour relations**, forging with employee representatives a constructive dialogue and negotiations to plan ahead for and support the major changes affecting the Group;
- as regards **health and safety**, offering an environment conducive to quality of life in the workplace.

Among these challenges, the first two have been classified as main operating risks within the Group's risk factors. They also relate to the anticipated regulatory changes provided for in Articles L. 225-102-1

Social responsibility: A collective commitment to acting responsibly

III and R. 225-105 of the French Commercial Code (see Chapter 1, Section 8: "Risk factors and internal control", on pages 28 to 44).

Policies, actions and achievements associated with these five challenges are described below.

### 2.1.1. ATTRACTING AND RETAINING MORE TALENT

To attract and retain more talent, the Group must be a leading player in the digital sector and adopt innovative digital recruitment practices, without losing sight of the need for close contact with applicants. Two policies correspond to this challenge:

The **recruitment policy** is deliberately aimed at hiring young graduates as well as hosting interns and work-linked training students, thus contributing to the national effort to promote access to employment for young people. It is based on the principle of equal opportunity and non-discrimination. Above all, it is aligned with new uses for digital technology and applicants' desire for transparency, and is structured around **four priority areas for action**:

- building closer relationships with schools: Promoting jobs in the digital field to attract more young people and, in particular, young women;
- making a meaningful difference: Offering an enriching experience through civic projects (see 2018 achievements above);
- facilitating transparency: Free exchanges between employees and candidates via sites like PathMotion and Glassdoor;
- fostering mobility: Responding to students' and employees' wishes for more fulfilling career options by offering opportunities for international job moves.

The **retention policy** is based on a robust policy of induction and integration – a key ingredient in the retention of both new recruits, most of whom are young, and employees joining the Group as a result of mergers and acquisitions. More generally, it responds to employees' expectations and needs by offering a stimulating work environment. It is supported by three key processes:

- a specific induction process for young people and another tailored to inductees' seniority. These two processes help new recruits gain an understanding of the Group's culture, values and fundamentals;
- an ongoing career and skills assessment and development process to maintain staff employability (see the next section as well);
- an international Group employee share ownership programme to give all employees a more meaningful stake in the company's performance.

#### 2018 achievements

- recruitment targets exceeded: 11,662 new recruits (up 23% from 9,500 in 2017), 33% of them women;
- high-visibility civic projects: *HandiTutorat* (academic tutoring for secondary school students with disabilities), *HandiVoile* (inclusion of disabilities at a sports event), Foundation Students' Award, and more;
- hosted more interns and work-linked training students thanks to a dynamic schools policy: Hosted 981 interns (up 20%) and 702 work-linked training student (up 36%) and undertook 780 school initiatives (up 20%; scope: France);
- moved higher in rankings: 194,000 followers on LinkedIn (up 43% in 2018); ranked 15<sup>th</sup> in the Happy Trainees ranking (up two places in France in 2018); number 15 of the top 100 French companies (CAC 40 and SBF 120) for digital HR strategy;

- international job moves for employees and students: 196, including 112 interns and work-linked training students, to 13 different destinations;
- 24% of the Group's workforce aged under 30 (scope: staff on permanent contracts at 31 December 2018, excluding new hires during the year).

#### Sopra Steria up four places in the Universum ranking <sup>(1)</sup>



After entering the Top 100 in France in 2016, Sopra Steria ranked 79<sup>th</sup> in 2018 in a sample of 37,900 students from 154 schools.

#### 2019-2021 performance indicators

- improvement in the Happy Trainees World score: targeting 4 out of 5 within three years (2019 launch);
- growth in social media followers: targeting a 25% increase in 2019;
- employee retention: increase the percentage of employees aged under 30.

### 2.1.2. MAINTAINING AND DEVELOPING SKILLS

The purpose of skills development is not only to meet the current and future needs of the Group's clients but also to give each and every employee the means to manage his or her career development and create an entrepreneurial culture that combines autonomy, empowerment, creativity and team spirit.

The **skills maintenance and development policy** forms part of an approach intended to:

- anticipate changes in our businesses and populations to better serve the Group's clients and plans;
- develop employees' skills, support their career aspirations and maintain their employability;
- sustain motivation and develop engagement across the workforce.

In anticipation of future change, Sopra Steria has launched the following Group-wide initiatives:

- updating and digitising the Group's Core Competency Reference Guide;
- harmonising appraisal practices;
- introducing a new approach to jobs and skills forecasting to promote skills maintenance and development. This approach is named DPEPP (*Dynamique Prospective Emplois et Parcours Professionnels*, or Jobs and Careers Trend Forecasting).

This innovative DPEPP approach is based on:

- a rollout to all Group entities to support transformation and anticipate changes in the workforce over a one-year and three-year timescale by business line and level, consistent with the Group's Core Competency Reference Guide;
- analysis of transformation trends by area of specialism, in terms of key opportunities, risks and skills;
- analysis of emerging sensitive and sustainable jobs to adapt the Group's skills base in line with market changes and focus HR action plans accordingly (career management, recruitment, training, etc.).

(1) Universum, an international company founded in 1988 and specialised in employer branding, works with over 2,000 schools and universities worldwide to produce its surveys on the careers and employers preferred by top talent.

Training policy supports the DPEPP approach, and must ensure that the right skills are available at all times wherever they are needed. It must also keep in step with accelerating project cycles by rolling out the following actions at Group level:

- refreshing the Sopra Steria Academy offering: structured training paths;
- strengthen digitally delivered programmes (such as e-learning and MOOCs);
- strengthen Group-wide management and coordination of training.

#### 2018 achievements

- harmonised HR practices across the Group: All employees assessed against the same criteria (excluding acquisitions);
- digitised, updated and rolled out the Group's Core Competency Reference Guide: 90% of the Group's scope;
- rolled out the DPEPP approach: 95% of the Group's scope (excluding Scandinavia);
- increased the number of training hours by 15.5% to 1,244,583 hours (99% scope, staff on permanent and fixed-term contracts);
- changes in the training offering: 44% of employees trained via e-learning and 17% excluding compliance modules (staff on permanent and fixed-term contracts);
- launched Group compliance e-learning modules: Information security, protection of personal data, anti-corruption legislation and disabilities (France): 28% of employees trained (permanent and fixed-term contract staff).

#### 2019-2021 performance indicators

- develop the catalogue of digitally delivered training: 30% of employees trained via digital channels (excluding Group compliance e-learning) within three years.

### 2.1.3. DIVERSITY AND EQUAL OPPORTUNITY

For a group like Sopra Steria, diversity is a valuable asset. The Group confirms its desire to combat discrimination, based on the principle of equal opportunity. As such, it endeavours to recruit employees from a diverse range of backgrounds and to treat all employees fairly. This approach is supported by four policies.

A **gender diversity policy** to develop women within the Group and support their career development at every level of the business. In particular, the Group is taking action to achieve balanced gender representation on the committee put in place by Executive Management to assist it with its duties.

This policy is implemented through specific actions:

- rolling out a Group-wide policy (development, promotion, pay, etc.);
- setting numerical targets (workforce, recruitment, promotion, training, pay gap);
- coordinating gender diversity networks in a number of countries;
- providing training to combat stereotypes, promote women's leadership and instil respect for all regardless of gender.

#### 2018 achievements

- more women in the workforce: Women now make up 32% of the workforce (31% in 2017) and 33% of new recruits (31% in 2017);
- of the 10% most senior positions, 18% are held by women;
- Group-wide social responsibility awareness-raising campaigns;

- more than 1,000 women and men are members of gender diversity networks (France, Germany, Norway, India and the UK);
- training programme rolled out across 76% of the Group's scope (Germany, France, India and the UK).

The Group's **disability policy** aims to favour the recruitment and continued employment of people with disabilities through innovative initiatives in the areas of recruitment, adapting the work environment, training and awareness. Regardless of the country, the Group is committed to complying with legislation and all local regulations and recommendations in support of employment for people with disabilities.

#### 2018 achievements

- higher employment rate: 11% increase in proportion of employees with disabilities, to 2.72% (France);
- Group-wide awareness campaign coinciding with the International Day of Persons with Disabilities;
- more employees completed awareness-raising campaigns: Nearly 9,000; *HandiTour* (in-person sessions led by disability experts) and *HandiDigitalWeek* (digital sessions, employee testimonials);
- more employees received disability training with the rollout of the e-learning module: 5,800 employees trained (France).

The Group's **intergenerational policy** aims to attract talented young people while ensuring that different generations continue to be represented. The Group promotes knowledge and skills transfer – a key component of its intergenerational policy – by appointing a mentor for every new recruit aged under 26.

#### 2018 achievements

- maintained age representation: 9% of the workforce was under 25 years of age (compared with 9% in 2017) and 8% was over 55 (compared with 8% in 2017);
- Introduced a phased retirement system to facilitate the transition to retirement.

A **diversity and youth employability policy** to ensure access to education for all and integrate young graduates into the world of work, in line with the principle of equal opportunity and Group's proactive policy of recruiting and developing talented young people. The Group has launched specific actions in support of this policy:

- recruiting and training unemployed young people in partnership with employment support organisations such as *Ensemble Paris Emploi Compétences* (EPEC), *Pôle Emploi* and *La Maison des Talents*;
- supporting young people from disadvantaged areas in partnership with a non-profit working to promote access to employment.

#### 2018 achievements

- recruited 129 unemployed young people trained in digital skills (France);
- Sopra Steria employees mentored 138 young people (France).

#### Target for 2019

The Group will continue with its initiatives promoting employment for people with disabilities, maintaining a higher proportion of women in the Group's workforce than in the sector as a whole, promoting gender equality in the digital sector and contributing to the national effort to recruit young people, and in particular those from disadvantaged neighbourhoods, while also continuing to employ older people.

#### 2.1.4. LABOUR RELATIONS

As a signatory of the United Nations Global Compact, Sopra Steria is committed to upholding freedom of association and recognising the right to collective bargaining. Sopra Steria has implemented non-discrimination policies and procedures with regard to employee representatives. In countries that do not have an institutional framework governing the recognition of employee representatives, Sopra Steria seeks to implement measures intended to improve professional relations between the company and its employees. Sopra Steria has reaffirmed this commitment in its Code of Ethics, available from the Sopra Steria Group website.

Labour relations remain a key issue for the Group's future development.

The Group is also careful to ensure that labour dialogue takes place within its subsidiaries, in accordance with legislation in force in each country. Sopra Steria is committed to establishing constructive dialogue with employee representatives on matters relating to corporate strategy and the company's economic, financial and employee policy.

The initiatives brought about by collective bargaining increase employees' sense of belonging, ensuring that all staff are committed to the Corporate Plan and that the challenges posed by digital transformation are met. As such, they constitute one of the drivers of the Group's business performance.

##### 2018 achievements

- 36 foundational labour agreements signed and implemented;
- 241 agreements in force.

#### 2.1.5. HEALTH AND SAFETY

Sopra Steria's **workplace health and safety policy** forms part of a preventive approach to occupational risk aimed at protecting employees' and subcontractors' health and safety, improving their working conditions and promoting workplace well-being.

This preventive policy is supported by **actions** such as the following:

- awareness and training action plans to prevent accidents and improve employee health and safety;
- a psychological counselling and support unit. This unit, staffed by psychologists, is completely independent of the company and can be accessed anonymously, confidentially and free of charge at any time;
- health and safety committees in countries to make sure that specific processes and measures are put in place and tailored to local circumstances, since each entity is subject to its country's laws and regulations. These measures concern, in particular, buildings (security of premises, furnishings, heating and air conditioning, etc.) and food (canteen, water, etc.);
- analysis of protection and welfare mechanisms in each country;
- analysis of travel and repatriation insurance cover.

However, the Group's businesses fall within the service sector and do not include any high-risk activities, notably in respect of occupational accidents, which occur very rarely and are related purely to the hazards of everyday life.

##### 2018 achievements

- psychological counselling unit: 83% of Group employees are eligible for this service (Germany, Belgium, France, India, the United Kingdom and Scandinavia);
- work/life balance: introduced the "right to disconnect" and remote working; 66% of Group employees are eligible (Germany, France, Italy and the United Kingdom);
- training in safety rules and emergency first aid: in Belgium, France, Germany, India, Italy, Switzerland, Tunisia and the United Kingdom (82% of the Group's scope);
- launched an exercise to map personal insurance and prevention measures in each country and analyse results (including social security cover, death benefit cover, early retirement and retirement);
- no occupational illnesses recognised in France by CPAM (the national health insurance body);
- the absence rate was 2.5% in 2018, compared with 2.1% in 2017 (France);
- the 2018 workplace accident frequency rate in France came out at 1.91% (vs. 1.68% in 2017 – France);
- the severity rate was 0.056% (vs. 0.035% in 2017 – France).

## 2.2. Other labour-related information

#### 2.2.1. JOBS AND THE WORKFORCE

For many years, the Group's growth has been backed by a proactive employment policy of recruiting talented individuals and developing employees' skills.

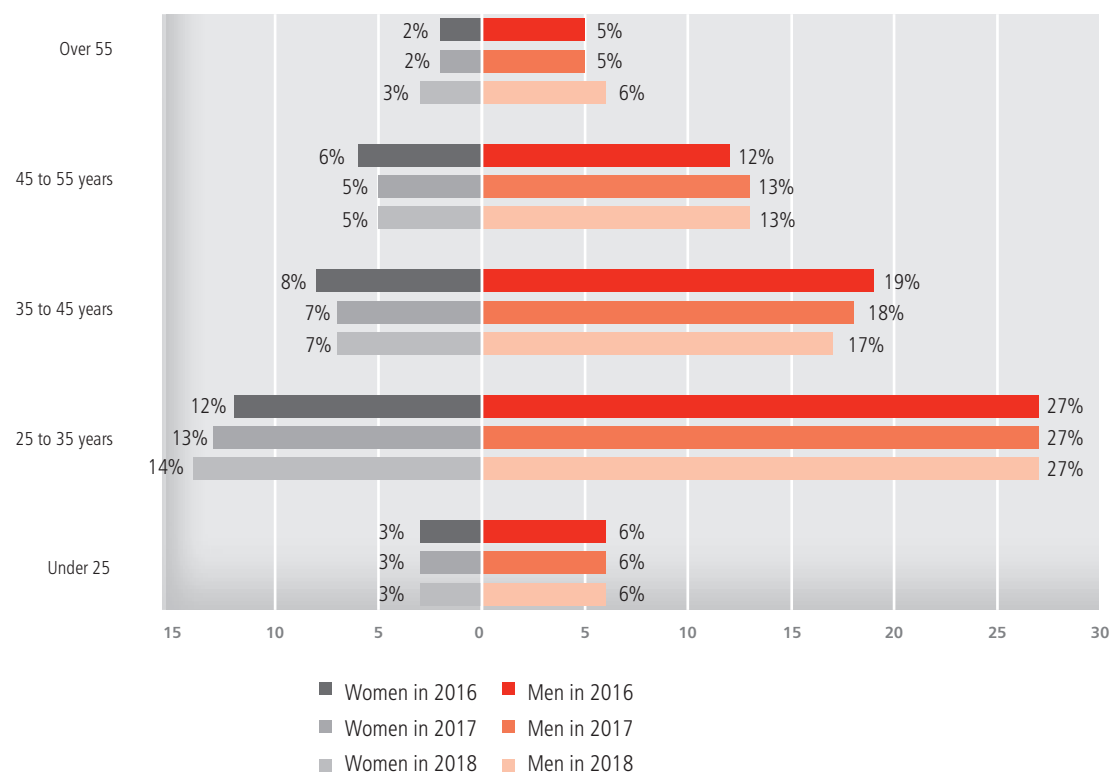
External growth is also a strong driver of the Group's development and increased business volumes. Thanks to the various acquisitions completed in 2018 (520 employees), the Group can offer a comprehensive response to its clients' needs in the areas of transformation and competitiveness. At 31 December 2018, Sopra Steria Group had a total of 44,114 employees (43,594 employees excluding 2018 acquisitions), mainly based in France, the United Kingdom, Germany, Spain, India and Scandinavia, which together account for 90% of the Group's workforce.

The proportion of permanent contracts (95.7%) and temporary contracts (3.6% excluding interns) demonstrates the Group's years-long commitment to offering stable jobs while favouring employment for young people on permanent contracts and work-linked training programmes (96% of fixed-term contracts were for work-linked training students in 2018, compared with 94% in 2017). The average age of employees on permanent contracts is 37.8, with an average length of service of 7.1 years.

The proportion of women within the Group's workforce increased slightly to 32%, with women holding 27.9% of engineering, consulting and project management positions. It remains higher than the overall proportion of women in scientific careers (28%). Progress was made in France, India, the United Kingdom and Tunisia with a significant increase in the proportion of women recruited in these countries.



The age pyramid, which shows a breakdown of the Group's workforce (excluding acquisitions) by gender and age, remained stable between 2016 and 2018.



### 2.2.2. COMPENSATION

The Group's **compensation policy** is one way of recognising each individual's contribution to the Group's performance, over and above the requirements of local legislation. It is based on the principle of fair treatment and supported by a system of personalised employee performance appraisals. The policy is structured around the following components:

- fixed compensation: in keeping with the level of responsibility, consistent with the Group's Core Competency Reference Guide;

- variable compensation: to encourage individual and collective performance for some employees, notably managers, sales staff and experts;
- an international Group employee share ownership programme to give all employees a more meaningful stake in the company's performance.

#### 2018 achievements

Eighty-four percent of employees work in a country where the average of the top 1% of salaries is less than 4.5 times the average salary in the country (78% of the Group's permanent contract workforce\*).

Ratio of the average top 1% of salaries to the average salary*	%
Under 4.5	84%
$4.5 \leq x \leq 5$	16%
Over 5	0%

\* Scope: 78% of permanent contract employees in Benelux, France, India (excluding Cassiopae), Italy, Scandinavia and the United Kingdom.

### 2.2.3. WORKING CONDITIONS AND ORGANISATION

The Group's **policy** on the organisation of work schedules is designed to promote work/life balance. Part-time working is never obligatory; it is always a matter of individual employee choice. Sopra Steria approves requests for part-time work whenever they are compatible with the requirements of the departments or projects concerned.

#### 2018 achievements

In 2018, 6.1% of Group employees were part-time (compared with 6.3% in 2017).

### 3. Social responsibility: Involving our stakeholders to boost the impact of our actions



As a major European player in digital transformation, Sopra Steria is a preferred partner of major organisations, helping them respond to the new challenges faced in a period of social, environmental and societal flux. This entails developing relationships of trust and transparent dialogue with our stakeholders, seeking input from our value chain into our commitments and associated policies, raising our clients' awareness of the impact of digital technology on their

business and their own commitments, and playing a part in meeting the needs of vulnerable populations in regions where we have operations.

Sopra Steria supports the United Nations Sustainable Development Goals 1, 2, 3, 4, 6, 8, 9, 10, 11, 13, 16 and 17 related to society.

#### 3.1. Maintaining a high level of transparency and interaction with stakeholders

This policy embraces the principles of transparency towards and dialogue with all key stakeholders: clients, employees, shareholders, investors, partners, suppliers and civil society. It is underpinned by three key factors: dialogue, innovation and value creation.

##### I SUMMARY OF STAKEHOLDER DIALOGUE

<b>Clients</b>	Regular dialogue concerning Sopra Steria's contribution to helping clients meet their corporate responsibility challenges (meetings, questionnaires, third-party assessments, etc.). Co-development initiatives with clients focused on innovation and social inclusion and environmental clauses linked to Sopra Steria's services.
<b>Employees</b>	Group-wide campaigns raising awareness about corporate responsibility; Coordination of networks of employee champions and officers. Dedicated Group newsletter. Awareness-raising for new employees. Dedicated email address. Employee involvement in programmes promoting diversity, access to employment for young people, the environment and community engagement.
<b>Shareholders and investors</b>	Reporting to shareholders via the Registration Document, General Meetings, press releases and earnings presentations. Dedicated communications for employee shareholders. Communication with investors via the website and answers to specific questionnaires.
<b>Partners</b>	Joint innovation approach with major strategic partners in digital transformation. Governance of strategic partnerships with dedicated managers working with industry and technology vendors.
<b>Suppliers and subcontractors</b>	Purchasing policy rolled out Group-wide: purchasing procedures, Group suppliers' charter, programme to assess suppliers and subcontractors led by an external organisation.
<b>Civil society</b>	Partnerships and sponsorships with international and local NGOs in each country. Foundations in France and India. Working with local authorities, schools and universities in the various countries in which the Group operates. Active involvement in trade unions and industry bodies.
<b>All stakeholders</b>	Publication of an annual Corporate Responsibility Report audited by an independent third party. Evaluation by non-financial organisations and analysts, with ratings publicly disclosed. Regular dissemination of information via the Group's website and social networks: Twitter, Facebook, LinkedIn.

##### An Advisory Board to strengthen stakeholder dialogue

The Sopra Steria Group's CR Advisory Board consists of external figures with no financial or business interests in the Group. Through their experience and expertise in key areas falling within the Group's corporate responsibility, these advisors provide independent and

relevant insights challenging and driving improvement in the Group's corporate responsibility approach and forging stronger dialogue with all stakeholders. An overview of the CR Advisory Board can be found in Section 1.1.3, "A corporate responsibility governance structure supporting the Group's priorities" of Chapter 3 on page 81.

## 3.2. Drawing on innovation and strategic alliances to support digital transformation

We are a trusted partner to our clients, bringing them the best technology to develop innovative solutions. Thanks to a network of leading experts, startups and major technology partners, we work with our clients to build solutions that meet their requirements for sustainable performance.

### Co-design to mobilise collective intelligence

Developing a collaborative approach fosters creativity in the design of services, uses, processes, organisations and a shared vision or strategy. By involving business experts, end users and technical experts, this approach shortens the design phase, optimises processes and helps maximise access to digital technology.

### Sopra Steria DigiLabs: spaces dedicated to digital co-innovation

Digital co-innovation – a driver of value creation in the digital revolution – brings together Sopra Steria staff and clients to work on technologies like virtual reality, augmented reality, the internet of things, artificial intelligence, data science, blockchain, robotics, mobility and cybersecurity. This approach is supported by the Group's DigiLabs, spaces designed to foster the emergence of innovative solutions for clients. In 2018, Sopra Steria had 21 DigiLabs spread across the major geographic regions in which the Group operates. Plans are in place to open more DigiLabs in 2019.

### Alliances with technology partners

To turn technological potential into operational benefits for our clients in their specific environments and business sectors, Sopra Steria has entered into partnerships with market-leading vendors and technology players.

Based on close day-to-day relationships and a governance structure with its own dedicated management, coordinated at Group level by a Corporate Alliance Officer, these partnerships ensure that Sopra Steria staff have a high level of expertise in partner solutions and technologies. They also enable us to achieve optimal efficiency in project implementation through an approach characterised by industrialisation, co-innovation and R&D.

The Group's strategic partners are Microsoft, IBM, SAP, Google, AWS, Salesforce, Oracle, PEGA and Axway.

In 2018, these partnerships were strengthened through new agreements including the following:

- Microsoft: Partnership to deliver a joint hybrid cloud solution;
- Google: Partnership in AI;
- IBM: New Global System Integrator status.

## 3.3. Raising our clients' awareness of the social impact of digital technology and their own sustainability challenges

Sopra Steria's corporate responsibility policy aims to involve all external and internal stakeholders in working for a more inclusive, sustainable and environmentally friendly world, and to ensure that the Group's value proposition takes into account the specific labour-related, environmental, ethical and social challenges facing its clients.

Combining added value, innovative solutions and high-performance services, the Group is a trusted partner that enables its clients to make the best use of digital technology. By offering one of the most comprehensive portfolios of offerings in the market, the Group is able to provide end-to-end solutions to its clients' development and competitiveness challenges while meeting their requirements for sustainable performance.

The Group's service offerings and solutions help meet these challenges through digital technology and innovation.

Digital technology is now at the heart of efforts to address key labour-related, social and environmental challenges facing businesses, regions and countries. It can help improve citizens' quality of life, make cities more attractive through optimised mobility management, make services more accessible, reduce businesses' environmental footprint and develop a more socially responsible and inclusive economy.

As a major European player in digital transformation for large organisations, Sopra Steria plays an essential role in contributing to and providing input into work on the societal impact of digital technology. Sopra Steria contributes to a number of external think tanks and has put in place an internal working group involving experts, consultants, operational managers and individuals with a stake in the Group's sustainable development, with the intention of incorporating the group's thinking into its value proposition.

### "Guaranteed sustainable" transformation strategies

In particular, this working group is coordinating an ambitious programme aimed at developing an innovative method and tools for offering Sopra Steria's clients "guaranteed sustainable" transformation strategies that take into account the sustainable development challenges they face.

The aim is to provide the Group's clients with high added-value advice and expertise to help them build labour-related, environmental and social challenges into their core business transformation projects, including in particular those relating to digital technology and people:

- by developing their business increasingly in compliance, at consolidated level, with regulatory requirements relating to sustainability;
- by defining transformation strategies whose impact also contributes to sustainable development and performance for their employees, partners, clients and shareholders;
- by developing environmentally sustainable digital strategies in an environment where digital technology is a key factor in the consumption of resources and energy.

This augmented value proposition taking into account workforce-related, environmental and social issues is intended to help Sopra Steria's clients identify global, systemic responses to their key business challenges, with a clear and concrete view of their impacts on the ecosystem of which they are a part.

### Support for the Digital Chair: a fresh perspective on digital technology's impact on humankind

Among Sopra Steria's key relationships with external stakeholders working to contribute to thinking in these areas, the Group has for the past three years been working with Collège des Bernardins, a key centre for gatherings and discussion, as part of its research activities. After creating the Digital Chair, the Collège set up a "Digital Humanism" department dedicated to the social challenges posed by digital technology. Thanks to its experience as a key economic player in the digital sector, the Group is able to enrich thinking and work with researchers, scientists, experts, anthropologists and major companies to provide a fresh perspective on this crucial issue for the future of humankind.

### 3.4. Aligning the supply chain with corporate responsibility priorities

#### Responsible purchasing policy

According to the Group's risk mapping exercise, risks associated with the supply chain do not constitute a key risk factor for Sopra Steria.

The Group's responsible purchasing programme, set up several years ago, is aimed at aligning its supply chain with the Group's priorities. The programme was reviewed in 2017 and 2018 to optimise the purchasing process, incorporate new regulatory requirements (duty of care; Sapin II Act, Section 5.4 of Chapter 3, "Duty of care plan", page 101) and manage risks arising from the supply chain; overhaul the Group's purchasing procedures; overhaul the Group suppliers' charter; strengthen and harmonise practices and roll them out Group-wide.

In particular, this work has helped identify measures needed to meet the following objectives:

- involve purchasing departments by relying on new procedures harmonised across the Group;
- involve Sopra Steria's suppliers and subcontractors by sharing the new charter;
- tighten management of compliance among the Group's suppliers and subcontractors;
- strengthen management of the Group's sustainability performance;
- step up assessment of the sustainability performance of key suppliers and subcontractors to make sure they meet the corporate responsibility standards set by Sopra Steria;
- continue with the ethical and inclusive purchasing policy in support of diversity;
- continue with the environmentally friendly purchasing policy.

#### 2018 key achievements and results

- drew up new purchasing procedures, including in particular supplier and subcontractor assessments and inspections across the entire Group;
- launch of a new, more ambitious suppliers' and subcontractors' charter covering the entire Group;
- implemented the Provigis system in France to manage suppliers' and subcontractors' compliance;
- EcoVadis corporate responsibility assessments widened to cover more suppliers and subcontractors, with new campaigns launched in 2018 that will continue in 2019. The emphasis was placed on assessing suppliers and subcontractors with regard to supply chain risks (risks related to human rights, corruption, money laundering and terrorism as well as financial risks) and risks associated with purchasing categories, with a priority focus on subcontracting (France), property and facilities (France), and IT suppliers, with key criteria including expenditure of over €100k a year for subcontractors. The aim is to roll out EcoVadis assessments Group-wide;
- develop new indicators to assess suppliers and subcontractors based on the Group's commitments relating to the TCFD (Task Force on Climate-related Financial Disclosures) and SBTi (Science Based Targets initiative): to reduce greenhouse gas emissions resulting from the Group's supply chain (SBTi) and to meet non-financial reporting requirements (TCFD).

#### Key performance indicators and other performance indicators

##### Responsible purchasing procedures

- all Group entities follow a responsible purchasing approach and are now subject to Group purchasing procedures under which all purchases must take corporate responsibility criteria into account. These procedures, to be rolled out in 2019, are designed in particular to strengthen the commitment of stakeholders in the purchasing process, bolster supplier and subcontractor assessment mechanisms, and ensure that all suppliers and subcontractors sign the Group's updated suppliers' charter.

##### Ethical and inclusive purchasing

- proportion of employees with a disability, taking into account the number of FTE employees with a disability provided under subcontracting contracts with companies in the sheltered or adapted sector: 2.72% in 2018 (see Section 2.1.3 of Chapter 3, "Diversity and equal opportunity", page 85).

##### Environmentally friendly purchasing

- subscription of renewal energy contracts, Guarantees of Origin, I-REC and Green Gas, depending on suppliers' energy mix in each country, giving a proportion of renewable energy covering electricity consumption (offices and on-site data centres, including joint ventures) of: 78% in 2018 (see Section 4.4, "Targets and key achievements", page 96).

### 3.5. Committing the company to an ethical and inclusive digital society

The rapid changes in society triggered by digital technologies affect a number of often related social and environmental issues, representing real challenges, particularly for vulnerable populations. As a major digital player operating in many countries, Sopra Steria Group is aware of the importance of education and digital skills acquisition for social and professional integration among these populations. Digital technology is also a powerful lever for creating innovative solutions that make day-to-day life easier and are of benefit to all.

#### A proactive policy involving the business, employees and local organisations

The Group pursues a proactive policy aimed at facilitating access to education, training and digital technology for vulnerable populations and working for water rights, a key challenge for humankind.

To implement this policy, which involves hundreds of employees in all countries, Sopra Steria is supported by two foundations in France and India, as well as sponsorships developed with non-profit organisations. At the local level, the Group's policy is supported by community outreach initiatives, including a major education and engagement programme in India and fundraising events in a number of countries to support local non-profits.

### Education and employability

In India, the education programme, which has been running for a number of years, aims to combat poverty in a country with high levels of inequality. This programme is aimed at children from poor rural areas, in particular girls, who can benefit from public sector schools located close to the company's sites. Over 70,000 children and young people, in 60 schools from primary to secondary level, benefit from the programme and are supported in their schooling by hundreds of Sopra Steria volunteers. To supplement access to education for young children, Sopra Steria has developed a major scholarship programme in India to fund students from schools supported by the Group. In 2018, most of the countries in which the Group operates joined the Sopra Steria Scholarships Programme, enabling 79 more Indian students – most of them girls – to continue in higher education. In 2018, a total of 542 Indian scholarship students were supported by the Sopra Steria Scholarships Programme. Various projects have been put in place in other countries in which the Group operates, including in particular an academic tutoring programme for vulnerable children in Spain, support for disadvantaged students in Morocco and fundraising events to finance education initiatives in Belgium.

These educational actions are supplemented by local employability initiatives, with the help of employee volunteers: support for young jobseekers with *Nos Quartiers ont du Talent* in France, development of the Career Development Centre in India with support from Scandinavia, offering short-term courses leading to qualifications for young people in partnership with the NIIT Foundation, etc.

### Digital inclusion

To make digital technology accessible to all, numerous local projects aimed at vulnerable populations were launched or continued with clients, partners and employees. In 2018 in France, the Sopra Steria-Institut de France Foundation supported 14 digital humanitarian projects with a social or environmental dimension sponsored by employees. In Norway, the Group continued to support social entrepreneurship and provide computing classes for disadvantaged women. In Italy, an application was developed to help children with autism. In Poland, computer labs were set up to help orphans.

In the United Kingdom, over 200 initiatives were launched with Harrow Council, London, in a variety of areas including employability, digital inclusion, entrepreneurship and innovation, and seven clients took part in the annual fundraising campaign organised by volunteers.

### Community Day

All these local programmes are widely communicated around the Group on Community Day, Sopra Steria's annual event promoting community engagement. This large-scale awareness campaign is supported in all entities and countries, with the spotlight on projects that support local communities in countries where the Group operates. In 2018, the Group's many volunteers and heads of country entities took part, supporting the Group's commitment to education and making the event a valuable opportunity for sharing and discussion.

### Water rights

Lastly, Sopra Steria has for several years been supporting two international organisations through financial sponsorship: Green Cross, working to protect oceans, and Planet Water Foundation, working for access to drinking water, in particular in schools in India.

## 3.6. Ensuring that the Group has a positive regional impact

Sopra Steria has a significant regional impact. It is a leading employer, with over 44,000 employees spread across many geographic regions. It is also a major recruiter in regions where the Group has operations, with over 11,000 new recruits taken on across the Group in 2018 (see Section 2.1.1 of Chapter 3, "Attracting and retaining more talent", page 83).

As a committed corporate citizen, it also aims to ensure that, in developing its business, it takes into account economic, workforce-related, environmental and social challenges facing regions in which the Group operates among struggling or highly vulnerable populations.

Through its ambitious recruitment policy, its commitment to community engagement and significant efforts to roll out its programmes across all countries in which it operates, Sopra Steria actively supports local communities and contributes to regional economic and social development.

## 4. Environmental responsibility: Innovating for the environment throughout our value chain

### A bold ambition served by an ambitious, innovative Group policy

Sopra Steria is at the heart of an industry sector that has the capacity to make a positive impact on companies' environmental footprint. With this in mind, the Group has for several years been working to limit the environmental impact of its businesses, develop responsible purchasing programmes, involve its entire supply chain in a shared continuous improvement process, and incorporate sustainability principles into its service proposition.

The Group's environmental strategy aims to reduce the environmental footprint of its operations and help combat climate change by involving the whole of its value chain.

Now recognised as one of the world's leading companies involved in combating climate change, Sopra Steria continues to develop actively its environmental strategy, in particular by contributing to international initiatives aimed at reducing climate risk and by supporting the transition to a low-carbon economy.

To coordinate its strategy, the Group relies on commitments made together with major international organisations, enabling it to set ambitious medium- and long-term targets.

This environmental strategy is supported by a policy broken down into eight priorities:

1. Strengthening the Environmental Management System (EMS) that provides a framework for the Group's policy;
2. Optimising the resources consumed by its operations;
3. Increasing the proportion of renewable energies to cover its electricity consumption;
4. Reducing greenhouse gas emissions and achieving carbon neutrality for residual emissions arising from offices, data centres and business travel;
5. Contributing to the circular economy by optimising waste management, notably for waste electrical and electronic equipment (WEEE);
6. Involving the entire value chain (employees, clients, suppliers, partners, etc.) in the continuous improvement process;
7. Embedding sustainability into the value proposition;
8. Ensuring employees are committed to the Group's programme.

To strengthen its policy and the associated continuous improvement process, Sopra Steria has chosen to work with top-tier international organisations whose aim is to involve businesses, states, NGOs and civil society in action to prevent climate change.

### 4.1. Major commitments defined with leading global organisations

- **Global Compact and Sustainable Development Goals:** Sopra Steria is a signatory to the United Nations Global Compact, in the "Global Compact Advanced" category (Top 9%). Under this commitment, Sopra Steria supports the Global Compact's ten principles, including in particular the principle of environmental protection.



Sopra Steria supports United Nations Sustainable Development Goals 6, 7, 11, 12, 13, 14, 15 and 17 related to the environment.

- **COP 21 Paris, COP 24 Katowice and the Talanoa Dialogue:** Since making its commitment in connection with COP 21, Sopra Steria has stepped up its support for international initiatives to combat climate change. In 2018, in connection with the

Talanoa Dialogue initiative, launched under the United Nations Framework Convention on Climate Change, Sopra Steria took part in a roundtable discussion that brought together 61 groups from Europe and America. The report that followed these discussions sets out joint recommendations by the 61 participating companies for achieving zero net greenhouse gas emissions by 2050, together with immediate actions each company can take.

- **TCFD-CDSB:** the Group continues to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) <sup>(1)</sup> and the Climate Disclosure Standards Board (CDSB) in order to fully disclose the results of its continuous improvement process.

(1) The task force, which arose from the G20, has drawn on the work of the Climate Disclosure Standards Board (CDSB) to encourage companies to disclose physical and decision-related information on climate issues.

- **Science Based Targets initiative:** Sopra Steria has set itself three ambitious science-based targets, approved by SBTi<sup>(1)</sup>, for reducing absolute greenhouse gas emissions (Scopes 1, 2 & 3), reducing its emissions per employee and ensuring that the majority of the Group's suppliers put greenhouse gas emissions reduction targets in place.

To support its commitment to SBTi to reduce greenhouse gas emissions, Sopra Steria has set itself the goal of increasing the proportion of its electricity consumption covered by renewable energies, extending its internal shadow carbon price policy to all Group countries and continuing with its carbon neutrality programme.

## 4.2. Environmental challenges: Opportunities for the Group

According to the results of the Group's risk mapping exercise, environmental risks do not constitute a key risk for Sopra Steria.

Some of the Group's environmental impacts, known by the TCFD as "risks associated with the transition to a low-carbon economy", are identified but not considered key risks at Group level. More specifically, these risks, as defined by the TCFD, are political, regulatory or reputational in nature (significant increase in fuel prices, more stringent requirements to disclose non-financial information, increased stakeholder expectations in relation to these changes). As regards reporting, Sopra Steria continues to fine-tune its data collection processes so as to be able to produce highly transparent and reliable regulatory reporting.

Based on the naming conventions used by the TCFD, the most significant impacts or "physical risks" to Sopra Steria mainly relate to the risks of heavy flooding, air pollution caused by rising temperatures, and seismic risk in some parts of the world. Sopra Steria's business continuity plans are designed to enable the Group to anticipate and manage these specific risks (see Section 8.1, "Main risks", pages 29 and 33 and the section entitled "Risks relating to continuity of service and information systems security" of Chapter 1, page 33).

These issues are reviewed and discussed with the Internal Control and Risk Management Department and presented annually to the Board's Nomination, Ethics and Governance Committee as part of an annual corporate responsibility update.

Sopra Steria is pursuing **business opportunities** arising from climate change, supported by innovative solutions developed by the Group:

- measure the impact of proposed solutions in light of the environmental challenges facing its clients;
- raising its clients' awareness of the challenges of sustainable development and the environmental impact of going digital;

These issues and opportunities are managed at Group level by the SD&CR Department via the Group Environmental Sustainability Committee (GESC) and the Group SD&CR Committee, and at country level via environment correspondents (known as Sustainability Champions) and heads of Real Estate and Internal Audit. At client project level, issues and opportunities are managed by client-facing departments, the Industrial Department and operational departments.

## 4.3. A Group recognised for its environmental commitment and action

The Group's high level of commitment and the results of its environmental policy now enjoy international recognition, making Sopra Steria one of the leading companies in this area.

- **CDP Climate Change – A List:** For the second year running, Sopra Steria achieved a performance score of "A", the highest awarded by **CDP Climate Change**. This distinction recognises the Group's commitment to combating climate change, as well as the transparency and relevance of its programme of initiatives.
- **CDP Supplier – A List:** Sopra Steria is also one of the 2% of organisations participating in the CDP supply chain evaluation programme, and has for the second year running been recognised as a **Supplier Engagement Leader, the highest possible CDP Supplier rating**.
- **EcoVadis – Excellent on the environmental component:** In 2018, Sopra Steria achieved an **EcoVadis** score of 90 out of 100 for its environmental programme, marking it out as an **excellent** performer in the environmental area.

During the year, the Group also joined the **Euronext® CDP Environment France EW index**, which includes the 40 best-performing French listed companies in terms of the environment.

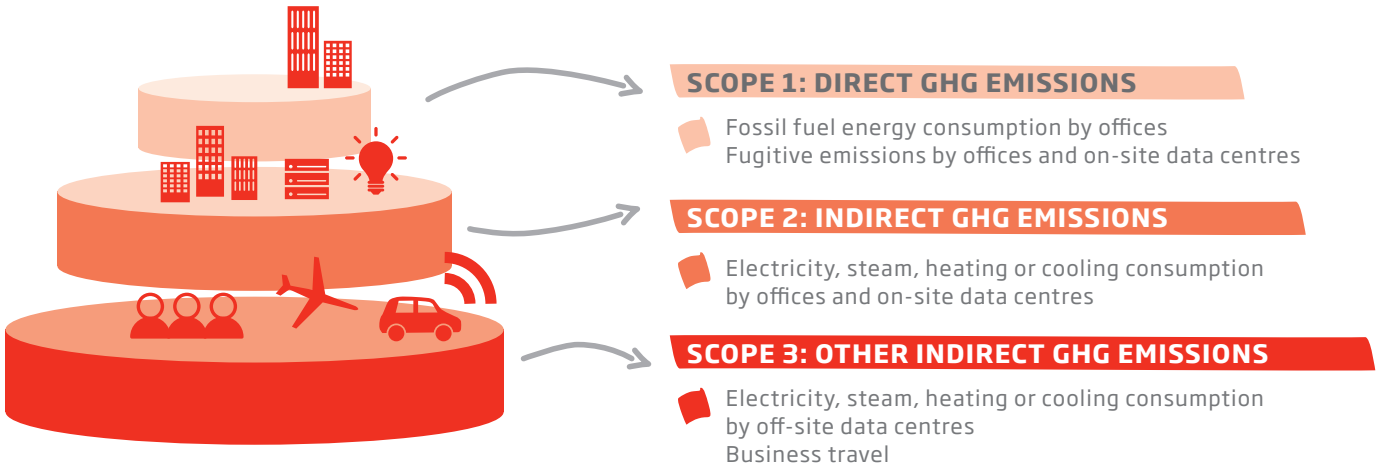
(1) The Science Based Targets initiative (SBTi) is an internationally recognised programme that offers mathematical models for identifying the environmental footprint of activities so as to be able to set ambitious greenhouse gas emissions reduction targets.

### 4.4. Targets and key achievements

The environmental policy, presented in the introduction to this section and further developed in the table below, is designed to enable the Group to respond to the risks and issues referred to in Section 4.2, "Environmental challenges: Opportunities for the Group" page 93.

The scope of performance indicators is set out Section 1.3, "Overview of reporting scope", on page 82..

For reference, definitions of Scopes 1, 2 & 3 are given in the diagram below.



#### 1. Roll out an Environmental Management System (EMS) to support the Group's policy

**TARGET:** Harmonise the Group's environmental practices by establishing a framework within which local initiatives are implemented

##### Key achievements

- Management of risks and opportunities within the Group (by the GESC, SD&CR Committee and Audit Committee) to meet TCFD <sup>(1)</sup>/CDSB <sup>(2)</sup> recommendations on the physical and decision-related information disclosures linked to climate issues
- Implemented ISO 14001:2015 certification in accordance with client needs
- Since 2015: Annual ISAE 3000 audit of Scope 1, 2 & 3 emissions

##### Key Performance Indicators and other performance indicators

ISO 14001:2015 certification active in Denmark, France, Germany, India, Norway, Poland, Spain, Sweden and the United Kingdom, and planned for Belgium and Luxembourg in 2019. In total, 11 out of 23 countries have offices with active ISO 14001 certification

(1) TCFD: Task Force on Climate-related Financial Disclosures.

(2) CDSB: Climate Disclosure Standards Board.



## 2. Optimise resource consumption

**TARGET:** Control per-employee consumption of resources (all forms of energy, water, paper)

Key achievements	Key Performance Indicators and other performance indicators			
	2018	2017	2016	
<ul style="list-style-type: none"> <li>■ <b>Energy:</b> New sites meet the latest environmental standards (BREEAM, HQE, LEED); new IT equipment is environmentally certified (Energy Star 6.1, EPEAT Gold); new data centres have efficient PUE (Power Usage Effectiveness) ratings (e.g. Oslo Digiplex and Oslo Rata in Norway, rated 1.1 and 1.2 respectively)</li> </ul>	<b>Energy</b> (MWh/employee)	2.3	2.4	2.6
<ul style="list-style-type: none"> <li>■ <b>Water:</b> Installation of systems to recover rainwater and optimise consumption of sanitary water (e.g. in India, sensors for bathroom installations, recovery of rainwater)</li> </ul>	<b>Water</b> (m <sup>3</sup> /employee)	5.2	6	N/A
<ul style="list-style-type: none"> <li>■ <b>Paper:</b> Optimised printing methods and awareness campaigns to cut back on printing; purchases of environmentally certified paper</li> </ul>	<b>Quantity of paper purchased</b> (kg per employee)	2.5	3	N/A

(Excluding Cassiopae and joint ventures)

## 3. Increase the proportion of renewables

**TARGET:** Cover 85% of the Group's electricity consumption (offices and on-site data centres) from renewable sources by 2020

Key achievements	Key Performance Indicators and other performance indicators				
	2018	2017	2016	2015 (baseline year)	
<ul style="list-style-type: none"> <li>■ Purchase of renewable energy directly from power suppliers at certain sites or data centres in Germany, Belgium, Denmark, Luxembourg, Norway, United Kingdom, Sweden and Switzerland</li> <li>■ Obtain Guarantees of Origin in Spain, France, Norway and Poland</li> <li>■ I-REC in India</li> <li>■ Green Gas in the United Kingdom, biodiesel at Meudon in France</li> </ul>	<b>Proportion of renewable electricity covering consumption by offices and on-site data centres</b>	78%	76%	69%	20%

## Target (for 2025; baseline year: 2015): 43% reduction in GHG emissions per employee

### 4. Reduce GHG emissions resulting from our operations <sup>(3)</sup>

#### TARGETS:

- Cut absolute greenhouse gas (GHG) emissions by 21% by 2025 (Scopes 1, 2 & 3; business travel, offices and data centres; baseline year: 2015). Target validated by SBTi
- Cut GHG emissions per employee by 43% by 2025 (Scopes 1, 2 & 3; business travel, offices and data centres; baseline year: 2015) and by 76% by 2040. Target validated by SBTi
- Implement an internal shadow carbon price across all Group countries by 2020
- Ensure that the Group's business travel, offices and data centres CarbonNeutral®

#### Key Performance Indicators and other performance indicators

Key achievements	2018	2017	2016
<ul style="list-style-type: none"> <li>■ <b>Reduction in GHG emissions</b> 14.9% reduction in Scope 1, 2 &amp; 3 absolute GHG emissions relative to 2015 and 29.1% reduction in per-employee emissions</li> </ul>	<b>Absolute GHG emissions (Scopes 1, 2 &amp; 3; baseline year: 2015)</b> <i>(excluding fugitive emissions, Galitt and 2MoRO)</i> -14.9%	-10.5%	-9.1%
<ul style="list-style-type: none"> <li>■ <b>Business travel</b> <ul style="list-style-type: none"> <li>• Campaigns to raise awareness of the need to use low-carbon means of transport and digital communication systems</li> <li>• New models of hybrid vehicle incorporated into corporate fleet</li> <li>• Monitoring of remote communication system utilisation rates</li> </ul> </li> </ul>	<b>GHG emissions per employee (Scopes 1, 2 &amp; 3; baseline year: 2015)</b> <i>(fugitive emissions included in 2017 and 2018 but excluded in 2015 and 2016; hotels and joint venture sites not included in 2015; excludes Galitt and 2MoRO)</i> -29.1%	-20.0%	-13.6%
<ul style="list-style-type: none"> <li>■ <b>Energy</b> Optimised energy consumption at offices and data centres</li> </ul>	<ul style="list-style-type: none"> <li>■ 20.9% reduction in GHG emissions per employee from business travel relative to 2015 (hotels included in 2018 and 2015; joint ventures excluded in 2015 but included in 2018; excludes Galitt and 2MoRO) <sup>(4)</sup></li> </ul>	<ul style="list-style-type: none"> <li>■ 12.6% reduction in energy consumption per employee relative to 2016</li> <li>■ 71.8% reduction in GHG emissions per employee arising from offices and on-site data centres relative to 2015 (excluding fugitive emissions)</li> <li>■ 45.9% reduction in GHG emissions arising from on-site and off-site data centres relative to 2015 (excluding fugitive emissions)</li> </ul>	
<ul style="list-style-type: none"> <li>■ <b>Fugitive emissions</b> Gradual replacement of some air conditioning equipment</li> </ul>	<ul style="list-style-type: none"> <li>■ 5.3% reduction in GHG emissions linked to fugitive emissions relative to 2017 <sup>(5)</sup></li> </ul>		
<ul style="list-style-type: none"> <li>■ <b>Internal shadow carbon price</b> Introduced an internal shadow carbon price for business travel in Spain. By 2020, the Group's target is to expand the shadow carbon price system to cover its key geographies.</li> </ul>	<b>Number of countries with an internal shadow carbon price (Business travel)</b>	<b>2018</b> 3 countries (Spain added)	<b>2017</b> 2 countries (France added)
<ul style="list-style-type: none"> <li>■ <b>CarbonNeutral® programme</b> Renewed the CarbonNeutral® certification programme to offset the Group's residual emissions</li> </ul>	<b>2016</b> 1 country (UK)		
CarbonNeutral® certification for all Group business travel, offices and data centres since 2015			

<sup>(3)</sup> CDSB: Climate Disclosure Standards Board. For energy, emissions are calculated using the market-based method, under which a nil emissions factor is applied if the energy source is "green"; otherwise, "residual mix" emissions factors issued by the Association of Issuing Bodies or "location-based" emissions factors issued by the International Energy Agency are applied. For business travel, the emissions factors used are those arising from the GHG Protocol.

<sup>(4)</sup> For reference, GHG emissions from business travel totalled 32,005 tCO<sub>2</sub>e in 2015 (excluding hotels).

<sup>(5)</sup> Refrigerant gases covered by the Montreal Protocol are not included in the scope of fugitive emissions.

## 5. Promote the circular economy

**TARGET:** Extend on-site selective sorting, increase waste recovery, maximise the life cycle of resources and prevent pollution

Key achievements	Key Performance Indicators and other performance indicators			
		2018	2017	2016
<ul style="list-style-type: none"> <li>WEEE <sup>(6)</sup> Maximisation of the life cycle of electronic equipment: resale or donation of equipment no longer required; repair of hardware where appropriate; dismantling of end-of-life equipment for recovery of materials. WEEE in India (relamping and battery changes) and the UK (destocking) increased during 2018</li> </ul>	WEEE (kg per employee)	2.2	2.1	2.1
	Proportion of WEEE given a second life	95% (Including joint ventures but excluding Beamap and Cassiopae)	96% (Including joint ventures)	98%
<ul style="list-style-type: none"> <li>Paper and cardboard Recycling of virtually all paper and cardboard collected</li> </ul>	Paper and cardboard waste (kg per employee)	10.5	10.8	10.0
	Proportion of paper and cardboard waste recycled	97%	97%	92%

(6) WEEE: Waste Electrical and Electronic Equipment.

## 6. Involve our entire value chain

### TARGETS:

- Work with major suppliers committed to the environment: Ensure that the Group's leading suppliers, accounting for at least 70% of supply chain emissions, control their GHG emissions, and that 90% of them have set GHG emissions reduction targets (target validated by SBTi)
- Pursue a responsible purchasing policy favouring products and services with a low environmental impact
- Raise awareness among our stakeholders and contribute to the work of influencers

Key achievements	Key Performance Indicators and other performance indicators			
		2018	2017	2016
<ul style="list-style-type: none"> <li>Analysis of the environmental footprint of Group expenditure               <ul style="list-style-type: none"> <li>A limited assurance audit found that purchases in France generated 89,000 tCO<sub>2</sub>e of GHG emissions, using ADEME emissions factors <sup>(7)</sup></li> <li>On the basis of data for France (which represents 40.1% of Group data) scaled up proportionately, the total emissions linked to Group expenditure were then estimated at 230,005 tCO<sub>2</sub>e. In 2017, this figure, calculated using the GHG Quantis method, put total Group emissions at 198,000 tCO<sub>2</sub>e. By 2025, our aim is to extend this limited assurance approach to the whole of the Group and undertake more detailed analysis of suppliers who generate substantial carbon emissions. Continuation and adaptation of the EcoVadis supplier assessment programme (Section 3.4, "Aligning the supply chain with corporate responsibility priorities", page 90)</li> </ul> </li> </ul>	tCO <sub>2</sub> e per €m of expenditure	177 (ADEME method. Scope: Purchases in France)	174 (Quantis method)	N/A
	Environmental footprint of Group expenditure (tCO <sub>2</sub> e)	230,005 (ADEME method + pro rata)	198,000 (Quantis method)	N/A
<ul style="list-style-type: none"> <li>Responsible purchasing:               <ul style="list-style-type: none"> <li>Rolled out new purchasing rules incorporating environmental criteria Group-wide</li> <li>New Group suppliers' charter including new selection criteria</li> </ul> </li> <li>Stakeholders:               <ul style="list-style-type: none"> <li>Disclosure of the Group's commitments to its internal and external stakeholders: Corporate Responsibility Report, client and rating agency assessments, commitment to the Global Compact, CDP Climate Change and Supplier reporting, etc.</li> <li>Contributions to a variety of sector-specific organisations: Syntec Numérique in France, Hertfordshire Chamber of Commerce in the United Kingdom, Agoria in Belgium</li> <li>Attendance at gatherings of French companies that have signed up for the Science Based Targets initiative, jointly organised by WWF and SBTi in Paris</li> </ul> </li> </ul>				

(7) WEEE: Waste Electrical and Electronic Equipment.

### 7. Incorporate Sustainable Development priorities into the value proposition

#### TARGETS:

- Measure the impact of solutions proposed to our clients in light of the environmental challenges they face
- Raise our clients' awareness of the challenges of Sustainable Development and the environmental impact of going digital

#### Key achievements

For more information see the "Sopra Steria: Committed to a more sustainable, responsible world" report, available on the Group's website

### 8. Involve employees in the Group's commitment

#### TARGET:

- Develop environmental responsibility among all Group employees

#### Key achievements

- International awareness campaigns: World Water Day, World Environment Day, Earth Hour, Earth Day and European Sustainable Development Week
- Group campaign of improvement initiatives
  - Green Wall during the European Recycling Week
  - Car-sharing challenge in France
  - Campaign to raise awareness of ocean protection challenges (JM Cousteau/Green Cross film "Wonders of the Sea" shown to employees and students)

#### Key Performance Indicators and other performance indicators

More than 160 employee proposals shared at Group level (Green Wall)

## 4.5. Climate action: a challenge we can anticipate and control

According to the Group's risk mapping exercise, climate action does not constitute a key risk. For many years, Sopra Steria has made efforts to limit the environmental impact of its operations, going beyond regulatory requirements by committing to a proactive continuous improvement process involving all stakeholders.

The Group believes that climate action must be incorporated into the actions of all organisations, businesses and states. Thanks to digital and other new technologies, this challenge should result in new opportunities to build a more sustainable world.

For more information about the Group's environmental approach, please see the supplementary report on the Group's corporate responsibility, "Sopra Steria: Committed to a more sustainable, responsible world", available from the Group's website.

## 5. Ethics and compliance

Sopra Steria's Ethics and Compliance programme – founded on its Code of Ethics, and its values of transparency and integrity – has been strengthened by putting in place Group-wide oversight and a Group-wide organisational structure.

Ethics and compliance notably concerns human rights, fundamental freedoms, anti-corruption measures, the duty of care, compliance and transparency in relation to tax regulations, confidentiality and the protection of personal data.

Under the Group's risk mapping exercise, the risk of an ethical or legal violation is classed as a key risk for the Group.

Sopra Steria supports United Nations Sustainable Development Goals 1, 4, 8, 13 and 16 related to ethics.

### 5.1. Governance and organisation

To ensure that ethics and compliance issues are addressed and regulatory requirements are met, Sopra Steria has decided to bring together compliance, internal control and risk management within the Internal Control and Risk Management Department, which reports directly to the Group's Executive Management. This department appears before the Audit Committee and the Nomination, Ethics and Governance Committee at regular intervals.

This structure allows for centrally coordinated, Group-wide governance to manage compliance issues, compliance controls, whistleblowing and risks.

- the Internal Control and Risk Management Department oversees compliance issues and coordinates all stakeholders involved in compliance and internal control across the Group. The Internal Control and Risk Management Director is the primary reference point for the whistleblowing system in his/her capacity as Group Compliance Officer;
- this department is supported by the network of Internal Control and Compliance Officers, appointed to work with local teams in each Group entity;
- it is also supported in its actions by the Group-level functional and operational departments, each with expertise in its own area (Human Resources Department, Legal Department, Finance Department, Real Estate and Purchasing Department, Security Department, Industrial Department, and Sustainable Development and Corporate Responsibility Department). To ensure that all compliance issues are covered, each of these departments has its own correspondents within the Group's various entities.

A Compliance and Internal Control Steering Committee has been put in place. This committee, which meets weekly and includes the Chairman, Executive Management and relevant departments, reviews compliance issues and programme progress and implementation, more specifically concerning the programme to prevent and combat corruption and influence peddling.

The *Internal Control and Risk Management Department* and the Internal Audit Department meet regularly to exchange updated information, notably concerning the audit plan and the identification of risks.

All compliance issues are regularly presented to the Board's Audit Committee by the Internal Control and Risk Management Department.

A Stock Market Ethics Committee has also been formed. This committee meets as often as necessary, and in any event once a month.

Risk management and control within the Group, and the relationship with the Internal Audit Department and external auditors, are described in more detail in Section 8.3 of Chapter 1, "Internal control and risk management", pages 38 to 43 of this document.

### 5.2. Policies and procedures

#### A CODE OF ETHICS AND CORE VALUES SUPPORTED AT THE HIGHEST LEVELS OF THE GROUP

The Sopra Steria Code of Ethics expresses the Group's values and is based on shared ethical principles that apply to all Group entities, including in particular respect, integrity and transparency.

Through this code, the Group is committed to abiding by laws and regulations in force in the countries in which its entities operate, as well as operating to the strictest possible standards of business conduct.

It is supported by Group management, which is responsible for ensuring that these rules are observed. The code applies to all Sopra Steria employees to ensure that the Group's businesses operate effectively.

Under this code, Sopra Steria is committed to ensuring that the Group and its employees abide by the following:

- respect for individuals;
- human rights and fundamental freedoms;
- local laws and customs;
- rules on the prevention and refusal of all forms of active or passive corruption, whether direct or indirect, and conflicts of interest;
- competition rules;
- confidentiality of information to which employees have access in the course of their duties and activities.

Depending on local legislation, additional charters and rules on business ethics are put in place and regularly reviewed.

As regards human rights, Sopra Steria's commitments, reiterated in the Group Code of Ethics, are as follows:

- to combat child labour, child exploitation, forced labour and all other forms of compulsory labour (including commitments against slavery);
- to comply with European Community and domestic labour law and collective bargaining agreements in each country where the Group operates;
- to respect the exercise of trade union rights in each of the countries in question;
- to preserve health, safety and dignity in the workplace;
- to comply with the principles of equality, diversity and non-discrimination.

Sopra Steria Group is a signatory to the United Nations Global Compact, in the “Global Compact Advanced” category, and adheres to the principles and fundamental entitlements of the Universal Declaration of Human Rights of the United Nations and the Charter of Fundamental Rights of the European Union:

- fundamental human rights, and in particular the ban on child labour and all forms of slave, forced and mandatory labour;
- compliance with embargoes, and prevention of arms trafficking, drug trafficking and terrorism;
- compliance with trade rules and customs import and export licences;
- health and safety rights for personnel and third parties;
- right to work and immigration and ban on undeclared work, slavery and people trafficking;
- environmental protection;
- prevention of economic crime, including in particular corruption, gaining undue advantage, extortion, misappropriation of public funds, criminal favouritism, fraud, influence-peddling (or equivalent offence under applicable law), embezzlement, breach of trust, counterfeiting, forgery, and all related offences;
- anti-money laundering;
- competition law;
- right to non-discrimination.

In 2017, the Code of Ethics was supplemented by a code of conduct for stock market transactions, which covers securities trading and the prevention of insider dealing, in compliance with the European Market Abuse Regulation (Regulation (EU) 596/2014).

### CORE RULES AND GROUP PROCEDURES

Beyond the Code of Ethics, which reaffirms the Group’s fundamental principles and values, the compliance system within Sopra Steria is supported by a common core of rules and procedures (management, human resources, purchasing, sales, operations and production, finance and accounting, security, etc.).

As part of the compliance programme, significant work was undertaken at Group level in 2017 to consolidate existing rules and clarify guidelines and procedures. This work has continued at a faster pace in 2018 and 2019 to ensure compliance with new regulations, implement these new procedures within the Group and strengthen control points.

## 5.3. Measures to prevent and combat corruption

To support the Group’s development and growth and meet new regulatory requirements, the Chairman and Executive Management decided to supplement work to formalise all Group rules by launching a compliance programme to prevent and combat bribery and influence peddling across all subsidiaries and geographic regions.

In particular, the anti-corruption framework includes the following:

- **a high degree of executive involvement** in implementation and monitoring, including in particular a Compliance and Internal Control Steering Committee, which meets weekly;
- **a Group-wide organisational structure** in charge of managing, monitoring and controlling the framework, via Compliance Officers, who have responsibility for compliance and risk management issues within each entity;
- **a specific risk mapping exercise for bribery and influence-peddling risks**, carried out at the same intervals and applying the same methodology used for the overall risk mapping exercise, and shared with the affected staff;
- **a Code of Conduct for the Prevention of Corruption and Influence Peddling**, illustrated with real-world examples, supplementing the Code of Ethics, published in ten languages and covering all Group entities. In 2018, this code was distributed to all Group managers and staff, totalling over 44,000 people. The code is now incorporated into the internal rules of Group entities, after completing the necessary procedures with the employee representative bodies;
- **a disciplinary regime** based on the Code of Conduct, made enforceable by incorporating it into the internal rules and regulations; the Group adopts a zero-tolerance policy with regard to corruption and influence-peddling;
- **specific, formal procedures**, allowing in particular for the implementation of the associated first- and second-level controls, in order to respond to situations identified as potentially exposed to risk. For example: policy on gifts and hospitality; procedure relating to conflicts of interest; procedure for client events; procedure relating to export transactions; procedures scheduled to be rolled out in early 2019;
- **a stricter procedure for assessing third parties, including clients, suppliers and subcontractors**. In this regard, the Group has formalised and rolled out a new purchasing procedure and expanded its suppliers’ charter to cover all new regulations, and more specifically regulations relating to the Sapin II Act and the duty of care;
- **a Group training programme** aimed at raising awareness among all employees, using a practical and accessible approach, and training those segments of the workforce considered as the most exposed in light of the results of the risk mapping exercise for bribery and influence-peddling risks. This programme is based on the following:
  - an e-learning module available in five languages, rolled out in 2018. By the end of March 2019, 79% of Group employees had access to this module via the website of the Group’s training organisation (Sopra Steria Academy), with other employees, who do not have access to the platform for technical reasons, receiving face-to-face training,
  - inclusion of dedicated sections in induction training and business training modules, to ensure that sustainable training mechanisms are in place,
  - face-to-face training for those considered the most at risk – managers, sales staff, buyers, public sector, export, etc. – and for entities not able to access the e-learning platform for technical reasons;
- **strengthened control and audit procedures;**
- **a whistleblowing system**, to be implemented in the first quarter of 2019, incorporating the French legal requirements laid down by the Sapin II Act, rolled out to all Group entities.

## 5.4. Vigilance plan

The purpose of the vigilance plan is to organise the various measures set out in Act 2017-399 of 27 March 2017 that the Company and its subsidiaries have implemented in respect of the following components:

- **A survey mapping risks of serious violations**, designed using the same methodology as the overall risk mapping exercise, covering each of the areas specified in the French Duty of Care Act (human rights and fundamental freedoms, health and safety, and the environment);
- **Preventive and mitigating actions implemented or identified**: these factors, and those relating to health and safety as well as environmental protection, are set out in Section 2.1.5, "Health and safety" of Chapter 3, page 86, and Section 4.2, "Environmental challenges: Opportunities for the Group" of Chapter 3, page 93;
- **A third-party assessment process**:
  - the **Group Suppliers' Charter** has been expanded to include commitments expected of suppliers and subcontractors in relation to the duty of care.
  - a new **Group purchasing procedure** has been rolled out by the Purchasing Department and the Internal Control and Risk Management Department to extend the process and broaden the scope of assessment of suppliers and subcontractors (assessment via the EcoVadis collaborative platform).
- **A whistleblowing system** at all Group entities, with the objective of integrating this system into the existing framework for preventing and combating corruption.

The Sustainable Development and Corporate Responsibility Committee (described in Section 1.1.3 on page 81 of this document) is responsible for monitoring the measures implemented and assessing their effectiveness.

To date, no serious violations have been identified in respect of:

- human rights and fundamental freedoms;
- health and safety;
- the environment.

## 5.5. Tax regulations and transparency

Regarding its tax policy, pursuant to Article L. 225-102-1 of the French Commercial Code, Sopra Steria Group is committed to

complying with the tax laws and regulations applicable in all of the countries in which it is present, as well as the relevant international standards, such as those of the OECD, in particular those pertaining to transfer prices, through measures including documenting its transfer prices and filing a statement for each country with the competent tax authorities.

Sopra Steria Group is regularly audited by the competent tax authorities, with which it fully cooperates.

Sopra Steria Group also abstains from establishing operations in tax havens (uncooperative countries or territories on the official French list or the European Union's blacklist), has no bank accounts at banks established in such countries or territories, and more generally abstains from creating any entities that have no economic substance or business purpose.

## 5.6. Data protection

### PROTECTION OF PERSONAL INFORMATION

Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 – known as the General Data Protection Regulation, or GDPR – entered into force on 25 May 2018. Sopra Steria Group and its subsidiaries have rolled out a programme aimed at ensuring compliance with this regulation and local laws.

In particular, this programme overseen by the Group Legal Department, which coordinates data protection arrangements across all subsidiaries, includes the following:

- appointment of Data Protection Officers (DPOs);
- rollout of training to all Group employees;
- adjustments to contracts;
- implementation of specific internal procedures.

In addition, at Sopra HR Software, the Sopra Steria Group's HR solutions publisher subsidiary, the Binding Corporate Rules (BCR) have been in place within its entities since 2015.

### PROTECTING AND SECURING CLIENT DATA

The Group has put in place a policy and robust system across all its entities and operations, supported by an appropriate organisational structure, procedures and controls that are reviewed annually.

These measures are presented in Section 8.1, "Main risks" of Chapter 1, pages 28 to 37 of this document.

## 6. SDG/GRI/TCFD-CDSB cross-reference table

Registration Document	SDGs	GRI	CDSB-TCFD (Climate Change Reporting Framework)
<b>Chapter/ Section #</b>	<b>Chapter/Section title</b>	<b>Page #</b>	
<b>1.</b>	<b>Chapter 1 – Introduction to Sopra Steria</b>		
1.8.	Risk factors and internal control	28	REQ-02 Risks and opportunities
<b>3.</b>	<b>Chapter 3 – Corporate responsibility</b>		
<b>1</b>	<b>Sopra Steria: Committed to a sustainable, responsible world</b>		
1.1.	Overview of the Group's corporate responsibility strategy	79	
1.1.1.	Our commitment to the United Nations Global Compact	79	16. Peace, justice and strong institutions 17. Partnerships for the goals
1.1.2.	Materiality analysis aligned with the business model	80	
1.1.3.	A corporate responsibility governance structure supporting the Group's priorities	81	REQ-03 Governance
1.2.	Major recognition	82	
1.3.	Overview of reporting scope	82	REQ-08 Reporting policies
<b>2</b>	<b>Social responsibility: a collective commitment to acting responsibly</b>		
2.1.	Responsible employment challenges	83	
2.1.1.	Attracting and retaining more talent	84	8. Decent work and economic growth GRI 401-1
2.1.2.	Maintaining and developing skills	84	8. Decent work and economic growth 4. Quality education GRI 404-3
2.1.3.	Diversity and equal opportunity	85	5. Gender equality 10. Reducing inequalities GRI 406-1 GRI 405-2
2.1.4.	Labour relations	86	17. Partnerships for the goals GRI 407-1
2.1.5.	Health and safety	86	3. Good health and well-being for people
2.2.	Other labour-related information	86	
2.2.1.	Jobs and the workforce	86	11. Sustainable cities and communities GRI 102-8
2.2.2.	Compensation	87	1. No poverty
2.2.3.	Working conditions and organisation	87	3. Good health and well-being for people GRI 403-9
<b>3</b>	<b>Social responsibility: Involving our stakeholders to boost the impact of our actions</b>		
3.1.	Maintaining a high level of transparency and interaction with stakeholders	88	17. Partnerships for the goals GRI 102-12 GRI 102-13 GRI 102-40 GRI 102-42
3.2.	Drawing on innovation and strategic alliances to support digital transformation	89	17. Partnerships for the goals
3.3.	Raising our clients' awareness of the social impact of digital technology and their own sustainability challenges	89	9. Industry, innovation and infrastructure 11. Sustainable cities and communities 13. Climate action
3.4.	Aligning the supply chain with corporate responsibility priorities	90	GRI 308-1
3.5.	Committing the company to an ethical and inclusive digital society	90	2. Zero hunger 10. Reducing inequalities 16. Peace, justice and strong institutions
3.6.	Ensuring that the Group has a positive regional impact	91	1. No poverty 4. Quality education 3. Good health and well-being for people 6. Clean water and sanitation 8. Decent work and economic growth 11. Sustainable cities and communities



Registration Document	SDGs	GRI	CDSB-TCFD (Climate Change Reporting Framework)
Chapter/ Section # Chapter/Section title	Page #		
<b>4</b>	<b>Environmental responsibility: Innovating for the environment throughout our value chain</b>		
	9. Industry, innovation and infrastructure		
4.1.	Major commitments defined with leading global organisations	92	17. Partnerships for the goals
			GRI 305-1, GRI 305-2, GRI 305-5, GRI 302-1, GRI 302-2, GRI 302-4, GRI 302-5, GRI 413-1, GRI 102-56, GRI 102-27, GRI 102-28
4.2.	Environmental challenges: Opportunities for the Group	93	
			GRI 102-15, GRI 201-2, GRI 102-1, GRI 102-7, GRI 308-2, REQ-02 Risks and opportunities
4.3.	A Group recognised for its environmental commitment and action	93	
			GRI 102-14, 102-18, REQ-03 Governance
4.4.	Targets and key achievements	94	
			6. Clean water and sanitation 7. Affordable and clean energy 11. Sustainable cities and communities 12. Responsible consumption and production 13. Climate action 14. Life below water 15. Life on land
			GRI 102-10, GRI 102-49, GRI 302-4, GRI 302-5, GRI 305-5, GRI 306-3, REQ-04 Sources of environmental impact, REQ-05 Performance and comparative analysis, REQ-06 Outlook, REQ-07 Organisational boundary, REQ-08 Reporting policies
4.5.	Climate action: A challenge we can anticipate and control	98	13. Climate action
<b>5</b>	<b>Ethics and compliance</b>		
5.1.	Governance and organisation	99	
5.2.	Policies and procedures	99	1. No poverty 8. Decent work and economic growth 13. Climate action 16. Peace, justice and strong institutions
5.3.	A Group-wide anti-corruption programme	100	4. Quality education 16. Peace, justice and strong institutions
5.4.	Vigilance plan	101	
5.5.	Tax regulations and transparency	101	16. Peace, justice and strong institutions
5.6.	Data protection	101	
<b>7</b>	<b>SDG/GRI/ TCFD-CDSB cross-reference table</b>	<b>102</b>	
<b>8</b>	<b>Report by the independent third party on the consolidated labour-related, environmental and social information presented in the Management Report</b>		

## 7. Report by the independent third party on the consolidated labour-related, environmental and social information presented in the Management Report

### Financial year ended 31 December 2018

To the Shareholders,

In our capacity as an independent third party, member of the Mazars network and a Statutory Auditor of Sopra Steria Group, certified by COFRAC Inspection under number 3-1058 (scope of certification available on [www.cofrac.fr](http://www.cofrac.fr)), we hereby report to you on the consolidated statement of non-financial performance for the year ended 31 December 2018 (hereinafter referred to as the "Statement"), presented in the Management Report, pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

#### RESPONSIBILITY OF THE COMPANY

The Board of Directors is responsible for drawing up a Statement complying with legal and regulatory provisions, including an overview of the business model, a description of the main non-financial risks, an overview of policies adopted in light of those risks and the results of those policies, including key performance indicators.

The Statement has been prepared in accordance with the Company's procedures (hereinafter "the Guidelines"), the significant elements of which are available on request from the Company's registered office.

#### Independence and quality control

Our independence is enshrined in the provisions of Article L. 822-11-3 of the French Commercial Code and the Code of Ethics governing the audit profession in France. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with ethical and professional standards, and the applicable legal and regulatory requirements.

#### RESPONSIBILITY OF THE INDEPENDENT THIRD PARTY

On the basis of our work, it is our responsibility to formulate a reasoned opinion expressing limited assurance as to:

- the Statement's compliance with the provisions laid down in Article R. 225-105 of the French Commercial Code;
- the fair presentation of the information provided pursuant to Point 3 of Paragraphs I and II of Article R. 225-105 of the French Commercial Code, namely the results of policies, including key performance indicators, and actions relating to the key risks (hereinafter "the Information").

It is also our responsibility, at the entity's request and outside the scope of accreditation, a reasonable assurance conclusion that the information selected by the entity (cf. Annex) has been prepared, in all material respects, in accordance with the Guidelines.

However, it is not our responsibility to issue an opinion on whether:

- the Company complies with other applicable legal and regulatory provisions, notably as regards the vigilance plan, anti-corruption measures and the prevention of tax evasion;
- products and services comply with applicable regulations.

#### NATURE AND SCOPE OF WORK

Our work described below was carried out in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code establishing the manner in which an independent third party should fulfil its engagement, with industry policy issued by the CNCC for this type of engagement and with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information".

The work we carried out enabled us to assess the Statement's compliance with regulatory provisions and the fair presentation of the Information:

- we familiarised ourselves with the business of all companies in the consolidated group, the overview of key labour-related and economic risks associated with that business and, where applicable, its effects as regards respect for human rights, anti-corruption measures and the prevention of tax evasion, as well as with the resulting policies and the results of those policies;
- we assessed the suitability of the Guidelines in terms of their relevance, completeness, reliability, impartiality and comprehensibility, taking industry best practice into account where applicable;
- we checked that the Statement covers each category of disclosure stipulated in the third paragraph of Article L. 225-102-1 in relation to labour-related and environmental information, as well as respect for human rights, anti-corruption measures and the prevention of tax evasion;
- we checked that the Statement includes a reasoned explanation for the absence of any information required by the Subparagraph 2 of Paragraph III of Article L. 225-102-1;
- we checked that the Statement includes an overview of the business model and key risks associated with the business of all entities in the consolidated group, including, where relevant and proportionate, risks arising from its business relationships, products and services, as well as policies, actions and results, including key performance indicators;
- we checked that the Statement includes an overview of the information stipulated in the second paragraph of Article R. 225-105, where that information is relevant to the key risks and policies presented;
- we assessed the process used to select and validate key risks;

Report by the independent third party on the consolidated labour-related, environmental and social information presented in the Management Report

- we enquired about internal control and risk management procedures put in place by the Company;
- we assessed the consistency of the results and key performance indicators selected with the key risks and policies presented;
- we checked that the Statement covers the consolidated group, i.e. all companies falling within the scope of consolidation in accordance with Article L. 233-16, within the limits specified in Section 3.1.3 of the Statement, "Overview of reporting scope";
- we assessed the collection process put in place by the entity to ensure that the Information is complete and truthful;
- for the key performance indicators and other quantitative results (cf. Annex) we considered most important, we:
  - used analytical procedures to check that the data collected had been properly consolidated, and that any changes in the data were consistent,
  - carried out detailed, sample-based testing to check that definitions and procedures had been properly applied and to reconcile data with supporting documents. This work was undertaken on a selection of contributing entities and countries (cf. Annex) and covered between 34% and 86% of the consolidated data used in the key performance indicators and results selected for these tests;
- we consulted source documents and carried out interviews to corroborate the qualitative information (actions and results) we considered most important (cf. Annex);
- we assessed the Statement's overall consistency based on our understanding of the Company.

We believe that the work we have undertaken, to the best of our professional judgement, provides sufficient basis for our limited assurance conclusion; a higher level of assurance would have required more extensive verification procedures.

## MEANS AND RESOURCES

Our work was carried out by a team of eight people between October 2018 and March 2019 and required a total of around 12 weeks.

We conducted around five interviews with individuals responsible for preparing the Statement, notably representing the Internal Control and Risk Management, Human Resources, Legal and Sustainable Development Departments.

## CONCLUSION

Based on the work performed, we did not identify any material misstatement that would cause us to conclude that the statement of non-financial performance is not consistent with applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

## REASONABLE ASSURANCE REPORT ON SELECTED CSR INFORMATION

Regarding the information selected by the Company and identified by a √ sign, we performed, at the request of the Company and in line with its proactive approach, the same types of procedure as those described in the "Nature and scope of work" section above for the key performance indicators and the other quantitative results that we considered to be the most important, but in a more in-depth manner, in particular with respect to the number of tests conducted.

The selected sample thus represents an average of 52% of the workforce and between 53% and 86% of environmental data identified by the √ sign.

We believe that these procedures enable us to express a reasonable assurance conclusion with respect to the information selected by the Company and identified by the √ sign.

## CONCLUSION

In our opinion, the information selected by the Company and identified by the √ sign has been prepared, in all material respects, in accordance with the Guidelines.

*Paris La Défense, 12 April 2019*

Independent third party

### **Mazars SAS**

Bruno POUGET

*Partner*

Edwige REY

*CSR & Sustainable  
Development Partner*

## CORPORATE RESPONSIBILITY

Report by the independent third party on the consolidated labour-related, environmental and social information presented in the Management Report

## I ANNEX

Key performance indicators and other quantitative results considered most important, and selection of contributing entities and countries subjected to detailed testing. (✓) Information reviewed on a reasonable assurance basis

Information	Entity/Country
<ul style="list-style-type: none"> <li>■ Workforce by age bracket and type of employment contract ✓</li> <li>■ Workforce (FTE) ✓</li> <li>■ New hires ✓</li> <li>■ Turnover rate for staff on permanent contracts</li> </ul>	<ul style="list-style-type: none"> <li>■ Sopra Steria Group SA (France)</li> <li>■ Kentor IT AB (Sweden)</li> <li>■ Sopra Steria España SAU (Spain)</li> <li>■ Steria India Limited (India)</li> </ul>
<ul style="list-style-type: none"> <li>■ Number of hours and days of training ✓</li> <li>■ Average number of training days per employee ✓</li> </ul>	<ul style="list-style-type: none"> <li>■ Sopra Steria Group SA (France)</li> <li>■ Sopra Steria España SAU (Spain)</li> <li>■ Steria India Limited (India)</li> </ul>
<ul style="list-style-type: none"> <li>■ Percentage of employees with a disability ✓</li> </ul>	<ul style="list-style-type: none"> <li>■ Sopra Steria Group SA (France)</li> <li>■ Sopra Steria I2S (France)</li> </ul>
<ul style="list-style-type: none"> <li>■ Energy consumption per employee ✓</li> <li>■ Energy consumption (offices and on-site data centres) ✓</li> <li>■ Energy consumption of data centres (on-site and off-site) ✓</li> <li>■ Proportion of electricity consumption for offices and on-site data centres provided by renewable energies ✓</li> <li>■ Greenhouse gas emissions from energy consumption (offices and on-site data centres) ✓</li> <li>■ Greenhouse gas emissions from energy consumption of data centres (on-site and off-site) ✓</li> </ul>	<ul style="list-style-type: none"> <li>■ France (Sopra Steria Group, Sopra HR Software, Sopra Banking Software, Beamap, Sopra Steria I2S, CIMPA, Galitt, 2MoRO)</li> <li>■ Norway (Steria AS)</li> <li>■ United Kingdom (Sopra Banking Software Ltd, Sopra HR Software Ltd, CIMPA Ltd, NHS Shared Business Services, SSCL, Sopra Steria Ltd)</li> </ul>
<ul style="list-style-type: none"> <li>■ Greenhouse gas emissions – Business travel ✓</li> </ul>	<ul style="list-style-type: none"> <li>■ France (Sopra Steria Group, Sopra HR Software, Sopra Banking Software, Beamap, Sopra Steria I2S, CIMPA)</li> <li>■ Germany (Sopra HR Software, Sopra Banking Software, Sopra Steria, ISS Software, Sopra Steria Services, CIMPA)</li> <li>■ Spain (Sopra Steria España SAU, Sopra Steria Euskadi SL, Sopra HR Software SL, CIMPA, Sopra Financial Solutions Iberia SL)</li> <li>■ Sopra Banking Software</li> </ul>
<ul style="list-style-type: none"> <li>■ Quantity of WEEE generated per employee ✓</li> </ul>	<ul style="list-style-type: none"> <li>■ France (Sopra Steria Group, Sopra HR Software, Sopra Banking Software, Beamap, Sopra Steria I2S, CIMPA)</li> <li>■ India (Steria India Ltd, Cassiopae India PLC)</li> <li>■ Spain (Sopra Steria España SAU, Sopra Steria Euskadi SL, Sopra HR Software SL, CIMPA, Sopra Financial Solutions Iberia SL)</li> </ul>
<ul style="list-style-type: none"> <li>■ Energy consumption (offices and on-site data centres)</li> </ul>	<ul style="list-style-type: none"> <li>■ Spain (Sopra Steria España SAU, Sopra Steria Euskadi SL, Sopra HR Software SL, CIMPA, Sopra Financial Solutions Iberia SL)</li> <li>■ India (Steria India Ltd, Cassiopae India PLC)</li> </ul>
<ul style="list-style-type: none"> <li>■ Quantity of “green” paper purchased per employee ✓</li> </ul>	<ul style="list-style-type: none"> <li>■ France (Sopra Steria Group, Sopra HR Software, Sopra Banking Software, Beamap, Sopra Steria I2S, CIMPA)</li> <li>■ United Kingdom (Sopra Banking Software Ltd, Sopra HR Software Ltd, CIMPA Ltd, NHS Shared Business Services, SSCL, Sopra Steria Ltd)</li> </ul>
<ul style="list-style-type: none"> <li>■ Quantity of paper and cardboard waste per employee ✓</li> </ul>	<ul style="list-style-type: none"> <li>■ France (Sopra Steria Group, Sopra HR Software, Sopra Banking Software, Beamap, Sopra Steria I2S, CIMPA)</li> <li>■ Spain (Sopra Steria España SAU, Sopra Steria Euskadi SL, Sopra HR Software SL, CIMPA, Sopra Financial Solutions Iberia SL)</li> <li>■ United Kingdom (Sopra Banking Software Ltd, Sopra HR Software Ltd, CIMPA Ltd, NHS Shared Business Services, SSCL, Sopra Steria Ltd)</li> </ul>
<ul style="list-style-type: none"> <li>■ Direct fugitive emissions (offices and on-site data centres) ✓</li> </ul>	<ul style="list-style-type: none"> <li>■ United Kingdom (Sopra Banking Software Ltd, Sopra HR Software Ltd, CIMPA Ltd, NHS Shared Business Services, SSCL, Sopra Steria Ltd)</li> <li>■ India (Steria India Ltd, Cassiopae India PLC)</li> </ul>
<ul style="list-style-type: none"> <li>■ Emissions arising from purchasing expenditure</li> </ul>	<ul style="list-style-type: none"> <li>■ France (Sopra Steria Group, Sopra HR Software, Sopra Banking Software, Beamap, Sopra Steria I2S, CIMPA)</li> </ul>
<ul style="list-style-type: none"> <li>■ Ethical measures: Anti-corruption programme</li> </ul>	<ul style="list-style-type: none"> <li>■ Group</li> </ul>
<ul style="list-style-type: none"> <li>■ Measures for the protection of personal information</li> </ul>	<ul style="list-style-type: none"> <li>■ Group</li> </ul>

# 4 2018 CONSOLIDATED FINANCIAL STATEMENTS

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## Consolidated statement of net income

<i>(in millions of euros)</i>	Notes	2018	2017
<b>Revenue</b>	4.1	<b>4,095.3</b>	<b>3,831.1</b>
Staff costs	5.1	-2,441.5	-2,331.1
External expenses and purchases	4.2.1	-1,254.5	-1,122.9
Taxes and duties		-37.1	-37.4
Depreciation, amortisation, provisions and impairment		-55.2	-21.4
Other current operating income and expenses	4.2.2	1.0	12.5
<b>Operating profit on business activity</b>		<b>307.9</b>	<b>330.7</b>
<i>as % of revenue</i>		7.5%	8.6%
Expenses related to stock options and related items	5.4	-22.8	-21.2
Amortisation of allocated intangible assets		-24.3	-21.8
<b>Profit from recurring operations</b>		<b>260.8</b>	<b>287.7</b>
<i>as % of revenue</i>		6.4%	7.5%
Other operating income and expenses	4.2.3	-34.2	-25.1
<b>Operating profit</b>		<b>226.6</b>	<b>262.6</b>
<i>as % of revenue</i>		5.5%	6.9%
Cost of net financial debt	11.1.1	-7.8	-6.8
Other financial income and expenses	11.1.2	-11.7	-8.5
Tax expense	6.1	-82.0	-73.9
Net profit from associates	9.1	3.6	1.7
<b>Net profit from continuing operations</b>		<b>128.7</b>	<b>175.1</b>
Net profit from discontinued operations		-	-
<b>Consolidated net profit</b>		<b>128.7</b>	<b>175.1</b>
<i>as % of revenue</i>		3.1%	4.6%
Non-controlling interests	13.1.5	3.6	2.6
<b>NET PROFIT ATTRIBUTABLE TO THE GROUP</b>		<b>125.1</b>	<b>172.5</b>
<i>as % of revenue</i>		3.1%	4.5%
<b>EARNINGS PER SHARE</b> <i>(in euros)</i>	Notes		
Basic earnings per share	13.2	6.20	8.53
Diluted earnings per share	13.2	6.17	8.51

## Consolidated statement of comprehensive income

<i>(in millions of euros)</i>	Notes	2018	2017
<b>Consolidated net profit</b>		<b>128.7</b>	<b>175.1</b>
<b>Other comprehensive income:</b>			
Actuarial gains and losses on pension plans	5.3	36.8	74.9
Tax impact		-6.6	-13.4
Related to associates		-	0.3
Change in fair value of financial assets (non-consolidated securities)		-3.9	-1.7
<b>Subtotal of items recognised in equity and not reclassifiable to profit or loss</b>		<b>26.4</b>	<b>60.0</b>
Translation differences	13.1.4	-11.0	-44.6
Change in net investment hedges		-0.2	2.9
Tax impact on net investment hedges		-0.1	-1.5
Change in cash flow hedges		2.5	-0.4
Tax impact on cash flow hedges		-1.0	0.2
Related to associates	9.2	3.5	-10.2
<b>Subtotal of items recognised in equity and reclassifiable to profit or loss</b>		<b>-6.3</b>	<b>-53.7</b>
<b>Other comprehensive income, total net of tax</b>		<b>20.0</b>	<b>6.3</b>
<b>COMPREHENSIVE INCOME</b>		<b>148.7</b>	<b>181.5</b>
Non-controlling interests	13.1.5	3.5	0.9
<b>Attributable to the Group</b>		<b>145.3</b>	<b>180.6</b>

## Consolidated statement of financial position

<b>Assets</b> (in millions of euros)	<b>Notes</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
Goodwill	8.1	1,708.5	1,590.6
Intangible assets	8.2	253.5	190.2
Property, plant and equipment	8.3	144.7	128.9
Equity-accounted investments	9.2	195.1	189.1
Other non-current financial assets	7.1	38.9	28.6
Retirement benefits and similar obligations	5.3	2.0	4.3
Deferred tax assets	6.3	96.9	115.1
<b>Non-current assets</b>		<b>2,439.6</b>	<b>2,246.8</b>
Trade receivables and related accounts	7.2	1,091.0	1,147.1
Other current assets	7.3	286.8	246.3
Cash and cash equivalents	11.2	170.3	162.4
<b>Current assets</b>		<b>1,548.1</b>	<b>1,555.8</b>
Assets held for sale		-	-
<b>TOTAL ASSETS</b>		<b>3,987.7</b>	<b>3,802.6</b>

<b>Liabilities and equity</b> (in millions of euros)	<b>Notes</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
Share capital		20.5	20.5
Share premium		531.5	541.7
Consolidated reserves and other reserves		619.1	471.7
Profit for the year		125.1	172.5
<b>Equity attributable to the Group</b>		<b>1,296.2</b>	<b>1,206.5</b>
<b>Non-controlling interests</b>		<b>32.9</b>	<b>30.7</b>
<b>TOTAL EQUITY</b>	13.1	<b>1,329.2</b>	<b>1,237.2</b>
Non-current financial debt	11.3	338.3	398.9
Deferred tax liabilities	6.3	17.3	16.0
Retirement benefits and similar obligations	5.3	317.5	378.1
Non-current provisions	10.1	59.9	56.2
Other non-current liabilities	7.4	99.9	65.2
<b>Non-current liabilities</b>		<b>832.9</b>	<b>914.5</b>
Current financial debt	11.3	452.9	273.6
Current provisions	10.1	21.6	16.6
Trade payables and related accounts		294.9	268.8
Other current liabilities	7.5	1,056.2	1,092.0
<b>Current liabilities</b>		<b>1,825.6</b>	<b>1,650.9</b>
Liabilities held for sale		-	-
<b>TOTAL LIABILITIES</b>		<b>2,658.5</b>	<b>2,565.4</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,987.7</b>	<b>3,802.6</b>



## Consolidated statement of changes in equity

<i>(in millions of euros)</i>	Share capital	Share premium	Treasury shares	Consolidated reserves and retained earnings	Other comprehensive income	Total attributable to Group	Non-controlling interests	Total
<b>AT 31/12/2016</b>	<b>20.5</b>	<b>531.4</b>	<b>-38.9</b>	<b>698.7</b>	<b>-144.0</b>	<b>1,067.7</b>	<b>30.6</b>	<b>1,098.3</b>
Share capital transactions	-	0.1	-	-	-	0.1	-	0.1
Share-based payments	-	-	-	17.5	-	17.5	0.1	17.6
Transactions in treasury shares	-	-	-1.5	-8.2	-	-9.8	-	-9.8
Ordinary dividends	-	-	-	-44.5	-	-44.5	-	-44.5
Changes in scope	-	-	-	-0.2	-	-0.2	1.7	1.5
Put option on minority interests	-	-	-	-5.3	-	-5.3	-2.6	-7.9
Other movements	-	-	-	0.3	-	0.2	0.1	0.3
<b>Shareholder transactions</b>	<b>-</b>	<b>0.1</b>	<b>-1.5</b>	<b>-40.4</b>	<b>-</b>	<b>-41.9</b>	<b>-0.8</b>	<b>-42.7</b>
Net profit for the period	-	-	-	172.5	-	172.5	2.6	175.1
Other comprehensive income	-	-	-	-	8.1	8.1	-1.7	6.4
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>172.5</b>	<b>8.1</b>	<b>180.6</b>	<b>0.9</b>	<b>181.5</b>
<b>AT 31/12/2017</b>	<b>20.5</b>	<b>531.5</b>	<b>-40.4</b>	<b>830.8</b>	<b>-135.9</b>	<b>1,206.5</b>	<b>30.7</b>	<b>1,237.2</b>
Share capital transactions	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	19.8	-	19.8	0.2	19.9
Transactions in treasury shares	-	-	-2.4	-19.4	-	-21.8	-	-21.8
Ordinary dividends	-	-	-	-48.7	-	-48.7	-	-48.7
Changes in scope	-	-	-	-	-	-	1.1	1.1
Put option on minority interests	-	-	-	-4.6	-	-4.6	-2.5	-7.2
Other movements	-	-	-	1.0	-1.1	-0.1	-	-0.1
<b>Shareholder transactions</b>	<b>-</b>	<b>-</b>	<b>-2.4</b>	<b>-52.0</b>	<b>-1.1</b>	<b>-55.5</b>	<b>-1.3</b>	<b>-56.8</b>
Net profit for the period	-	-	-	125.1	-	125.1	3.6	128.7
Other comprehensive income	-	-	-	-	20.1	20.1	-0.1	20.0
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125.1</b>	<b>20.1</b>	<b>145.3</b>	<b>3.5</b>	<b>148.8</b>
<b>AT 31/12/2018</b>	<b>20.5</b>	<b>531.5</b>	<b>-42.8</b>	<b>903.9</b>	<b>-116.9</b>	<b>1,296.2</b>	<b>32.9</b>	<b>1,329.2</b>

# Consolidated cash flow statement

<i>(in millions of euros)</i>	Notes	2018	2017
<b>Consolidated net profit (including non-controlling interests)</b>		<b>128.7</b>	<b>175.1</b>
Net increase in depreciation, amortisation and provisions		80.4	50.2
Unrealised gains and losses related to changes in fair value		0.2	6.5
Expenses and income related to stock options and related items	5.4	19.9	16.9
Gains and losses on disposal		0.3	-6.1
Share of net profit/(loss) of equity-accounted companies	9.1	-3.6	-1.7
Cost of net financial debt	11.1.1	7.8	6.8
Tax expense	6.1	82.0	73.9
<b>Cash from operations before change in working capital requirement (A)</b>		<b>315.7</b>	<b>321.7</b>
Tax paid (B)		-63.4	-63.9
Change in operating working capital requirement (C)	12.2	-23.1	-20.2
<b>Net cash from operating activities (D) = (A+B+C)</b>		<b>229.2</b>	<b>237.6</b>
Purchase of property, plant and equipment and intangible assets	12.3	-61.9	-62.3
Proceeds from sale of property, plant and equipment and intangible assets	12.3	0.1	-
Purchase of non-current financial assets		-2.6	-0.3
Proceeds from sale of non-current financial assets		0.2	0.1
Cash impact of changes in scope		-167.7	-77.0
Dividends received (equity-accounted companies, non-consolidated securities)		1.4	2.8
Proceeds from/(Payments on) loans and advances granted		-2.3	-2.9
Net interest received		-	1.0
<b>Net cash from/(used in) investing activities (E)</b>		<b>-232.8</b>	<b>-138.5</b>
Proceeds on the exercise of stock options		-	0.1
Purchase and sale of treasury shares	12.3	-23.4	-1.3
Dividends paid to shareholders of the parent company	12.3	-48.7	-44.5
Proceeds from/(Payments on) borrowings	12.1	114.3	-97.3
Net interest paid		-6.4	-5.4
Additional contributions related to defined-benefit pension plans	12.3	-23.4	-21.0
Other cash flows relating to financing activities		-0.8	-18.1
<b>Net cash from/(used in) financing activities (F)</b>		<b>11.6</b>	<b>-187.4</b>
Impact of changes in foreign exchange rates (G)		-4.1	-17.5
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (D+E+F+G)</b>		<b>3.9</b>	<b>-105.8</b>
Opening cash position		155.9	261.7
Closing cash position	11.2	159.8	155.9

# Notes to the consolidated financial statements

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The Group's consolidated financial statements for the year ended 31 December 2018 were approved by the Board of Directors at its meeting held on 11 April 2019.

The main accounting policies applied in the preparation of the consolidated financial statements are presented below. They have been applied consistently for all of the financial years presented.

## 1.1. Basis of preparation

The consolidated financial statements for the year ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) as published by the IASB and adopted by the European Union. Information on these standards is provided on the European Commission website: [https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting\\_en#ifrs-financial-statements](https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en#ifrs-financial-statements).

## 1.2. Application of new standards and interpretations

### 1.2.1. New mandatory standards and interpretations

The following new standards, amendments to existing standards and interpretations are required for accounting periods beginning on or after 1 January 2018:

- IFRS 15 *Revenue from Contracts with Customers* (including amendments and clarifications);
- IFRS 9 *Financial Instruments*;
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*;
- amendments to IFRS 2 *Share-Based Payment*.

The application of IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* is described in Notes 1.2.3 and 1.2.4, respectively.

IFRIC 22 *Foreign Currency Transactions and Advance Consideration* and amendments to IFRS 2 *Share-Based Payment* had no impact on the financial statements.

### 1.2.2. Standards and interpretations published by the IASB but not applied early

The Group has not opted for early application of standards, amendments and interpretations published by the IASB and adopted by the European Union, but whose mandatory effective date was later than 1 January 2018. These mainly include the following standards, amendments and interpretations:

- IFRS 16 *Leases*, which must be applied for reporting periods beginning on or after 1 January 2019. Its implementation within the Group is described in Note 1.2.5.
- IFRIC 23 *Uncertainty over Income Tax Treatments*. Its implementation as from 1 January 2019 should not have any impact on the Group's equity.

In addition, there were no standards, amendments or interpretations not yet adopted by the European Union at 31 December 2018 that may be applied early.

### 1.2.3. Application of IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was published by the IASB on 28 May 2014 and adopted by the European Union on 29 October 2016. It replaces IAS 18 *Revenue* and IAS 11 *Construction Contracts*.

The new standard provides a single revenue recognition model for all contracts with customers, based on a five-step approach to analysing contracts:

1. identify the contract(s) with a customer;
2. identify the distinct performance obligations in the contract;
3. determine the transaction price;
4. allocate the transaction price to each performance obligation in the contract;
5. recognise revenue for each performance obligation when or as control of the good or service is transferred to the customer.

The Group applied IFRS 15 as at 1 January 2018 using the full retrospective method. **The reporting periods of financial year 2017, presented for comparison with those of financial year 2018, have therefore been restated.** The cumulative effect of the adoption of this standard at 1 January 2017 was recognised in consolidated equity at that date.

During the assessment required by each of the steps in this model, occasional discrepancies with regard to the application of previous standards were identified, affecting a limited number of contracts. **Accordingly, on completion of the appraisal of the application of IFRS 15, the Group considered that the adjustments identified, both cumulatively and individually, did not have a material impact on Revenue or Operating profit on business activity.**

As described in Note 1.2.3 on pages 136 and 137 of the 2017 Registration Document, the discrepancies identified affected very few contracts and concerned:

- *the separation of performance obligations within a contract.* IFRS 15 states that performance obligations in a contract are distinct if they are separate in absolute terms and, more specifically, they are separate in the context of the specific contract. The application of these principles to Group contracts led to a review of the separation of performance obligations within contracts and the regrouping of certain obligations. Notably, services may be performed to enable the future fulfilment of contracts. Examples include transition activities for outsourcing or third-party application maintenance contracts and set-up phases for deliverables in SaaS mode for software solutions. In the majority of cases, these services do not represent distinct performance obligations. The standard sets out their treatment and enables the recognition of an asset corresponding to the costs incurred, amortised over the period of the relevant performance obligations (fixed term). This asset is recognised as work in progress, included in *Other current assets*. Revenue and expenses previously recognised on the performance of these activities were therefore restated and deferred;
- *the procedures used to determine the transaction price of a contract and its allocation to the various performance obligations.* The contract analysis led to a review of the recognition of variable consideration and consideration payable to the customer, previously recognised as expenses, and its recognition as discounts deducted from revenue. Similarly, the contract analysis identified financial components, particularly where payment periods in excess of one year are granted. Their impacts were separated from revenue and recognised in financial income;

- *the use of the percentage-of-completion method to recognise revenue.* IFRS 15 diverges from the previous rules by setting specific criteria for determining the transfer of control of goods or services to a customer over time and therefore applying the percentage-of-completion method for revenue recognition. Accordingly, fixed-price construction contracts in integration activities and the development of new features or specific modules for certain customers in software solutions did not, in a very limited number of cases, satisfy the criteria for the recognition of revenue on a percentage-of-completion basis. The revenue and the related expenses were therefore deferred and recognised on completion;
- *the role of principal or agent.* The standard modifies the criteria identifying the situations in which, for a distinct performance

obligation, the Group acts as either a principal or an agent. The Group acts as a principal when it controls the services performed by a subcontractor or the goods purchased from a supplier before transferring control of them to its client. In all other cases, it acts as an agent. Revenue is recognised on a gross basis (with purchases recognised in expenses for the full amount) where the Group acts as a principal. Where it acts as an agent, revenue is limited to the fees or commission to which the Group is entitled under the terms of the contract, representing the margin on this contract (revenue recognition on a net basis). Revenue from equipment sales contracts and licences – a very marginal activity for the Group – was therefore recognised on a net basis rather than gross, as previously.

The information below presents the impacts of the changes arising from application of the new standard on the various financial statement items presented for comparison purposes with those for the period ended 31 December 2018:

#### I STATEMENT OF NET INCOME FOR THE PERIOD ENDED 31 DECEMBER 2017

<i>(in millions of euros)</i>	2017 before IFRS 15	Impact	2017 after IFRS 15
<b>Revenue</b>	<b>3,845.4</b>	<b>-14.2</b>	<b>3,831.1</b>
Operating expenses	-3,515.6	15.2	-3,500.4
<b>Operating profit on business activity</b>	<b>329.8</b>	<b>0.9</b>	<b>330.7</b>
<i>as % of revenue</i>	8.6%		8.6%
<b>Profit from recurring operations</b>	<b>286.8</b>	<b>0.9</b>	<b>287.7</b>
<i>as % of revenue</i>	7.5%		7.5%
<b>Operating profit</b>	<b>261.7</b>	<b>0.9</b>	<b>262.6</b>
<i>as % of revenue</i>	6.8%		6.9%
Other financial income and expenses	-9.8	1.3	-8.5
Tax expense	-73.5	-0.4	-73.9
<b>Net profit from continuing operations</b>	<b>173.3</b>	<b>1.9</b>	<b>175.1</b>
<b>Consolidated net profit</b>	<b>173.3</b>	<b>1.9</b>	<b>175.1</b>
<i>as % of revenue</i>	4.5%		4.6%
Non-controlling interests	1.8	0.8	2.6
<b>NET PROFIT ATTRIBUTABLE TO THE GROUP</b>	<b>171.4</b>	<b>1.1</b>	<b>172.5</b>
<i>as % of revenue</i>	4.5%		4.5%

## 2018 CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

## I CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2017

<i>(in millions of euros)</i>	2017 before IFRS 15	Impact	2017 after IFRS 15
<b>Consolidated net profit</b>	173.3	1.9	175.1
<b>Other comprehensive income:</b>			
<b>Subtotal of items recognised in equity and not reclassifiable to profit or loss</b>	60.0	-	60.0
Translation differences	-44.7	0.1	-44.6
<b>Subtotal of items recognised in equity and reclassifiable to profit or loss</b>	-53.8	0.1	-53.7
<b>Other comprehensive income, total net of tax</b>	6.2	0.1	6.3
<b>COMPREHENSIVE INCOME</b>	<b>179.5</b>	<b>2.0</b>	<b>181.5</b>
Non-controlling interests	-	0.9	0.9
<b>Attributable to the Group</b>	<b>179.5</b>	<b>1.1</b>	<b>180.6</b>

## I CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

Contract costs are recognised as work in progress within *Other current assets*. *Customer contract assets* (previously called *Accrued income*) and *Customer contract liabilities* (previously called *Deferred income*) are presented within assets and liabilities, respectively, in the consolidated statement of financial position as part of *Trade receivables and related accounts* and *Other current liabilities*.

<i>Assets (in millions of euros)</i>	31/12/2017 before IFRS 15	Impact	31/12/2017 after IFRS 15
Deferred tax assets	115.4	-0.3	115.1
<b>Non-current assets</b>	<b>2,247.1</b>	<b>-0.3</b>	<b>2,246.8</b>
Trade receivables and related accounts	1,137.8	9.3	1,147.1
Other current assets	256.4	-10.2	246.3
<b>Current assets</b>	<b>1,556.6</b>	<b>-0.9</b>	<b>1,555.8</b>
<b>TOTAL ASSETS</b>	<b>3,803.8</b>	<b>-1.2</b>	<b>3,802.6</b>

<i>Liabilities and equity (in millions of euros)</i>	31/12/2017 before IFRS 15	Impact	31/12/2017 after IFRS 15
Consolidated reserves and other reserves	484.7	-2.8	481.9
Profit for the year	171.4	1.1	172.5
<b>Equity attributable to the Group</b>	<b>1,208.2</b>	<b>-1.7</b>	<b>1,206.5</b>
<b>Non-controlling interests</b>	<b>31.8</b>	<b>-1.0</b>	<b>30.7</b>
<b>TOTAL EQUITY</b>	<b>1,240.0</b>	<b>-2.8</b>	<b>1,237.2</b>
Deferred tax liabilities	16.8	-0.8	16.0
<b>Non-current liabilities</b>	<b>915.3</b>	<b>-0.8</b>	<b>914.5</b>
Other current liabilities	1,089.6	2.4	1,092.0
<b>Current liabilities</b>	<b>1,648.5</b>	<b>2.4</b>	<b>1,650.9</b>
<b>TOTAL LIABILITIES</b>	<b>2,563.8</b>	<b>1.6</b>	<b>2,565.4</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,803.8</b>	<b>-1.2</b>	<b>3,802.6</b>

## I EQUITY AS AT 1 JANUARY 2017

<i>(in millions of euros)</i>	Share capital	Share premium	Treasury shares	Consolidated reserves and retained earnings	Other comprehensive income	Total attributable to Group	Non-controlling interests	Total
<b>AT 01/01/2017 (before IFRS 15)</b>	<b>20.5</b>	<b>531.4</b>	<b>-38.9</b>	<b>701.6</b>	<b>-144.0</b>	<b>1,070.6</b>	<b>32.5</b>	<b>1,103.1</b>
Impact	-	-	-	-2.8	-	-2.8	-1.9	-4.8
<b>AT 01/01/2017 (AFTER IFRS 15)</b>	<b>20.5</b>	<b>531.4</b>	<b>-38.9</b>	<b>698.7</b>	<b>-144.0</b>	<b>1,067.7</b>	<b>30.6</b>	<b>1,098.3</b>

The new accounting policies applicable to revenue recognition are described in Note 4.1.

In addition, IFRS 15 now requires entities to provide the value of transaction prices allocated to performance obligations not yet satisfied. This information is provided in Note 4.1. However, this "backlog" – as determined according to the rules and exemptions provided by IFRS 15 – is in no way comparable to a sales backlog, information which is not provided by the Group.

#### 1.2.4. Application of IFRS 9 Financial Instruments

The application of IFRS 9 *Financial Instruments* is mandatory for annual periods beginning on or after 1 January 2018. The Group analysed the new rules and assessed their impacts. The only changes involved are to the recognition method for the value of its foreign currency and interest rate hedges using option-based derivative instruments. Changes in time value are now recognised as follows:

- for financial hedges: In *Other comprehensive income*. The time value at the date of designation of the hedging relationship is amortised over the period during which the instrument can impact profit or loss. This amortisation expense is recognised in *Other financial income and expenses*;
- for commercial hedges: In *Other comprehensive income*. The time value at the date of designation of the hedging relationship is recognised in *Other financial income and expenses* on performance of the hedged purchase or sale.

The Group considers that these changes had no material impact on its financial statements. They were applied prospectively as from 1 January 2018. The impact on the recognition method for the time value of hedges is recognised retrospectively by adjusting consolidated reserves as at 1 January 2018. The application of IFRS 9 generated an increase in *Consolidated reserves* of €1.0 million, through a decrease in *Other comprehensive income*. This adjustment is presented in *Other movements* in the consolidated statement of changes in equity. The comparative information was not restated.

#### 1.2.5. Application of IFRS 16 Leases

IFRS 16 *Leases* replaces IAS 17 *Leases* and related interpretations. The standard enters into force at 1 January 2019. It introduces a single lessee accounting model under which lessees recognise a non-current asset and a lease liability for most leases, no longer just finance leases.

The Group launched a project comprising an initial phase that consisted of collecting all the information that may be required by the new standard and simulating the impacts of the various options it offers. This was followed by a second, more operational phase that involved rolling out and implementing changes in order to be able to apply the standard as from 1 January 2019.

The Group has chosen to apply the standard to all its leases identified as such under this standard retrospectively by recognising the cumulative effect of its initial application at 1 January 2019 in equity within *Consolidated reserves*. At that date, in balance sheet liabilities, it will recognise a lease liability corresponding to the present value of lease payments to be made, determined using the incremental borrowing rate at that date. To offset this liability, the Group will recognise a right-of-use asset, which for most leases will be equal to the lease liability. As an exception, for certain leases, the value of this asset will be reconstituted by discounting its original value using the incremental borrowing rate at 1 January 2019.

In addition, the Group chose to use the exemptions provided by the standard and not to apply the recognition principles described above to the leases concerned, namely short-term leases (lease term of 12 months or less) and leases for which the underlying asset is of low value.

To date, the Group estimates that the application of this new standard will give rise to the recognition at 1 January 2019 of a lease liability of around €300 million. This liability mainly comprises property leases (for around 85%), as well as vehicle leases (around 7%), and leases of IT and other equipment. This amount includes the value of finance lease liabilities existing at 31 December 2018, which came to €16.9 million.

The application of IFRS 16 *Leases* should have a marginally positive impact on *Operating profit on business activity* due to the replacement of lease expenses with expenses related to the amortisation and depreciation of right-of-use assets. *EBITDA*, which is split out in the analysis of *Change in net financial debt*, would see a positive impact of around €90 million corresponding to restated lease expenses. Lastly, interest expenses on lease liabilities will be distinguished from the cost of net financial debt and will have an impact on *Net profit*. All things considered, the application of the standard should have a virtually neutral impact on *Net profit*.

All the impact estimates presented in this note may still change depending on the final assessment of leases and key assumptions used in measuring this debt.

In addition, the Group has chosen to exclude lease liabilities from *Net financial debt*, which will make it possible to compare *Free cash flow* determined within *Change in net financial debt* with this item in previous financial years.

Lastly, the financial covenants described in Note 11.5.1 will not be affected by the application of IFRS 16 *Leases*, since they are calculated using a consistent method.

The first financial statements published under IFRS 16 will be those for the first half of 2019.

### 1.3. Material estimates and accounting judgments

The preparation of financial statements entails the use of estimates and assumptions in measuring certain consolidated assets and liabilities as well as certain income statement items. Group management is also required to exercise judgment in the application of its accounting policies.

Such estimates and judgments, which are continually updated, are based both on historical information and on a reasonable anticipation of future events according to the circumstances. However, given the uncertainty implicit in assumptions as to future events, the related accounting estimates may differ from the ultimate actual results.

The main assumptions and estimates that may leave scope for material adjustments to the carrying amounts of assets and liabilities in the subsequent period are as follows:

- measurement of the recoverable amount of property, plant and equipment and intangible assets, and of goodwill in particular (see Note 8.1);
- measurement of the recoverable amount of investments in associates reported in the balance sheet (see Note 9.2);
- measurement of retirement benefit obligations (see Note 5.3);
- revenue recognition (see Note 4.1);
- measurement of deferred tax assets (see Note 6.3);
- amounts payable to non-controlling interests (see Note 7.4);
- provisions for contingencies (see Note 10.1).

### 1.4. Format of the financial statements and foreign currency translation

#### 1.4.1. Format of the financial statements

With regard to the presentation of its consolidated financial statements, Sopra Steria Group applies Recommendation 2013-03 of the French Accounting Standards Authority (*Autorité des Normes Comptables* – ANC) of 7 November 2013 on the format of the income statement, the cash flow statement and the statement of changes in equity.

The format of the income statement was adapted several years ago to improve the presentation of the Company's performance. A financial aggregate known as *Operating profit on business activity* was added before *Profit from recurring operations*. This indicator is used internally by management to assess performance. It corresponds to *Profit from recurring operations* before:

- the expense relating to the costs and benefits granted to the recipients of stock option, free share and employee share ownership plans;
- the amortisation of allocated intangible assets.

*Operating profit* is then obtained by taking *Profit from recurring operations* and subtracting *Other operating income and expenses*. The latter contains any material items of operating income and expenses that are unusual, abnormal, infrequent or unpredictable, presented separately in order to give a clearer picture of performance based on ordinary activities.

Lastly, in the analysis of *Change in net financial debt*, the Group splits out *EBITDA*. This figure corresponds to *Operating profit on business activity*, after adding back in the depreciation, amortisation and provisions included in the latter indicator.

#### 1.4.2. Foreign currency translation

##### a. Functional and presentation currencies

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which that entity operates, i.e. its "functional currency".

The consolidated financial statements are presented in euros, the functional and presentation currency of the Sopra Steria Group parent company.

##### b. Translation of the financial statements of foreign subsidiaries

The accounts of all Group entities whose functional currency differs from the Group's presentation currency are translated into euros as follows:

- assets and liabilities are translated at the end-of-period exchange rate;
- income, expenses and cash flows are translated at the average exchange rate for the period;
- all resulting foreign exchange differences are recognised as a distinct equity component under *Other comprehensive income* and included in *Accumulated translation reserves* within equity (see Note 13.1.4).

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, translation gains and losses arising from the translation of net investments in foreign operations are recognised as a distinct component of equity. Translation gains and losses in respect of intercompany loans are considered an integral part of the Group's net investment in the foreign subsidiaries in question.

When a foreign operation is divested, the cumulative translation difference is recycled to profit or loss as part of the gain or loss arising on disposal.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the operation and, as such, are translated at the end-of-period exchange rate.

The Group does not own any consolidated entities operating in a hyperinflationary economy.



The applicable exchange rates for the translation of foreign currencies are as follows:

€1/Currency	Average rate for the period		Period-end rate	
	2018	2017	31/12/2018	31/12/2017
Danish krone	7.4532	7.4386	7.4673	7.4449
Norwegian krone	9.5975	9.3270	9.9483	9.8403
Swedish krona	10.2583	9.6351	10.2548	9.8438
Tunisian dinar	3.1053	2.7257	3.4208	2.9985
Moroccan dirham	11.0812	10.9562	10.9449	11.2234
US dollar	1.1810	1.1297	1.1450	1.1993
Canadian dollar	1.5294	1.4647	1.5605	1.5039
Singapore dollar	1.5926	1.5588	1.5591	1.6024
CFA franc (BEAC)	655.9570	655.9570	655.9570	655.9570
CFA franc (BCEAO)	655.9570	655.9570	655.9570	655.9570
Swiss franc	1.1550	1.1117	1.1269	1.1702
Bulgarian lev	1.9558	-	1.9558	-
Pound sterling	0.8847	0.8767	0.8945	0.8872
Brazilian real	4.3085	3.6054	4.4440	3.9729
Russian ruble	74.0416	65.9383	79.7153	69.3920
Indian rupee	80.7332	73.5324	79.7298	76.6055
Chinese yuan	7.8081	7.6290	7.8751	7.8044
Polish zloty	4.2615	4.2570	4.3014	4.1770

### c. Translation of foreign currency transactions

Transactions denominated in foreign currencies are translated to the functional currency at the exchange rate applying on the transaction date. Foreign exchange gains and losses arising on settlement, as well as those arising from the translation of monetary assets and

liabilities that are denominated in foreign currencies at the end-of-period exchange rate, are recognised in profit or loss under *Other current operating income and expenses* for transactions hedged against foreign currency risk and under *Other financial income and expenses* for all other transactions.

## NOTE 2

## SCOPE OF CONSOLIDATION

### Consolidation methods

Sopra Steria Group SA is the consolidating company.

The companies over which Sopra Steria Group has exclusive control are fully consolidated. An investor controls an investee where that investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consequently, an investor controls an investee if and only if all the following criteria are met:

- it has power over the investee;
- it is exposed – or has rights – to variable returns from its involvement with the investee;
- it has the ability to exercise its power over the investee in such a way as to affect the amount of returns it obtains.

Investments in entities over which the Group exerts significant influence (associates) are accounted for under the equity method. Significant influence is deemed to exist, unless clearly demonstrated not to be the case, when a parent company directly or indirectly holds 20% or more of the voting rights of the investee.

Intercompany transactions as well as balances and unrealised profits on transactions between Group companies are eliminated.

The accounts of all consolidated companies are prepared as at 31 December. Where applicable, those accounts have been restated to ensure the consistency of accounting and measurement rules applied by the Group.

The scope of consolidation is presented in Note 17.

## 2.1. Main acquisitions

- **Galitt** – On 7 November 2017, Sopra Steria completed its acquisition of Galitt, a consulting and solutions development firm in the payment systems and secure transactions market.

Sopra Steria acquired 88.1% of the shares and voting rights in Tecfit, the holding company of Galitt. In addition, the Group has entered into an irrevocable commitment to acquire the remaining shares, in the form of a put option granted to the other Galitt shareholders. At 31 December 2018, the liability recognised in respect of this put option was measured at €7.3 million.

Galitt has been consolidated in Sopra Steria's financial statements since 7 November 2017.

The assets acquired and liabilities assumed include the valuation of customer relationships for €8.1 million and a brand for €4.1 million. The final purchase price allocation period ran until 6 November 2018.

The allocation of goodwill is final. It was determined based on the following elements:

<i>(in millions of euros)</i>	<b>Galitt</b>
<b>Total assets acquired</b>	<b>35.7</b>
<b>Total liabilities assumed</b>	<b>-14.1</b>
<b>TOTAL NET ASSETS ACQUIRED/(NET LIABILITIES ASSUMED)</b>	<b>21.6</b>
<b>PURCHASE PRICE</b>	<b>46.7</b>
<b>GOODWILL</b>	<b>25.2</b>

- **Apak** – On 18 October 2018, through its subsidiary Sopra Banking Software, Sopra Steria acquired 100% of Sword Apak, which develops specialised lending solutions for car loans and asset finance. This acquisition gives Sopra Banking Software an unrivalled position in the asset finance software market and complements Cassiopae's offering.

The Apak group's companies have been consolidated in Sopra Steria's financial statements since 18 October 2018. They are part of the "Sopra Banking Software" cash-generating unit.

The inventory of assets acquired and liabilities assumed remains provisional, and includes the valuation of enterprise software for €12.3 million, customer relationships for €10.8 million and a brand for €2.4 million. The final purchase price allocation period runs until 17 October 2019.

The provisional allocation of goodwill breaks down as follows:

<i>(in millions of euros)</i>	<b>Apak</b>
<b>Total assets acquired</b>	<b>57.4</b>
<b>Total liabilities assumed</b>	<b>-20.0</b>
<b>TOTAL NET ASSETS ACQUIRED/(NET LIABILITIES ASSUMED)</b>	<b>37.4</b>
<b>PURCHASE PRICE</b>	<b>127.9</b>
<b>GOODWILL</b>	<b>90.5</b>

- **It-Economics** – On 5 July 2018, Sopra Steria finalised its acquisition of 100% of the share capital of it-economics, a German consulting firm specialising in digital transformation, agile development, cloud services and the management of complex large-scale projects for major clients in the banking, insurance and utilities sectors, with which it has established long-standing partnerships.

The it-economics group's companies have been consolidated in Sopra Steria's financial statements since 5 July 2018. They are part of the "Germany" cash-generating unit.

The assets acquired and liabilities assumed include customer relationships valued at €9.4 million. The inventory of these assets and liabilities remains provisional, and the final purchase price allocation period runs until 4 July 2019.

The allocation of goodwill currently breaks down as follows:

<i>(in millions of euros)</i>	<b>It-Economics</b>
<b>Total assets acquired</b>	<b>15.0</b>
<b>Total liabilities assumed</b>	<b>-6.6</b>
<b>TOTAL NET ASSETS ACQUIRED/(NET LIABILITIES ASSUMED)</b>	<b>8.4</b>
<b>PURCHASE PRICE</b>	<b>36.3</b>
<b>GOODWILL</b>	<b>27.9</b>

- **BLUECARAT** – On 3 May 2018, Sopra Steria, via its subsidiary Sopra Steria Consulting SE, acquired German IT services firm BLUECARAT, specialising in strategic IT consulting, Agile projects, cybersecurity, IT Security and API management for leading manufacturers, financial services companies and public-sector entities in Germany.

The Group valued the assets acquired and liabilities assumed from this company at €2.3 million, giving rise to the recognition of €11.6 million in goodwill. The final purchase price allocation period runs until 2 May 2019. This acquisition falls within the “Germany” cash-generating unit (part of “Other Europe”).

- **O.R. System** – On 4 April 2018, Sopra Steria, via its subsidiary Sopra Banking Software SA, acquired French software development firm O.R. System, specialising in financial analysis for credit institutions.

The Group valued the net liabilities assumed from this company at €0.6 million and recognised provisional goodwill in the amount of €2.3 million. The final purchase price allocation period runs until 3 April 2019. O.R. System is part of the Sopra Banking Software cash-generating unit.

- **Other** – The assets acquired and liabilities assumed from Kentor and 2MoRO, acquired in 2017, did not give rise to any adjustments.

### Business combinations

The Group applies IFRS 3 *Business Combinations* to the identified assets acquired and liabilities assumed as a result of business combinations. The acquisition of an asset or a group of assets that does not constitute a business is recognised under the standards applicable to those assets.

The Group recognises all business combinations by applying the acquisition method, which consists in:

- the measurement and recognition at fair value of the identifiable assets acquired and liabilities assumed. The Group identifies and allocates these items on the basis of contract provisions, economic conditions, and its accounting and management policies and procedures;
- the measurement of any non-controlling interest in the acquiree either at its fair value or based on its share of the fair value of the identifiable assets acquired and liabilities assumed;
- the measurement and recognition at the acquisition date of the difference (referred to as goodwill) between:
  - the purchase price of the acquiree plus the amount of any non-controlling interests in the acquiree, and
  - the net amount of the identifiable assets acquired and liabilities assumed.

The decision of how to measure non-controlling interests is made on an acquisition-by-acquisition basis and leads to the recognition of either full goodwill (should the fair value method be used) or partial goodwill (should a share of the fair value of the identifiable assets acquired and liabilities assumed be used).

The acquisition date is the date on which the Group effectively obtains control of the acquiree.

The purchase price of the acquiree is the fair value, at the acquisition date, of the elements of consideration transferred to the seller in exchange for control of the acquiree, to the exclusion of any consideration for a transaction separate from the business combination.

If the initial accounting for a business combination can only be determined provisionally for the reporting period in which the combination takes place, the acquirer recognises the combination using provisional amounts. The acquirer must then recognise adjustments to those provisional amounts as the accounting for the business combination is completed within 12 months of the acquisition date.

## 2.2. Other changes in scope

No other material changes in scope took place in 2018.

In 2017, the Group sold its 40% stake in Diamis, which had been accounted for under the equity method, generating capital gains of €3.7 million, recorded under *Other operating income and expenses* (see Note 4.2.3).

## NOTE 3 SEGMENT INFORMATION

## 3.1. Results by reporting unit

## a. France

<i>(in millions of euros)</i>	2018		2017	
Revenue	1,699.5		1,597.7	
Operating profit on business activity	155.4	9.1%	138.1	8.6%
Profit from recurring operations	139.2	8.2%	123.8	7.8%
Operating profit	131.8	7.8%	111.4	7.0%

## b. United Kingdom

<i>(in millions of euros)</i>	2018		2017	
Revenue	783.1		791.5	
Operating profit on business activity	45.0	5.7%	54.7	6.9%
Profit from recurring operations	32.6	4.2%	42.7	5.4%
Operating profit	18.7	2.4%	38.9	4.9%

## c. Other Europe

<i>(in millions of euros)</i>	2018		2017	
Revenue	997.1		824.7	
Operating profit on business activity	80.4	8.1%	66.5	8.1%
Profit from recurring operations	74.9	7.5%	62.2	7.5%
Operating profit	68.5	6.9%	56.0	6.8%

## d. Sopra Banking Software

<i>(in millions of euros)</i>	2018		2017	
Revenue	373.7		381.7	
Operating profit on business activity	-13.3	-3.6%	36.3	9.5%
Profit from recurring operations	-24.2	-6.5%	26.2	6.9%
Operating profit	-28.9	-7.7%	22.2	5.8%

## e. Other Solutions

<i>(in millions of euros)</i>	2018		2017	
Revenue	241.8		235.5	
Operating profit on business activity	40.4	16.7%	35.1	14.9%
Profit from recurring operations	38.4	15.9%	32.9	14.0%
Operating profit	36.5	15.1%	30.4	12.9%

## f. Not allocated

<i>(in millions of euros)</i>	2018		2017	
Revenue	-		-	
Operating profit on business activity	-		-	
Profit from recurring operations	-		-	
Operating profit	-		3.7	

**g. Group***(in millions of euros)*

	2018		2017	
Revenue	4,095.3		3,831.1	
Operating profit on business activity	307.9	7.5%	330.7	8.6%
Profit from recurring operations	260.8	6.4%	287.7	7.5%
Operating profit	226.6	5.5%	262.6	6.9%

Under IFRS 8, segment information is based on internal management data used by the Chief Executive Officer, the company officer with ultimate responsibility for the Group's operational decisions.

The Group organisational structure reflects both its businesses and the geographic distribution of its activities.

The segments presented correspond to five reporting units:

- the "France" reporting unit, comprising the Consulting, Systems Integration, IT Infrastructure Management and Cybersecurity activities in this geographic area;

- the "United Kingdom" reporting unit, comprising the Consulting, Systems Integration, IT Infrastructure Management, Cybersecurity and Business Process Services activities in this geographic area;

- the "Other Europe" reporting unit, comprising the Consulting, Systems Integration, IT Infrastructure Management and Cybersecurity activities in European countries other than France and those in the United Kingdom (Germany, Norway, Sweden, Denmark, Spain, Italy, Belgium, Luxembourg and Switzerland);

- the "Sopra Banking Software" reporting unit, comprising the core banking and specialised lending solutions businesses;

- the "Other Solutions" reporting unit, comprising the Human Resources and Real Estate Management solutions businesses.

**3.2. Revenue by geographic area***(in millions of euros)*

	France	Outside France	TOTAL
2017	1,943.2	1,887.9	3,831.1
<b>2018</b>	<b>2,008.8</b>	<b>2,086.5</b>	<b>4,095.3</b>

The above breakdown is based on geographical area and does not represent the reporting units presented in Note 3.1.

**3.3. Non-current assets by geographic area***(in millions of euros)*

	France	United Kingdom	Other European countries	Other countries	TOTAL
Goodwill	699.0	672.0	335.2	2.3	<b>1,708.5</b>
Intangible assets	89.0	136.3	28.0	0.2	<b>253.5</b>
Property, plant and equipment	82.0	23.9	26.9	11.8	<b>144.7</b>

The above breakdown is based on geographical area and does not represent the reporting units presented in Note 3.1.

## NOTE 4 OPERATING PROFIT

## 4.1. Breakdown of revenue by reporting unit

<i>(in millions of euros)</i>	2018		2017	
France	1,699.5	41.5%	1,597.7	41.7%
United Kingdom	783.1	19.1%	791.5	20.7%
Other Europe	997.1	24.3%	824.7	21.5%
Sopra Banking Software	373.7	9.1%	381.7	10.0%
Other Solutions	241.8	5.9%	235.5	6.1%
<b>TOTAL REVENUE</b>	<b>4,095.3</b>	<b>100.0%</b>	<b>3,831.1</b>	<b>100.0%</b>

Revenue mainly comprises revenue from services recognised on a percentage-of-completion basis, around 98% of which consists of production, consulting and assistance services provided on a time-and-materials basis; outsourcing; infrastructure management; third-party application maintenance; and development.

The transaction price allocated to performance obligations not yet satisfied at 31 December 2018 is determined by applying the exemptions provided by the standard, which enable the following performance obligations to be excluded in determining this value:

- those performed on the basis of the actual use of billable services: production, consulting and assistance services provided on a time-and-materials basis; outsourcing; infrastructure management; and third-party application maintenance (corrective maintenance);

- those included in a contract for which the initial expected term does not exceed one year: the Group only applies this exemption to software maintenance royalty-type services, for which the fixed term of the majority of contracts does not exceed one year.

On this basis, within the limits set by the standard, revenue not yet recognised that is allocated to performance obligations not yet fulfilled is only attributable to services under fixed-price contracts and, to a lesser extent, sales of licences for which control has not yet been transferred to customers. It amounted at least €563.0 million at 31 December 2018. Most of it will be recognised in revenue in the following financial year.

**Revenue recognition**

Revenue recognition should reflect the transfer of control of goods or services promised to the customer for the amount of the consideration the Group expects in return.

**a. General principles:****i. Identifying the contract with the customer**

Revenue recognition for a contract or a group of contracts must meet five criteria: the contract must have commercial substance (generation of future cash flows for the Group), the parties must have approved the contract and have pledged to meet their respective obligations, the rights and obligations of each party are identified, the payment conditions are identifiable, and the customer has the ability and intention to pay that amount of consideration in exchange for the goods and services provided.

**ii. Identifying the performance obligations in the contract**

The contract or group of contracts may include one or more performance obligations: single-service or multi-component arrangements. A performance obligation is distinct if it meets two conditions. First, the underlying good or service must be distinct in absolute terms: the customer can benefit from the good or service either on its own or through readily available market resources. The good or service must also be distinct with respect to the contract, necessitating an analysis of the transformation relationship between the various goods and services comprising the contract. This relationship does not exist if the good or service is not used to produce other goods or services covered in the contract; it does not significantly modify or customise another good or service

promised in the contract; or it is not highly dependent on, or highly interrelated with, other goods or services promised in the contract.

**iii. Determining the transaction price**

Once the contract's existence is validated and the various performance obligations identified, the contract's transaction price must be determined and allocated to the various completed performance obligations.

The contract's transaction price may include variable consideration, generally in the form of discounts, reductions, or penalties or, conversely, bonuses, and may be subject to the completion of project milestones. It can also include a financial component or a consideration payable to the client.

At the contract's inception, variable consideration is only taken into account in the amount for which the Group deems it highly probable that there will not be a material decrease in revenue in subsequent periods, and provided it is not subject to factors outside the company's influence. This variable consideration is allocated to the performance obligations pro rata to their respective standalone selling price if it cannot be otherwise allocated.

A financial component included in the transaction price is identified if it is material and if the period between completion and payment exceeds twelve months or if the timing to fulfil the services diverges substantially from that of the payments. This material financial component results in an adjustment to revenue and is recorded as financial income in *Other financial income*, where the Group finances the customer or as a financial expense in *Other financial expenses*, where the customer finances the Group through the payment of advances.

A consideration payable to the customer is deducted from the contract's transaction price if it does not correspond to a separate service provided by the customer. Otherwise, it is recognised as an operating expense.

**iv. Allocating the transaction price to the various performance obligations identified**

The transaction price is allocated to each performance obligation identified in the contract pro rata to the standalone selling prices of each underlying good or service. The standalone selling price is the price of the performance obligation as if it were sold separately. It is generally based on list prices, similar past transaction prices and observable market prices. With certain multi-component arrangements, essentially relating to software solutions, the Group may need to estimate the licence's standalone selling price using a residual approach; this corresponds to the contract's transaction price less the standalone selling prices of the other performance obligations.

The amount allocated to each performance obligation identified in the contract is recognised in revenue when control of the underlying goods or services promised in the contract is transferred to the customer.

**v. Recognising revenue**

The control of a good or service is transferred to the customer over time (requiring revenue recognition on a percentage-of-completion basis) solely if one of the following three criteria is met:

- the customer simultaneously receives and consumes the benefits of performance as it occurs;
- the performance creates or enhances an asset that the customer controls as the asset is created or developed;
- if neither of the first two criteria apply, the revenue generated by performance under a fixed-price contract can only be recognised on a percentage-of-completion basis if the asset created has no alternative use for the Group and the Group has an enforceable right to payment for the performance completed to date.

Services not yet rendered or partially invoiced are presented on the balance sheet in *Customer contract assets* under *Trade receivables and related accounts*. Services invoiced but not totally fulfilled are presented on the balance sheet in *Customer contract liabilities* under *Other current liabilities*. Customer contract assets and liabilities are presented on a net basis for each individual contract.

If a fixed-price contract becomes loss-making, the loss on completion is automatically provided for in *Provisions for contingencies and losses*.

**b. Practical application: Revenue recognition for services performed by the Group on behalf of customers**

**i. Costs of obtaining a contract**

The costs of obtaining a contract are capitalised in assets if two conditions are met: they would not have been incurred had the contract not been obtained, and they are recoverable. They can include sales commissions if these are specifically and solely linked to obtaining a contract and were not therefore granted in a discretionary manner.

**ii. Costs of fulfilling a contract: Transition/transformation phases of third-party application maintenance, infrastructure management and outsourcing contracts, preparatory phase for licences in SaaS mode**

The costs of fulfilling or implementing a contract are costs directly related to the contract, which are necessary to satisfying performance obligations in the future and are expected to be recovered. They do not meet the criteria defined in the general principles to constitute a distinct performance obligation.

Certain third-party application maintenance, infrastructure management or outsourcing contracts may include transition and transformation phases. In basic contracts, these activities are combined for the purpose of preparing the operating phase. They are not distinct from subsequent services to be rendered. In this case, they represent costs to implement the contract. They are capitalised and recognised in *Inventories and work in progress (Other current assets)*.

Conversely, in more complex or sizeable contracts, the transformation phase is often longer and more significant. This generally occurs prior to operations or parallel to temporary operations to define a target operating model. In these situations, this service often represents a distinct performance obligation.

Licences in SaaS mode require preparatory phases (functional integration, set-up of the technical environment) in order to reach a target operating phase. These are not distinct performance obligations but represent costs to implement the contract that are capitalised and recognised in *Inventories and work in progress (Other current assets)*.

The costs of fulfilling or implementing a contract capitalised in *Inventories and work in progress (Other current assets)* are released to profit or loss in a pattern consistent with revenue recognition and never give rise to the recognition of revenue.

**iii. Production, consulting and assistance services provided on a time-and-materials basis; outsourcing; infrastructure management; and third-party application maintenance (corrective maintenance)**

Revenue from production, consulting and assistance services provided on a time-and-materials basis; outsourcing; infrastructure management; and third-party application maintenance (corrective maintenance) is recognised, in accordance with the general principles, when the customer simultaneously receives and consumes the benefits of the service. Revenue is recognised based on time spent or another billable unit of work.

**iv. Services covered by fixed-price contracts**

Revenue from services performed under fixed-price contracts is recognised over time (rather than at a precise date), in accordance with general revenue recognition principles, using the percentage-of-completion method in the following two situations:

- the services are performed in the customer's environment or enhance a customer's asset. The customer obtains control as the asset is created or developed;
- the contract provides for the development of highly specific assets in the Group's environment (e.g. solutions) prior to implementation in the customer's infrastructure. The contract also provides for settlement of the value of such services in the event of termination for convenience (where the customer is entitled to do so). The Group has no alternative use for the asset created and has an enforceable right to payment for performance completed to date.

Revenue and profit generated over time by services performed under fixed-price contracts are recognised based on a technical estimate of the degree of completion, measured as the difference between the contract value and the amount required to cover the total number of person-days remaining to be performed.

**v. Licences**

Should the analysis of a contract in accordance with the general principles identify the delivery of a licence as a distinct performance obligation, control is transferred to the customer either at a point in time (grant of a right to use), or over time (grant of a right to access).

A right to access corresponds to the development of solutions in SaaS mode. Changes at any time made by the developer to the solution that expose the customer to any positive or negative effects do not represent a service for the customer. In this situation, revenue is recognised as and when the customer receives and consumes the benefits provided by performance.

If the nature of the licence granted to the customer does not correspond to the definition of a right to access, it is a right to use. In this situation, revenue from the licence shall be recognised on delivery when all the obligations stipulated in the contract have been met.

#### vi. Principal/Agent distinction

Should the analysis of a contract in accordance with the general principles identify the resale of goods or services as a distinct performance obligation, it is necessary to determine whether the Group is acting as an agent or a principal. It is acting as an agent if it is not responsible to the customer for satisfying the performance obligation and for the customer's acceptance, if there is no transformation of the goods or services and there is no inventory risk. In this situation, revenue is recognised for a net amount corresponding to the agent's margin or a commission. Otherwise, where it obtains control of the good or service prior to its transfer to the end-customer, it is acting as a principal. Revenue is recognised for the gross amount and external purchases are recorded in full as an operating expense.

## 4.2. Other operating income and expenses included in Operating profit

Aside from the staff costs split out in Note 5, *Operating profit* mainly includes the following items:

### 4.2.1. External expenses and purchases included in Operating profit on business activity

(in millions of euros)	2018		2017	
Project subcontracting purchases	-689.7	55.0%	-595.3	53.0%
Purchases held in inventory of equipment and supplies	-19.5	1.6%	-19.0	1.7%
Goods purchases and changes in inventory	-46.0	3.7%	-40.7	3.6%
Leases	-106.9	8.5%	-92.3	8.2%
Maintenance and repairs	-71.1	5.7%	-64.3	5.7%
Subcontracting	-13.9	1.1%	-16.3	1.4%
Remuneration of intermediaries and fees	-73.3	5.8%	-66.4	5.9%
Advertising and public relations	-25.5	2.0%	-24.6	2.2%
Travel and entertainment	-121.9	9.7%	-110.7	9.9%
Telecommunications	-25.2	2.0%	-28.8	2.6%
Other expenses	-61.6	4.9%	-64.6	5.8%
<b>TOTAL</b>	<b>-1,254.5</b>	<b>100%</b>	<b>-1,122.9</b>	<b>100%</b>

### 4.2.2. Other current operating income and expenses included in Operating profit on business activity

Other current operating income and expenses amounting to income of €1.0 million (income of €12.5 million in 2017) mainly comprised:

- net foreign exchange gains of €4.4 million (€8.0 million in 2017), which covered the foreign exchange impact of other components of *Operating profit on business activity*;

- costs related to fully provisioned operational contingencies, for which reversals of provisions are recognised in profit or loss within *Depreciation, amortisation, provisions and impairment*.

### 4.2.3. Other operating income and expenses included in Operating profit

(in millions of euros)	2018	2017
Expenses arising from business combinations (fees, commissions, etc.)	-2.4	-1.3
Net restructuring and reorganisation costs	-30.0	-23.0
■ <i>Integration and reorganisation of activities</i>	-3.1	-1.5
■ <i>Separation costs</i>	-26.9	-21.5
Other operating expenses	-1.8	-4.8
<b>Total other operating expenses</b>	<b>-34.2</b>	<b>-29.1</b>
Other operating income	-	4.0
<b>Total other operating income</b>	<b>-</b>	<b>4.0</b>
<b>TOTAL</b>	<b>-34.2</b>	<b>-25.1</b>



In 2018, the Group continued to work on restructuring and reorganising its activities. Costs arising from resource adjustments mainly concerned the United Kingdom, for €13.4 million (€4.5 million in 2017); costs were also incurred in France, for €4.7 million (€5.7 million in 2017), of which €3.7 million (€5.3 million in 2017) related to its IT Infrastructure Management activities; and Germany (Other Europe) for €4.3 million (€4.3 million in 2017). The solutions businesses were also concerned, with €2.7 million of these expenses for Sopra Banking Software (€2.7 million in 2017) and €1.6 million for Sopra HR Software (€2.3 million in 2017).

Costs arising from business reorganisations essentially comprised expenses relating to the reorganisation of premises as a result of

business combinations, in particular premises remaining vacant. In 2017, they also included income of €1.1 million arising from the sale of buildings in India, previously recognised under *Non-current assets classified as held for sale*.

Other operating expenses chiefly consisted of non-recurring impairment losses on application assets that had become obsolete in the new business organisation. In 2017, they consisted of a non-recurring provision for client risk in the United Kingdom. In 2017, other operating income consisted primarily of the capital gains realised on the sale of the stake in Diamis (see Note 2.2).

## NOTE 5 EMPLOYEE BENEFITS AND SHARE-BASED PAYMENTS

### 5.1. Staff costs

(in millions of euros)

	2018	2017
Wages and salaries	-1,841.8	-1,744.9
Social security contributions	-580.6	-548.1
Net expense for post-employment and similar benefit obligations	-19.1	-38.1
<b>TOTAL</b>	<b>-2,441.5</b>	<b>-2,331.1</b>

The Group recognises the amount of short-term employee benefits, as well as the contributions due in respect of its pension plans, under *Staff costs*. As the Group has no commitments beyond these contributions, no provisions are recognised for these plans.

The principles applicable to post-employment benefit expenses and similar items are presented in Note 5.3.2 for other long-term employee benefits and Note 5.3.1 for post-employment benefits.

### 5.2. Workforce

Workforce at period-end	2018	2017
France	19,013	18,649
International	25,101	23,012
<b>TOTAL</b>	<b>44,114</b>	<b>41,661</b>

Average workforce	2018	2017
France	17,833	18,086
International	23,786	22,155
<b>TOTAL</b>	<b>41,619</b>	<b>40,241</b>

### 5.3. Retirement benefits and similar obligations

Retirement benefits and similar obligations break down as follows:

<i>(in millions of euros)</i>	31/12/2018	31/12/2017
Post-employment benefit assets	-2.0	-4.3
Post-employment benefit liabilities	310.3	363.2
<b>Net post-employment benefits</b>	<b>308.3</b>	<b>358.9</b>
Other long-term employee benefits	7.2	14.9
<b>TOTAL</b>	<b>315.5</b>	<b>373.8</b>

#### 5.3.1. Post-employment benefits

Post-employment benefits mainly concern the Group's obligations towards its employees to provide retirement bonuses in France (37.4% of the Group's total obligations) and defined-benefit pension plans in the United Kingdom (47.9% of the Group's total obligations) and Germany (13.4%). For marginal amounts, they also include end-of-contract bonuses in India and certain countries in Africa, as well as a defined-benefit plan in Belgium. At 31 December 2018 they totalled €308.3 million, versus €358.9 million at 31 December 2017.

In the **United Kingdom**, the Group has five post-employment defined-benefit plans. The obligations under each plan are asset-funded. Three of these plans are closed to all new employees and the vesting of future benefits has ceased. For each plan, the benefits payable are primarily based on the plan member's final salary or, in certain cases, an average of the member's salary and any additional benefits. Each plan holds its assets in a trust fund for employees and is supervised by the regulating body defined in UK pension law. The plan trustees are corporate trustees whose directors include representatives of the plan members and independent members. External consultants are hired by the trustees to manage the plans on a day-to-day basis and deal with legal, investment policy and actuarial matters. Under UK law, the plans must be assessed every three years. This assessment is used as a basis to determine the contributions payable by the employer to the funds.

The risks associated with these plans are as follows:

- asset management;
- inflation, to which pension benefits are indexed, although this risk is limited by the use of inflation-indexed financial instruments;
- interest rates insofar as the future cash outflows are discounted, although this risk is limited by the use of interest rate hedging instruments;
- changes in demographic assumptions such as mortality tables.

These plans distinguish between active members who are still vesting benefits, members who are still working but whose benefits have been frozen, and retired members. These three member categories represent 3.6%, 60.7% and 35.7% of the total obligations, respectively.

Projected benefit outflows by the funds, which had a total of €1,544.1 million in assets at 31 December 2018, are as follows, in millions of pounds sterling, over the next ten years:

- less than two years: £152.6 million;
- two to five years: £246.3 million;
- five to ten years: £461.8 million.

These outflows correspond to benefits provided and estimates for transfers of obligations (and the related assets), at the request of recipients, to external asset managers.

Assets covering obligations came to €1,396.6 million at 31 December 2018.

These plans include the payment of contributions to compensate for the deficit existing in the funds (contributions less mandatory expenses and deductions) and to fund the current service cost for the financial year. In 2018, over 12 months, this paid contribution totalled €27.7 million, including €22.5 million to fund the deficit (€23.2 million including other related disbursements). The contribution to be paid in 2019 is expected to amount to €24.2 million, including £19.1 million to fund the deficit.

**In France**, the defined-benefit plan concerns the payment of retirement bonuses. The Group recognises provisions for its employee benefit obligations, principally in accordance with the terms of voluntary and compulsory retirement under the Syntec collective bargaining agreement.

The resulting liability fluctuates according to demographic assumptions such as mortality rates (public statistics) and the discount rate (Bloomberg eurozone index).

This plan is exposed to interest rate risk, inflation risk and the risk of changes in demographic assumptions.

**In Germany**, there are four plans, two of which are material (€35.3 million). Since these plans are not funded, they are covered by a provision. The purpose of the main plan is to pay a minimum pension equal to 14.1% of the salary paid up to the social security ceiling and 35.2% beyond that ceiling. This plan only involves employees who entered into service prior to 1 January 1986, and pension entitlements have been frozen since 30 September 1996. This plan is exposed to interest rate risk, inflation risk and the risk of changes in demographic assumptions.

There are also plans in Poland, Cameroon, Tunisia, India and Belgium. The plan in Belgium is funded and serves to pay an annuity to plan members on retirement. The other plans cover end-of-contract bonuses payable. These plans are grouped together under "Other", with the plan in Belgium being the main contributor to this item.

## a. Change in net liabilities arising from the main post-employment benefit plans in financial year 2018

<i>(in millions of euros)</i>	Defined-benefit pension funds – United Kingdom	Retirement bonuses – France	Defined benefit pension funds – Germany	Other	Total
<b>CALCULATION ASSUMPTIONS FOR ACTUARIAL LIABILITIES</b>					
Discount rate	2.89%	1.66% to 1.89%	1.24% to 1.66%	0.80% to 7.09%	
Inflation rate	3.15%	0.20%	N/A	N/A	
Rate of salary increase	3.15%	2% to 2.5%	2% to 2.50%	3% to 9%	
Age at retirement	Variable	65	60 to 65	Variable	
<b>AMOUNTS RECOGNISED IN THE BALANCE SHEET</b>					
Present value of the obligation at 31/12/2018	1,544.1	117.4	41.3	19.9	1,722.6
Fair value of plan assets at 31/12/2018	1,396.6	2.1	-	15.7	1,414.3
<b>Net liabilities on the balance sheet at 31/12/2018</b>	<b>147.5</b>	<b>115.3</b>	<b>41.3</b>	<b>4.2</b>	<b>308.3</b>
<b>NET LIABILITY COST COMPONENTS</b>					
Current service cost	4.5	8.3	0.2	0.9	13.9
Past service cost	-	-	-	-	-
Losses/(gains) on plan settlements	-	-	-	-	-
Interest on obligation	42.0	2.0	0.6	0.6	45.2
Interest on plan assets	-37.2	-	-	-0.2	-37.4
<b>Total expenses recognised in the income statement</b>	<b>9.4</b>	<b>10.2</b>	<b>0.8</b>	<b>1.3</b>	<b>21.8</b>
Effect of net liability remeasurements	-34.7	-1.9	-0.4	0.2	-36.8
■ Return on plan assets (excluding amounts included in interest income)	58.5	-	-	-0.6	57.9
■ Experience adjustments	11.6	-0.6	-0.1	0.6	11.5
■ Impact of changes in demographic assumptions	-9.8	0.7	-	0.2	-8.8
■ Impact of changes in financial assumptions	-95.1	-1.9	-0.3	-0.1	-97.3
<b>Total expenses recognised directly in equity</b>	<b>-34.7</b>	<b>-1.9</b>	<b>-0.4</b>	<b>0.2</b>	<b>-36.8</b>
<b>CHANGES IN NET LIABILITIES</b>					
<b>Net liability at 1 January 2018</b>	<b>201.6</b>	<b>112.0</b>	<b>42.2</b>	<b>3.0</b>	<b>358.9</b>
Changes in scope	-	0.1	-	-	0.1
Net expense recognised in the income statement	9.4	10.2	0.8	1.3	21.8
Net expense recognised in equity	-34.7	-1.9	-0.4	0.2	-36.8
Contributions	-27.7	-5.2	-1.4	-5.1	-39.5
■ Employer contributions	-27.7	-5.2	-1.4	-5.1	-39.5
■ Employee contributions	-	-	-	-	-
Exchange differences	-1.1	-	-	-	-1.1
Other movements	-	-	-	4.9	4.9
<b>NET LIABILITY AT 31 DECEMBER 2018</b>	<b>147.5</b>	<b>115.3</b>	<b>41.3</b>	<b>4.2</b>	<b>308.3</b>

## 2018 CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

For reference, net liabilities arising from the main post-employment benefit plans changed as follows in financial year 2017:

<i>(in millions of euros)</i>	Defined- benefit pension funds – United Kingdom	Retirement bonuses – France	Defined benefit pension funds – Germany	Other	Total
<b>CALCULATION ASSUMPTIONS FOR ACTUARIAL LIABILITIES</b>					
Discount rate	2.55%	1.77%	1.02% to 1.53%	0.70% to 2.60%	
Inflation rate	2.11%	0.20%	N/A	N/A	
Rate of salary increase	3.11%	2% to 2.5%	2% to 2.50%	2% to 2.70%	
Age at retirement	Variable	65	60 to 65	Variable	
<b>AMOUNTS RECOGNISED IN THE BALANCE SHEET</b>					
Present value of the obligation at 31/12/2017	1,685.7	114.1	42.2	18.2	1,860.3
Fair value of plan assets at 31/12/2017	1,484.1	2.0	-	15.3	1,501.4
<b>Net liabilities on the balance sheet at 31/12/2017</b>	<b>201.6</b>	<b>112.0</b>	<b>42.2</b>	<b>3.0</b>	<b>358.9</b>
<b>NET LIABILITY COST COMPONENTS</b>					
Current service cost	5.0	8.2	0.2	0.4	13.8
Past service cost	-	-	-	-	-
Losses/(gains) on plan settlements	-	-	-	-	-
Interest on obligation	45.3	1.9	0.6	0.2	48.1
Interest on plan assets	-37.9	-	-	-0.2	-38.2
<b>Total expenses recognised in the income statement</b>	<b>12.4</b>	<b>10.0</b>	<b>0.8</b>	<b>0.4</b>	<b>23.7</b>
Effect of net liability remeasurements	-70.9	-3.2	-0.2	-0.6	-74.9
■ Return on plan assets (excluding amounts included in interest income)	-108.4	-	-	0.6	-107.8
■ Experience adjustments	8.5	-1.2	-0.6	-1.2	5.4
■ Impact of changes in demographic assumptions	-3.5	-1.7	-	0.3	-4.9
■ Impact of changes in financial assumptions	32.5	-0.2	0.4	-0.2	32.5
<b>Total expenses recognised directly in equity</b>	<b>-70.9</b>	<b>-3.2</b>	<b>-0.2</b>	<b>-0.6</b>	<b>-74.9</b>
<b>CHANGES IN NET LIABILITIES</b>					
<b>Net liability at 1 January 2017</b>	<b>295.2</b>	<b>104.7</b>	<b>42.8</b>	<b>3.5</b>	<b>446.3</b>
Changes in scope	-	2.3	-	-	2.3
Net expense recognised in the income statement	12.4	10.0	0.8	0.4	23.7
Net expense recognised in equity	-70.9	-3.2	-0.2	-0.6	-74.9
Contributions	-25.8	-1.7	-1.3	-0.5	-29.3
■ Employer contributions	-25.8	-1.7	-1.3	-0.5	-29.3
■ Employee contributions	-	-	-	-	-
Exchange differences	-9.3	-	-	-	-9.3
Other movements	-	-	-	0.1	0.1
<b>NET LIABILITY AT 31 DECEMBER 2017</b>	<b>201.6</b>	<b>112.0</b>	<b>42.2</b>	<b>3.0</b>	<b>358.9</b>

**b. Change in pension assets and liabilities in the United Kingdom**

In the United Kingdom, net liabilities arising from post-employment defined-benefit plans reflect the net value of benefit obligations and the plan assets covering them. These assets and liabilities changed as follows:

<i>(in millions of euros)</i>	31/12/2018	31/12/2017
<b>Present value of the obligation at the beginning of the period</b>	<b>1,685.7</b>	<b>1,758.5</b>
Changes in scope	-	-
Translation adjustments	-12.3	-61.4
Current service cost	4.5	5.0
Past service cost	-	-
Interest	42.0	45.3
Employee contributions	-	-
Effect of obligation remeasurements	-93.3	30.9
■ Experience adjustments	11.6	8.5
■ Impact of changes in demographic assumptions	-9.8	-3.5
■ Impact of changes in financial assumptions	-95.1	25.9
Plan amendments	-	-
Transfers	-	-
Benefits provided	-82.5	-92.6
<b>PRESENT VALUE OF THE OBLIGATION AT THE END OF THE PERIOD</b>	<b>1,544.1</b>	<b>1,685.7</b>
<b>Fair value of plan assets at the beginning of the period</b>	<b>1,484.1</b>	<b>1,463.2</b>
Changes in scope	-	-
Translation adjustments	-11.3	-52.1
Interest	37.2	37.9
Effects of plan asset remeasurements	-58.5	101.8
■ Return on plan assets (excluding amounts included in interest income)	-58.5	108.4
■ Impact of changes in financial assumptions	-	-6.6
Employer contributions	27.7	25.8
Employee contributions	-	-
Transfers	-	-
Benefits provided	-82.5	-92.6
<b>FAIR VALUE OF PLAN ASSETS AT THE END OF THE PERIOD</b>	<b>1,396.6</b>	<b>1,484.1</b>

The decrease in net liabilities mainly resulted from the contributions paid to reduce the deficit and the favourable change in the discount rate. UK pension fund assets fall into four investment categories:

<i>(in millions of euros)</i>	31/12/2018	31/12/2017
Shares	368.9	459.0
Bonds/Private placements	673.6	717.4
Infrastructure and property assets	246.5	241.3
Other	107.6	66.4
<b>TOTAL</b>	<b>1,396.6</b>	<b>1,484.1</b>

Other assets mainly comprised cash and cash equivalents (€121.9 million at 31 December 2018) and hedging instruments (-€14.3 million as of 31 December 2018).

The discount rate used for employee obligations is based on the return on AA bonds in line with the life of the liabilities rounded to the nearest hundredth. In the United Kingdom, the benchmark used is the Mercer yield curve.

A 0.25-point decrease in the discount rate would increase the benefit obligation by €76.9 million. A 0.25-point increase in the discount rate would reduce the benefit obligation by €72.0 million. A 10% reduction in the value of the assets would reduce their amount by €139.7 million, whereas a 10% increase would increase their amount by €139.7 million. These sensitivity estimates are determined all other things being equal.

At 31 December 2018, one plan was in a net asset position, totalling €2.0 million. This asset is deemed recoverable through a future decrease in contributions.

### c. Change in pension assets and liabilities in France

<i>(in millions of euros)</i>	Retirement bonuses – France 31/12/2018	Retirement bonuses – France 31/12/2017
<b>Present value of the obligation at the beginning of the period</b>	<b>114.1</b>	<b>106.9</b>
Changes in scope	0.1	2.3
Current service cost	8.3	8.2
Past service cost	-	-
Interest	2.0	1.9
Employee contributions	-	-
Effect of obligation remeasurements	-1.8	-3.2
■ Experience adjustments	-0.6	-1.2
■ Impact of changes in demographic assumptions	0.7	-1.7
■ Impact of changes in financial assumptions	-1.9	-0.2
Plan amendments	-	-
Transfers	-	-
Benefits provided	-5.3	-1.9
<b>PRESENT VALUE OF THE OBLIGATION AT THE END OF THE PERIOD</b>	<b>117.4</b>	<b>114.1</b>
<b>Fair value of plan assets at the beginning of the period</b>	<b>2.0</b>	<b>2.2</b>
Changes in scope	-	-
Translation adjustments	-	-
Interest	-	-
Effects of plan asset remeasurements	-	-
■ Return on plan assets (excluding amounts included in interest income)	-	-
■ Impact of changes in financial assumptions	-	-
Employer contributions	-	-
Employee contributions	-	-
Transfers	-	-
Benefits provided	-	-0.2
<b>FAIR VALUE OF PLAN ASSETS AT THE END OF THE PERIOD</b>	<b>2.1</b>	<b>2.0</b>

For pension liabilities in France, a 0.50-point increase or decrease in the discount rate would decrease the benefit obligation by €7.5 million or increase it by €8.2 million, respectively.

The retirement bonus obligation in France breaks down as follows by maturity:

<i>(in millions of euros)</i>	31/12/2018	31/12/2017
<b>Present value of theoretical benefits to be paid by the employer:</b>		
■ Less than 1 year	2.3	1.9
■ -1 to 5 years	11.3	10.4
■ -5 to 10 years	30.3	28.6
■ -10 to 20 years	50.2	49.2
■ More than 20 years	23.2	23.9
<b>TOTAL OBLIGATION</b>	<b>117.4</b>	<b>114.1</b>

Defined-benefit plans are paid for either directly by the Group, which funds the benefits to be granted, or via pension funds to which the Group contributes. In both cases, the Group recognises a pension liability corresponding to the present value of future payments, which is estimated by taking into consideration relevant internal and external factors as well as the laws and regulations specific to each Group entity.

Certain post-employment defined-benefit plans may comprise plan assets intended to settle the obligations. They are administered by pension funds that are legally separate from the entities making up the Group. The assets held by these funds are mainly shares or bonds. Their fair value is generally calculated using their market value.

Obligations in respect of post-employment defined-benefit plans are measured annually using the actuarial valuation method known as the projected unit credit method, which stipulates that each period of service gives rise to an additional unit of benefit entitlement, and measures each unit separately to obtain the final obligation. These calculations include assumptions regarding life expectancy, employee turnover and projected future salaries.

The present value of retirement benefit obligations is determined by discounting future cash outflows using the rate for market yields on high-quality corporate bonds of the currency used to pay the benefit and a term consistent with the estimated average term of the retirement benefit obligation concerned.

The expense representing the current service cost for the period is recognised in profit or loss within *Staff costs*.

The effects of plan amendments, recognised through past service cost (cost of service in prior periods modified by the introduction of changes or new benefit plans), are recognised immediately in profit or loss within *Staff costs* when they occur.

Any gains or losses recognised in the event of defined-benefit pension plan curtailments or settlements are recognised in profit or loss when the event occurs within *Other operating income* or *Other operating expenses*, respectively.

An interest expense is recognised in profit or loss within *Other financial expenses* and corresponds to the cost of unwinding the discount of the retirement benefit obligations net of plan assets.

The assumptions used in the actuarial calculation of defined-benefit pension obligations involve uncertainties that may affect the value of financial assets and obligations to employees. Actuarial gains and losses arising from the effects of changes in demographic assumptions, changes in financial assumptions and the difference between the discount rate and the actual rate of return on plan assets, less their management and administrative costs, are recognised directly in equity under *Other comprehensive income*, and are not reclassifiable to profit or loss.

### 5.3.2. Other long-term employee benefits

Other long-term employee benefits may include the portion available in more than one year of employee profit-sharing liabilities allocated to a frozen current account for five years in France, long-service

awards in Germany and India, pre-pension obligations in Germany and Belgium, and end-of-contract bonuses in Italy. Benefits for employees in India make up the largest portion of these liabilities, for €4.0 million (€3.8 million at 31/12/2017).

The remaining long-term employee benefits primarily consist of:

- long-term paid leave such as long-service or sabbatical leave;
- long-service awards;
- incentives and bonuses payable 12 months or more after the end of the period in which the employees render the corresponding service;
- profit-sharing liabilities. These are recognised at the present value of the obligation at the balance sheet date. For the year in which this profit-sharing is appropriated, the difference between the present value of the profit-sharing and the nominal value that will be paid to employees at the close of the lock-up period is recognised as a

financial liability and balanced by an additional staff expense. It is then reversed as a deduction against financial expenses over the following five years;

- deferred compensation paid 12 months or more after the end of the period in which it is earned.

All expenses relating to other long-term benefits, including changes in actuarial assumptions, are recognised immediately in profit or loss within *Staff costs* in respect of the service cost and within *Other financial income and expenses* in respect of the cost of unwinding the discount.

## 5.4. Share-based payments

The cost of the benefits granted to employees under stock option, free share and employee share ownership plans, which amounted to €22.8 million (€21.2 million in 2017), is charged to *Profit from recurring operations*.

It consisted of a charge of €19.9 million corresponding to benefits granted to employees (including €15.2 million in respect of the We

Share 2018 employee share ownership plan and €4.5 million in respect of free performance share plans), social security contributions of €2.5 million relating to these plans, and management costs of €0.4 million.

In 2018, there were no longer any stock option plans in existence.

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## 5.4.1. Free performance share plans

Expenses related to free share plans totalled €4.5 million (compared with €4.8 million in 2017).

Information on the rules of the various free share plans is set out below:

	Former Steria plans		Sopra Steria plans	
	Plan 13	June 2016 plan	February 2017 plan	February 2018 plan
Date granted by General Management and/or the Board of Directors	15 October 2014	24 June 2016	24 February 2017*	16 February 2018
Number of shares that may be granted	79,500	88,500	109,000*	128,000
Exchange ratio between Sopra Steria and Steria shares: # of Steria shares for 1 Sopra Steria share	4	Not applicable	Not applicable	Not applicable
Performance measurement period	1 January 2015 to 31 December 2016	1 January 2016 to 31 December 2018	1 January 2017 to 31 December 2019	1 January 2018 to 31 December 2020
Vesting period	3 years (French grantees) 4 years (other grantees)	24 June 2016 to 31 March 2019 inclusive	24 February 2017 to 31 March 2020 inclusive*	16 February 2018 to 31 March 2021 inclusive
Mandatory holding period following the grant of shares	2 years (French grantees) None (other grantees)	None	None	None
Performance conditions stipulated in the plan	1) Change in Sopra Steria Group's consolidated revenue in 2015 and 2016 2) Level of the Group's operating profit on business activity in 2015 and 2016	1) Consolidated revenue growth in 2016, 2017 and 2018 2) Level of consolidated operating profit on business activity in 2016, 2017 and 2018 3) Level of consolidated free cash flow in 2016, 2017 and 2018	1) Consolidated revenue growth in 2017, 2018 and 2019 2) Level of consolidated operating profit on business activity in 2017, 2018 and 2019 3) Level of consolidated free cash flow in 2017, 2018 and 2019	1) Consolidated revenue growth in 2018, 2019 and 2020 2) Level of consolidated operating profit on business activity in 2018, 2019 and 2020 3) Level of consolidated free cash flow in 2018, 2019 and 2020
Number of potential shares that could have been granted as at <sup>1</sup> January 2018	32,500	68,810	86,940	-
Number of shares granted in 2018	31,900	-	-	-
Number of shares cancelled in 2018	600	16,192	19,508	30,001
Number of shares vested at 31 December 2018	-	-	-	-
<b>Number of potential shares that could have been granted as at 31 December 2018</b>	<b>-</b>	<b>52,618</b>	<b>67,432</b>	<b>97,999</b>
Share price	15.30	97.63	112.85*	153.80
Risk-free rate	0.32%/0.15%	-	-	-
Dividends	2.5%	2.5%	2.5%	2.2%
Volatility	N/A	N/A	N/A	N/A
<b>(Expense)/Income recognised in the income statement for the financial year in millions of euros</b>	<b>-</b>	<b>-0.9</b>	<b>-1.0</b>	<b>-2.7</b>

\* Including 5,000 shares granted following the Board of Directors' decision at its meeting on 25 October 2017. The share price at that date was €157.



The Group implemented a new free share plan on 16 February 2018. This plan is in addition to those approved on 24 February 2017 and 24 June 2016. Grants of awards under this plan are subject to performance conditions regarding revenue growth, operating profit on business activity and free cash flow for financial years 2018, 2019 and 2020; they are also conditional on continuing employment. Originally, a total of 128,000 shares could potentially vest in awards granted under this plan. At 31 December 2018, there were 97,999 shares that could potentially vest.

At the Combined General Meeting of 12 June 2018, an overall limit of 3% of the share capital (i.e. 616,431 shares on the basis of the share capital at 31 December 2017) was set for all employee and company officer shareholding programmes (share subscription and share purchase options, BSAAR redeemable equity warrants, free shares, and share capital increases reserved for employees enrolled in the company savings plan).

Awards of free Sopra Steria Group shares are granted to some staff members, subject to their continued employment within the Group at the grant date, and either subject or not subject to conditions relating to the Group's performance. Benefits granted under free share award plans constitute additional compensation and are measured and recognised in the financial statements.

At the end of each reporting period, the Group reviews its estimates, based on non-market performance conditions, of the number of shares that will eventually vest. The impact of this re-estimate is recognised in profit or loss as an offset against equity.

The value of free shares in awards granted to employees as compensation for services rendered is measured by reference to the fair value of the equity instrument at the grant date. This fair value is based on the share price at this same date. Non-market vesting conditions must not be taken into account when estimating the fair

value of the shares at the measurement date. When these equity instruments are subject to conditions of non-transferability, the cost of non-transferability is taken into account in their fair value. Where appropriate, the inability to collect dividends is also taken into account in the fair value calculation. Lastly, the cumulative expense recognised also takes into account the estimated number of shares that will eventually vest.

The expense related to share-based payments made to employees under free share plans is recognised on a straight-line basis in profit or loss over the vesting period, under *Expenses related to stock options and similar items*, which enters into the calculation of *Profit from recurring operations*. Since this is an equity-settled plan, the double-entry for this expense is recognised in equity under the *Consolidated reserves and other reserves* heading.

#### 5.4.2. Employee share ownership plan

As part of its Sopra Steria 2020 corporate plan, the Group set up the We Share employee share ownership programme. Under this programme, employees who met certain conditions were once again able to purchase Sopra Steria Group shares from 27 March to 10 April 2018 inclusive.

The main features of the programme were as follows:

- open to all eligible employees;
- contributions invested mainly via the FCPE (mutual fund) in Sopra Steria Group shares (performance follows changes in the share price as it increases or decreases);
- matching employer contribution of one free Sopra Steria Group share for each share purchased;
- minimum investment set at the price of one share; maximum investment of €3,000;
- employees are entitled to any dividends attached to their shares;
- tax advantages through the Group Savings Plan (*Plan d'Épargne Groupe* or PEG in French);
- no withdrawals for five years except in certain cases.

When the subscription period ended, 106,049 shares had been subscribed for by employees and matched by employer contributions of the same number of shares. Sopra Steria Group made the matching contributions using treasury shares, which were either existing shares or shares bought back in advance under a share buyback programme authorised by the shareholders at the General Meeting of 13 June 2017.

The fair value of the free shares granted as a matching contribution was measured by reference to the average volume-weighted share price of Sopra Steria shares over the course of the 20 trading days prior to the subscription period extending from 27 March to 10 April 2018, i.e. €164.43, with a discount for the compulsory holding period of 20%.

An IFRS 2 expense of €15.2 million (excluding social security contributions and management costs) was charged to *Profit from recurring operations*.

Furthermore, an additional plan – the Share Incentive Plan – has been set up in the United Kingdom and represents an expense of €1.2 million.

## 5.5. Compensation of senior management (related parties)

(in millions of euros)

	31/12/2018	31/12/2017
Short-term employee benefits	2.5	2.5
Post-employment benefits	-	-
Other long-term employee benefits	-	-
End-of-contract bonuses	-	-
Equity compensation benefits	0.3	0.3
<b>TOTAL</b>	<b>2.8</b>	<b>2.8</b>

The compensation information provided in the table above relates to the Chairman of the Board of Directors, the Chief Executive Officer and all Directors holding a salaried position within the Group.

*Post-employment benefits* correspond to retirement benefits established in accordance with collective bargaining agreements (see Note 5.3.1). There are no obligations toward senior executives with respect to post-employment benefits or other long-term employee benefits.

### NOTE 6

## CORPORATE INCOME TAX

### 6.1. Tax expense

(in millions of euros)

	2018	2017
Current tax	-79.3	-57.4
Deferred tax	-2.7	-16.4
<b>TOTAL</b>	<b>-82.0</b>	<b>-73.9</b>

#### a. Current tax

The Group determines its current tax expense by applying the tax laws in force in countries where its subsidiaries and associates conduct their business and generate taxable revenues. The tax laws applied are those enacted or substantively enacted at the end of the reporting period.

#### b. Deferred tax

Deferred tax is recognised on all temporary differences between the tax base and the carrying amount of assets and liabilities on consolidation.

Deferred tax assets are only recognised if it is probable that they will be recovered as a result of taxable profit expected in future periods within a reasonable time frame.

They are reviewed at the end of each reporting period.

Tax assets and liabilities are measured based on the tax rates enacted or substantively enacted applicable to the reporting period during which the asset will be realised or the liability settled. Their effect is recognised in profit or loss as *Deferred tax* unless it relates to items recorded under *Other comprehensive income*, in which case the effect is also included among gains and losses recognised directly in equity. Deferred tax assets and liabilities, regardless of their expiry date, are offset when:

- the Group has the legal right to settle current tax amounts on a net basis; and
- the deferred tax assets and liabilities relate to the same tax entity.

## 6.2. Reconciliation of theoretical and effective tax expense

(in millions of euros)

	2018	2017
<b>Net profit</b>	<b>128.7</b>	<b>175.1</b>
Adjustment for:	-	-
■ Net profit from associates	3.6	1.7
■ Tax expense	-82.0	-73.9
<b>Profit before tax</b>	<b>207.2</b>	<b>247.4</b>
<b>Theoretical tax rate</b>	<b>34.43%</b>	<b>34.43%</b>
<b>Theoretical tax expense</b>	<b>-71.3</b>	<b>-85.2</b>
Permanent differences	-5.2	-3.7
Change in uncapitalised loss carryforwards	-0.6	0.2
Impact of tax credits	21.2	21.0
Tax rate differences	7.6	8.4
Prior year tax adjustments	0.8	-1.4
CVAE (net of tax)	-15.2	-14.2
Tax reassessment	-15.1	2.0
Tax on dividends paid	-	-1.5
Other tax	-4.1	0.4
<b>Actual tax expense</b>	<b>-82.0</b>	<b>-73.9</b>
<b>Effective tax rate</b>	<b>39.60%</b>	<b>29.87%</b>

The reconciliation between the theoretical tax charge and the effective tax expense is conducted using the statutory tax rate in France for the Group's parent company. This statutory tax rate consists of the 33.33% corporate tax rate plus the 1.1% *Contribution Sociale de Solidarité des Sociétés* (C3S) social security tax.

The *Cotisation sur la Valeur Ajoutée des Entreprises* (CVAE) – a tax on corporate value added, which is a component of the *Contribution Économique Territoriale* (CET) regional business tax in France – is recognised as part of the corporate income tax expense, as is the *Imposta Regionale Attività Produttive* (IRAP) regional production tax in Italy.

The Group operates in many countries with differing tax laws and tax rates. Within each country, tax rates may also vary depending on the tax policies implemented by local governments and can lead to differences between the current and deferred tax rates, as is the case

mainly in France, the United Kingdom and Belgium. Local weighted average tax rates applicable to Group companies can therefore vary from year to year depending on the relative level of taxable profit. These movements are reflected in *Tax rate differences*.

In 2018, *Other tax* essentially consisted of unrecovered withholdings. In 2017, this item mainly included the impact in France of the claim filed to obtain tax relief by way of the refund of the 3% tax on dividends paid in 2015, 2016 and 2017 for a total of €3.8 million; the impact of the exceptional surtax assessed on corporate income tax paid, approved in France for the 2017 financial year, which had a negative impact of €0.9 million; and unrecovered withholdings.

Lastly, *Tax reassessment* reflects movements in provisions to cover tax risks in France, which had a negative impact on permanent differences and tax expense of €15.1 million.

## 6.3. Deferred tax assets and liabilities

### 6.3.1. Change in net deferred tax

<i>(in millions of euros)</i>	01/01/2018	Change through profit or loss	Change through OCI	Scope effect	Currency translation effect	Other	31/12/2018
<b>Deferred tax arising from:</b>							
Intangible assets	-35.9	3.2	-	-9.6	0.2	-	-42.1
Property, plant and equipment	2.9	1.2	-	-0.1	-0.1	-0.8	3.1
Non-current financial assets	-0.6	-0.7	-	-	0.1	0.8	-0.5
Inventories, services in progress and outstanding invoices	-1.5	-0.8	-	0.4	-	-	-1.9
Other current assets	1.9	-0.6	-	-	-	-	1.3
Derivatives	-0.3	0.5	-1.0	-	-	-	-0.8
■ With impact on the income statement	0.3	0.5	-	-	-	-	0.9
■ With impact on OCI	-0.6	-	-1.0	-	-	-	-1.6
Financial debt	0.2	-0.8	-	-	-	-	-0.7
Retirement benefit obligations	80.4	0.9	-6.7	-	-0.2	-	74.4
■ With impact on the income statement	15.1	0.9	-	-	0.2	0.4	16.6
■ With impact on OCI	65.3	-	-6.7	-	-0.4	-0.4	57.9
Provisions	4.3	-2.2	-	-	-	0.4	2.5
Other current liabilities	-1.5	13.0	-	-	-0.3	-0.2	11.0
Tax loss carryforwards	49.3	-16.3	-	0.2	-	-	33.2
<b>Net deferred tax asset/(liability)</b>	<b>99.1</b>	<b>-2.7</b>	<b>-7.7</b>	<b>-9.1</b>	<b>-0.2</b>	<b>0.2</b>	<b>79.6</b>
Deferred tax included in assets held for sale	-	-	-	-	-	-	-
<b>Net deferred tax asset/(liability) reported in the balance sheet</b>	<b>99.1</b>	<b>-2.7</b>	<b>-7.7</b>	<b>-9.1</b>	<b>-0.2</b>	<b>0.2</b>	<b>79.6</b>
<b>Of which:</b>							
Deferred tax recognised in profit or loss	34.4	-2.7	-	-9.1	0.2	0.6	23.4
Deferred tax recognised in equity (OCI)	64.7	-	-8.1	-	-0.4	-	56.2
■ Reclassifiable to profit or loss	-0.6	-	-1.0	-	-	-	-1.6
■ Not reclassifiable to profit or loss (retirement benefit obligations)	65.3	-	-7.1	-	-0.4	-	57.9

### 6.3.2. Deferred tax assets not recognised by the Group

<i>(in millions of euros)</i>	31/12/2018	31/12/2017
Tax losses carried forward	28.2	33.3
Temporary differences	-	-
<b>TOTAL</b>	<b>28.2</b>	<b>33.3</b>

## 6.3.3. Change in tax loss carryforwards

<i>(in millions of euros)</i>	France	United Kingdom	Germany	Scandinavia	Other countries	TOTAL
<b>31 December 2017</b>	<b>196.9</b>	<b>5.0</b>	<b>0.3</b>	<b>37.8</b>	<b>19.1</b>	<b>259.1</b>
Changes in scope	0.6	-	-	-	2.0	2.6
Created	77.3	-	-	-	10.3	87.6
Used	-72.0	-	-0.9	-0.5	-0.7	-74.1
Expired	-	-	-	-	-	-
Translation adjustments	-	-	-	-1.0	0.3	-0.8
Other movements	-59.7	-	0.6	-	-	-59.1
<b>31 DECEMBER 2018</b>	<b>143.1</b>	<b>5.0</b>	<b>-</b>	<b>36.3</b>	<b>30.9</b>	<b>215.3</b>
Deferred tax basis – Activated	88.1	-	-	-	10.2	98.3
Deferred tax basis – Non-activated	55.0	5.0	-	36.3	20.7	117.0
Deferred tax – Activated	30.3	-	-	-	2.9	33.2
Deferred tax – Non-activated	18.9	0.4	-	2.9	5.9	28.2

In France, a portion of the non-activated tax losses – €17.3 million in deferred taxes (based on a tax rate of 34.43%) – consisted of the tax loss carryforwards prior to 1 January 2014 originating from Steria. The authorities' decision to disallow their transfer to Sopra Steria is being challenged through litigation. The other portion of €1.6 million in France originated from the losses inherited from recently acquired companies.

In Scandinavia, the tax loss carryforwards of the companies established in Sweden and Denmark did not lead to the recognition of any deferred tax assets.

Lastly, in "Other Countries", dormant companies in the United States contributed €2.3 million in non-activated deferred tax.

## NOTE 7

## COMPONENTS OF THE WORKING CAPITAL REQUIREMENT AND OTHER FINANCIAL ASSETS AND LIABILITIES

These items include non-current financial assets, trade receivables and related accounts, other current assets, other non-current liabilities, trade payables and other current liabilities.

### 7.1. Other non-current financial assets

<i>(in millions of euros)</i>	31/12/2018	31/12/2017
Non-consolidated securities	12.2	13.9
Other loans and receivables	22.2	10.4
Derivatives	4.5	4.3
<b>TOTAL</b>	<b>38.9</b>	<b>28.6</b>

The Group classifies its financial assets into the following categories:

- assets at fair value through other comprehensive income;
- assets at fair value through profit or loss; and
- assets at amortised cost.

Classification depends on the purposes for which financial assets were acquired. According to its management model, the Group's management determines the appropriate classification at the time of initial recognition and performs a reassessment at each interim or annual reporting date.

The financial assets recognised by the Group consist of the items described below:

**a. Assets at fair value through other comprehensive income**

This category includes investments in equity instruments that the Group has chosen to irrevocably place in this category.

Changes in the fair value of these assets are recognised directly in equity and are not reclassifiable to profit or loss. These assets are not impaired.

The Group has included in this category its investments in unconsolidated entities over which it exercises no control or significant influence.

**b. Assets at amortised cost (loans and receivables)**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They comprise the financial assets arising when the Group transfers funds, or provides goods and services, to an individual or entity. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

The Group distinguishes between:

- long-term loans and receivables classified as non-current financial assets;
- short-term trade receivables and other equivalent receivables. Short-term trade receivables continue to be measured at the nominal amount originally invoiced, which usually equates to the fair value of the consideration to be received.

**c. Assets at fair value through profit or loss**

These are non-derivative financial assets which the Group has chosen not to measure through other comprehensive income.

This category comprises financial assets held for trading (i.e. acquired with a view to resale in the near term). They are mostly marketable securities and other cash equivalents.

Changes in the fair value of assets of this category are recognised in profit or loss within *Other financial income and expenses*.

**d. Impairment of financial assets**

At each balance sheet date, the Group assesses whether or not there exists objective evidence that a financial asset or group of financial assets may be impaired.

The Group assesses the credit risk associated with loans and receivables when they are issued. They may be subsequently impaired if the Group expects that their estimated recoverable amount is less than their net carrying amount.

For trade receivables, these write-downs are charged to profit or loss as part of *Operating profit on business activity* and reversed in the event of an improvement in the recoverable amount. For loans and deposits, they are recorded within *Other financial income and expenses*.

**7.1.1. Non-consolidated securities**

(in millions of euros)

	Carrying amount
<b>31 December 2017</b>	<b>13.9</b>
Increase	2.5
Decrease	-0.2
Revaluation	-3.9
Translation adjustments and other movements	-0.1
<b>31 DECEMBER 2018</b>	<b>12.2</b>

At 31 December 2018, the value of the CS Communication & Systèmes shares was €9.9 million (€12.8 million at 31 December 2017).

**7.1.2. Other loans and receivables**

(in millions of euros)

	31/12/2018	31/12/2017
Loans	0.1	0.1
CIR and CICE tax credit receivables	12.4	-
Other non-current receivables	2.3	2.2
Deposits and other non-current financial assets	9.5	8.2
Provisions for loans, deposits and other non-current financial assets	-2.0	-0.1
<b>TOTAL</b>	<b>22.2</b>	<b>10.4</b>

R&D tax credit receivables classified as *Other loans and receivables* are those which will be used or redeemed after more than one year. Deposits and other non-current financial assets mainly include security deposits paid for leased premises and receivables relating to equity investments.

*Other non-current receivables* mainly consist of advances paid by the NHS SBS entity to new customers of its platform to facilitate their migration.

These deposits and other receivables are held at their nominal value, given that the effect of discounting is not material.

## 7.2. Trade receivables and related accounts

<i>(in millions of euros)</i>	31/12/2018	31/12/2017
Trade receivables – Gross value	724.0	666.1
Impairment of trade receivables	-17.3	-11.4
<b>Trade receivables – Net value</b>	<b>706.6</b>	<b>654.7</b>
Customer contract assets	384.3	492.4
<b>TOTAL</b>	<b>1,091.0</b>	<b>1,147.1</b>

In December 2018, the Group sold trade receivables with recourse in France for €68.1 million; these were not removed from the balance sheet. In December 2017, the Group sold trade receivables in France for a total value of €56.8 million. The amount sold with recourse came to €19.8 million, and those sold without recourse came to €37.0 million. Only the receivables sold without recourse were removed from the balance sheet.

*Net trade receivables*, expressed in months of revenue, came to around 2 months of revenue at 31 December 2018, a slight improvement with respect to 31 December 2017. This ratio is calculated by comparing *Net trade receivables* with revenue obtained using the count back method. *Net trade receivables* is obtained by

eliminating VAT from the *Trade receivables* balance and subtracting the deferred income balance appearing under liabilities. An analysis of credit risk in light of the provisions of IFRS 9 *Financial Instruments* does not show any material impact.

Customer contract assets are described in Note 4.1. Changes during the period resulted in part from the appearance of billable fees transforming assets into trade receivables, and in part from the recognition of revenue leading to the appearance of new customer contract assets. The Group endeavoured to achieve a higher level of transformation of these assets in 2018 into trade receivables and cash.

### 7.2.1. Aged trade receivables at 31 December 2018

<i>(in millions of euros)</i>	Carrying amount	Of which: Not past due at the balance sheet date	Of which: Past due, with the following breakdown			
			Less than 30 days	Between 30 and 90 days	Between 90 and 120 days	More than 120 days
Trade receivables	724.0	546.6	74.0	43.1	5.2	55.1

### 7.2.2. Changes in provisions for trade receivables

<i>(in millions of euros)</i>	31/12/2018	31/12/2017
<b>Impairment of trade receivables at beginning of period</b>	<b>11.4</b>	<b>9.8</b>
Changes in scope	0.6	0.1
Additions net of reversals	5.5	2.9
Other movements	-0.2	-1.4
Translation adjustments	-	-
<b>IMPAIRMENT OF TRADE RECEIVABLES AT END OF PERIOD</b>	<b>17.3</b>	<b>11.4</b>

### 7.3. Other current assets

<i>(in millions of euros)</i>	31/12/2018	31/12/2017
Inventories and work in progress	20.1	6.5
Advances and payments on account	6.3	3.9
Staff and social security	4.8	6.1
Tax receivables (other than corporate income tax)	100.2	94.8
Corporate income tax	85.4	77.7
Loans, guarantees and other financial receivables maturing in less than one year	5.9	3.4
Other receivables	13.2	14.7
Impairment of other receivables	-1.1	-0.8
Prepaid expenses	48.7	36.7
Derivatives	3.3	3.3
<b>TOTAL</b>	<b>286.8</b>	<b>246.3</b>

Inventories and work in progress essentially result from the costs of fulfilling contracts (transition phases of third-party application maintenance, infrastructure management and outsourcing contracts; preparatory phases for licences in SaaS mode), as described in Note 4.1. Their increase results from the signature of new contracts. Tax receivables include those relating to the CIR (R&D tax credit) in France.

In France, the Group sold tax receivables arising from the entirety of the 2018 CICE (French tax credit for competitiveness and jobs) and a portion of the CIR, for a total amount with deconsolidation of €41.9 million (€47.5 million in 2017) and without deconsolidation of €12.4 million.

### 7.4. Other non-current liabilities

<i>(in millions of euros)</i>	31/12/2018	31/12/2017
Put options granted	65.2	58.4
Other liabilities – Portion due in more than one year	32.6	3.6
Derivatives	2.2	3.2
<b>TOTAL</b>	<b>99.9</b>	<b>65.2</b>

In the United Kingdom, the put option granted by the Group to the Cabinet Office for the shares it holds in the SSCL joint venture, which may be exercised between 1 January 2022 and 31 December 2023, represented a non-current liability of €57.9 million at 31 December 2018 (€53.5 million at 31 December 2017).

The Group also entered into an irrevocable commitment to acquire the shares held by minority shareholders in Tecfit – the holding company of Galitt, which was acquired in the second half of 2017 (see Note 2) – by way of a put option granted to these shareholders. The

corresponding non-current liability was €7.3 million at 31 December 2018 (€4.9 million at 31 December 2017).

Lastly, other non-current liabilities also included a liability related to the acquisition of an operating licence as part of the fulfilment of a contract in the United Kingdom with the UK administration, for €30.9 million.

At 31 December 2018, derivatives consisted of interest rate and foreign currency hedges (see Notes 11.5.3 and 11.5.4).

#### Put options granted to non-controlling interests

When non-controlling interests have an option to sell their investment to the Group, a financial liability is recorded in other non-current liabilities for the present value of the option's estimated exercise price. The offset of the financial liability generated by these commitments is deducted from:

- the corresponding amount of non-controlling interests initially; and
  - the Group's share of consolidated reserves for the remainder.
- Subsequent changes in this put option arising from changes in estimates or relating to the unwinding of discount are offset against the corresponding non-controlling interests and the remainder is deducted from the Group's share of consolidated reserves.



## 7.5. Other current liabilities

<i>(in millions of euros)</i>	31/12/2018	31/12/2017
Liabilities on fixed assets – Portion due in less than one year	0.7	2.7
Advances and payments on account received for orders	3.8	3.3
Employee-related liabilities	420.2	438.1
Tax-related liabilities	228.7	243.6
Corporate income tax	115.9	107.9
Customer contract liabilities	256.1	275.7
Other liabilities	30.4	19.2
Derivatives	0.5	1.4
<b>TOTAL</b>	<b>1,056.2</b>	<b>1,092.0</b>

Customer contract liabilities are described in Note 4.1. Changes arose in part from the transformation of former liabilities into revenue, and in part from the appearance of new liabilities due to services that have been invoiced but not yet performed. The majority of these

liabilities existing at 31 December 2017 were converted into revenue during the 2018 financial year.

Other liabilities include in particular the Group's commitment to buy back its own shares to be used in connection with its free performance share plans for €7.4 million.

## NOTE 8

## PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

### 8.1. Goodwill

#### 8.1.1. Statement of changes in goodwill

Movements during the 2018 financial year were as follows:

<i>(in millions of euros)</i>	Gross value	Impairment	Carrying amount
<b>31 December 2017</b>	<b>1,669.9</b>	<b>79.3</b>	<b>1,590.6</b>
<b>Acquisitions</b>			
BLUECARAT	11.6	-	11.6
O.R. System	2.3	-	2.3
it-economics	27.9	-	27.9
Apak	90.5	-	90.5
Adjustments for business combinations	-7.9	-	-7.9
<b>Impairment</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Translation adjustments</b>	<b>-6.7</b>	<b>-0.2</b>	<b>-6.4</b>
<b>31 DECEMBER 2018</b>	<b>1,787.6</b>	<b>79.1</b>	<b>1,708.5</b>

The decrease of €6.4 million in translation adjustments mainly resulted from changes in the value of the euro against the following currencies:

<i>(in millions of euros)</i>	31/12/2018	31/12/2017
GBP	-5.5	-20.8
NOK-SEK	-2.1	-8.5
Other currencies	1.2	-3.8
<b>TOTAL</b>	<b>-6.4</b>	<b>-33.1</b>

**8.1.2. Breakdown of goodwill by cash-generating unit (CGU)**

The net carrying amounts of goodwill by CGU are as follows:

<i>(in millions of euros)</i>	31/12/2018	31/12/2017
France	498.7	491.1
United Kingdom	570.3	575.0
Other Europe <sup>(1)</sup>	326.9	288.3
Sopra Banking Software	300.1	223.6
Sopra HR Software	12.5	12.5
<b>TOTAL</b>	<b>1,708.5</b>	<b>1,590.6</b>

(1) "Other Europe" comprises the following CGUs, which are tested separately: Germany, Scandinavia, Spain, Italy, Switzerland, Belgium and Luxembourg.

For each business combination, the Group may elect to recognise under its balance sheet assets either partial goodwill (corresponding only to its percentage of ownership interest) or full goodwill (also including the goodwill corresponding to minority interests) according to the method for business combinations presented in Note 2.1. This decision is made on an acquisition-by-acquisition basis.

Should the calculation of goodwill result in a negative difference (bargain purchase), the Group recognises the resulting gain entirely in profit or loss, after reassessing whether all assets and liabilities have been correctly identified.

Goodwill is allocated to cash-generating units for the purposes of impairment tests as set out in Note 8.1.3. Such tests are performed when there is an indication of impairment, and in any event at the balance sheet date of 31 December.

**8.1.3. Impairment testing**

The Group performed impairment tests as at 31 December 2018.

These tests were performed using the following parameters:

	Discount rate		Perpetual growth rate	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
France	8.4%	7.7%	2.0%	2.0%
United Kingdom	9.0%	8.5%	2.0%	2.0%
Other Europe	7.7–10.5%	7.1–9.0%	2.0%	2.0%
Sopra Banking Software	8.4%	7.7%	2.0%	2.0%
Sopra HR Software	8.4%	7.7%	2.0%	2.0%

The Group tested 0.5-point changes in these assumptions. A 0.5-point decrease in the perpetual growth rate, a 0.5-point increase in the discount rate, or both, would not lead to any recognition of impairment.

Additional testing was performed to measure sensitivity to key assumptions (such as the discount rate, perpetual growth rate, operating margin and revenue growth rate) for each cash-generating unit.

The Group performed tests using the following hypotheses:

- a 2-point increase in the discount rate; or
- a 2-point decrease in the perpetual growth rate (no perpetual growth); or
- the combination of a 2-point increase in the discount rate and a 2-point decrease in the perpetual growth rate; or

- a 2-point decrease in the projected operating margin; or
- a 2-point decrease in the projected growth rate.

For the "United Kingdom" CGU, the Group might be required to write down its assets in the event of a 1.4-point decrease in the operating margin, all other things being equal.

With regard to the "Sopra Banking Software" CGU, an increase of more than 1.8 points in the discount rate, or a 1-point increase in the discount rate combined with a simultaneous 1-point decrease in the perpetual growth rate, might require the Group to write down its assets, all other things being equal.

For the other CGUs, additional tests run to measure sensitivity to key hypotheses would not lead to the recognition of any impairment.

IAS 36 *Impairment of Assets* requires that an entity assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity must estimate the asset's recoverable amount.

Irrespective of whether there is any indication of impairment, an entity must also:

- test intangible assets with indefinite useful lives annually;
- test the impairment of goodwill acquired in a business combination.

In practice, impairment testing is above all relevant to goodwill, which constitutes the majority of Sopra Steria Group's consolidated non-current assets.

Impairment testing is performed at the level of the cash-generating units (CGUs) to which assets are allocated. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The Group's segmentation into CGUs is consistent with the operating structure of its businesses, its management and reporting system, and its segment reporting (see Note 3). Impairment testing involves comparing CGUs' carrying amounts with their recoverable amounts. A CGU's recoverable amount is the higher of its fair value (generally market value) less costs of disposal and its value in use.

The value in use of a CGU is determined using the discounted cash flow (DCF) method:

- cash flows for an explicit forecast period of five years, with the first year of the period based on the budget;
- cash flows beyond the five-year explicit period are calculated using a perpetual growth rate reflecting the anticipated rate of real long-term economic growth adjusted for long-term inflation forecasts.

The discount rate is based on the weighted average cost of capital. This is compared with the estimates produced by financial analysts. The final discount rate used for each CGU is derived from this comparison and falls between the weighted average cost of capital and the average of analyst estimates.

Perpetual growth rates are based on an average of analyst estimates.

Impairment losses are recognised to the extent of any excess of a CGU's carrying amount over its recoverable amount. Impairment losses are first allocated against goodwill and are charged to profit or loss as part of *Other operating income and expenses*.

Reversal of impairment losses for goodwill arising on fully consolidated investments is prohibited.

## 8.2. Other intangible assets

(in millions of euros)

	Gross value	Amortisation	31/12/2018	31/12/2017
Enterprise software/Technology	73.4	28.8	44.6	39.6
Customer relationships	189.5	69.0	120.6	109.8
Favourable contracts	0.9	0.6	0.3	0.4
Brands	19.0	1.5	17.6	11.7
Software acquired and other intangible assets	215.6	145.1	70.5	28.7
<b>TOTAL</b>	<b>498.4</b>	<b>244.9</b>	<b>253.5</b>	<b>190.2</b>

Other intangible assets comprise technologies, customer relationships, favourable contracts, order backlogs and brands allocated as part of the purchase price allocation process for a business combination.

Expenses relating to the amortisation of allocated intangible assets enter into the calculation of *Profit from recurring operations*.

Changes in *Intangible assets* are set out in the table below:

(in millions of euros)

	Gross value	Amortisation	Carrying amount
<b>31 December 2016</b>	<b>406.1</b>	<b>206.6</b>	<b>199.6</b>
Changes in scope	1.7	1.7	-
Allocated intangible assets	12.1	-	12.1
Acquisitions	16.9	-	16.9
Disposals – Scrapping	-1.2	-1.1	-0.1
Other movements	-2.6	-1.1	-1.5
Translation adjustments	-7.5	-3.5	-4.1
Amortisation charge	-	32.7	-32.7
<b>31 December 2017</b>	<b>425.5</b>	<b>235.3</b>	<b>190.2</b>
Changes in scope	1.1	-	1.1
Allocated intangible assets	46.6	-	46.6
Acquisitions	53.7	-	53.7
Disposals – Scrapping	-17.8	-17.8	-
Other movements	-7.7	-8.6	0.9
Translation adjustments	-3.0	-1.1	-1.9
Amortisation charge	-	37.2	-37.2
<b>31 DECEMBER 2018</b>	<b>498.4</b>	<b>244.9</b>	<b>253.5</b>

Allocated intangible assets recognised in respect of new acquisitions during the 2018 financial year are described in Note 2.1. They consisted of customer relationships for €28.3 million, enterprise software for €12.3 million and brands for €6.5 million. In 2017, on the acquisition of Kentor in Sweden, the Group recognised €12.1 million of allocated assets attributable to customer relationships.

Changes during the period also included the acquisition of an operating licence as part of the fulfilment of a contract in the United Kingdom with the UK government, for €44.4 million. Payment is spread over a three-year period.

In 2017, Sopra Banking Software acquired source code for €8.0 million and incurred costs arising from adjustments to its solutions platforms. These costs were capitalised and amounted to €2.4 million. In 2018, Sopra Banking Software continued to incur costs arising from these adjustments, and capitalised €3.2 million. They were all recognised as part of the costs for acquiring the software.

No other significant development expenditures for software and solutions (Banking, Human Resources and Real Estate Management) have been recognised under intangible assets.

#### a. Assets acquired separately

These are software assets recorded at cost. They are amortised using the straight-line method over one to ten years, depending on their estimated useful lives.

#### b. Assets acquired in connection with business combinations

These are software assets, customer relationships, brands and distributor relationships measured at fair value as part of a purchase price allocation for entities acquired in business combinations. They are amortised using the straight-line method over three to fifteen years, depending on their estimated useful lives. Acquired brands whose useful lives cannot be estimated are not amortised.

#### c. Internally generated assets

Pursuant to IAS 38 *Intangible Assets*:

- Research and development costs are expensed in the year in which they are incurred;
- Software development costs are capitalised if all of the following can be demonstrated:
  - technical feasibility of completing the intangible asset for use or sale;
  - intent to complete the intangible asset and use or sell it;
  - ability to use or sell the intangible asset;
  - generation of probable future economic benefits;
  - availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
  - ability to reliably measure the expenditure attributable to the intangible asset during its development.

### 8.3. Property, plant and equipment

<i>(in millions of euros)</i>	Land and buildings	Fixtures and fittings, furniture and sundry equipment	IT equipment	TOTAL
<b>GROSS VALUE</b>				
<b>31 December 2016</b>	<b>43.0</b>	<b>181.3</b>	<b>143.8</b>	<b>368.1</b>
Changes in scope	-	1.0	1.6	2.6
Acquisitions	0.8	22.1	21.6	44.5
Disposals – Scrapping	-0.5	-13.3	-8.1	-21.9
Other movements	0.3	3.3	-2.0	1.6
Translation adjustments	-1.3	-1.7	-3.5	-6.6
<b>31 December 2017</b>	<b>42.3</b>	<b>192.6</b>	<b>153.5</b>	<b>388.4</b>
Changes in scope	-	4.5	4.5	9.0
Acquisitions	2.1	28.6	21.5	52.2
Disposals – Scrapping	-9.0	-4.2	-15.3	-28.5
Other movements	-	-1.0	-1.4	-2.4
Translation adjustments	-0.5	-0.6	-0.7	-1.8
<b>31 DECEMBER 2018</b>	<b>34.9</b>	<b>219.8</b>	<b>162.1</b>	<b>416.8</b>
<b>DEPRECIATION</b>				
<b>31 December 2016</b>	<b>31.0</b>	<b>112.5</b>	<b>104.0</b>	<b>247.4</b>
Changes in scope	-	0.5	1.1	1.6
Charges	1.3	15.8	19.5	36.6
Disposals – Scrapping	-0.5	-13.1	-7.7	-21.3
Other movements	0.2	2.4	-2.6	-
Translation adjustments	-0.7	-1.3	-2.8	-4.9
<b>31 December 2017</b>	<b>31.2</b>	<b>116.7</b>	<b>111.5</b>	<b>259.5</b>
Changes in scope	-	1.5	2.7	4.2
Charges	1.4	16.7	21.3	39.4
Disposals – Scrapping	-9.0	-4.1	-15.1	-28.2
Other movements	-	-	-1.5	-1.5
Translation adjustments	-0.2	-0.5	-0.6	-1.3
<b>31 DECEMBER 2018</b>	<b>23.4</b>	<b>130.4</b>	<b>118.3</b>	<b>272.2</b>
<b>NET VALUE</b>				
<b>31 December 2016</b>	<b>12.1</b>	<b>68.8</b>	<b>39.8</b>	<b>120.7</b>
<b>31 December 2017</b>	<b>11.1</b>	<b>75.9</b>	<b>42.0</b>	<b>128.9</b>
<b>31 DECEMBER 2018</b>	<b>11.5</b>	<b>89.4</b>	<b>43.8</b>	<b>144.7</b>

The Group's investments in property, plant and equipment (€52.2 million) mainly consisted of €23.0 million for office

equipment in France and abroad and €21.5 million for IT equipment (€9.0 million of which was in the form of finance leases).

Property, plant and equipment essentially consists of land and buildings, fixtures and fittings, office furniture and equipment, and IT equipment.

Property, plant and equipment is measured at acquisition cost (excluding any borrowing costs) less accumulated depreciation and any impairment losses. No amounts have been remeasured.

Depreciation is calculated using the straight-line method over the expected useful lives of each of the following fixed asset categories:

- buildings: 25 to 30 years;
- fixtures and fittings: 4 to 10 years;
- IT hardware and equipment: 3 to 8 years;
- vehicles: 4 to 5 years;
- office furniture and equipment: 4 to 10 years.

Depreciation is applied against assets' acquisition cost after deducting any residual value. Assets' residual values and expected useful lives are reviewed at each balance sheet date.

Finance leases relating to IT investments are presented in the balance sheet in the following amounts:

<i>(in millions of euros)</i>	31/12/2018	31/12/2017
Gross value	41.9	36.9
Depreciation	-26.7	-22.9
<b>NET VALUE</b>	<b>15.2</b>	<b>14.0</b>

#### Leases

Leases of property, plant and equipment under which the Group takes on substantially all the risks and rewards incidental to ownership of the assets are treated as finance leases. They are recognised at the lower of the leased asset's fair value and the present value of the minimum lease payments.

Assets acquired under finance leases are depreciated over the shorter of their estimated useful lives or the applicable lease terms:

- property leases: Built assets are depreciated on a straight-line basis over twenty-five years;
- IT equipment leases: Hardware is depreciated on a straight-line basis over four years, the most common lease term.

In contrast, leases under which the lessor retains substantially all the risks and rewards incidental to ownership are treated as operating leases. Payments under such leases are expensed on a straight-line basis over the lease term, and no fixed asset is recognised.

## NOTE 9

## EQUITY-ACCOUNTED INVESTMENTS

### 9.1. Net profit from associates

<i>(in millions of euros)</i>	31/12/2018	% held at 31/12/2018	31/12/2017	% held at 31/12/2017
Share of net profit of Axway Software	3.6	32.57%	1.4	32.59%
Share of net profit of Diamis	-	-	0.2	40.00%
<b>TOTAL</b>	<b>3.6</b>		<b>1.7</b>	

## 9.2. Carrying amount of investments in associates

The carrying amount of investments in associates consisted solely of the value of Axway shares. It changed as follows:

<i>(in millions of euros)</i>	Axway shares		
	Gross value	Impairment	Carrying amount
<b>31 December 2016</b>	<b>200.2</b>	-	<b>200.2</b>
Changes in scope	-	-	-
Reversals of impairment	-	-	-
Share capital transactions	1.0	-	1.0
Dividends paid	-2.8	-	-2.8
Net profit	1.4	-	1.4
Translation adjustments	-10.2	-	-10.2
Changes in shareholding	-1.1	-	-1.1
Disposal	-	-	-
Other movements	0.5	-	0.5
<b>31 December 2017</b>	<b>189.1</b>	-	<b>189.1</b>
Changes in scope	-	-	-
Share capital transactions	0.1	-	0.1
Dividends paid	-1.4	-	-1.4
Net profit	3.6	-	3.6
Translation adjustments	3.5	-	3.5
Changes in shareholding	-0.1	-	-0.1
Disposal	-	-	-
Other movements	0.3	-	0.3
<b>31 DECEMBER 2018</b>	<b>195.1</b>	-	<b>195.1</b>

At 31 December 2018, the Axway Software shares held by Sopra Steria Group represented 32.57% of the share capital, compared with 32.59% at 31 December 2017.

Their recoverable amount is estimated as follows:

<i>(in millions of euros)</i>	31/12/2018	31/12/2017
Market value (Category 1) <sup>(1)</sup>	85.9	157.6
Market value less costs to sell	84.1	154.5
Value in use	194.1	198.3
DCF calculation parameters:		
■ Discount rate	10.3%	9.6%
■ Perpetual growth rate	2.4%	2.2%
<b>RECOVERABLE AMOUNT</b>	<b>194.1</b>	<b>198.3</b>

*(1) Since Axway Software shares are listed, their fair value (market value) net of costs of disposal corresponds to the share price less selling price, which constitutes the Level 1 fair value under IFRS.*

Their value in use – the higher of the two values used to determine the recoverable amount – supports the carrying amount of the equity-accounted Axway Software shares at 31 December 2018, since it was deemed that there was no material difference with respect to the carrying amount, and as such no impairment was recognised.

The Group tested 0.5-point changes in its assumptions, all other things being equal. A 0.5-point increase in the discount rate would

lead to an impairment loss of €13.8 million; a 0.5-point decrease in the perpetual growth rate would lead to an impairment loss of €7.9 million; and the combination of these two factors – a 0.5-point increase in the discount rate and a concurrent 0.5-point decrease in the perpetual growth rate – would lead to an impairment loss of €19.7 million. This test is based on the judgement of management and takes into account the uncertainties inherent in the transformation of Axway's business model.

## I SUMMARY FINANCIAL INFORMATION RELATING TO THE AXWAY SOFTWARE GROUP

<i>(in millions of euros)</i>	31/12/2018	31/12/2017
Non-current assets	422.7	420.7
Current assets	131.1	130.4
Equity	362.8	344.1
Non-current liabilities excluding equity	53.2	70.3
Current liabilities	137.9	136.7
Revenue	283.8	299.8
Net profit	11.0	4.4

**Recognition and impairment of investments in associates**

Investments in associates are initially recognised at acquisition cost, and their value is then adjusted to reflect changes in the Group's share of their net assets. The remainder of this share appears under *Equity-accounted investments* on the asset side of the balance sheet. Its change over the financial year is recognised in profit or loss within *Net profit from associates*.

Equity-accounted shares in a company constitute a single asset and must be tested for impairment in accordance with IAS 36 *Impairment of Assets*.

Goodwill on associates is included in the value of equity-accounted investments, the value of which is measured inclusive of goodwill. As such, goodwill on associates must not be tested for impairment separately.

At each balance sheet date, where there is an indication of impairment of an investment in an associate, the parent company must carry out an impairment test consisting of comparing the

carrying amount of the relevant equity-accounted investment with its recoverable amount.

Under IAS 36, the recoverable amount of an investment in an associate is the higher of its value in use, calculated on the basis of future cash flows, and the fair value of the investment less costs of disposal. Where an associate's shares are listed, fair value less costs of disposal is equal to market price less costs to sell: in the absence of any firm sale agreement, this is the price at which the shares are currently trading.

Any impairment losses are charged to profit or loss as *Other operating income and expenses*.

Where there is an improvement in the recoverable amount of an equity-accounted investment such that the impairment loss may be written back, the full amount of the impairment loss, including the portion relating to goodwill, must be written back.



## NOTE 10

## PROVISIONS AND CONTINGENT LIABILITIES

## 10.1. Current and non-current provisions

<i>(in millions of euros)</i>	01/01/2018	Changes in scope	Charges	Reversals (used)	Reversals (not used)	Other	Translation adjustments	31/12/2018	Non-current portion	Current portion
Provisions for disputes	5.5	-	1.1	-1.4	-0.2	-0.4	-	4.8	1.0	3.8
Provisions for guarantees	0.3	-	0.4	-	-	-	-	0.6	0.3	0.3
Provisions for losses on contracts	0.7	0.9	0.4	-0.8	-	-	-	1.2	-	1.2
Provisions for tax risks	29.1	-	20.5	-5.4	-	-	-	44.2	44.2	-
Provisions for restructuring	11.0	-	3.7	-7.7	-	0.1	-	7.0	1.3	5.7
Other provisions for contingencies	26.2	0.8	4.3	-6.4	-2.7	1.6	-0.3	23.6	13.0	10.5
<b>TOTAL</b>	<b>72.8</b>	<b>1.7</b>	<b>30.4</b>	<b>-21.6</b>	<b>-2.9</b>	<b>1.3</b>	<b>-0.3</b>	<b>81.5</b>	<b>59.9</b>	<b>21.6</b>

Provisions for disputes mainly cover disputes before employment tribunals and end-of-contract bonuses for employees (€4.1 million at 31 December 2018, versus €4.5 million at 31 December 2017). At 31 December 2017, they also covered insurance excesses and client risks provisioned in respect of commercial disputes for €1.0 million.

Provisions for tax risks mainly relate to tax risks in France, in particular the R&D tax credit and withholdings applied by foreign clients.

Provisions for restructuring correspond to the cost of one-off restructuring measures in Germany (€2.7 million) and Sopra Steria integration costs mainly relating to facilities (€3.3 million in France).

Other provisions for contingencies mainly cover costs relating to premises (€8.6 million, including €8.2 million in restoration costs, mostly in the United Kingdom), clients and projects (€7.9 million, including €5.2 million in the United Kingdom and €2.1 million in Germany), contractual risks (€2.9 million) and employee risks (€4.1 million).

Present obligations resulting from past events involving third parties are recognised in provisions only when it is probable that such obligations will give rise to an outflow of resources to third parties without consideration from said parties that is at least equivalent, and if the outflow of resources can be reliably measured.

Since provisions are estimated based on future risks and expenses, such amounts include an element of uncertainty and may be adjusted in subsequent periods. The impact of discounting provisions is taken into account if significant.

In the specific case of restructuring, an obligation is recognised as soon as the restructuring has been publicly announced and a detailed plan presented or the plan implementation has commenced. This cost mainly corresponds to severance payments, early retirement, costs related to notice periods not worked, training costs for departing employees and other costs relating to site closures. A provision is recognised for the rent and related costs to be paid, net of estimated subleasing income, in respect of any property if the asset is subleased or vacant and is not intended to be used in connection with main activities.

Scrapped assets and impairment of inventories and other assets directly related to the restructuring measures are also recognised in restructuring costs.

## 10.2. Contingent liabilities

The only contingent liabilities recognised arose as a result of the Sopra-Steria business combination in 2014.

At 31 December 2018, they totalled €6.8 million (€6.8 million after tax) and corresponded to tax and contractual risks in India.

To the extent that a liability is not probable or may not be reliably estimated, a contingent liability is disclosed by the Group among its commitments given. By exception, in connection with business combinations, the Group may recognise contingent liabilities on the balance sheet if they result from a present obligation arising from past events and their fair value can be reliably estimated, even where it is not probable that an outflow of resources will be necessary to extinguish the obligation.

NOTE 11

## FINANCING AND FINANCIAL RISK MANAGEMENT

### 11.1. Financial income and expenses

#### 11.1.1. Cost of net financial debt

<i>(in millions of euros)</i>	2018	2017
<b>Interest income</b>	<b>4.5</b>	<b>6.7</b>
<b>Income from cash and cash equivalents</b>	<b>4.5</b>	<b>6.7</b>
Interest expenses	-10.9	-11.8
Gains and losses on hedges of gross financial debt	-1.4	-1.6
<b>Cost of gross financial debt</b>	<b>-12.3</b>	<b>-13.4</b>
<b>COST OF NET FINANCIAL DEBT</b>	<b>-7.8</b>	<b>-6.8</b>

The €2.1 million decrease in financial income resulted from the decline in average investments outstanding in India (€63.2 million in 2018, versus €102.7 million in 2017) following the repatriation of cash in the form of a dividend distribution.

The *Cost of gross financial debt* fell by €1.1 million, essentially due to the decrease in average debt. The average amount of debt outstanding in respect of bank borrowings, bonds, NEU CP

(Negotiable European Commercial Paper, the new name for *billets de trésorerie* commercial paper) and NEU MTN (Negotiable European Medium-Term Notes) was €853 million, versus €912 million in 2017. The average cost of borrowing after hedging was largely stable, at 1.44% in 2018 (1.47% in 2017).

The cost of net financial debt came to €7.8 million, an increase of €1.0 million.

#### 11.1.2. Other financial income and expenses

<i>(in millions of euros)</i>	2018	2017
<b>Foreign exchange gains and losses</b>	<b>0.3</b>	<b>-1.9</b>
<b>Other financial income</b>	<b>1.2</b>	<b>7.9</b>
Net interest expense on retirement benefit obligations	-7.9	-9.9
Expense on unwinding of discounted non-current liabilities	-0.6	-0.8
Change in the value of derivatives	-0.6	-1.5
<b>Other financial expenses</b>	<b>-4.1</b>	<b>-2.3</b>
Total other financial expenses	-13.2	-14.5
<b>TOTAL OTHER FINANCIAL INCOME AND EXPENSES</b>	<b>-11.7</b>	<b>-8.5</b>

In 2017, *Other financial income* included non-recurring income of €6.5 million related to the conversion of CS Communication & Systèmes convertible bonds into shares. In addition, 2018 saw a €2.2 million favourable change in foreign exchange gains and losses, which were balanced in 2018, in part thanks to the implementation of centralised management of foreign exchange risk.

The net interest expense on retirement benefit obligations is detailed in Note 5.3 "Retirement benefits and similar obligations".

## 11.2. Cash and cash equivalents

(in millions of euros)

	31/12/2018	31/12/2017
Investment securities	50.3	84.2
Cash and cash equivalents	120.0	78.2
<b>Cash and cash equivalents</b>	<b>170.3</b>	<b>162.4</b>
Current bank overdrafts	-10.5	-6.5
<b>NET CASH IN THE CASH FLOW STATEMENT</b>	<b>159.8</b>	<b>155.9</b>

Net cash and cash equivalents include available liquid funds (cash at bank and in hand), liquid marketable securities that meet the definition of cash equivalents, bills of exchange presented for collection and falling due before the balance sheet date, and temporary bank overdrafts.

Net debt, as presented in Note 11.3, is more representative of the Group's financial position.

Marketable securities and other short-term investments include money-market holdings, short-term deposits and advances under the liquidity agreement. The risk of a change in value on these investments is negligible.

Of the €170.3 million in cash and cash equivalents (excluding current bank overdrafts) at 31 December 2018, €88.2 million was held by the parent company and €82.1 million by the subsidiaries. Among the subsidiaries, the entity in India contributed €52.9 million to net cash and cash equivalents at 31 December 2018 (versus €86.8 million at 31 December 2017) following dividend distributions. Should this cash held in India be repatriated in the form of dividends, a withholding tax would apply, for which a provision has been recognised.

*Cash and cash equivalents* comprise cash, bank demand deposits, other highly liquid investments with maturities not exceeding three months, and bank overdrafts. Bank overdrafts are included in current liabilities as part of *Financial debt – Short-term portion*.

Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash, and that are subject to an insignificant risk of changes in value, with the exception of foreign exchange impacts.

UCITS classified by the AMF (France's financial markets regulator) as belonging to the "money market fund" and "short-term money market fund" categories are, for practical purposes, presumed to automatically meet all four quoted eligibility criteria. Other cash UCITS cannot be presumed to be eligible for classification as "cash equivalents": an analysis must be carried out to establish whether or not the four quoted criteria are met.

Cash equivalents are recognised at fair value; changes in fair value are charged to profit or loss under *Cost of net financial debt*.

## 11.3. Financial debt – Net financial debt

(in millions of euros)

	Current	Non-current	31/12/2018	31/12/2017
Bonds	185.0	-	185.0	187.6
Bank borrowings	24.0	218.3	242.3	234.9
Finance lease liabilities	8.3	8.6	16.9	13.2
Other sundry financial debt	225.1	111.4	336.5	230.5
Current bank overdrafts	10.5	-	10.5	6.5
<b>FINANCIAL DEBT</b>	<b>452.9</b>	<b>338.3</b>	<b>791.2</b>	<b>672.5</b>
Investment securities	-50.3	-	-50.3	-84.2
Cash and cash equivalents	-120.0	-	-120.0	-78.2
<b>NET FINANCIAL DEBT</b>	<b>282.6</b>	<b>338.3</b>	<b>620.9</b>	<b>510.1</b>

Financial debt essentially comprises:

- bond debt and bank borrowings, initially recognised at fair value net of transaction costs incurred. Borrowings are subsequently recognised at amortised cost; any difference between the capital amounts borrowed (net of transaction costs) and the amounts repayable is recognised in profit or loss over the duration of the borrowings using the effective interest method;
- NEU CP short-term negotiable securities (previously referred to as commercial paper), which have a maturity of less than 12 months and are recognised at amortised cost;
- NEU MTN medium-term negotiable securities, which have maturities spread over one to five years from issuance, and are recognised at amortised cost;
- finance lease liabilities. A liability is recognised at the commencement date of each lease for an amount equal to the present value of future lease payments, discounted using the interest rate implicit in the lease;
- bank overdraft facilities.

Financial debt repayable within 12 months of the balance sheet date is classified as current liabilities.

### 11.3.1. Bonds

The Group has a bond issued by Groupe Steria to institutional investors in 2013, in the amount of €180 million, maturing in July 2019, and with a fixed annual coupon of 4.25%. Upon the acquisition of Steria, this liability was revalued at fair value at the takeover date, with a resulting revaluation gain of €13.0 million. This amount will be amortised over the period to July 2019 as a reduction

to interest expense. At 31 December 2018, the amount remaining to amortise was €1.5 million (€4.3 million at 31 December 2017).

### 11.3.2. Bank borrowings

In 2014, the Group took out a €1,200 million five-year borrowing facility with two options to extend the expiry date by one year. This facility comprised a €200 million amortising tranche, an £80 million amortising tranche and a €900 million multi-currency revolving credit line. In 2018, following the exercise of the second one-year extension option, the expiry date was extended to 6 July 2023. At 31 December 2018, the outstanding amount drawn on the loan was from the two amortising tranches (€128 million and £51.2 million after contractual amortisations for the period). The €900 million multi-currency revolving credit facility was undrawn. The Group also renegotiated the bilateral bank facility arranged in April 2017: the outstanding amount drawn was changed from €30 million to €60 million and the maturity was extended to early 2021. Finally, under another bilateral bank facility, a five-year non-amortising €50 million line of credit was set up, which was undrawn at 31 December 2018.

### 11.3.3. Finance lease liabilities

The outstanding amount of finance lease liabilities came to €16.9 million at 31 December 2018, versus €13.2 million at end-2017. The €3.7 million increase in the outstanding amount derived from the arrangement of new leases for €11.8 million and payments on existing leases for €8.1 million. Depending on the type of asset financed, the term of these finance leases is either three or four years.

	31/12/2018			31/12/2017
	Minimum payments for finance leases	Future financial expense	Present value of future lease payments	Present value of future lease payments
(in millions of euros)				
Less than one year	8.3	-	8.3	6.4
One to five years	8.6	-	8.6	6.7
More than five years	-	-	-	-
<b>TOTAL</b>	<b>16.9</b>	<b>-</b>	<b>16.9</b>	<b>13.2</b>

### Leases

Leases of property, plant and equipment under which the Group takes on substantially all the risks and rewards incidental to ownership of the assets are treated as finance leases. These leases give rise to the recognition of a financial liability corresponding to the present value of the minimum lease payments.

Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The corresponding contractual lease commitments, net of finance costs, are included within *Financial debt*. The corresponding finance costs are recognised over the lease term in profit or loss, under *Cost of financial debt*.

In contrast, leases under which the lessor retains substantially all the risks and rewards incidental to ownership are treated as operating leases. These leases are not recorded as either assets or liabilities, specifically including via financial liabilities, and no financial expense is recognised.

### 11.3.4. Other financial debt

In 2015, the Group arranged an unrated multi-currency NEU CP (previously referred to as commercial paper) programme of short-term negotiable securities that was not underwritten, in a maximum amount of €700 million. This programme is presented in documentation available on the Banque de France website, which was last updated on 30 June 2018. The average amount outstanding under the NEU CP programme was €295.5 million in 2018, compared with €458.2 million in 2017, and was very active throughout 2018. The Group benefited from negative short-term euro rates as well as investor interest in maturities of 6 to 12 months. The outstanding amount under the NEU CP programme at 31 December 2018 was €157.0 million (€210.6 million at 31 December 2017). The NEU CPs are included in *Other sundry financial debt*.

In December 2017, as part of its efforts to diversify its borrowings, the Group arranged an NEU MTN programme of medium-term negotiable securities that was not underwritten, with a maximum amount of €300 million. As was the case for the earlier NEU CP programme, the NEU MTN programme is presented in documentation available on the Banque de France website. The NEU MTN programme pays fixed or floating rates, with a spread at each issue date, and maturities range from one to five years. At 31 December 2018, the outstanding amount under the NEU MTN programme was €99.0 million, with maturities of two to five years. The NEU MTNs are included in *Other sundry financial debt*.

At 31 December 2018, the impact of the sale of trade receivables with recourse in France (see Note 7.2) for €68.1 million (€19.8 million at 31 December 2017), as well as that of its tax receivables (which

were not deconsolidated – see Note 7.3) for €12.4 million, were recognised in *Other sundry financial debt*.

## 11.4. Derivatives reported in the balance sheet

	31/12/2018		Breakdown by class of financial instrument					
	Carrying amount	Fair value	Assets and liabilities at fair value through profit or loss	Financial assets at fair value through OCI	Loans, receivables and other debt	Financial liabilities at amortised cost	Derivatives	Other items not considered as financial instruments
<i>(in millions of euros)</i>								
Non-current financial assets	38.9	38.9	-	12.2	22.2	-	4.5	-
Trade receivables and related accounts	1,091.0	1,091.0	-	-	1,091.0	-	-	-
Other current assets	286.8	286.8	-	-	198.1	-	3.3	85.4
Cash and cash equivalents	170.3	170.3	170.3	-	-	-	-	-
<b>FINANCIAL ASSETS</b>	<b>1,587.0</b>	<b>1,587.0</b>	<b>170.3</b>	<b>12.2</b>	<b>1,311.2</b>	<b>-</b>	<b>7.9</b>	<b>85.4</b>
Financial debt – Long-term portion	338.3	338.3	-	-	-	338.3	-	-
Other non-current liabilities	99.9	99.9	-	-	97.7	-	2.2	-
Financial debt – Short-term portion	452.9	452.9	-	-	-	452.9	-	-
Trade payables and related accounts	294.9	294.9	-	-	294.9	-	-	-
Other current liabilities	1,056.2	1,056.2	-	-	939.8	-	0.5	115.9
<b>FINANCIAL LIABILITIES</b>	<b>2,242.3</b>	<b>2,242.3</b>	<b>-</b>	<b>-</b>	<b>1,332.5</b>	<b>791.2</b>	<b>2.7</b>	<b>115.9</b>

Items measured at fair value through profit or loss, and derivative hedging instruments, are valued by reference to quoted interbank interest rates (such as Euribor) and to foreign exchange rates set daily by the European Central Bank. All financial instruments in this category are financial assets and liabilities classified as such upon first recognition.

Financial debt is recognised at amortised cost using the effective interest rate. Hedging instruments may be put in place to hedge against fluctuations in interest rates by swapping part of the Group's floating-rate debt for fixed-rate debt.

The Group has entered into and continues to implement transactions designed to hedge its exposure to foreign currency risk through the use of derivatives, including exchange-traded futures and options as well as over-the-counter instruments with top-tier counterparties, as part of its overall risk management policy and due to the substantial scale of its production activities in India and Poland.

Derivative financial instruments are recognised at fair value in the consolidated balance sheet.

Changes in the fair value of derivatives not qualifying for hedge accounting are recognised directly in profit or loss for the period.

Income tax receivables and liabilities are not financial instruments.

The profit and loss impact of these financial instruments is as follows:

	31/12/2018		Breakdown by category of instrument			
	Profit or loss impact	Fair value through profit or loss	Financial assets at fair value through OCI	Loans, receivables and other debt	Liabilities at amortised cost	Derivatives
<i>(in millions of euros)</i>						
Total interest income	4.5	-	-	4.5	-	-
Total interest expense	-10.9	-	-	-	-10.9	-
Remeasurement	-1.4	-	-	-	-	-1.4
<b>NET GAINS OR LOSSES</b>	<b>-7.8</b>	<b>-</b>	<b>-</b>	<b>4.5</b>	<b>-10.9</b>	<b>-1.4</b>

The Group uses derivative instruments such as currency forwards, swaps and options to hedge its exposure to interest rate risk and fluctuations in foreign currencies. Derivative instruments are recognised at fair value.

Any gains or losses resulting from fair value movements in derivatives not designated as hedging instruments are recognised directly in profit or loss as *Other financial income and expenses*.

The fair value of currency forwards is calculated by reference to current rates for contracts with similar maturity profiles. The fair value of interest rate swaps is determined by reference to the market value of similar instruments.

For hedge accounting purposes, hedges are classified as either:

- fair value hedges, which hedge exposure to changes in the fair value of a recognised asset or liability or a firm commitment (except foreign currency risk);
- cash flow hedges, which hedge exposure to fluctuations in cash flows attributable either to a specific risk associated with a recognised asset or liability or a highly probable future transaction or foreign currency risk on a firm commitment;
- hedges of a net investment in a foreign operation.

Hedging instruments that satisfy hedge accounting criteria are recognised as follows:

#### a. Fair value hedges

Changes in the fair value of a derivative designated as a fair value hedge are recognised in profit or loss (*Other current operating income and expenses* or *Other financial income and expenses* according to the type of hedged item). The ineffective portion of the hedges is recognised in profit or loss as part of *Other financial income* or *Other financial expenses*, either over the term of the instrument for financial hedges, or at the date of the hedged

purchase or sale for hedges of commercial risk. Fair value gains and losses on the hedged item attributable to the hedged risk adjust the carrying amount of the hedged item and are also recognised in profit or loss.

#### b. Cash flow hedges

The gain or loss corresponding to the effective portion of the hedging instrument is recognised directly in equity, while the ineffective portion is taken to profit or loss, in *Other financial income and expense*.

Gains and losses recognised directly in equity are released to profit or loss under *Other comprehensive income* in the period during which the hedged transaction impacts profit or loss.

If the Group does not expect the realisation of the forecast transaction or commitment, the gains and losses previously recognised directly in equity will be released to profit or loss. If the hedging instrument matures, is sold, cancelled or exercised and is not replaced or renewed or if its designation as a hedging instrument is revoked, amounts previously recognised in equity will be held in equity until realisation of the forecast transaction or firm commitment.

#### c. Hedges of a net investment

Hedges of a net investment in a foreign operation, including hedges of monetary items recognised as part of a net investment, are recognised in *Other comprehensive income*.

The gain or loss corresponding to the effective portion of the hedging instrument is recognised directly in equity, while the ineffective portion is taken to profit or loss.

On the disposal of the foreign operation, cumulative gains and losses recognised directly in equity are released to profit or loss.

## 11.5. Financial risk management

### 11.5.1. Liquidity risk

The Group's policy is to have borrowing facilities at its disposal that are much larger than its needs and to manage cash centrally at Group level where permitted by local law. Moreover, subsidiaries' cash surpluses or borrowing requirements are managed centrally, being invested or met by the Sopra Steria Group parent company, which carries the bulk of the Group's borrowings and bank credit lines.

As part of its efforts to diversify its borrowings, the Group launched a €300 million NEU MTN programme in December 2017 to supplement its €700 million NEU CP programme. In addition, fixed-rate bilateral

credit lines were arranged for a total of €110 million, with maturities ranging between 2021 and 2023. At 31 December 2018, bilateral credit lines were drawn down in the amount of €60 billion.

At 31 December 2018, the Group had lines of credit totalling €1.6 billion, 33% of which was drawn down.

Undrawn available credit lines amounted to €950 million (€900 million in RCFs and €50 million in bilateral credit lines). Aside from the syndicated loan, bilateral credit lines and bonds, the Group's financing essentially consists of issues under NEU CP (short-term commercial paper) and NEU MTN programmes.

These lines of credit break down as shown below:

	Amount authorised at 31/12/2018		Drawdown at 31/12/2018		Draw-down rate	Repayment terms	Interest rate at 31/12/2018
	in €m	in £m	in €m	in £m			
<b>AVAILABLE LINES OF CREDIT</b>							
<b>Bond</b>	<b>180.0</b>	<b>-</b>	<b>180.0</b>	<b>-</b>	<b>100%</b>	<b>Repayable on maturity in 07/2019</b>	<b>2.60%</b>
<b>Syndicated loan</b>							
Tranche A	128.0	-	128.0	-	100%	Amortising until maturity in 2023	1.00%
Tranche B		51.2		51.2	100%	Amortising until maturity in 2023	1.91%
Multi-currency revolving credit facility	900.0	-	-	-	0%		
<b>Bilateral credit lines</b>	<b>110.0</b>	<b>-</b>	<b>60.0</b>	<b>-</b>	<b>55%</b>	<b>2021 and 2023</b>	<b>0.40%</b>
<b>Finance leases</b>	<b>16.9</b>	<b>-</b>	<b>16.9</b>	<b>-</b>	<b>100%</b>	<b>Amortising until maturity in 2023</b>	<b>0.37%</b>
<b>Other</b>	<b>81.5</b>	<b>-</b>	<b>81.5</b>	<b>-</b>	<b>100%</b>	<b>2019/2021</b>	<b>0.48%</b>
<b>Overdraft</b>	<b>161.5</b>	<b>-</b>	<b>0.2</b>	<b>8.9</b>	<b>0%</b>	<b>N/A</b>	<b>0.57%</b>
<b>Total lines of credit authorised per currency</b>	<b>1,577.8</b>	<b>51.2</b>	<b>466.6</b>	<b>60.1</b>			
<b>TOTAL LINES OF CREDIT AUTHORISED (EURO EQUIVALENT)</b>	<b>1635.1</b>		<b>533.7</b>		<b>33%</b>		<b>1.46%</b>
<b>OTHER TYPES OF FINANCING USED</b>							
<b>NEU CP (commercial paper) &amp; NEU MTN (medium-term)</b>	<b>N/A</b>	<b>N/A</b>	<b>256.0</b>		<b>N/A</b>	<b>2019 to 2023</b>	<b>-0.05%</b>
<b>Other</b>			<b>1.5</b>		<b>N/A</b>		<b>N/A</b>
<b>Total financing per currency</b>			<b>724.1</b>	<b>60.1</b>			
<b>TOTAL FINANCING (EURO EQUIVALENT)</b>			<b>791.2</b>				<b>0.97%</b>

Interest rates payable on the syndicated loan equal the interbank rate of the currency concerned at the time of drawdown (minimum 0%), plus a margin set for a period of six months based on the leverage ratio. The coupon payable on the bonds issued on 12 April 2013 has a fixed nominal rate of 4.25% and an effective rate of 2.60%, recognised at fair value upon consolidation.

The syndicated loan and bond issue are subject to terms and conditions, which include financial covenants.

Two financial ratios are calculated every six months using the consolidated financial statements on a 12-month rolling basis:

- the first – known as the leverage ratio – is equal to net financial debt divided by pro forma EBITDA;

- the second – known as the interest coverage ratio – is equal to pro forma EBITDA divided by the cost of net financial debt.

The first financial ratio must not exceed 3.0 at any reporting date. The second ratio must not fall below 5.0.

Net financial debt is defined on a consolidated basis as all loans and related borrowings (excluding intercompany liabilities), less available cash and cash equivalents.

Pro forma EBITDA is consolidated operating profit on business activity adding back depreciation, amortisation and provisions included in operating profit on business activity (see Note 1.4.1). It is calculated on a 12-month rolling basis and is therefore restated so as to be presented in the financial statements on a like-for-like basis over 12 months.

At 31 December 2018, the net financial debt/pro forma EBITDA ratio covenant was met, with the ratio coming in at 1.68 compared with a covenant of 3.0. It is calculated as follows:

(in millions of euros)	31/12/2018	31/12/2017
Short-term borrowings (< 1 year)	452.9	273.6
Long-term borrowings (> 1 year)	338.3	398.9
Cash and cash equivalents	-170.3	-162.4
Other financial guarantees	-	-
<b>Net financial debt (including financial guarantees)</b>	<b>620.9</b>	<b>510.1</b>
<b>Pro forma EBITDA</b>	<b>369.6</b>	<b>354.1</b>
<b>NET FINANCIAL DEBT/PRO FORMA EBITDA RATIO</b>	<b>1.68</b>	<b>1.44</b>

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For the second ratio, pro forma EBITDA is as defined above and the cost of net financial debt is also calculated on a rolling 12-month basis. At 31 December 2018, the pro forma EBITDA to cost of net financial debt covenant – requiring a ratio of at least 5.0 – was met, with the ratio coming in at 47.49. It is calculated as follows:

<i>(in millions of euros)</i>	31/12/2018	31/12/2017
<b>Pro forma EBITDA</b>	<b>369.6</b>	<b>354.1</b>
<b>Cost of net financial debt</b>	<b>7.8</b>	<b>6.8</b>
<b>Pro forma EBITDA/Cost of net financial debt ratio</b>	<b>47.49</b>	<b>52.18</b>

In addition to satisfying the financial ratio prerequisites described above, the Group's two main financing agreements also contain:

- certain performance requirements that are entirely customary for this type of financing;
  - clauses relating to events of default such as payment default, inaccurate tax returns, cross-default, bankruptcy, or the occurrence of an event having a material adverse effect;
  - clauses stipulating early repayment in full in the event that there is a change of control in ownership of the Company.
- repayment using proceeds from asset disposals (beyond a specified threshold);
  - repayment of a sum equal to each new borrowing taken out by the Company (beyond a specified threshold);
  - renegotiation of the financing terms and conditions in the event of financial market disruption (i.e. market disruption clause). This clause is only applicable if a minimum number of banks are unable to obtain refinancing on the capital market at the date on which the financing is requested, given interest rate fluctuations. The purpose of this clause is to find a replacement rate.

The bank loan agreement also stipulates a number of circumstances in which the loan must be repaid in advance, in full or in part as applicable, or renegotiated with the banks:

- Early repayment if all or a substantial number of the Company's assets are sold;

At 31 December 2018, the maturity schedule for the Group's financial debt was as follows:

<i>(in millions of euros)</i>	Carrying amount	Total contractual flows	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Bonds	185.0	189.7	189.7	-	-	-	-	-
Bank borrowings	242.3	262.2	28.7	25.8	74.8	14.6	118.4	-
NEU CP & MTN	256.0	257.8	157.6	65.4	14.3	0.3	20.3	-
Finance lease liabilities	16.9	17.0	8.3	5.9	2.3	0.4	0.1	-
Other sundry financial debt	80.5	80.5	68.1	-	12.4	-	-	-
Current bank overdrafts	10.5	10.5	10.5	-	-	-	-	-
<b>Financial debt</b>	<b>791.2</b>	<b>817.6</b>	<b>462.9</b>	<b>97.1</b>	<b>103.6</b>	<b>15.3</b>	<b>138.7</b>	-
Investment securities	-50.3	-50.3	-50.3	-	-	-	-	-
Cash and cash equivalents	-120.0	-120.0	-120.0	-	-	-	-	-
<b>CONSOLIDATED NET FINANCIAL DEBT</b>	<b>620.9</b>	<b>647.3</b>	<b>292.6</b>	<b>97.1</b>	<b>103.6</b>	<b>15.3</b>	<b>138.7</b>	-

At 31 December 2018, the Group's gross borrowings broke down as follows by type of debt and currency:

<i>(in millions of euros)</i>	Currency of origin			Total
	Euro	Pound sterling	Other	
Bonds	185.0	-	-	185.0
Bank borrowings	169.3	49.9	-	219.2
Short-term bank borrowings (< 1 year)	15.2	7.1	-	22.3
Borrowings and interest related to finance leases	16.9	-	-	16.9
NEU CP (commercial paper) & MTN	256.0	-	-	256.0
Other sundry financial debt	81.7	-	-	81.7
Bank overdrafts (cash liabilities)	0.2	9.9	-	10.1
<b>GROSS FINANCIAL DEBT</b>	<b>724.3</b>	<b>66.9</b>	-	<b>791.2</b>



At 31 December 2018, the Group's portfolio of investment securities broke down as follows:

<i>(in millions of euros)</i>	Short-term investments	Advances under the liquidity agreement	<i>Total portfolio of investment securities</i>
Net asset value	50.3	0.5	50.8
<b>NET POSITION</b>	<b>50.3</b>	<b>0.5</b>	<b>50.8</b>

Short-term investments are managed by the Group's Finance Department, and comply with internally defined principles of prudence.

At constant exchange rates relative to 31 December 2018, and taking into account short-term investments held at that date, a 50-basis-point decrease in floating rates would reduce annual financial income by €0.3 million.

#### 11.5.2. Bank counterparty risk

All foreign currency and interest rate hedges are put in place with leading banks belonging to the Group's banking syndicate, with which market transaction agreements have been signed.

The majority of the Group's financial investments relate to the subsidiaries in India and, from time to time, the Sopra Steria Group parent company. Financial investments are carried out either via short-term bank deposits with banks mainly belonging to the banking syndicate, or via money-market instruments managed by leading financial institutions, which are themselves subsidiaries of banks mainly belonging to the syndicate. These investments are subject to approval by the Group, and comply with internally defined principles of prudence.

Thanks to these various measures, the Group considers that it has implemented a system that significantly reduces its bank counterparty risk in the current economic context. However, the Group remains subject to a residual risk which may affect its performance under certain conditions.

#### 11.5.3. Interest rate risk

The Group's aim is to protect itself against interest rate fluctuations by hedging part of its floating-rate debt and investing its cash over periods of less than three months.

The derivatives used to hedge the debt are interest rate swap contracts or options, which may or may not be eligible for hedge accounting.

The eligible counterparties for interest rate hedging and investments are leading financial institutions which belong to the Sopra Steria banking syndicate. These financial instruments are managed by the Group Finance Department.

All of the Group's interest rate hedges have been put in place through the parent company (Sopra Steria Group).

The total amount of gross borrowings subject to interest rate risk is €496.1 million. Interest rate hedges in force at 31 December 2018, reduced this exposure to €146.1 million.

The Group has taken out a number of interest rate swaps, which break down as follows:

<i>(in millions of euros)</i>	Fair value				Notional amount*	Maturity		
	31/12/2018					< 1 year	1 to	
	Non-current assets	Current assets	Non-current liabilities	Current liabilities			5 years	> 5 years
Swap (cash flow hedge) in euros	-	-	-	0.3	50.0	50.0	-	-
Swap (cash flow hedge) in foreign currency	-	-	-	-	-	-	-	-
Options eligible for hedge accounting in euros	0.5	-	1.9	-	300.0	-	300.0	-
Options eligible for hedge accounting in foreign currency	-	-	-	-	-	-	-	-
Swaps not eligible for hedge accounting in euros	-	-	-	-	-	-	-	-
Options not eligible for hedge accounting in euros	0.1	-	0.3	-	50.0	-	50.0	-
<b>TOTAL INTEREST RATE HEDGES</b>	<b>0.6</b>	<b>-</b>	<b>2.1</b>	<b>0.3</b>	<b>400.0</b>	<b>50.0</b>	<b>350.0</b>	<b>-</b>

\* Excluding the notional amount of the swaption.

The remeasurement of these financial instruments in equity is recognised in *Other comprehensive income*.

The remeasurement of these financial instruments in profit or loss is recognised in *Other financial income and expenses*.

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The profit or loss and equity impacts of the Group's interest rate hedging instruments are as follows:

(in millions of euros)	Balance sheet amounts				Changes in fair value				
	31/12/2017	Changes in fair value	Changes in scope	Other changes	31/12/2018	Equity impact	Profit or loss impact		
							Ineffective portion of cash flow hedges	Fair value hedges	Trading
Swap (cash flow hedge) in euros	-0.5	0.2	-	-	-0.3	0.2	-	-	-
Swap (cash flow hedge) in foreign currency	-	-	-	-	-	-	-	-	-
Options eligible for hedge accounting in euros	0.3	-1.6	-	-	-1.3	-0.7	-0.9	-	-
Options eligible for hedge accounting in foreign currency	-	-	-	-	-	-	-	-	-
Swaps not eligible for hedge accounting in euros	-	-	-	-	-	-	-	-	-
Options not eligible for hedge accounting in foreign currency	-0.2	-	-	-	-0.2	-	-	-	-
<b>TOTAL PRE-TAX IMPACT</b>	<b>-0.5</b>	<b>-1.3</b>	<b>-</b>	<b>-</b>	<b>-1.8</b>	<b>-0.5</b>	<b>-0.9</b>	<b>-</b>	<b>0.1</b>

The sensitivity of the interest rate derivatives portfolio to a plus or minus 50-basis-point change in the euro yield curves at 31 December 2018 is as follows:

(in millions of euros)	-50 bp		+50 bp	
	Equity impact	P&L impact (hedge ineffectiveness)	Equity impact	P&L impact (hedge ineffectiveness)
Swaps (cash flow hedge) in euros	-0.2	-	0.2	-
Swaps (cash flow hedge) in foreign currency	-	-	-	-
Swaps not eligible for hedge accounting	-	-	-	-
Options eligible for hedge accounting in euros	-0.4	-	1.6	-
Options eligible for hedge accounting in foreign currency	-	-	-	-
Options not eligible for hedge accounting in foreign currency	-	-0.1	-	0.6
<b>TOTAL</b>	<b>-0.6</b>	<b>-0.1</b>	<b>1.8</b>	<b>0.6</b>
<i>i.e.</i>		-0.7		2.5

The Group's residual exposure to interest rate risk is as follows:

<i>(in millions of euros)</i>		Rate	31/12/2018	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
	Fixed rate		-	-	-	-	-	-	-
Investment securities	Floating rate		50.8	50.8	-	-	-	-	-
Cash and cash equivalents	Floating rate		119.5	119.5	-	-	-	-	-
	<b>Fixed rate</b>		-	-	-	-	-	-	-
	<b>Floating rate</b>		<b>170.3</b>	<b>170.3</b>	-	-	-	-	-
	<b>Total financial assets</b>		<b>170.3</b>	<b>170.3</b>	-	-	-	-	-
<b>Financial assets</b>									
Bonds	Fixed rate		-185.0	-185.0	-	-	-	-	-
Bank borrowings	Floating rate		-181.5	-23.2	-21.5	-10.8	-10.8	-115.4	-
Bank borrowings	Fixed rate		-60.0	-	-	-60.0	-	-	-
NEU CP (commercial paper) & MTN	Floating rate		-236.0	-157.0	-65.0	-14.0	-	-	-
NEU CP (commercial paper) & MTN	Fixed rate		-20.0	-	-	-	-	-20.0	-
Finance lease liabilities	Fixed rate		-16.9	-8.3	-5.8	-2.2	-0.4	-0.1	-
	Floating rate		-	-	-	-	-	-	-
Other financial debt	Fixed rate		-13.2	-0.8	-	-12.4	-	-	-
	Floating rate		-68.1	-68.1	-	-	-	-	-
	Fixed rate		-	-	-	-	-	-	-
Current bank overdrafts	Floating rate		-10.5	-10.5	-	-	-	-	-
	<b>Fixed rate</b>		<b>-295.1</b>	<b>-194.1</b>	<b>-5.8</b>	<b>-74.6</b>	<b>-0.4</b>	<b>-20.1</b>	-
	<b>Floating rate</b>		<b>-496.1</b>	<b>-258.8</b>	<b>-86.5</b>	<b>-24.8</b>	<b>-10.8</b>	<b>-115.4</b>	-
	<b>Total financial liabilities</b>		<b>-791.2</b>	<b>-452.9</b>	<b>-92.3</b>	<b>-99.4</b>	<b>-11.2</b>	<b>-135.4</b>	-
<b>Financial liabilities (gross exposure before hedging)</b>									
	<b>FIXED RATE</b>		<b>-295.1</b>	<b>-194.1</b>	<b>-5.8</b>	<b>-74.6</b>	<b>-0.4</b>	<b>-20.1</b>	-
<b>NET EXPOSURE BEFORE HEDGING</b>	<b>FLOATING RATE</b>		<b>-325.8</b>	<b>-88.5</b>	<b>-86.5</b>	<b>-24.8</b>	<b>-10.8</b>	<b>-115.4</b>	-
	Fixed-rate payer swaps in euros		50.0	50.0	-	-	-	-	-
	Fixed-rate payer swaps in foreign currency		-	-	-	-	-	-	-
	Fixed-rate payer options		300.0	-	-	300.0	-	-	-
<b>Interest rate hedging instruments</b>									
	<b>FIXED RATE</b>		<b>-645.1</b>	<b>-244.1</b>	<b>-5.8</b>	<b>-374.6</b>	<b>-0.4</b>	<b>-20.1</b>	-
<b>GROSS EXPOSURE AFTER HEDGING</b>	<b>FLOATING RATE</b>		<b>-146.1</b>	<b>-208.8</b>	<b>-86.5</b>	<b>275.2</b>	<b>-10.8</b>	<b>-115.4</b>	-
	<b>FIXED RATE</b>		<b>-645.1</b>	<b>-244.1</b>	<b>-5.8</b>	<b>-374.6</b>	<b>-0.4</b>	<b>-20.1</b>	-
<b>NET EXPOSURE AFTER HEDGING</b>	<b>FLOATING RATE</b>		<b>24.2</b>	<b>-38.5</b>	<b>-86.5</b>	<b>275.2</b>	<b>-10.8</b>	<b>-115.4</b>	-

The fair value of interest rate hedging derivatives is measured using the following assumptions:

- Level 1: Quoted data: 0%;
- Level 2: Observable data: 100%;
- Level 3: Internal models: 0%.

#### 11.5.4. Foreign currency risk

The Group is subject to three main types of risks linked to fluctuations in exchange rates:

- translation risk in the various financial statements making up the Group's consolidated financial statements for business conducted in countries with a functional currency other than the euro;
- transaction risk linked to purchases and sales of services, where the transaction currency is different from that of the country in which the service is recognised;
- financial foreign currency risk arising from the Group's foreign-currency borrowings (risk arising from changes in the value of the financial debt denominated in pounds sterling).

As part of its general risk management policy, the Group systematically hedges against foreign currency transaction risks that constitute material risks for the Group as a whole.

Centralised management of foreign currency transaction risk is in place with the Group's main entities (apart from India). Sopra Steria Group acts as the centralising entity, granting exchange rate guarantees to subsidiaries and, after netting internal exposures, hedges the residual exposure through the use of derivatives.

Foreign currency risk hedging mainly relates to transaction exposures involving the Group's production platforms in India and Poland and certain commercial contracts denominated in US dollars. Changes in fair value corresponding to these hedges are taken to profit or loss for invoiced items and to equity for future cash flows.

The remeasurement through profit or loss of these financial instruments hedging balance sheet items is offset by the revaluation of foreign currency receivables over the period.

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The Group's Finance Department provides this hedging via futures or options entered into either on organised markets or over the counter with top-tier counterparties that are members of the banking syndicate.

The Group's policy is not to conduct speculative transactions on financial markets.

Finally, the structure of the Group's borrowing, part of which is denominated in sterling, provides a natural (if only partial) hedge against currency translation risk on net assets, recognised directly in the balance sheet. Similarly, in connection with the Kentor acquisition, the Group entered into a hedging arrangement for the Swedish krona to cover its financing requirements for this entity.

The balance sheet value of the Group's foreign currency hedges, and applicable notional amounts hedged, are as follows:

(in millions of euros)	Fair value				Notional amount	Maturity		
	31/12/2018					< 1 year	1 to 5 years	> 5 years
	Non-current assets	Current assets	Non-current liabilities	Current liabilities				
<b>Fair value hedges</b>								
Foreign currency forwards	-	2.5	-	0.1	64.2	64.2	-	-
Foreign currency options	-	0.1	-	-	7.0	7.0	-	-
<b>Cash flow hedges</b>								
Foreign currency forwards	3.7	0.5	-	-	87.2	23.1	64.1	-
Foreign currency options	0.2	0.2	-	0.1	9.9	7.0	2.9	-
<b>Instruments not designated for hedging *</b>	-	-	-	-	<b>3.3</b>	<b>3.0</b>	<b>0.3</b>	-
<b>TOTAL FOREIGN CURRENCY HEDGES</b>	<b>3.9</b>	<b>3.3</b>	<b>-</b>	<b>0.2</b>	<b>171.6</b>	<b>104.3</b>	<b>67.2</b>	<b>-</b>

\* The Group hedges the foreign exchange transaction risk but chooses in certain cases not to apply hedge accounting.

The fair value of these financial instruments is adjusted by crediting or debiting *Other current operating income and expenses*, with the exception of the time value and the impact of financial instruments not eligible for hedge accounting, which are recognised in *Other financial income and expenses*.

The profit or loss and equity impacts of the Group's foreign currency hedges are as follows:

(in millions of euros)	Balance sheet amounts				31/12/2018	Changes in fair value			
	31/12/2017	Change in fair value	Changes in scope	Other changes		Equity impact	Profit or loss impact		
							Ineffective portion of cash flow hedges	Fair value hedges	Trading
<b>Fair value hedges</b>									
Foreign currency forwards	1.8	0.7	-	-	2.4	-	-	0.7	-
Foreign currency options	0.2	-0.2	-	0.1	0.1	-	-	-0.2	-
<b>Cash flow hedges</b>									
Foreign currency forwards	1.3	2.9	-	-	4.2	2.9	-	-	-
Foreign currency options	0.2	-	-	0.1	0.3	-	-	-	-
<b>Instruments not designated for hedging</b>	-	<b>0.2</b>	-	<b>-0.2</b>	-	-	-	-	<b>0.2</b>
<b>TOTAL PRE-TAX IMPACT</b>	<b>3.5</b>	<b>3.6</b>	<b>-</b>	<b>-</b>	<b>7.1</b>	<b>2.9</b>	<b>-</b>	<b>0.4</b>	<b>0.2</b>

Exposure to foreign exchange risk is as follows:

### I COMMERCIAL TRANSACTIONS

<i>(in millions of euros)</i>	GBP	EUR	USD	MAD	TND	Other	TOTAL
Assets	39.6	42.6	7.7	3.2	0.2	0.1	93.5
Liabilities	1.2	2.6	4.1	10.4	3.7	0.9	22.9
Foreign currency commitments	-	-	-	-	-	-	-
<b>Net position before hedging</b>	<b>38.4</b>	<b>40.0</b>	<b>3.6</b>	<b>-7.2</b>	<b>-3.4</b>	<b>-0.8</b>	<b>70.5</b>
Hedging instruments	84.6	76.1	6.1	-	-2.5	-	164.4
<b>NET POSITION AFTER HEDGING</b>	<b>-46.2</b>	<b>-36.1</b>	<b>-2.5</b>	<b>-7.2</b>	<b>-1.0</b>	<b>-0.8</b>	<b>-93.8</b>

### I FINANCING

<i>(in millions of euros)</i>	GBP	EUR	USD	MAD	TND	Other	TOTAL
Assets	44.7	-	1.0	6.6	-	0.4	52.7
Liabilities	43.0	-	-	-	-	-	43.0
Foreign currency commitments	-	-	-	-	-	-	-
<b>Net position before hedging</b>	<b>1.7</b>	<b>-</b>	<b>1.0</b>	<b>6.6</b>	<b>-</b>	<b>0.4</b>	<b>9.7</b>
Hedging instruments *	166.7	-	-	-	-	-19.1	147.5
<b>NET POSITION AFTER HEDGING</b>	<b>-165.0</b>	<b>-</b>	<b>1.0</b>	<b>6.6</b>	<b>-</b>	<b>19.5</b>	<b>-137.8</b>

\* Hedge of net investment in foreign currency.

### I TOTAL (MARKET POSITIONS + FINANCING)

<i>(in millions of euros)</i>	GBP	EUR	USD	MAD	TND	Other	TOTAL
Assets	84.3	42.6	8.7	9.8	0.2	0.5	146.2
Liabilities	44.3	2.6	4.1	10.4	3.7	0.9	66.0
Foreign currency commitments	-	-	-	-	-	-	-
<b>Net position before hedging</b>	<b>40.0</b>	<b>40.0</b>	<b>4.6</b>	<b>-0.7</b>	<b>-3.4</b>	<b>-0.4</b>	<b>80.2</b>
Hedging instruments	251.2	76.1	6.1	-	-2.5	-19.1	311.9
<b>NET POSITION AFTER HEDGING</b>	<b>-211.2</b>	<b>-36.1</b>	<b>-1.5</b>	<b>-0.7</b>	<b>-1.0</b>	<b>18.7</b>	<b>-231.7</b>

### I SENSITIVITY ANALYSIS

<i>(in millions of euros)</i>	GBP	EUR	USD	MAD	TND	Other	TOTAL
Currency change assumption (appreciation)	5%	5%	5%	5%	5%	5%	
<b>NET IMPACT ON PROFIT</b>	<b>0.1</b>	<b>0.5</b>	<b>-</b>	<b>-</b>	<b>-0.2</b>	<b>-</b>	<b>0.4</b>
<b>EQUITY IMPACT</b>	<b>-10.7</b>	<b>-2.3</b>	<b>-0.1</b>	<b>-</b>	<b>0.1</b>	<b>1.0</b>	<b>-12.0</b>

#### 11.5.5. Equity risk

The Group does not hold any investments in equities or any significant equity interests in listed companies other than Axway Software shares accounted for under the equity method (see Note 9) and the shares in CS Communication et Systèmes (see Note 7.1.1).

At 31 December 2018, the value of treasury shares recognised as a deduction against consolidated equity for the year was €27.6 million.

Given the limited number of treasury shares it holds (1.65% of the share capital), the Group is not materially exposed to equity risk. Furthermore, since the value of treasury shares is deducted from equity, changes in the share price have no impact on the consolidated income statement.

## NOTE 12 CASH FLOWS

## 12.1. Change in net financial debt

<i>(in millions of euros)</i>	31/12/2017	Proceeds from/ (Payments on) borrowings	Changes in scope	Translation adjustments	Other movements	31/12/2018
Bonds excluding accrued interest	184.3	-2.8	-	-	-0.1	181.4
Bank borrowings excluding accrued interest	238.9	6.6	0.3	-0.6	-	245.2
Finance lease liabilities excluding accrued interest	13.2	3.7	-	-	-	16.9
Other sundry financial debt excluding current accounts and accrued interest	230.5	106.8	0.4	-0.7	-0.4	336.5
<b>Financial debt in the cash flow statement</b>	<b>666.8</b>	<b>114.3</b>	<b>0.7</b>	<b>-1.3</b>	<b>-0.5</b>	<b>780.0</b>
Current accounts	-	-0.8	0.2	-0.1	0.7	-
Accrued interest on financial debt	-0.8	1.4	-	-	0.1	0.7
<b>Financial debt excluding current bank overdrafts</b>	<b>666.1</b>	<b>114.9</b>	<b>0.9</b>	<b>-1.4</b>	<b>0.3</b>	<b>780.7</b>
Current bank overdrafts	-6.5	-4.1	-	0.1	-	-10.5
Investment securities	84.2	-30.3	-	-3.6	-	50.3
Cash and cash equivalents	78.2	28.3	14.0	-0.5	-	120.0
<b>Net cash in the cash flow statement</b>	<b>155.9</b>	<b>-6.1</b>	<b>14.0</b>	<b>-4.1</b>	<b>-</b>	<b>159.8</b>
<b>NET FINANCIAL DEBT</b>	<b>510.1</b>	<b>121.1</b>	<b>-13.2</b>	<b>2.6</b>	<b>0.3</b>	<b>620.9</b>
<b>Change in net financial debt</b>					<b>110.8</b>	

The new borrowings and repayments of existing borrowings recognised in the cash flow statement mainly resulted from changes in net financial debt.

Several indicators are used to analyse the change in net financial debt. *Net cash from operating activities* derives from *Operating profit on business activity*, after deducting the depreciation, amortisation and the provisions it includes, which gives EBITDA, and other non-cash items adjusted for tax paid, restructuring and integration costs, and the change in the working capital requirement. It differs from *Net cash from operating activities* as shown in the consolidated cash flow statement presented in the financial statements on page 112, in

that this caption includes the cash impact of *Other financial income and expenses* (see Note 11.1.2).

*Free cash flow* is defined as net cash from operating activities adjusted for the impact of purchases (net of disposals) of property, plant and equipment and intangible assets during the period; all financial income and expenses payable or receivable; and additional contributions paid to cover any deficits in certain defined-benefit pension plans.

Adjusted for net cash generated by financing activities and the impact of exchange rate fluctuations on net debt, this explains the change in net financial debt.

<i>(in millions of euros)</i>	31/12/2018	31/12/2017
<b>Operating profit on business activity</b>	<b>307.9</b>	<b>330.7</b>
Depreciation, amortisation and provisions (excluding allocated intangible assets)	55.8	25.2
<b>EBITDA</b>	<b>363.7</b>	<b>355.9</b>
Non-cash items	-3.1	1.3
Tax paid	-63.4	-63.9
Impairment of current assets	-5.1	-2.9
Change in operating WCR	-23.1	-20.2
Reorganisation and restructuring costs	-39.2	-29.6
<b>Net cash from operating activities</b>	<b>229.8</b>	<b>240.6</b>
Payments relating to investments in property, plant and equipment and intangible assets	-61.9	-62.3
Receipts relating to disposals of property, plant and equipment and intangible assets	0.1	-
<b>Net change from investment activities involving property, plant and equipment and intangible assets</b>	<b>-61.8</b>	<b>-62.3</b>
Net interest	-8.4	-9.0
Additional contributions related to defined-benefit pension plans	-23.4	-21.0
<b>Free Cash Flow</b>	<b>136.1</b>	<b>148.4</b>
Impact of changes in scope	-168.8	-96.0
Impact of payments relating to non-current financial assets	-5.9	-5.2
Impact of receipts relating to non-current financial assets	1.2	2.3
Dividends paid	-48.7	-44.5
Dividends received	1.4	2.8
Capital increases	-	0.1
Purchase and sale of treasury shares	-23.4	-1.3
Other cash flows relating to investing activities	-	-
<b>Net Cash Flow</b>	<b>-108.1</b>	<b>6.6</b>
Impact of changes in foreign exchange rates	-2.6	-10.7
<b>CHANGE IN NET FINANCIAL DEBT</b>	<b>-110.8</b>	<b>-4.1</b>
Cash and cash equivalents – Beginning of period	155.9	261.7
Non-current financial debt – Beginning of period	-398.9	-402.6
Current financial debt – Beginning of period	-267.1	-365.1
<b>Net financial debt at the beginning of the period</b>	<b>-510.1</b>	<b>-506.0</b>
Cash and cash equivalents – End of period	159.8	155.9
Non-current financial debt – End of period	-338.3	-398.9
Current financial debt – End of period	-442.4	-267.1
<b>Net financial debt at the end of the period</b>	<b>-620.9</b>	<b>-510.1</b>
<b>CHANGE IN NET FINANCIAL DEBT</b>	<b>-110.8</b>	<b>-4.1</b>

Excluding the impact of the sale of trade receivables with deconsolidation in December 2017 for €37.0 million (see Note 7.2), *Free cash flow* amounted to an inflow of €173.1 million, compared to an inflow of €111.4 million in 2017 (restated). This improvement was mainly due to the €71.1 million improvement in the working capital requirement (after restating the 2018 and 2017 values for the sale of trade receivables with deconsolidation in 2017 for €37.0 million). It resulted from the 7-day reduction in the average

payment period of trade receivables in 2018, as well as improved cash conversion of the Group's *Operating profit on business activity*. This last change was reflected in an improvement in EBITDA, in particular. On the other hand, the Group saw an increase in outflows related to restructuring costs, with this less favourable situation essentially accounted for by costs arising from resource adjustments made in 2018 in the United Kingdom.

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Outflows related to acquisitions of companies, recognised within *Impact of changes in scope*, were up €72.8 million. Those that took place in 2018 are described in Note 2.1 and presented in the following table:

<i>(in millions of euros)</i>	31/12/2018	31/12/2017
Cost of acquisitions paid (excluding earn-outs)	-182.0	-97.6
Net debt/(Net cash) of acquired companies	13.2	-4.5
Earn-outs	-	-
Earn-outs paid in respect of prior acquisitions	-	-
Disposal price for shares sold in consolidated equity investments	-	6.1
<b>TOTAL</b>	<b>-168.8</b>	<b>-96.0</b>

In 2018, acquisitions of companies comprised BLUECARAT and it-economics in Germany, and Apak and O.R. System by Sopra Banking Software (see Note 2.1). In 2017, they mainly comprised Kentor in Sweden and Galitt in France.

Finally, the 2018 version of the We Share employee share ownership programme involved the acquisition on the market of Sopra Steria Group shares for €22.3 million to satisfy plan requirements. In

contrast, in the previous financial year the Group had enough shares in its balance sheet to satisfy the 2017 plan requirements. This largely explains the less favourable level of cash flows related to the purchase and sale of treasury shares.

As a result of these effects, net financial debt at 31 December 2018 increased to €620.9 million, compared with €510.1 million at 31 December 2017.

## 12.2. Reconciliation of WCR with the cash flow statement

The impact of the components of the working capital requirement shown on the balance sheet on cash generation can be broken down as follows:

<i>(in millions of euros)</i>	31/12/2018	31/12/2017	Net change	Of which: Items not included in WCR	Of which: WCR items	Change in WCR items without cash impact		Impact on cash flow statement
						Foreign exchange	Other	
Other non-current financial assets	19.2	6.5	12.7	0.2	12.5	-	0.2	-12.3
■ Other loans and receivables	14.6	2.2	12.5	-	12.5	-	0.2	-12.3
■ Other non-current financial assets	4.5	4.3	0.2	0.2	-	-	-	-
<b>Non-current assets</b>	<b>19.2</b>	<b>6.5</b>	<b>12.7</b>	<b>0.2</b>	<b>12.5</b>	<b>-</b>	<b>0.2</b>	<b>-12.3</b>
Trade receivables and related accounts	1,091.0	1,147.1	-56.1	-	-56.1	-2.1	20.2	74.2
■ Trade receivables	706.6	654.7	51.9	-	51.9	-1.4	20.0	-33.3
■ Accrued income	384.3	492.4	-108.1	-	-108.1	-0.7	0.2	107.5
Other current receivables	286.8	246.3	40.5	9.9	30.6	-0.1	6.7	-24.1
<b>Current assets</b>	<b>1,377.8</b>	<b>1,393.4</b>	<b>-15.6</b>	<b>9.9</b>	<b>-25.5</b>	<b>-2.2</b>	<b>26.9</b>	<b>50.1</b>
Non-current assets classified as held for sale	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>1,397.0</b>	<b>1,399.8</b>	<b>-2.9</b>	<b>10.1</b>	<b>-13.0</b>	<b>-2.2</b>	<b>27.0</b>	<b>37.8</b>
Retirement benefits and similar obligations – Liabilities	-7.2	-14.9	7.7	-	7.7	0.4	-0.4	-7.7
■ Other long-term employee benefits	-7.2	-14.9	7.7	-	7.7	0.4	-0.4	-7.7
Other non-current liabilities	-99.9	-65.2	-34.7	-30.2	-4.5	0.9	-7.3	-1.9
<b>Non-current liabilities</b>	<b>-107.1</b>	<b>-80.1</b>	<b>-27.0</b>	<b>-30.2</b>	<b>3.3</b>	<b>1.3</b>	<b>-7.6</b>	<b>-9.6</b>
Trade payables	-294.9	-268.8	-26.2	-	-26.2	-2.3	-14.7	9.2
Advances and payments on account received for orders	-3.8	-3.3	-0.4	-	-0.4	-	-	0.4
Deferred income on client projects	-256.1	-275.7	19.6	-	19.6	0.3	-9.4	-28.7
Other current liabilities	-796.4	-812.9	16.6	-18.2	34.8	1.7	0.8	-32.2
<b>Current liabilities</b>	<b>-1,351.2</b>	<b>-1,360.7</b>	<b>9.6</b>	<b>-18.2</b>	<b>27.8</b>	<b>-0.2</b>	<b>-23.3</b>	<b>-51.3</b>
Liabilities related to non-current assets classified as held for sale	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-1,458.3</b>	<b>-1,440.9</b>	<b>-17.4</b>	<b>-48.5</b>	<b>31.1</b>	<b>1.0</b>	<b>-30.9</b>	<b>-60.9</b>
<b>TOTAL WCR</b>	<b>-61.3</b>	<b>-41.0</b>	<b>-20.3</b>	<b>-38.3</b>	<b>18.1</b>	<b>-1.2</b>	<b>-3.9</b>	<b>-23.1</b>



## 12.3. Other cash flows in the consolidated cash flow statement

Aside from the impact of changes in scope, cash flows from investing activities chiefly consisted of purchases of €52.6 million in property, plant and equipment (€45.3 million in 2017) and €9.3 million in intangible assets (€16.9 million in 2017), more than half of which were carried out in France (see Notes 8.2 and 8.3). They also included dividends received from Axway Software for €1.4 million (€2.8 million in 2017).

In addition to new borrowings and repayments of existing borrowings (see Note 12.1), net cash generated by financing activities reflects the impact of treasury share transactions. In 2018, of the total outflows of €23.4 million, €22.3 million went toward acquiring Sopra Steria Group shares on the market to satisfy the We Share employee share ownership programme requirements (versus an inflow of €0.9 million in 2017 in respect of the same programme).

Net cash generated by financing activities also included the payment of a €2.40 dividend per share (€2.20 per share in 2017) for a total of €48.7 million (€44.5 million in 2017), and €23.4 million in additional contributions paid to reduce the deficit of defined-benefit pension plans (€21.0 million in 2017), €23.2 million of which was allocated to the UK plans (€20.8 million in 2017).

NOTE 13

## EQUITY AND EARNINGS PER SHARE

### 13.1. Equity

The consolidated statement of changes in equity is presented on page 111.

#### 13.1.1. Changes in the share capital

At 31 December 2018, Sopra Steria Group had a share capital of €20,547,701, the same as at 31 December 2017. It is represented by 20,547,701 fully paid-up shares with a par value of €1 each.

#### 13.1.2. Transactions in treasury shares

At 31 December 2018, the value of treasury shares recognised as a deduction from consolidated equity was €42.8 million, consisting of 341,371 shares, including 290,048 shares held by UK trusts falling within the consolidation scope and 51,323 shares acquired by Sopra Steria Group, 19,300 of which were acquired under the liquidity agreement and the rest of which were acquired to make any potential share-based payments. This value also includes €7.4 million relating to the Group's commitment to acquire shares on the market for its free performance share plans (see Note 5.4.1)

All of the Sopra Steria Group shares held by the parent company or any of its subsidiaries are recognised at their acquisition cost, deducted from consolidated equity.

#### 13.1.3. Dividends

At Sopra Steria Group's General Meeting of 12 June 2018, the shareholders resolved to distribute an ordinary dividend of €49.2 million in respect of financial year 2017, equating to €2.40 per share. The dividend was paid on 5 July 2018 for a total of €48.7 million, net of the dividend on treasury shares. The dividend paid in respect of financial year 2016 was €45.2 million, equating to €2.20 per share.

#### 13.1.4. Accumulated translation reserves

In line with the principles described in Note 1.4.2.b, accumulated translation reserves include the gains or losses arising on translation from the functional currencies of the Group's entities to the presentation currency as well as the currency hedging effects of net investments in foreign operations. Movements are recorded in *Other comprehensive income*. Accumulated translation reserves also reflect the translation effects of gains or losses on disposals of foreign operations.

At 31 December 2018, accumulated translation reserves by currency were as follows:

<i>(in millions of euros)</i>	31/12/2018	31/12/2017
Swiss franc	6.2	4.2
Pound sterling	-80.5	-73.5
Indian rupee	5.1	8.2
Norwegian krone	-19.2	-18.1
Polish zloty	-0.3	-0.1
Singapore dollar	0.2	0.1
Tunisian dinar	-2.5	-1.5
US dollar	3.4	3.4
Other currencies	3.7	1.0
<b>ACCUMULATED TRANSLATION RESERVES (GROUP SHARE)</b>	<b>-83.9</b>	<b>-76.3</b>

The "Other currencies" category mainly includes the accumulated translation reserves of associates, and chiefly Axway Software, in the amount of €7.4 million (€4.0 million at 31 December 2017).

### 13.1.5. Non-controlling interests

The contributions to the income statement and balance sheet of entities in which there are non-controlling interests mainly come from joint ventures formed with the UK authorities in the United Kingdom region: NHS SBS, 50%-owned by the UK Department of Health, and SSCL, 25%-owned by the Cabinet Office. The Group has 50% and 75% control, respectively. They also relate to the companies in the Galitt group acquired in 2017.

The Group has granted the Cabinet Office a put option to sell the shares it holds in SSCL.

In the same vein, the Group has entered into an irrevocable commitment to acquire the remaining shares in Galitt, in the form of a put option granted to the other shareholders.

Due to the accounting treatment of the put option granted in respect of SSCL and Galitt shares, the amount of non-controlling interests on the balance sheet mainly relates to the UK Department of Health's share in the net assets of NHS SBS, i.e. €32.3 million.

In the income statement, the amounts attributable to non-controlling interests came to €1.1 million for SSCL, €2.2 million for NHS SBS and €0.3 million for the companies in the Galitt group.

Summary financial information for SSCL, NHS SBS and Galitt is as follows:

	31/12/2018		
	SSCL	NHS SBS	Galitt
<i>(in millions of euros)</i>			
Non-current assets	15.9	28.2	40.8
Current assets	124.2	58.7	9.9
Non-current liabilities	34.4	9.3	4.8
Current liabilities	49.9	13.1	-7.2
Revenue	173.9	85.6	34.3
Net profit	4.4	4.5	2.7

Non-controlling interests arise where a portion of equity ownership in a subsidiary is not attributable directly or indirectly to the parent company.

When non-controlling interests have an option to sell their investment to the Group, a financial liability is recorded in Other non-current liabilities (see Note 7.4) for the present value of the option's estimated exercise price. The offset of the financial liability generated by these commitments is deducted from:

- the corresponding amount of non-controlling interests initially; and
- the Group's share of consolidated reserves for the remainder.

Subsequent changes in this put option arising from changes in estimates or relating to the unwinding of discount are offset against the corresponding non-controlling interests and the remainder is deducted from the Group's share of consolidated reserves.

### 13.1.6. Capital management objectives, policy and procedures

The company's capital is solely composed of the items disclosed in the balance sheet. There are no financial liabilities considered to be components of capital and, conversely, there are no equity components not considered to be part of the company's capital.

The company is not subject to any external constraints on its capital.

Treasury shares are detailed in Note 13.1.2.

The only potentially dilutive instruments are the free performance shares granted under Steria's (and now Sopra Steria's) legacy performance-linked free share plans (see Note 5.4.2).

## 13.2. Earnings per share

	2018	2017
Net profit attributable to the Group in millions of euros (a)	125.1	172.5
Weighted average number of ordinary shares outstanding (b)	20,547,701	20,537,507
Weighted average number of treasury shares (c)	366,701	322,883
Weighted average number of shares outstanding excluding treasury shares (d) = (b) - (c)	20,181,000	20,214,624
<b>BASIC EARNINGS PER SHARE IN EUROS (A/D)</b>	<b>6.20</b>	<b>8.53</b>

	2018	2017
Net profit attributable to the Group in millions of euros (a)	125.1	172.5
Weighted average number of shares outstanding excluding treasury shares (d)	20,181,000	20,214,624
Dilutive effect of instruments that give rise to potential ordinary shares (e)	102,323	65,707
Theoretical weighted average number of equity instruments (f) = (d) + (e)	20,283,323	20,280,331
<b>DILUTED EARNINGS PER SHARE IN EUROS (A/F)</b>	<b>6.17</b>	<b>8.51</b>

The method used to calculate earnings per share is set out below.

Treasury shares are detailed in Note 13.1.2.

Potentially dilutive instruments are presented in Note 5.4.

Earnings per share as stated in the income statement are calculated on the basis of the Group's share in the net profit as follows:

- basic earnings per share are based on the weighted average number of shares outstanding during the financial year, calculated according to the dates when the funds arising from cash share issues were received and, in respect of shares issued for contributions in kind via equity, the date on which the corresponding new Group companies were consolidated for the first time;

- diluted earnings per share are calculated by adjusting the Group's share of net profit and the weighted average number of shares outstanding for the dilutive effect of share subscription option plans in force at the financial year-end and free share plans. The treasury stock method is applied on the basis of the average share price for the year.

## NOTE 14 RELATED-PARTY TRANSACTIONS

## 14.1. Transactions with equity-accounted associates and non-consolidated entities

<i>(in millions of euros)</i>	31/12/2018	31/12/2017
<b>Transactions between Sopra Steria Group and the Axway Software group</b>		
Sales of goods and services	0.2	0.5
Purchases of goods and services	-0.8	-1.6
Operating receivables	0.1	-
Operating payables	-0.3	-0.4
Financial income	-	-
Financial receivables (current account)	-	-
<b>Transactions between Sopra Steria Group subsidiaries and the Axway Software group</b>		
Sales of goods and services	5.2	4.5
Purchases of goods and services	-4.0	-1.5
Operating receivables	0.7	0.5
Operating payables	-0.9	-
Financial income	-	-
Financial receivables (current account)	-	-
<b>Transactions between Sopra Steria Group and holding company Sopra GMT</b>		
Sales of goods and services	0.3	0.1
Purchases of goods and services	-1.3	-1.4
Operating receivables	0.1	0.1
Operating payables	0.1	-0.1
Financial income	-	-
Financial receivables (current account)	-	-

## 14.2. Subsidiaries and equity interests

Transactions and balances between Sopra Steria Group and its subsidiaries were eliminated in full on consolidation, since all of the subsidiaries are fully consolidated.

Non-consolidated equity investments are all recognised within *Non-consolidated securities* (see Note 7.1).

## NOTE 15 OFF BALANCE SHEET COMMITMENTS

## 15.1. Contractual obligations

Contractual obligations consist of operating leases with the following face values and maturities:

Contractual obligations (in millions of euros)	Payments due by period			31/12/2018	31/12/2017
	Less than one year	One to five years	More than five years		
Leases of immovable property	74.8	196.0	71.1	342.0	338.5
Leases of movable property	8.1	14.8	0.1	22.9	25.3
<b>TOTAL</b>	<b>82.9</b>	<b>210.9</b>	<b>71.2</b>	<b>364.9</b>	<b>363.8</b>

## 15.2. Commitments given related to current operations

(in millions of euros)	31/12/2018	31/12/2017
Bank guarantees for project completion	43.8	59.0
Parent company guarantee of commitments entered into by subsidiaries	-	-
Other guarantees	6.9	11.6
<b>TOTAL</b>	<b>50.6</b>	<b>70.6</b>

Under the IT service contracts it enters into with its clients, the Group may, if formally requested by its clients, provide bank guarantees in respect of the performance of obligations undertaken in these

contracts. The amount of these guarantees was €43.8 million at 31 December 2018 (€59.0 million at 31 December 2017). To date, no use has ever been made of any such guarantee.

## 15.3. Commitments received

(in millions of euros)	31/12/2018	31/12/2017
Unused credit lines	950.0	900.0
Unused current bank overdrafts	151.4	157.5
<b>TOTAL</b>	<b>1,101.4</b>	<b>1,057.5</b>

As part of a cash pooling arrangement set up in 2012 between the entities of the Group and BMG (Bank Mendes Gans), Sopra Steria Group acts as guarantor for the amounts borrowed by its subsidiaries.

## NOTE 16 SUBSEQUENT EVENTS

At the General Meeting of Shareholders scheduled for Wednesday, 12 June 2019, Sopra Steria will propose the distribution of a dividend of €1.85 per share (€2.40 per share in respect of financial year 2017). The ex-dividend date will be 2 July 2019, and the dividend will be payable as from 4 July 2019.

In addition, on 10 April 2019, Sopra Steria announced its plans to acquire SAB, one of France's leading core banking developers, to reinforce Sopra Banking Software's position in France.

## NOTE 17 LIST OF GROUP COMPANIES

Company	Country	% control	% held	Consolidation method
<b>France</b>				
Sopra Steria Group	France	-	-	Parent company
Sopra Steria Infrastructure & Security Services	France	100.00%	100.00%	FC
Sopra Steria Services	France	100.00%	100.00%	FC
XYZ 12 2016	France	100.00%	100.00%	FC
Cimpa SAS	France	100.00%	100.00%	FC
Cimpa GmbH	Germany	100.00%	100.00%	FC
Cimpa Ltd	United Kingdom	100.00%	100.00%	FC
Cimpa PLM España SL	Spain	100.00%	100.00%	FC
Beamap SAS	France	100.00%	100.00%	FC
Sopra Steria Polska	Poland	100.00%	100.00%	FC
Steria Medshore SAS	Morocco	100.00%	100.00%	FC
Sopra Steria Group – Morocco branch	Morocco	100.00%	100.00%	FC
2MoRO SAS	France	100.00%	100.00%	FC
2MoRO Inc.	Canada	37.00%	37.00%	NC
Galitt	France	88.13%	87.82%	FC
Tecfit	France	88.13%	88.13%	FC
<b>United Kingdom</b>				
Sopra Group Holding Ltd	United Kingdom	100.00%	100.00%	FC
Sopra Group Ltd	United Kingdom	100.00%	100.00%	FC
Sopra Steria Holdings Ltd	United Kingdom	100.00%	100.00%	FC
Sopra Steria Ltd	United Kingdom	100.00%	100.00%	FC
Sopra Steria Services Ltd	United Kingdom	100.00%	100.00%	FC
Caboodle Solutions Ltd	United Kingdom	100.00%	100.00%	FC
ASL Information Services Limited	United Kingdom	100.00%	100.00%	FC
Druid Group Ltd	United Kingdom	100.00%	100.00%	FC
OSI Group Holdings Limited	United Kingdom	100.00%	100.00%	FC
Xansa Trustee Company Limited	United Kingdom	100.00%	100.00%	FC
FI Group Limited	United Kingdom	100.00%	100.00%	FC
Druid Quest Limited	United Kingdom	100.00%	100.00%	FC
OSI Group Limited	United Kingdom	100.00%	100.00%	FC
Steria BSP Ltd	United Kingdom	100.00%	100.00%	FC
NHS Shared Employee Services Limited	United Kingdom	100.00%	75.50%	FC
NHS Shared Business Services Ltd	United Kingdom	50.00%	50.00%	FC
Sopra Steria Recruitment Ltd	United Kingdom	100.00%	100.00%	FC
Steria UK Ltd	United Kingdom	100.00%	100.00%	FC
Steria UK Corporate Ltd	United Kingdom	100.00%	100.00%	FC
Shared Services Connected Ltd (SSCL)	United Kingdom	75.00%	75.00%	FC
First Banking Systems	United Kingdom	100.00%	100.00%	FC
Firth Solutions Ltd	United Kingdom	100.00%	100.00%	FC
FI Academy Ltd	United Kingdom	100.00%	100.00%	FC
FI Kernel Ltd	United Kingdom	100.00%	100.00%	FC
Steria Employee Trustee Company Ltd	United Kingdom	100.00%	100.00%	FC
Druid Quest – Trust No. 6	United Kingdom	100.00%	100.00%	FC
Steria Employee Trustee Company Ltd	United Kingdom	100.00%	100.00%	FC

FC: Fully consolidated.

EM: Equity method.

NC: Non-consolidated (non-consolidated companies are not considered significant).

Company	Country	% control	% held	Consolidation method
Xansa 2004 Employee Benefit Trust	United Kingdom	100.00%	100.00%	FC
Zansa Ltd	United Kingdom	100.00%	100.00%	FC
Xansa Cyprus (No. 1) Ltd	Cyprus	100.00%	100.00%	FC
Xansa Cyprus (No. 2) Ltd	Cyprus	100.00%	100.00%	FC
Xansa India Sez DP Ltd	India	100.00%	100.00%	FC
Steria India Ltd	India	100.00%	100.00%	FC
Sopra Steria Asia Pte Ltd	Singapore	100.00%	100.00%	FC
Steria Malaysia	Malaysia	100.00%	100.00%	NC
Steria Hong Kong	Hong Kong	100.00%	100.00%	NC
Sopra Steria Wenhao	China	51.00%	51.00%	FC
Xansa Inc.	United States	100.00%	100.00%	FC
Xansa Holdings Inc.	United States	100.00%	100.00%	FC
Xansa Inc.	Canada	100.00%	100.00%	FC
<b>Other Europe</b>				
Sopra Steria SE	Germany	100.00%	100.00%	FC
ISS Software GmbH	Germany	100.00%	100.00%	FC
it-economics GmbH	Germany	100.00%	100.00%	FC
it-economics Bulgaria EOOD	Bulgaria	100.00%	100.00%	FC
it-economics Switzerland AG	Switzerland	100.00%	100.00%	FC
Sopra Steria GmbH	Austria	100.00%	100.00%	FC
Sopra Steria Services GmbH	Germany	100.00%	100.00%	FC
Sopra Steria Benelux	Belgium	100.00%	100.00%	FC
Sopra Steria Benelux – Luxembourg branch	Luxembourg	100.00%	100.00%	FC
Sopra Steria Benelux – Netherlands branch	Netherlands	100.00%	100.00%	FC
Sopra Steria PSF Luxembourg	Luxembourg	100.00%	100.00%	FC
Sopra Steria AG	Switzerland	100.00%	100.00%	FC
Sopra Steria Group SpA	Italy	100.00%	100.00%	FC
Sopra Steria España SAU	Spain	100.00%	100.00%	FC
Sopra Steria Euskadi SL	Spain	100.00%	100.00%	FC
Sopra Group Catalunya SA	Spain	100.00%	100.00%	FC
S2Com Consulting	United States	62.00%	62.00%	NC
Sopra Steria A/S	Denmark	100.00%	100.00%	FC
Sopra Steria AS	Norway	100.00%	100.00%	FC
The Solid Group	Norway	100.00%	100.00%	FC
Sopra Steria AB	Sweden	100.00%	100.00%	FC
Kentor Holding AB	Sweden	100.00%	100.00%	FC
Kentor OOO	Russia	100.00%	100.00%	FC
<b>Sopra Banking Software</b>				
Sopra Banking Software	France	100.00%	100.00%	FC
Cassiopae SAS – South Korea branch	South Korea	100.00%	100.00%	FC
O.R. System	France	100.00%	100.00%	FC
O.R. System Do Brasil	Brazil	100.00%	100.00%	NC
O.R. System Polska	Poland	100.00%	100.00%	NC
Sopra Financial Solutions Iberia SL	Spain	100.00%	100.00%	FC
Sopra Banking Software Ltd	United Kingdom	100.00%	100.00%	FC
SBS 123 Ltd	United Kingdom	100.00%	100.00%	FC
Field Solutions Investment Ltd	United Kingdom	100.00%	100.00%	FC
Cassiopae Ltd	United Kingdom	100.00%	100.00%	FC
Apak Group Ltd	United Kingdom	100.00%	100.00%	FC
Apak Inc.	United States	100.00%	100.00%	FC
Sopra Banking Software Belgium	Belgium	100.00%	100.00%	FC
Sopra Banking Software – Iceland branch	Iceland	100.00%	100.00%	FC
Sopra Banking Software Luxembourg	Luxembourg	100.00%	100.00%	FC

FC: Fully consolidated.

EM: Equity method.

NC: Non-consolidated (non-consolidated companies are not considered significant).

## 2018 CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

Company	Country	% control	% held	Consolidation method
Sopra Banking Software Netherlands BV	Netherlands	100.00%	100.00%	FC
Sopra Banking Software GmbH	Germany	100.00%	100.00%	FC
Cassiopae Solutions Private Ltd	India	99.90%	99.90%	FC
Sopra Banking Software Singapore Pte Ltd	Singapore	100.00%	100.00%	FC
Beijing Sopra Science and Technology Ltd	China	100.00%	100.00%	FC
Sopra Banking Software Morocco	Morocco	100.00%	100.00%	FC
Banking Software Morocco	Morocco	100.00%	100.00%	NC
Cassiopae MEA	Tunisia	100.00%	100.00%	FC
Sopra Software Cameroun	Cameroon	95.00%	95.00%	FC
Cassiopae US Inc.	United States	100.00%	100.00%	FC
Cassiopae Software Ltda	Brazil	100.00%	100.00%	FC
Sopra Banking Gabon	Gabon	100.00%	100.00%	FC
Sopra Banking Côte d'Ivoire	Côte d'Ivoire	100.00%	100.00%	FC
Delta Development Systems	Algeria	70.00%	70.00%	NC
<b>Other Solutions</b>				
Sopra HR Software	France	100.00%	100.00%	FC
Sopra HR Software Ltd	United Kingdom	100.00%	100.00%	FC
Sopra HR Software SPRL	Belgium	100.00%	100.00%	FC
Sopra HR Software Sarl	Luxembourg	100.00%	100.00%	FC
Sopra HR Software GmbH	Germany	100.00%	100.00%	FC
Sopra HR Software Sarl	Switzerland	100.00%	100.00%	FC
Sopra HR Software Srl	Italy	100.00%	100.00%	FC
Sopra HR Software SL	Spain	100.00%	100.00%	FC
Sopra HR Software Sarl	Tunisia	100.00%	100.00%	FC
Sopra HR Software Sarl	Morocco	100.00%	100.00%	FC
<b>Axway</b>	France	32.57%	32.57%	EM

FC: Fully consolidated.

EM: Equity method.

NC: Non-consolidated (non-consolidated companies are not considered significant).

The Group does not directly or indirectly control any special-purpose entities.

## NOTE 18 STATUTORY AUDITORS' FEES

(in millions of euros excl. VAT)	Mazars network		Nexia network	
	2018	2017	2018	2017
<b>Certification of the parent company and consolidated financial statements</b>				
Sopra Steria Group	0.5	0.7	0.3	0.3
Fully consolidated subsidiaries	1.3	1.2	0.7	0.6
<b>Subtotal</b>	<b>1.8</b>	<b>1.9</b>	<b>1.0</b>	<b>0.9</b>
<b>Services other than the certification of the accounts*</b>				
Sopra Steria Group	0.1	0.1	-	-
Fully consolidated subsidiaries	0.1	0.2	-	0.1
<b>Subtotal</b>	<b>0.2</b>	<b>0.2</b>	<b>-</b>	<b>0.1</b>
<b>TOTAL STATUTORY AUDITORS' FEES</b>	<b>2.0</b>	<b>2.2</b>	<b>1.0</b>	<b>1.0</b>

\* These services mainly relate to services performed in connection with the acquisition of entities ("due diligence").



# Statutory Auditors' report on the consolidated financial statements

To the General Meeting of Sopra Steria Group,

## 1. Opinion

In accordance with our appointment as Statutory Auditors by the shareholders at your General Meetings, we have audited the attached consolidated financial statements of Sopra Steria Group for the financial year ended 31 December 2018.

We certify that the consolidated financial statements are, with respect to IFRS as adopted in the European Union, true and fair and provide an accurate view of the results of your Company's operations for the year under review and of the financial position and assets and liabilities, at the end of the year, of the group formed by the persons and entities included in the consolidation.

The above opinion is in keeping with the contents of our report to the Audit Committee.

## 2. Basis of our opinion

### 2.1. AUDIT FRAME OF REFERENCE

We performed our assignment in accordance with the professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The responsibilities incumbent on us under these standards are set out in the section of this report entitled "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements".

### 2.2. INDEPENDENCE

We performed our audit in accordance with the independence rules applicable to us for the period from 1 January 2018 to the date our report was issued, and in particular we have not provided any services prohibited by Article 5, paragraph 1 of Regulation (EU) No. 537/2014 or by the French Code of Ethics for Statutory Auditors.

### 2.3. OBSERVATIONS

Without calling into question the opinion expressed above, we draw your attention to Notes 1.2.3 and 1.2.4 to the consolidated financial statements concerning the first-time application of IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments*.

### 2.4 JUSTIFICATION OF OUR ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key audit matters relating to the risks of material misstatement which, according to our professional judgment, were most significant for the audit of the consolidated financial statements for the year, as well as our responses to these risks.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole and the formation of our opinion as expressed above. We do not express an opinion on elements of the consolidated financial statements taken in isolation.

### 2.5. REVENUE RECOGNITION ON FIXED-PRICE CONTRACTS

(Notes 1.2.3 and 4.1 to the consolidated financial statements)

#### Risk identified

Sopra Steria Group, one of Europe's key players in digital transformation, offers end-to-end, high-value-added services comprising consulting and systems integration, development of industry- and technology-specific solutions, IT infrastructure management, cybersecurity and business process services (BPS).

The Group's revenue to 31 December 2018 totalled €4.1 billion, a significant portion of which related to fixed-price contracts. Fixed-price contracts are characterised by commitments relating to the price, the end result and the deadline.

As stated in Notes 1.2.3 "Application of IFRS 15 *Revenue from Contracts with Customers*" and 4.1 "Breakdown of revenue by reporting unit" to the consolidated financial statements, revenue from services covered by fixed-price contracts is recognised over time (and not at a specific point in time) using the percentage-of-completion method in the following two situations:

- the services are performed in the customer's environment or enhance a customer's asset. The customer obtains control as the asset is created or developed;
- the contract provides for the development of highly specific assets in the Group's environment (e.g. solutions) prior to implementation in the customer's infrastructure. The contract also provides for settlement of the value of such services in the event of termination for convenience (where the customer is entitled to do so). The Group has no alternative use for the asset created and has an enforceable right to payment for performance completed to date.

Revenue and profit generated over time from these services is recognised on the basis of a qualified estimate of the level of completion, measured as the difference between the contract value and the amount required to cover the total number of person-days remaining to be performed.

We considered the recognition of income on fixed-price contracts as a key audit matter due to its significance in the Group's financial statements and the level of judgment and estimation required by management to determine the revenue and income on completion from these contracts.

#### Our response

We familiarised ourselves with the internal control procedures implemented by the Group and tested the key controls relating to determining income from fixed-price contracts.

For a sample of contracts deemed material due to their financial impact and risk profile:

- we reconciled contractual data, including any contractual changes resulting from additional requests and contractual claims, with management and accounting data;
- we talked to management and project managers in order to assess the reasonable nature of the estimates made by management and corroborate the estimated amount allocated to cover the total number of person-days remaining to be performed, particularly in comparison with prior estimates and by reviewing correspondence with the client and assessing whether this has been translated correctly into the accounts. In performing this work we drew on experience acquired in previous years relating to similar contracts;
- for contracts subject to claims, we talked to the Group's legal department and reviewed correspondence with the client in order to assess the estimates made by management.

We also used substantive checks on a sample of trade accounts receivable and accrued income in order to assess management's estimates relating to the prospect of recovering these receivables.

## 2.6. VALUATION AND IMPAIRMENT OF GOODWILL

(Notes 2.1 and 8.1 to the consolidated financial statements)

### Risk identified

As at 31 December 2018, the net value of goodwill in the Group's consolidated financial statements was €1,708.5 million, equal to 42.8% of total assets.

As set in out in Notes 8.1.2 and 8.1.3 to the consolidated financial statements, goodwill is allocated to cash-generating units for the purposes of impairment tests. The Group's segmentation into CGUs is consistent with the operating structure of its businesses, its management and reporting system, and its segment reporting. Such tests are performed each time there is an indication of impairment, and in any event at the balance sheet date of 31 December. These tests consist of comparing the CGU's net carrying amount with its recoverable amount, which corresponds to the higher of its fair value less costs of disposal and its value in use. An impairment loss is recognised whenever the recoverable amount of goodwill is lower than the net carrying amount.

To determine the value in use of the CGU, management uses primarily the discounted cash flow method (or DCF method), which involves the use of key assumptions relating to each asset category, including in particular the rate of perpetual growth and the discount rate based on the weighted average cost of capital.

Determining the recoverable value of goodwill, which represents a particularly significant amount relative to total assets, is based primarily on management's judgment as regards in particular the rate of perpetual growth used to forecast cash flows and the discount rate applied. We therefore considered the valuation of goodwill and implementation of impairment testing to be a key audit matter.

### Our response

Our work consisted primarily of:

- reviewing the compliance of the methodology used by the Group with applicable accounting standards;
- assessing whether the allocation of assets to CGUs is exhaustive and complies with applicable accounting standards;
- assessing the reasonable nature of assumptions used to determine future cash flows in relation to operating data, with regard to the business and financial context for the Group's operations, and their consistency with the most recent estimates presented to the Board of Directors within the framework of budgetary processes;
- assessing, with the help of our valuation experts, the consistency of the perpetual growth rate and the weighted average unit cost of capital in all components;
- analysing the sensitivity of the value in use determined by management to a change in the main assumptions made, particularly for the United Kingdom and Sopra Banking Software CGUs.

Lastly, we verified that Notes 2.1 and 8.1 to the consolidated financial statements provided appropriate information.

## 2.7. VALUATION AND IMPAIRMENT OF EQUITY INTERESTS

(Note 9.2 to the consolidated financial statements)

### Risk identified

As at 31 December 2018, the net value of equity interests in the Group's consolidated financial statements was €195.1 million, equal to 4.9% of total assets. These equity interests correspond to the Group's stake in Axway Software.

As explained in Note 9.2 to the consolidated financial statements, impairment tests are performed each time there is an indication of impairment, and in any event at the balance sheet date of 31 December. These tests consist of comparing the equity interests' net carrying amount with their recoverable amount, which corresponds to the higher of their fair value less costs of disposal and its value in use:

- as Axway Software's shares are listed, their fair value less costs of disposal is equal to market price less costs to sell;
- to determine the value in use of equity interests, management uses primarily the discounted cash flow method (or DCF method), which involves the use of key assumptions relating to each asset category, including in particular the rate of perpetual growth and the discount rate based on the weighted average cost of capital.

An impairment loss is recognised whenever the recoverable amount of equity interests is lower than the net carrying amount.

Determining the recoverable value of equity interests is based primarily on management's judgment as regards in particular the rate of perpetual growth used to forecast cash flows and the discount rate applied. We therefore considered the valuation of equity interests and implementation of impairment testing to be a key audit matter.

Statutory Auditors' report on the consolidated financial statements

### Our response

Our work consisted primarily of:

- reviewing the compliance of the methodology used by the Group with applicable accounting standards;
- assessing the reasonable nature of assumptions used to determine future cash flows in relation to operating data, with regard to the business and financial context for the Group's operations, and their consistency with the most recent estimates presented to the Board of Directors within the framework of budgetary processes;
- assessing, with the help of our valuation experts, the consistency of the perpetual growth rate and the weighted average unit cost of capital in all components;
- analysing the sensitivity of the value in use determined by management to a change in the main assumptions made.

Lastly, we verified that Note 9.2 to the consolidated financial statements provided appropriate information.

## 2.8. POST-EMPLOYMENT BENEFIT LIABILITIES

(Note 5.3 to the consolidated financial statements)

### Risk identified

Post-employment benefits arise mainly from the Group's obligations towards its employees to provide retirement benefits in France and defined-benefit pension plans in the United Kingdom, Germany and other European countries (Belgium, Norway). The actuarial value of accumulated benefits as at 31 December 2018 was €315.5 million.

The net liability in respect of retirement benefits and similar obligations was calculated at the balance sheet date based on the most recent valuations available. As these liabilities are covered by plan assets with a fair value of €1,414.3 million, net liabilities as at 31 December 2018 totalled €308.3 million. The most significant plan assets concern the United Kingdom and France.

Valuing pension scheme assets and liabilities, as well as the actuarial cost for the year, requires a high level of judgment by management to determine appropriate assumptions to be made such as the discount rate and the rate of inflation, future pay rises, staff turnover and mortality tables.

The change in some of these assumptions may have a material impact on determining net liabilities recognised as well as on the Group's profit.

In view of the amounts represented by these liabilities and associated plan assets, as well as the technical skill required to evaluate these amounts, we considered this type of liability relating to post-employment benefits to be a key audit matter.

### Our response

We familiarised ourselves with the process for valuing post-employment benefit liabilities implemented by the Group. A review of actuarial assumptions was performed by means of:

- assessing discount rates and rates of inflation in order to evaluate their consistency with market conditions;
- assessing the reasonable nature of assumptions relating to pay rises, staff turnover and mortality in order to evaluate their consistency with the specific characteristics of each pension scheme and, if applicable, with national and sector benchmarks;
- a review of calculations made by the Group's external actuaries.

As regards plan assets, we also assessed whether the assumptions made by management to value these assets and the documentation provided by management to justify the recognition of net plan assets were appropriate.

Lastly, we verified the appropriateness of the information provided in Note 5.3.1 to the consolidated financial statements.

## 3. Specific verifications

We also performed the specific procedures in accordance with professional standards applicable in France and required by law in relation to the information on the Group contained in the Management Report of the Board of Directors.

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

We certify that the consolidated declaration of non-financial performance in accordance with Article L. 225-102-1 of the French Commercial Code is provided in the information relating to the Group in the Management Report, it being understood that in accordance with Article L. 823-10 of the French Commercial Code, we have not checked the information contained in this declaration for fairness or consistency with the consolidated financial statements and it should be the object of a report by an independent third-party organisation.

## 4. Information resulting from other legal and regulatory requirements

Mazars was appointed Statutory Auditor of Sopra Steria Group by the shareholders at the General Meeting of 1 June 2000, and Auditeurs et Conseil Associés – ACA Nexia by the shareholders at the General Meeting of 30 June 1986.

As at 31 December 2018, Mazars was in its 19th consecutive year as Statutory Auditor and Auditeurs et Conseil Associés – ACA Nexia was in its 33rd consecutive year as Statutory Auditor, respectively 19 years and 29 years since the company's shares were first listed for trading on a regulated market.

## 5. Responsibility of management and persons charged with governance in relation to the consolidated financial statements

It is management's responsibility to prepare consolidated financial statements that give a true and fair view in accordance with IFRS as adopted by the European Union, as well as to implement the internal controls it deems necessary to prepare consolidated financial statements that are free of material misstatement, whether due to fraud or error.

On preparing the consolidated financial statements, it is up to management to assess the company's ability to continue as a going concern, and to present in the financial statements, if applicable, any necessary information relating to the continuity of operations and apply the going concern assumption unless it is planned that the company will be liquidated or cease trading.

It is the responsibility of the Audit Committee to monitor the process of preparing financial information and monitor the effectiveness of internal control and risk management systems, as well as, if applicable, as regards procedures relating to the preparation and processing of accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

## 6. Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

### 6.1. AUDIT AIM AND APPROACH

It is our responsibility to prepare a report on the consolidated financial statements. Our aim is to obtain reasonable assurance that the consolidated financial statements taken as a whole are free of material misstatement. Reasonable assurance corresponds to a high level of assurance, although this does not guarantee that an audit performed in accordance with professional standards systematically allows for all material misstatements to be detected. Misstatements may be due to fraud or error and are considered material when it can reasonably be expected that they may, taken individually or combined, influence the financial decisions of users made on the basis of the financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our assignment of certifying the financial statements does not consist of guaranteeing the viability or quality of your company's management.

Within the framework of an audit performed in accordance with professional standards applicable in France, the Statutory Auditor uses its professional judgment throughout the audit process. In addition:

- it identifies and assesses the risk of the consolidated financial statements containing material misstatements, whether due to fraud or error, defines and implements audit procedures in the light of these risks, and collects evidence that it deems sufficient and appropriate to form a basis for its opinion. The risk of failure to detect a material misstatement due to fraud is higher than in the case of a material misstatement due to error, as fraud may involve collusion, falsification, deliberate omissions, false statements or circumvention of internal control procedures;
- it familiarises itself with internal controls relevant for the audit in order to define appropriate audit procedures under the circumstances, and not with the aim of expressing an opinion on the effectiveness of internal control procedures;

- it assesses the appropriateness of accounting policies used and the reasonable nature of accounting estimates made by management, as well as associated information provided in the consolidated financial statements;
- it assesses the appropriateness of management's application of the going concern principle and, depending on the evidence collected, whether or not any material uncertainty exists relating to events or circumstances that may call into question the company's ability to continue as a going concern. This assessment relies on evidence collected up to the date of its report, noting that subsequent circumstances or events may call into question the continuity of operations. If it concludes that a material uncertainty exists, it shall draw readers' attention to the information provided in the consolidated financial statements relating to this uncertainty or, if this information is not provided or is not relevant, it shall give a qualified certification or refuse to certify the financial statements;
- it assesses the overall presentation of the consolidated financial statements and evaluates whether the consolidated financial statements reflect underlying transactions and events in a way that gives a true and fair view;
- as regards financial information from persons or entities within the scope of consolidation, it collects information that it deems sufficient and appropriate to express an opinion on the consolidated financial statements. It is responsible for the management, supervision and performing of the audit of the consolidated financial statements as well as the opinion expressed on these financial statements.

### 6.2. REPORT TO THE AUDIT COMMITTEE

We send a report to the Audit Committee setting out in particular the scope of our audit work and the programme of works carried out, as well as the conclusions of our work. We also bring to its attention, if applicable, any significant weaknesses in internal control procedures that we have identified as regards procedures relating to the preparation and treatment of accounting and financial information.

The information provided in the report to the Audit Committee includes risks of material misstatement which we deem to have been the most significant for our audit of the consolidated financial statements for the financial year and which therefore constitute key audit matters which it is our duty to describe in this report.

We also provide the Audit Committee with the declaration required by Article 6 of Regulation (EU) No. 537-2014 attesting to our independence with the meaning of applicable regulations in France as set out in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. If applicable, we shall discuss with the Audit Committee the risks to our independence and safeguarding measures implemented.

The Statutory Auditors

*Paris and Courbevoie, 12 April 2019*

**Auditeurs & Conseils Associés ACA Nexia**

Olivier Juramie

**Mazars**

Bruno Pouget

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## Balance sheet

<b>Assets</b> <i>(in thousands of euros)</i>	<b>Notes</b>	<b>Gross value</b>	<b>Depreciation, amortisation and impairment</b>	<b>2018</b>	<b>2017</b>
Intangible assets	4.1.1	240,590	114,476	126,113	101,757
Property, plant and equipment	4.1.2	141,787	82,134	59,653	52,553
Financial investments	4.1.3	1,859,252	14,275	1,844,977	1,921,370
<b>Non-current assets</b>		<b>2,241,629</b>	<b>210,885</b>	<b>2,030,744</b>	<b>2,075,680</b>
Inventories and work in progress	4.2.1	4,645	-	4,645	1,512
Trade receivables and related accounts	4.2.2	324,261	129	324,132	408,105
Other receivables, prepayments and accrued income	4.2.3	250,867	47	250,820	226,882
Cash and cash equivalents		141,722	972	140,750	40,081
<b>Current assets</b>		<b>721,496</b>	<b>1,148</b>	<b>720,347</b>	<b>676,580</b>
Debt issuance costs	4.2.4	125		125	368
Translation adjustments – Asset	4.2.4	6,572		6,572	10,332
<b>TOTAL ASSETS</b>		<b>2,969,822</b>	<b>212,033</b>	<b>2,757,789</b>	<b>2,762,960</b>

<b>Liabilities and equity</b> <i>(in thousands of euros)</i>	<b>Notes</b>	<b>2018</b>	<b>2017</b>
Share capital		20,548	20,548
Share premium		531,477	531,477
Reserves		351,735	259,727
Profit for the year		124,706	141,770
Regulated provisions		172	-
<b>Equity</b>	4.3	<b>1,028,638</b>	<b>953,522</b>
<b>Provisions</b>	4.4	<b>121,975</b>	<b>115,976</b>
Financial debt	4.5.1	840,494	870,557
Trade payables and related accounts	4.5.3	137,338	114,152
Tax and social security payables	4.5.4	307,731	328,388
Other liabilities, accruals and deferred income	4.5.5	312,015	371,107
<b>Liabilities</b>		<b>1,597,578</b>	<b>1,684,204</b>
Translation adjustments – Liability	4.5.6	9,597	9,258
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,757,789</b>	<b>2,762,960</b>

# Income statement

<i>(in thousands of euros)</i>	Notes	2018	2017
Net revenue	5.1	1,553,775	1,456,888
Other operating income		40,969	46,785
<b>Operating income</b>		<b>1,594,744</b>	<b>1,503,673</b>
Purchases consumed		551,440	472,440
Staff costs		890,113	875,136
Other operating expenses		8,787	684
Taxes and duties		37,230	37,544
Depreciation, amortisation, provisions and impairment		23,241	29,889
<b>Operating expenses</b>		<b>1,510,809</b>	<b>1,415,693</b>
<b>Operating profit</b>		<b>83,934</b>	<b>87,980</b>
Financial income and expenses	5.3	31,174	46,876
<b>Pre-tax profit on ordinary activities</b>		<b>115,108</b>	<b>134,856</b>
Exceptional income and expenses	5.4	-12,007	7,152
Employee profit-sharing and incentives	5.5	-4,406	-16,552
Corporate income tax	5.6	26,012	16,314
<b>NET PROFIT</b>		<b>124,706</b>	<b>141,770</b>

# Cash flow statement

<i>(in thousands of euros)</i>	Notes	2018	2017
<b>Profit for the year</b>		<b>124,706</b>	<b>141,770</b>
Non-monetary items with no cash impact			
Depreciation and amortisation of property, plant and equipment, intangible assets and financial investments	4.1	24,480	17,596
Gains and losses on disposal of assets		-	-14,620
Change in working capital requirement			
Change in provisions and other non-monetary items		4,574	4,605
Change in inventories		-3,133	-1,479
Change in trade receivables		83,572	17,873
Change in other receivables (excluding receivables on disposals of assets)		-3,973	-211
Change in trade payables (excluding payables on purchases of assets)		23,186	-5,150
Change in other payables		-62,851	22,228
<b>Net cash from operating activities</b>		<b>190,561</b>	<b>182,612</b>
Purchase of property, plant and equipment and intangible assets	4.1.1 and 4.1.2	-17,677	-16,221
Change in trade payables on fixed assets		-110	-1,192
Proceeds from sale of property, plant and equipment and intangible assets		-	-
Purchase of long-term investment securities		-	-98,121
Change in payables on securities	4.5.5	-30,687	29,187
Proceeds from sale of equity interests		-	9,345
Change in other financial investments		-5,635	-27,244
<b>Net cash from/(used in) investing activities</b>		<b>-54,109</b>	<b>-104,246</b>
Issuance of long-term borrowings	4.5.1	129,597	30,000
Repayment of long-term borrowings	4.5.1	-27,984	-33,213
Increase/(Decrease) in short-term borrowings		-53,323	-92,037
Changes in share capital	4.3.1	-	101
Dividends paid	4.3.1	-49,240	-45,139
Change in Group current accounts and cash accounts related to the notional cash pool		-115,987	-25,718
Change in long-term financial receivables		49,174	-
<b>Net cash from/(used in) financing activities</b>		<b>-67,763</b>	<b>-166,006</b>
<b>Net change in cash and cash equivalents (excluding cash accounts related to the notional cash pool)</b>		<b>68,689</b>	<b>-87,640</b>
Opening cash position (excluding cash accounts related to the notional cash pool)		19,646	107,286
Closing cash position (excluding cash accounts related to the notional cash pool)		88,335	19,646



## NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

### 1. Company description

Sopra Steria Group is the parent company of the Sopra Steria group. It performs a number of roles:

- it operates as a holding company, holding financial interests through which it has direct or indirect control over Group companies.

It implements the Group's funding policy, and as such ensures that the funding requirements of its subsidiaries are met. It also centrally manages market risks to which it and its subsidiaries are exposed;

- it operates in consulting, systems integration, software and other solutions mainly delivered in France.

### 2. Significant events

#### 2.1. Restructuring operations

By decision of the Board of Directors on 15 and 16 February 2018, Ingenierie Topographique Informatique (ITI) and Cassiopae Real Estate Paris were absorbed into Sopra Steria Group under the simplified merger procedure. Prior to these transactions, ITI had absorbed Cassiopae Real Estate Nantes under the simplified merger procedure.

No consideration was paid when these companies, acquired in full by the Company in 2017, were absorbed.

The two transactions, completed on 31 March 2018, were backdated to 1 January 2018 for accounting and tax purposes.

Net assets added to the Group's balance sheet, measured at their net carrying amount at the effective date, totalled €8.853 million. The impacts of these additions on key items in the balance sheet

are detailed in the tables analysing changes set out under Note 4 ("Changes in scope" columns).

The mergers resulted in a total merger loss of €22.018 million. After analysis, these losses were recognised under Intangible assets.

#### 2.2. We Share 2018 employee share ownership plan

On 18 January 2018, the Board of Directors decided to renew the We Share offer in 2018. This plan was based on a sale of shares reserved for members of a Group savings plan in France and abroad, as well as free shares awarded as the matching employer contribution. The main features of this plan and its impact on the Company's financial statements are described in Note 6.6.1.

### 3. Accounting principles and policies

The financial statements for the period under review were prepared and are presented in accordance with the accounting methods in force within the Group and in compliance with the principles laid down in Articles 121-1 and 121-5 et seq. of France's 2014 national chart of accounts (plan comptable général).

Accounting conventions have been applied in accordance with the provisions of the French Commercial Code and ANC Regulation 2016-07 on the revision of the national chart of accounts applicable at the period-end.

Generally accepted accounting principles were applied on a prudent basis and in accordance with the following underlying assumptions:

- going concern basis;
- consistency of accounting methods from one year to the next;

- accrual basis; and
- in accordance with general guidelines for the preparation and presentation of parent company financial statements.

No changes were made to accounting policies during the periods under review.

#### 3.1. Intangible assets

##### 3.1.1. SOFTWARE DEVELOPMENT COSTS

All research and development costs are charged to the income statement for the financial year during which they are incurred.

Development costs for software and solutions may be capitalised if all of the following can be demonstrated:

- the technical feasibility of completing the intangible asset for use or sale;
- the intent to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the manner in which the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to reliably measure the expenditure attributable to the intangible asset during its development.

No development costs for software and solutions were recognised under intangible assets, since the conditions described above were not satisfied in their entirety.

The only research and development costs recognised are from the accounts of companies acquired and subsequently merged.

Intangible assets also include development costs for fundamentally important computer applications used for the specific needs of companies formerly belonging to the Steria group. These development costs are amortised over their expected useful lives, subject to a maximum of seven years.

### 3.1.2. ACQUIRED SOFTWARE

Software is recognised at cost. It is amortised on a straight-line basis over one to ten years.

### 3.1.3. GOODWILL

Goodwill consists of acquired assets of a business that cannot be shown in any other balance sheet item. As such, it is calculated by deducting from the total value of a business those elements of that business that can be recognised separately in the balance sheet.

Sopra Steria Group conducts goodwill impairment tests every year.

The duration of use of goodwill is presumed to be unlimited.

The Company writes down the value of an asset if its current value (the higher of market value and value in use) is less than its carrying amount.

Goodwill is allocated to a group of assets so that it can be tested at a level of relevance that enables its performance to be tracked.

Previously recognised write-downs are definitive and may not be reversed.

### 3.1.4. TECHNICAL LOSSES ON MERGERS

After allocation, technical losses on mergers are recognised in a specific account by the relevant asset category to facilitate their monitoring over time.

Technical losses on mergers are depreciated using the same rules and under the same terms as the assets to which they are allocated.

Each share of the merger loss allocated to an underlying asset is written down when the current value of the underlying asset becomes less than its carrying amount, plus the share of the merger loss allocated. The impairment loss is charged firstly to the share of the technical merger loss.

Goodwill impairment therefore also includes impairment losses charged to the part of the technical merger loss allocated to goodwill.

## 3.2. Property, plant and equipment

Property, plant and equipment is recognised in the balance sheet at cost.

Depreciation is calculated using the straight-line method over the useful lives assigned to each category of fixed assets.

Buildings	25 years
Fixtures and fittings	10 years
Hardware and equipment	3 to 5 years
Vehicles	5 years
Office furniture and equipment	5 to 10 years

## 3.3. Equity interests

Equity interests are recognised at cost.

At each financial year-end, an impairment loss is recognised whenever the carrying amount exceeds the value in use.

Value in use is equal to enterprise value less net debt. Enterprise value is determined on the basis of discounted future cash flows derived from one- to five-year business plans drawn up by management.

## 3.4. Inventories and work in progress

Costs incurred in the start-up phase of a contract may be deferred over the term of the contract and recognised in the balance sheet as work in progress when they relate to future activities of the contract and provided that they are probable and generate future economic benefits.

Work in progress is recognised at its direct production cost and does not include administrative or commercial costs.

## 3.5. Trade receivables

Trade receivables are measured at their nominal value.

A separate estimate is made for trade receivables at the end of the financial year and an impairment loss is recognised in the event of a risk of non-recovery, particularly when linked to collective proceedings. Doubtful debts for which legal proceedings have not been instigated are treated as accrued credit notes.

## 3.6. Foreign currency transactions

Foreign currency income and expense items are recorded at their euro equivalent at the transaction date.

Foreign currency receivables and payables are recorded in the balance sheet at their euro equivalent determined using the closing exchange rate. Any gains or losses arising on the retranslation of foreign currency receivables and payables are recorded in the balance sheet under Translation adjustments.

A provision for contingencies and losses is recognised in respect of foreign currency translation losses in the amount of such losses, unless the transactions are hedged or their term is sufficiently close. In this case, the unrealised gains and losses are considered to form part of the overall foreign exchange position and the charge to the provision is restricted to the amount by which losses exceed gains.

### 3.7. Financial instruments

All of the foreign exchange and interest rate positions are taken using listed financial instruments traded over the counter or through organised markets with minimal counterparty risk. Gains and losses on financial instruments accounted for as hedges are recognised symmetrically with the items hedged. The fair value of financial instruments is estimated on the basis of quoted prices in active markets or values provided by banks. Gains or losses arising on derivatives used to hedge forecast transactions with separately identifiable risks are deferred and taken into account in the valuation of the transaction in question, which occurs when it is settled.

### 3.8. Short-term investment securities and cash

Short-term investment securities are recognised at cost.

At each financial year-end, an impairment loss is recognised whenever the carrying amount exceeds the value in use, except in the case of treasury shares assigned to a predetermined plan to distribute free shares to employees of the Company.

### 3.9. Plans to issue free shares by delivering existing shares

The actual staff expense is not recognised until the date shares are delivered under the plan. This expense is measured at the purchase cost of the free shares vested.

For multi-year plans contingent upon performance and/or attendance conditions, a provision for contingencies is set aside on a straight-line basis over the vesting period in recognition of the probable outflow of resources. This provision is reassessed at each balance sheet date taking into account the opening cost of the shares on the date they were assigned to the plan or the cost of shares yet to vest, measured on the basis of the share price at the balance sheet date, and the probability that the plans will be implemented at the stated terms.

### 3.10. Provisions for contingencies and losses

Provisions for contingencies and losses are set aside to cover probable outflows of resources to third parties, without consideration for the Company.

#### 3.10.1. RETIREMENT BONUSES

Sopra Steria Group recognises provisions for all of its commitments in respect of retirement bonuses in accordance with the retirement clauses of the Syntec collective bargaining agreement.

Sopra Steria Group's obligation towards its employees is determined on an actuarial basis, using the projected unit credit method: the employer's present obligation is recognised in proportion to the probable length of service of the employees, taking into account actuarial assumptions such as the level of future compensation, life expectancy and staff turnover. Changes in actuarial assumptions that affect the valuation of the obligation are recognised as actuarial gains and losses. Actuarial gains and losses representing more than 10% of the amount of obligations are recognised and amortised over the expected average working lives of the employees participating in the plan.

#### 3.10.2. OTHER PROVISIONS FOR CONTINGENCIES AND LOSSES

The Company recognises provisions for the following contingencies:

- commercial risks (estimated costs of guarantee expenses, "losses on completion" on some long-term contracts);
- employee-related costs (restructuring costs, performance-based free share plan [see Note 3.9]);
- costs related to business premises (unoccupied premises, renovations);
- financial risks such as the risk of foreign exchange losses;
- risks of tax adjustments linked to tax audits.

It should be noted that provisions recognised on a prudent basis in no way prejudice the future outcome of current disputes.

### 3.11. Revenue

#### 3.11.1. COST OF OBTAINING CONTRACTS

The costs of obtaining a contract are capitalised in assets if two conditions are met: they would not have been incurred had the contract not been obtained and they are recoverable. They can include sales commissions if these are specifically and solely linked to obtaining a contract and were not therefore granted in a discretionary manner.

#### 3.11.2. COSTS OF FULFILLING A CONTRACT: TRANSITION/TRANSFORMATION PHASES OF THIRD-PARTY APPLICATION MAINTENANCE, INFRASTRUCTURE MANAGEMENT AND OUTSOURCING CONTRACTS, PREPARATORY PHASE FOR LICENCES IN SAAS MODE

The costs of fulfilling or implementing a contract are costs directly related to the contract, which are necessary to satisfying performance obligations in the future and are expected to be recovered. They do not meet the criteria defined in the general principles to constitute a distinct performance obligation.

Certain third-party application maintenance, infrastructure management or outsourcing contracts may include transition and transformation phases. In basic contracts, these activities are combined for the purpose of preparing the operating phase. They are not distinct from subsequent services to be rendered. In this case, they represent costs to implement the contract. They are capitalised and recognised in Inventories and work in progress (Other current assets).

Conversely, in more complex or sizeable contracts, the transformation phase is often longer and more significant. This generally occurs prior to operations or parallel to temporary operations to define a target operating model. In these situations, it represents a distinct performance obligation.

Licences in SaaS mode require preparatory phases (functional integration, set-up of the technical environment) in order to reach a target operating phase. These are not distinct performance obligations but represent costs to implement the contract that are capitalised and recognised in Inventories and work in progress.

The costs of fulfilling or implementing a contract capitalised in Inventories and work in progress are released to profit or loss in a pattern consistent with revenue recognition and never give rise to the recognition of revenue.

### 3.11.3. PRODUCTION, CONSULTING AND ASSISTANCE SERVICES PROVIDED ON A TIME-AND-MATERIALS BASIS; OUTSOURCING; INFRASTRUCTURE MANAGEMENT; AND THIRD-PARTY APPLICATION MAINTENANCE (CORRECTIVE MAINTENANCE)

Revenue from production, consulting and assistance services provided on a time-and-materials basis; outsourcing; infrastructure management; and third-party application maintenance (corrective maintenance) is recognised, in accordance with the general principles, when the customer simultaneously receives and consumes the benefits of the service. Revenue is recognised based on time spent or another billable unit of work.

### 3.11.4. SERVICES COVERED BY FIXED-PRICE CONTRACTS

Revenue and profit generated over time by services performed under fixed-price contracts are recognised based on a technical estimate of the degree of completion, measured as the difference between the contract value and the amount required to cover the total number of person-days remaining to be performed.

### 3.11.5. LICENCES

Should the analysis of a contract in accordance with the general principles identify the delivery of a licence as a distinct performance obligation, control is transferred to the customer either at a point in time (grant of a right to use), or over time (grant of a right to access).

A right to access corresponds to the development of solutions in SaaS mode. Changes at any time made by the developer to the solution that expose the customer to any positive or negative effects do not represent a service for the customer. In this situation, revenue is recognised as and when the customer receives and consumes the benefits provided by performance.

If the nature of the licence granted to the customer does not correspond to the definition of a right to access, it is a right to use. In this situation, revenue from the licence shall be recognised on delivery when all the obligations stipulated in the contract have been met.

### 3.11.6. PRINCIPAL/AGENT DISTINCTION

Should the analysis of a contract identify the resale of goods or services as a separate performance obligation, it must be determined whether the Company is acting as an agent or a principal. It is acting as an agent if it is not responsible to the customer for satisfying the performance obligation and for the customer's acceptance, if there is no transformation of the goods or services and there is no inventory risk. In this situation, revenue is recognised for a net amount corresponding to the agent's margin or a commission. Otherwise, where it obtains control of the good or service prior to its transfer to the end-customer, it is acting as a principal. Revenue is recognised for the gross amount and external purchases are recorded in full as an operating expense.

## 3.12. Exceptional items

Exceptional items arising from ordinary activities are items that do not arise from the Company's day-to-day operations, either because they are unusual in amount or impact or because they only occur rarely.

## 3.13. Consolidated financial statements

The Company prepares consolidated financial statements. The Group consists of Sopra Steria Group (the parent company) and its subsidiaries as well as the Group's share in associates.

## 4. Notes to the balance sheet

### 4.1. Non-current assets

#### 4.1.1. INTANGIBLE ASSETS

<i>(in thousands of euros)</i>	Gross value (beginning of period)	Changes in scope	Acquisitions	Disposals	Gross value (end of period)
Research and development costs	3,525	-	-	-	3,525
Concessions, patents and similar rights	45,059	16,830	-	-	61,889
Goodwill	145,778	27,148	-	-	172,926
Other intangible assets	-	2,250	-	-	2,250
<b>TOTAL FIXED ASSETS</b>	<b>194,362</b>	<b>46,228</b>	<b>-</b>	<b>-</b>	<b>240,590</b>

<i>(in thousands of euros)</i>	Amortisation and provisions (beginning of period)	Changes in scope	Charges	Reversals	Amortisation and provisions (end of period)
Research and development costs	3,525	-	-	-	3,525
Concessions, patents and similar rights	34,839	15,982	4,648	-	55,469
Goodwill	54,241	813	-	-	55,054
Other intangible assets	-	-	429	-	429
<b>TOTAL AMORTISATION AND PROVISIONS</b>	<b>92,605</b>	<b>16,795</b>	<b>5,077</b>	<b>-</b>	<b>114,476</b>

Intangible assets comprise:

- research and development costs;
- software acquired or contributed;
- goodwill acquired or contributed during mergers.

Technical losses arising from the mergers of ITI and Cassiopae Real Estate Paris were allocated as follows:

- €2.250 million to an amortisable intangible asset relating to technology;
  - €19.768 million to other intangible assets with an unlimited life.
- Research and development costs for software and solutions, which totalled €20.629 million in 2018, are recognised as expenses.

#### 4.1.2. PROPERTY, PLANT AND EQUIPMENT

<i>(in thousands of euros)</i>	Gross value (beginning of period)	Changes in scope	Acquisitions	Disposals	Inter- account transfers	Gross value (end of period)
Land	323	-	-	-	-	323
Buildings	6,829	-	-	-	-	6,829
Technical installations	4,427	373	61	40	-	4,821
Sundry fittings	70,139	361	12,925	158	2,433	85,700
Vehicles	87	-	-	-	-	87
Office furniture and equipment	37,215	3	3,327	102	1,349	41,793
Other property, plant and equipment	14	-	-	-	-	14
Fixed assets in progress	4,638	-	1,363	-	-3,782	2,220
<b>TOTAL FIXED ASSETS</b>	<b>123,672</b>	<b>738</b>	<b>17,677</b>	<b>300</b>	<b>-</b>	<b>141,787</b>

<i>(in thousands of euros)</i>	Depreciation and provisions (beginning of period)	Changes in scope	Charges	Reversals	Inter- account transfers	Depreciation and provisions (end of period)
Land	146	-	10	-	-	156
Buildings	6,020	-	105	-	-	6,125
Technical installations	2,778	194	822	39	-	3,755
Sundry fittings	38,119	131	7,375	158	-	45,467
Vehicles	56	-	17	-	-	73
Office furniture and equipment	24,000	1	2,658	102	-	26,558
Other property, plant and equipment	-	-	-	-	-	-
Fixed assets in progress	-	-	-	-	-	-
<b>TOTAL DEPRECIATION AND PROVISIONS</b>	<b>71,119</b>	<b>326</b>	<b>10,987</b>	<b>299</b>	<b>-</b>	<b>82,134</b>

Property, plant and equipment consists of:

- land and buildings: Sopra Steria Group owns three buildings at the Annecy-le-Vieux site;
- office furniture, fixtures and equipment: This item refers to equipment on premises leased by Sopra Steria Group in major French cities.

Some IT equipment is acquired on three- or four-year leases and is not included under Property, plant and equipment in the parent company financial statements.

All properties other than the buildings at the Annecy-le-Vieux site are leased.

## 4.1.3. FINANCIAL INVESTMENTS

<i>(in thousands of euros)</i>	Note	Gross value (beginning of period)	Changes in scope	Acquisitions/ Increases	Disposals/ Decreases	Gross value (end of period)
Equity interests and long-term investment securities	6.11	1,346,142	-29,187	2,553	180	1,319,328
Other financial investments		581,088	33	43,345	84,542	539,924
<b>TOTAL FIXED ASSETS</b>		<b>1,927,230</b>	<b>-29,154</b>	<b>45,898</b>	<b>84,722</b>	<b>1,859,252</b>

<i>(in thousands of euros)</i>	Note	Impairment (beginning of period)	Changes in scope	Charges	Reversals	Impairment (end of period)
Equity interests and long-term investment securities	6.11	5,860	-	3,943	-	9,803
Other financial investments		-	-	4,472	-	4,472
<b>TOTAL IMPAIRMENT</b>		<b>5,860</b>	<b>-</b>	<b>8,415</b>	<b>-</b>	<b>14,275</b>

## a. Breakdown of changes in the gross amounts recognised for equity interests and related receivables

Increases:

<i>Securities concerned (in thousands of euros)</i>	Transaction	Amount
CS Communication & Systèmes	Purchase of shares	1,053
Other financial investments	Purchase of shares	1,500
	Loan	1,050
<b>TOTAL</b>		<b>3,603</b>

The €180 thousand decrease is a result of reimbursement of the Company's shareholding in Ecomouv SAS after this company was wound up.

## b. Other financial investments

At the balance sheet date, this item mainly comprised:

- loans to UK subsidiaries for £40.000 million;
- liquidity agreement (shares and cash) for €2.107 million;
- treasury shares for €2.540 million (net of impairment);
- merger loss on financial assets for €481.747 million;
- receivables relating to equity investments for €2.470 million.

During the year, this item reflected the impact of the £40.000 million partial repayment of the outstanding balance of loans to UK subsidiaries and of the We Share 2018 plan, for which the following movements were recorded:

- repurchase of 212,120 treasury shares in the market, for a total value of €34.625 million;
- sale of 106,071 shares subscribed for by employees, for a total value of €17.441 million;
- matching employer contribution represented by 106,049 free shares, for a total value of €17.311 million.

## c. Impairment of equity interests and other financial investments

In accordance with CRC Regulation 2002-10, issued by the Comité de la Réglementation Comptable (the French accounting regulation committee), on the depreciation, amortisation and impairment of fixed assets, the following changes in impairment charges were recognised in financial year 2018:

<i>(in thousands of euros)</i>	Impairment (beginning of period)	Charges	Reversals	Impairment (end of period)
Steria Medshore (Morocco)	1,006	12	-	1,018
Sopra Steria A/S (Denmark)	3,135	-	-	3,135
CS Communication & Systèmes	1,717	3,932	-	5,649
Other	2	4,472	-	4,474
<b>TOTAL</b>	<b>5,860</b>	<b>8,415</b>	<b>-</b>	<b>14,275</b>

Impairment losses were recognised on CS Communication & Systèmes shares and on treasury shares held by the Company due to the loss in the market value of those shares.

## 4.2. Other assets

### 4.2.1. INVENTORIES AND WORK IN PROGRESS

<i>(in thousands of euros)</i>	Inventories (beginning of period)	Increase	Decrease	Inventories (end of period)
Consumables	9	49		58
Work in progress	1,503	3,084	-	4,587
<b>TOTAL</b>	<b>1,512</b>	<b>3,133</b>	<b>-</b>	<b>4,645</b>

Work in progress recognises all costs incurred during the transition or transformation phases of third-party application maintenance, infrastructure management and outsourcing contracts, as well as preparatory phases for SaaS licences (cf. Note 3.11.2).

### 4.2.2. TRADE RECEIVABLES

<i>(in thousands of euros)</i>	2018	2017
Non-Group clients and related accounts	229,897	245,318
Accrued income	67,468	143,285
Group clients (including accrued income)	26,752	19,487
Doubtful debtors	144	544
Provision for doubtful debtors	-129	-529
<b>TOTAL</b>	<b>324,132</b>	<b>408,105</b>

Trade receivables and related accounts are recognised as assets and are stated at their carrying amount.

Accrued income is essentially comprised of production recognised for fixed-price projects using the percentage-of-completion method. Invoices are generally prepared for these contracts upon completion of the services rendered, which are covered over the lifespan of the projects through payments on account.

In December 2018, the Company sold a portion of its trade receivables. The total value of these with-recourse sales was €68.120 million. At 31 December 2017, the Company had also sold a portion of its trade receivables for a total of €56.820 million, including €36.984 million without recourse.

### 4.2.3. OTHER RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME

<i>(in thousands of euros)</i>	2018	2017
Staff costs and related accounts	25	165
Social security	531	231
State and local authorities		
■ Corporate income tax	4,843	5,510
■ VAT	20,603	18,084
■ Other tax	57,284	41,213
Group and associates	146,047	146,971
Impairment of current accounts	-47	-48
Other receivables	10,383	9,850
Prepaid expenses	11,152	4,906
<b>TOTAL</b>	<b>250,820</b>	<b>226,882</b>

The Other tax item includes in particular tax credits not used at 31 December 2018. It mainly consists of research tax credit receivables totalling €37.286 million.

The Corporate income tax item in the amount of €4.843 million consists solely of overpayment of a corporate income tax payment on account.

The Group and associates item consists of current account advances to Group subsidiaries (cf. Note 6.11).

Prepaid expenses relate to services invoiced in 2018 and attributable to subsequent years. They mainly concern costs associated with hardware and software maintenance contracts and leases of movable and immovable property. The increase in this item mainly relates to renewals of multi-year contracts during the year.

#### 4.2.4. DEBT ISSUANCE COSTS AND TRANSLATION ADJUSTMENTS – ASSET

The Translation adjustments – Asset item amounted to €6.572 million at end-December 2018, compared with €10.332 million at end-2017. This change relates mainly to the partial repayment (in the amount of £40.000 million) of the loan extended to UK subsidiaries.

Debt issuance costs consisted of costs to negotiate and arrange the bond issue carried out on 12 April 2013 for an initial amount of €1.672 million. These costs are amortised over the term of the debt in proportion to the interest accrued.

<i>(in thousands of euros)</i>	2018	2017
Debt issuance costs	125	368
Translation adjustments – Asset	6,572	10,332
<b>TOTAL</b>	<b>6,697</b>	<b>10,700</b>

#### 4.2.5. IMPAIRMENT OF CURRENT ASSETS

<i>(in thousands of euros)</i>	Impairment (beginning of period)	Charges	Reversals	Impairment (end of period)
Impairment of trade receivables	529	24	424	129
Impairment of current accounts	47	-	-	47
Cash and cash equivalents <sup>(1)</sup>	-	972	-	972
<b>TOTAL</b>	<b>577</b>	<b>996</b>	<b>424</b>	<b>1,148</b>

*(1) Impairment of a premium paid on an interest rate option.*

## 4.3. Equity

#### 4.3.1. STATEMENT OF CHANGES IN EQUITY

<i>(in thousands of euros)</i>	Amounts (beginning of period)	Appropriation of earnings	Impact of mergers	Change in regulated provisions	Profit for the year	Amounts (end of period)
Share capital	20,548	-	-	-	-	20,548
Issue, merger and contribution premiums	531,477	-	-	-	-	531,477
Legal reserve	2,054	2	-	-	-	2,056
Discretionary reserves	257,643	92,484	-522	-	-	349,605
Retained earnings	30	44	-	-	-	74
Profit for the year	141,770	-141,770	-	-	124,706	124,706
Regulated provisions	-	-	522	-350	-	172
<b>TOTAL EQUITY</b>	<b>953,522</b>	<b>-49,240</b>	<b>-</b>	<b>-350</b>	<b>124,706</b>	<b>1,028,638</b>

The amount of dividends paid in 2018, in respect of 2017 profit, was €2.40 per share, for a total amount of €49.240 million.

Following the merger of Cassiopae Real Estate Paris, the Company set aside a new regulated provision in the amount of €522 thousand, taken from Discretionary reserves.

#### 4.3.2. SHARE CAPITAL

At 31 December 2018, Sopra Steria Group had a share capital of €20,547,701. It is represented by 20,547,701 fully paid-up shares with a par value of €1 each.

There were no capital transactions during the year under review.

In accordance with the decision made at the Combined General Meeting of 27 June 2014 pursuant to Article L. 225-123 of the French Commercial Code arising from the Act of 29 March 2014, dual voting rights were introduced on 7 July 2014 for all fully paid-up shares held in registered form in the same shareholder's name for at least two years.

At 31 December 2018, the total number of voting rights that could be exercised at Ordinary and Extraordinary General Meetings was 26,147,566, while the total number of theoretical voting rights at that date was 26,198,889.

The Company held a total of 51,323 treasury shares at 31 December 2018. Consequently, at the balance sheet date, reserves not available for distribution amounted to €6.639 million.

Free share award plans maturing in the financial year had no dilutive effect on capital.

#### 4.3.3. REGULATED PROVISIONS

This item, which arose from the merger of Cassiopae Real Estate Paris, consists of accelerated tax depreciation in recognition of a capital cost allowance on licence purchases.

A €350 thousand reversal was recognised in the year.



## 4.4. Provisions for contingencies and losses

(in thousands of euros)	Notes	Amounts (beginning of period)	Changes in scope	Additions for the year	Reversals for the year		Amounts (end of period)
					Used	Not used	
Provisions for retirement bonuses	4.4.1	63,194	1,417	6,458	2,069	1,202	67,798
Provisions for restructuring		5,710	-	-	2,200	-	3,510
Provisions for commercial disputes		1,798	-	-	298	1,500	0
Provisions for employee disputes		2,537	-	402	647	146	2,147
Provisions for foreign exchange losses		10,332	-	5,519	10,332	-	5,519
Provisions for taxes	4.4.2	22,813	-	10,877	-	-	33,690
Provisions for contingencies on free share plans	4.4.3	9,592	-	-	-	1,669	7,923
Other provisions for contingencies		-	-	1,388	-	-	1,388
<b>TOTAL</b>		<b>115,976</b>	<b>1,417</b>	<b>24,644</b>	<b>15,546</b>	<b>4,517</b>	<b>121,975</b>

### 4.4.1. PROVISIONS FOR RETIREMENT BONUSES

Sopra Steria Group recognises provisions for its employee benefit obligations in accordance with the terms of voluntary and compulsory retirement under the Syntec collective bargaining agreement, as amended in 2004 following the French pension reform act of 21 August 2003. Provisions for retirement bonuses are recognised on an actuarial basis as described in Note 3.10.1.

Assumptions referring to mortality rates are based on published statistical data.

Turnover tables are based on five-year age brackets and are updated at each balance sheet date to reflect separation data for the last five years.

The discount rate used to calculate the present obligation is the yield on high-quality corporate bonds (rated AA or higher) denominated in the payment currency and with a maturity close to the average estimated term of the retirement benefit obligation concerned.

The Company uses the 20-year Bloomberg rate for the eurozone as the benchmark for discounting its retirement benefit obligations. At 31 December, this rate stood at 1.89%.

The total obligation in respect of retirement bonuses amounted to €67.798 million.

### 4.4.2. PROVISIONS FOR TAXES

The total amount of provisions for taxes recognised at 31 December 2018 was €33.690 million.

A further €10.877 million was provisioned in the year following receipt of the proposed tax reassessment for the 2014, 2015 and 2016 financial statements.

### 4.4.3. PROVISIONS FOR PLANS TO AWARD EXISTING SHARES FREE OF CHARGE

Since the Company had expressed its intention to fund long-term incentive (LTI) plans by acquiring existing shares in advance, it had to recognise a provision for contingencies in recognition of the probable outflow of resources.

At 31 December 2018, the total amount of the provision in respect of the 2016, 2017 and 2018 LTI plans was €7.923 million.

The characteristics of these plans are set out in Note 6.6.

The first shares will be delivered in April 2019 when the 2016 LTI plan closes.

## 4.5. Liabilities

### 4.5.1. FINANCIAL DEBT

(in thousands of euros)	Notes	Amounts (beginning of period)	Increase	Decrease	Amounts (end of period)
Syndicated loan	4.5.1.a	208,921	597	24,281	185,237
NEU CP programme	4.5.1.b	210,600	-	53,600	157,000
NEU MTN programme	4.5.1.c	-	99,000	-	99,000
Other financial debt	4.5.1.d	261,048	30,013	79,050	212,011
Employee profit-sharing		5,272	-	2,992	2,280
Bonds	4.5.1.e	180,000	-	-	180,000
Accrued interest on financial debt		4,716	8,485	8,236	4,966
<b>TOTAL</b>		<b>870,557</b>	<b>138,095</b>	<b>168,159</b>	<b>840,494</b>

**a. Syndicated loan**

As part of the Group's funding policy, in 2014 the Company arranged a €1,200 million five-year borrowing facility with two options to extend the expiry date by one year. This facility comprised a €200 million amortising tranche, an £80 million amortising tranche and a €900 million multi-currency revolving credit line. In 2018, following the exercise of the second one-year extension option, the expiry date was postponed to 6 July 2023. At 31 December 2018, the outstanding amount drawn on the loan was from the two amortising tranches (€128 million and £51.2 million after contractual amortisations for the period). The €900 million multi-currency revolving credit facility is undrawn. The Company also renegotiated the bilateral bank facility arranged in April 2017, with the outstanding amount drawn rising from €30 million to €60 million and maturity extended to the beginning of 2021, and arranged another non-reducing €50 million bilateral facility, which was undrawn at 31 December 2018.

**b. Details on the NEU CP programme**

In 2015, as part of the Group's funding policy, the Company arranged an unrated multi-currency NEU CP (previously referred to as commercial paper) programme of short-term negotiable securities that was not underwritten, with a maximum amount of €700 million. This programme is presented in documentation available on the Banque de France website, which was last updated on 30 June 2018. The average amount outstanding under the NEU CP programme was €295.5 million in 2018, compared with €458.2 million in 2017 and was very active throughout 2018. The Company benefited from negative short-term euro rates as well as investor interest in maturities of 6 to 12 months. The outstanding amount under the NEU CP programme at 31 December 2018 was €157.0 million (€210.6 million at 31 December 2017).

**c. Details on the NEU MTN programme**

In December 2017, as part of its efforts to diversify its borrowings, the Company arranged an NEU MTN programme of medium-term negotiable securities that was not underwritten, with a maximum amount of €300 million. As is the case for the earlier NEU CP programme, the NEU MTN programme is presented in documentation available on the Banque de France website. The NEU MTN programme pays fixed or floating rates, with a spread at each issue date, and maturities range from one to five years. At 31 December 2018, the outstanding amount under the NEU MTN programme was €99.0 million, with maturities of two to five years.

At 31 December 2018, the net financial debt/pro forma EBITDA ratio covenant was met, with the ratio coming in at 1.68 compared with a covenant of 3.0. It is calculated as follows:

(in thousands of euros)

	31/12/2018	31/12/2017
Short-term borrowings (< 1 year)	452,900	273,600
Long-term borrowings (> 1 year)	338,300	398,900
Cash and cash equivalents	-170,300	-162,398
Other financial guarantees	-	-
<b>Net financial debt (including financial guarantees)</b>	<b>620,900</b>	<b>510,102</b>
<b>EBITDA</b>	<b>369,640</b>	<b>354,091</b>
<b>Net financial debt/pro forma EBITDA ratio</b>	<b>1.68</b>	<b>1.44</b>

For the second ratio, pro forma EBITDA is as defined above and the cost of net financial debt is also calculated on a rolling 12-month basis.

**d. Other financial debt**

The Other financial debt item includes:

- bank overdrafts in the amount of €151.914 million relating to the management of a notional cash pooling arrangement. These amounts correspond to the debit positions of subsidiaries taking part in the cash pooling arrangement;
- a bilateral medium-term bank facility arranged in April 2017 and renegotiated in 2018, with the outstanding amount drawn rising from €30 million to €60 million and maturity extended to the beginning of 2021. The Company also arranged another five-year non-reducing €50 million bilateral facility, which was undrawn at 31 December 2018.

**e. Bonds**

The bond issue in the original amount of €180 million has the following characteristics:

- subscription date: 12 April 2013;
- coupon rate: 4.25%;
- redemption date: 12 July 2019.

**f. Covenants**

The terms and conditions to which the syndicated loan and bond issue are subject include a commitment to comply with certain financial covenants.

Two financial ratios are calculated every six months using the consolidated financial statements on a 12-month rolling basis:

- the first – known as the leverage ratio – is equal to net financial debt divided by pro forma EBITDA;
- the second – known as the interest coverage ratio – is equal to pro forma EBITDA divided by the cost of net financial debt.

The first financial ratio must not exceed 3.0 at any reporting date. The second ratio must not fall below 5.0.

Net financial debt is defined on a consolidated basis as all loans and related borrowings (excluding intercompany liabilities), less available cash and cash equivalents.

Pro forma EBITDA is consolidated operating profit on business activity adding back depreciation, amortisation and provisions included in operating profit on business activity. It is calculated on a 12-month rolling basis and is therefore restated so as to be presented in the financial statements on a like-for-like basis over 12 months. Accordingly, pro forma EBITDA for 2018 was restated in order to present the result for entities acquired over the 12-month period.

At 31 December 2018, the covenant for pro forma EBITDA/cost of net financial debt, requiring a ratio of at least 5.0, was also met, with the ratio coming in at 47.49. It is calculated as follows:

<i>(in thousands of euros)</i>	31/12/2018	31/12/2017
<b>EBITDA</b>	<b>369,640</b>	<b>354,091</b>
<b>Cost of net financial debt</b>	<b>7,784</b>	<b>6,786</b>
<b>Pro forma EBITDA/cost of net financial debt ratio</b>	<b>47.49</b>	<b>52.18</b>

#### 4.5.2. FINANCIAL INSTRUMENTS

##### a. Interest rate hedge

Within the framework of the Group's policy, the Company's aim is to protect itself against interest rate fluctuations by hedging part of its floating rate debt and investing its cash over periods of less than three months. The Company does not conduct speculative transactions on financial markets.

The derivative financial instruments used to hedge the debt are interest rate swap contracts or options, which may or may not be eligible for hedge accounting.

The eligible counterparties for interest rate hedging and investments are leading financial institutions which belong to the Sopra Steria banking syndicate. These financial instruments are managed by the Group Finance Department.

For transactions qualifying as hedges, the underlying hedged risk consists of a group of floating-rate financial liabilities. At 31 December 2018, floating-rate financial liabilities mainly comprised the euro-denominated tranche of the 2014 syndicated loan (€128 million), the NEU CPs (€157 million), a portion of the NEU MTNs (€79 million) and a contract for the sale of trade receivables (€68 million).

<i>(in thousands of euros)</i>	Fair value				Notional amount	Maturity		
	31/12/2018					< 1 year	1 to 5 years	> 5 years
	Non-current assets	Current assets	Non-current liabilities	Current liabilities				
Swap (cash flow hedge) in euros	-	-	-	296	50,000	50,000	-	-
Swap (cash flow hedge) in foreign currency	-	-	-	-	-	-	-	-
Options eligible for hedge accounting in euros	521	-	1,868	-	300,000	-	300,000	-
Options eligible for hedge accounting in foreign currency	-	-	-	-	-	-	-	-
Swaps not eligible for hedge accounting in euros	-	-	-	-	-	-	-	-
Options not eligible for hedge accounting in euros	99	-	278	-	50,000	-	50,000	-
<b>TOTAL INTEREST RATE HEDGES</b>	<b>620</b>	<b>-</b>	<b>2,146</b>	<b>296</b>	<b>400,000</b>	<b>50,000</b>	<b>350,000</b>	<b>-</b>

Transactions not qualifying as hedges relate to contracts for options not written on an underlying at 31 December 2018.

At 31 December 2018, the fair value of interest rate instruments was negative €1.826 million.

The portfolio's sensitivity in the event of a change in interest rates is:

- a decrease of €731.0 thousand in the event of a drop of 50 basis points in interest rates;
- an increase of €2,459.7 thousand in the event of a rise of 50 basis points in interest rates.

(in thousands of euros)	-50 bp		+50 bp	
	Equity impact	P&L impact (hedge ineffectiveness)	Equity impact	P&L impact (hedge ineffectiveness)
Swaps (cash flow hedge) in euros	-192	-	190	-
Swaps (cash flow hedge) in foreign currency	-	-	-	-
Swaps not eligible for hedge accounting	-	-	-	-
Options eligible for hedge accounting in euros	-436	-14	1,641	14
Options eligible for hedge accounting in foreign currency	-	-	-	-
Options not eligible for hedge accounting in foreign currency	-	-88	-	614
<b>TOTAL</b>	<b>-629</b>	<b>-102</b>	<b>1,832</b>	<b>628</b>
<i>Total impact</i>		<i>-731</i>		<i>2,460</i>

#### b. Foreign exchange hedge

Sopra Steria Group is subject to three main types of risks linked to fluctuations in exchange rates:

- currency translation risk associated with the repatriation of dividends of subsidiaries whose base currency is not the euro;
- transactional risk associated with purchases and sales of services in foreign currencies and internal foreign exchange contracts granted to subsidiaries in connection with the centralised management of foreign currency risk;
- financial foreign currency risk arising from foreign-currency borrowings (risk arising from changes in the value of the financial debt denominated in pounds sterling).

(in thousands of euros)	Nominal value	Fair value
Foreign exchange hedge <sup>(1)</sup>	67,099	576
Interest rate hedge <sup>(2)</sup>	400,000	-1,826

(1) Including internal foreign exchange contracts.

(2) Excluding swaption contracts.

#### Transaction risk

As part of the Group's general risk management policy, Sopra Steria Group systematically hedges against foreign currency transaction risks that constitute material risks.

In addition, centralised management of foreign exchange transaction risk is in place with the Group's main entities (apart from India). Sopra Steria Group acts as the centralising entity, granting exchange rate guarantees to subsidiaries in pounds sterling, US dollars and Polish zlotys. After netting internal exposures, Sopra Steria Group hedges the residual exposure through the use of derivatives.

The remeasurement through profit or loss of these financial instruments hedging balance sheet items is offset by the revaluation of foreign currency receivables over the period.

At 31 December 2018, the fair value of foreign exchange instruments was €576 thousand.

The portfolio's sensitivity in the event of a change in interest rates is:

- an increase of €538.2 thousand in the event of a 5% fall in the euro;
- a decrease of €509.5 thousand in the event of a 5% rise in the euro.

#### Foreign currency risk

Sopra Steria Group SA grants loans in sterling to a UK subsidiary, the outstanding balance of which is £40 million, financed by an equivalent debt in sterling.

At 31 December 2018, sterling-denominated debt providing partial coverage of the assets comprised of shares in UK subsidiaries amounted to £151.9 million.

#### 4.5.3. TRADE PAYABLES

(in thousands of euros)	2018	2017
Non-Group suppliers and related accounts	42,034	37,241
Accrued expenses	56,044	48,010
Group suppliers (including accrued expenses)	39,260	28,901
<b>TOTAL</b>	<b>137,338</b>	<b>114,152</b>

## 4.5.4. TAX AND SOCIAL SECURITY PAYABLES

<i>(in thousands of euros)</i>	2018	2017
Staff costs and related accounts	93,935	105,078
Social security	110,774	113,571
State and local authorities		
■ Corporate income tax	-	-
■ VAT	97,633	104,835
■ Other tax	5,389	4,904
<b>TOTAL</b>	<b>307,731</b>	<b>328,388</b>

## 4.5.5. OTHER LIABILITIES, ACCRUALS AND DEFERRED INCOME

<i>(in thousands of euros)</i>	2018	2017
Liabilities on fixed assets and related accounts	485	31,281
Group and associates	202,726	203,456
Other liabilities	34,411	31,226
Deferred income	74,393	105,144
<b>TOTAL</b>	<b>312,015</b>	<b>371,107</b>

Deferred income comprises the portion of interim billings issued in advance on fixed-price and maintenance contracts.

At 31 December 2017, Liabilities on fixed assets included the purchase price for the ITI and Cassiopae RE Paris shares for a total of €29.187 million. This liability was settled with Sopra Banking Software France in January 2018.

## 4.5.6. TRANSLATION ADJUSTMENTS – LIABILITY

Translation adjustments – Liability mainly relates to unrealised translation differences on the foreign currency portion of the syndicated loan.

<i>(in thousands of euros)</i>	2018	2017
Translation adjustments – Liability	9,597	9,258
<b>TOTAL</b>	<b>9,597</b>	<b>9,258</b>

## 5. Notes to the income statement

### 5.1. Operating income

#### 5.1.1. REVENUE

Revenue breaks down as follows by vertical market:

	2018	2017
Services	24.3%	25.1%
Manufacturing	24.1%	23.5%
Finance	20.0%	19.9%
Public Sector	20.4%	19.9%
Telecoms & Media	8.5%	9.1%
Retail	2.7%	2.6%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Of the €1,554 million of revenue generated in 2018, €79.1 million derived from international operations.

### 5.1.2. EXPENSES TRANSFERRED

Expenses transferred in financial year 2018 amounted to €29.392 million.

They mainly consisted of transfers from one expense account to another, as well as intercompany rebilling of structural costs initially recognised by Sopra Steria as part of its management of certain contracts and Group employee share ownership plans.

## 5.2. French tax credit for competitiveness and jobs (CICE)

In respect of the 2018 financial year, Sopra Steria Group recorded a CICE tax credit of €18.276 million, recognised as a deduction against staff costs.

Sopra Steria Group sold its 2018 CICE tax credit receivables amounting to €23.394 million, including all such receivables relating to tax-consolidated entities.

Of this amount, €22.512 million had already been financed at the balance sheet date. The remaining balance of €881 thousand is recognised under Other receivables and is due to be received in the first quarter of 2019.

The CICE is used in accordance with regulations in force (Article 244 quater C of the French General Tax Code).

## 5.3. Financial items

(in thousands of euros)

	Notes	2018	2017
Dividends received from equity interests	6.11	45,413	34,205
Interest on bank borrowings and similar charges		-10,396	-10,878
Interest on employee profit-sharing		-159	-440
Discounting of the pension provision		-1,195	-1,119
Interest received and paid on Group current accounts		2,114	2,054
Positive and negative foreign exchange impact (including provision)		-557	586
Impairment of equity interests	4.1.3.b	-8,416	11,693
Other financial income and expenses		4,370	10,775
<b>FINANCIAL ITEMS</b>		<b>31,174</b>	<b>46,876</b>

Foreign exchange gains and losses mainly arise from transactions carried out in pounds sterling and US dollars during the year.

The change in other financial income and expenses mainly relates to a capital gain of €6.467 million arising on the 2017 conversion into shares of the CS Communication & Systèmes convertible bonds.

## 5.4. Exceptional items

(in thousands of euros)

	Notes	2018	2017
Scrapping of fixed assets		-11	-710
Disposal of financial investments		-	4,865
Gains or losses on treasury share transactions		-1,128	3,070
Provision for taxes	4.4.2	-10,877	2,004
Restructuring operations		-235	-865
Provision for commercial disputes		-395	-
Accelerated depreciation and amortisation		350	-
Other		289	-1,212
<b>EXCEPTIONAL ITEMS</b>		<b>-12,007</b>	<b>7,152</b>

The main movement in exceptional income and expenses resulted from the provision for taxes recognised in the year in the amount of €10.877 million.

## 5.5. Employee profit-sharing and incentives

### 5.5.1. EMPLOYEE PROFIT-SHARING

The amount of legally prescribed employee profit-sharing was nil in 2018, since net taxable profit equated to less than 5% of equity.

### 5.5.2. INCENTIVES

Incentives for 2018 were provisioned in the amount of €4.563 million.

## 5.6. Corporate income tax

### 5.6.1. TAX CONSOLIDATION

Sopra Steria Group and some of its subsidiaries have opted to file as a tax consolidation group. Each of the companies computes and recognises its own income tax charge as if it were taxed separately.

The tax saving arising from application of the Group tax regime, equal to the difference between the sum of tax paid to the parent company by consolidated companies and tax calculated on Group earnings and actually payable to the French Treasury, will accrue to the parent company.

However, given the provisions laid down in Article 2 of these agreements, tax savings recognised by the parent company during the financial year, arising from the use of tax losses and net long-term capital losses reported by consolidated companies, are only temporary, since they will be taken into account by consolidated companies when they determine their taxes for subsequent financial years.

Since the tax consolidation group posted a loss in 2018, Sopra Steria Group recognised tax income of €6.410 million in the year, arising entirely from tax consolidation gains.

### 5.6.2. RESEARCH TAX CREDIT

Sopra Steria Group recognised an R&D tax credit of €17.200 million in 2018.

### 5.6.3. BREAKDOWN OF TAX BETWEEN RECURRING AND EXCEPTIONAL OPERATIONS

Corporate income tax is broken down as follows:

<i>(in thousands of euros)</i>	2018	2017
Tax on recurring operations	10,104	8,689
Tax on exceptional operations	-1,110	1,434
Impact of tax consolidation	-15,404	-8,568
Tax following tax reassessment	-	-
R&D tax credit	-17,971	-14,904
Other tax expenses	-913	-2,424
Other tax credits	-718	-540
<b>TOTAL</b>	<b>-26,012</b>	<b>-16,314</b>

## 5.6.4. DEFERRED AND UNREALISED TAX ITEMS

	Basis			
	2018		2017	
(in thousands of euros)	Assets	Liabilities	Assets	Liabilities
<b>I. CERTAIN OR CONTINGENT DIFFERENCES</b>				
Temporary non-deductible expenses				
To be deducted the following year:				
■ Employee profit-sharing	-	-	-	-
■ Organic tax	2,586	-	2,255	-
To be deducted thereafter:				
■ Provision for post-employment benefits	67,798	-	63,194	-
■ Provision for foreign exchange losses	5,519	-	10,332	-
■ Amortisation of intangible assets	429	-	-	-
■ Other	4,038	-	6,210	-
Temporary non-taxable income				
■ Capital gains on mergers/conversions	-	6,467	-	6,467
■ Deferred long-term capital gains	-	-	-	-
Deducted expenses (or taxed income) for tax purposes that have not been recognised				
■ Foreign currency translation losses	-	6,572	-	10,332
■ Foreign currency translation gains	9,597	-	9,082	-
■ Deferred charges	-	-	-	-
Other	-	-	-	-
<b>TOTAL</b>	<b>89,967</b>	<b>13,039</b>	<b>91,073</b>	<b>16,799</b>
<b>II. ITEMS TO BE OFFSET</b>				
Losses that may be carried forward for tax offset	-	29,744	41,974	-
Long-term capital losses	-	-	-	-
<b>III. CONTINGENT TAX ITEMS</b>				
Capital gains on non-depreciable assets contributed on merger	-	148,729	-	148,729
Special reserve for construction profits	-	-	-	-



## 6. Other information

### 6.1. Maturities of receivables and payables at the balance sheet date

#### 6.1.1. RECEIVABLES

(in thousands of euros)

	Gross amount	Up to 1 year	More than 1 year
<b>Non-current assets</b>			
Receivables related to equity interests	4,470	-	4,470
Other financial investments	47,068	481	46,587
<b>Current assets</b>			
Doubtful debts and disputes	144	-	144
Other trade receivables	324,117	324,117	-
Staff costs and related accounts	25	25	-
Social security	531	531	-
State and local authorities			
■ Corporate income tax	4,843	4,843	-
■ VAT	20,603	20,603	-
■ Other tax	57,284	26,018	31,266
Group and associates	146,047	146,047	-
Other receivables	10,383	10,383	-
Prepaid expenses	11,152	9,918	1,234
<b>TOTAL</b>	<b>626,667</b>	<b>542,965</b>	<b>83,701</b>

#### 6.1.2. LIABILITIES

(in thousands of euros)

	Gross amount	Up to 1 year	More than 1 year and within 5 years	More than 5 years
<b>Bank borrowings</b>				
■ 2 years maximum at origin	-	-	-	-
■ More than 2 years at origin	245,237	23,155	222,082	-
Bonds	180,000	180,000	-	-
Other financial debt	415,257	316,161	99,000	96
Trade payables and related accounts	137,338	137,338	-	-
Staff costs and related accounts	93,935	93,935	-	-
Social security	110,774	110,774	-	-
State and local authorities:				
■ Corporate income tax	-	-	-	-
■ VAT	97,633	97,633	-	-
■ Other tax	5,389	5,389	-	-
Payables on fixed assets and related accounts	485	485	-	-
Group and associates	202,726	189,976	12,750	-
Other liabilities	34,411	34,411	-	-
Deferred income	74,393	74,393	-	-
<b>TOTAL</b>	<b>1,597,578</b>	<b>1,263,650</b>	<b>333,832</b>	<b>96</b>

## 6.2. Information on finance leases

### 6.2.1. ASSETS HELD UNDER FINANCE LEASES

(in thousands of euros)	Original value	Depreciation charge		Net value
		For the period	Accumulated	
IT equipment	30,601	7,156	15,425	15,176

### 6.2.2. FINANCE LEASE COMMITMENTS

(in thousands of euros)	Actual lease payments		Lease payments remaining			Residual purchase price
	For the period	Accumulated	Less than 1 year	From 1 to 5 years	Total payable	
IT equipment	7,521	16,753	7,067	6,671	13,738	306

## 6.3. Off balance sheet commitments

### 6.3.1. OFF BALANCE SHEET COMMITMENTS GIVEN

(in thousands of euros)	31/12/2018
<b>Commitments given</b>	
Endorsements and bank guarantees	29,409
Counter-guarantee on non-bank guarantees covering contracts <sup>(1)</sup>	304,802
Bank counter-guarantee	-
Nominal value of future equipment operating lease payments	2,292
Nominal value of future real estate operating lease payments	140,951
Nominal value of future finance lease payments	14,044
Foreign exchange hedge <sup>(2)</sup>	67,160
Interest rate hedge	400,000
<b>TOTAL COMMITMENTS GIVEN</b>	<b>959,204</b>

(1) Under the IT service contracts entered into with its clients, the Company may, if formally requested by its clients, provide parent company guarantees to its subsidiaries in respect of the performance of their obligations under the contracts signed directly with their clients. To date, no use has ever been made of any such guarantee.

(2) Including internal foreign exchange contracts.

## 6.3.2. OFF BALANCE SHEET COMMITMENTS RECEIVED

<i>(in thousands of euros)</i>	31/12/2018
<b>Commitments received</b>	
Endorsements and other bank guarantees	-
Cash facilities (current bank overdrafts):	
■ Authorised	161,500
■ Utilised (balance sheet)	7
■ Not utilised (off balance sheet)	161,493
Medium-term loan:	
■ Authorised	950,000
■ Utilised (balance sheet)	-
■ Not utilised (off balance sheet)	950,000
Nominal value of future real estate sublease payments	67,160
Net carrying amount of leased assets	15,176
Foreign exchange hedge <sup>(1)</sup>	67,160
Interest rate hedge	400,000
<b>TOTAL COMMITMENTS RECEIVED</b>	<b>1,644,132</b>

(1) Including internal foreign exchange contracts.

**Other off balance sheet commitments**

As part of a cash pooling arrangement set up in 2012 between certain Group entities and BMG (Bank Mendes Gans), the Company acts as guarantor for the amounts borrowed by its subsidiaries.

Sopra Steria Group also acts as guarantor for the amount of the contribution payable by its UK subsidiaries in respect of pension plans in the event that those subsidiaries should default. Similarly, it acts as guarantor for the put option granted to the UK Cabinet Office to acquire the 25% stake not yet held in SSCL, in the event that the Sopra Steria Ltd subsidiary should default.

## 6.4. Accrued income and expenses

<i>(in thousands of euros)</i>	31/12/2018	31/12/2017
<b>Accrued income</b>		
Trade payables – Credit notes to be received	550	673
Trade receivables and related accounts	75,956	151,490
Tax and social security receivables	571	3,997
Cash and cash equivalents	365	5
<b>TOTAL</b>	<b>77,442</b>	<b>156,165</b>
<b>Accrued expenses</b>		
Accrued interest on financial debt	4,967	4,717
Trade payables and related accounts	72,434	64,397
Trade receivables – Credit notes to be issued	16,636	15,363
Tax and social security payables	129,346	147,591
<b>TOTAL</b>	<b>223,383</b>	<b>232,068</b>

## 6.5. Retirement benefit obligations

### 6.5.1. AMOUNTS RECOGNISED IN THE BALANCE SHEET

<i>(in thousands of euros)</i>	31/12/2018	31/12/2017
Present value of the obligation financed (with corridor)	71,398	67,575
Fair value of plan assets	-	-
Difference	-	-
<b>Present value of the obligation financed</b>	<b>71,398</b>	<b>67,575</b>
Unrecognised actuarial losses (difference)	-3,188	-3,749
Intercompany transfers and partial transfers of assets	-	-
Unrecognised past service cost	-413	-632
<b>Net liability on the balance sheet (provision after charge for the year)</b>	<b>67,798</b>	<b>63,194</b>
<b>Balance sheet amounts</b>	<b>-</b>	<b>-</b>
Liabilities	67,798	63,194
Assets	-	-
<b>NET OBLIGATION IN THE BALANCE SHEET</b>	<b>67,798</b>	<b>63,194</b>

### 6.5.2. AMOUNTS RECOGNISED IN THE INCOME STATEMENT

<i>(in thousands of euros)</i>	31/12/2018	31/12/2017
Current service cost	5,043	5,141
Interest on obligation	1,195	1,119
Net actuarial losses recognised for the period	-	6
Past service cost	220	220
Losses/(gains) on curtailments and settlements	-	-
<b>Total recognised under Operating expenses</b>	<b>6,458</b>	<b>6,486</b>
Actual return on plan assets	-	-
<b>Net liability at the beginning of the period (with corridor)</b>	<b>63,193</b>	<b>57,888</b>
Net expense recognised in the income statement	3,187	5,306
Contributions	-	-
Intercompany transfers and partial transfers of assets	1,417	-
<b>NET LIABILITY AT THE END OF THE PERIOD</b>	<b>67,798</b>	<b>63,194</b>

The calculation assumptions for this obligation were as follows:

- each employee is entitled to a retirement bonus;
- the amount payable is calculated as set out in the collective bargaining agreement covering the category of employees in question;
- voluntary retirement age: 65;
- salary increase rate: 2.5%;
- discount rate: 1.89%.

## 6.6. Employee share ownership plan

### 6.6.1. WE SHARE 2018 EMPLOYEE SHARE OWNERSHIP PLAN

On 18 January 2018, the Board of Directors decided to implement an employee share ownership plan reserved for employees of the Company and its majority-owned subsidiaries in France that are

enrolled in the Group savings plan (PEG) as well as employees of the Company's subsidiaries in Belgium, Denmark, Germany, Italy, Luxembourg, the Netherlands, Norway, Poland, Singapore, Spain, Sweden, Switzerland and India that are enrolled in the international Group savings plan (PEGI).

In the United Kingdom, a share incentive plan (SIP) has been set up under specific legal conditions.

Employees were able to acquire Sopra Steria shares under a "conventional" purchase model and receive a matching employer contribution of one free share per share purchased, up to a maximum gross value of €3,000.

The offer of Sopra Steria shares to Group employees was carried out via the transfer of existing treasury shares, bought back in advance by Sopra Steria under a share buyback programme authorised by the shareholders at the General Meeting of 25 June 2015.

Excluding the SIP, this offer involved 212,120 shares in the Company, comprised of 106,071 shares purchased by employees and 106,049 free shares awarded as the matching employer contribution.

Sopra Steria Group employees subscribed for 55,525 shares and received 55,525 shares as the matching employer contribution.

In the parent company financial statements, the impact on profit and loss of this plan was as follows:

- a €127 thousand capital gain on the sale of shares subscribed by employees;
- a staff cost relating to the matching employer contribution of €9.063 million.

## 6.6.2. FREE PERFORMANCE SHARE AWARD PLANS AS A LONG-TERM INCENTIVE

Four free performance share award plans were in force in 2018:

- one plan added following the Sopra-Steria merger (in Steria shares):

Plan 13, previously authorised by decision of the shareholders of Groupe Steria SCA at its General Meeting on 15 May 2012, expired in October 2018;

- three multi-year Sopra Steria Group plans known as the 2016, 2017 and 2018 LTI (long-term incentive) plans.

At the Combined General Meeting of Sopra Steria Group on 22 June 2016, the shareholders authorised the Board of Directors to award free performance shares in the Company to employees and/or executive company officers, for up to a maximum of 3% of the Company's share capital on the date on which the Board of Directors decides to make the award.

At maturity, the Board of Directors may decide whether to issue new shares or buy back existing shares to fund these plans.

Performance shares are delivered to recipients provided they meet the requisite attendance and performance conditions on conclusion of the vesting period.

### Plans added following the Sopra-Steria merger

(in Steria shares)

	Sopra Steria plan			
	Plan 13 <sup>(1)</sup>	2016 LTI plan <sup>(2)</sup>	2017 LTI plan <sup>(2)</sup>	2018 LTI plan <sup>(2)</sup>
Date of General Meeting	22/05/2014	22/06/2016	22/06/2016	22/06/2016
Date granted by the Board of Directors	15/10/2014	24/06/2016	24/02/2017	16/02/2018
Total number of shares in awards granted subject to conditions	79,500	88,500	109,000	128,000
Number of shares granted to:				
■ Company officers	-	3,000	3,000	3,000
■ Top ten employee grantees	21,800	19,000	20,000	21,000
Vesting date				
■ France	15/10/2017	31/03/2019	31/03/2020	31/03/2021
■ Other countries	15/10/2018	31/03/2019	31/03/2020	31/03/2021
Holding period expiry date				
■ France	15/10/2019			
■ Other countries		<sup>(3)</sup>		
Number of potential shares that could have been granted as at 1 January 2018	32,500	68,810	86,940	-
Granted in 2018	31,900	-	-	128,000
Awards cancelled in 2018	600	16,192	19,508	30,001
Vested at 31 December 2018	52,100	-	-	-
<b>SHARES REMAINING AT 31 DECEMBER 2018</b>	<b>-</b>	<b>52,618</b>	<b>67,432</b>	<b>97,999</b>

(1) Plan with conditional grant depending on the recipient's continued employment and performance requirements as measured by changes in operating profit on business activity and consolidated revenue over a two-year period.

(2) Plan with conditional grant depending on the recipient's continued employment and performance requirements as measured by changes over three years in operating profit on business activity, consolidated revenue and consolidated free cash flow.

(3) No holding period.

### 6.7. Compensation of Directors and company officers

Directors' fees paid in 2018 in respect of financial year 2017 amounted to €500 thousand.

Compensation paid in 2018 to company officers totalled €1.209 million.

### 6.8. Workforce

The average workforce in 2018 was 12,636 employees.

The workforce at 31 December 2018 totalled 13,573 employees.

### 6.9. Exceptional events and legal disputes

There were employee and contractual risks and disputes at the balance sheet date that are not provisioned in the balance sheet because they constitute contingent liabilities. Uncertainties remain as to their amount and the timing of the outflow of resources.

Furthermore, there are no exceptional events or legal disputes that may have a material effect on the Company's financial position, revenue, assets or net profit.

### 6.10. Subsequent events

None.

## 6.11. Subsidiaries and equity interests

Company (in thousands of euros)	Share capital	Other share-holders' equity	% of capital held	Carrying amount of shares held (including merger deficit)		Loans and advances granted by the Company	Guarantees and securities given	Revenue excluding VAT	Profit or loss	Dividends received by the Company
				Gross	Net					
<b>Subsidiaries</b>										
Sopra Banking Software (France)	161,867	-67,884	100	154,442	154,442	144,408	28,000	243,987	-53,433	-
Sopra HR Software (France)	13,110	33,831	100	3,171	3,171	-	7,100	163,452	14,587	6,555
Sopra Steria Holdings Ltd (United Kingdom)	19,946	190,356	100	388,753	388,753	-	-	-	3,431	-
Sopra Steria Group SpA (Italy)	3,660	3,192	100	12,503	12,503	-	-	76,112	2,914	732
Sopra Steria España SAU (Spain)	24,000	53,055	100	116,747	116,747	-	-	198,988	11,011	5,000
Beamap (France)	10	1,172	100	2,775	2,775	-	-	3,248	242	-
Sopra Steria AB (Sweden)	683	17,183	100	33,673	33,673	-	-	564	-	-
Sopra Steria AG (Switzerland)	4,086	7,312	99	37,561	37,561	-	4,437	46,704	3,050	2,416
Sopra Steria A/S (Denmark)	1,339	1,914	100	12,220	9,086	-	536	12,835	512	-
Sopra Steria Benelux (Belgium)	9,138	1,980	99	45,756	45,756	-	-	72,230	-59	199
Sopra Steria AS (Norway)	2,010	25,285	100	126,303	126,303	-	6,031	252,931	13,838	9,018
Sopra Steria SE (Germany)	10,000	18,039	100	183,153	183,153	-	18,000	332,094	2,711	13,600
Sopra Steria Asia (Singapore)	1,283	5,417	100	3,590	3,590	-	53,695	15,342	726	219
Sopra Steria Infrastructure & Security Services (France)	26,155	-7,094	100	39,617	39,617	-	-	243,273	3,392	-
Steria Medshore SAS (Morocco)	640	1,019	100	2,688	1,671	1,149	-	-	-53	-
Sopra Steria Polska Sp. z o.o. (Poland)	4,286	2,683	100	10,800	10,800	-	-	27,808	1,839	1,291
Sopra Steria UK Corporate Ltd (United Kingdom)	19,936	207,908	100	389,600	389,600	-	-	-	25,403	-
CIMPA (France)	152	16,259	100	100,000	100,000	-	-	105,619	5,421	5,000
Tecfit (France)	833	11,673	88	46,709	46,709	-	-	1,165	-121	-
Sopra Steria Services (France)	10	-5	100	10	10	-	-	-	-1	-
XYZ 12 2016 (France)	10	-3	100	10	10	-	-	-	-1	-
S2Com Consulting (USA)	9	44	62	5	5	-	-	3	-21	-
<b>EQUITY INTERESTS</b>										
La FoncièreNumérique	N/A	N/A	8	80	80	4,470	-	N/A	N/A	-
CS Communication & Systèmes	N/A	N/A	11	15,548	9,899	-	-	N/A	N/A	-
Sentryo	N/A	N/A	9	1,500	1,500	-	-	N/A	N/A	-
Axway Software	42,420	213,026	33	73,859	73,859	-	-	157,202	23,120	1,383

## 6.12. Summary of results for the last five financial years

<i>(in euros)</i>	2018	2017	2016	2015	2014
<b>Financial position at year-end</b>					
■ Share capital	20,548	20,548	20,532	20,447	20,372
■ Number of shares issued	20,548	20,548	20,532	20,447	20,372
■ Number of bonds convertible into shares	-	-	-	-	-
<b>Results of operations for the year</b>					
■ Revenue excluding VAT	1,553,775	1,456,888	1,393,280	1,289,104	1,447,462
■ Profit before tax, depreciation, amortisation and provisions	127,749	140,168	169,579	39,930	-108,916
■ Corporate income tax	-26,012	-16,314	-3,368	-8,286	-18,678
■ Profit after tax, depreciation, amortisation and provisions	124,706	141,770	142,022	33,358	-118,714
■ Amount of profit distributed as dividends	38,013	49,314	45,170	34,759	38,706
<b>Earnings per share</b>					
■ Profit after tax but before depreciation, amortisation and provisions	7.48	7.62	8.42	2.36	-4.43
■ Profit after tax, depreciation, amortisation and provisions	6.07	6.90	6.92	1.63	-5.83
■ Dividend paid per share	1.85	2.40	2.20	1.70	1.90
<b>Employee data</b>					
■ Number of employees	13,083	13,238	13,086	12,793	15,213
■ Total payroll	610,196	593,410	575,237	580,995	699,464
■ Amount paid in respect of employee benefits (social security, employee discounts, etc.)	299,928	296,846	264,663	258,907	309,484



## 6.13. Maturity schedule of trade payables and receivables

### Article D. 441-4 I. 2° of the French Commercial Code: Invoices issued, not yet paid and past due at the balance sheet date

	0 days (for guidance only)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total
<b>(A) INVOICES PAID LATE</b>						
Number of invoices concerned	0					15,004
Total amount of invoices concerned (€k, incl. VAT)		28,069	9,030	1,562	9,271	47,932
Percentage of revenue for the year (excl. VAT)		1.5%	0.5%	0.1%	0.5%	2.6%
<b>(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED PAYABLES AND RECEIVABLES OR NOT RECORDED IN THE ACCOUNTS</b>						
Number of invoices excluded						14
Total amount of invoices excluded (€k, incl. VAT)					144	144
<b>(C) PAYMENT TERMS USED AS REFERENCE (CONTRACTUAL DEADLINE OR LEGAL DEADLINE SET FORTH IN ARTICLE L. 441-6 OR L. 443-1 OF THE FRENCH COMMERCIAL CODE)</b>						
Payment terms used to calculate late payments						<ul style="list-style-type: none"> <li>■ Contractual deadline: 45 days</li> <li>■ Legal deadline: 45 days</li> </ul>

### Article D. 441-4 I. 1° of the French Commercial Code: Invoices received, not yet paid and past due at the balance sheet date

	0 days (for guidance only)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total
<b>(A) INVOICES PAID LATE</b>						
Number of invoices concerned	0					16,911
Total amount of invoices concerned (€k, incl. VAT)		9,977	1,789	453	1,313	13,532
Percentage of total purchases for the year (excl. VAT)		1.5%	0.3%	0.1%	0.2%	2.1%
<b>(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED PAYABLES AND RECEIVABLES OR NOT RECORDED IN THE ACCOUNTS</b>						
Number of invoices excluded						
Total amount of invoices excluded (€k, incl. VAT)						
<b>(C) PAYMENT TERMS USED AS REFERENCE (CONTRACTUAL DEADLINE OR LEGAL DEADLINE SET FORTH IN ARTICLE L. 441-6 OR L. 443-1 OF THE FRENCH COMMERCIAL CODE)</b>						
Payment terms used to calculate late payments						<ul style="list-style-type: none"> <li>■ Contractual deadline: 30 to 45 days</li> <li>■ Legal deadline: 45 days</li> </ul>

# Statutory Auditors' report on the parent company financial statements

To the General Meeting of Sopra Steria Group,

## 1. Opinion

In accordance with our appointment as Statutory Auditors by the shareholders at your General Meetings, we have audited the attached parent company financial statements of Sopra Steria Group for the financial year ended 31 December 2018.

In our opinion, the parent company financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as of 31 December 2018 and of the results of its operations for the financial year then ended, in accordance with French accounting principles.

The above opinion is in keeping with the contents of our report to the Audit Committee.

## 2. Basis of our opinion

### 2.1 AUDIT FRAME OF REFERENCE

We performed our assignment in accordance with the professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The responsibilities incumbent on us under these standards are set out in the section of this report entitled "Responsibilities of the Statutory Auditors relating to the audit of the parent company financial statements".

### 2.2 INDEPENDENCE

We performed our audit in accordance with the independence rules applicable to us for the period from 1 January 2018 to the date our report was issued, and in particular we have not provided any services prohibited by Article 5, paragraph 1 of Regulation (EU) No. 537/2014 or by the French Code of Ethics for Statutory Auditors.

## 3. Justification of our assessments – Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key audit matters relating to the risks of material misstatement which, according to our professional judgment, were most significant for the audit of the parent company financial statements for the year, as well as our responses to these risks.

These assessments were made as part of our audit of the parent company financial statements taken as a whole and the formation of our opinion as expressed above. We do not express an opinion on elements of the parent company financial statements taken in isolation.

### 3.1 REVENUE RECOGNITION ON FIXED-PRICE CONTRACTS

(Note 3.11.4 to the parent company financial statements)

#### Risk identified

Sopra Steria Group, one of Europe's key players in digital transformation, offers end-to-end, high-value-added services comprising consulting and systems integration, development of industry- and technology-specific solutions, IT infrastructure management, cybersecurity and business process services (BPS).

At 31 December 2018, the Company's revenue totalled €1.6 billion, a significant portion of which related to fixed-price contracts. Fixed-price contracts are characterised by commitments relating to the price, the end result and the deadline.

As stated in Note 3.11.4 to the parent company financial statements, "Services covered by fixed-price contracts", services corresponding to contracts of this kind are recognised using the percentage-of-completion method. This method requires an estimate by management of figures on completion and the level of completion of the contract, it being specified that the amount of revenue recognised at each balance sheet date is based on the difference between the contract value and the amount required to cover the total number of man-days remaining to be performed.

We considered the recognition of income on fixed-price contracts as a key matter of our audit due to its significance in Sopra Steria Group's financial statements and the level of judgment and estimation required by management to determine revenues and income on completion from these contracts.

#### Our response

We familiarised ourselves with the internal control procedures implemented by the Company and tested the key controls relating to determining income from fixed-price contracts.

For a sample of contracts deemed material due to their financial impact and risk profile:

- we reconciled contractual data, including any contractual changes resulting from additional requests and contractual claims, with management and accounting data;
- we talked to management and project managers in order to assess the reasonable nature of the estimates made by management and corroborate the estimated amount allocated to cover the total number of person-days remaining to be performed, particularly in comparison with prior estimates and by reviewing correspondence with the client and assessing whether this has been translated correctly into the accounts. In performing this work we drew on experience acquired in previous years relating to similar contracts;
- for contracts subject to claims, we talked to the Company's legal department and reviewed correspondence with the client in order to assess the estimates made by management.

We also used substantive checks on a sample of trade accounts receivable and accrued income in order to assess management's estimates relating to the prospect of recovering these receivables.

### 3.2 VALUATION AND IMPAIRMENT OF FINANCIAL INVESTMENTS

(Notes 3.3 and 4.1.3 to the parent company financial statements)

#### Risk identified

Financial investments are reported in the balance sheet at 31 December 2018 for a net amount of € 1,845 million, representing 66.9% of the total balance sheet.

As presented in Note 3.3 to the parent company financial statements, equity interests are recognised at acquisition cost and impaired when, at the balance sheet date, their value in use is less than their carrying amount.

The estimation of the value in use of these securities requires the management to exercise judgment in selecting the items to be considered depending on the investments concerned, items that may correspond to historical items (equity and net debt) or to forecast items (discounted future cash flows taking into account profitability prospects and economic conditions in the countries under consideration).

We considered that the valuation of financial investments is a key matter of our audit because of their significant importance in the Company's parent company financial statements and the judgment exercised by management in determining their value in use.

#### Our response

To assess the reasonableness of the estimate of the value in use of equity interests, based on the information provided to us, our work consisted in particular of:

- verifying, for valuations based on historical elements, that the retained equity is consistent with the accounts of entities that have been the subject of an audit or analytical procedures and assess the appropriateness of any adjustments made to this equity;
- For valuations based on forecast items:
  - obtaining cash flow forecasts for the entities concerned prepared by the operational departments, and assess their consistency with the forecast data derived from the latest strategic plans, prepared under the supervision of their general management for each of these activities and approved, where applicable, by the Board of Directors,
  - assessing the consistency of the assumptions used, in particular, the growth rate of projected flows, with the market analyses and consensus observed, and verify the discount rate applied in its various components,
  - comparing the forecasts used for previous periods with the corresponding achievements in order to assess the achievement of past objectives.

Beyond the assessment of values in use of equity interests, our work also involved:

- assessing the recoverability of loans to subsidiaries compared with the analyses carried out on the equity interests;
- verifying the recognition of a provision for risks in the case where a company is committed to bear the losses of a subsidiary with negative equity.

Lastly, we verified the appropriateness of the information provided in Notes 3.3 and 4.1.3 to the parent company financial statements.

### 3.3 PROVISIONS FOR RETIREMENT BONUSES

(Notes 3.10.1 and 4.4.1 to the parent company financial statements)

#### Risk identified

Sopra Steria Group recognises provisions for its commitments to employees concerning retirement benefits in accordance with the terms of voluntary and compulsory retirement under the Syntec collective bargaining agreement. The related provision is evaluated recognised on an actuarial basis based on the projected unit credit method described in Notes 3.10.1 and 4.4.1 to the parent company financial statements. The actuarial value of accumulated benefits as at 31 December 2018 was €67.8 million.

Valuing these commitments, as well as the actuarial cost for the year, requires a high level of judgment by management to determine appropriate assumptions to be made such as the discount rate, future pay rises, staff turnover and mortality tables.

The change in some of these assumptions may have a material impact on determining the amount of the provision recognised.

In view of the amounts represented by these commitments, we considered the provisions for retirement benefits to be a key matter of our audit.

#### Our response

We familiarised ourselves with the process for valuing the provision for retirement benefits applied by Sopra Steria Group. A review of actuarial assumptions was performed to take into account any changes over the year or ad hoc impacts by means of:

- assessing the discount rate in order to evaluate their consistency with market conditions and duration;
- assessing the reasonable nature of assumptions relating to pay rises, staff turnover and mortality;
- a review of calculations supporting the sensitivity of date to changes in the discount rate.

Lastly, we verified the appropriateness of the information provided in Notes 3.10.1 and 4.4.1 to the parent company financial statements.

## 4. Specific verifications

We also performed the other specific verifications required by law and regulations in accordance with professional practice standards applicable in France.

### 4.1 INFORMATION GIVEN IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS WITH RESPECT TO THE FINANCIAL POSITION AND THE PARENT COMPANY FINANCIAL STATEMENTS ADDRESSED TO SHAREHOLDERS

We have no matters to report regarding the fair presentation and consistency with the parent company financial statements of the information given in the Management Report of the Board of Directors and in the other documents addressed to shareholders with respect to the financial position and the parent company financial statements.

We certify that information relating to payment times as mentioned in Article D.441-4 of the French Commercial Code is fair and consistent with the parent company financial statements.

#### 4.2 INFORMATION RELATING TO CORPORATE GOVERNANCE

We attest to the existence, in the report of the Board of Directors on corporate governance, of the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code relating to remuneration and benefits granted to the company officers and any other commitments made to them, we have verified its consistency with the financial statements, or with the underlying information used to prepare those 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 to the accuracy and fair presentation of that information.

Concerning the information relating to the elements that your company considered likely to have an impact in the event of a public takeover bid or exchange pursuant to the provisions of Article L. 225-37-5 of the French Commercial Code, we verified their compliance with the source documents which were provided to us. Based on this work, we have no comments to make on this information.

#### 4.3 OTHER INFORMATION

Pursuant to the law, we have verified that the Management Report contains the applicable disclosures as to ownership and control, and the identity of the holders of share capital and voting rights.

### 5. Information resulting from other legal and regulatory requirements

#### 5.1 APPOINTMENT OF STATUTORY AUDITORS

Mazars was appointed Statutory Auditor of Sopra Steria Group by the shareholders at the General Meeting of 1 June 2000, and Auditeurs et Conseil Associés – ACA Nexia by the shareholders at the General Meeting of 30 June 1986.

As at 31 December 2018, Mazars was in its 19th consecutive year as Statutory Auditor and Auditeurs et Conseil Associés – ACA Nexia was in its 33rd consecutive year as Statutory Auditor, respectively 19 years and 29 years since the company's shares were first listed for trading on a regulated market.

### 6. Responsibility of management and persons charged with governance in relation to the parent company financial statements

It is management's responsibility to prepare parent company financial statements that give a true and fair view in accordance with French accounting principles, as well as to implement the internal controls it deems necessary to prepare parent company financial statements that are free of material misstatement, whether due to fraud or error.

On preparing the parent company financial statements, it is up to management to assess the company's ability to continue as a going concern, and to present in the financial statements, if applicable, any necessary information relating to the continuity of operations and apply the going concern assumption unless it is planned that the company will be liquidated or cease trading.

It is the responsibility of the Audit Committee to monitor the process of preparing financial information and monitor the effectiveness of internal control and risk management systems, as well as, if applicable, as regards procedures relating to the preparation and processing of accounting and financial information.

The parent company financial statements have been approved by the Board of Directors.

## 7. Responsibilities of the Statutory Auditors relating to the audit of the parent company financial statements

#### 7.1 AUDIT AIM AND APPROACH

It is our responsibility to prepare a report on the parent company financial statements. Our aim is to obtain reasonable assurance that the parent company financial statements taken as a whole are free of material misstatement. Reasonable assurance corresponds to a high level of assurance, although this does not guarantee that an audit performed in accordance with professional standards systematically allows for all material misstatements to be detected. Misstatements may be due to fraud or error and are considered material when it can reasonably be expected that they may, taken individually or combined, influence the financial decisions of users made on the basis of the financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our assignment of certifying the financial statements does not consist of guaranteeing the viability or quality of your company's management.

Within the framework of an audit performed in accordance with professional standards applicable in France, the Statutory Auditor uses its professional judgment throughout the audit process. In addition:

- it identifies and assesses the risk of the parent company financial statements containing material misstatements, whether due to fraud or error, defines and implements audit procedures in the light of these risks, and collects evidence that it deems sufficient and appropriate to form a basis for its opinion. The risk of failure to detect a material misstatement due to fraud is higher than in the case of a material misstatement due to error, as fraud may involve collusion, falsification, deliberate omissions, false statements or circumvention of internal control procedures;
- it familiarises itself with internal controls relevant for the audit in order to define appropriate audit procedures under the circumstances, and not with the aim of expressing an opinion on the effectiveness of internal control procedures;
- it assesses the appropriateness of accounting policies used and the reasonable nature of accounting estimates made by management, as well as associated information provided in the parent company financial statements;
- it assesses the appropriateness of management's application of the going concern principle and, depending on the evidence collected, whether or not any material uncertainty exists relating to events

or circumstances that may call into question the company's ability to continue as a going concern. This assessment relies on evidence collected up to the date of its report, noting that subsequent circumstances or events may call into question the continuity of operations. If it concludes that a material uncertainty exists, it shall draw readers' attention to the information provided in the parent company financial statements relating to this uncertainty or, if this information is not provided or is not relevant, it shall give a qualified certification or refuse to certify the financial statements;

- it assesses the overall presentation of the parent company financial statements and evaluates whether the parent company financial statements reflect underlying transactions and events in a way that gives a true and fair view.

## 7.2 REPORT TO THE AUDIT COMMITTEE

We send a report to the Audit Committee setting out in particular the scope of our audit work and the programme of works carried out, as

well as the conclusions of our work. We also bring to its attention, if applicable, any significant weaknesses in internal control procedures that we have identified as regards procedures relating to the preparation and treatment of accounting and financial information.

The information provided in the report to the Audit Committee includes risks of material misstatement which we deem to have been the most significant for our audit of the parent company financial statements for the financial year and which therefore constitute key matters of our audit which it is our duty to describe in this report.

We also provide the Audit Committee with the declaration required by Article 6 of Regulation (EU) No. 537-2014 attesting to our independence with the meaning of applicable regulations in France as set out in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. If applicable, we shall discuss with the Audit Committee the risks to our independence and safeguarding measures implemented.

The Statutory Auditors

*Paris and Courbevoie, 12 April 2019*

**Auditeurs & Conseils Associés ACA Nexia**

Olivier Juramie

**Mazars**

Bruno Pouget

# Statutory Auditors' special report on related-party agreements and commitments

To the General Meeting of Sopra Steria Group,

In our capacity as Statutory Auditors of your Company, we hereby submit 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 principal terms and conditions as well as the grounds for the benefit to the Company of those agreements and commitments brought to our attention or that we may have discovered in the course of our audit. We are not required to express an opinion on their usefulness and appropriateness or ascertain whether any other such agreements and commitments exist. In accordance with the terms of Article R. 225-31 of the French Commercial Code, it is your responsibility to assess the benefit of entering into such agreements when they are submitted for your approval.

Where applicable, it is also our responsibility to provide you with the information required by Article R. 225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the shareholders at a General Meeting.

We have carried out the procedures we deemed necessary in accordance with the professional guidelines of the Compagnie Nationale des Commissaires aux Comptes (CNCC, the French national institute of statutory auditors) relating to this engagement. These procedures consisted in verifying that the information given to us was consistent with the underlying documents.

## 1. AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL AT THE GENERAL MEETING

We have been advised of the following agreements and commitments authorised and entered into since the end of the last financial year that are subject to prior authorisation from your Board of Directors.

- Agreement entered into with **Éric Hayat Conseil**

At its meeting of 25 October 2018, your Board of Directors authorised the renewal of the agreement entered into initially on 18 March 2015 with **Éric Hayat Conseil**. This agreement has been renewed unchanged for a further period ending on 31 December 2024.

It relates to the provision to senior management of advisory and assistance services, particularly in relation to strategic deals connected with business development, in return for compensation calculated on the basis of €2,500 (excluding taxes) per day.

As a reminder, an identical agreement was entered into on 18 March 2015 for a period ending on 31 December 2018. For the financial year ended 31 December 2018, your Company recognised an expense of €302,450 under this agreement. At its meeting on 16 February 2018, your Company's Board of Directors confirmed that this agreement still met the criteria under which it was authorised, and indicated that it would maintain the previously granted authorisation.

Person concerned: **Éric Hayat**, Chairman of **Éric Hayat Conseil** and Vice-Chairman of the Board of Directors of Sopra Steria Group.

## 2. AGREEMENTS AND COMMITMENTS ALREADY APPROVED AT A GENERAL MEETING

### Agreements and commitments approved during previous years that remained in force during the year

In accordance with Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments approved by the shareholders in previous financial years remained in force during the year.

#### 2.1. Tripartite framework agreements for assistance entered into between your Company, Sopra GMT (a shareholder in your Company) and Axway Software (an investee of your Company)

Under this agreement, Sopra GMT carried out services for your Company relating to strategic decision-making, coordination of the general policy between your Company and Axway Software, and the development of synergies between these two companies, and performs various strategy-related, consulting and assistance services particularly with respect to finance and control.

This agreement has an unspecified term and will end, in the event of termination, with prior notice of 12 months.

The charging of services to Sopra Steria Group is performed on the basis of actual costs plus a mark-up of 7% (excluding expenses relating to Sopra GMT's administration of its investments, estimated at around 5% of the company's total expenses).

Sopra Steria Group charges Sopra GMT fees for the provision of premises, assistance to the Group's functional departments and expertise that helps Sopra GMT carry out its business.

Under this agreement, Sopra GMT charged your Company a net amount of €802,794 with respect to financial year 2018.

At its meeting on 16 February 2018, your Company's Board of Directors confirmed that this agreement still met the criteria under which it was authorised, and indicated that it would maintain the previously granted authorisation.

■ Persons concerned:

Name	Functions
Pierre Pasquier	Chairman of the Board of Directors of Sopra Steria Group Chairman and CEO of Sopra GMT
François Odin*	Vice-Chairman of the Board of Directors of Sopra Steria Group Chief Operating Officer and Director of Sopra GMT
Éric Pasquier	Director of Sopra Steria Group Chief Operating Officer and Director of Sopra GMT

\* Until the General Meeting to approve the financial statements for the financial year ended 31 December 2017.

**2.2. Provision of premises agreement entered into by your Company and Axway Software, an investee of your Company**

Your Company charges Axway Software for services provided under a provision of premises agreement.

For financial year 2018, your Company recognised a net income of €53,606 under this agreement.

At its meeting on 16 February 2018, your Company's Board of Directors confirmed that this agreement still met the criteria under which it was authorised, and indicated that it would maintain the previously granted authorisation.

■ Persons concerned:

Name	Functions
Pierre Pasquier	Chairman of the Board of Directors of Sopra Steria Group Chairman of the Board of Directors of Axway Software
Kathleen Clark Bracco	Permanent representative of Sopra GMT on the Board of Directors of Sopra Steria Group Vice-Chairman of the Board of Directors of Axway Software
Hervé Saint-Sauveur*	Director of Sopra Steria Group Director of Axway Software
Emma Fernández*	Director of Sopra Steria Group Director of Axway Software
Marie-Hélène Rigal-Drogerys**	Chairman of the Audit Committee of Sopra Steria Group Director of Axway Software
Michael Gollner**	Director of Sopra Steria Group Director of Axway Software

\* Until the General Meeting to approve the financial statements for the financial year ended 31 December 2017.

\*\* Commencing as of the General Meeting to approve the financial statements for the year ended 31 December 2017.

Paris and Courbevoie, 12 April 2019

**Auditeurs & Conseils Associés ACA Nexia**

Olivier Juramie

**Mazars**

Bruno Pouget





# 6 SOPRA STERIA GROUP AND THE STOCK MARKET

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## 1. General information

The Group was listed on the Paris Stock Exchange on 27 March 1990. At 31 December 2018, Sopra Steria Group had a share capital of €20,547,701. It is made up of 20,547,701 fully paid-up shares with a par value of €1 each.

### Codes and classification of the Sopra Steria Group share

ISIN/Euronext code: FR0000050809

Ticker symbol: SOP

Market: Euronext Paris –

CFI: ESEUFB

(E = Equities, S = Shares, E = Enhanced voting, U = Free, F = Fully paid, B = Bearer)

Type of instrument: Stock

Compartment: A (*Large Cap*)

### Characteristics of the Sopra Steria Group share

Manufacturing: Industry: 9000, Technology

Supersector: 9500, Technology

Sector: 9530, Software & Computer Services

Subsector: 9533, Computer Services

Eligible for Share Savings Plan

Eligible for Deferred Settlement Service

### Main tickers for the Sopra Steria Group share

Euronext: SOP

Bloomberg: SOP: FP

Reuters: SOPR.PA

### Main financial indices including the Sopra Steria Group share

SBF 120

CAC ALL-TRADABLE

CAC ALL SHARES

CAC MID & SMALL

CAC MID 60

CAC SOFT & C. S.

CAC TECHNOLOGY

EURONEXT FAS IAS

NEXT 150

### Main non-financial indices including the Sopra Steria Group share

DJSI Europe index

Ethibel Sustainability Index (ESI) Excellence Europe

Eurozone 120 index

Gaïa Index

## 2. Share ownership structure

Shareholders	At 31/12/2018				At 31/12/2017				At 31/12/2016			
	Shares	% of capital	% of theoretical voting rights	% of exercisable voting rights	Shares	% of capital	% of theoretical voting rights	% of exercisable voting rights	Shares	% of capital	% of theoretical voting rights	% of exercisable voting rights
Sopra GMT <sup>(1)</sup>	4,034,409	19.6%	28.7%	28.8%	4,034,409	19.6%	28.8%	28.8%	4,034,409	19.7%	28.4%	28.5%
Pasquier family	108,616	0.5%	0.8%	0.8%	119,338	0.6%	0.9%	0.9%	119,538	0.6%	0.9%	0.9%
Odin family	222,729	1.1%	1.7%	1.7%	231,609	1.1%	1.7%	1.7%	234,870	1.1%	1.8%	1.8%
Management	245,719	1.2%	1.7%	1.7%	257,563	1.3%	1.7%	1.7%	265,997	1.3%	1.9%	1.9%
o/w Sopra Développement <sup>(2)</sup>	1	0.00%	0.00%	0.00%	1	0.0%	0.0%	0.0%	1	0.0%	0.0%	0.0%
o/w SEI <sup>(3)</sup>	33,828	0.2%	0.3%	0.3%	33,828	0.2%	0.3%	0.3%	33,828	0.2%	0.3%	0.3%
o/w managers <sup>(4)</sup>	211,890	1.0%	1.5%	1.5%	223,734	1.1%	1.5%	1.5%	232,168	1.1%	1.6%	1.6%
<i>Agreement between Sopra GMT, Pasquier and Odin families, and management</i>	<b>4,611,473</b>	<b>22.4%</b>	<b>32.9%</b>	<b>33.0%</b>	<b>4,642,919</b>	<b>22.6%</b>	<b>33.2%</b>	<b>33.2%</b>	<b>4,654,814</b>	<b>22.7%</b>	<b>32.9%</b>	<b>33.1%</b>
Soderi	1	0.00%	0.00%	0.00%	1	0.0%	0.0%	0.0%	1	0.0%	0.0%	0.0%
<i>Agreement between Sopra GMT and Soderi</i>	<b>4,034,410</b>	<b>19.6%</b>	<b>28.7%</b>	<b>28.8%</b>	<b>4,034,410</b>	<b>19.6%</b>	<b>28.8%</b>	<b>28.8%</b>	<b>4,034,410</b>	<b>19.7%</b>	<b>28.4%</b>	<b>28.5%</b>
<b>Total agreements <sup>(5)</sup></b>	<b>4,611,474</b>	<b>22.4%</b>	<b>32.9%</b>	<b>33.0%</b>	<b>4,642,920</b>	<b>22.6%</b>	<b>33.2%</b>	<b>33.2%</b>	<b>4,654,815</b>	<b>22.7%</b>	<b>32.9%</b>	<b>33.1%</b>
Shares managed on behalf of employees	1,440,195	7.0%	8.3%	8.3%	1,435,882	7.0%	7.4%	7.4%	1,563,582	7.6%	8.6%	8.6%
o/w Corporate mutual funds (FCPE), We Share employee share ownership plan and SIP Trust <sup>(6)</sup>	1,185,013	5.8%	7.4%	7.4%	1,161,049	5.7%	6.4%	6.4%	1,270,911	6.2%	7.4%	7.5%
o/w Other UK trusts <sup>(7)</sup>	255,182	1.2%	1.0%	1.0%	274,833	1.3%	1.0%	1.0%	292,671	1.4%	1.1%	1.1%
Free float	14,444,709	70.3%	58.6%	58.7%	14,456,185	70.4%	59.4%	59.4%	14,201,324	69.2%	58.1%	58.3%
Treasury shares	51,323	0.2%	0.2%	0.0%	12,714	0.1%	0.0%	0.0%	112,074	0.5%	0.4%	0.0%
<b>TOTAL</b>	<b>20,547,701</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>20,547,701</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>20,531,795</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

(1) Sopra GMT, a French "société anonyme", is a holding company for Sopra Steria Group and Axway Software.

(2) Sopra Développement is a company formed by a group of senior managers whose corporate purpose is to hold shares in Sopra Steria Group and Axway Software.

(3) Sopra Executive Investments SEI is a company formed by a group of senior managers whose corporate purpose is to hold shares in Sopra Steria Group.

(4) Managers who signed the shareholders' agreement with Sopra GMT, the Pasquier and Odin families, SEI and Sopra Développement.

(5) Total for the agreement between Sopra GMT, Pasquier and Odin families, and management, and the agreement between Sopra GMT and Soderi.

(6) SIP Trust is a UK trust that manages shares purchased by employees under a share incentive plan.

(7) The other UK trusts hold assets in trust for employees in the United Kingdom and India, notably via employee share ownership plans.

Sopra GMT's ownership structure is as follows:

Sopra GMT ownership structure	31/12/2018		31/12/2017		31/12/2016	
	Shares	% of capital	Shares	% of capital	Shares	% of capital
Pasquier family	318,050	68.44%	318,050	68.44%	318,050	68.61%
Odin family	132,050	28.41%	132,050	28.41%	132,050	28.49%
Sopra Steria Group managers (active and retired)	14,624	3.15%	14,624	3.15%	13,474	2.90%
<b>TOTAL</b>	<b>464,724</b>	<b>100.00%</b>	<b>464,724</b>	<b>100.00%</b>	<b>463,574</b>	<b>100.00%</b>

### 3. Employee share ownership

At 31 December 2018, all the holdings managed on behalf of employees accounted for 7.0% of the share capital (1,440,195 shares) and 8.3% of voting rights.

The holdings managed on behalf of corporate mutual funds (FCPEs) and share incentive plans (SIPs) in the United Kingdom made up 5.8% of the share capital (1,185,013 shares) and 7.4% of voting rights. They arose from:

- the 2016, 2017 and 2018 We share employee share ownership plans, accounting for 485,150 shares;
- the 2014 merger with Groupe Steria and the tendering by the FCPE Groupe Steriactions and Steriashares corporate mutual funds

of all their Groupe Steria shares to the public exchange offer, accounting for 432,930 shares;

- the Sopra Group free share allotment plan of 2012, accounting for 148,380 shares;
- the SIPs in the United Kingdom, accounting for 118,553 shares.

The shares held by UK trusts, namely SSET and XEBT, for the benefit of employees in the UK and India, accounting for 1.2% of the share capital (255,182 shares) and 1.0% of the voting rights. In 2018, the shares held by these trusts were used to make matching contributions to the SIPs.

### 4. Voting rights

At 31 December 2018, the total number of voting rights that could be exercised was 26,147,566 and the total number of theoretical voting rights was 26,198,889.

In accordance with the decision made at the Combined General Meeting of 27 June 2014, double voting rights were introduced on

7 July 2014 for all fully paid-up shares held in registered form in the same shareholder's name for at least two years.

At 31 December 2018, 5,651,188 shares (representing 27.5% of the share capital) held double voting rights.

### 5. Threshold crossings

In 2018, the following crossings of statutory shareholding thresholds were declared to the Autorité des Marchés Financiers:

Date threshold(s) crossed	AMF Declaration	Shareholder(s) having crossed the threshold(s)	Crossing of threshold(s) in capital	Crossing of threshold(s) in voting rights	Type	Number of shares	% of capital held	Number of voting rights	% voting rights held
24/12/2018	218C2067	FIL Limited	5%		up	1,028,049	5.003%	1,028,049	3.94%
28/09/2018	218C1623	DNCA Finance	5%		up	1,027,923	5.003%	1,027,923	3.93%

Article 30 of the Company's Articles of Association states that the "Rights to shareholder information – Disclosure obligations"

"All shareholders are entitled to obtain the documents necessary to enable them to make informed decisions regarding the management and operations of the Company.

The documentation required and its availability to shareholders is established by law and in regulations.

**Any shareholder who holds more than 3% or more than 4% of the Company's capital shall inform the Company in the same manner and based on the same methods of calculation as required with respect to legal thresholds."**

## 6. Shareholders' agreements

### 6.1. Agreement between Sopra GMT, the Pasquier and Odin families, and management

A shareholders' agreement constituting an action in concert was concluded, for a two-year term, on 7 December 2009 between the Pasquier and Odin family groups, Sopra GMT, Sopra Développement and a group of senior managers. It is automatically renewable for subsequent terms of two years.

This agreement includes the following main provisions:

- an undertaking by the parties to act in concert so as to implement shared strategies and, in general, to approve any significant decisions;
- an undertaking by the parties to act in concert in connection with the appointment of the members of Sopra Steria Group's management bodies and the renewal of these appointments, by which the senior managers agree to facilitate the appointment of any individuals proposed by the Pasquier and Odin family groups and Sopra GMT;
- an undertaking by the parties to act in concert in order to ensure that they always jointly hold at least 30% of the capital and voting rights of Sopra Steria Group;
- an undertaking by the parties to act in concert in connection with any proposed acquisition or disposal corresponding to more than 0.20% of the capital or voting rights of Sopra Steria Group;
- an undertaking by the parties to act in concert in order to adopt a shared strategy in the event of any takeover bid relating to Sopra Steria Group shares;
- a pre-emptive right to the benefit of the Pasquier and Odin family groups and Sopra GMT in the event of any disposal by (i) a senior manager of Sopra Steria Group shares (right of first refusal for Sopra GMT, right of second refusal for the Pasquier family group, right of third refusal for the Odin family group and right of fourth refusal for Sopra Développement) or by (ii) Sopra Développement of Sopra Steria Group shares (right of first refusal for Sopra GMT, right of second refusal for the Pasquier family group and right of third refusal for the Odin family group). The exercise price for the pre-emptive right shall be equal to (i) the price agreed between the transferor and the transferee in the event of an off-market transfer, (ii) the average share price over the ten trading days preceding the announcement of the disposal in the event of a sale on the market, or (iii) the value determined for the shares in the context of the transaction, in all other cases.

The senior managers shall refrain from carrying out any transaction likely to entail the filing of a mandatory takeover bid.

A rider to this agreement was signed on 14 December 2012, extending the agreement to include Sopra Executive Investments (SEI), a company created by a group of Sopra Group senior managers. The main provisions of the agreement remain unchanged, with SEI granted a pre-emptive right having the same ranking as that of Sopra Développement.

### 6.2. Agreement between Sopra GMT and Soderi

Soderi is the company owned by Sopra Steria Group's employee shareholders from the former Steria. For many years, Soderi has overseen the structures that manage these employees' holdings. The chairman of the Supervisory Board of the FCPE Groupe Steriactions and the chairman of the UK-based Sopra Steria Employee Trust are members of Soderi's Board of Directors.

On 9 June 2014, Sopra GMT and Soderi entered into a shareholders' agreement under which they declare that they are acting in concert vis-à-vis Sopra Steria Group.

This shareholders' agreement was entered into for an initial period of five years from the date of clearing and settlement of Sopra Group's public exchange offer for Groupe Steria shares and will come to an end on 12 August 2019.

The shareholders' agreement mainly provides for the following undertakings:

- an undertaking by Sopra GMT not to exercise its double voting rights at a General Meeting of Shareholders to approve a resolution not put forward or authorised by the Board of Directors;
- an undertaking by both parties not to propose at a General Meeting of Shareholders draft resolutions not authorised by the Board of Directors, unless a takeover bid for Sopra Steria Group is filed;
- an undertaking by Sopra GMT to confer with the representative of Soderi on the Board of Directors prior to any deliberation concerning certain important decisions (such as major deals affecting ownership, the Group's activities or the annual presentation of the strategic plan to the Board of Directors).

The agreement also includes other stipulations, particularly concerning employee shareholding, with the aim of:

- encouraging employees to invest in the Group's success through the most suitable mechanisms (investment and/or share ownership) to be discussed by the Board of Directors as and when the Group's financial performance permits; and
- working to define a new vehicle to bring together employee shareholders in the Group.

## 7. Control

### 7.1. Breakdown of voting rights

At 31 December 2018:

- the group of shareholders acting in concert through the agreements stated above, within which Sopra GMT, the Group's holding company, is the main shareholder, held 32.9% of theoretical voting rights;
- the holdings managed on behalf of employees represented 8.3% of theoretical voting rights.

The average percentage of voting rights on shares held by shareholders present or represented at the past two Sopra Steria Group General Meetings was approximately 80%.

### 7.2. Members of the Board of Directors

The group of shareholders acting in concert held six out of a total of fifteen seats on the Board of Directors at 31 December 2018 and at the date of this report: three Directors represent Sopra GMT, including the Chairman of the Board of Directors; and two other Directors are also members of Soderi's Board of Directors.

No other shareholders are specifically represented on the Board of Directors.

### 7.3. Measures to govern the control exercised by Sopra GMT

Various measures are in place to govern the effective control exercised by Sopra GMT:

- the undertaking given by Sopra GMT under the shareholders' agreement with Soderi not to exercise the double voting right attaching to its Sopra Steria Group shares to approve resolutions not adopted or authorised by the Board of Directors of Sopra Steria Group;
- the separation of the functions of Chairman of the Board of Directors and Chief Executive Officer;
- the adoption of the AFEP-MEDEF code as the Company's corporate governance code;
- the presence on the Board of Directors of seven Independent Directors and two Directors representing the employees;
- the terms of reference of the specialist committees, which are made up of a majority of Independent Directors (Audit Committee and Compensation Committee) or an equal number (Nomination, Ethics and Governance Committee) of Independent and non-Independent Directors;
- periodic assessment by the Board of Directors of its ability to meet the shareholders' expectations.

## 8. Share buyback programme

### 8.1. Implementation of the share buyback programme in 2018

This description of the implementation of the share buyback programme is given pursuant to Article L. 225-211 of the French Commercial Code.

Through Resolution 11 of the Combined General Meeting of 12 June 2018, the shareholders renewed the authorisation granted to the Board of Directors to buy back the Company's shares as set out in Article L. 225-209 of the French Commercial Code and the AMF's General Regulation, for an 18-month period expiring 11 December 2019.

During the year ended 31 December 2018, this share buyback programme was used as follows:

#### 8.1.1. IMPLEMENTATION OF LIQUIDITY AGREEMENT

At 31 December 2017, 5,500 shares were allocated to the liquidity agreement.

Between 1 January 2018 and 31 December 2018, Sopra Steria Group bought back 251,222 shares under the liquidity agreement at an average price of €151.91 and sold 237,422 shares at an average price of €152.17.

At 31 December 2018, 19,300 shares were still held by the Company for the purposes of the liquidity agreement. Their unit cost is €95.00.

#### 8.1.2. SHARES ALLOCATED FOR EMPLOYEES

In 2018, the Company implemented a Group employee share ownership plan through the disposal of shares.

At 31 December 2017, 7,214 shares were allocated in order to "allot or sell shares in the Company to employees and/or company officers of the Group, in order to cover share option plans and/or free share plans (or similar plans) for the benefit of Group employees and/or company officers as well as any allotments of shares in connection with a company or Group savings plan (or similar plan), in connection with company profit-sharing and/or any other forms of share allotment to the Group's employees and/or company officers".

During financial year 2018, the Company acquired 235,000 shares at an average price of €158.65. A total of 106,071 shares were sold to employees at €164.43 per share and 106,049 shares were awarded to them free of charge as part of the matching employer contribution in a ratio of one share contributed per share acquired. Within this latter category of shares, 10,769 were transferred free of charge from Trust SSET to Sopra Steria Group as part of the matching employer contribution under the employee share ownership plan for India.

Under the Share Incentive Plan (SIP) employee share ownership plan implemented by Sopra Steria Group in the United Kingdom, 865 shares were transferred free of charge to UK employees participating in the SIP in a ratio of one free share per share acquired.

In addition, 7,975 free shares were remitted in connection with the delivery and full and final allotment of free performance shares under plan 13 instituted by Steria's General Meeting of 22 May 2014 to allottees outside France meeting all the plan's requirements.

Including these items, the Company held 32,023 shares allocated for this purpose at 31 December 2018. Their cost price is €156.53.

At 31 December 2018, Sopra Steria Group held 51,323 treasury shares, representing 0.2% of the share capital.

## 8.2. Description of the 2019 share buyback programme

### 8.2.1. LEGAL FRAMEWORK

This description is provided in accordance with the provisions of Articles 241-2 et seq. of the General Regulation of the French securities regulator (Autorité des Marchés Financiers – AMF) as well as European Regulation 596/2014 of 16 April 2014 ("MAR" regulation) and in accordance with the terms of Article 221-3 of the AMF General Regulation.

This programme will be submitted for approval at the General Meeting of 12 June 2019.

#### a. Number of shares and share of capital held by the Company

At 31 March 2019, the Company's capital was made up of 20,547,701 shares.

At that date, the Company held 65,364 treasury shares, representing 0.32% of the share capital.

#### b. Breakdown by purpose of treasury shares held by the Company

At 31 March 2019, the treasury shares held by the Company broke down by purpose as follows:

- implementation of liquidity agreement: 8,300 shares;
- award or sale to employees and/or company officers of the Group, coverage of share option plans and/or free share plans (or similar plans) for the benefit of Group employees and/or company officers as well as any allotments of shares in connection with a company or Group savings plan (or similar plan), in connection with company profit-sharing and/or any other forms of share allotment to the Group's employees and/or company officers: 52,287 shares.

#### c. Objectives of the new share buyback programme

The objectives of the new share buyback programme to be submitted to shareholders at the General Meeting of 12 June 2019 are:

- to obtain market-making services from an investment services provider acting independently under the terms of a liquidity agreement entered into in compliance with the AMF's accepted market practice;
- to award, sell or transfer shares in the Company to employees and/or company officers of the Group, in order to cover share purchase plans and/or free share plans (or equivalent plans) as well as any allotments of shares under a company or Group savings plan (or equivalent plan) in connection with a profit-sharing mechanism, and/or any other forms of share allotment to the Group's employees and/or company officers;
- to retain the shares bought back in order to exchange them or present them as consideration at a later date for a merger, spin-off or contribution of assets and, more generally, for external growth transactions. Shares bought back for such purposes are not to exceed, in any event, 5% of the number of shares making up the Company's share capital;
- to deliver the shares bought back, upon the exercise of rights attaching to securities giving access to the Company's share capital through redemption, conversion, exchange, tender of warrants or any other means, as well as to execute any transaction covering the Company's obligations relating to those securities;
- to retire the shares thus repurchased, by way of a capital reduction;
- to implement any market practice that may come to be accepted by the AMF, and in general, to perform any operation that complies with regulations in force.

#### d. Maximum proportion of share capital, maximum number and characteristics of capital stock

The maximum proportion of share capital that may be bought back is equal to 10% of Sopra Steria Group's capital on the buyback day.

At 31 December 2018, the share capital was €20,547,701, made up of 20,547,701 shares, each with a par value of €1. On this basis, Sopra Steria Group would be authorised to acquire 10% of its share capital at most, i.e. 2,054,770 shares, not including shares already held.

This limit will be assessed on the date of the buybacks to take account of any capital increase or reduction operations that might occur during the programme period.

#### e. Maximum purchase price

The maximum purchase price per share is €200.

#### f. Buyback procedure details

The purchase, sale or transfer by the Company of its own shares may be conducted at any time (except during the period of an offer for the shares) and by any method, including over the counter, in blocks of shares or through the use of derivative financial instruments, on one or more occasions.

#### g. Duration of buyback programme

The programme will run for 18 months as from approval of the resolution presented at the General Meeting of 12 June 2019, i.e. until 11 December 2020.

## 9. Changes in share capital

At 31 December 2018, Sopra Steria Group had a share capital of €20,547,701. It is made up of 20,547,701 shares with a par value of €1 each. Since 2011, the share capital has changed as shown below:

Year	Description	Amount of capital post-operation	Nominal value	Number of shares		Contributions	
				Created	Total	Nominal value	Premiums or reserves
2011	Capital increase through the exercise of options	€47,415,780	€4	9,300	11,863,245	€37,200	€265,050
2011	Capital reduction not motivated by losses	€11,863,245	€1	0	11,863,245	-€35,589,735	€35,589,735
2011	Capital increase through the exercise of options	€11,893,486	€1	30,241	11,893,486	€30,241	€962,041
2012	None	€11,893,486	€1	-	-	-	-
2013	Capital increase through the exercise of options	€11,919,583	€1	26,097	11,919,583	€26,097	€811,966
2014	Capital increase during the first phase of Sopra's public exchange offer for Steria	€18,531,485	€1	6,611,902	18,531,485	€6,611,902	€517,976,403
2014	Capital increase during the second phase of Sopra's public exchange offer for Steria	€19,429,720	€1	898,235	19,429,720	€898,235	€66,128,061
2014	Capital increase through the exercise of options	€19,456,285	€1	26,565	19,456,285	€26,565	€1,450,489
2014	Capital increase through the issuance of free shares for employees	€19,585,300	€1	129,015	19,585,300	€129,015	-€129,015
2014	Capital increase at the time of the merger-absorption of Steria by Sopra	€20,371,789	€1	786,489	20,371,789	€786,489	€58,941,611
2015	Capital increase through the exercise of options	€20,434,841	€1	63,052	20,434,841	€63,052	€2,216,615
2015	Capital increase through the issuance of free shares for employees	€20,446,723	€1	11,882	20,446,723	€11,882	-€11,882
2016	Capital increase through the issuance of free shares for employees	€20,468,033	€1	21,310	20,468,033	€21,310	-€21,310
2016	Capital increase through the exercise of options	€20,531,795	€1	63,762	20,531,795	€63,762	€3,727,171
2017	Capital increase through the issuance of free shares for employees	€20,542,701	€1	10,906	20,542,701	€10,906	-€10,906
2017	Capital increase through the exercise of options	€20,547,701	€1	5,000	20,547,701	€5,000	€211,100
2018	None	€20,547,701	€1	-	-	-	-

## 10. Securities giving access to the share capital – Potential dilution

There are no other securities giving access to the share capital other than those mentioned in Note 5.4 to the consolidated financial statements (page 133) and Note 6.6.2 to the parent company financial statements (page 203).

Long Term Incentive (LTI) plans were established in 2016, 2017 and 2018. The number of potential shares at 31 December 2018 was 218,049. To date, the Board of Directors has stated a preference for the requisite shares to be purchased in the market, to avoid any dilutive effects for shareholders.



## 11. Information on transactions in securities by Directors or persons mentioned in Article L. 621-18-2 of the French Monetary and Financial Code

Pursuant to Article 223-26 of the AMF's General Regulation, transactions relating to Sopra Steria Group shares in 2018 and referred to in Article L. 621-18-2 of the French Monetary and Financial Code were as follows:

Category <sup>(1)</sup>	Name	Function	Description <sup>(2)</sup>	Transaction date	Number of shares	Unit price	Transaction amount
a.	Geneviève Hayat, née Brunissen	Person related to Director Éric Hayat	G	27/03/2018	970	€0.00	€0.00
a.	Michael Gollner	Director	A	06/09/2018	100	€145.80	€14,580.00
a.	Kathleen Clark Bracco	Permanent representative of Sopra GMT	A	30/10/2018	45	€94.25	€4,241.25

(1) Category a: Members of the Board of Directors and the Chief Executive Officer.

(2) Description: A: Acquisition; D: Disposal; S: Subscription; E: Exchange; G: Gift; SO: Exercise of stock options.

## 12. Authorisations to issue securities granted to the Board of Directors at the Combined General Meetings of 22 June 2016 and 12 June 2018

### 12.1. Issue with pre-emptive subscription rights

Securities transaction concerned	Date of GM and resolution	Duration of delegation (Expiry)	Maximum issue amount	Maximum amount of capital increase	Use during the year
Capital increase (ordinary shares and other securities giving access to the share capital)	12 June 2018 Resolution 13	26 months (August 2020)	Nominal amount of €2 billion, if securities giving access to the share capital are to be issued	40% of the nominal share capital	None
Capital increase (ordinary shares and other securities giving access to the share capital) in the event of oversubscription in accordance with Resolution 13	12 June 2018 Resolution 17	26 months (August 2020)	15% of the amount of the capital increase under Resolution 13, up to a maximum of €2 billion	15% of the amount of the capital increase under Resolution 13, up to a maximum of 40% of the total nominal share capital	None
Capital increase through the capitalisation of reserves or the issue of new shares	12 June 2018 Resolution 20	26 months (August 2020)	Amount of discretionary reserves	Amount of discretionary reserves	None
Issue of share subscription warrants to be granted to shareholders free of charge in the event of a takeover bid (offer warrants)	12 June 2018 Resolution 21	18 months (December 2019)	Number of shares representing the share capital	100% of the share capital	None

## 12.2. Issue without pre-emptive subscription rights

Securities transaction concerned	Resolution	Duration of delegation (Expiry)	Maximum issue amount	Maximum amount of capital increase	Use during the year
Capital increase (ordinary shares and other securities giving access to the share capital)	12 June 2018 Resolution 14	26 months (August 2020)	Nominal amount of €2 billion, if securities giving access to the share capital are to be issued	20% of the share capital, reduced to 10% of the share capital for non-equity securities	None
Capital increase by way of a private placement offering provided for under Article L. 411-2 of the French Monetary and Financial Code	12 June 2018 Resolution 15	26 months (August 2020)	Nominal amount of €2 billion, if securities giving access to the share capital are to be issued	10% of the share capital per year	None
Capital increase (ordinary shares and other securities giving access to the share capital) in the event of oversubscription in accordance with Resolution 14 or 15	12 June 2018 Resolution 17	26 months (August 2020)	15% of the amount of the capital increase under Resolution 14 or 15, up to a maximum of €2 billion	15% of the amount of the capital increase under Resolutions 14 and 15, up to a maximum of 10%/20% of the share capital	None
Capital increase as consideration for securities tendered in the event of contributions in kind	12 June 2018 Resolution 18	26 months (August 2020)	10% of the share capital, up to a maximum of €2 billion	10% of the share capital	None
Capital increase as consideration for securities tendered in the event of a public exchange offer	12 June 2018 Resolution 19	26 months (August 2020)	10% of the share capital, up to a maximum of €2 billion	10% of the share capital	None

## 12.3. Authorisations for issues reserved for employees and company officers without pre-emptive subscription rights

	Date of GM and resolution	Expiry date	Authorised percentage	Authorised percentage for executive company officers	Use during the year
Capital increase for employees enrolled in a company savings plan	12 June 2018 Resolution 22	26 months (August 2020)	3% <sup>(1)</sup>		None
Share subscription options	22 June 2016 Resolution 24	38 months (August 2019)	3% <sup>(1)</sup>	0.6%	None
Free shares	12 June 2018 Resolution 23	38 months (August 2021)	3% <sup>(1)</sup>	0.15%	None

(1) This upper limit, calculated on the basis of the share capital at the date of the authorisation, is cumulative for all issues reserved for employees and company officers.

## 13. Information required by Act 2006-387 of 31 March 2006 relating to public takeover offers

Pursuant to Article L. 225-100-3 of the French Commercial Code, the elements mentioned in this article are detailed below:

- 1 the Company's ownership structure is presented in Chapter 6, Section 2 of this document (page 217).
- 2 there are no restrictions in the Articles of Association:
  - on the exercise of voting rights; Fully paid-up shares held in registered form for at least two years have double voting rights (Article 29 of the Articles of Association),
  - on transfers of shares: Shares are freely tradable, other than as specified by applicable laws or regulations (Article 11 of the Articles of Association).

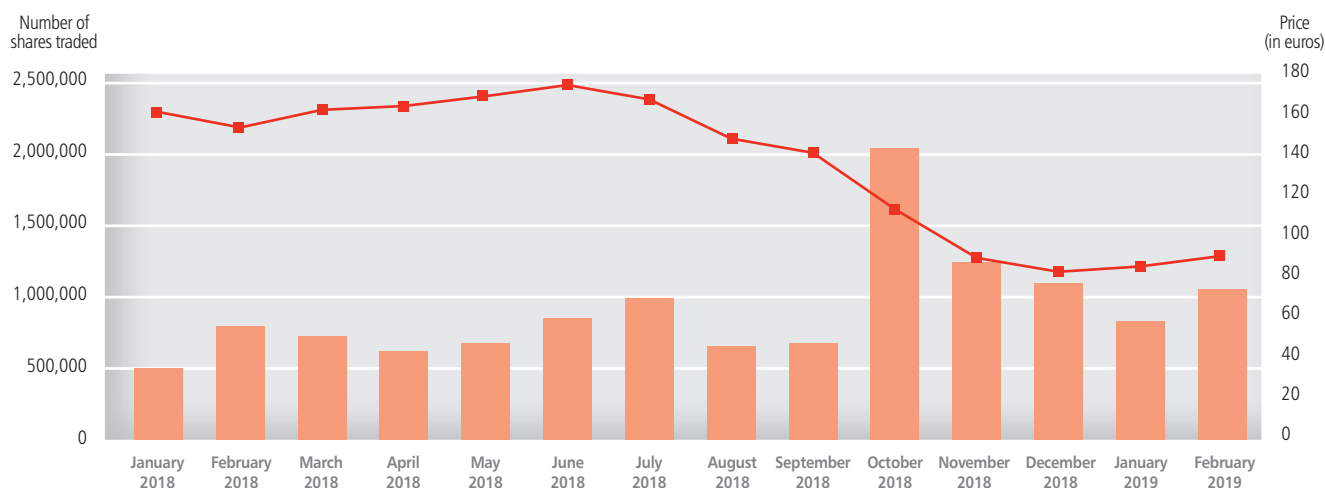
The Company has not been informed of any clauses of agreements pursuant to Article L. 233-11 of the French Commercial Code other than those set out in Section 6 of this chapter (page 219);
- 3 any direct or indirect interests in the capital of the Company of which the latter has been informed pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code are presented in Section 2 of this Registration Document (page 217).
- 4 there are no holders of securities conferring special controlling rights.
- 5 there is no control mechanism provided under an employee share ownership scheme.
6. agreements between shareholders of which the Company is aware and which may give rise to restrictions on share transfers and voting rights are presented in Chapter 6, Sections 2 and 6 of the Registration Document, pages 217 and 219, respectively.

- 7 the regulations applicable to the appointment and replacement of the members of the Board of Directors are set forth in Article 14 of the Articles of Association. The regulations relating to the amendment of the Company's Articles of Association are contained within Article 33 of the Articles of Association, which states that *"only shareholders voting at an Extraordinary General Meeting shall be authorised to amend any and all provisions of the Articles of Association"*.
- 8 the powers of the Board of Directors are described in Article 17 of the Articles of Association. *"The Board of Directors determines the overall business strategy of the Company and supervises its implementation. Subject to the powers expressly conferred by law to shareholders' meetings and within the limits of the corporate objects, the Board of Directors may consider any matter relating to the proper operation of the Company and shall resolve matters that concern the Company by its decisions."*

In addition, the Board of Directors was granted delegated powers at the Combined General Meetings of 22 June 2016 (through Resolution 24) and 12 June 2018 (through Resolutions 13 and 23);

- 9 agreements concluded by the Company that might be amended or cease to apply in the event of a change of control the Company mainly concern the syndicated loan agreement signed in July 2014 and amended in July 2016 and the Euro PP bond issued by Groupe Steria in April 2013.
- 10 there are no agreements providing for indemnities payable to members of the Board of Directors or employees if they resign or are dismissed without just cause or if their position is terminated due to a takeover bid.

## 14. Monthly share prices and trading volumes on Euronext Paris



## 15. Share price performance

Month	Number of trading days	Price (in euros)			Trading volumes	
		High	Low	Average closing price	Number of shares traded	Capital <i>(in millions of euros)</i>
January 2018	22	168.50	154.50	164.15	499,789	82.07
February 2018	20	168.50	145.80	156.31	796,878	124.71
March 2018	21	171.10	153.30	165.24	722,357	118.90
April 2018	20	177.60	159.10	167.15	621,124	104.26
May 2018	22	177.70	164.40	172.14	675,780	116.31
June 2018	21	187.90	170.50	177.74	849,229	151.12
July 2018	22	178.50	138.60	170.49	989,153	161.14
August 2018	23	154.30	147.60	150.70	655,084	98.72
September 2018	20	154.70	135.30	143.54	673,177	96.17
October 2018	23	140.70	84.45	115.10	2,040,731	205.61
November 2018	22	102.70	81.95	90.54	1,245,395	112.46
December 2018	19	93.35	75.65	83.51	1,098,811	91.34
January 2019	22	94.50	78.10	86.21	828,729	70.62
February 2019	20	110.90	81.45	91.55	1 057,471	101.07

(Source: Euronext Paris)

## 16. Dividend per share

Financial year	Number of shares bearing a dividend	Dividend per share
2013	11,908,183	€1.90
2014	20,062,614	€1.90
2015	20,324,093	€1.70
2016	20,517,903	€2.20
2017	20,516,807	€2.40

At its meeting on 21 February 2019, the Board of Directors of Sopra Steria Group resolved to propose the distribution of a dividend of €1.85 per share at the General Meeting of 12 June 2019.

Dividends not collected before the five-year prescription period expires are paid to the French state.

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## 1. Sopra Steria Group at a glance

### Corporate name: Sopra Steria Group

Until 2 September 2014, the name of the Company was "Sopra Group". As a result of the successful public exchange offer made by Sopra Group for the shares of Groupe Steria SCA (see press release dated 6 August 2014), the Board of Directors met on 3 September 2014, with Pierre Pasquier presiding, and recorded the entry into effect of several resolutions conditionally adopted at the General Meeting of 27 June 2014.

Among the consequences of the implementation of these resolutions was the change in the corporate name from "Sopra Group" to "Sopra Steria Group".

**Registered office:** PAE Les Glaisins, Annecy-le-Vieux, 74940 Annecy – France

**Head office:** 6 avenue Kleber, 75116 Paris – France

**Legal form:** French *société anonyme* with a Board of Directors.

**Date of incorporation:** 5 January 1968, with a term of fifty years as from 25 January 1968, renewed at the General Meeting of 19 June 2012 for a subsequent term of ninety-nine years.

**Corporate purpose:** "The Company's purpose is:

To engage, in France and elsewhere, in consulting, expertise, research and training with regard to corporate organisation and information processing, in computer analysis and programming and in the performance of customised work.

The design and creation of automation and management systems, including the purchase and assembly of components and equipment, and appropriate software.

The creation or acquisition of and the operation of other businesses or establishments of a similar type.

And, generally, all commercial or financial transactions, movable or immovable, directly or indirectly related to said corporate purpose

or in partnership or in association with other companies or persons" (Article 2 of the Articles of Association).

**Commercial registration:** 326 820 065 RCS Annecy

Place where legal documents may be consulted: Registered office.

**Financial year:** From 1 January to 31 December of each year.

### Appropriation of earnings according to the Articles of Association

"An amount of at least five per cent shall be deducted from the profit for the financial year, reduced by prior losses, if any, in order to constitute the statutory reserve fund. Such deduction shall cease to be mandatory when the amount in the statutory reserve fund is equal to one-tenth of the share capital.

Profit available for distribution comprises the profit for the year less any losses carried forward and amounts allocated to reserves, pursuant to the law and the Articles of Association, plus retained earnings.

The General Meeting may deduct from this profit all amounts that it deems appropriate for allocation to all optional, ordinary or extraordinary reserves, or to retained earnings.

The balance, if any, is apportioned at the General Meeting between all shareholders in proportion to the number of shares that they own.

The General Meeting may also decide to distribute amounts deducted from the reserves at its disposal, expressly indicating the reserve items from which the deductions are made. However, dividends shall first be withdrawn from the profits for the financial year." (Excerpt from Article 37 of the Articles of Association).

## 2. Disclosures arising from specific obligations – Other risks

To comply with all legal and regulatory requirements and continue to follow the various recommendations issued, an overview is provided below of the risks which – in light of the Group's risk mapping exercise – are not included among the key risks presented in Chapter 1 of this document but nonetheless require disclosure.

### 2.1. Environmental risks

Risk description	Risk management
<p>During the annual mapping of the Group's risks, no major risk of environmental damage was reported as being likely to have a material impact on the Group's ability to meet its targets and performance over the medium term. The risks of environmental damage resulting from the Group's activities remain limited, since the Group is a digital technology company and chiefly provides services.</p> <p>Environmental impact risks, risks related to climate change and its effects, and compliance risks with regard to environmental regulations are not major material risks for the Group, as defined in the guidelines for the preparation of the statement of non-financial performance required by French law.</p> <p>However, in mapping the risks of environmental damage, the following potential risks were analysed and identified as part of the Group's environmental programme, described in Section 4, "Environmental responsibility" of Chapter 3, "Corporate responsibility" of this document (pages 92 to 98): CO<sub>2</sub> emissions arising from employee business travel, energy and emissions arising from the use of the Group's <i>own offices</i> and datacentres and those managed by our partners in connection with our activities, and control of electronic waste managed by the Group's partners.</p> <p>The Group also remains very attentive to potential environmental risks to its business. Transition risks (such as a significant increase in fuel duties and more stringent non-financial reporting requirements) and physical risks (such as severe flooding, pollution related to climate change, and earthquakes) are also managed at Group level, even though based on the Group's risk mapping and the guidelines they do not appear to be major risk factors at Group level given their impact and probability of occurrence.</p>	<p>Managing environmental risk is one of the key aspects of the Group's corporate responsibility.</p> <p>Environmental impact risks, risks related to climate change and its effects, and compliance risks with regard to environmental regulations are not major material risks for the Group, as defined in the guidelines for the preparation of the statement of non-financial performance required by French law.</p> <p>For many years, the Group has had measures in place to reduce the environmental impact of its activities and has long demonstrated its commitment to engaging with all its stakeholders, as part of a proactive improvement process going beyond regulatory requirements. Under its purchasing policy, the Group thus imposes various undertakings on its suppliers and partners – particularly at the selection stage – to make sure they satisfy its environmental protection and responsible purchasing standards.</p> <p>The most significant physical environmental risks for Sopra Steria's business activities relate to the risk of heavy flooding or pollution <i>linked</i> to global warming. These risks are managed under the Group's business continuity and recovery plans and procedures.</p> <p>The Group believes that climate action must be incorporated into the actions of all organisations, businesses and states.</p> <p>Thanks to new technologies, this challenge is certain to give rise to new opportunities for building a more sustainable world.</p> <p>The Group's policy in terms of protecting the environment and preventing climate change is described in Section 4 of Chapter 3, "Corporate responsibility", on pages 92 to 98 of this document. The Group actively endeavours to prevent risks before they arise.</p>

## 2.2. Financial risks

The Group's Finance Department puts forward and oversees the application of rules concerning management of liquidity risk, market (foreign exchange, interest rate and equity) risk and associated counterparty risks. These risks are managed on a centralised basis at the level of the Sopra Steria Group parent company and financing, investment, risk identification and hedging strategies are reviewed regularly by the Finance Department. The Group's policy is not to conduct speculative transactions on financial markets. Among

other tools, the Finance Department employs a cash management system that allows for the constant monitoring of the main liquidity indicators and of all hedging instruments used at Group level. The Finance Department receives regular reports on market developments and the risks to which the Group is exposed, together with information on hedging transactions and their valuation.

Financial risk factors are presented in Note 11.5 to the consolidated financial statements in Chapter 4 of this document (pages 156 to 163).

### 2.2.1. LIQUIDITY RISK

Risk description	Risk management
<p>The Group aims to ensure that it has ample access to liquidity to meet its commitments and its investment needs. To this end, the Group borrows from banks, but also raises funds from capital markets, and is thus exposed to liquidity risk in the event of insufficient lines of credit.</p>	<p>As the majority of the Group's financing is carried by Sopra Steria Group, the implementation of financial policy is largely centralised.</p> <p>At 31 December 2018, the Group held €1.6 billion in credit lines, €950 million of which was not drawn down. The bank facilities renegotiated in 2016 were extended until 2023. Detailed information about credit facilities and their use is provided in Note 11.5.1 to the consolidated financial statements in Chapter 4 of this document (pages 156 to 159).</p> <p>Action taken to improve the management of the client payment cycle started to deliver benefits in 2018, leading to a structural uplift in the conversion rate of its earnings into cash flow.</p>

### 2.2.2. FOREIGN EXCHANGE RISK

Risk description	Risk management
<p>Foreign exchange risk is defined as the impact on the Group's financial indicators of fluctuations in exchange rates relating to its business activities. The Group is exposed to transactional foreign exchange risk as well as translation foreign exchange risk.</p> <p>Due to the fact that the Group's business activities are carried out in an international context, its entities may be exposed to the following types of foreign exchange risk:</p> <ul style="list-style-type: none"> <li>■ foreign exchange risk relating to operations, which corresponds to changes in rates affecting transactions recorded in operating profit (currency flows relating to revenue or the cost of sales, etc.);</li> <li>■ "financial" foreign exchange risk arising from financial liabilities (or financial assets) denominated in foreign currencies, with changes in their value affecting financial income and expenses;</li> <li>■ foreign exchange risk related to investments in subsidiaries outside France, which arises on the translation of the subsidiary's accounts into the consolidating entity's presentation currency (impact on equity).</li> </ul>	<p>The Group Finance Department provides hedging on a centralised basis for such risks via futures or options entered into either on organised markets or over the counter with top-tier counterparties that are members of the banking syndicate, which provide financing to the Group. Management of foreign exchange risk is centralised with the main entities. In India, hedges are arranged locally under the supervision and control of the Group's Finance Department. Exposure to the rupee is also being reduced through a policy of gradually repatriating cash held in India.</p> <p>For more information, see Note 11.5.4 to the consolidated financial statements in Chapter 4 of this document (pages 161 to 163).</p>



### 2.2.3. INTEREST RATE RISK

Risk description	Risk management
<p>The Group may be impacted in the event of unfavourable variations in interest rates. The impact would affect borrowing costs, interest paid on investments and the Group's future cash flows.</p>	<p>The Group's debt consists of €295 million in fixed-rate and €496 million in floating-rate borrowings. The Group's cash is invested at floating rates.</p> <p>At 31 December 2018, the Group's exposure was hedged using hedging instruments, chiefly fixed-rate interest rate options.</p> <p>All the lines of credit are managed by the Group's Finance Department. The Group's aim is to protect itself against interest rate fluctuations by hedging a large part of its floating-rate debt. The Group favours security over returns when making investments, with investment terms of less than three months its preferred option.</p> <p>For more information, see Note 11.5.3 to the consolidated financial statements in Chapter 4 of this document (pages 159 to 161).</p>

### 2.2.4. EQUITY RISK

Risk description	Risk management
<p>The Group's exposure to equity risk mainly arises from:</p> <ul style="list-style-type: none"> <li>■ equity risk in connection with equity interests held: <ul style="list-style-type: none"> <li>• shares held by the Group in Axway Software, a listed company, accounted for using the equity method,</li> <li>• shares held in CS Communication &amp; Systèmes;</li> </ul> </li> <li>■ risk related to treasury shares and other shares held and managed by SSET Trust in the United Kingdom on behalf of shareholders and employees;</li> <li>■ risk related to assets invested in pension funds.</li> </ul>	<p>The Group does not hold any investments in equities or any equity interests in listed companies other than the Axway Software shares, and which represented €195.1 million at 31 December 2018, and the shares in CS Communication &amp; Systèmes, which represented €9.98 million at 31 December 2018.</p> <p>These non-controlling equity investments are made for strategic rather than financial reasons. Given the limited number of treasury shares it holds, these shares do not represent a significant risk factor for the Group (341,371 shares held in treasury at 31 December 2018).</p> <p>Furthermore, since the value of treasury shares is deducted from equity, changes in the share price have no impact on the consolidated income statement. For more information, see Note 13.1.2 to the consolidated financial statements in Chapter 4 of this document (page 167).</p> <p>The Group's Finance Department takes part in the regular exchanges with the trusts that manage the assets of investment funds in the United Kingdom, and in the three-yearly negotiations. The next round of three-yearly negotiations is to be held in 2020.</p>

### 2.2.5. BANK COUNTERPARTY RISK

Risk description	Risk management
<p>The Group's exposure to financial counterparty risk arises from positions recognised as assets on its consolidated balance sheet and from cash invested with financial institutions as a result of transactions performed in the financial markets for risk management and cash management purposes.</p>	<p>All foreign currency and interest rate hedges are put in place with leading banks belonging to the Group's banking syndicate, with which market transaction agreements have been signed.</p> <p>The Group favours short-term investments with banks that form part of its banking syndicate. These investments are subject to approval by the Group Finance Department, and comply with internally defined prudential principles.</p> <p>For more information, see Note 11.5.2 to the consolidated financial statements in Chapter 4 of this document (page 159).</p>

**ADDITIONAL INFORMATION**

Disclosures arising from specific obligations – Other risks

**2.2.6 CLIENT CREDIT RISK**

<b>Risk description</b>	<b>Risk management</b>
<p>A large proportion of the Group's revenue is generated by business with public authorities and European government entities. A very small proportion of revenue is generated by business with clients residing outside the OECD, and the largest proportion of revenue is generated by key accounts, in line with the Group's business strategy, which reduces the risk of client insolvency.</p> <p>Nonetheless, the Group may be exposed to client credit risks.</p> <p>Days sales outstanding (DSO) stood at 61 days at 31 December 2018 (68 days at 31 December 2017).</p> <p>Provisions for doubtful debtors represented 0.4% of the Group's consolidated revenue at 31 December 2018.</p>	<p>The Group monitors developments in trade receivables across its entire scope. Days sales outstanding (DSO) is a performance indicator considered as one of the Group's key operating indicators. It is also included among the objectives for managers. Regular reviews are conducted to put in place actions to address specific issues, in particular the collection of receivables.</p> <p>For more information, see Note 7.2 to the consolidated financial statements in Chapter 4 of this document (page 141).</p>

**2.3. Legal and tax risks****2.3.1. RISKS RELATED TO SIGNIFICANT CHANGES IN LAWS OR REGULATIONS**

<b>Risk description</b>	<b>Risk management</b>
<p>The Group's business is an unregulated activity, and therefore requires no special legal, administrative or regulatory authorisation. Nevertheless, the Group operates on behalf of clients in a number of industry sectors that are themselves regulated (such as financial services).</p> <p>Moreover, the Group is a multinational company that operates in many countries, subject to various constantly changing laws and regulations. The Group's activities and operating profit might be affected by significant changes in laws or regulations, or by decisions taken by authorities.</p> <p>The tax rules in the various countries in which the Group operates are continually evolving. The Group cannot guarantee that the existing tax arrangements, including those granting eligibility for tax credits, especially for research activities, will continue to apply. Furthermore, the Group cannot guarantee that the current interpretations of existing tax arrangements will not be challenged, potentially with adverse consequences for its financial position or results.</p>	<p>Developments in laws and regulations are monitored on a regular basis so as to plan ahead for any upcoming changes at the relevant departments (Legal Department, Finance Department) and make the corresponding adjustments to rules and procedures.</p> <p>The aim of the introduction of a cross-divisional Internal Control and Risk Management Department is to better manage compliance issues in a coherent manner across all geographies and entities.</p> <p>In order to reduce risks related to changes in tax rules, the Group is actively monitoring regulatory and case law developments in the countries where it operates, making sure that its tax practices are in compliance with local laws and regulations.</p>

### 2.3.2. INTELLECTUAL PROPERTY RISKS

Risk description	Risk management
<p>The protection of the Group's intellectual property is essential for the protection of the Group's assets, and especially for entities with activities in software development.</p>	<p>To protect its intellectual property, the Group relies on a combination of contracts, copyrights, trademarks, patents and confidentiality and trade secrecy obligations. In addition, due to their complexity, the technological fields covered by the Group involve an increasing number of issues linked to intellectual property, special attention is given to specific contractual clauses related to intellectual property, in particular during integration of third-party software, use of software company licences in connection with integration projects or infrastructure management services and/or for any issues regarding reuse of software modules in connection with integration projects. Operational staff regularly receive training on protecting intellectual property.</p> <p>Sopra Steria and its subsidiaries have protected the main trademarks used in each country concerned. The brand portfolio is managed by the Legal Department in conjunction with an intellectual property advisor.</p> <p>Sopra Steria and its subsidiaries own exclusive intellectual property rights to all their software, either through having developed it in-house or by having acquired it from third parties. Software packages developed by the Group, in particular by Sopra Banking Software or by Sopra HR Software, are generally marketed directly. However there are a few distribution agreements with partners. Sopra Banking Software holds patents for the technical algorithms used by various technological and functional components of the Sopra Banking Platform software suite, designed for banks and financial institutions.</p>

#### Litigation, government, legal or arbitration proceedings

Within the framework of everyday management of the Group's activities, some companies may be involved in legal proceedings.

Provisions are recognised in respect of ongoing disputes, as detailed in Note 10.1 to the consolidated financial statements in Chapter 4 of this document (page 151).

The Group has received claims from the tax authorities, mainly in France and India. In France, tax disputes mainly involve the CIR (R&D tax credit). In India, disputes notably concern the procedures for the temporary tax relief for which the Group was eligible in the past, the application of withholding taxes for certain flows and the transfer pricing policy. These claims are subject to appeal during pre-litigation phases before the various administrative authorities or during litigation phases before the courts. At 31 December 2018, the amount of provisions set aside for these tax risks was €44.2 million for the Group as a whole.

The Group is not aware of any legal or arbitration proceedings which could have a significant impact other than those reflected in the Group's financial position. To date, the Company is not aware of any governmental, legal or arbitration proceedings, including any proceedings that may be suspended or threatened, which may have or have had a material impact on the financial position or profitability of the Company or Group during the past twelve months.

However, Sopra Steria cannot rule out the possibility of further litigation proceedings being initiated as a result of events or facts that are not currently known and the associated risk of which cannot yet be determined and/or quantified. Proceedings of this kind may therefore have a material unfavourable effect on the Group's net profit or image.

## 3. Articles of Association

The Articles of Association and internal rules and regulations of Sopra Steria Group are available in full on the website, <https://www.soprasteria.com>, in the "Investors" section under "Governance".

### 3.1. Board of Directors

#### ARTICLE 14 OF THE ARTICLES OF ASSOCIATION – BOARD OF DIRECTORS

The Company is administered by a Board of Directors comprising a minimum of three members and a maximum of eighteen, subject to the exception provided for by law in the event of a merger.

The Directors representing the employees are not taken into account when determining the minimum and maximum number of Directors.

##### 1. Term of office of Directors appointed at the General Meeting and Directors representing the employees

Directors are appointed for a term of office of six years. By exception, upon their first appointment following 1 January 2018, Directors' terms of office may be set at 1, 2, 3, 4 or 5 years such that directorships are renewed on a staggered basis every two years.

In the year of expiry, Directors' terms of office shall expire at the close of the Ordinary General Meeting convened to approve the financial statements for the previous financial year. They are immediately eligible for reappointment.

##### 2. Directors appointed at the General Meeting

Directors are appointed, reappointed or dismissed by the shareholders at Ordinary General Meetings.

No one may be appointed a Director if, having exceeded the age of seventy-five years, his/her appointment results in more than one-third of Board members exceeding this age. Once this limit is exceeded, the oldest Director is deemed to have resigned from office.

Directors may be natural or legal persons. When a legal person is appointed as Director, the latter names a permanent representative who is subject to the same conditions, obligations and liabilities as all other Board members, without prejudice to the joint and several liability of the legal person thus represented.

In the event of one or more vacancies on the Board of Directors, between two General Meetings, the Board may make temporary appointments, in accordance with the requirements of Article L. 225-24 of the French Commercial Code. A Director appointed to replace another Director performs his/her duties for the remainder of the term of office of the individual previously serving in this position.

Each Director must own at least one share in the Company.

##### 3. Director representing the employees

In accordance with the provisions of the French Commercial Code relating to Directors representing employees, whenever the number of Directors appointed at the General Meeting pursuant to Articles L. 225-17 and L. 225-18 of the French Commercial Code and in accordance with these Articles of Association is less than or equal to twelve, a Director representing the employees is nominated by the Company's works council.

Whenever this number is greater than 12, a second Director representing the employees is nominated by the Company's works council. If this number should fall to 12 or below, the second Director representing the employees shall continue to serve for his/her full term of office.

The Director or Directors representing the employees are not required to hold shares in the Company.

Provisions of the Articles of Association relating to Directors representing the employees shall cease to apply, with no impact on directorships still in force, when, at the end of a financial year, the Company no longer fulfils the prerequisites for their appointment.

Further to the provisions set out in paragraph 2 of Article L. 225-29 of the French Commercial Code, should the Company body designated in these Articles of Association fail to nominate a Director representing the employees, the decisions of the Board of Directors shall still be deemed to be valid.

#### ARTICLE 15 OF THE ARTICLES OF ASSOCIATION – ORGANISATION OF THE BOARD OF DIRECTORS

The Board of Directors elects from among its members a Chairman, who must be a natural person in order for the appointment to be valid. The Board determines the Chairman's compensation.

The Chairman shall be appointed for a term that may not exceed his/her term of office as Director. The Chairman may be reappointed. The Board may remove the Chairman from office at any time.

No one over the age of 85 may be appointed Chairman. If the Chairman in office exceeds this age, he/she shall automatically be deemed to have resigned.

The Board may appoint one or two Vice-Chairmen from among the Directors.

It can also appoint a secretary who need not be a Director or shareholder.

In the event of the Chairman's absence, Board meetings shall be chaired by any person specifically delegated for this purpose by the Chairman. In the absence of this individual, the Board meeting shall be chaired by one of the Vice-Chairmen.

#### ARTICLE 16 OF THE ARTICLES OF ASSOCIATION – DELIBERATIONS OF THE BOARD OF DIRECTORS

The Board of Directors meets as often as the Company's interests require it to do so, at the request of its Chairman. The Chief Executive Officer, or if the Board has not met for more than two months, at least one-third of the Directors, may request the Chairman, who is bound by such request, to convene a meeting of the Board of Directors on the basis of a predetermined agenda.

Convening notices are issued by any and all means including verbally.

Board meetings shall take place at the registered office or in any other place specified in the convening notice.

The Board can only validly conduct business in the presence of at least half the Directors. Decisions are taken on the basis of a majority of votes of members present or represented.

In the event of a tie, the Chairman of the Board of Directors shall have the casting vote. If the Chairman of the Board of Directors is not present, the individual chairing the meeting in his/her absence shall have no casting vote in the event of a tie.

An attendance sheet is signed by the Directors taking part in the Board meeting, either in person or by proxy.

Internal rules and regulations shall be defined for the Board of Directors.

These internal rules and regulations may include a provision whereby Directors who participate in the meeting by videoconference or any other means of telecommunication that enables them to be identified as required by law, shall be considered to be present for the purpose of calculating the quorum and majority.

This provision shall not apply for the adoption of any of the following decisions:

- approving the annual financial statements and the consolidated financial statements, and preparing the management report and the group management report;

The deliberations of the Board of Directors are recorded in the form of minutes, which are prepared in accordance with the legal provisions in force and signed by the person having chaired the meeting and by at least one Director. In the absence of the person having chaired the meeting, the minutes shall be signed by at least two Directors.

Copies or extracts of these minutes shall be certified by the Chairman of the Board of Directors, the Chief Executive Officer, a Director temporarily appointed to act as Chairman or an agent authorised for such purpose.

#### **ARTICLE 17 OF THE ARTICLES OF ASSOCIATION – POWERS OF THE BOARD OF DIRECTORS**

The Board of Directors shall establish the Company's business policies and ensure they are carried out. Subject to the powers expressly reserved to shareholders' meetings and within the limits of the corporate objects, the Board of Directors may consider any matter relating to the proper operation of the Company and shall resolve matters that concern the Company by its decisions.

In its relations with third parties, the Company shall be bound by the acts of the Board of Directors that exceed the scope of the corporate objects, unless the Company proves that the third party was aware, or that in light of the circumstances could not have been unaware, that the act was not within said corporate objects. However, the mere publication of the Articles of Association shall not constitute such proof.

The Board of Directors undertakes all the checks and verifications it deems necessary. Each Director is entitled to receive all the documents and information necessary to carry out his/her duties.

The Board may grant all agents of its choice all delegations of powers, within the limits of the powers it holds pursuant to law and these Articles of Association.

The Board may create committees charged with studying matters that the Board or the Chairman submits for their opinion and review.

Under a delegation of powers granted at an Extraordinary General Meeting, the Board of Directors may amend the Company's Articles of Association to ensure compliance with legal and regulatory requirements, subject to ratification at the following Extraordinary General Meeting.

#### **ARTICLE 18 OF THE ARTICLES OF ASSOCIATION – POWERS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS**

The Chairman of the Board of Directors organises and directs the work of the Board of Directors, on which he/she reports to the General Meeting. He/she ensures the smooth running of the Company's management bodies and, in particular, that the Directors are able to carry out their duties.

#### **ARTICLE 2 OF THE BOARD OF DIRECTORS' INTERNAL RULES AND REGULATIONS – ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS**

##### **1. Organising and directing the work of the Board of Directors**

The Chairman of the Board of Directors organises and directs the work of the Board of Directors.

The Chairman of the Board of Directors sets the schedule and agenda for meetings of the Board of Directors.

##### **2. Operations of the Company's management bodies, governance of the Company and control of Executive Management**

The Chairman of the Board of Directors ensures the smooth running of the Company's management bodies, namely its Board of Directors and the Board's standing committees, the relations of these bodies with Executive Management and the implementation of best practices in corporate governance.

The Chairman of the Board of Directors makes sure that Directors are able to carry out their duties, and that they have adequate information.

The Chairman of the Board of Directors ensures open lines of communication at all times between the Board of Directors and Executive Management. As such, the Chairman also keeps abreast of, and must be informed of, the Group's circumstances and any decisions being considered whenever they are likely to have a significant impact on the conduct of business activities. To this end, the Chairman is kept informed of developments throughout the preparation of planned operations subject to prior approval by the Board of Directors and may offer comments on such plans.

He/she may draw on the expertise of the Board committees and their chairmen and enjoys unrestricted access to Executive Management.

##### **3. Relations with shareholders**

The Chairman provides information to shareholders at their General Meetings about the manner in which the work of the Board of Directors is prepared and organised as well as the internal control procedures put in place by the Group.

The Chairman presides over General Meetings.

In collaboration with the Chief Executive Officer, the Chairman ensures the appropriate management of the Company's relations with its major shareholders.

##### **4. Support provided to Executive Management**

In agreement with the Chief Executive Officer, the Chairman of the Board of Directors may take part in actions to address any issues of interest to the Company or the Group, notably those relating to business activities, strategic decisions or projects (in particular involving investments or divestments), partnership agreements and relations with employee representative bodies, risks and financial disclosures.

In agreement with the Chief Executive Officer, he/she may also take part in any meetings.

##### **5. Representation of the Company and the Group**

The Chairman of the Board of Directors represents the Board in its relations with third parties, apart from exceptional circumstances or in the case of specific assignments conferred upon individual Directors. In coordination with the Chief Executive Officer, the Chairman of the Board of Directors makes every effort to promote the values and image of the Group in all circumstances. In agreement with the Chief Executive Officer, the Chairman of the Board of Directors may represent the Group in its high-level relations, particularly with major partners or clients and government authorities, on the domestic and international fronts, and in terms of both internal and external communications.

In the absence of the Chairman of the Board of Directors, Board meetings shall be chaired by the individual delegated for this purpose by the Chairman and, in the absence of this individual, by one of the two Vice-Chairmen.

If the Chairman of the Board of Directors is not present, the individual chairing the meeting shall not have the casting vote in the event of a tie.

**Conditions for the exercise of the Chairman of the Board of Directors' prerogative powers**

The duties assumed by the Chairman of the Board of Directors require the Chairman to devote his/her time to the Company. The initiatives undertaken and the actions carried out by the Chairman in the performance of his/her duties are taken into consideration by the Board of Directors in determining the Chairman's compensation.

The Chairman of the Board of Directors fulfils his/her responsibilities in recognition of those assumed by the Chief Executive Officer and the Board of Directors.

**ARTICLE 20 OF THE ARTICLES OF ASSOCIATION – COMPENSATION OF SENIOR EXECUTIVES**

1. The shareholders at a General Meeting may grant the Directors a fixed annual sum of directors' fees, the amount of which shall be booked as operating expenses. Such amount shall be maintained until a new decision is adopted. The Board of Directors shall determine the allocation thereof among the Directors.
2. The Board of Directors determines the compensation of the Chairman of the Board of Directors, the Chief Executive Officer and any Deputy Chief Executive Officers, if appointed. Such compensation may be fixed and/or variable.
3. For assignments or mandates entrusted to Directors, the Board of Directors may also award exceptional payments that will be submitted for shareholder approval at an Ordinary General Meeting.

Directors may not receive from the Company compensation, whether permanent or not, other than that set out in the previous paragraphs, unless they are tied to the Company by an employment contract under conditions authorised by law.

**ARTICLE 21 OF THE ARTICLES OF ASSOCIATION – MULTIPLE OFFICES**

An individual shall not simultaneously hold more than five offices as a Director or a member of the Supervisory Board of *sociétés anonymes* that have their registered offices in France.

By exception to the foregoing provisions and for the purposes of applying this article, offices held by a person as a Director or member of the Supervisory Board of a company that is controlled, within the meaning of Article L. 233-16 of the French Commercial Code, by the company in which that person is a Director shall not be taken into account for these purposes.

Pursuant to the above provisions, the positions of Directors of companies whose shares are not traded on a regulated market or are controlled, within the meaning of Article L. 233-16 of the French Commercial Code, by the same company only count as one position, provided the number of such positions held does not exceed five.

An individual may not simultaneously hold more than one position as Chief Executive Officer, member of a management board or sole Chief Executive Officer of *sociétés anonymes* that have their registered offices in France. In derogation of the foregoing, a second position as Chief Executive Officer, member of a management board or sole Chief Executive Officer may be held in a company that is controlled, within the meaning of Article L. 233-16 of the French Commercial Code, by the company of which he/she is Chief Executive Officer. Another position as Chief Executive Officer, member of a management board or sole Chief Executive Officer may be held in a company if the shares of neither of these two companies are admitted to trading on a regulated market.

Without prejudice to the conditions above or to other legal requirements, an individual shall not simultaneously hold more than five offices as a Chief Executive Officer, member of a management board, sole executive officer, Director or member of the Supervisory Board of *sociétés anonymes* having their registered offices in France. For the purposes of this Article, where a Director acts as Chief Executive Officer, this shall count as a single office.

This number shall be reduced to three for offices held within companies, even where registered outside France, whose shares are traded on a regulated market for persons acting as Chief Executive Officer, member of a management board, Director or sole executive officer in a company whose shares are traded on a regulated market and which employs at least 5,000 permanent employees in the company and its direct or indirect subsidiaries, and whose registered offices are located in France, or at least 10,000 employees in the company and its direct or indirect subsidiaries, and whose registered offices are located in France and elsewhere.

For the purposes of applying this latter limit, positions as Director or member of the Supervisory Board held by the Chief Executive Officer, member of a management board, Director or sole executive officer of companies whose main business is the acquisition and management of investment holdings, within the meaning of Article L. 233-2 of the French Commercial Code, shall be disregarded for these purposes.

Any individual in breach of the provisions concerning multiple offices shall resign one of the positions within three months of his/her appointment or, in the event of a derogation, from the position at issue within three months of the event that causes the person to cease complying with the conditions set by law. On expiry of the three-month period, the person is automatically dismissed and must return the compensation received, although the validity of the deliberations in which he/she took part is not called into question.

**3.2 Executive management****ARTICLE 19 OF THE ARTICLES OF ASSOCIATION – EXECUTIVE MANAGEMENT****1. Operating procedures**

Responsibility for the Executive Management of the Company is assumed by either the Chairman of the Board of Directors or by another natural person appointed by the Board of Directors and holding the title of Chief Executive Officer.

The Board of Directors chooses one or other of the aforementioned methods of executive management.

The decision of the Board of Directors relating to the choice of management method is taken on the basis of a majority of Directors present or represented. Shareholders and third parties are informed of this choice in the conditions provided for by the regulations in force.

The choice made by the Board of Directors applies for an unlimited period.

**2 Executive Management**

The Chief Executive Officer is a natural person who may or may not be a Director.

The term of office of the Chief Executive Officer is determined by the Board of Directors at the time of his/her appointment. However, if the Chief Executive Officer is also a Director, his/her term of office as Chief Executive Officer may not exceed that as Director.

No one over the age of 77 may be appointed as Chief Executive Officer. Once the Chief Executive Officer has reached this age limit, he/she is deemed to have resigned from office.

The Chief Executive Officer may be dismissed at any time by the Board of Directors. In the event of unfair dismissal, he/she may be entitled to damages, except when he/she also serves as Chairman of the Board of Directors.

The Chief Executive Officer is vested with the broadest powers to act in all circumstances on behalf of the Company. He/she exercises his/her powers within the limits of the corporate purpose and subject to those expressly granted to General Meetings and the Board of Directors by the law.

He/she represents the Company in its dealings with third parties. The Company is bound even by the actions of the Chief Executive

Officer falling outside the scope of the corporate purpose, unless it can prove that the third party knew that such action exceeded the corporate purpose or that it could not ignore it in the circumstances, it being excluded that publication of the Articles of Association alone constitutes such proof.

### 3. Deputy Chief Executive Officers

On a proposal from the Chief Executive Officer, whether this position is held by the same person serving as Chairman of the Board of Directors or by another person, the Board may appoint one or more natural persons to assist the Chief Executive Officer, with the title of Deputy Chief Executive Officer.

The Board of Directors may appoint as many as five Deputy Chief Executive Officers, who may or may not be selected from among its members.

The age limit is set at 65 years. Once a Deputy Chief Executive Officer has reached this age limit, he/she is automatically deemed to have resigned.

Deputy Chief Executive Officers may be dismissed at any time by the Board of Directors on a proposal from the Chief Executive Officer. In the event of unfair dismissal, Deputy Chief Executive Officers may be entitled to damages.

When the Chief Executive Officer ceases to carry out or is prevented from carrying out his/her duties, the Deputy Chief Executive Officers retain their duties and remits until the appointment of a new Chief Executive Officer, unless decided otherwise by the Board of Directors.

In agreement with the Chief Executive Officer, the Board of Directors determines the scope and duration of the powers conferred on the Deputy Chief Executive Officers. In their dealings with third parties, the Deputy Chief Executive Officers have the same powers as the Chief Executive Officer.

### ARTICLE 3 OF THE BOARD OF DIRECTORS' INTERNAL RULES AND REGULATIONS – ROLE OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer has authority over the entire Group. He/she directs, administers and coordinates all of its activities. Together with the Chairman, he/she develops the Group's strategy, which is subject to the approval of the Board of Directors, and ensures its implementation.

The Chief Executive Officer is vested with the broadest powers to act in all circumstances on behalf of the Company. He/she represents the Company in its dealings with third parties. He/she chairs the Group's Executive Committee.

The Chief Executive Officer exercises his/her powers within the limits of the corporate purpose, all applicable laws, the Articles of Association and these internal rules and regulations.

The Chief Executive Officer is also responsible for providing the Board of Directors and all its committees with any information they may require and for implementing all decisions taken by the Board.

#### Conditions for the exercise of the Chief Executive Officer's prerogative powers

The Chief Executive Officer works closely with the Chairman of the Board of Directors to ensure open lines of communication at all times between the Board of Directors and Executive Management. He/she also keeps the Chairman informed of the Group's circumstances and any decisions being considered whenever they are likely to have a significant impact on the conduct of business activities.

The types of decisions identified in this section require the prior authorisation of the Board of Directors, or of the Chairman whenever the Board delegates its powers to him/her in this respect, under the conditions defined by the Board. The Chairman must report to the Board of Directors on any authorisations given by him/her in connection with these delegations. These decisions are prepared and

discussed in advance by the Chief Executive Officer and the Chairman of the Board of Directors.

Under the aforementioned conditions, the decisions requiring prior approval by the Board of Directors are those that are highly strategic in nature or that are likely to have a significant impact on the financial position or commitments of the Company or any of its subsidiaries, and in particular decisions falling into two main categories, as listed below:

- decisions relating to strategy implementation:
  - adaptation of the Group's business model,
  - the acquisition or disposal of companies or businesses, for transactions in amounts greater than €10 million,
  - any investment or divestment decision in an amount greater than €10 million,
  - entering into strategic alliances;
- decisions relating to organisational matters:
  - the appointment or dismissal of any member of the management team (Executive Committee members),
  - any significant change in the organisation.

### 3.3. General Meetings

#### ARTICLE 25 OF THE ARTICLES OF ASSOCIATION – GENERAL MEETINGS

General Meetings are convened and held under the conditions laid down by the law.

The decisions collectively made by the shareholders shall be taken in General Meetings characterised either as Ordinary General Meetings, Extraordinary General Meetings or Special General Meetings depending on the nature of the decision to be taken.

Special General Meetings are called for the holders of shares of a given category to decide upon any changes to the rights attached to shares in this category.

The decisions taken by General Meetings are binding for all the shareholders, including absentee and dissenting shareholders and those lacking legal capacity.

#### ARTICLE 26 OF THE ARTICLES OF ASSOCIATION – VENUE AND PROCEDURE FOR CONVENING GENERAL MEETINGS

General Meetings shall be convened by the Board of Directors. Failing this, they may also be convened by the Statutory Auditors or by a court-appointed agent, in accordance with the law.

General Meetings shall take place at the registered office or in any other place specified in the convening notice.

General Meetings shall be convened by means of a notice published either in a journal authorised to publish legal announcements in the area where the registered office is located, or in the *Bulletin des Annonces Légales Obligatoires* (BALO, the French journal of official legal announcements), at least two weeks before the General Meeting.

However, if all the shares are held in registered form, these announcements are not mandatory, and the General Meeting may be convened by giving notice to each shareholder by registered letter, at the Company's expense.

At least 35 days before each shareholders' meeting, the Company shall publish in the BALO the notice required by Article R. 225-73 of the French Commercial Code.

Shareholders who have held registered shares for at least one month on the date a convening notice is published shall be invited to attend the General Meeting by ordinary letter.

However, they may give the Company a written authorisation to send these notifications by electronic mail instead of by letter. In this case,

**ADDITIONAL INFORMATION**

## Articles of Association

they must communicate their electronic address to the Company. They may, at any time, by registered letter, request that the Company send notifications by letter instead.

Shareholders may also ask to be notified of any General Meeting by registered letter if they have forwarded to the Company the amount necessary to cover the cost of sending such a letter.

When business cannot be conducted at a General Meeting because of the lack of the required quorum, a second General Meeting, and an adjourned second General Meeting, if necessary, shall be convened with at least six days' notice, in the same way as the first.

The notice and the letters inviting the shareholders to this second General Meeting shall feature the date and agenda of the first General Meeting. If the Meeting is postponed by court decision, the court may set an alternative date.

The notice and letters convening the Meeting must contain all the information required by law.

**ARTICLE 27 OF THE ARTICLES OF ASSOCIATION – AGENDA**

The agenda for the General Meeting is decided by the person(s) convening the Meeting.

One or more shareholders representing at least the portion of share capital required by law and acting in accordance with legal requirements and time periods, may request that specific items of business or draft resolutions be added to the General Meeting's agenda.

The works council may also request the inclusion of proposed resolutions in the agenda.

Items of business not appearing on the agenda may not be considered at the General Meeting. However, the General Meeting can in all circumstances dismiss and replace one or more Directors.

**ARTICLE 28 OF THE ARTICLES OF ASSOCIATION – ACCESS TO GENERAL MEETINGS – POWERS – COMPOSITION**

The General Meeting shall be composed of all shareholders, regardless of the number of shares they hold, who attend the Meeting either in person or by proxy.

All shareholders have the right to participate in General Meetings provided they furnish proof, in accordance with legal and regulatory requirements, that their shares are registered on accounts in their names or on their behalf in the name of their registered intermediary, or on the registered share accounts kept by the Company, or on the bearer share accounts kept by an authorised intermediary.

Any shareholder may be represented by his/her spouse, the partner with whom he/she has entered into a *pacte civil de solidarité* (PACS, the French civil union contract), another shareholder or any other private individual or legal entity of his/her choice. If a shareholder does not name a proxy holder in a proxy form submitted, the Chairman of the General Meeting shall vote in favour of proposed resolutions submitted for approval by the Board of Directors, and against any other proposed resolutions. For any other vote, the shareholder shall choose a proxy holder who agrees to vote as directed by the shareholder.

The legal representatives of legally incapable shareholders and the persons representing legal entities that hold shares in the Company may attend General Meetings whether they are shareholders or not.

If so decided by the Board of Directors when convening the Meeting, shareholders may also take part by videoconference or any other means of telecommunication, including the Internet, which permits them to be identified as provided by the law.

Shareholders who participate in a General Meeting by videoconference or other means of telecommunication that enables them to be identified in a manner and in accordance with procedures in

compliance with regulatory provisions shall be deemed present for the purposes of calculating the quorum and majority.

All shareholders may vote by mail by filling in a form addressed to the Company, under the conditions established by law and in regulations; to be taken into account, this form must reach the Company at least three days before the date of the General Meeting.

Two works council members, appointed by the works council as laid down by law, may attend General Meetings. At their request, they shall be heard during deliberations on all matters requiring a unanimous vote of the shareholders.

**ARTICLE 29 OF THE ARTICLES OF ASSOCIATION – VOTING RIGHTS**

The voting right attached to capital shares or dividend shares shall be proportional to the portion of the capital they represent. With the same par value, each share shall entitle the holder to the same number of votes, with a minimum of one vote.

However, double voting rights are allocated to all fully paid-up shares that are proved to have been registered in the name of the same holder for at least two years up to that time. In the event of a capital increase by capitalisation of reserves, earnings or issue premiums, double voting rights shall be allocated upon issuance to registered shares freely granted to a shareholder in proportion to existing shares for which this shareholder was entitled to benefit from this right.

**ARTICLE 30 OF THE ARTICLES OF ASSOCIATION – RIGHTS TO SHAREHOLDER INFORMATION – DISCLOSURE OBLIGATIONS**

All shareholders are entitled to receive all the information necessary for them to take an informed decision relating to the management and situation of the Company.

The documentation required and its availability to shareholders is established by law and in regulations.

Any shareholder who holds more than 3% or more than 4% of the Company's capital shall inform the Company in the same manner and based on the same methods of calculation as required with respect to legal thresholds.

**ARTICLE 31 OF THE ARTICLES OF ASSOCIATION – ATTENDANCE SHEET – OFFICERS – MINUTES**

The attendance sheet, duly initialled by the shareholders present and by proxy holders and including the names of shareholders attending the General Meeting using a means of telecommunication, accompanied by the authorisations granted to proxy holders, and, where appropriate, voting forms, shall be certified as accurate by the officers of the Meeting.

The General Meeting shall be chaired by the Chairman of the Board of Directors or, in the Chairman's absence, by a Vice-Chairman or by a Director specifically delegated for this purpose by the Board. Failing this, the Meeting shall elect its own Chairman.

The duties of vote-teller shall be performed by the two shareholders, present and accepting such duties, who hold the largest number of shares, either on their own behalf or as proxy holders.

The officers of the Meeting thus appointed shall designate a secretary, who is not required to be a shareholder.

The minutes are drawn up and copies or extracts of these minutes are delivered and certified in accordance with the law.

**ARTICLE 32 OF THE ARTICLES OF ASSOCIATION – ORDINARY GENERAL MEETINGS**

An Ordinary General Meeting is a meeting called to take decisions which do not amend the Articles of Association.



Person responsible for the Registration Document and information on the auditing of the Company's financial statements

This type of General Meeting shall be held at least once a year, within the time period required by law and regulations, to approve the financial statements for the previous year.

Ordinary General Meetings are only able to validly conduct business, when convened for the first time, if the shareholders attending the Meeting, represented by proxy or having voted by mail represent at least one-fifth of the total voting rights. No quorum is required when Ordinary General Meetings are convened for the second time.

The Meeting issues decisions by simple majority of the votes of the shareholders present or represented by proxy holders, including the votes of shareholders who have voted by mail.

#### ARTICLE 33 OF THE ARTICLES OF ASSOCIATION – EXTRAORDINARY GENERAL MEETINGS

The Extraordinary General Meeting alone shall be authorised to amend the Articles of Association. However, it may not increase shareholders' commitments, except in the case of transactions resulting from a duly completed reverse stock split.

Extraordinary General Meetings are only able to validly conduct business, when convened for the first time, if the shareholders attending the Meeting or represented by proxy or having voted by mail represent at least one-quarter of the total voting rights, and one-fifth of the total voting rights when convened for the second time. If this latter quorum is not reached, the second meeting may be postponed to a date no later than two months after the date for which the second meeting was originally convened. For this postponed meeting, a quorum of one-fifth of the shares with voting rights shall also be required.

The Meeting issues decisions by a majority of two-thirds of the votes of the shareholders present or represented by proxy holders, including the votes of shareholders who have voted by mail, except as otherwise provided by law.

#### ARTICLE 34 OF THE ARTICLES OF ASSOCIATION – SPECIAL GENERAL MEETINGS

When there are several categories of shares, no changes may be made to the rights of a given category of shares unless approved by an Extraordinary General Meeting open to all shareholders and also by a Special General Meeting of the holders of the category of shares in question.

Special General Meetings are only able to validly conduct business, when convened for the first time, if the shareholders attending the Meeting or represented by proxy represent at least one-third of the total voting rights, and one-fifth of the total voting rights when convened for the second time.

In all other respects, Special General Meetings are convened and conduct business in the same way as Extraordinary General Meetings.

#### ARTICLE 35 OF THE ARTICLES OF ASSOCIATION – BONDHOLDERS' MEETINGS

In the event of the issuance of bonds, the holders of these bonds are considered as a group, in accordance with legal requirements, for the defence of their shared interests.

This group is represented by one or more representatives elected at a Bondholders' Meeting.

Should there be more than one group of bondholders, they may not transact business at the same Meeting.

## 4. Person responsible for the Registration Document and information on the auditing of the Company's financial statements

### 4.1. Person responsible for the Registration Document

#### Name and position of the person responsible for the Registration Document

Vincent Paris, Chief Executive Officer

### 4.2. Information relating to the Statutory Auditors

#### 4.2.1. PRINCIPAL STATUTORY AUDITORS AND SUBSTITUTE AUDITORS

##### Principal Statutory Auditors

- Auditeurs et Conseils Associés – 31 rue Henri-Rochefort, 75017 Paris (France).

Represented by Olivier Juramie.

Term of office expires at the General Meeting convened to approve the 2021 financial statements.

First appointed: June 1986.

- Mazars – 61 rue Henri-Regnault, Tour Exaltis, 92400 Courbevoie (France).

Represented by Bruno Pouget.

Term of office expires at the General Meeting convened to approve the 2023 financial statements.

First appointed: June 2000.

##### Substitute Auditors

- Pimpaneau & Associés – 31 rue Henri-Rochefort – 75017 Paris (France).

Term of office expires at the General Meeting convened to approve the 2021 financial statements.

## 5. Provisional reporting timetable

Publication date	Event	Meeting date
22 February 2019 before market open	2018 annual revenue and earnings	22 February 2019
26 April 2019 before market open	Q1 2019 revenue	-
	Annual General Meeting	12 June 2019
26 July 2019 before market open	2019 half-year revenue and earnings	26 July 2019
25 October 2019 before market open	Q3 2019 revenue	-

The full-year and half-year results are published in press releases and are presented at face-to-face meetings and at bilingual webcast meetings in French and English.

## 6. Regulatory disclosures in 2018 <sup>(1)</sup>

### 6.1. Press releases for ongoing disclosure obligation

- 21/12/2018 Sopra Steria and seven banks in the Sparda banking group sign a letter of intent to solidify their relationship as long-term partners.
- 26/10/2018 Revenue for Q3 2018.
- 23/10/2018 Sopra Steria: acquisition of Apak.
- 22/10/2018 Sopra Banking Platform and Sopra Banking Amplitude in the 2018 Global Digital Banking Platforms' Forrester Wave™.
- 19/10/2018 Adjustment to 2018 earnings forecast.
- 02/10/2018 Sopra Steria Group: 2019 financial calendar.
- 02/08/2018 Sopra Steria Group: Publication of the 2018 Half-Year Financial Report.
- 27/07/2018 2018 half-year results.
- 06/07/2018 Sopra Steria finalises its acquisition of it-economics.
- 12/06/2018 Combined General Meeting of Tuesday, 12 June 2018.
- 31/05/2018 Sopra Steria announces the success of its We Share employee share ownership plan.
- 15/05/2018 Sopra Steria plans to acquire German firm it-economics.
- 04/05/2018 Sopra Steria finalises its acquisition of BLUECARAT.
- 03/05/2018 Combined General Meeting of 12 June 2018 – Documents and preparatory information available.
- 26/04/2018 Q1 2018 revenue.
- 13/04/2018 Sopra Steria Group: Publication of the 2017 Registration Document.
- 20/03/2018 Sopra Steria: Launch of an employee shareholding plan.
- 19/02/2018 2017 full-year results.
- 08/01/2018 Sopra Steria plans to acquire German firm BLUECARAT.

### 6.2. Registration Document including the Annual Financial Report and updates

- 13/04/2018 Publication of the 2017 Registration Document including the Annual Financial Report.

### 6.3. Interim financial report

- 02/08/2018 Publication of the 2018 Half-Year Financial Report.

### 6.4. Quarterly financial reporting

- 26/10/2018 Q3 2018 revenue.
- 26/04/2018 Q1 2018 revenue.

### 6.5. Monthly disclosures of total voting rights and shares

- 12 monthly disclosure forms.
- 27/04/2018 Filing of the date of publication of the meeting notice in the BALO of the General Meeting of 12 June 2018.

### 6.6. Descriptions of share buyback programmes and reports on the liquidity agreement

#### Liquidity agreement

- 03/07/2018 Half-yearly report on the liquidity agreement with Oddo Corporate Finance.
- 03/01/2018 Half-yearly report on the liquidity agreement with Oddo Corporate Finance.

#### Treasury share transactions

- 21/12/2018 Weekly disclosure of transactions in own shares for the period from 17 to 21 December 2018.
- 19/11/2018 Weekly disclosure of transactions in own shares for the period from 12 to 16 November 2018.
- 22/10/2018 Weekly disclosure of transactions in own shares for the period from 15 to 19 October 2018.
- 24/09/2018 Weekly disclosure of transactions in own shares for the period from 17 to 21 September 2018.
- 04/09/2018 Weekly disclosure of transactions in own shares for the period from 13 to 17 August 2018.

(1) All of this information is available in the Investors section of the Group's website: <https://www.soprasteria.com>.

- 04/09/2018 Weekly disclosure of transactions in own shares for the period from 6 to 10 August 2018.
  - 06/08/2018 Weekly disclosure of transactions in own shares for the period from 30 July to 3 August 2018.
  - 20/07/2018 Weekly disclosure of transactions in own shares for the period from 16 to 20 July 2018.
  - 03/07/2018 Weekly disclosure of transactions in own shares for the period from 11 to 15 June 2018.
  - 18/05/2018 Weekly disclosure of transactions in own shares for the period from 14 to 18 May 2018.
  - 23/04/2018 Weekly disclosure of transactions in own shares for the period from 16 to 20 April 2018.
  - 03/04/2018 Weekly disclosure of transactions in own shares for the period from 26 to 30 March 2018.
  - 26/03/2018 Weekly disclosure of transactions in own shares for the period from 19 to 23 March 2018.
  - 19/03/2018 Weekly disclosure of transactions in own shares for the period from 12 to 16 March 2018.
  - 12/03/2018 Weekly disclosure of transactions in own shares for the period from 5 to 9 March 2018.
  - 05/03/2018 Weekly disclosure of transactions in own shares for the period from 26 February to 2 March 2018.
  - 26/02/2018 Weekly disclosure of transactions in own shares for the period from 19 to 23 February 2018.
  - 16/02/2018 Weekly disclosure of transactions in own shares for the period from 12 to 16 February 2018.
  - 19/01/2018 Weekly disclosure of transactions in own shares for the period from 15 to 19 January 2018.
- 6.7. Reports on the manner in which the work of the Board of Directors is prepared and organised, and on internal control procedures**
- 13/04/2018 Included in the 2017 Registration Document.
- 6.8. Fees paid to the Statutory Auditors**
- 13/04/2018 Included in the 2017 Registration Document.
- 6.9. Press releases on the availability of information related to shareholders' meetings**
- 03/05/2018 Press release announcing the availability of documents and preparatory information for the Combined General Meeting of 12 June 2018.
- 6.10. Press releases on the availability of prospectuses**
- 13/04/2018 Press release announcing the publication of the 2017 Registration Document.
  - 02/08/2018 Press release announcing the publication of the 2018 Half-Year Financial Report.

## 7. Documents on display

The legal documents relating to the Company – in particular its Articles of Association, financial statements and reports presented to shareholders at its General Meetings by the Board of Directors and the Statutory Auditors – may be requested from the

Communications Department at 6 Avenue Kleber, 75116 Paris, France. All published financial information is available on the Group's website: <https://www.soprasteria.com>.



# 8 GENERAL MEETING

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# 1. Agenda

The shareholders of Sopra Steria Group are invited to attend the Combined General Meeting to be held on Wednesday, 12 June 2019, at 2.30pm, at Pavillon Dauphine, place du Maréchal-de-Lattre-de-Tassigny, 75116 Paris, to consider the following agenda:

## Requiring the approval of the Ordinary General Meeting

1. Approval of the individual financial statements for the financial year ended 31 December 2018; approval of non-deductible expenses.
2. Approval of the consolidated financial statements for the financial year ended 31 December 2018.
3. Appropriation of earnings and determination of the dividend.
4. Approval of the service agreement with Éric Hayat, as an agreement governed by Article L. 225-38 of the French Commercial Code.
5. Approval of the Statutory Auditors' special report on agreements governed by Article L. 225-38 et seq. of the French Commercial Code.
6. Approval of items of compensation paid or allotted in respect of financial year 2018 to Pierre Pasquier, Chairman.
7. Approval of items of compensation paid or allotted in respect of financial year 2018 to Vincent Paris, Chief Executive Officer.
8. Approval of the principles and criteria for the determination, distribution and allocation of items of compensation for the Chairman.
9. Approval of the principles and criteria for the determination, distribution and allocation of items of compensation for the Chief Executive Officer.
10. Setting of directors' fees at €500,000.
11. Authorisation granted to the Board of Directors, for a period of 18 months, to allow the Company to buy back its own shares pursuant to Article L. 225-209 of the French Commercial Code.

## Requiring the approval of the Extraordinary General Meeting

12. Delegation of powers to be given to the Board of Directors, for a period of 18 months, to issue share subscription warrants to be allotted to the shareholders free of charge in the event of a takeover bid, up to a nominal amount equal to the amount of the share capital.
13. Delegation of powers to be given to the Board of Directors, for a period of 26 months, to decide to increase the share capital, without preemptive subscription rights for existing shareholders, *via* issues to persons employed by the Company or by a company of the Group, subject to enrolment in a company savings plan, up to a maximum of 3% of the share capital.
14. Powers granted to carry out all legal formalities.

We hereby inform you that the vote on the resolutions submitted for approval at the Extraordinary General Meeting requires a quorum representing at least one-quarter of the total number of voting shares and a majority of two-thirds of the votes of shareholders present or represented by proxy holders. The vote on resolutions submitted for approval at the Ordinary General Meeting requires a quorum of at least one-fifth of the total number of voting shares and a majority of the votes of shareholders present or represented by proxy holders. However, as an exception to the foregoing, the vote on Resolution 12, even though it appears on the agenda for the Extraordinary General Meeting, requires a quorum of at least one-fifth of the total number of voting shares and a majority of the votes of shareholders present or represented by proxy holders.

## 2. Summary of resolutions

### 2.1. Ordinary General Meeting

#### 2.1.1. APPROVAL OF THE INDIVIDUAL FINANCIAL STATEMENTS OF THE COMPANY AND THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP (RESOLUTIONS 1 AND 2)

The Board of Directors submits for your approval:

- the Company's individual financial statements and the Group's consolidated financial statements for the year ended 31 December 2018, included as Chapter 5 (pages 179 to 213) and 4 (pages 107 to 178) of the 2018 Registration Document;
- the list of non-tax-deductible expenses totalling €594,950.40 and the corresponding tax charge. These expenses consist of rental or lease payments and depreciation in respect of the Company's vehicle fleet.

Cross-reference tables (on pages 258 to 260) will help you quickly refer to information found in the various Board reports.

The Statutory Auditors' reports on the Company's individual financial statements and the Group's consolidated financial statements can be found on pages 208 to 211 and 175 to 178 of the 2018 Registration Document.

#### 2.1.2. PROPOSED APPROPRIATION OF EARNINGS (RESOLUTION 3)

Sopra Steria Group SA generated net profit of €124.7 million, giving consolidated Group net profit (attributable to owners of the parent) of €125.1 million.

The Board of Directors proposes payment of a dividend of €1.85 per share, totalling €38 million. This amount would be adjusted if there were any change in the number of shares with dividend rights.

The balance would be allocated to optional reserves.

In accordance with tax regulations in force, the dividend paid to individual shareholders resident in France for tax purposes shall be subject to a single mandatory flat-rate withholding tax of 30% (subject to income tax reporting requirements) in respect of income tax (12.8%) and social security contributions (17.2%).

When filing their tax returns, shareholders may opt either to continue paying the one-off flat-rate withholding tax or to subject this dividend to the sliding income tax scale (where the taxpayer elects for the general option of all income being subject to the flat-rate withholding tax) after deducting the flat-rate withholding tax (not subject to income tax reporting requirements) already paid and after applying tax relief equal to 40% of the gross amount received (Article 158-3-2° of the French General Tax Code) and deducting a portion of the "CSG" general social security contribution (equating to 6.8%).

The ex-dividend date would therefore be Tuesday, 2 July 2019, before market opening. The dividend will be paid on Thursday, 4 July 2019.

#### 2.1.3. RELATED-PARTY AGREEMENTS (RESOLUTION 4 AND 5)

We are submitting for your approval the following regulated agreement previously authorised by the Board of Directors and presented in the special report of the Statutory Auditors. This report can be found on pages 212 to 213 of the 2018 Registration Document.

##### **Approval of the renewal of the service agreement entered into by the Company with Éric Hayat Conseil, whose Chairman, Éric Hayat, is a member of the Board of Directors, as provided by Article L. 225-38 of the French Commercial Code (Resolution 4)**

Under the agreement with Éric Hayat Conseil, Éric Hayat is permitted to continue providing support in the large retail sector for the benefit of Sopra Steria Group. It covers the provision of consulting and assistance services by Éric Hayat to executive management in connection with the development of strategic business based on a per diem rate of €2,500 excl. VAT. It ensures that the Board of Directors has members addressing precisely the same strategic and commercial positioning issues as those faced by the Group. The agreement was originally put in place by Groupe Steria and supersedes an identical agreement entered into by the Company on 18 March 2015 that ended on 31 December 2018. It has been renewed for the period to 31 December 2024.

##### **Approval of the Statutory Auditors' special report on agreements governed by Article L. 225-38 et seq. of the French Commercial Code (Resolution 5)**

No new agreements other than that presented above have been entered into since 1 January 2018. In Resolution 5, we are submitting for your general approval the contents of the Statutory Auditors' special report on related-party agreements and commitments. Related-party agreements remaining in force are reviewed annually by the Board of Directors, which decides whether the authorisation previously granted should be maintained.

##### **Framework agreement for assistance with Sopra GMT**

The purpose of this agreement is discussed in further detail in Section 2.4, "Agreement with Sopra GMT, the holding company that manages and controls Sopra Steria Group" (pages 68 and 69), in Chapter 2 of the 2018 Registration Document.

##### **Agreement with Axway Software**

The agreement in force now covers only the arm's length provision by Sopra Steria Group of premises in Annecy at a cost of €54k.

#### 2.1.4. APPROVAL OF ITEMS OF COMPENSATION PAID OR ALLOTTED TO EXECUTIVE COMPANY OFFICERS IN RESPECT OF FINANCIAL YEAR 2018 (RESOLUTIONS 6 AND 7)

##### a. Approval of the compensation paid or allotted in respect of financial year 2018 to Pierre Pasquier, Chairman (Resolution 6)

You are asked to approve the items of compensation paid or allotted to Pierre Pasquier, Chairman of the Board of Directors, in respect of financial year 2018, as set out in the following table:

Items of compensation	Amount	Comments
Annual fixed compensation	€500,000	
Annual variable compensation	Not applicable	There are no plans to apply annual variable compensation.
Variable deferred compensation	Not applicable	There are no plans to apply variable deferred compensation.
Multi-year variable compensation	Not applicable	There is no system for multi-year variable compensation.
Exceptional compensation	Not applicable	No exceptional compensation was applied in respect of the 2018 financial year.
Share options, performance shares and any other long-term items of compensation	Not applicable	Pierre Pasquier has never been awarded any share subscription options or performance shares, or any other long-term items of compensation; he is not eligible to receive it.
Directors' fees	€23,268	Directors' fees are allotted in full to participants at meetings of the Board of Directors and its committees in proportion to their actual attendance at those meetings.
Valuation of all benefits in kind	€8,550	Company car.
Severance pay	Not applicable	No such commitment exists.
Non-compete payment	Not applicable	No such commitment exists.
Supplementary pension plan	Not applicable	No supplementary pension plan has been put in place.

##### b. Approval of items of compensation paid or allotted in respect of financial year 2018 to Vincent Paris, Chief Executive Officer (Resolution 7)

You are asked to approve the items of compensation paid or allotted to Vincent Paris, Chief Executive Officer, in respect of financial year 2018

Items of compensation	Amount	Comments
Annual fixed compensation	€500,000	
Annual variable compensation	€0	See §2.5.2 of Chapter 2, "Corporate governance", page 70.
Variable deferred compensation	Not applicable	There are no plans to apply variable deferred compensation.
Multi-year variable compensation	Not applicable	There is no system for multi-year variable compensation.
Exceptional compensation	Not applicable	No exceptional compensation was applied in respect of the 2018 financial year.
Share options, performance shares and any other long-term items of compensation	€431,640	At its meeting of 16 February 2018, the Board of Directors decided to put in place a long-term incentive plan for the Group's senior managers relating to performance over three years. It granted 3,000 rights (0.01% of the share capital) to Vincent Paris, out of a total of 128,000 rights covered by this plan. Strict performance conditions will be measured over three financial years (the year of allotment and the two following years) against targets for organic consolidated revenue growth, operating profit on business activity (expressed as a percentage of revenue) and free cash flow. These targets are at least equal to any guidance disclosed to the market. The Board of Directors also decided that Vincent Paris must retain at least 50% of vested shares allocated to him under this plan throughout his entire term of office as Chief Executive Officer. Vincent Paris has undertaken not to engage in any hedging transactions with respect to performance shares held until the expiry of this plan.
Directors' fees	Not applicable	
Valuation of all benefits in kind	€10,848	Company car; GSC (unemployment insurance for executives).
Severance pay	Not applicable	No such commitment exists.
Non-compete payment	Not applicable	No such commitment exists.
Supplementary pension plan	Not applicable	No supplementary pension plan has been put in place.

See also Section 2, "Role and compensation of executive company officers" (pages 68 to 75), in Chapter 2 of this Registration Document.



### 2.1.5. APPROVAL OF THE PRINCIPLES AND CRITERIA FOR THE DETERMINATION, DISTRIBUTION AND ALLOCATION OF ITEMS OF COMPENSATION FOR EXECUTIVE COMPANY OFFICERS (RESOLUTIONS 8 AND 9)

As required by Article L. 225-37-2 of the French Commercial Code, we submit for your approval the principles and guidelines used to determine, structure and grant the fixed and variable components of total compensation and benefits of any kind to be received by the Chairman of the Board of Directors and the Chief Executive Officer respectively, as well as by any Deputy Chief Executive Officers who might be appointed, for their service in these positions. These principles and guidelines, which were decided by the Board of Directors on the recommendation of the Compensation Committee, are set out in Section 2.5, "Principles and guidelines used to determine the compensation of executive company officers" (pages 69 to 75), in Chapter 2 of this Registration Document.

Moreover, the amounts resulting from the application of these principles and criteria will also be submitted to the shareholders for approval at the General Meeting convened to approve the financial statements for the financial year ending 31 December 2019, to be held in 2020.

### 2.1.6. DETERMINATION OF DIRECTORS' FEES (RESOLUTION 10)

It is proposed that the amount of directors' fees for the current financial year be set at €500,000. This amount, unchanged since 2015, is allotted in full to the members of the Board of Directors (both voting and non-voting Directors) on the basis of their actual attendance at meetings of the Board and its committees.

### 2.1.7. BUYBACK BY SOPRA STERIA GROUP OF ITS OWN SHARES (RESOLUTION 11)

You are asked to renew the authorisation granted to the Board of Directors at the General Meeting of 12 June 2018 permitting the Company to buy back its own shares, in accordance with applicable laws and regulations (Articles L. 225-209 et seq. of the French Commercial Code).

Under this authorisation, the number of shares bought back shall not exceed 10% of the share capital; as an indication, this would equate to 2,054,770 shares on the basis of the current share capital. The maximum price per share that can be paid for the shares bought back is set at €200; this price may be adjusted as a result of an increase or decrease in the number of shares representing the share capital, in particular due to capitalisation of reserves, free share awards or reverse stock splits.

Shares may be bought back for the following purposes:

- to obtain market-making services from an investment services provider acting independently under the terms of a liquidity agreement entered into in compliance with the AMF's accepted market practice;
- to award, sell or transfer shares in the Company to employees and/or company officers of the Group, in order to cover share purchase plans and/or free share plans (or equivalent plans) as well as any allotments of shares under a company or Group savings plan (or

equivalent plan) in connection with a profit-sharing mechanism, and/or all other forms of share allotment to the Group's employees and/or company officers;

- to retain the shares bought back in order to exchange them or tender them as consideration at a later date for a merger, spin-off or contribution of assets and, more generally, for external growth transactions. Shares bought back for such purposes are not to exceed, in any event, 5% of the number of shares making up the Company's share capital;
- to deliver the shares bought back, upon the exercise of rights attaching to securities giving access to the Company's share capital through redemption, conversion, exchange, tender of warrants or any other means as well as to execute any transaction covering the Company's obligations relating to those securities;
- to retire shares bought back by reducing the share capital, pursuant to Resolution 12 approved at the Combined General Meeting of 12 June 2018;
- to implement any market practice that may come to be accepted by the AMF, and in general, to perform any operation that complies with regulations in force.

This authorisation would supersede the previous authorisation given at the General Meeting of 12 June 2018 and would be granted for a period of 18 months with effect from this General Meeting. It would not be usable during a public tender offer for the Company's shares.

For information, the use made of the previous authorisation is discussed in Chapter 6, Section 8 of this Registration Document (pages 220 and 221).

## 2.2. Extraordinary General Meeting

### 2.2.1. FINANCIAL DELEGATIONS GRANTED TO THE BOARD OF DIRECTORS (RESOLUTIONS 12 AND 13)

Section 12, "Authorisations to issue securities granted to the Board of Directors at the Combined General Meetings of 22 June 2016 and 12 June 2018" (pages 223 and 224), in Chapter 6 of this Registration Document, sets out all currently valid delegations and the extent to which they were used by the Board of Directors in financial year 2018. You are asked to renew the delegation of authority to issue share subscription warrants for grant freely in the event of a public offer (*bons d'offre*, or warrant rights) and the delegation of authority to carry out a capital increase for employees enrolled in a company savings plan.

The delegation of authority for the issuance of warrants has been presented in a draft resolution at the General Meeting of the shareholders every year since the merger between Groupe Steria and Sopra Steria. While it has not been supported by a section of the shareholders (approval rate of 64.36% in 2018), it is aligned with the priority focus on the long term and independence currently adopted by the Group. Its rationale is a desire to enable Executive Management, management and employees to focus on the measures still needed to achieve the medium-term targets that have been set and reflects confidence in the Group's ability to achieve them by gradually improving its performance.

### 3. Proposed resolutions

#### Resolutions falling within the powers of the Ordinary General Meeting

##### Resolution 1

*(Approval of the individual financial statements for the financial year ended 31 December 2018; approval of non-deductible expenses)*

The shareholders at the General Meeting, having reviewed the reports of the Board of Directors and the Statutory Auditors' reports, approve the individual financial statements for the year ended 31 December 2018, as presented at the General Meeting, showing a profit of €124,706,054.62.

The shareholders at the General Meeting also approve the transactions reflected in these financial statements and/or summarised in the aforementioned reports.

##### Resolution 3

*(Appropriation of earnings and determination of the dividend)*

The shareholders at the General Meeting note that the profit available for distribution, determined as shown below, amounts to:

Profit for the period	€124,706,054.62
Transfer to the legal reserve	€0
Prior unappropriated retained earnings	€74,145.60
<b>DISTRIBUTABLE PROFIT</b>	<b>€124,780,200.22</b>

and resolve, after acknowledging the consolidated net profit attributable to owners of the parent amounting to €125,127,746, to appropriate this profit as follows:

Dividend	€38,013,246.85
Discretionary reserves	€86,766,953.37
<b>TOTAL</b>	<b>€124,780,200.22</b>

Since the legal reserve already stands at 10% of the share capital, no allocation to it is proposed.

The dividend per share is €1.85, giving a total dividend of €38,013,246.85 based on the number of shares making up the share capital at 31 December 2018, namely 20,547,701 shares. In the

The shareholders at the General Meeting also approve the expenses incurred during the year that are not deductible for tax purposes, covered by Article 39-4 of the French General Tax Code, amounting to €594,950.40, and the corresponding tax charge of €198,316.

##### Resolution 2

*(Approval of the consolidated financial statements for the financial year ended 31 December 2018)*

The shareholders at the General Meeting, having reviewed the reports of the Board of Directors, including the report on Group management and the Statutory Auditors' reports, approve the consolidated financial statements for the year ended 31 December 2018, which show a consolidated net profit (attributable to the Group) of €125,127,746, as well as the transactions reflected in these consolidated financial statements and/or summarised in the reports.

event of a change in the number of shares carrying dividend rights, the amount of the total dividend will be adjusted accordingly and the amount allocated to discretionary reserves will be determined on the basis of the total dividend actually paid out.

The dividend will be paid on 4 July 2019.

The following amounts were distributed as dividends in respect of the previous three financial years:

	2015	2016	2017
Dividend paid	€1.70	€2.20	€2.40
Number of shares	20,324,093	20,517,903	20,516,807
Dividend*	€34,550,958.10	€45,139,386.60	€49,240,336.80

\* The dividend payment entitles individual shareholders resident in France for tax purposes to a 40% deduction on the gross amount of the dividend for the calculation of income tax (Article 158-3-2° of the French General Tax Code).

**Resolution 4**

**(Approval of the service agreement with *Éric Hayat* as an agreement governed by Article L. 225-38 of the French Commercial Code)**

The shareholders at the General Meeting, apprised of the Statutory Auditors' special report on agreements governed by Article L. 225-38 et seq. of the French Commercial Code and the main features of the service agreement entered into with *Éric Hayat*, approve the agreement and the related conclusions of the aforementioned report.

**Resolution 5**

**(Approval of the Statutory Auditors' special report on agreements governed by Article L. 225-38 et seq. of the French Commercial Code)**

The shareholders at the General Meeting, having reviewed the Report of the Board of Directors and the Statutory Auditors' special report on agreements governed by Article L. 225-38 et seq. of the French Commercial Code, duly note the terms of Statutory Auditors' special report and the absence of any new agreements of this type subject to approval at this Meeting other than that covered by Resolution 4.

**Resolution 6**

**(Approval of items of compensation paid or allotted in respect of financial year 2018 to *Pierre Pasquier*, Chairman)**

The shareholders at the General Meeting, having been consulted pursuant to Article L. 225-100 of the French Commercial Code, and having reviewed the Report of the Board of Directors, approve the fixed, variable and exceptional items of compensation making up the total compensation and benefits of any kind paid or allotted to *Pierre Pasquier* in his capacity as Chairman in respect of financial year 2018.

**Resolution 7**

**(Approval of items of compensation paid or allotted in respect of financial year 2018 to *Vincent Paris*, Chief Executive Officer)**

The shareholders at the General Meeting, having been consulted pursuant to Article L. 225-100 of the French Commercial Code, and having reviewed the Report of the Board of Directors, approve the fixed, variable and exceptional items of compensation making up the total compensation and benefits of any kind paid or allotted to *Vincent Paris* in his capacity as Chief Executive Officer in respect of financial year 2018.

**Resolution 8**

**(Approval of the principles and criteria for the determination, distribution and allocation of items of compensation for the Chairman)**

The shareholders at the General Meeting, having reviewed the Report of the Board of Directors, approve the principles and criteria for the determination, distribution and allocation of items of fixed, variable and exceptional compensation forming the total compensation and all benefits of any kind attributable to the Chairman.

**Resolution 9**

**(Approval of the principles and criteria for the determination, distribution and allocation of items of compensation for the Chief Executive Officer)**

The shareholders at the General Meeting, having reviewed the Report of the Board of Directors, approve the principles and criteria for the determination, distribution and allocation of items of fixed, variable and exceptional compensation forming the total compensation and all benefits of any kind attributable to the Chief Executive Officer and, where applicable, to any Deputy CEO that may be appointed.

**Resolution 10**

**(Setting of directors' fees at €500,000)**

The shareholders at the General Meeting set at €500,000 the total amount of directors' fees to be allocated between the members of the Board of Directors for the current financial year.

**Resolution 11**

**(Authorisation granted to the Board of Directors, for a period of 18 months, to allow the Company to buy back its own shares pursuant to Article L. 225-209 of the French Commercial Code)**

The shareholders at the General Meeting, having reviewed the Report of the Board of Directors, in accordance with the provisions of Articles L. 225-209 et seq. of the French Commercial Code, EU regulations on market abuse, and Title IV, Book II of the General Regulation of the Autorité des Marchés Financiers (AMF) as well as its implementing instructions:

- authorise the Board of Directors, with the ability to subdelegate this power as provided by law and by the Company's Articles of Association, to buy back shares in the Company or arrange to have shares in the Company bought back, on one or more occasions and as and when it sees fit, up to a maximum of 10% of the total number of shares representing the Company's share capital at the time of the buyback;
- resolve that shares may be bought back for the following purposes:
  - to obtain market-making services from an investment services provider acting independently under the terms of a liquidity agreement entered into in compliance with the AMF's accepted market practice,
  - to award, sell or transfer shares in the Company to employees and/or company officers of the Group, in order to cover share purchase plans and/or free share plans (or equivalent plans) as well as any allotments of shares under a company or Group savings plan (or equivalent plan) in connection with a profit-sharing mechanism, and/or all other forms of share allotment to the Group's employees and/or company officers,
  - to retain the shares bought back in order to exchange them or present them as consideration at a later date for a merger, spin-off or contribution of assets and, more generally, for external growth transactions. Shares bought back for such purposes are not to exceed, in any event, 5% of the number of shares making up the Company's share capital,
  - to deliver the shares bought back, upon the exercise of rights attaching to securities giving access to the Company's share capital through redemption, conversion, exchange, tender of warrants or any other means, as well as to execute any transaction covering the Company's obligations relating to those securities,
  - to cancel the shares bought back by reducing the share capital, pursuant to Resolution 12 adopted at the Combined General Meeting of 12 June 2018,
  - to implement any market practice that may come to be accepted by the AMF, and in general, to perform any operation that complies with regulations in force;
- resolve that the maximum price per share paid for shares bought back be set at €200, it being specified that in the event of any transactions in the share capital, including in particular capitalisation of reserves, free share awards and/or stock splits or reverse stock splits, this price per share shall be adjusted proportionately;
- resolve that the funds set aside for share buy-backs may not exceed, for guidance purpose and based on the share capital at 31 December 2018, €410,954,000, corresponding to 2,054,770 ordinary shares, with this maximum amount potentially being

- adjusted to take into account the amount of the share capital on the day of the General Meeting or subsequent transactions;
- resolve that shares may be bought back by any means, through on- or off-market transactions, including block purchases or through the use of derivatives, at any time, subject to compliance with the regulations in force; it being stipulated that unless authorised in advance by the shareholders at the General Meeting, the Board of Directors may not make use of this delegation once a third party has filed a draft tender offer for the Company's shares, and until the end of the offer period;
  - grant all powers to the Board of Directors, including the ability to subdelegate these powers, in order to implement this authorisation, to determine the terms and conditions of share buybacks, to make the necessary adjustments, to place any stock market orders, to enter into any and all agreements, to carry out all formalities and file all declarations with the AMF, and generally to take any and all other actions required;
  - agree that this delegation of powers to the Board of Directors is to be valid for a period of 18 months with effect from the date of this General Meeting;
  - acknowledge that this authorisation supersedes, in relation to the unused portion, any previous authorisation having the same purpose.

## Requiring the approval of the Extraordinary General Meeting

### Resolution 12

***(Delegation of powers to be given to the Board of Directors, for a period of 18 months, to issue share subscription warrants to be allotted to the shareholders free of charge in the event of a takeover bid, up to a nominal amount equal to the amount of the share capital)***

The shareholders at the General Meeting, in accordance with the provisions of the French Commercial Code, and in particular its Articles L. 233-32-II and L. 233-33, having reviewed the Report of the Board of Directors and the Statutory Auditors' special report:

- delegate to the Board of Directors the authority to carry out, within the existing legal and regulatory limits, during a tender offer for the Company's shares, one or more issues of warrants entitling the holder to subscribe for one or more Company shares on preferential terms, and to freely grant said warrants to all shareholders of the Company who are in this capacity before the tender offer expires. These warrants will automatically lapse as soon as the tender offer or any other potential competing offer fails, lapses or is withdrawn;
- resolve that the maximum nominal amount of the capital increase that may result from the exercise of these subscription warrants shall not be allowed to exceed the share capital when the warrants are issued, and that the maximum number of subscription warrants that may be issued shall not be allowed to exceed the number of shares constituting the share capital when the warrants are issued;
- acknowledge that this resolution automatically entails the waiver by the shareholders of their preemptive right to subscribe for the ordinary shares in the Company to which the subscription warrants issued pursuant to this resolution may confer entitlement;
- resolve that the Board of Directors will have all powers, including the ability to subdelegate these powers under the conditions laid down by law and by the Company's Articles of Association, in particular to determine the terms for the exercise of these subscription warrants, which must be relative to the terms of the offer or of any potential competing offer, as well as the other

characteristics of these warrants, including the exercise price and methods for setting this price, in addition to, generally speaking, the characteristics and terms of any issue it decides to carry out on the basis of this delegation of powers, which it may defer or waive; to set the terms of any capital increase resulting from the exercise of these subscription warrants; to record the execution of any capital increase so brought about; to make the corresponding amendments to the Articles of Association; and more generally to make any appropriate arrangements, request any authorisations, carry out any formalities and take the necessary steps to ensure the success of the planned issues;

- resolve that this delegation of powers to the Board of Directors is to be valid for a period of 18 months with effect from the date of this General Meeting;
- acknowledge that this delegation of powers supersedes, in relation to the unused portion, any previous delegation of powers having the same purpose.

### Resolution 13

***(Delegation of powers to the Board of Directors, for a period of 26 months, to decide to increase the share capital, without preemptive subscription rights for existing shareholders, via issues to persons employed by the Company or by a company of the Group, subject to enrolment in a company savings plan, up to a maximum of 3% of the share capital)***

The shareholders at the General Meeting, in accordance with the provisions of Articles L. 3332-18 et seq. of the French Labour Code as well as the provisions of the French Commercial Code, in particular its Articles L. 225-129-2, L. 225-129-6 and L. 225-138-1, having reviewed the Report of the Board of Directors and the Statutory Auditors' special report:

- delegate powers to the Board of Directors, including the ability to subdelegate this power under the conditions laid down in law and in the Company's Articles of Association, to decide on the issuance, on one or more occasions, in the amounts and at the times it sees fit, of (i) ordinary shares or (ii) equity securities giving immediate or future access by any means to other equity securities of the Company, reserved for employees enrolled in a savings plan offered by the Company or by any related French or foreign company or group as defined in Article L. 225-180 of the French Commercial Code (the "Recipients"), under the conditions laid down in Article L. 3332-19 of the French Labour Code;
- resolve to exclude, in favour of the Recipients, the preemptive right of existing shareholders to subscribe for the ordinary shares or other securities that may be issued under this delegation of powers;
- resolve that this delegation of powers may not give access to a total number of shares representing more than 3% of the Company's share capital (as assessed at the date when the Board of Directors makes use of this delegation of powers), it being specified (i) that any issue or allotment carried out pursuant to Resolutions 22 and 23 adopted at the Combined General Meeting of 12 June 2018, will count towards this 3% limit such that any issues or allotments carried out pursuant to the aforementioned Resolutions 22 and 23, will be subject to an overall limit of 3%, and (ii) that this will be in addition to any additional number of shares to be issued to protect the rights of holders of securities giving access to the Company's share capital, in accordance with the law or any applicable contractual agreement;
- resolve that if the subscriptions obtained do not absorb the entirety of an issue of securities, the capital increase will be limited to the amount of subscriptions received;
- resolve that the subscription price will be set in compliance with laws and regulations and resolve to set the maximum discount for the subscription price of an issue offered in connection with

an employee savings plan, which is the case for the securities issued under this delegation of powers, at 5% of the average price of the Company's shares on the regulated market of Euronext Paris over the 20 trading days preceding the date of the decision setting the opening date of the subscription period. However, the shareholders at the General Meeting expressly authorise the Board of Directors to reduce the aforementioned discount, within legal and regulatory limits;

- resolve that the Board of Directors may provide for the allotment of ordinary shares, whether to be issued or already issued, or of securities giving access to the Company's share capital, whether to be issued or already issued, to the Recipients free of charge, in lieu of all or a portion of the employer contribution and/or the discount applied to the subscription price, within the limits set forth in Articles L. 3332-11 and L. 3332-21 of the French Labour Code, it being specified that the maximum aggregate nominal amount of capital increases that may be carried out in line with these allotments will count towards the limit of 3% of the Company's share capital referred to above;
- formally note that, with regard to shares to be issued in lieu of some or all of the employer contribution and/or the discount applied to the subscription price, the Board of Directors may decide to increase the share capital accordingly by capitalising reserves, earnings, issue premiums or other amounts that may be capitalised in favour of the Recipients, thus entailing (i) the corresponding waiver by the shareholders of that portion of reserves, earnings, premiums or other amounts thus capitalised and (ii) the automatic waiver by the shareholders of their preemptive subscription right. The corresponding capital increase shall be deemed to have been completed upon final allotment of the shares in question to the Recipients;
- consequently grant all powers to the Board of Directors, with the option to subdelegate these powers under the conditions laid down by law and by the Company's Articles of Association, to put this authorisation into effect, subject to the limits and conditions set out above, in particular so as to:
  - determine the characteristics of securities to be issued and the proposed amount of any subscriptions and, in particular, determine their issue prices, dates and periods, and the terms and conditions of subscription, payment, delivery and vesting of securities, in accordance with applicable legal and regulatory limits,
  - determine, if necessary, the nature of the securities to be allotted free of charge, as well as the terms and conditions of their allotment,
  - determine whether shares are allotted free of charge in the case of shares to be issued or existing shares, and (i) where new shares are issued, check that there are sufficient reserves and, upon each allotment, transfer to a reserve not available for distribution the amounts needed to pay up the new

shares to be issued, increase the share capital by capitalising reserves, earnings, premiums or other amounts that may be capitalised, determine the type and amount of any reserves, earnings or premiums to be capitalised in consideration of the aforementioned shares, certify the completion of increases in the share capital, determine the vesting date of newly issued shares (which may be retrospective), amend the Articles of Association accordingly, and (ii) where existing shares are allotted, acquire the necessary shares under the conditions laid down in law, and take any and all action required to successfully complete the transactions,

- draw up the list of companies whose employees will be recipients of the issues carried out under this delegation of powers,
- determine whether subscriptions may be made directly by the recipients or only through UCITS mutual funds,
- charge any costs incurred in connection with capital increases against the premiums pertaining to those capital increases and deduct from the total to be charged the amount required to bring the legal reserve up to one-tenth of the new share capital after each capital increase,
- record the completion of capital increases up to the value of shares actually subscribed or of other securities issued under the terms of this authorisation,
- enter into any agreements and, either directly or via an agent, complete all procedures and formalities, including formalities subsequent to capital increases and consequential amendments to the Articles of Association and, more generally, take all necessary steps,
- in general terms, enter into any agreement, including in particular agreements to ensure that planned issues are successfully completed, take any steps and complete any formalities required for the issuance, listing and management of securities issued under the terms of this authorisation and for the exercise of any associated rights;
- resolve that this delegation of powers to the Board of Directors is to be valid for a period of 26 months with effect from the date of this General Meeting. Unless authorised in advance by the shareholders at the General Meeting, the Board of Directors may not make use of this delegation once a third party has filed a draft tender offer for the Company's shares, and until the end of the offer period;
- acknowledge that this delegation of powers supersedes, in relation to the unused portion, any previous delegation of powers having the same purpose.

#### **Resolution 14**

##### ***(Powers granted to carry out all legal formalities)***

The shareholders at the General Meeting give all powers to the bearer of an original or copy of the minutes of this Meeting to carry out all legally required formalities.

## 4. Special reports of the Board of Directors

### SPECIAL REPORT OF THE BOARD OF DIRECTORS ON ALLOTMENTS OF FREE SHARES – FINANCIAL YEAR ENDED 31 DECEMBER 2018

In accordance with the provisions of Article L. 225-197-4 of the French Commercial Code, we are pleased to present our report on transactions carried out pursuant to the provisions of Articles L. 225-197-1 to L. 225-197-3 of the aforementioned Code relating to allotments of free shares.

#### 1) Allotments of rights to free shares in 2018

You are reminded that Resolution 25 of the Extraordinary General Meeting of 22 June 2016 authorised the Board of Directors to proceed with allotments of free shares to employees and officers of the Company or the Group to which it belongs, under the following terms and conditions:

- Recipients: Employees and/or eligible company officers (as defined in Article L. 225-197-1 II of the French Commercial Code) of the Company or of any related companies as defined in Article L. 225-197-2 of the French Commercial Code, or certain categories of such individuals;
- Maximum number of shares: The maximum number of shares shall not exceed 3% of the share capital at the date of the allotment decision, with a sub-limit of 5% of that 3% limit for allotments to executive company officers of the Company, it being understood that this 3% limit is an overall limit covering all issues to employees and company officers for which authorisation is given to the Board;
- Validity of the authorisation: 38 months, i.e. until 22 August 2019. This authorisation supersedes the previous one having the same purpose.

Under this authorisation, during fiscal year 2018 the Board of Directors allotted 128,000 free performance shares to certain employees and officers of the company and related companies, as defined in Article L. 225-197-2 of the French Commercial Code, designated by it. This allotment is subject to continued employment and performance conditions based on three performance criteria (organic revenue growth, operating profit on business activity expressed as a proportion of revenue, and free cash flow) assessed in respect of financial years 2018, 2019 and 2020.

Under this plan, 3,000 rights to free performance shares were allotted to an executive company officer of the Company (Vincent Paris, Chief Executive Officer).

#### 2) Vesting of free shares in 2018

The following decisions were made by the Chief Executive Officer, acting on the authority of the Board of Directors:

- Decision of the Chief Executive Officer of 16 October 2018 making use of the authorisation given by the Board of Directors on 26 July 2018 to allot free shares under the free performance share plan put in place by Groupe Steria on 15 October 2014: Full and final allotment of 7,975 free shares with a par value of €1 each to 27 non-French recipients, through the remittance of shares held in treasury.

It should be noted that performance shares did not vest to any officer of the Company in connection with his or her corporate office. The number of free performance shares vested by the Company in 2018 to the Company's top ten non-company-officer employee free share grantees was: none (see above).

## SPECIAL REPORT OF THE BOARD OF DIRECTORS ON AWARDS OF SHARE SUBSCRIPTION AND/OR PURCHASE OPTIONS – FINANCIAL YEAR ENDED 31 DECEMBER 2018

In accordance with the provisions of Article L. 225-184 of the French Commercial Code, we are pleased to present our report on transactions undertaken pursuant to the provisions of Articles L. 225-177 to L. 225-186 of the aforementioned Code relating to share subscription and/or purchase options.

### 1) Options awarded in 2018

You are reminded that Resolution 24 of the Extraordinary General Meeting of 22 June 2016 authorised the Board of Directors to proceed with awards of options to subscribe for and/or purchase shares in the Company to employees and officers of the Company or the Group to which it belongs, under the following terms and conditions:

- recipients: Employees and/or officers of the Company or of any related companies or groups as defined in Article L. 225-180 of the French Commercial Code;
- maximum number of shares: The maximum number of shares to which these options would give access shall not exceed 3% of the share capital at the date of the grant decision, it being specified that:
  - this 3% limit is an overall limit applicable to all shares issued to employees and company officers for which authorisation is given to the Board,
  - company officers may not receive more than 20% of all options issued by the Board of Directors,
- subscription/purchase price: the subscription price is set at the average of the listed share price over the 20 trading days preceding the grant decision; the purchase price shall not be less than 80% of the average purchase price of treasury shares held by the Company;
- validity of the plan: 8 years maximum;
- validity of the authorisation: 38 months, i.e. until 22 August 2019. This authorisation supersedes the previous one having the same purpose.

No share subscription and/or purchase options were granted in 2018 by the Company, by any related companies as laid down in Article L. 225-180 of the French Commercial Code or by any controlled companies as defined in Article L. 233-16 of the aforementioned Code.

### 2) Share subscription options exercised in 2018

No shares were subscribed for or purchased by officers or employees of the Company in 2018 *via* the exercise of options granted by the Company, by any related companies as laid down in Article L. 225-180 of the French Commercial Code or by any controlled companies as defined in Article L. 233-16 of the aforementioned Code.

The Board of Directors

## Statement by the person responsible for the registration document

I declare, having taken all reasonable care to ensure that such is the case, that the information contained in this Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the assets, liabilities, financial position and results of operations of the parent company and of all entities included in the scope of consolidation. Relevant information in the Management Report, detailed in the cross-reference table on pages 262 and 263 entitled "Information regarding the Management Report", provides a true and fair presentation of the development of the businesses, results of operations and financial positions of the parent company and of all entities included in the scope of consolidation, as well as a description of the main risks and uncertainties to which these companies are exposed.

I have obtained a letter from the Statutory Auditors certifying that they have verified, in accordance with professional standards and doctrine applicable in France, the financial and accounting information provided in this Registration Document and that they have read the document as a whole.

The reports of the Statutory Auditors on the consolidated and individual company financial statements for the financial year ended 31 December 2018 provided in this Registration Document are included on pages 175 to 178 and pages 208 to 211, respectively.

Historical financial information for financial years 2016 and 2017 is included in this Registration Document, excerpted from pages 143 to 243 of the 2016 Registration Document and pages 129 to 226 of the 2017 Registration Document, respectively. The reports of the Statutory Auditors on this historical financial information are included on page 212 of the 2016 Registration Document and on page 196 of the 2017 Registration Document.

Paris, 12 April 2019

**Vincent Paris**

**Chief Executive Officer**



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# Glossary

## Acronyms

- API: Application Programming Interface
- BPS: Business Process Services
- CNIL: *Commission Nationale de l'Informatique et des Libertés* (French data protection authority)
- COP21: 2015 Paris climate change conference
- DLP: Data Loss Prevention
- DRM: Digital Rights Management
- GAFA: Google, Apple, Facebook, Amazon ("Big Four" tech companies)
- GDPR: General Data Protection Regulation
- LPM: *Loi Programmation Militaire* (Military Programming Act – Act No. 2013-1168 of 18 December 2013)
- NIS: Network Information System
- PaaS: Platform as a Service
- PLM: Product Lifecycle Management
- SaaS: Software as a Service
- SOC: Security Operations Centre
- UX: User experience

## Alternative performance indicators

- **Restated revenue:** revenue for the prior year, expressed on the basis of the scope and exchange rates for the current year.
- **Organic revenue growth:** increase in revenue between the period under review and restated revenue for the same period in the prior financial year.
- **EBITDA:** this measure, as defined in the Registration Document, is equal to consolidated operating profit on business activity after adding back depreciation, amortisation and provisions included in operating profit on business activity.
- **Operating profit on business activity:** this measure, as defined in the Registration Document, is equal to profit from recurring operations adjusted to exclude the share-based payment expense for stock options and free shares and charges to amortisation of allocated intangible assets.
- **Profit from recurring operations:** this measure is equal to operating profit before other operating income and expenses, which includes any particularly significant items of operating income and expense that are unusual, abnormal, infrequent or not foreseeable, presented separately in order to give a clearer picture of performance based on ordinary activities.
- **Basic recurring earnings per share:** this measure is equal to basic earnings per share before other operating income and expenses net of tax.

- **Free cash flow:** free cash flow is defined as the net cash from operating activities, less investments (net of disposals) in property, plant & equipment, and intangible assets, less net interest paid and less additional contributions to address any deficits in defined-benefit pension plans.

## Corporate responsibility

- **Sustainable Development Goals (SDGs) defined by the United Nations:** The Sustainable Development Goals (SDGs) defined by the United Nations are 17 global goals that States undertake to achieve over the next 15 years (2015-2030). They cover many different areas, from protecting the planet to building a more peaceful world and ensuring that everyone can live in safety, security and dignity. These goals are part of a development programme that aims to prioritise support for the most vulnerable, especially children and women.  
<https://data.unicef.org/children-sustainable-development-goals/>
- **Materiality matrix:** A materiality analysis helps identify and prioritize the most relevant issues for a company and its stakeholders, and is presented in the form of a matrix, which plots these issues according to their importance to the company (x-axis) and to its external stakeholders (y-axis).
- **Materiality:** The degree of materiality determined reflects the extent to which an issue is capable of influencing the company's strategy, reputation or financial health.
- **Greenhouse gas (GHG):** Greenhouse gases are gaseous components that absorb infrared radiation emitted from the earth's surface and contribute to the greenhouse effect. The increase in their concentration in the earth's atmosphere is one of the factors causing global warming.
- **Science Based Targets initiative (SBTi):** Science Based Targets is an internationally recognised initiative offering mathematical models for identifying the environmental footprint of activities so as to be able to set ambitious greenhouse gas emissions reduction targets.
- **CDP:** Non-profit organisation that runs the global disclosure system for investors, companies, cities, countries and regions to manage their environmental impact.
- **Task Force on Climate-related Financial Disclosures (TCFD):** A task force focused on climate-related financial disclosures, created as part of the G20 Financial Stability Board. The TCFD is one of the most important developments in the area of climate reporting by businesses.
- **Climate Disclosure Standards Board (CDSB):** The Climate Disclosure Standards Board is an international consortium of businesses and environmental NGOs that works in particular with the TCFD on these issues.

- **Scope 1 (of the GHG Protocol):** Covers direct greenhouse gas emissions arising from the combustion of fossil fuels (petroleum, fuel oil, biodiesel and gas) and the escape of coolants from air conditioning systems in offices and on-site data centres.
- **Scope 2 (of the GHG Protocol):** Covers indirect greenhouse gas emissions associated with consumption of grid electricity and district heating in offices and on-site data centres.
- **Scope 3 (of the GHG Protocol):** Covers indirect greenhouse gas emissions associated with consumption of mains power in off-site data centres and business travel.
- **Location-based:** Method for calculating greenhouse gas emissions based on emissions factors for the geographic regions covered.
- **Market-based:** Method for calculating greenhouse gas emissions based on emissions factors specific to the energy source used.

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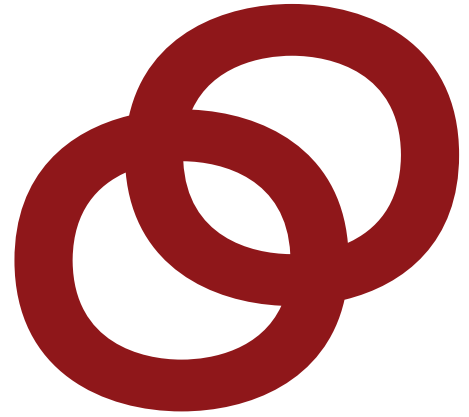
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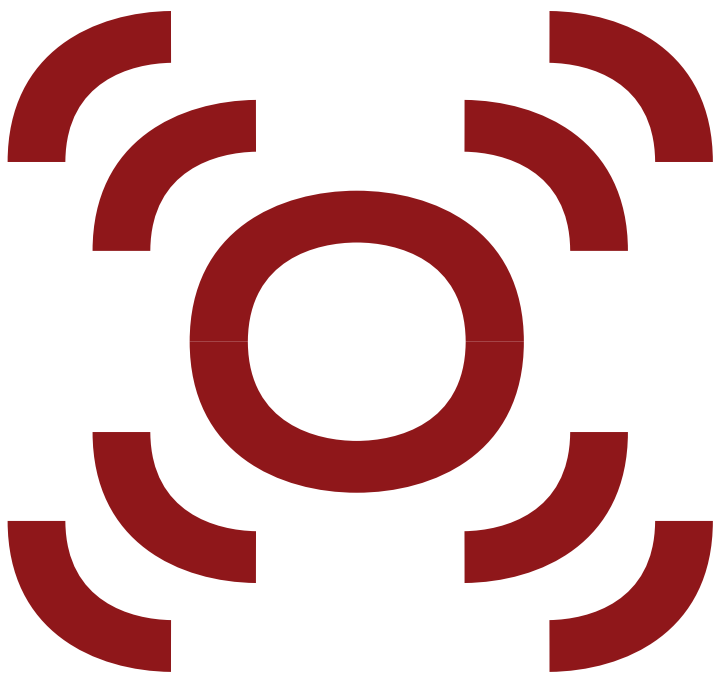
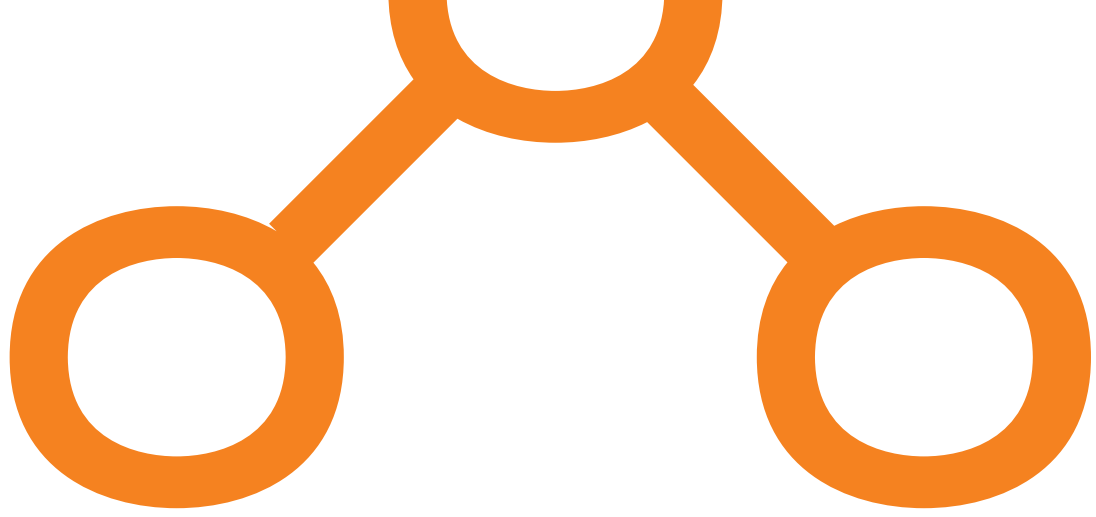
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SOCIÉTÉ ANONYME WITH SHARE CAPITAL OF €20,547,701 – 326 820 065 RCS ANNECY  
REGISTERED OFFICE: PAE LES GLAISINS – FR 74940 ANNECY-LE-VIEUX  
HEAD OFFICE: 6 AVENUE KLEBER – FR 75116 PARIS

sopra  steria



**Sopra Steria Group**

Head Office  
6 avenue Kleber  
FR 75116 Paris  
Phone: +33(0)1 40 67 29 29  
Fax: +33(0)1 40 67 29 30  
contact-corp@soprasteria.com  
[www.soprasteria.com](http://www.soprasteria.com)