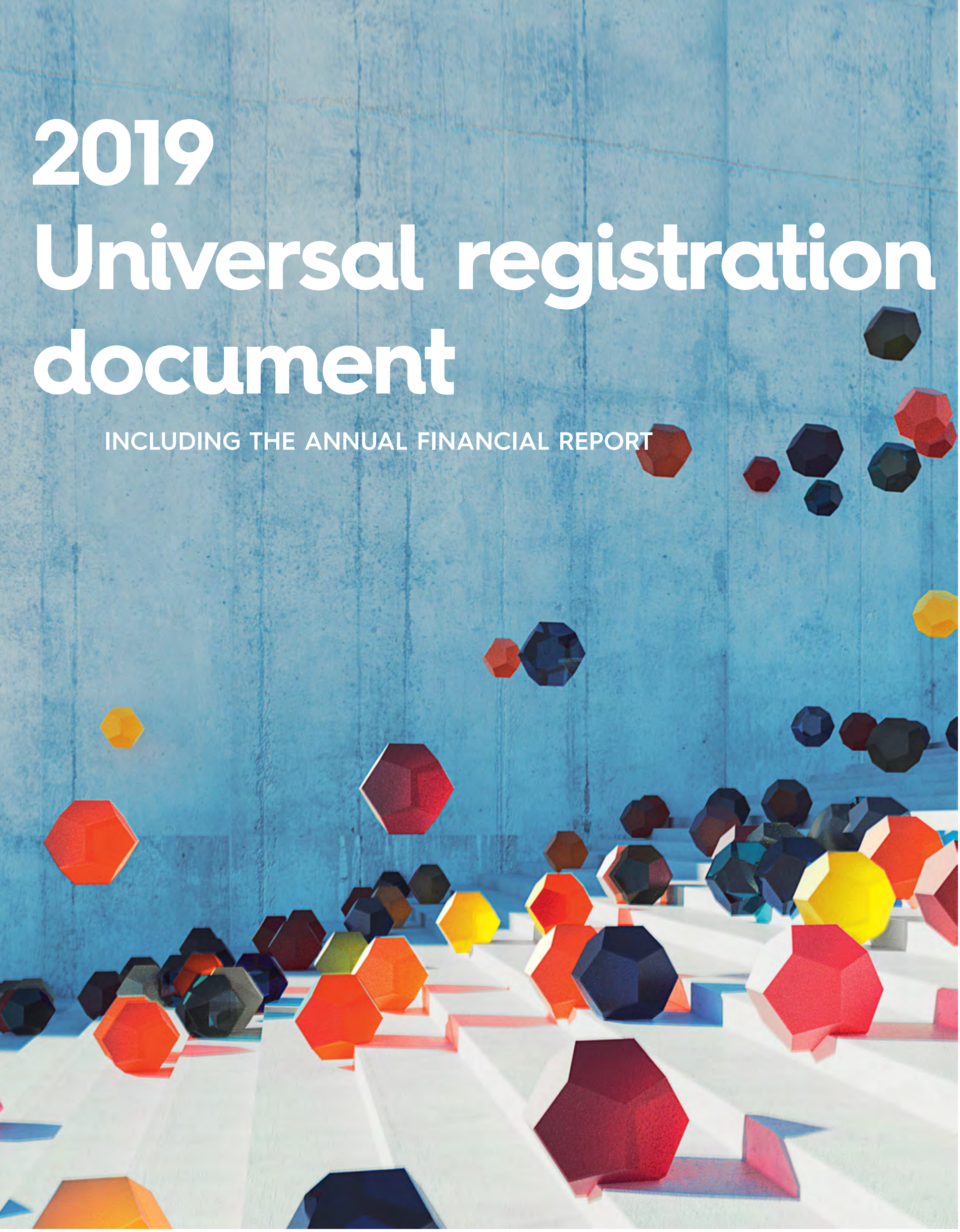


2019 Universal registration document

INCLUDING THE ANNUAL FINANCIAL REPORT

The world is how we shape it

sopra steria

Elements of the Annual Financial Report are identified by the logo AFR

TRANSPARENCE LABEL OR

2019 Universal registration document

INCLUDING THE ANNUAL FINANCIAL REPORT AND MANAGEMENT REPORT INCLUDING COMPONENTS OF THE STATEMENT OF NON-FINANCIAL PERFORMANCE

AUTORITÉ DES MARCHÉS FINANCIERS AMF

The original French-language version of this Universal Registration Document was filed on 10 April 2020 with the Autorité des Marchés Financiers (AMF) in its capacity as competent authority in respect of Regulation (EU) 2017/1129, without prior approval in accordance with Article 9 of said regulation.

The Universal Registration Document may be used for the purposes of an offer to the public of marketable securities or the admission of marketable securities to trading on a regulated market if it includes a note relating to the marketable securities and, if applicable, a summary and any amendments made to the Universal Registration Document. The full document is approved by the AMF in accordance with Regulation (EU) 2017/1129.

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 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).

2. Relating to financial year 2018:

- the Management Report, included in the Registration Document filed on 12 April 2019 under number D.19-0319, is detailed in the cross-reference table (pages 262 to 263) – 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 12 April 2019 under number D.19-0319 (pages 107 to 174 and 175 to 178, 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 12 April 2019 under number D.19-0319 (pages 179 to 207 and 208 to 211, respectively);
- the Statutory Auditors' special report on related-party agreements and commitments, included in the Registration Document filed on 12 April 2019 under number D.19-0319 (pages 212 to 213).

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 Universal Registration Document.

This document is a free translation into English of the original French "Document d'enregistrement universel", referred to as the "Universal 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

As I write this message, Europe and the rest of the world are facing a public health emergency. This crisis has already had a significant impact on the economy of the countries where Sopra Steria does business. However, it is too early to predict the precise consequences on our activity.

This situation should not prevent us from presenting a full and accurate report on our Group's performance in 2019.

Last year we achieved our operational and financial targets, a number of commercial successes and some significant milestones for our corporate project.

Two strategic operations have strengthened the Group's capacity in the banking vertical market. The acquisition of SAB in France has helped Sopra Banking Software reach critical mass in its market and the creation of the Sopra Financial Technology joint venture in Germany has opened up promising new opportunities for digital platforms.

2019 also saw major steps forward in terms of corporate responsibility. Sopra Steria firmly believes that digital technology represents a source of progress when it is delivered in a human-centric way; that is what drove our Group to become a signatory of the United Nations Global Compact back in 2004. In January 2020, CDP announced that Sopra Steria had been named for the third consecutive year as one of the 180 most transparent companies that are the most active in the world in the fight against climate change.

"The Group's aims to make a sustainable, human, and guiding contribution to society."

The Group's strategy draws on an independent project that creates sustainable value based on winning new market opportunities, added value and differentiation, particularly through our significant software development business.

More than ever, our ambition is to be, throughout Europe, the preferred partner for major public administrations, financial and industrial operators and strategic businesses, driving the digital transformation of their activities and information systems, and preserving their digital sovereignty.

This ambition goes hand in hand with ambitious financial performance objectives, particularly with regard to our operating margin percentage.

But in the very short term, we will need to mobilise all our resources to deal with the unprecedented situation we are currently facing.

Sopra Steria faces this period of uncertainty with robust fundamentals and a healthy financial position.

Thanks to the close relationships we have with our clients, and with the whole of our ecosystem, we are confident in the Group's capacity to overcome this crisis.

Pierre Pasquier
Chairman and Founder of Sopra Steria Group

Key figures for 2019

Sopra Steria, a European leader in consulting, digital services and software development, helps its clients drive their digital transformation and obtain tangible and sustainable benefits.

The Group provides end-to-end solutions to make large companies and organisations more competitive by combining in-depth knowledge of a wide range of business sectors and innovative technologies with a fully collaborative approach.

People are central to everything we do at Sopra Steria. Our constant aim is to work with our clients to leverage digital to build a positive future for all.

Revenue

€4.4bn

6.5% organic growth[1]

€3.7bn Digital services
€0.7bn Software solutions publishing

Operating profit on business activity

€354.3m

8.0% of revenue

Net profit – Group share

€160.3m

3.6% of revenue

Basic earnings per share

€7.92

Number of employees

46,245

Number of locations

184

Number of countries

25

Equity

€1.4bn

Net financial debt

€513.9m

equal to 1.26x 2019 pro forma EBITDA before the impact of IFRS 16

Market capitalisation as at 31/12/2019

€2.9bn

Dividend per share
Given the context of the Covid-19 pandemic and in a spirit of responsibility, the Board of Directors has decided to submit a resolution for shareholder approval at the General Meeting on 9 June 2020 to forgo distribution of a dividend in respect of financial year 2019.

TOP 5
European digital services companies

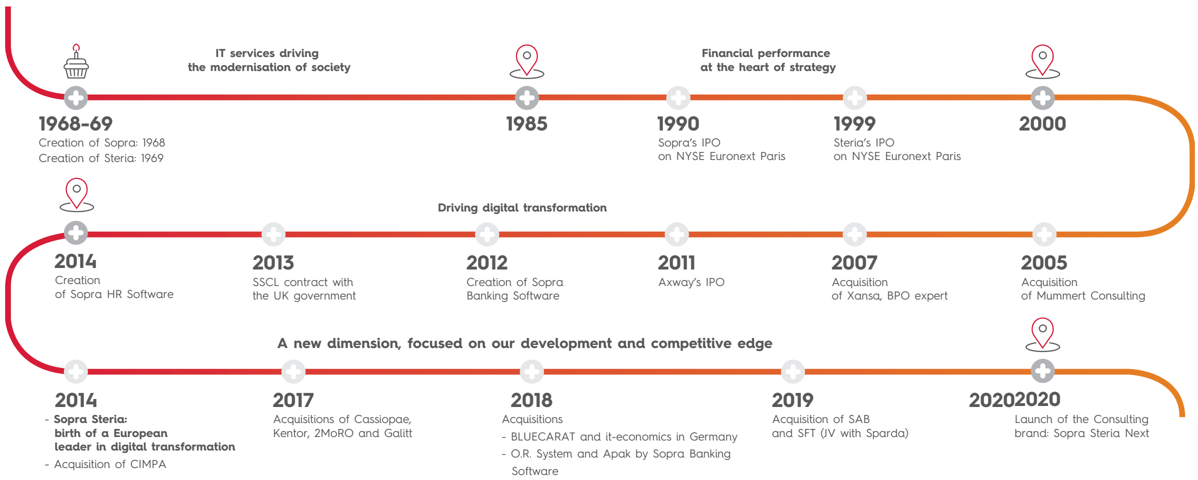
TOP 10
Digital services companies operating in Europe

1 Alternative performance measures are defined in the glossary at the end of this document.

See Chapter 5 for more information

History and corporate plan

More than 50 years of continuous growth and transformation



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. The Group has reinforced its position as a European leader in digital transformation.

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

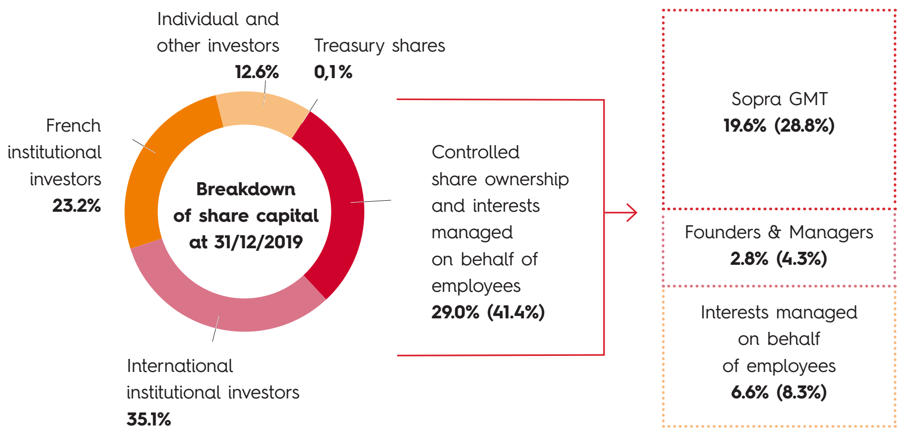
By its very nature, the Group is agile, has short decision-making circuits, and moves rapidly. The core values are a dedication to serving clients, managers' autonomy, a sense of collective responsibility and respect for others.

Importance of human capital

A human resources policy with demanding objectives, focused on attracting talented individuals with both expertise and a strong team orientation as well as the development of employees' skills.

See Chapter 1
for more information

A key shareholder backing the corporate plan



20,547,701 listed shares
26,476,317 exercisable voting rights
XX.X% = percentage of share capital held.
(XX.X%) = percentage of exercisable voting rights.

TPI survey of identifiable holders of shares at 31/12/2019 – Ownership threshold of over 1,000 shares

See Chapter 7
for more information

Our mission and values

Our mission

Technology opens up infinite opportunities.
This perpetual flow of innovation is fascinating and raises many questions as to what is actually behind the frantic race for novelty and change.
There are many answers and they are neither simple nor obvious.

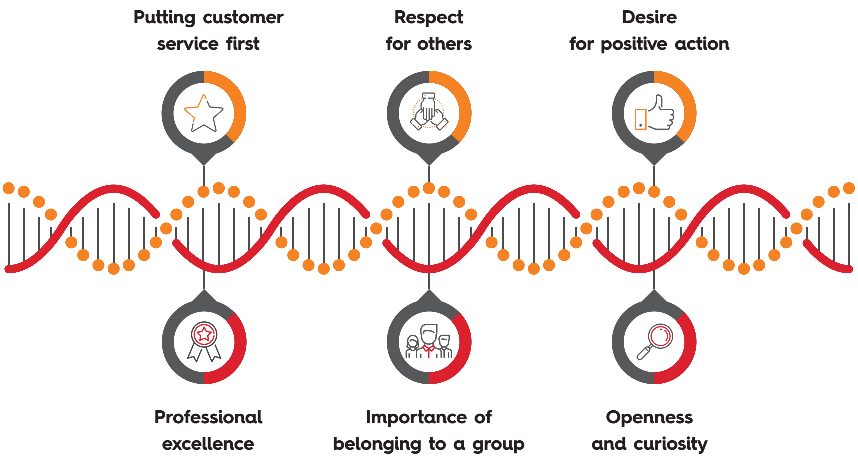
At Sopra Steria, our mission is to guide our customers, partners, and employees towards bold choices by leveraging digital to build a positive future for all.
In addition to technologies, we have faith in collective intelligence and believe it helps the world move forward.

Together, we are building a decisively promising future through conscious change; lasting solutions that have a positive impact on women and men, deliver tangible results in the long term, and fully integrate interactions between the digital world and society.
We are just at the beginning of what we can do together.

Daring together

At Sopra Steria, we strive to create an invigorating team environment and a space for freedom and discussion that fosters skills development and entrepreneurship within a community driven by our desire to succeed together.

Values that bring us together



Putting customer service first

We work alongside our clients over the duration to develop their performance and enable them to go even further thanks to our in-depth knowledge of their business sector and innovative technologies.

Respect for others

We firmly believe that working together is a strength and that the best solutions are found together. That is why we are always there to listen and foster a close relationship with our clients, partners and employees.

The desire for positive action

We want to make innovation useful for as many as possible and come up with sustainable solutions with positive impacts that take full account of interactions between digital technology and society in a way that is responsible and ethical.

Professional excellence

We offer our visionary and global approach and our extensive know-how to guide our clients, partners and employees towards making daring choices and enable them to transform opportunities into tangible and lasting results.

The importance of belonging to a group

We firmly believe that collective intelligence, combining team spirit and each person's individual talents, helps to transform and achieve progress in the world on a lasting basis, beyond just technology.

Openness and curiosity

We encourage people to be daring, curious and take responsibility to explore new paths and make use of innovative new technologies that will allow for transformations that benefit us all.

Corporate responsibility

Building a positive future for all

A corporate responsibility strategy founded on our values, convictions and a high level of commitment across the Group.
At Sopra Steria, we firmly believe that digital technology can create opportunity and progress for all. When closely linked to humanity, it creates a virtuous circle that benefits society as a whole. Sopra Steria has chosen to be a "contributive" company involved in building a sustainable world in which everyone has a part to play.
We see our contribution as sustainable, human and guiding.

Seven key priorities, all directly aligned with the Group's business model, underpin its corporate responsibility strategy:

- Benchmark employer
- Constructive, transparent dialogue with stakeholders
- Long-lasting partnerships for our clients
- Involving the entire value chain in our corporate social responsibility approach
- Reducing our environmental impact and contributing to a net-zero carbon economy
- Ethical business conduct
- Supporting local communities

Combating climate change

- The Science Based Targets initiative (SBTi) approves the Group's greenhouse gas emissions reduction targets,[1] aligned with the aim of limiting average global warming to 1.5°C, as called for by the United Nations
- Commitment to cut GHG emissions per employee by 85% by 2040 (baseline year: 2015)

Benchmark employer

- Group-wide programmes to promote gender equality and diversity
- Launch of the Next Forum by Sopra Steria Next – 2020 topic: "Foundations of digital ethics, trust and corporate social responsibility"
- Agreement with Sciences Po to launch the Technology, Governance and Institutional Innovation Chair

Significant progress in 2019

- **Recruitment:** 10,844 new staff
- **More female employees:** 32% of the Group's workforce (31.6% in 2018) and 33.1% of new staff (32.8% in 2018)
- **Higher proportion of employees with disabilities:**[2] 3.06% (2.72% in 2018)
  - Urban accessibility awareness campaign
  - 32 grants awarded to secondary school and university students with disabilities
- **450 young graduates helped towards reintegration into employment**
- **Cumulative reduction in greenhouse gases since 2015 per employee:** 36.7%
  - 10.8% reduction in 2019 alone
- **24 DigiLabs,** spaces designed for innovation to foster the emergence of innovative and sustainable solutions
- **More than 160 solidarity-based projects** supported by the Sopra Steria-Institut de France Foundation

International recognitions obtained in 2019

- **CDP Climate Change**
  Sopra Steria is named to the **A List** for the 3rd consecutive year in recognition of its environmental performance
- **CDP Supply Chain**
  Sopra Steria's performance in the environmental engagement of its supply chain earned it an **A-** score
- **EcoVadis**
  Sopra Steria attains **Advanced Gold** status for its corporate social responsibility performance
- **Happy Trainees World: 7th place**

1 Greenhouse gas emissions from business travel, offices and on-site data centres
2 Scope: France

See Chapter 4 for more information

Governance

Board of Directors as of 9 April 2020

Pierre Pasquier
Chairman

15 Members
- 12 Directors appointed at the General Meeting
- 2 Directors representing the employees
- 1 Non-voting Director

50%* Women

50%* Men

50%** Independent Directors

6 Nationalities

61 years Average age of Board members

* 6/12 male/female Directors
** 6/12 Board members considered independent in line with the criteria of the AFEP-MEDEF Code

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:

73% Knowledge of consulting, digital services, software development, ability to promote innovation.

60% Human resources and labour-management relations

40% Entrepreneurial experience

60% Operational experience within the Sopra Steria Group

60% Social issues

47% Finance, risk management and control

67% Knowledge of one of the Group's main vertical markets

27% Chief Executive Officer of an international group

33% Knowledge of Axway Software

80% International teams and organisations

See Chapter 3 for more information

Group management

The Group's organisational structure is built around a Corporate function 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 16 members of Sopra Steria Group's Executive Committee supervise the Group's organisation, management system, major contracts and support functions and entities. They are involved in the Group's strategic planning and implementation.

The Group Management Committee consists of the members of the Executive Committee and 28 directors of key countries and subsidiaries, key entities and functional divisions (Legal, Audit, HR, Communications, Finance, Commerce, Industrial Department, Internal Control and Investor Relations). Six of its members are women, including two who serve on the Executive Committee.

See Chapter 1 for more information

Business model and...

Our vision

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, we bring our clients new ideas and support them in their transformation by making the most effective use of digital technology.

Our business

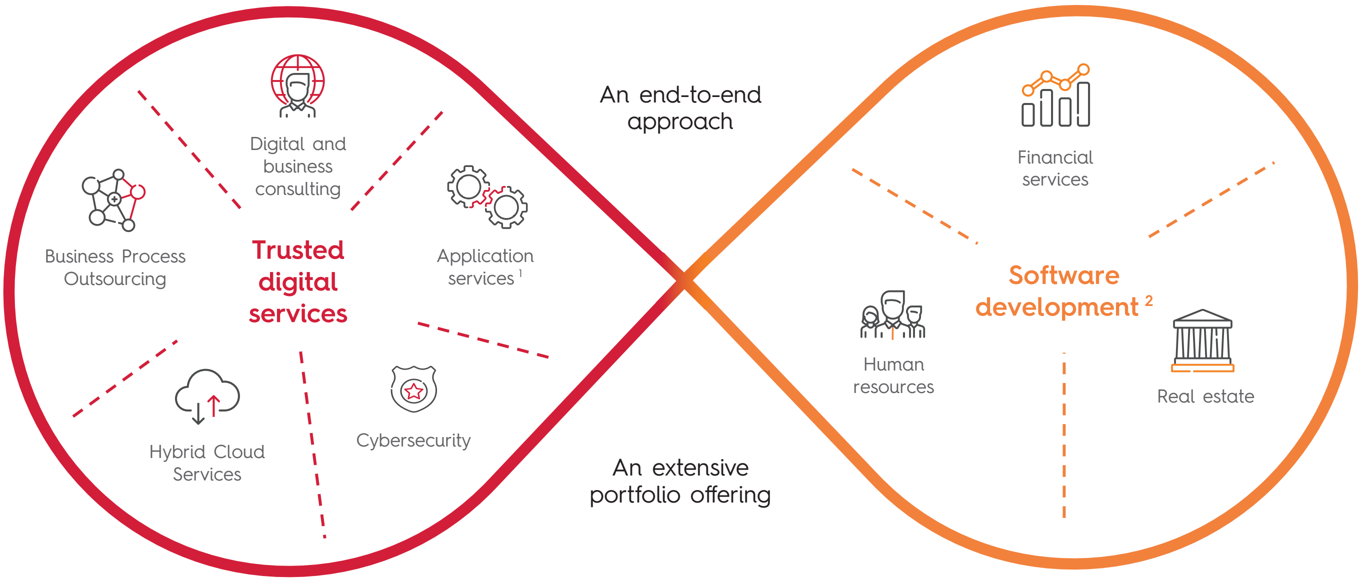
Sopra Steria provides end-to-end solutions to address the core business needs of large companies and organisations, helping them throughout their digital transformation in Europe and worldwide.

Our market

- Spending on digital services in Western Europe: €273.4bn in 2019.*
- A market expected to grow more than 5% 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 2019), in constant 2013 US dollars.
These forecasts were prepared before the onset of the Covid-19 pandemic.

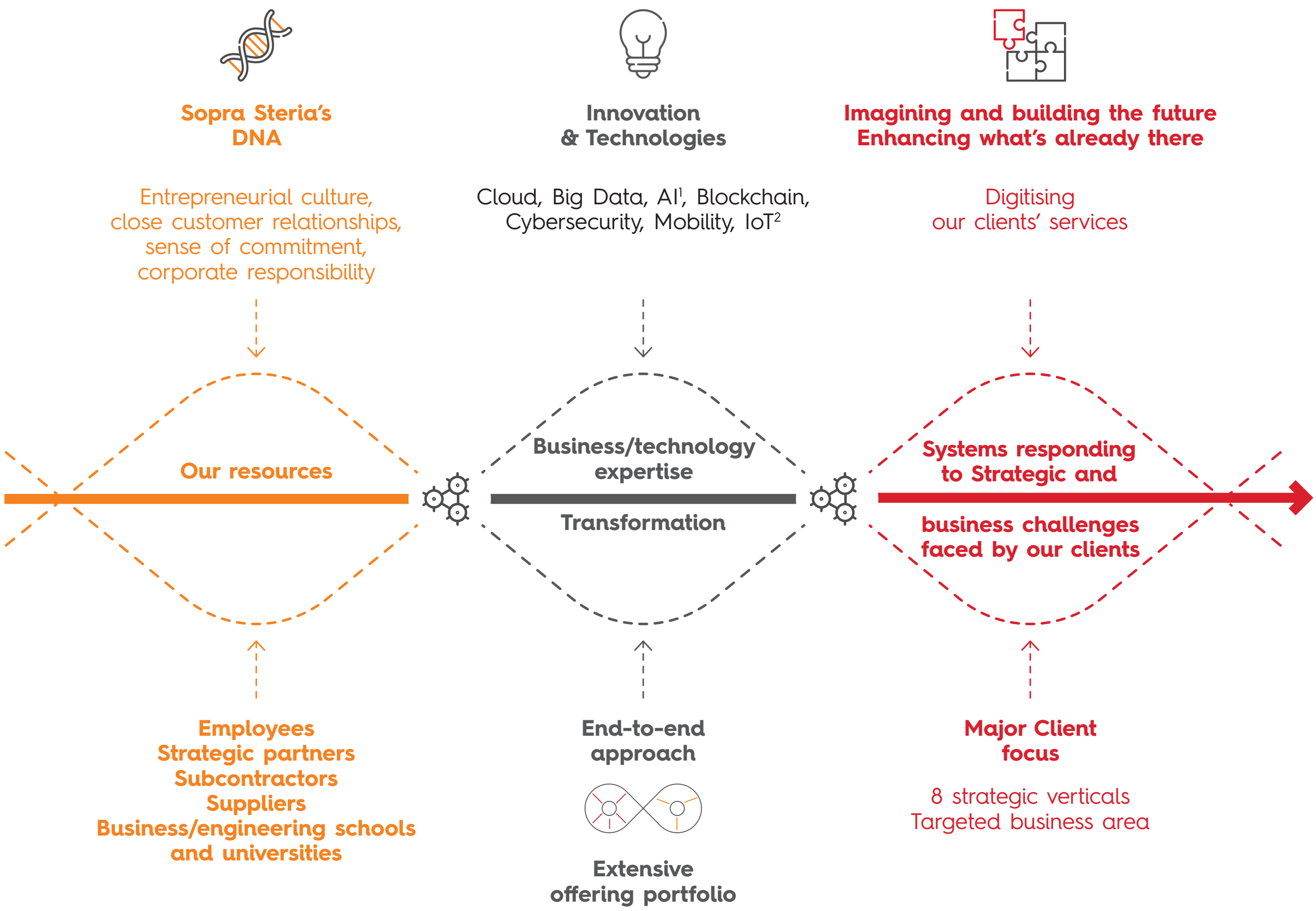
Our offering



1 Systems Integration and Application Management
2 Licence Model and SaaS/Cloud model

See Chapter 1 for more information

... The value creation chain



1 AI: Artificial intelligence
2 IoT: Internet of things

See Chapter 1 for more information

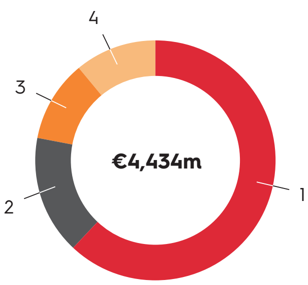
Breakdown of operations and employees

Revenue breakdown

Revenue by vertical market

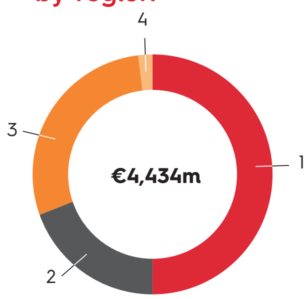
1	Banking	24%
2	Public Sector	23%
3	Aerospace, Defence, Homeland Security	17%
4	Energy, Utilities	7%
5	Insurance	5%
6	Transport	6%
7	Telecoms, Media and Gaming	4%
8	Distribution	3%
9	Other	11%

Group revenue by business line



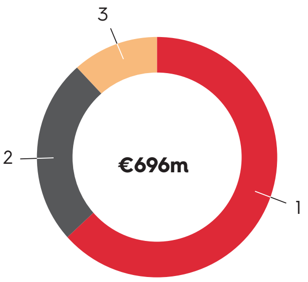
1	Consulting & Systems Integration	62%
2	Solutions publishing	16%
3	IT Infrastructure Management	11%
4	Business Process Services	11%

Group revenue by region



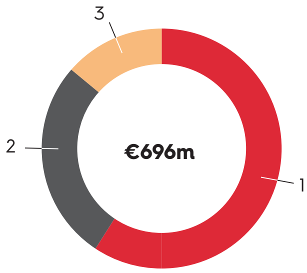
1	France	50%
2	United Kingdom	19%
3	Other Europe	29%
4	Rest of the World	2%

Solutions revenue by product



1	Sopra Banking Software	63%
2	Sopra HR Software	25%
3	Property Management Solutions	12%

Solutions revenue by region



1	France	59%
2	Rest of Europe	27%
3	Rest of the World	14%

Workforce

Group

46,245
employees

France

19,502

United Kingdom

6,305

Other Europe

10,868

Rest of the World

510

X-Shore[1]

9,060

1 India, Poland, Spain and North Africa

See Chapter 5 for more information

Strategy and objectives

Strategy

Sopra Steria's strategy is organised around its independent corporate plan for sustainable value creation, which is based on expansion, added value and differentiation, particularly through its software business as well as specific contributions to meet the European challenges of digital sovereignty.

Its aim is to be the preferred partner in Europe for large public authorities, financial and industrial operators, and strategic companies, driving the digital transformation of their business lines (business model and operating model) and their information systems, and helping them safeguard their digital sovereignty.

Strategic drivers – IT Services

- Sector globalisation and clients
- End-to-end approach
- Strengthening of consulting
- Overhauled offerings to transform legacy applications
- Industrial production model

Strategic drivers – Software

- Sopra Banking Software
- HR and real estate solutions

Medium-term ambitions

Over the medium term, in a market that will continue to be driven by digital transformation, 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.

On 21 February 2020, when reporting on its business results for 2019, the Group had announced targets for the 2020 financial year. These targets were determined prior to the onset of the Covid-19 pandemic and therefore must no longer be considered as valid. Current uncertainties surrounding the scale and duration of the ensuing health and economic crisis make it impossible to set new targets for 2020 at this time.

See Chapter 1 for more information

Risk management

internal control and risk management system stakeholders

Board of Directors / Audit Committee

Executive Management

1st line of control	2nd line of control	3rd line of control
Operational Management All entities All geographies All activities	**Departments** Finance Industrial Human Resources Legal Sustainable Development and Corporate Responsibility **Internal Control**	**Internal Audit**

External Audit

Identification of the Group's main risks

Apart from the risks associated with the Covid-19 pandemic described on page 37 of this document, **Sopra Steria's main risk factors** are presented below. They are listed initially in order of importance by each category of risk, with regard to their probability of occurrence and the magnitude of their potential adverse impact, for each category of risk in the following summary table.

Main risks related to strategy and market developments

- Adaptation to market developments and digital transformation
- Loss of a major client or contract
- Impact of Brexit

Main risks related to regulatory requirements

- Non-compliance, breaches of ethics per SNFP*
- Risks associated with retirement benefit obligations

Main risks related to operational activities

- Difficulties in attracting, developing or retaining talent and/or loss of personnel in key roles per SNFP*
- Loss, corruption or unauthorised disclosure of data
- Performance deficiency in the management of client projects (during the pre-sales or production phases)
- Unavailability of IT services and infrastructure and/or interruption of activities at sites

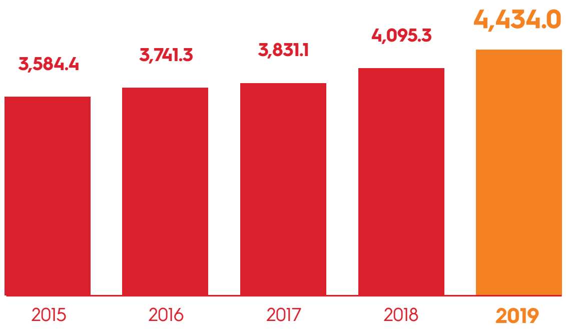
The aims of the internal control system and the risk management policies put in place by the Group are to reduce the probability of occurrence of these main risks as well as their potential impact on the Group. The Risk factors and internal control chapter of this document includes a detailed description of each of these risks, including the ways in which they are addressed by the Group's risk management policies.

*SNFP: Statement of Non-Financial Performance
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 concerning the Statement of Non-Financial Performance

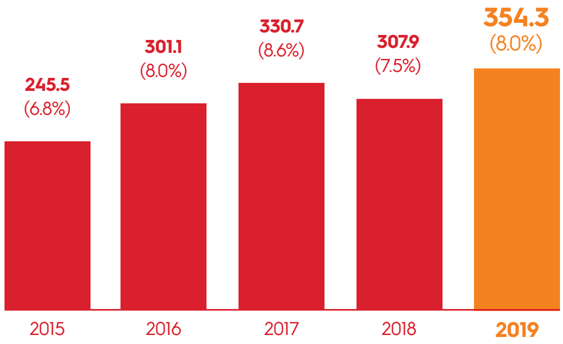
See Chapter 2 for more information

Financial performance

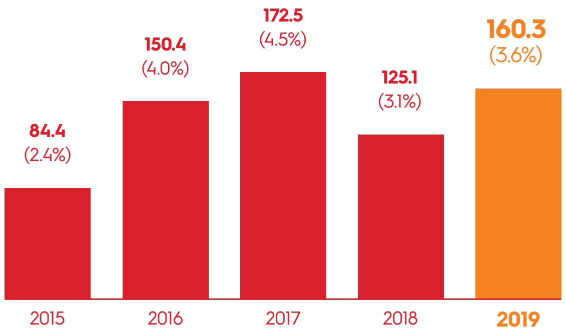
Revenue
in millions of euros



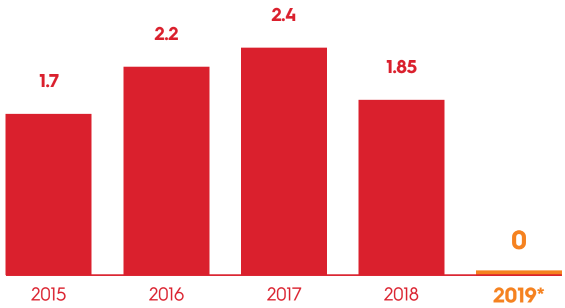
Operating profit on business activity
in millions of euros and as % of revenue



Net profit attributable to the Group
in millions of euros and as % of revenue

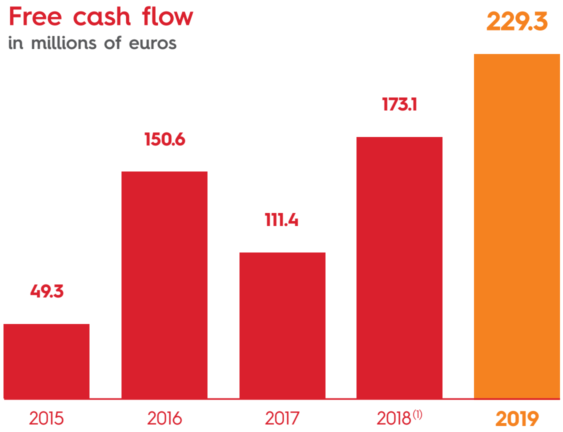


Dividend in euros
per share



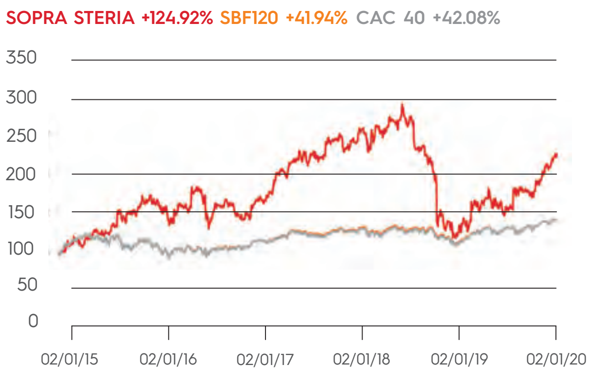
* Amount proposed at the General Shareholders' Meeting of 9 June 2020

Free cash flow
in millions of euros



(1) Net free cash flow calculated excluding the assignment of trade receivables with deconsolidation (€37m assigned in 2017)

Sopra Steria share price over 5 years*
Compared to performance of SBF 120 and CAC 40 indexes



* Base: 100 at 02/01/2015

Source: Euronext Paris

Dialogue with investors

Share fact sheet

Listing	Euronext Paris
Market	Compartment A
ISIN	FR0000050809
Ticker symbol	SOP
Main indices	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, Eurozone 120 Index ESI Excellence Europe Index (Ethibel Sustainability Europe Index)

Eligible for "PEA" Share Savings Plan in France
Eligible for Deferred Settlement Service

2020 Financial calendar

21 February 2020 before market open	2019 annual revenue and earnings*
24 April 2020 before market open	Q1 2020 revenue
9 June 2020	Annual General Meeting
29 July 2020 before market open	2020 half-year revenue and earnings*
28 October 2020 before market open	Q3 2020 revenue

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

Meeting with investors and shareholders

The Investor Relations Department is in dialogue with the financial community throughout the year. It endeavours to meet all shareholders, investors and financial analysts on the world's main financial marketplaces during roadshows or conferences, as well as on the occasion of annual and half-year financial presentations and the General Shareholders' Meeting.

Institutional investors met
225

Meetings
231

Countries covered
12

Cities covered
18

Roadshows
21

Conferences
7

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.

Percentage of the Group's share capital held by institutional investors

35.1%
International institutional investors

23.2%
French institutional investors

Percentage of the Group's share capital held by individual investors

8.8%
Percentage of share capital held by individual investors

TPI survey of identifiable holders of shares at 31/12/2019 – Ownership threshold of over 1,000 shares

Sopra Steria received two prizes from the Scientific Committee of the Grand Prix de la Transparence* in 2019

Meeting brochure
Sopra Steria won the Transparency Award for its Meeting brochure for its Annual General Meeting

In the top 5
5th place in the Grand Prix de la Transparence awards for regulated information

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

Contacts

Follow us

Group website
https://www.soprasteria.com

Investors
https://www.soprasteria.com/investors

Sustainable Development and Corporate Social Responsibility
https://www.soprasteria.com/about-us/corporate-responsibility

https://twitter.com/soprasteria

https://www.facebook.com/soprasteria

https://www.linkedin.com/company/soprasteria

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

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1. Business overview and strategies

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. The telephone number is +33(0)4 50 33 30 30.

Head office: 6 avenue Kleber, 75116 Paris – France. The telephone number is +33(0)1 40 67 29 29.

Legal form: French société anonyme.

Company website: https://www.soprasteria.com(1)

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.

ISIN: FR0000050809

Financial year: From 1 January to 31 December of each year.

Legal Entity Identifier (LEI): 96950020QIOHAAK9V551

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. History of Sopra Steria Group

A LONG HISTORY OF ENTREPRENEURSHIP

Backed by our strong entrepreneurial culture and our sense of collective purpose, we work every day to deliver a range of solutions, from consulting to systems integration, on behalf of our clients. We aim to be the benchmark partner for large public authorities, financial and industrial operators, and strategic companies in the main countries where we operate. We focus on being relevant at all times and ensuring that our impact is a positive one, both for society and from a business perspective.

2014–2020

A new strategic plan to promote expansion and competitiveness

The Sopra Steria 2020 Project is launched to improve performance in all areas and increase added value. The acquisition of CIMPA in October 2015 boosts its 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 Galitt.

In 2018, the Group acquires the German IT services company BLUECARAT to strengthen its position in Germany and offer new growth opportunities for its local subsidiary, as well as Apak to expand its range of lending solutions. In 2019, Sopra Steria takes two important steps forward in the core banking market: the acquisition of SAB and the partnership with seven German banks in the Sparda banking group, involving the construction of a digital platform. At the end of 2019, Sopra Steria also bolsters its operations and consolidates its strategy by launching its new digital transformation consulting brand, Sopra Steria Next.

(1) The information available on the website is not part of this Universal Registration Document.

Today, the Group ranks among the top 5 European digital transformation players, having earned a reputation for providing end-to-end solutions to address the core business needs of large companies and organisations, helping them remain competitive and grow.

2014

Birth of a new european leader in digital transformation

Complementing each other in business strengths, strategic verticals and geographies while sharing a similar corporate culture, the two players merge to give birth to Sopra Steria.

2000-2014

Assisting with 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 rises to these challenges by completing major strategic acquisitions, including Bull's IT services business in Europe in 2001, Mummert Consulting in Germany in 2005 and the business process outsourcing (BPO) expert Xansa in 2007.

1985–2000

Strategic emphasis on financial performance

Given the maturity of the IT services market, Sopra reexamines its fundamentals and refocuses on systems integration and software development. Sopra completes its initial public offering in 1990. Steria prioritises the rationalisation and industrialisation of processes to reorganise its functional structure. After landing a number of major deals, Steria proceeds with its initial public offering in 1999.

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.

1968–1985

It services as a key linchpin in society's process of modernisation

Sopra and Steria are two distinct entities, making their way forward in the emerging IT services industry. They both strive to meet the needs of major clients with innovative products and services. Sopra invests in software development and opens new locations in various markets. At the same time, Steria racks up several contract wins in the public sector.

3. Overview of the digital services sector

3.1. Main markets – Competitive environment of the digital services sector

In 2019, the digital services market in Western Europe was worth an estimated €273.4 billion.[1]

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

Country *(in billions of euros)*	**2019 estimates**
France	35.7
United Kingdom	77.3
Germany	48.1
Rest of Europe	112.3
TOTAL	**273.4**

Source: Gartner, updated Q4 2019. These forecasts were prepared before the onset of the Covid-19 pandemic.

The market in Western Europe expanded by an estimated 5.3% in 2019[2], including growth of 5.2% in Germany, 4.5% in France and 2.7% in the United Kingdom. According to market research[1], this trend is expected to continue, with annual growth of more than 5% out to 2022.

(1) Source: Gartner, updated Q4 2019. These forecasts were prepared before the onset of the Covid-19 pandemic.
(2) Growth calculated at constant 2013 US dollars.

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

Business *(in billions of euros)*	**2019 estimates**
Consulting	60.1
Systems development and integration	69.4
Outsourced IT services	112.8
Business process outsourcing	31.1
TOTAL	**273.4**

Source: Gartner, updated Q4 2019. These forecasts were prepared before the onset of the Covid-19 pandemic.

In 2019, the business process outsourcing and outsourced IT services segments expanded at rates of 3.9% and 4.1%, respectively. The fastest-growing segments were services relating to applications development and systems integration (estimated 6.1% growth) and consulting (estimated 7.3% growth).

The European market has two main characteristics:

- three countries (the United Kingdom, Germany and France) account for 59% of IT services spending [(1)];
- 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[(1)].

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 5% 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/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.

4. Sopra Steria's activities

4.1. A major European player in digital transformation

Sopra Steria, a European leader in consulting, digital services and software development, helps its clients drive their digital transformation and obtain tangible and sustainable benefits, thanks to one of the most comprehensive portfolios of offerings on the market: 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 make large companies and organisations more competitive by combining in-depth knowledge of a wide range of business sectors and innovative technologies with a fully collaborative approach: From strategic analysis, programme definition and implementation, and IT infrastructure transformation and operation, to designing and implementing solutions and outsourcing business processes.

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. Thanks to very close relationships with its clients and its multi-disciplinary teams, 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's teams are trained in the new microservices platforms, DevOps and cloud computing. They are also adopting new methods of designing, delivering and embedding teams. Sopra Steria is therefore able to offer the two key ingredients for successful digital transformation: speed of execution and openness to external ecosystems.

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

Sopra Steria is an independent Group whose founders and managers control 22.4% of its share capital and 33.6% of its theoretical voting rights. With 46,000 employees in 25 countries, it pursues a strategy based on European key accounts.

(1) Source: Gartner report, updated Q4 2019, in constant 2013 US dollars. These forecasts were prepared before the onset of the Covid-19 pandemic.

4.1.1. CONSULTING AND SYSTEMS INTEGRATION – 62% OF 2019 REVENUE

a. Consulting

Sopra Steria Next, the Group's consulting brand, is a leading consulting firm. Sopra Steria Next has over 40 years' experience in business and technological consultancy for large companies and public bodies, with around 3,400 consultants in France and Europe. Its aim is to accelerate the development and competitiveness of its clients by supporting them in their digital transformation while addressing their sustainability challenges in keeping with our clients' Corporate Responsibility policies. This support 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. It involves supporting the information systems departments of our clients, grasping their new challenges, assisting them with their overall transformation projects as well as the modernisation of their legacy systems.

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.

4.1.2. IT INFRASTRUCTURE MANAGEMENT – 11% OF 2019 REVENUE

With over 5,000 experts worldwide and more than 10 years' experience in developing our outsourcing service centres in Europe and India, Sopra Steria – a major player in digital transformation – provides support for all technological and organisational transformation projects from consulting to execution in the IT infrastructure management sector.

This area of expertise covers four service categories that are essential to support information system transformation for our clients:

- CloudServices, a comprehensive range of customisable services, including CloudAssessment, CloudMigrationFactory, CloudEconomics and CloudOps, for the end-to-end management of our clients' cloud environments and applications;
- User Experience Services, an intelligent services platform to better serve our clients' employees and enhance the effectiveness of client services, including digital workplace, support and AI services;
- Traditional IT Services, bringing together technology solutions for servers as well as networking, storage and backup equipment 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 ISO 27001 and HDS certifications (France);
- Consulting Services, a set of value propositions for the co-management and operation of our clients' transformation projects, provided across the three other service categories listed above.

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

At Sopra Steria, we also assist our clients with their strategic cloud-native, cloud-first or "data centre-less" initiatives. Sopra Steria deploys and operates proven and customisable solutions for post go-live optimisation, continuity of service and data management, ranging from DevOps services, live services and API services to smart data services, in order to ensure reliability and a high level of application availability.

4.1.3. 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 "Security 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 cyberattacks 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.

4.1.4. BUSINESS SOLUTIONS – 16% OF 2019 REVENUE

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

Drawing on its technologies and the strength of its commitment, Sopra Banking Software's mission is to help its clients transform themselves so they in turn can continue on their mission to serve people.

A wholly-owned subsidiary of the Group, Sopra Banking Software supports more than 1,500 clients around the world in areas such as the **client experience, operational excellence**, **controlling costs**, **compliance** and **reducing risk**.

Its clients are:

- **Banks in Europe and Africa:** from direct- and branch-based retail banks and private banks to microfinance companies, Islamic financial institutions and centralised payment or credit factories;
- **Financing and lending institutions around the world:** serving individuals and companies, the automotive and capital goods sectors, as well as equipment and real estate leasing and even market financing.

With over 5,000 experts and 51 offices worldwide, Sopra Banking Software addresses its clients' challenges across all geographies and in all business areas, covering issues such as communicating new offerings, the quality of customer relationships, production, accounting integration and regulatory reporting.

Services

Focused on providing end-to-end solutions for its clients, Sopra Banking Software also offers consulting, implementation, maintenance and training services. These solutions help financial institutions maintain their day-to-day operations while gearing their organisation to embrace innovation and ensure agility, with the aim of securing sustainable growth. Through its market-leading solutions backed by more than 50 years of experience in its field, Sopra Banking Software is committed to working with its clients and staff to build the financial world of the future.

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 1,800 people and manages the payrolls of 900 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, staff experience, and HR 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 Property Management

Sopra Steria is the leading developer, distributor, integrator, and service manager of property management software in France. At the cutting edge of digital technologies, it offers major public and private sector players in real estate (institutional investors, social housing operators, real estate management firms and major users) the most comprehensive information system available on the market.

Today, Real Estate Solutions by Sopra Steria's teams of more than 700 experts guide its 483 clients in delivering on their digital ambitions to improve returns for their real estate assets, optimise practices, and build better relations with tenants and service providers, in full observance of laws and regulations.

This is only possible thanks to Real Estate Solutions by Sopra Steria's unique knowledge of business processes in the sector as well as the co-construction approaches put in place with its clients.

Solutions

Real Estate Solutions by Sopra Steria offers a digital services platform built around an open, shared real estate reference framework that accommodates the practices of all players to ensure a successful user experience.

Services

Real Estate Solutions by Sopra Steria supports its clients with an end-to-end service offering, from consulting to integration and managed services.

4.1.5. BUSINESS PROCESS SERVICES – 11% OF 2019 REVENUE

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.

4.2. 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.

4.2.1. 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.

4.2.2. 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 meet the high expectations from civil society and agents.

4.2.3. 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 information and communication systems;
- 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, justice, customs and homeland security services.

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

- survey management and information processing;
- road safety;
- automation of command and control solutions;
- management of identity documents, security credentials, and civil and criminal biometrics;
- modernisation of court- and prison-related administration;
- 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, implementing secure cloud solutions etc.).

4.2.4. ENERGY AND UTILITIES

Given the challenges posed by the energy transition and the opening up of markets, companies in the European energy sector face the need to:

- reduce the carbon intensity of their energy production mix:
- by taking advantage of increasingly cost-competitive renewable energy sources, taking on the industrial challenge of low-carbon nuclear energy and developing energy storage solutions;
- limit their own environmental impacts and those of their clients;
- adapt transmission and distribution networks to renewables and microgrids;
- expand and enrich their portfolios of products and services;
- 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;
- modernisation of networks: Accompanying the decentralisation and the digitisation of energy networks;
- becoming a data-centric business, one that organises, shares and creates value from data across the company and all its staff;
- transformation and performance of organisations: Facilitating changes in organisations and business lines to promote agility.

4.2.5. TELECOMS, MEDIA AND ENTERTAINMENT

The telecoms, media and entertainment sector is at the centre of the digital revolution, for two reasons:

- it supports the digitisation of all the other verticals, in particular by feeding the data collected from billions of objects to algorithms;
- it serves as the testing ground for the implementation of platform-based business models.

Sopra Steria serves the transformation goals of its clients in relation to the following main challenges:

- **Greater business agility:** making it easier to readapt, readjust and realign the company and its organisational structures to better seize new opportunities and also to further improve the engagement of managers and their teams in service of clients;
- **Digitisation of services:** laying down the fundamentals of the platform-based business, thus moving to fully digital and end-to-end solutions, from client to infrastructure;
- **Automation of infrastructure management:** moving from a configurable to a programmable approach for essential infrastructure, such as the cloud, SDN/NFV and most recently 5G;
- **Diversification:** opening up to new markets either for adjacent areas (IoT, cloud, media) or more distantly related ones, such as financial services, insurance and energy distribution;
- **Core media business:** taking up new models, such as SVOD, AVOD, content aggregation, targeted advertising and 4K;
- **Core gaming business:** customer retention and churn, fraud reduction and control over cash flows, compliance with regulations, digitisation of distribution channels.

4.2.6. 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, and smart cities.

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.

4.2.7. INSURANCE

The insurance sector is fiercely competitive due to the increasing standardisation of offers, structurally low long-term interest rates and the escalating regulatory burden. At the same time, clients, and particularly millennials, are exhibiting new behaviours, with a shift in expectation toward the hyper-personalisation of products and services.

In this increasingly competitive global context, leading insurers continue to look to consolidation and transformation as the way forward. To set themselves apart, they are developing extended services and are taking into account the new risks associated with use (as opposed to ownership) of property, the rise of service business models, the sharing economy and cybersecurity.

Sopra Steria offers its clients a comprehensive solution for the implementation of new business models, support for strategic plans and digital transformation to put in place a platform-based approach, seen as essential to open the business and its information system to new partnerships and services across an extended value chain.

4.2.8. 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.

4.3. Research and Development in Solutions

The Group has continued its R&D efforts, investing €109.3 million in 2019 (versus €104.9 million in 2018) in developing and expanding its business solutions. These are gross amounts and do not take into account financing related to research tax credit.

5. Strategy and objectives

5.1. Strong and original positioning in Europe

Sopra Steria's ambition is to be a major European player in digital transformation. Its high value-added solutions, delivered by applying an end-to-end approach to transformation, enable 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;
- a strong European footprint with numerous locations in many of the region's countries which, when combined with these close relationships, raises its profile among large public authorities and strategic companies (both in France and throughout Europe) as a trusted and preferred partner for all projects involving digital expertise;
- in 2019, the Group summarised its mission through the motto "Together, building a positive future by making digital work for people". It thus communicates its desire to help meet the sustainable development goals of its stakeholders and society at large.

5.2. Confirmed objectives and priority action areas

5.2.1. DEVELOPMENT OF SOLUTIONS

The Group, currently France's number two software development company, [1] confirms its medium-term target of bringing the share of its solution development and integration activities to 20% of its revenue. Efforts will continue to be focused on enriching the Group's solutions, adapting them to cloud systems, leveraging API-based access to data and services, integrating new digital technologies, developing managed services, and expanding operations into new geographic markets.

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 property management solutions. With organic growth as the preferred strategy, the Group will remain on the lookout for acquisition opportunities.

5.2.2. 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. Consulting will thus spearhead the digital transformation of business lines and information systems for the Group's clients, while positioning its other IT services activities within an end-to-end approach to this transformation. The priorities in this area are upstream consulting (e.g. digital strategy, operating strategy, IT strategy), digital expertise, business expertise in each vertical market, especially in financial services, and the Consulting business brand. Accordingly, the Sopra Steria Next brand was created in 2019 to promote Consulting as the Group's digital transformation arm.

5.2.3. 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 potential of new technologies to benefit all of its clients, through the Application Management offering, for example, which has evolved to encompass the end-to-end transformation of business processes and the connections entailed between digital technologies and legacy systems;
- presenting new end-to-end approaches and solutions, such as support for platform-based strategies for large companies and public authorities, the implementation of digital continuity in industrial value chains, cloud migration and modernisation of legacy information systems, setting up services platforms, etc.

(1) Source: Truffle 100, 2019.

The digitisation of offerings and, more broadly speaking, changing client expectations, have led the Group to adapt its business models. The Group will thus 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 in the cloud, etc.). It will thus generate more recurring revenue through its solutions, with less of a direct connection to the size of its workforce in services.

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" (experts led by the Group's CTO).

At the same time, all necessary resources are being designed and 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:

- the Digital Enablement Platform (DEP), a private cloud that can connect to the main public clouds, an industrial DevOps chain, an environment to leverage reusable software components and a technology foundation to enable the quick setup of digital services platforms (based in particular on the components of Axway's Amplify platform[1]);
- implementation accelerators for new digital technologies (smart machines, AI/machine learning, blockchain, IoT, etc.);
- 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 aforementioned technology assets):

- extensive experience with agile projects (including many in collaboration with offshore and nearshore centres);
- 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 industry-specific 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 (DigiLabs at all the Group's major locations and a new Next centre at its registered office), 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. [2]

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 directly or indirectly take equity stakes (through specialised funds) in young startups that it considers as the most innovative in the market, applying a corporate venturing approach.

5.2.4. TARGETING OF SPECIFIC VERTICALS

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 & Homeland Security, Energy & Utilities, Telecoms & 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 an example, the Group applies this approach to meet digital continuity challenges in the aerospace value chain.

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.

(1) Amplify is a hybrid integration and content collaboration platform.

(2) Axway is a developer of digital solutions to manage interactions between systems, people, businesses and their client ecosystems. Among its accolades, Axway has been named a Leader in the Gartner Magic Quadrant for Full Life Cycle API Management.

5.2.5. ACQUISITION STRATEGY

The Group will continue to play an active role in market consolidation. It will be able to combine targeted acquisitions to enhance its offerings and expertise with larger transactions.

5.3. Medium-term strategic objectives

Sopra Steria's strategy is organised around its independent corporate plan for sustainable value creation, which is based on expansion, added value and differentiation, particularly through its software business as well as specific contributions to meet the European challenges of digital sovereignty. Accordingly, and on the basis of market conditions similar to those of previous years, the Group aims to achieve gradual and continuous improvements in its performance. Over the medium term, in a market driven by digital transformation, 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.

On 21 February 2020, when reporting on its business results for 2019, the Group had announced targets for the 2020 financial year. These targets were determined prior to the onset of the Covid-19 pandemic and therefore must no longer be considered as valid. Current uncertainties surrounding the scale and duration of the ensuing health and economic crisis make it impossible to set new targets for 2020 at this time.

6. 2019 Full-year results

6.1. Comments on 2019 performance

The financial year saw significant performance improvements and the Group hit all of its targets.

Strong organic revenue growth in the year confirmed Sopra Steria's ability to seize opportunities in a market driven by the challenges of digital transformation and further reinforced its excellent positioning, built on its offerings and its distinctive approach.

Two strategic acquisitions in the banking field have strengthened the Group's expansion. Sopra Banking Software's acquisition of SAB and Sopra Steria's acquisition of Sopra Financial Technology (a joint venture with the Sparda banking network) have helped Sopra Banking Software reach critical mass in its market (2019 pro forma revenue of €500 million) and are creating new opportunities for the implementation of digital platforms in the banking sector.

The operating margin improved thanks to the continuing shift toward higher-value offerings and more effective risk management. The Group's consulting teams continued to expand their digital services offerings and raised prices. In software solutions, particularly for specialised lending, the results of the plan put in place for 2019, focused on product industrialisation and enhancements in product security, were in line with expectations.

Structural improvements made to the client payment cycle continued during the year, resulting in an increase in the cash conversion rate.

The Group also strengthened its organisation and its internal governance system to prepare its future growth and reinforce its capacity to deliver on its medium-term strategy.

DETAILS ON 2019 OPERATING PERFORMANCE

Consolidated revenue totalled €4,434.0 million, an increase of 8.3%. Changes in scope had a positive impact of €67.3 million, and currency fluctuations had a positive impact of €1.1 million. Organic revenue growth was 6.5%.

The Group's operating profit on business activity grew 15.1% to €354.3 million (€307.9 million in 2018), a margin of 8.0%, up 0.5 percentage points from the previous year.

In France, revenue came to €1,813.1 million (comprising 41% of Group revenue). Organic growth came in at 6.7%, driven by higher volumes and selling prices. This performance was fuelled in particular by the success of the high value strategy and the accentuated verticalisation of the Group's organisation. It was accompanied by a decrease of 0.7 percentage points in the employee turnover rate for the Consulting and Systems Integration business, to 17%. Defence, aerospace, transport and social (job centres, health insurance, etc.) were the best-performing vertical markets. Accordingly, operating profit on business activity for the reporting unit was up 12.9%, corresponding to an improvement in the operating margin of 0.6 percentage points, to 9.7%.

In the United Kingdom, hampered by an unpropitious business environment, particularly in the fourth quarter of 2019, revenue came to €771.5 million (17% of Group revenue). Since 28 June 2019, it no longer includes the recruitment business, which contributed €129.2 million in revenue in 2018. Excluding this impact and fluctuations in the British pound, revenue growth was 7.3%. The operating margin on business activity improved strongly by 1.6 percentage points, thus also coming in at 7.3%. In addition to the anti-dilutive effect associated with the disposal of the recruitment business, the overall performance improvement was driven by that of the two joint ventures in the public sector (NHS SBS and SSCL), which together accounted for over 40% of the reporting unit's revenue. This momentum was further demonstrated, in December 2019, with the award to SSCL by the UK Ministry of Defence of a seven-year, £300 million contract to provide improved administrative, payroll, pension and human resources services for military personnel. Efforts under way to reinforce the model for the rest of the reporting unit's business activities, particularly in the private sector, need to be continued over several more half-year periods.

The Other Europe reporting unit posted organic revenue growth of 7.2% to €1,152.9 million (26% of Group revenue). Business in Germany was stable, in a context of lower spending, especially by certain banks, which affected operating performance for the year. Elsewhere in the reporting unit, growth was particular brisk in Scandinavia, Italy and Spain, and profitability improved substantially in Belgium. Lastly, since 1 August 2019 Sopra Financial Technology has been responsible for operating the information system of the Sparda banking network. This business, which involves low margins during the initial transformation phase, generated revenue of €86.3 million in the second half of 2019 and had a dilutive impact of 0.6 points on the operating margin. For the reporting unit as a whole, the operating margin on business activity was 6.7% (8.1% in 2018).

Sopra Banking Software recorded organic revenue growth of 2.9% to €438.9 million (10% of Group revenue). In a difficult climate, priority was given to delivering on projects. The year was satisfactory in this respect, with more than 200 successful go lives across all product lines. In the area of retail banking, work continued on improvements for all three products, while opportunities began to be explored for synergies, by way of the digital layer: 31 clients in 17 countries adopted the new digital platform DBEP (formerly known as DxP), in line with the entry into effect of the EU's revised PSD2 [1]. In the area of specialised lending, the strategic plan's objectives were met, with the confirmation of the release of version 4.7 of the Cassiopae product, due by the end of the first quarter of 2020, and gradual improvements in difficult client situations. Apak delivered a strong performance, in line with forecasts. For the reporting unit as a whole, the operating profit on business activity was €4.9 million, compared with a loss of €13.3 million in 2018.

The Other Solutions reporting unit posted revenue of €257.5 million (6% of Group revenue), representing organic growth of 6.0%. The Group's human resources solutions recorded organic growth of 3.7%. The Source Solde project was one of the year's highlights, with the successful implementation of a payroll system for the 39,000 military personnel of France's Marine Nationale (the French navy). Property management solutions recorded growth at the high rate of 10.8%, buoyed by the maturity of the new data-driven technologies. The operating margin on business activity for the reporting unit was 15.7% (16.7% in 2018). Investments will be increased in 2020 to step up the digitisation of property management solutions and prepare more rapid expansion for this line.

(1) Payment Services Directive 2

6.2. Comments on the components of net profit attributable to the Group and net cash position in financial year 2019

Profit from recurring operations totalled €314.2 million. That figure reflects a substantial decrease in the share-based payment expense (€11.1 million, versus €22.8 million in 2018).

Operating profit was €283.2 million after a net expense of €31.0 million for other operating income and expenses (compared with a net expense of €34.2 million in 2018).

The tax expense for the year totalled €87.3 million, an effective tax rate of 33.8%.

The share of profit from equity-accounted companies (Axway) was €1.8 million (€3.6 million in 2018).

After deducting €12.7 million in **minority interests, net profit attributable to the Group** rose 28.1% to €160.3 million (€125.1 million in 2018).

Basic earnings per share rose 27.8% to €7.92, compared with €6.20 in 2018.

FINANCIAL POSITION AT 31 DECEMBER 2019

Sopra Steria ended the year in 2019 with a robust financial position.

Free cash flow came to €229.3 million (€173.1 million in 2018), which corresponds to a cash conversion rate with respect to operating profit on business activity of 51% (50% in 2018), continuing the upward trend seen since 2015. This performance reflected in particular a 6-day reduction in the average payment period of trade receivables.

Net financial debt totalled €513.9 million, down 17% from its level at 31 December 2018. It was 1.26x pro forma EBITDA for 2019 before the impact of IFRS 16 (with the bank covenant stipulating a maximum of 3x).

Details relating to financial flows between the parent company and its subsidiaries are presented in the Statutory Auditors' special report on related party agreements in this Universal Registration Document (see Chapter 6, "Parent company financial statements", pages 255 to 256 of this Universal Registration Document)

6.3. Proposed dividend in respect of financial year 2019

Given the current context of the Covid-19 pandemic and in a spirit of responsibility, at its meeting on 9 April 2020, Sopra Steria Group's Board of Directors decided to propose to shareholders at the General Meeting of 9 June 2020 not to distribute a dividend for financial year 2019 (vs €1.85 for fiscal year 2018).

6.4. Workforce

At 31 December 2019, the Group's workforce totalled 46,245 people (44,114 at 31 December 2018), with 19.6% working in X-Shore zones.

6.5. Social and environmental footprint

Sopra Steria firmly believes that digital technology, when closely linked to humanity, is a rich source of opportunity and progress. The Group sees its contribution to society as sustainable, human and guiding. As one measure of its deep commitment to this role, Sopra Steria is proud to have been a signatory of the United Nations Global Compact since 2004.

In January 2020, CDP announced that Sopra Steria had been named on its global climate change A List for the third consecutive year. The Group is thus ranked alongside 179 other companies leading the way in corporate transparency and action on climate change. In particular, this ranking is based on targets set by companies to reduce greenhouse gas emissions, approved by the Science Based Targets initiative (SBTi), in line with the aim to limit the global average temperature rise to 1.5°C.

Furthermore, the actions carried out in 2019 to raise Sopra Steria's profile as a leading employer helped increase the net headcount by 2,131 employees over the year, accompanied by a 0.7 percentage point drop in the employee turnover rate in France to 17% and the continuation of efforts to bring more women into the Group, with the proportion of female employees rising from 31.6% at end-2018 to 32.0% at end-2019 (excluding the impact of the year's acquisitions).

7. Key events and recent developments

7.1. Key events during the year

7.1.1. ACQUISITIONS AND DISPOSALS IN 2019

During financial year 2019, the Sopra Steria Group announced the following transactions:

a. SAB

On 3 July 2019, the Group, via its subsidiary Sopra Banking Software, acquired a 70% stake in SAB, one of France's leading core banking software developers, which generated revenue of €64.4 million in 2018. SAB and its subsidiaries have been consolidated in Sopra Steria's financial statements since 3 July 2019.

Under the terms of this acquisition, Sopra Banking Software granted SAB's minority shareholders a put option for their shares, representing the 30% stake not yet owned by the Group. This option may only be exercised during the 2020 financial year (see press release of 10 April 2019).

b. Sopra Financial Technology GmbH

On 2 August 2019, Sopra Steria Group, the Group's parent company, acquired a 51% stake in Sopra Financial Technology GmbH, the entity tasked by the Sparda cooperative banks in Germany with the development, maintenance and operation of their shared information system (see press release of 9 May 2019).

c. Sopra Steria Recruitment Ltd

On 28 June 2019, the Group sold 100% of its recruitment subsidiary in the United Kingdom. In 2018, this business contributed €129 million to the Group's consolidated revenue (see press release of 18 June 2019).

7.1.2. INFRASTRUCTURE AND TECHNICAL FACILITIES

A total of €33.0 million was invested in 2019 in infrastructure and technical facilities, as against €52.2 million in 2018.

Investments in facilities comprised the following:

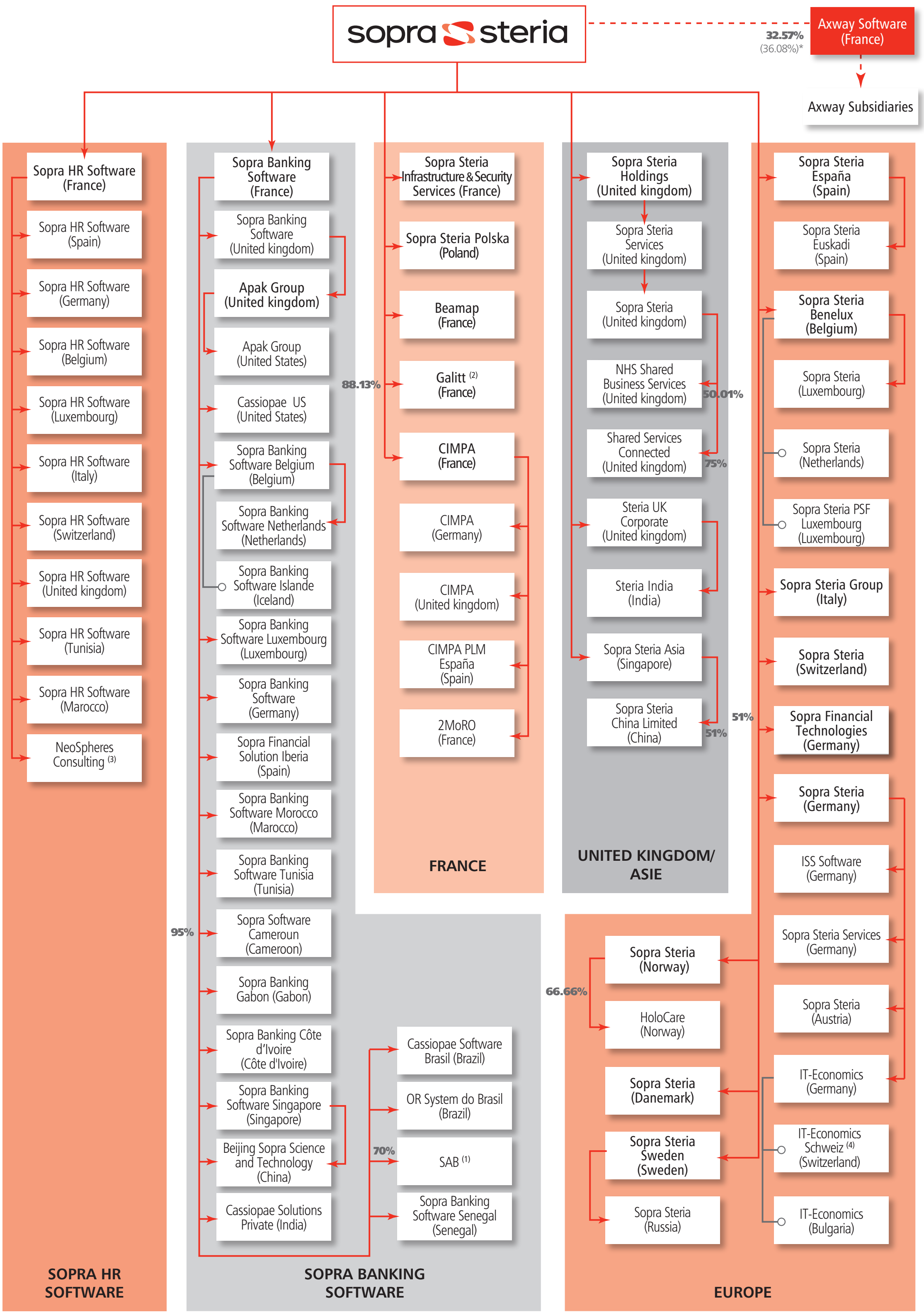
- land and buildings: €0.5 m;
- fixtures and fittings: €16.9 m;
- IT equipment: €15.6 m.

7.2. Recent developments

7.2.1. SODIFRANCE

On 21 February 2020, Sopra Steria announced plans to acquire Sodifrance (which posted 2019 revenue of €106.5 million) by signing an exclusive negotiation agreement with a view to acquiring a controlling interest of 94.03% of the company. If this controlling interest were acquired, a buyout offer (offre publique de retrait) would have to be filed with the AMF, followed by a squeeze-out (procédure de retrait obligatoire).

8. Simplified Group structure at 31 December 2019



Note: Companies are more than 95% owned, directly or indirectly, unless otherwise indicated.

(*) Exercisable voting rights
(1) SAB is comprised of the holding company (France) and its subsidiaries (Monaco, Tahiti, Lebanon, Tunisia, United Arab Emirates and Morocco)
(2) Galitt is comprised of a holding company (Tecfit) and an operating company
(3) NeoSpheres Consulting was dissolved on 3 January 2020 (universal transfer of assets to Sopra HR Software)
(4) it-economics Switzerland merged with Sopra Steria Switzerland at the beginning of 2020

9. 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.

9.1. Permanent structure

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

9.1.1. 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 2019:

- 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 16 members of Sopra Steria Group's Executive Committee supervise the Group's organisation, management system, major contracts and support functions and entities. They are involved in the Group's strategic planning and implementation.

Members of the Sopra Steria Executive Committee:

- Vincent Paris, Chief Executive Officer;
- John Torrie, Deputy Chief Executive Officer, United Kingdom;
- Laurent Giovachini, Deputy Chief Executive Officer;
- Eric Pasquier, Sopra Banking Software;
- Pierre-Yves Commanay, Continental Europe;
- Cyril Malargé, France;
- Xavier Pecquet, Key Accounts and Partnerships, Vertical Aeroline;
- Jean-Claude Lamoureux, Sopra Steria Next (Consulting);
- Urs Kraemer, Germany;
- Étienne du Vignaux, Finance;
- William Ferré, Industrial Approach;
- Yvane Bernard-Hulin, Legal;
- Fabienne Mathey-Girbig, Corporate Responsibility and Sustainable Development;
- Christophe de Tapol, Strategy;
- Mohammed Sijelmassi, Technology;
- Jean-Charles Tarlier, Human Resources Development.

Group Management Committee

The Group Management Committee consists of the members of the Executive Committee and 28 directors of key countries and subsidiaries, key entities and functional divisions (Audit, HR, Communications, Finance, Commerce, Industrial Department, Internal Control and Investor Relations). Six of its members are women.

9.1.2. 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.

9.1.3. TIER 3: DIVISIONS

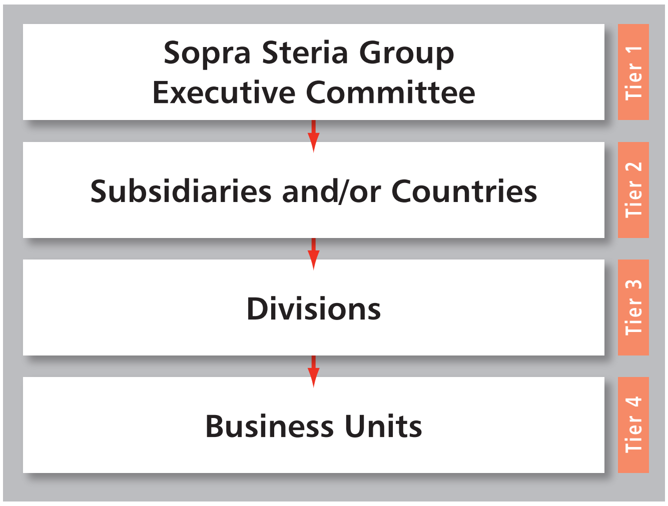
Each country or subsidiary is made up of divisions based on two criteria:

- vertical market;
- geographic area (region).

9.1.4. 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:



9.1.5. 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.

9.1.6. 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.

9.1.7. 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).

9.2. 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.

2. 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 most significant risks to which Sopra Steria Group believes it is exposed. There may also be other risks, of which the Group is not currently aware or which it considered as less important when this Universal Registration Document was prepared, which could 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.

1. Risk factors

1.1. Risk mapping exercise and methodology

The Group's risk mapping was reviewed and updated at the end of 2019 by the Internal Control Department, with the participation of the relevant internal stakeholders and Executive Management. 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, assessing risks involves evaluating their probability of occurrence and their likely severity on a risk scale (low, medium or high) to determine their materiality. As part of this exercise, the most significant risks for Sopra Steria are identified in terms of their probability of occurrence and the expected severity of their impact, after risk management measures have been implemented. They are presented by risk category. 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 results were presented to the Audit Committee of the Board of Directors.

Sopra Steria's most significant risk factors are presented below. The most significant in terms of their probability of occurrence and the severity of their impact are stated first for each category of risk in the 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.

1.2. Summary overview of risk factors

Risks related to strategy and market developments	Materiality
Adaptation to market developments and digital transformation	High
Loss of a major client or contract	Medium
Impact of Brexit	Medium
Risks related to operational activities	
Difficulties in attracting, developing or retaining talent and/or loss of personnel in key roles **SNFP** [1]	High
Loss, corruption or unauthorised disclosure of data	High
Performance deficiency in the management of client projects (during the pre-sales or production phases)	High
Unavailability of IT services and infrastructure and/or interruption of activities at sites	Medium
Risks related to regulatory requirements	
Non-compliance, breaches of ethics **SNFP** [1]	High
Risks associated with retirement benefit obligations	Medium

(1) SNFP : Statement of Non-Financial Performance. This risk also relates to concerns addressed by the regulatory changes set out in Articles L. 225-102-1 III and R. 225-105 of the French Commercial Code, which cover the Company's Statement of Non-Financial Performance.

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.

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 8 of this Universal Registration Document (pages 274 to 277). The materiality of these risks is rated as "low".

IMPACT OF THE COVID-19 PANDEMIC

The covid-19 pandemic has created considerable uncertainty for Sopra Steria concerning its business environment. Given the speed at which events are unfolding and the unpredictability of the current situation, the Group is unable to assess fully and accurately for the time being the likely economic and financial consequences of this pandemic on its business. The impact will depend on the extent and duration of this global health crisis. It will depend very heavily on whether customers decide to halt or postpone certain services. A crisis management unit and appropriate governance framework have been put in place to monitor and manage on a day-to-day basis the implications of events for the Group's business activities. The priorities are to protect the health of our employees and our customers by taking appropriate measures and to keep services running for them. Teams are working from home wherever this is technically possible. The Group has entered this current period with solid fundamentals and and in a strong financial position. It has access to available and confirmed credit lines totalling €1.5 billion (including a €900 million revolving credit facility, not drawn down at present).

1.3. Detailed presentation of risk factors

1.3.1 RISKS RELATED TO STRATEGY AND MARKET DEVELOPMENTS

ADAPTATION TO MARKET DEVELOPMENTS AND DIGITAL TRANSFORMATION

Risk description	Risk management
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. Clients are seeking to become more agile, and to do so they are reinventing their business models, organisational structures and resources. These developments concern all of the Group's businesses. 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. 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 revenues.	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, with the assistance of the Group's Executive Committee, covering all business lines and markets in which it operates. This exercise, which draws both on external studies and internal feedback from stakeholders in contact with clients, leads the Group to take a certain number of decisions, in particular involving the transformations to be undertaken or the acquisitions strategy. These decisions are applied, on the one hand, by the central functions, responsible in particular for investing on behalf of the entire Group in support of the planned transformations and, on the other hand, by all Group entities (countries and subsidiaries) as part of the updating of their three-year strategic plans. The Group-wide implementation of the transformations initiated by the central functions as well as the progress made on each entity's strategic plan are monitored on a regular basis by the Chairman, the Chief Executive Officer and the Strategy Department, in liaison with the Group's Executive Committee. By way of example, the following were initiated and closely monitored in 2019: the transformation of Consulting (in line with the launch in France of the new "Sopra Steria Next" brand, designed to spearhead the Group's digital transformation activities on behalf of its clients); the transformation of the Group's Services and Solutions to better harness the power of digital and cloud technologies, and deliver the end-to-end offerings needed by clients; the upgrading of management and employee skills; the transformation of the production model to support digital offerings and sustain the Group's competitive advantage; the reinforcement of the technology and sales partnership with Axway; and the review of the acquisitions strategy. In order to track technology advances in a proactive manner, an organisation anchored by the Chief Technology Officer (CTO), together with Vertical Leaders and experts, has been put in place within the Group and in relation to each of its vertical markets. The goal is to plan ahead as effectively as possible for developments driven by new technologies as well as their use in connection with transformations affecting our clients' businesses.

RISK RELATED TO THE LOSS OF A SIGNIFICANT CLIENT

Risk description	Risk management
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. In 2019, the Group's top client accounted for 7.3% of revenue, the top five clients represented 19% and the top ten contributed 28%. Main clients include: ▪ in France: Airbus Group, Banque Postale, BNP Paribas, CNAM, Crédit Agricole, EDF, Engie, Ministry of the Economy and Finance, Ministry of Defence, Société Générale; ▪ in the United Kingdom: Metropolitan Police, Ministry of Justice, Home Office, Ministry of Defence and National Health Service.	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.

RISK RELATED TO BREXIT

Risk description	Risk management
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. The Group's operations in the United Kingdom contributed close to 19% of its 2019 revenue. 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.	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 continued to be reviewed, including communications campaigns, and verifications of 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.

1.3.2 RISKS RELATED TO OPERATIONAL ACTIVITIES

DIFFICULTIES IN ATTRACTING, DEVELOPING OR RETAINING TALENT AND/OR LOSS OF PERSONNEL IN KEY ROLES

Risk description	Risk management
Sopra Steria places its employees at the centre of its drive to create value, improve its competitive position and increase market share. The Group's growth objectives must be acheived against the backdrop of the war for talent as well as the need for critical and rare expertise, particularly in the area of new technologies. Recruitment difficulties and/or a continuing rise in the employee attrition rate (which was 17.7% in 2019, compared with 16.9% in 2018) may prevent the Group from delivering on its strategy or meeting its targets for growth and financial performance. The transformations engendered by the digital revolution for the businesses of our clients require us to constantly adapt our skills to ensure that we can support them over the long term. In this respect, any deficiency and/or difficulty in developing the skills of its employees might hinder the Group's ability to deliver on its strategy, thereby adversely affecting its financial performance.	Sopra Steria's employees are the motor fuelling its growth and value creation. Employee engagement and retention are two key focuses of its human resources policy. They have been translated into the following priorities: ▪ an ambitious recruitment drive with 10,844 new hires in 2019 (compared with 11,662 in 2018), including 4,112 hires across all types of employment contract in France; ▪ a revisited employer brand in 2019, conveying the image of an attractive and captivating Group, inspiring its staff with a singular and responsible collective ambition; ▪ an improved candidate experience (interactive platforms for job seekers, new Careers site, videos on business lines, live chat); ▪ an updated onboarding process based on the Group's Immediate Boarding Charter and specific training programmes; ▪ strengthened relationships with universities (more than 1,000 events and other initiatives at universities in 2019); ▪ ever-expanding civic engagement through iconic projects (HandiTutorat, Prix Étudiants awarded by Fondation Sopra Steria – Institut de France, etc.); ▪ an optimised recruitment process and organisation, particularly in France; ▪ a special focus on well-being in the workplace (preventive approach to occupational risks) and employee engagement in this area (2019 people survey conducted across the Group in partnership with Great Place to Work). To support its growth, Sopra Steria implements a human resources strategy centred on skills development, employability and the engagement of all employees. This strategy has several pillars: ▪ an updated and digital Core Competency Reference Guide, providing a shared framework for understanding the Group's businesses, for employee evaluation, and for career development; ▪ a performance appraisal based on open communication between managers and their team members, shared with the human resources function and resulting in an individual development plan; ▪ a "people dynamics" approach, which involves identifying transformations in the Group's businesses over a time frame of one to three years (emerging occupations, sustainable jobs, sensitive jobs, areas in which job offers exceed the number of applicants) and drawing up human resources action plans to integrate, maintain and develop the necessary current and future skills; ▪ a proactive training policy, whose objectives are reviewed and approved by the Group's Executive Committee, supported by a revamped Sopra Steria Academy training organisation, with adjustments made to its structure (governance, creation of specific Group and business line academies) as well as its offerings (more streamlined, focused on the corporate plan and the Group's strategic orientations, Learning Manengement System). In 2019, 180,475 days of training were delivered, an increase of 1.5% compared with 2018.

LOSS, CORRUPTION OR UNAUTHORISED DISCLOSURE OF DATA

Risk description	Risk management
A cyberattack, a security incident or human error could lead to the loss, corruption or disclosure of data. This risk is heightened in the context of digital transformation and in particular the transition to cloud computing and mobile technologies. It relates to information systems managed by the Group on behalf of its clients, those made available to project teams for their development work and internal systems. In addition to the significant financial consequences of client claims, non-compliance and/or potential property damage, a major security incident could have a considerable adverse impact on the Group's reputation and lead to the loss of contracts.	Sopra Steria has established an information security policy in line with international standards and has put in place a solid organisational structure for this purpose, which is coordinated at Group level. The leadership team involved includes the Chief Information Security Officers (CISOs), along with the Information Systems Department and the Group's security operations centre (SOC), with responsibility for detecting and responding to cybersecurity incidents. This organisational structure with its local correspondents, meeting different countries' regulatory requirements and client needs as closely as possible, allows for in-depth knowledge of areas of risk and business demands. The Group reviews the organisation's performance, its policies and procedures, and the investments made at least once each year, or as required whenever a security incident occurs, to adapt to changes in the context and risks, as well as to continually strengthen all measures in place. In 2019, the Group made further significant investments in its security awareness and training programme covering all employees (e-learning modules, awareness campaigns, videos, on-site training), as well as in protection and surveillance tools and to expand the involved teams. The entire system is verified on a regular basis, in particular by way of the annual audit programme and the certification audits for ISO 27001 and ISAE 34-02 covering the Group's strategic and sensitive areas of operations. Sopra Steria has rolled out a programme to ensure compliance with the EU's General Data Protection Regulation (GDPR) throughout the Group. Lastly, the cybersecurity insurance programme is reevaluated each year in order to better cover the risks to which the Group is exposed.

PERFORMANCE DEFICIENCY IN THE MANAGEMENT OF CLIENT PROJECTS (DURING THE PRE-SALES OR PRODUCTION PHASES)

Risk description	Risk management
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 (project execution speed and agility). 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 2019, fixed-price integration projects and fixed-price services accounted for 19.7% and 42.8% of the Group's consolidated revenue, respectively.	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. In order to further strengthen these aspects, the Group developed and released its Delivery Rule Book in 2019 (a set of 21 mandatory rules covering all phases, from pre-sales to the end of production for services). All of the Group's entities are in the process of rolling out this Delivery Rule Book. 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 before any appointment is made. 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 concerned Sopra Steria staff members(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.

UNAVAILABILITY OF IT SERVICES AND INFRASTRUCTURE AND/OR INTERRUPTION OF ACTIVITIES AT SITES

Risk description	Risk management
A cyberattack, a disaster or an incident preventing access to the electrical grid or telecommunications networks may result in the unavailability of IT services and infrastructure or the interruption of activities at a site or sites. The reliability of information systems and communications infrastructure is an issue of growing importance, given the Group's business model integrating service centres as well as national and worldwide shared data centres in nearshore and offshore countries. Any failures could have an impact on both internal 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.	Business continuity to ensure our ability to meet our commitments to our clients and our internal operating requirements 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. The decision to expand into new countries and regions is an integral part of this policy to maintain security and reduce risk exposure, allowing for the management of backup plans. A redundancy principle is applied for all critical system components, thanks to multi-site replications and supplier redundancies. Contracts with our suppliers are reviewed according to their nature by the Information Systems Department or the PurchaseDepartment, 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 put in place strict prevention and security procedures covering areas such as physical security, power cuts at critical sites, information systems security, and data storage and backups. These procedures and technical measures are constantly reevaluated in order to make the necessary adjustments to remediation measures. In addition to all these actions, the Information Systems Department has expanded its teams to include more specialists in cybersecurity monitoring and intelligence, vulnerability management, follow-up actions on computer emergency response team (CERT) reports, and system obsolescence management. The Group ensures the continuity of existing systems by way of preventive testing plans and regularly conducts intrusion tests to assess the resilience of new systems put into service during the year.

1.3.3. RISKS RELATED TO REGULATORY REQUIREMENTS

NON-COMPLIANCE, BREACHES OF ETHICS

Risk description	Risk management
Transparency 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. 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. 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.	Building on the Group's ethical foundation based on its values of transparency and integrity, and in order to accompany the Group's expansion 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. The Group has adopted a Code of Ethics, an Anti-corruption Code of Conduct, a Suppliers' Charter and a Code of Conduct for Stock Market Transactions. In 2019, the Group continued the rollout of its programme to prevent and combat corruption. This programme benefits from a high degree of executive involvement. This entire programme and its dedicated organisational structure are described in Section 5, "Ethics and Compliance" of Chapter 4, "Corporate responsibility", on pages 128 to 132 of this Universal Registration Document. Developments in laws and regulations are monitored on a regular basis so as to plan ahead for any upcoming changes by the relevant departments (Legal Department, Finance Department) and make the corresponding adjustments to rules and procedures.

RISKS ASSOCIATED WITH RETIREMENT BENEFIT OBLIGATIONS

Risk description	Risk management
Sopra Steria Group provides its employees with pension plans in several countries, including the United Kingdom (which accounts for 40% 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. As regards the United Kingdom, the Group may also be required toto meet calls for additonal contributions to meet pension fund liabilities in the framework of the triennial negotiations with the UK pension Trustees 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.	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 small number of 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. For more information, see Note 5.3, "Retirement benefits and similar obligations" to the consolidated financial statements in Chapter 5 of this Universal Registration Document (pages 170 to 175).

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 Legal Department is responsible for managing its insurance programme.

The aim of Sopra Steria Group's insurance programmes is to provide uniform and adapted coverage 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 cyberattack;
- 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 and seconded employees.

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.

3.1. Objectives and framework for the internal control and risk management system

3.1.1. OBJECTIVES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

In order to address the identified risk factors presented in the preceding chapter, Sopra Steria 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.

3.1.2. 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).

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.

3.3. Components of the internal control and risk management system

3.3.1. 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 9, "Group organisation", of Chapter 1, "Business overview and strategies" of this Universal Registration Document (pages 32 to 33).

3.3.2. 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.

3.3.3. 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.

3.3.4. 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 Section 5, "Ethics and compliance" section of Chapter 4, "Corporate responsibility", of this Universal Registration Document on pages 126 to 129.

Group rules, policies and procedures

A corpus of Group rules and delegations of authority (decision-making levels) is in force 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. In order to further strengthen these aspects, the Group developed and released its Delivery Rule Book in 2019 (a set of 21 mandatory rules covering all phases, from pre-sales to the end of production for services). The rollout of this Delivery Rule Book is under way at all Group entities. 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.

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.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM STAKEHOLDERS

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 identified shortcomings 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 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 internal control**

  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 Department and Compliance Officers at the entities

    The internal control and risk management system is steered and coordinated by the Internal Control 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 Department defines and updates the system's various components. In carrying out these duties, the Internal Control Department works closely with the Group's functional and operational divisions.

    The Group has set up a network of Compliance Officers, appointed in 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 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 the 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 detective 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 concerned Sopra Steria staff members (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 assessments 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.

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 19 assignments in financial year 2019.

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.

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.

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

4.1. Coordination of the accounting and financial function

4.1.1. 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 1.3.3. of Chapter 3, "Corporate governance" of this Universal Registration Document (pages 78 to 79).

4.1.2. 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).

4.2. Preparation of the published accounting and financial information

4.2.1. 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.

4.2.2. 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.

4.2.3. 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.

4.2.4. 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 Universal 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.

3. Corporate governance

This chapter describes the organisation and operation of governance as well as the compensation policy for company officers and its application during financial year 2019. It contains explanations concerning the recommendations of the AFEP-MEDEF Code [(1)] that were, by exception, set aside or only partially implemented in 2019.

1. Organisation and operation of governance

1.1. 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.

1.1.1. ROLES OF EXECUTIVE COMPANY OFFICERS

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.

1.1.2. SUCCESSION PLAN FOR EXECUTIVE COMPANY OFFICERS

In 2019, 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, Governance, Ethics and Corporate Responsibility Committee, which found it to be realistic and appropriate to the Company's circumstances. That being the case, following the review only very marginal updates were made to the plan. It is reviewed every year by the Committee, which reports on it to the Board of Directors.

1.1.3. OVERVIEW OF THE ACTIVITIES OF THE CHAIRMAN OF THE BOARD OF DIRECTORS IN 2019

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 the Board of Director's shareholder 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 Chairman is responsible for maintaining balance between stakeholders (in particular shareholders, employees and local authorities) after taking into account the social and environmental challenges facing the business.

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 means the Group is able to act as quickly as needed and ensures decisions are taken with due care, without losing sight of Sopra Steria Group's medium- and long-term strategic priorities.

(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).

1.1.4. 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 at the Sopra GMT holding company. Four of them have spent most of their careers with Sopra Steria Group. This team therefore has knowledge of the Group, its main managers and its organisational structure that an external service provider could not have. Its positioning within Sopra GMT gives it an external viewpoint and independence that belonging to a functional or operational department of the company would not be able to ensure in the same way. These resources enhance the Board of Directors' ability to oversee the smooth running of the Company.

The team, put in place when Axway Software was spun off, performs duties for Sopra Steria Group and Axway Software, in which Sopra Steria Group holds a 32.6% stake. Above and beyond the support provided separately to each of these companies, Sopra GMT makes sure that synergies are harnessed and, that best practices are shared.

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 (for example, the Acquisition committee, Corporate responsibility consultative committee, Internal control – compliance steering committee) and work groups (for example as part of a work group on the IT system) and on key issues for Sopra Steria Group. providing both technical expertise and an independent opinion.

The costs rebilled by Sopra GMT 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 divisions as well as provision of appropriate expertise for Sopra GMT's assignments.

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 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.

2019 was the first full year of employment for four of the holding company's five employees, who joined it during 2018. The income and expenses recorded in Sopra Steria Group's financial statements in respect of services provided under this agreement during the financial year were as follows:

- expenses: €1.587 million;
- income: €0.369 million.

The Board of Directors reviewed the implementation of this agreement at its meeting of 20 February 2020 and unanimously agreed to maintain the previously granted authorisation for the current financial year; those Directors directly or indirectly affected did not take part in either the discussion or the vote.

1.1.5 EXECUTIVE MANAGEMENT

The Chief Executive Officer is supported by two Deputy Chief Executive Officers.

He is supported more broadly by the Executive Committee and the Management Committee in running the Group of which Sopra Steria Group is the parent company. These Committees ensure that Executive Management is supported by the Group's key operational and functional managers.

1.2. Board of Directors

1.2.1. MEMBERS OF THE BOARD OF DIRECTORS

On the date at which this Universal Registration Document was published, the Board of Directors had 14 members with the right to vote, 12 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 management, through which the founders' family groups hold the bulk of their shareholdings (see Chapter 7 "Share ownership structure", pages 261 to 262 of this Universal Registration Document).

SUMMARY PRESENTATION OF THE BOARD OF DIRECTORS

	Personal information					Position on the Board				Attendance rate (current term of office)			
Name	**Age**	**Gender**	**Nationality**	**Number of shares**	**Number of directorships at listed companies (excluding Sopra Steria Group)**	**Independent Director**	**Start of current term**	**End of current term**	**Years of service on the Board***	**Board of Directors**	**Audit Committee**	**Nomination, Governance, Ethics and Corporate Responsibility Committee**	**Compensation Committee**
Pierre Pasquier Chairman of the Board of Directors	84	M	FRA	108,113	1		12/06/2018	AGM 2024	52	100%		100%	
Éric Pasquier Vice-Chairman of the Board of Directors	49	M	FRA	3,096	0		12/06/2018	AGM 2024	6	100%	100%		
Sopra GMT, represented by Kathleen Clark Bracco Chairwoman of the Nomination, Governance, Ethics and Corporate Responsibility Committee	52	F	USA	4,034,409	1		12/06/2018	AGM 2024	6	100%		100%	100%
Éric Hayat Vice-Chairman of the Board of Directors	79	M	FRA	37,068	0		12/06/2018	AGM 2024	6	100%		100%	100%
Astrid Anciaux Director	55	F	BEL	1,494	0		12/06/2018	AGM 2020	6	100%			
Solfrid Skilbrigt Director	60	F	NOR	1,836	0		12/06/2018	AGM 2020	5	100%			
Michael Gollner **Directors**	61	M	USA/ GBR	100	1	Yes	12/06/2018	AGM 2022	2	71%	33%		
Jean-Luc Placet Chairman of the Compensation Committee	67	M	FRA	100	0	Yes	12/06/2018	AGM 2022	8	100%		100%	100%
Sylvie Rémond Director	56	F	FRA	152	2	Yes	12/06/2018	AGM 2020	5	71%			NS (1)
Marie-Hélène Rigal-Drogerys Chairwoman of the Audit Committee	49	F	FRA	100	1	Yes	12/06/2018	AGM 2024	6	100%	100%		
Jean-François Sammarcelli Directors	69	M	FRA	500	1	Yes	12/06/2018	AGM 2022	10	100%	100%	86%	
Jessica Scale Director	57	F	FRA/ GBR	10	0	Yes	12/06/2018	AGM 2020	4	100%		100%	100%
Hélène Badosa Director representing the employees	61	F	FRA	None	0		Works Council Meeting of 27–28/ 09/2018	AGM 2020	2	100%			100%
Gustavo-Alberto Roldan de Belmira Director representing the employees	62	M	FRA	None	0		Works Council, 30 January 2020	AGM 2020	0	N/A			
Jean-Bernard Rampini Non-Voting Director	63	M	FRA	2,464	0		12/06/2018	AGM 2020	6	86%			

* *Number of years at the date of publication of the 2019 Universal Registration Document, rounded to the nearest year.*
F: Female M: Male.
(1) NS: not significant.

CHANGES IN THE BOARD OF DIRECTORS AND ITS COMMITTEES SINCE THE START OF FINANCIAL YEAR 2019

	Departures	Appointments	Reappointments
Board of Directors	**Javier Monzón** (resigned 1 September 2019) **René-Louis Gaignard** (resigned 2 January 2020)	**Gustavo Roldan de Belmira** (appointed by the Works and Economic Council on 31 January 2020 to replace René-Louis Gaignard)	
Audit Committee			
Nomination, Governance, Ethics and Corporate Responsibility Committee			
Compensation Committee	**Javier Monzón** (resigned 1 September 2019)	**Hélène Badosa** (from 21 February 2019) **Sylvie Rémond** (from 9 April 2020)	

1.2.2. CONSEQUENCES OF THE SOPRA-STERIA MERGER

The current 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 provided 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.

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.

The agreement between Sopra GMT and Soderi expired in August 2019, as provided for when Sopra and Steria merged.

1.2.3. SELECTION PROCESS

The selection process is made up of four phases throughout which the Nomination, Governance, Ethics and Corporate Responsibility Committee plays a central role.

First the needs analysis phase is initiated. This involves examining Directors whose terms of office are nearing their end, any constraints on the reappointment of current Directors, compliance requirements under the law and the Corporate Governance Code, and the objectives of the diversity policy, all of which are identified and taken into account. This analysis is undertaken for the Board of Directors itself and its three committees. It focuses on those needs due to arise first as well as makes projections for the years ahead.

A list of potential candidates is then drawn up based on the needs identified. This list draws on names put forward by members of the Nomination, Governance, Ethics and Corporate Responsibility Committee and members of the Board of Directors more generally, names resulting from searches undertaken by recruitment firms, proposals by Executive Management and, lastly, unsolicited applications received by the Company.

The list of potential candidates is decided on by the Chairman of the Nomination, Governance, Ethics and Corporate Responsibility Committee. A file is put together based on publicly available information about the candidates. This file is reviewed by the Nomination, Governance, Ethics and Corporate Responsibility Committee, which decides which candidates to contact and meet.

The third phase consists of arranging meetings with candidates selected by all members of the Nomination, Governance, Ethics and Corporate Responsibility Committee. The Committee's members meet to compare their opinions. For each candidate, the Committee endeavours to assess the depth of their experience and how closely it corresponds to the company's needs, how well they complement the skills needed by the Board of Directors, their availability and motivation, any conflicts of interest, and whether they meet the independence criteria laid down in the Corporate Governance Code. Additional actions are agreed upon as needed and a list of candidates to be presented to the Board of Directors is drawn up.

In the final phase, the Board of Directors, after familiarising itself with the conclusions of the work undertaken, discusses the candidates put forward by the Nomination, Governance, Ethics and Corporate Responsibility Committee and decides which will be put to the vote at a General Meeting of Shareholders.

Proposed appointments of new Directors to be put to the vote at the General Meeting of Shareholders on 9 June 2020 are the result of searches conducted in 2019 and 2020. The initial list consisted of 3 potential candidates put forward by Sopra GMT, 5 put forward by independent members of the Nomination, Governance, Ethics and Corporate Responsibility Committee, 1 put forward by a Director, 1 resulting from a search conducted by a recruitment firm, 1 put forward by Executive Management and 1 unsolicited application.

1.2.4. 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 is considered every time a proposal is made to appoint or reappoint a Director at the General Meeting. The Nomination, Governance, Ethics and Corporate Responsibility Committee plays a key role in this area.

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 currently account for six of the twelve appointments made at the General Meeting (50%). Two of the three committees are chaired by a female Director. 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 61. Two out of 14 Directors are over 70 years old.

The Company considers that foreign nationality directors able to serve their term of office within a French company prove their multicultural dimension. 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. An adjustment to the arrangements for apportioning compensation referred to in Article L. 225-45 of the French Commercial Code has been agreed to reflect the constraints on them. This consists of adding an additional 20% weighting to attendance at meetings of the Board and its committees for Directors living outside France and not working within the Group. Six of the fifteen Directors are foreign nationals, and three 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:

Key skills and experience are as follows:

- knowledge of consulting, digital services, software development and the ability to promote innovation: this expertise will have been gained at a digital services company or consulting firm or in an industry sector focused on innovation in B2B services;
- knowledge of one of the Group's key vertical markets: ideally, this expertise will have been gained working for a client of the Group or one of its competitors, though it may also result from long sales experience in this market. It should be accompanied by knowledge of the services sector;
- entrepreneurial experience: entrepreneurial experience will have been gained by starting up or taking over an industrial or commercial business and through contact with the various stakeholders (clients, employees, lending shareholders, suppliers, authorities);
- Chief Executive Officer of an international group: this presupposes past or current experience as a non-salaried executive company officer (Chairman and CEO, CEO or Deputy CEO) of a company established in more than one country;
- finance, control and risk management: this expertise requires professional experience gained in finance, audit or internal control or while holding a corporate office;
- human resources and labour relations: this expertise requires professional experience gained in human resources, either in a company or as an external consultant, or while holding a corporate office;
- international dimension: this indicates skills in cross-cultural management combined with being versed in more than one culture, working as an expatriate or holding corporate office in an international group;
- social issues: this expertise presupposes familiarity with institutions, industry bodies, trade unions or public benefit or humanitarian organisations;
- knowledge of Axway Software: knowledge of Axway Software will have been gained through professional experience or corporate office at Axway Software or experience as a client or partner of Axway;
- operational experience within the Sopra Steria Group: this experience presupposes longstanding current or past service within the Sopra Steria Group, as an employee or equivalent, and in-depth knowledge of the Group, its working practices and its management.

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

Expertise	Knowledge of consulting, digital services, software development, ability to promote innovation	Knowledge of one of the Group's main vertical markets	Entrepreneurial experience	Chief Executive Officer of an international group	Finance, risk management and control	Human resources and labour-management relations	International teams and organisations	Social issues	Knowledge of Axway Software	Operational experience within the Sopra Steria Group
Astrid Anciaux					✔	✔	✔	✔		✔
Hélène Badosa	✔		✔			✔				✔
Kathleen Clark Bracco Sopra GMT representative	✔						✔	✔	✔	✔
Michael Gollner			✔		✔		✔	✔	✔	
Éric Hayat	✔	✔	✔	✔		✔	✔	✔		✔
Éric Pasquier	✔	✔		✔	✔	✔	✔		✔	✔
Pierre Pasquier	✔	✔	✔	✔	✔	✔	✔		✔	✔
Jean-Luc Placet	✔	✔	✔			✔		✔		
Jean-Bernard Rampini	✔	✔	✔			✔	✔	✔		✔
Sylvie Rémond		✔			✔		✔			
Marie-Hélène Rigal-Drogerys	✔				✔			✔	✔	
Gustavo-Alberto Roldan de Belmira	✔	✔					✔	✔		✔
Jean-François Sammarcelli		✔		✔	✔	✔	✔			
Jessica Scale	✔	✔	✔				✔	✔		
Solfrid Skilbrigt	✔	✔				✔	✔			✔

1.21.5. DIRECTORS REPRESENTING THE EMPLOYEES AND EMPLOYEE SHAREHOLDERS

- Two Directors representing the employees were designated in September 2018 and January 2020 respectively by the Sopra Steria Group Works Council. This is the case for Hélène Badosa, a member of the Compensation Committee, and Gustavo Alberto Roldan de Belmira, replacing René-Louis Gaignard, who has terminated his employment contract with the Company.
- 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.
- As a consequence of the adoption of Act 2019-486 of 22 May 2019 (the "PACTE Act"), a draft amendment to the Articles of Association is being proposed to the shareholders. The aim of this proposal is to amend the Company's Articles of Association (Article 14) to include the principle of designating a Director representing employee shareholders. Subject to this amendment being approved by the shareholders at the General Meeting to be held on 9 June 2020, a resolution designating a Director representing employee shareholders will be put to the vote at the General Meeting to be held in 2021 to approve the financial statements for the financial year ended 31 December 2020.

1.2.6. INDEPENDENT DIRECTORS

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

Six Directors are considered independent by the Board of Directors, or 50% 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 9 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[1]		**Michael Gollner**	**Jean-Luc Placet**	**Sylvie Rémond**	**Marie-Hélène Rigal-Drogerys**	**Jean-François Sammarcelli**	**Jessica Scale**
Requirement 1:	*Executive company officer in the past five years*	✖	✔	✔	✖	✔	✔
Requirement 2:	*Cross-directorships*	✔	✔	✔	✔	✔	✔
Requirement 3:	*Material business relationships*	✔	✔	✔	✔	✔	✔
Requirement 4:	*Family ties*	✔	✔	✔	✔	✔	✔
Requirement 5:	*Statutory Auditor*	✔	✔	✔	✔	✔	✔
Requirement 6:	*Term of office of over 12 years*	✔	✔	✔	✔	✔	✔
Requirement 7:	*Non-executive company officer*	✔	✔	✔	✔	✔	✔
Requirement 8:	*Major shareholder*	✔	✔	✔	✔	✔	✔

(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, Governance, Ethics and Corporate Responsibility 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

In the case of a business relationship, its significance is deduced from checking various criteria (strategic nature of the service, mutual dependency, business volume, means of selection and frequency of competitive procedures, director's involvement in the business relationship etc.). Business relationships identified between employers of two directors and Sopra Steria Group were deemed immaterial by the Board of Directors after the situation was reviewed by the company's Nomination, Governance, Ethics and Corporate Responsibility Committee.

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, Governance, Ethics and Corporate Responsibility 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.

At the recommendation of the Nomination, Governance, Ethics and Corporate Responsibility 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.

1.2.7. 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 1.1.1, "Role of executive company officers").

1.2.8. 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.

In recent years, non-voting Board members have been appointed after serving as Directors in cases where the Board of Directors was keen to retain access to their knowledge of the Group or their expertise. Since they generally meet the criteria for independence, they have on occasion boosted the independence of the Board's committees.

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 is due to expire at the close of the General Meeting to be held on 9 June 2020, during which an amendment to the Articles of Association will be proposed to designate a Director representing employee shareholders at the General Meeting to be held in 2021 to approve the financial statements for the financial year ending 31 December 2020.

1.2.9. DETAILED PRESENTATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

PIERRE PASQUIER
Chairman of the board of directors

Number of shares in the Company owned personally: **108,113** (1)

- Member of the Nomination, Governance, Ethics and Corporate Responsibility Committee

Business address:
Sopra Steria Group – PAE Les Glaisins
Annecy-Le-Vieux
74940 Annecy, France

Nationality: French **Age:** 84

Date of first appointment: 1968 (date Sopra was founded)
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	Appointments: Outside France	Appointments: Listed company
■ Chairman of the Board of Directors of Sopra Steria Group			✔
■ Chairman of the Board of Directors of Axway Software	✔		✔
■ Chairman and CEO of Sopra GMT	✔		
■ Executive company officer, Director or permanent representative of Sopra GMT at Sopra Steria Group subsidiaries (direct and indirect)			
■ Company officer of direct and indirect subsidiaries of Axway Software			
Other directorships and offices held during the last five years			
■ Not applicable			

Biography

Pierre Pasquier has more than 50 years' experience in digital services and management of an international business. He and his associates founded Sopra Group in 1968, and he chairs the Board of Directors.

After graduating in mathematics from the University of Rennes, Pierre Pasquier began his career at Bull before focusing on starting up Sogeti, which he left to found Sopra. Recognised as a pioneer in the sector, he has always affirmed the entrepreneurial spirit of the company, which aims to serve key account clients by drawing on innovation and shared success.

Pierre Pasquier oversaw Sopra's expansion in its vertical markets and internationally. The 1990 IPO, successive growth phases and the transformational 2014 tie-up with Groupe Steria have secured the company's independence in a changing market.

In 2011, Pierre Pasquier oversaw the IPO of subsidiary Axway Software, whose Board of Directors he continues to chair.

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.

Pierre Pasquier is also Chairman and Chief Executive Officer of Sopra GMT, the holding company for Sopra Steria Group and Axway Software.

(1) The Pasquier family group holds 68.27% 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 7, Section 2 ("Share ownership structure"), on page 259 of this Universal Registration Document.

ÉRIC PASQUIER

Vice-Chairman of the board of directors

Number of shares in the Company owned personally: **3,096** (1)

- Member of the Audit Committee

Business address:
Sopra Banking Software – 6, avenue Kleber
75116 Paris – France

Nationality: French **Age:** 49

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	Appointments: Outside France	Appointments: Listed company
■ Chief Executive Officer of Sopra Banking Software			
■ Managing Director and member of the Board of Directors of Sopra GMT	✔		
■ Company officer of direct and indirect subsidiaries of Sopra Steria Group			
Other directorships and offices held during the last five years			
■ Not applicable			

Biography

Éric Pasquier is Chief Executive Officer of Sopra Banking Software. He has been with the Group for over 20 years. He is also Vice-Chairman of Sopra Steria Group's Board of Directors and Managing Director of Sopra GMT, the holding company for Sopra Steria Group and Axway Software.

After graduating from the EPITA IT engineering school, Éric Pasquier began his career in 1996 at the Altran group, where he managed IT projects on behalf of key account customers.

He joined Sopra in 1999, where he began to broaden his experience in the operational management of major projects, notably in telecommunications, a fast-changing field at the start of the new millennium.

In 2004, Éric Pasquier was given responsibility for setting up the Group's first nearshore industrial service centre in Spain and thus acquired experience in the coordination of multi-country operations, in this case involving Spain and France.

He was named CEO of Sopra's Spanish subsidiary in 2008. Thanks to his managerial skills and guided by his long-term vision, this subsidiary was able to deliver strong growth and withstand the 2008/2009 financial crisis, despite having many banking clients, before returning to a good level of economic performance in the early 2010s.

Éric Mr Pasquier returned to France in 2014 to serve as Deputy CEO of Sopra Banking Software and became its Chief Executive Officer in 2016.

In this position, he helps many financial players in Europe, the Middle East and Africa negotiate their digital transformation. He is overseeing Sopra Banking Software's corporate plan in both specialist financing and retail banking,

Éric Pasquier also supervises all of the Group's activities in the financial services vertical, and thus coordinates the banking business solutions provided by subsidiaries across all geographies concerned.

In carrying out his various responsibilities, he draws on his wealth of experience in the field and his particular focus on human resources, qualities he has brought to his work as a member of Sopra Steria's Board of Directors since 2014.

(1) The Pasquier family group holds 68.27% 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 7, Section 2 ("Share ownership structure"), on page 259 of this Universal Registration Document.

SOPRA GMT KATHLEEN CLARK BRACCO

Permanent representative of Sopra GMT

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

- Chairwoman of the Nomination, Governance, Ethics and Corporate Responsibility Committee
- Member of the Compensation Committee

Business address:
Sopra Steria Group – 6, avenue Kleber
75116 Paris – France

Nationality: American **Age:** 52

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 by Kathleen Clark Bracco	Appointments: Outside the Group	Appointments: Outside France	Appointments: Listed company
Director of Corporate Development of Sopra Steria Group			✔
Vice-Chairwoman 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)			
Other directorships and offices held during the last five years			
Director of Sopra Group – (19/06/2012 – 15/07/2014)			✔

Biography

Kathleen Clark Bracco has worked at Sopra Steria Group for over 20 years. She is currently Director of Corporate Development.

After graduating with a Master's degree in arts and literature from the University of California (Irvine), she began her career in teaching in the United States. In 1998, she left Silicon Valley for France, where she joined Sopra, working in the Communications Department. She served as Director of Investor Relations from 2002 to 2015 In that role, she forged solid relationships between the Group's executive bodies and a range of increasingly international shareholders.

Kathleen Clark Bracco was also involved in the successful spin-off of Axway, which generates half its revenue in the United States. She joined Axway's Board of Directors in 2011 and has served as its Deputy Chairman since 2013. This role therefore promotes strategic harmonisation between the two groups.

In 2014, she made a significant contribution to the success of the merger between Sopra and Steria. In 2015, she was appointed Director of Corporate Development for the new Group, where she oversees acquisition opportunities to round out the business portfolio in line with the Group's strategy. She is also involved in a number of the Group's corporate initiatives, in particular those addressing issues of fairness, anti-corruption measures, ethics and employee share ownership.

Thanks to her longstanding relationships with the Group's executives, Kathleen Clark Bracco was also appointed Deputy Director of Sopra GMT in 2012 and Sopra GMT's permanent representative on the Board of Directors of Sopra Steria Group in 2014.

Kathleen Clark Bracco was first appointed to Sopra Steria's Board of Directors in 2012 and has chaired its Nomination, Governance, Ethics and Responsibility Committee since 2014. In this role, her long experience within the Group and its governing bodies, her knowledge of the financial markets, her commitment to social and societal issues and her communication skills all contribute to the sound governance of Sopra Steria.

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, Governance, Ethics and Corporate Responsibility 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: French **Age:** 79

	Appointments		
Main positions and appointments currently held	**Outside the Group**	**Outside France**	**Listed company**
▪ President of Éric Hayat Conseil	✔		
▪ Chairman of the public interest group Modernisation des Déclarations Sociales (MDS GIP)	✔		
▪ Chairman and CEO of Sopra GMT	✔		
Other directorships and offices held during the last five years			
▪ Member of the Supervisory Board and then Chairman of the Board of Directors of Groupe Steria SA			✔

Biography

Éric Hayat has been Vice-Chairman of the Board of Directors of Sopra Steria Group since 2014. He co-founded Groupe Steria in 1969 and served as its Deputy Chief Executive Officer. He was the group's Chairman at the time of the tie-up with Sopra in 2014.

A graduate in engineering from the École Nationale Supérieure de l'Aéronautique, Mr Hayat is a seasoned professional in the digital world. He contributed to the expansion of Groupe Steria both internationally and in a wide range of vertical markets, notably in the public sector. In 2014, Groupe Steria generated three quarters of its revenue outside France.

Alongside his professional career, Éric Hayat is recognised for his commitment to representing the digital sector. As Chairman of the Syntec Informatique employers' organisation from 1991 to 1997 and of Fédération Syntec from 1997 to 2003, he led key projects such as the implementation of the collective bargaining agreement and the 35-hour working week.

As a member of the Executive Committee of MEDEF from 1997 to 2005, Éric Hayat chaired the committee tasked with negotiating the research tax credit.

He has served as Chairman of the French public interest group for the "Modernisation of Payroll Reporting" since 2000. In this capacity, he brings together public sector bodies, collective pension organisations, chartered accountants and software vendors to boost the digital transformation of social protection. As an example, the group contributed to the success of France's new pay-as-you-earn tax system.

Through his close working relationships with a wide range of stakeholders, Éric Hayat is a Vice-Chairman particularly focused on current far-reaching changes affecting society.

ASTRID ANCIAUX

Director

Number of shares in the Company owned personally: **1,494**

Adresse professionnelle :
Sopra Steria Benelux, le Triomphe,
avenue Arnaud Fraiteur 15/23
1050 Brussels – Belgium

Nationality: Belgian **Age:** 55

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**
■ Chief Finance Officer of Sopra Steria Benelux			
■ Company officer of direct and indirect subsidiaries of Sopra Steria Group		✔	
■ Chairman of the Supervisory Board of the Steriactions company mutual fund (FCPE)			
■ Director of Soderi	✔		
Other directorships and offices held during the last five years			
■ Not applicable			

Biography

As Chief Financial Officer of Sopra Steria Benelux, Astrid Anciaux works across Belgium, the Netherlands and Luxembourg. She has been with the Group for over 30 years. She has been a member of the Board of Directors since the 2014 tie-up between Sopra and Groupe Steria.

Astrid Anciaux is a graduate of the EPHEC business school in Brussels. In 2017, she also gained the director qualification issued by Sciences-Po and the IFA.

After gaining experience with an accounting firm, she joined the finance department at Steriabel, Steria's first Belgian subsidiary, in 1987. Over the years, she has played a part in the financial aspects of the business's growth as well as its functional and cultural integration into the Group.

Since 2014, as well as serving as Chief Financial Officer, Astrid Anciaux has also been responsible for central support functions serving Belgium, Luxembourg and the Netherlands. She therefore deals on a day-to-day basis with the question of how to motivate and attract talent – a key priority for the Group.

Astrid Anciaux also serves as a company officer for a number of subsidiaries of Sopra Steria Group, a Director of Soderi and Chairman of the Supervisory Board of the Steriactions company mutual fund (FCPE). She brings to the Group's Board of Directors her vast experience in the field, gained both as a senior executive and as a member of employee representative bodies.

SOLFRID SKILBRIGT

Director

Number of shares in the Company owned personally: **1,836**

Business address:
Sopra Steria Group Biskop Gunnerus´ gate 14A
0185 Oslo – Norway

Date of first appointment: 21/04/2015
Date term of office ends: General Meeting to approve the financial statements for the year ended 31/12/2019

Nationality: Norwegian **Age:** 60

	Appointments		
Main positions and appointments currently held	**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 has spent her entire career working in digital businesses. She is currently Director of Human Resources, Strategy, Marketing and Communications for Sopra Steria in Scandinavia.

With a Masters of Management from BI Norwegian Business School specialising in change management, knowledge management and information management, Solfrid Skilbrigt began her career at the Bull group in Norway in 1986. As Business Director and subsequently head of the infrastructure unit and Human Resources Director, she served mainly public services customers and helped transform the group into a services company.

Solfrid Skilbrigt joined the Steria Group in 2001. She has held a variety of roles in human resources and strategy, first for Norway and subsequently for Scandinavia.

In 2008, she was also tasked with overseeing Groupe Steria’s social and environmental responsibility approach, a role in which she determined CSR strategy and rolled it out worldwide, until the merger with Sopra in 2015.

Since 2017, Solfrid Skilbrigt has also been responsible for innovation and relations with startups in Norway, another form of value creation. On the strength of this role, she was appointed Chairman of the Board of Directors of HoloCare in 2019. She has also been responsible for business development in Norway since 2018.

Solfrid Skilbrigt’s position as a director of Soderi since 2004 has helped consolidate her overall view of the Group. She also cultivates this international dimension as a director of the French-Norwegian Chamber of Commerce, where she works closely with businesses from all sectors.

MICHAEL GOLLNER

Independent Director

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

- Member of the Audit Committee

Business address:
21 Poland Street
London W1F 8QG, United Kingdom

Nationality: American and British **Age:** 61

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

	Appointments		
Main positions and appointments currently held	**Outside the Group**	**Outside France**	**Listed company**
■ Director of Axway Software	✔		✔
■ Executive Chairman of Madison Sports Group	✔		
■ Managing Partner of Operating Capital Partners	✔		
■ Levelset Director	✔		

Other directorships and offices held during the last five years

- Not applicable

Biography

Michael Gollner is an experienced entrepreneur, investor and member of several boards of directors. His expertise spans the media and technology sectors and the field of business transformation. Holder of an MA in international studies from the University of Pennsylvania and an MBA from the Wharton School, Michael Gollner began his career in investment banking at Marine Midland Bank from 1985 to 1987, Goldman Sachs from 1989 to 1994 and Lehman Brothers from 1994 to 1999.

With a passion for technology and media – sectors little understood by the market at the time – in 1999 he joined Citigroup Venture Capital (which later became Court Square Capital) as its Managing Director, Europe.

He founded investment firm Operating Capital Partners in London in 2008. As Managing Partner, Michael Gollner supports the development of a portfolio of companies in around 20 countries, mostly in the technology, media and cable sectors. On a day-to-day basis, he handles issues to do with data processing and business model transformation. Thanks to his expertise in this area, he is a director of Levelset, a payments platform in the construction sector.

Michael Gollner is also Executive Chairman of Madison Sports Group, which he founded in 2013. The group promotes the Six Day Series of professional cycling events, which have enjoyed great success worldwide.

A member of the Board of Directors of Axway Software since 2012 and of the Board of Directors of Sopra Steria since 2018, Michael Gollner brings the perspective of an anglophone financier who is highly invested in the operational aspects of the companies he oversees or supports.

JEAN-LUC PLACET

Independent Director

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

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

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

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

Nationality: French **Age:** 67

Main positions and appointments currently held	**Appointments: Outside the Group**	**Appointments: Outside France**	**Appointments: Listed company**
■ PwC Partner	✔		
■ Chairman of IDRH SA	✔		
Other directorships and offices held during the last five years			
■ 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 has spent much of his career as a management, organisation and human resources consultant for large organisations.

After graduating from the ESSEC business school, he began his career at Saint-Gobain's marketing department before joining the marketing department of monthly business magazine L'Expansion. He joined consulting firm IDRH in 1981 and became its Chairman and CEO in 1992. Ever since then, he has overseen IDRH's expansion at the same time as being heavily involved in employers' organisations (MEDEF and Syntec Informatique) as well as France's Economic, Social and Environmental Council.

IDRH joined PwC in 2016, retaining Jean-Luc Placet as its Chairman. He is also a PwC partner.

In his role as Chairman and CEO of IDRH, Jean-Luc Placet has supported numerous ministries and French multinationals, defending the art of harnessing the power of people to transform organisations. By putting employee commitment at the heart of the corporate plan, he helps fuel Sopra Steria Group's strategic thinking in this area. Compensation and governance have also been key areas of focus during his career.

His elected duties on various Syntec bodies, including chairing Fédération Syntec (2011-2014) and European federation Feaco (2007-2012), give him a broad overview of the social challenges posed by business transformation at the international level. He has also contributed to the work of France's Economic, Social and Environmental Council on labour relations and new forms of management.

As a member of the Executive Committee and subsequently the Statutory Committee of MEDEF, Jean-Luc Placet also gained further expertise in the governance and operation of executive bodies. He draws on the full range of this expertise in his role as Chairman of Sopra Steria Group's Compensation Committee.

SYLVIE RÉMOND
Independent Director

Number of shares in the Company owned personally: **152**

- Member of the Compensation Committee

Business address:
Société Générale
75886 Paris Cedex 18 – France

Nationality: French **Age:** 56

Date of first appointment: 17/03/2015
Date term of office ends: General Meeting to approve the financial statements for the year ended 31/12/2019
Term of office proposed for renewal for 3 years

	Appointments		
Main positions and appointments currently held	**Outside the Group**	**Outside France**	**Listed company**
■ Group Chief Risk Officer, Société Générale Group			
■ Director of Sogecap (Société Générale Group)	✔		
Other directorships and offices held during the last five years			
■ 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)	✔		✔

Biography

Sylvie Rémond has over 35 years' experience in customer relations, structured finance and risk management. She has been Société Générale's Group Chief Risk Officer since 2018 and a member of its Executive Committee since 2011.

After graduating from the ESC Rouen business school, Sylvie Rémond joined Société Générale in 1985. She held a number of positions in the Individual Client division, where she gained an understanding of retail banking, and subsequently the Large Corporate division, where she developed a flair for customer relations, with a heavily international focus.

She joined the Structured Finance Department in 1992, where she helped numerous businesses fulfil their strategic plans by structuring acquisition finance and leveraged deals.

In 2000, Sylvie Rémond was appointed Head of Corporate and Acquisition Finance Syndication, a role in which she developed her knowledge of international financial and debt markets.

In 2004, she was appointed Head of Credit Risk for the Corporate and Investment Banking business. Supported by a large team of experts, she was involved in signing off all financing deals where the bank was lead arranger. After being appointed Deputy Group Chief Risk Officer in 2010, she was notably responsible for managing the impact of the financial crisis on the bank's lending book.

In 2015, she moved back to the commercial side of the business as Global Co-Head of Coverage and Investment Banking, overseeing a broad range of activities from financing to equity.

Sylvie Rémond was appointed Group Chief Risk Officer in 2018. She manages all of the group's credit, market and operational risks so that senior management can focus on transforming the bank in a way that is both profitable and resilient, in response to the challenges posed by increasingly strict regulations.

She has also served on the risk and audit committees of a number of French and foreign subsidiaries of Société Générale Group, bolstering her experience of corporate governance in listed and unlisted companies.

MARIE-HÉLÈNE RIGAL-DROGERYS

Independent Director

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

- Chairwoman 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:** 49

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	Appointments: Outside France	Appointments: Listed company
■ Adviser to the President, École Normale Supérieure de Lyon			
■ Director of Axway Software	✔		✔
■ Expert member of the Advisory Board, Institut Mines-Télécom (IMT) Albi-Carmaux			

Other directorships and offices held during the last five years

- Consultant and Partner of Ask Partners

Biography

A trained scientist, Marie-Hélène Rigal-Drogerys has a sound understanding of the world of higher education, research and innovation, and of the public sector more generally, which she combines with an operational and executive approach to strategy and organisation.

Marie-Hélène Rigal-Drogerys has a PhD in mathematics and a DEA postgraduate degree in theoretical physics. She began her career as a lecturer and researcher at the University of Montpellier and subsequently at the École Normale Supérieure de Lyon. In 1998, she moved into the world of financial audit. In this field, she worked for key accounts in industry, services and the public sector and faced new and specific challenges. As a Senior Manager with the Mazars Group, she managed the financial audit of Sopra until 2008.

Marie-Hélène Rigal-Drogerys then worked as a Consulting Partner at Ask-Partners. From 2009 to 2017, she helped businesses and organisations transition to new models.

As Adviser to the President of the École Normale Supérieure de Lyon, she has been working since 2017 to help the institution emerge as a world-class university.

Throughout her career, she has naturally brought multiple stakeholders together to help decision-making bodies seek solutions in complex and changing situations.

In her role as Chairwoman of Sopra Steria's Audit Committee, Marie-Hélène Rigal-Drogerys strives to integrate the strategic, business and human dimensions, with a constant focus on taking into the account the far-reaching transformation the Group is currently undergoing.

She also draws on these skills as a Director of Axway Software and an expert member of the Board of the IMT Mines Albi-Carmaux engineering and management school.

JEAN-FRANÇOIS SAMMARCELLI

Independent Director

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

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

Date of first appointment: 15/04/2010
Date term of office ends: General Meeting to approve the financial statements for the year ended 31/12/2021

Business address:
Sopra Steria Group – 6, avenue Kleber
75116 Paris – France

Nationality: French **Age:** 69

	Appointments		
Main positions and appointments currently held	**Outside the Group**	**Outside France**	**Listed company**
■ Chairman of the Supervisory Board, NextStage	✔		✔
■ Director of Crédit du Nord	✔		
■ Director of Boursorama	✔		
■ Director, Sogeprom	✔		
■ Non-Voting Director of Ortec Expansion	✔		
Other directorships and offices held during the last five years			
■ Director of RiverBank, Luxembourg	✔	✔	
■ Member of the Supervisory Board of Société Générale Marocaine de Banques	✔	✔	
■ Director of Société Générale Monaco	✔		
■ Advisor to the Chairman of Société Générale			
■ Chairman of the Board of Directors of Crédit du Nord	✔		
■ Director, Banque Tarneaud	✔		
■ Director, Amundi Group	✔		
■ Permanent representative of SG FSH on the Board of Directors of Franfinance	✔		

Biography

Jean-François Sammarcelli is a graduate of the École Polytechnique and spent his entire career at Société Générale until his retirement in 2015. He held top-tier positions there, giving him in-depth expertise in executive management, finance and control.

In particular, as Director of Real Estate Business from 1995 to 2000, Jean-François Sammarcelli oversaw the policy of restructuring the bank's real estate business during the 1990s real estate crisis. He worked for the investment banking business from 2000 to 2004, first as Chief Operations Officer and subsequently as Chief Financial Officer and then Co-Head of the department responsible for relations with corporate and financial institution key accounts. During this period, he was involved in the global reorganisation of SGCIB after the internet bubble burst.

He then continued his career at Société Générale in the retail bank, where he served as Network Director, France, Deputy CEO and finally Head of Retail Banking, France.

Sopra Steria Group's Board of Directors benefits from Jean-François Sammarcelli's extensive and varied experience in the banking world, which has long been a strategic vertical market for the Group. Furthermore, he has served in executive management roles and as a director in a group recognised as a pioneer in digital transformation and innovation in customer relationships.

Heavily involved in governance at Société Générale and its subsidiaries, as well as at groups where he has served as an independent director, Jean-François Sammarcelli also brings experience of corporate tie-ups.

JESSICA SCALE

Independent Director

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

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

Business address:
Sopra Steria Group – 6, avenue Kleber
75116 Paris – France

Nationality: French and British **Age:** 57

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
Term of office proposed for renewal for 3 years

	Appointments		
Main positions and appointments currently held	**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 founded digifit, a hub that provides strategy consulting for senior executives, in 2014. She helps companies grow by taking advantage of the opportunities offered by the digital, social and environmental transitions.

A graduate of Sciences Po Paris and holder of a PhD in political science, she has taught strategy at Sciences Po Paris since 1990.

Jessica Scale began her career in strategy consulting (at Bossard and PwC) working for key account clients in a wide range of industry sectors.

In 2002, she moved into the tech sector, where she worked for major players, first as Transformation Director at IBM Global Services and then as Vice-President of Sales and Marketing at Unisys Europe, which she joined in 2005. She took on further international responsibilities in 2008, when she became Director of Global Outsourcing at Logica-CGI, where she was later appointed Global Client Director. As Director, France at Logica-CGI from 2010 to 2013, she also gained in-depth experience of issues connected with governance, ethics and labour relations.

Jessica Scale has written numerous articles and books, including in particular Bleu Blanc Pub: Trente Ans de Communication Gouvernementale en France, which remains a landmark work for anyone seeking to understand major public communication campaigns.

She has long been involved in international entrepreneurship networks, with a particular focus on promoting women in business, and is keenly interested in the issue of the raison d'être of companies.

Jessica Scale's multicultural and operational experience dealing with digital, strategic and social issues at the international level enriches strategic thinking on Sopra Steria Group's Board of Directors.

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

	Appointments		
Main positions and appointments currently held	**Outside the Group**	**Outside France**	**Listed company**
■ Lead Engineer			✔
■ Member of the Board of Directors of the Traid-Union trade 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 has worked at Sopra Steria Group for over 20 years. Alongside her professional role, she has also long experience of employee representative bodies.

With a master’s degree in information systems, Hélène Badosa began her career running a department at EDS’s data processing centre and went on to become a SAP ERP consultant.

She joined Sopra Steria Group in 2001, heading up numerous engineering projects in France and abroad. She is currently a testing specialist for one of Sopra Steria’s key account clients. Thanks to her experience in a broad range of roles, she has in-depth knowledge of issues in the field and the technological environment.

Keen to ensure that employees’ voices are heard amid the digital business transformation, Hélène Badosa has also held various corporate offices over the course of her career. As employee representative at EDS and subsequently Sopra Steria, trade union representative on the Lyon and Aix-en-Provence Health, Safety and Working Conditions Committees, member of the Auvergne-Rhône-Alpes Regional Economic Committee and member of the Board of Directors of Traid-Union, she is resolutely committed to employee representation. In particular, the tie-up between Sopra and Steria involved significant work with employees to ensure that the two companies’ cultures merged successfully.

Hélène Badosa joined Sopra Steria’s Board of Directors in 2018 as Director representing the employees. She brings her vision as an employee with a keen eye for synergies between the company’s and employees’ development.

GUSTAVO-ALBERTO ROLDAN DE BELMIRA

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 and Colombian

Age: 62

Date of first appointment: 27/08/2015
Date term of office began: 30/01/2020
Date term of office ends: General Meeting to approve the financial statements for the financial year ended 31/12/2019

Main positions and appointments currently held	Appointments: Outside the Group	Appointments: Outside France	Appointments: Listed company
■ Branch Technical Director, Sopra Steria Group			✔
Other directorships and offices held during the last five years			
■ Not applicable			

Biography

Gustavo-Alberto Roldan de Belmira has spent his entire career with Sopra Steria Group and has held a number of elected positions on employee represented bodies.

He joined the Group in 1985 after graduating with qualifications in civil engineering and urban planning. He was soon running key programmes in banking and insurance, giving him in-depth knowledge of electronic payment systems, lending, tools and practices in this strategic vertical market for the Group. In particular, he ran the Sopra-Atos consortium that managed migration for Crédit Agricole's regional banks in western France.

Technical Director of Services for key banking clients since 2012, Gustavo-Alberto Roldan de Belmira is also highly committed to serving the Group in elected office. His constant concern for social issues and employees' interests has seen him hold a number of offices including Works Council treasurer, member of the La Défense Health, Safety and Working Conditions Committee and member of the Group's Board of Directors from 2015 to 2018.

He also has experience of starting and running a family-owned business in South America, enabling him to maintain his in-depth knowledge of Hispanic cultures.

Gustavo-Alberto Roldan de Belmira joined the Group's Board of Directors as Director representing the employees (an office he had already held from 2015 to 2018) in 2020. He brings his vision of an employee close to day-to-day reality on the ground and committed to employees' involvement in the Group's governance.

JEAN-BERNARD RAMPINI

Non-voting director

Number of shares in the Company owned personally: **2,464**

Business address:
Sopra Steria Group – 6, avenue Kleber
75116 Paris – France

Nationality: French **Age:** 63

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	✔		
▪ Member of the Board of Directors of Fondation UTC pour l'Innovation	✔		
Other directorships and offices held during the last five years			
▪ Not applicable			

Biography

Jean-Bernard Rampini has been with the Group for almost 40 years. Since 2015, he has been responsible for innovation and for overseeing the Group's Corporate Venturing department. He is also a member of the Sustainable Development and Corporate Responsibility Committee.

A graduate of the ESIEA engineering school, Jean-Bernard Rampini also has an independent director qualification from IFA-Sciences Po and a certificate from the European Institute for Creative Strategy and Innovation.

He joined the Group in 1981, managing projects involving information systems and real-time systems, notably in the defence and transport sectors. From 1990, he was given Group-level responsibility for developing the aerospace, manufacturing and transport verticals in France. His responsibilities extended to the international sphere when he was appointed Deputy Director and subsequently Director of the Transport and Industry business unit. He established the Group's Singapore-based transport subsidiary, where he served as Chairman until 2005.

He oversaw and supervised major programmes and subsequently served as Director of Operations and Industrialisation until 2015. In this role, he supervised operational risk on major fixed-price projects and oversaw coordination with the Indian and Moroccan service centres and the development of service centres in France.

He has also supported the development of employee share ownership within the Group as Chairman of Soderi.

Jean-Bernard Rampini is a founding Director of the Sopra Steria-Institut de France Foundation, which supports projects that put digital technology to work for people – especially the most vulnerable – and the environment. With effect from 2020, he is also a member of the Board of Directors of Fondation UTC pour l'Innovation.

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.

1.3. Preparation and organisation of the work of the Board of Directors

1.3.1. 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. A resolution proposing that Directors' term of office be shortened to four years will be put to the vote at the General Meeting of Shareholders on 9 June 2020. This is motivated by the desire to allow shareholders to give their opinion more frequently on their appointment.

c. Internal rules and regulations of the Board of Directors

The internal rules and regulations of the Board of Directors were last amended on 24 October 2019. A more significant revision of the internal rules and regulations is planned for 2020 to adapt it to the requirements of the Pacte Law to simplify company law and the latest changes to the AFEP-MEDEF corporate governance code.

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, Governance, Ethics and Corporate Responsibility 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, confidentiality, Non-Voting Directors, social and economic council representatives, and discretionary and other ethical obligations, in particular regarding conflicts of interest, related-party agreements or stock exchange transactions. A procedure for assessing routine agreements has been added as an appendix.

1.3.2. 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 seven times in 2019, six of which were in the presence of the Chief Executive Officer.

b. Directors' attendance

	Board of Directors	Audit Committee	Nomination, Governance, Ethics and Corporate Responsibility Committee	Compensation Committee
Number of meetings in financial year 2019	7	7	7	5
Attendance rate in financial year 2019	93%	83%	98%	94%

The Board of Directors' attendance rate in 2019 was 93%. No director was absent from more than two Board meetings. One of the seven meetings held during the year was unscheduled and organised with limited notice to review a proposed acquisition.

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.

The Board of Directors decided in February 2012 to remove the fixed portion of compensation required by Article L. 225-45 of the French Commercial Code, which is 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 2019 were:

- approval of the financial statements for the year ended 31 December 2018;
- approval of the interim financial statements for the first half of 2019;
- 2019 budget;
- quarterly performance;
- approval of management forecasts and corresponding reports;
- authorisation of a bond issue;
- review of the work and recommendations of the Audit Committee (including those concerning risk management and prevention of corruption and influence peddling);
- implementation of a procedure for assessing routine agreements;
- continuation of previously authorised agreements;
- the Group's strategy after taking into account the social and environmental challenges facing the Group;
- external growth transactions and investments in joint ventures;
- the proposed divestment of a business;
- review of the recommendations of the Compensation Committee, in particular those relating to the compensation of company officers and the financial and non-financial criteria used for the variable portion of this compensation;
- decision to make an additional Group incentive payment in respect of financial year 2018;
- review of the work and recommendations of the Nomination, Governance, Ethics and Corporate Responsibility Committee, and in particular those concerning:
  - the appointment of a director representing the employees on the Compensation Committee,
  - qualification of Independent Directors,
  - the Board of Directors' formal assessment process;
- the key social and environmental issues associated with the Group's business;
- company policy on workplace and pay equality;
- convening of and preparation for the Combined General Meeting of 12 June 2019;
- 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 2018.

1.3.3. 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 regular intervals by the Committee and approved by the Board of Directors on 26 July 2018.

Its current members are:

- Marie-Hélène Rigal-Drogerys, Chairwoman (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 and its business lines that are necessary for the Committee's work. The individual skills of each member of the Committee are set out in Section 1.2.1, "Members of the Board of Directors", pages 55 to 57.

The Committee meets six times a year on average and in any event no fewer than four times a year. A breakdown of its meetings is as follows:

- two meetings to review the interim and annual financial statements respectively;
- three meetings to monitor internal control and risk management systems and review internal audit;
- one meeting to review external audit.

The Committee has no decision-making powers of its own beyond the prior authorisation of non-audit services. 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:
  - overseeing the procedure for preparing and processing accounting and financial information,
  - reviewing the financial statements and off-balance sheet commitments,
  - monitoring 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 and in particular the framework for preventing corruption and influence peddling,
  - examining the review of risk mapping exercises, including those focusing on social and environmental risks,
  - monitoring internal audit and associated work, particularly as regards procedures relating to the preparation and processing of accounting, financial and non-financial information;

- external audit:
  - 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,
  - issuing a recommendation to the Board of Directors concerning the Statutory Auditors to be proposed to the shareholders at the General Meeting.

The Committee met in person seven times in 2019. 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%. All members were present at the two meetings preceding the review of the financial statements by the Board of Directors.

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 as well as risk exposure, including social and environmental risks.

The main items of business in 2019 were as follows:

- *with regard to the review of the financial statements and financial policy:*
  - validation of cash-generating units,
  - asset impairment testing for 2018,
  - in-depth analysis of Axway Software's business model,
  - approval of the financial statements for the year ended 31 December 2018,
  - presentation by the Statutory Auditors of the key audit matters arising from the statutory audit and the accounting options adopted,
  - review of the 2019 interim financial statements,
  - the Group's credit lines (amount of guaranteed credit lines, maturity, cost, monitoring of covenants),
  - placement of a bond issue,
  - 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 the organisation and work by the department in charge of internal control and risk management,
  - three risk mapping exercises (overall exercise, mapping of the risk of corruption and influence peddling and mapping of risk relating to CSR – duty of care),
  - presentation of improvements to the anti-corruption system (Sapin II Act),
  - coverage of risks by insurance policies,
  - organisation of the internal audit function and the work programme for 2019,
  - the "audit universe" (terminology used for the Group's key processes),
  - periodic review of the internal audit charter,
  - checks on the exhaustiveness of the internal audit function's coverage of the Group,
  - presentation of a summary of internal audit reports,
  - follow-up on implementation of recommendations from internal and external audit assignments,
  - significant changes in the Company's legal environment,
  - overview of the detailed legal structure and the plan to simplify the legal structure,
  - the proposed procedure for assessing routine agreements,
  - a presentation by the Industrial Director,
  - overview of the Group's operational organisation and recent changes in France;
- *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,
  - committee self-assessment,

The Statutory Auditors presented to Independent Directors sitting on the Committee with no managers in attendance. The same was true of the Director of Internal Audit. Éric Pasquier, CEO of Sopra Banking Software, abstained from attending these hearings reserved for independent Committee members.

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. Eight specific requests were monitored using this approach in 2019 and were added to the meeting agendas established on the basis of the Committee's annual work plan.

b. Nomination, Governance, Ethics and Corporate Responsibility Committee

The composition and functioning of the Nomination, Governance, Ethics and Corporate Responsibility Committee are governed by the Board's internal rules and regulations and by a charter that is reviewed at regular intervals by the Committee and was approved by the Board of Directors on 25 October 2018. Its current members are:

- Kathleen Clark Bracco, permanent representative of Sopra GMT – Chairwoman;
- Éric Hayat;
- Pierre Pasquier;
- Jean-Luc Placet (Independent Director);
- Jean-François Sammarcelli (Independent Director);
- Jessica Scale (Independent Director).

Regarding the Nomination, Governance, Ethics and Corporate Responsibility 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. It was decided that in the event of a split vote, the decision with the majority of votes from Independent Directors would be adopted by the Committee.

- 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 1.2.2 of this chapter, page 57) 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, Governance, Ethics and Corporate Responsibility 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, Governance, Ethics and Corporate Responsibility Committee.
- At the close of the General Meeting of 12 June 2018, the terms of office of two new independent members of the Committee ended, and two new Independent Directors were appointed to replace them, while maintaining the Committee's balance.
- The composition of the Nomination, Governance, Ethics and Corporate Responsibility 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, Governance, Ethics and Corporate Responsibility Committee. The Committee hears the Chief Executive Officer on the items of business as necessary.

The Committee has no decision-making powers of its own, but rather 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 at the Company's expense to assist it;

The Committee's main responsibilities are as follows:

- Nominations and governance:
  - preparing appointments of members of the Board of Directors and executive company officers,
  - proposing and managing changes it deems beneficial or necessary to the procedures or composition of the Board of Directors,
  - 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;
- Business ethics and corporate responsibility:
  - verifying that the Group's values are observed, defended 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 seven times in 2019, with an attendance rate of 98%. Items of business included:

- concerning appointments and governance:
  - members of the Board of Directors (see Section 1.2.3 Selection process),
  - the search for new Directors and proposals to reappoint Directors whose terms of office are nearing their end in 2020,
  - composition of the committees and in particular the participation of directors representing employees on specialist Board committees,
  - the formal assessment process of the Board of Directors and its committees,
  - organisation and effectiveness of the Group's governance and annual review of the plan for unforeseen departures by the Chairman of the Board of Directors and the Chief Executive Officers,
  - verification of Company compliance with the AFEP-MEDEF Code,
  - qualification of Independent Directors,
- concerning ethics and corporate responsibility:
  - Company policy on workplace and pay equality, and diversity policy,
  - review of a letter from the Secretary of the Works Council,
  - presentation by the Sustainable Development Director,
  - social and environmental issues associated with the Group's business,
  - presentation by the Human Resources Director covering, in particular, the findings of the "Great Place to Work" survey,
  - review of the draft Registration Document for 2018.

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

c. The Compensation Committee

The composition and functioning of the Compensation Committee are governed by the Board's internal rules and regulations and by a charter that is reviewed at regular intervals by the Committee and was approved by the Board of Directors on 12 June 2019. Its current members are:

- Jean-Luc Placet, Chairman (Independent Director);
- Hélène Badosa (Director representing the employees);
- Kathleen Clark Bracco, permanent representative of Sopra GMT;
- Éric Hayat;
- Sylvie Rémond (Independent Director);
- Jessica Scale (Independent Director).

The Committee has no decision-making powers of its own, but rather 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 at the Company's expense to assist it;

The Committee's main responsibilities are as follows:

- recommend to the Board of Directors compensation policies applicable to 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;
- verifying the quality of the information communicated to shareholders concerning compensation, benefits in kind, options, and compensation in accordance with Article L. 225-45 of the French Commercial Code, 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 five times in 2019, with an attendance rate of 94%. Items of business included:

- compensation policy of the Chairman of the Board of Directors;
- the Chief Executive Officer's compensation policy and in particular criteria and targets associated with his variable compensation;
- the recommendation to the Board of Directors concerning variable compensation paid to the Chief Executive Officer in respect of 2018;
- preparatory work on the fairness ratio;
- expiry of a long-term incentive plan based on performance shares and determination of targets for similar plans currently in force;
- review of the draft Registration Document for 2018;
- apportionment of compensation referred to in Article L. 225-45 of the French Commercial Code in respect of financial year 2018.

1.3.4. 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.

Electronic platform for use by the Directors

An electronic platform, based on Axway Software's Syncplicity solution, is used to provide secure access to documentation on all types of devices: computers, tablets and smartphones. Members of the Board of Directors can view or download items made available for them or upload their own items for sharing or storage within this environment. This platform was set up following the findings of the formal assessment of the Board of Directors undertaken in 2016. Its installation was possible thanks to the availability of a high-performance cloud solution managed by the Group's technical staff and offering a sufficiently robust guarantee that the data stored would not be accessible to any unauthorised persons, including technical staff.

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, Governance, Ethics and Corporate Responsibility Committee.

In 2019, three Directors availed themselves of the option to receive training either on taking up office or during their terms of office. These training sessions were delivered by the company or external organisations, depending on Directors' requests.

All chairmen of Board Committees are members of the IFA (French Institute of Directors).

b. Preventing conflicts of interest

Duty of disclosure and abstention

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.

Pursuant to the recommendations laid down in the AFEP-MEDEF Code, members of the Board of Directors facing an actual or potential conflict of interest must not participate in associated discussions, notwithstanding any resulting loss of insight during such discussions. They take part in neither the discussions nor any associated vote.

Control of related-party agreements

Monitoring of related-party agreements is governed by law, the Company's Articles of Association and the Board's own internal rules. Proposed new agreements are reviewed prior to being signed. In addition, the Board of Directors is called upon at the beginning of each year to review the purpose and application of agreements set to continue to run, in order to assess whether they still meet the criteria on which their initial approval was based. No new agreements were authorised during financial year 2019.

Monitoring of routine agreements entered into at arm's length

At its meeting of 24 October 2019, the Board of Directors voted, at the recommendation of the Audit Committee, to adopt a procedure for regularly assessing whether agreements pertaining to routine transactions entered into at arm's length meet the necessary criteria.

In particular, this procedure provides for the following:

- arrangements for identifying agreements subject to prior review by the Board of Directors;
- the assessment by the Board of Directors of agreements that have not been subject to such controls – any persons directly or indirectly affected by such an agreement may not take part in this assessment.

The Board adopted the principle of an annual assessment, with the first such assessment undertaken at its meeting of 20 February 2020.

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;
- at least every three years, a formal assessment. The Board of Directors thus conducted a formal assessment of its operations at end-2019, led by the Nomination, Governance, Ethics and Corporate Responsibility Committee. The previous such assessment took place in 2016.

The Nomination, Governance, Ethics and Corporate Responsibility Committee proposed that the Board of Directors proceed with a self-assessment based on a questionnaire, with responses to be collected anonymously. To this end, the Committee drew up a draft questionnaire containing 35 items divided into five sections:

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

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, their complementarity, independence and level of commitment, as well as 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;

Once the Board had approved the questionnaire and analysed individual responses, an overview of the findings was examined and discussed by the Nomination, Governance, Ethics and Corporate Responsibility Committee. The Committee also discussed an overview of its own self-assessment and the concurrent self-assessment undertaken by the Compensation Committee. It reported on its work to the Board of Directors at the Board meeting of 20 February 2020.

The Audit Committee has conducted its own self-assessment for a number of years 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. Lastly, it familiarises itself with any changes in the regulatory environment. It takes into account the conclusions of this work to improve its own working procedures.

Self-assessment by the Board of Directors and its committees has identified opportunities for improvement, notably relating to information provided to members of the Board of Directors, particularly between meetings, minutes of the committees' work, and more in-depth work on key environmental issues by the committee tasked with overseeing corporate responsibility. These opportunities are under consideration with a view to specific proposals being put forward during forthcoming meetings.

2. Compensation policy

2.1. Policy outline

Compensation policy applicable to company officers is determined by the Board of Directors. 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. It is supported by the Compensation Committee, which helps the Board prepare for decisions.

The Board of Directors considers that applying the compensation recommendations laid down in the AFEP-MEDEF Corporate Governance Code protects the Company's interests and encourages executives' contribution to business strategy and the Company's long-term success.

The work of the Compensation Committee continues throughout a cycle of preparatory meetings that run from the final quarter of the previous financial year to the first quarter of the current financial year. In general, three meetings are either wholly or partly dedicated to this work, though sometimes as many as five such meetings may be held. Preparing recommendations on the Chief Executive Officer's annual variable compensation and long-term incentive plans takes up the most time due to the need to determine the associated performance conditions.

The Board of Directors generally discusses the strategic approach over the same period; since 2019, this discussion has taken into account social and environmental issues associated with the Company's business. For the past several years, the Group has been pursuing an independent, value-creating plan that combines growth and profitability. Priorities are adjusted each year based on the current state assessment undertaken at the end of the previous year.

The Committee reviews the current compensation policy applicable to company officers. It is then informed of estimates of how far the Chief Executive Officer has achieved his/her targets. These forecasts are refined in the course of the Committee's various meetings. At the beginning of the year, the Compensation Committee determines the extent to which quantifiable targets set for the previous year have been achieved and assesses the achievement of qualitative targets. To this end, it meets with the Chairman of the Board of Directors and familiarises itself with any information that might be used in this assessment.

The Committee also takes into consideration the Group's pay policy and decisions on fixed and variable compensation payable to the members of the Group Executive Committee. It takes into account comparisons with other companies made available to it. However, sector consolidation has significantly reduced the number of companies allowing for a direct and relevant comparison.

The Committee also looks at steps that could be taken to give employees a stake in the company's financial performance and, where applicable, considers the implementation of employee share ownership plans and/or long-term incentives aimed at the Company's and its subsidiaries' management. The Board of Directors considers that employee and executive share ownership makes a lasting contribution to the company's longstanding priority focus on independence and value creation by ensuring that employees' and executives' interests are fully aligned with those of the company's shareholders.

When the Board of Directors reviews the budget for the current financial year, the company's numerical targets are a known quantity. The Compensation Committee takes them into account when determining the Chief Executive Officer's quantifiable targets for the financial year. It holds a further meeting with the Chairman of the Board of Directors to discuss potential qualitative targets.

The Compensation Committee then presents its recommendations to the Board of Directors, which discusses them and makes decisions without the interested parties in attendance. These recommendations relate to the Chief Executive Officer's variable compensation for the previous financial year, fixed compensation payable to the Chairman of the Board of Directors, and the Chief Executive Officer's fixed and variable compensation for the current financial year. These recommendations are generally presented at the same time as recommendations on long-term incentive plans aimed at management, up to now including the Chief Executive Officer, employee share ownership schemes and, as the case may be, proposed additional incentive payments put forward by Executive Management. The Committee also presents its observations on the apportionment of the compensation referred to in Article L. 225-45 of the French Commercial Code and, where it deems necessary, proposes adjustments to existing rules. The total amount of the compensation referred to in Article L. 225-45 of the French Commercial Code subject to approval by the shareholders is agreed when the Board of Directors meets to prepare for the General Meeting of Shareholders.

As regards variable compensation, the Compensation Committee proposes the quantifiable criteria to be taken into account together with any qualitative criteria, as the case may be. It takes care to ensure that the criteria adopted are mainly quantifiable and ensures that criteria are precisely defined. As regards quantifiable criteria, it generally determines a threshold below which variable remuneration is not paid, a target level at which 100% of compensation linked to the criterion in question becomes payable and, as the case may be, an upper limit where there is the possibility that a target may be exceeded. Performance is assessed by comparing actual performance with the target broken down into thresholds, targets and upper limits, as the case may be. Long-term incentive plans are based on awarding rights to shares. They are subject to the condition of being with the company over a period of time and performance conditions meeting targets set in the same way as for variable compensation.

Independently of the compensation policy, the company covers or reimburses company officers' travel expenses (transportation and accommodation).

The Nomination, Governance, Ethics and Corporate Responsibility Committee has six members, while the Compensation Committee has five. Four members of the Board of Directors sit on both committees, enabling the Compensation Committee to take the work of the Nomination, Governance, Ethics and Corporate Responsibility Committee into account as it carries out its own work.

The procedure for determining compensation policy applicable to company officers and the timing of that procedure are intended to ensure that all worthwhile information is taken into account when recommendations are drawn up and when the Board of Directors makes its final decision, so as to ensure that those decisions are as coherent as possible and aligned with the Company's strategy.

The compensation policy applies to newly appointed company officers. However, in exceptional circumstances, notably to enable new executive company officers to be appointed, the Board of Directors may temporarily waive application of the compensation policy, in keeping with the interests of the company and where necessary to secure the company's long-term success or viability. This option may only be adopted if there is a consensus within the Board of Directors over the decision to be made (i.e. no votes against), and may result in items of compensation not laid down in the compensation policy being awarded, though any such items would be subject to ex post approval at the following General Meeting of Shareholders.

2.2. Executive company officers

2.2.1. COMPENSATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Financial year 2020 et seq.

On the recommendation of the Compensation Committee, the Board of Directors decided at its meeting of 20 February 2020 not to make any changes to the compensation policy applicable to the Chairman of the Board of Directors, or to his annual fixed compensation.

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
Deferment periods; option of asking for variable compensation to be returned	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
Compensation referred to in Article L. 225-45 of the French Commercial Code	Application of Directors' compensation policy
Any other benefits	Company car
Severance pay/benefit payable upon change of duties	Not applicable
Non-compete payment	Not applicable
Supplementary pension plan	Not applicable

2.2.2. COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

Financial year 2020 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.

As regards his annual variable compensation, the Board of Directors decided to postpone the setting of targets for the Chief Executive Officer, as the latter are drawn up with reference to the targets established for the Group. On 21 February 2020, when reporting on its business results for 2019, the Group had announced targets for the 2020 financial year. The achievement of these targets has understandably been put into doubt by the Covid-19 pandemic, which arose afterward, particularly in Europe. Given this particularly uncertain environment, the precise repercussions of the pandemic cannot yet be determined. The date and the content of the Board of Directors' decision in this matter will be made available online as soon as possible.

At present, the guidelines for the structure of the Chief Executive Officer's annual variable compensation, as determined by the Board of Directors, are as follows:

Criteria	Type	% of AVC*	% of AFC*
One or more targets	Quantifiable	90%	54%
One or more targets	Qualitative	10%	6%
TOTAL		**100%**	**60%**

* *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.

Conversely, the Board of Directors may consider that the Group's performance does not merit payment of variable compensation in respect of the financial year in question, irrespective of the extent to which any qualitative targets may have been achieved. In such cases, it proposes to the shareholders that no variable compensation be paid in respect of that financial year.

Lastly, in exceptional circumstances (e.g. in the event of an exogeneous shock), if the Group's results were such that the normal system of variable compensation for employees and Executive Committee members needed to be suspended, the Compensation Committee would review the situation of the Chief Executive Officer and could, as the case may be, recommend to the Board of Directors that it ask the shareholders to approve an improvement to his/her variable compensation if that would serve the Company's interests.

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, and the Group's transformation through qualitative targets.

At the present time, the Compensation Committee is evaluating whether it might be possible and appropriate to put in place a new long-term incentive plan in 2020, under the authorisation granted at the General Meeting of 12 June 2018, based on awarding performance shares to management. In theory, any new plan decided upon during the year would have the same features as the previous plans (set out in Section 4 of this chapter below).

The performance share plans put in place by the Group in 2016, 2017 and 2018 had the following features in common:

- 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, in derogation of the foregoing and 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 hedge any performance shares until the applicable holding period has expired.

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.

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: ■ 60% of annual fixed compensation if objectives are met ■ Capped at 100% of annual fixed compensation ■ Criteria: • 90% based on one or more quantifiable objectives • 10% 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 ■ Payment subject to shareholder approval of all items of compensation at an Ordinary General Meeting
Variable deferred compensation	Not applicable
Multi-year variable compensation	Not applicable
Deferment periods; option of asking for variable compensation to be returned	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 Vesting period in principle equal to three years and, in any event, no less than two years Obligation to hold 50% of the shares that will vest under these plans for the entire duration of the recipient's term of office Commitment not to engage in any hedging transactions with respect to performance shares held until the expiry of these plans or of the applicable holding period
Compensation referred to in Article L. 225-45 of the French Commercial Code	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/benefit payable upon change of duties	Not applicable
Non-compete payment	Not applicable
Supplementary pension plan	Not applicable

2.3. Board of Directors

2.3.1. COMPENSATION PAID TO DIRECTORS OF THE PARENT COMPANY

Compensation policy applicable to members of the Board of Directors stipulates that the compensation referred to in Article L. 225-45 of the French Commercial Code must be apportioned in full between members participating in meetings of the Board and its committees (including both voting and non-voting members) in proportion to their actual attendance at those meetings, whether in person or by telephone or video conference.

The total amount of that compensation is divided up in such way that a reserved amount is apportioned among the members of the Board of Directors and its committees as follows:

- 60%: Board of Directors;
- 20%: Audit Committee;
- 10%: Compensation Committee;
- 10%: Nomination, Governance, Ethics and Corporate Responsibility Committee.

Additional weightings are applied based on attendance, as follows:

- a coefficient of 2.0 applied to attendance by Chairmen at meetings of the committees they chair (each meeting attended counts double);
- a coefficient of 1.2 applied to attendance by Directors who live outside France at meetings of the Board and its committees. However, this extra weighting does not apply to Directors who are employees of a Group company.

Compensation policy applicable to members of the Board of Directors is focused on regular attendance and encourages participation in one or more committees. It aims to compensate the increased burden placed upon Directors who live outside France. It compensates the additional work undertaken by committee chairmen as well as their responsibility for the smooth operation of the committee whose work they organise and oversee.

2.3.2. COMPENSATION PAID TO DIRECTORS OF SUBSIDIARIES

Directorships held at Group subsidiaries are not compensated.

3. Implementation of compensation policy applicable to executive company officers over the past five years; fairness ratio

3.1. Chairman of the Board of Directors

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.

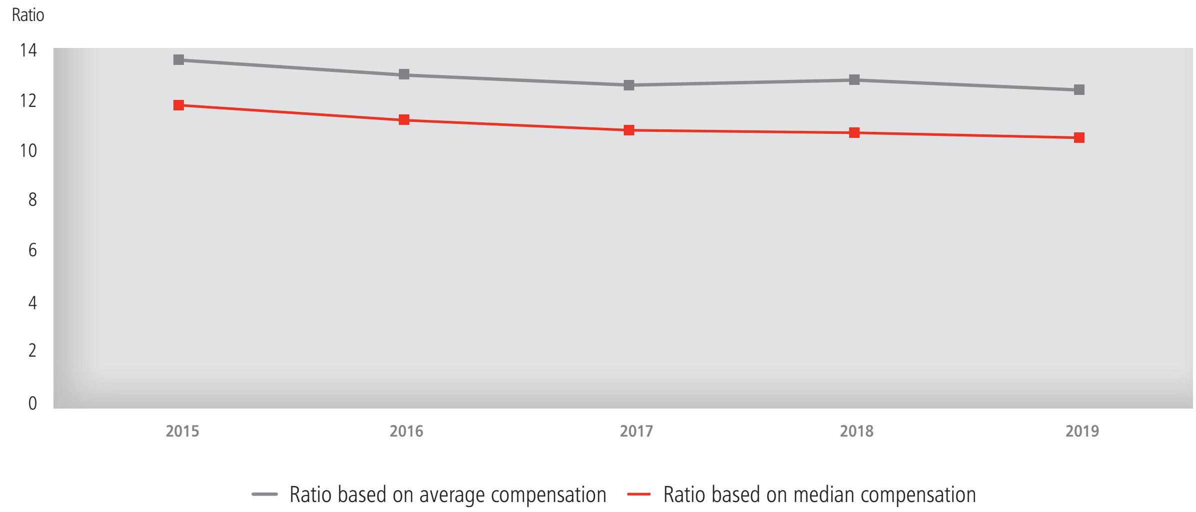
This decision by the Board of Directors aims in particular to align the structure of the compensation received by the Chairman of the Board of Directors with the AFEP-MEDEF Code (§ 24.2) without changing the overall compensation at unchanged activity levels. Indeed, the Chairman of the Board of Directors continues to work full-time as stated in Section 1.1.3, "Overview of the activities of the Chairman of the Board of Directors in 2019".

The chart below shows how the fairness ratios provided for by Ordinance 2019-1234 of 27 November 2019 have varied over time. It has been prepared on the basis of the figures set out in the table titled "Fairness ratio" in Section 4, "Standardised presentation of compensation paid to company officers" in this chapter. It is the ratio of the Chairman of the Board of Directors' compensation to the average and median compensation of employees within the relevant scope (88% of the workforce in France).

CHAIRMAN – FAIRNESS RATIO

Ratio based on average compensation = $\dfrac{\text{Chairman's compensation}}{\text{Average compensation}}$

Ratio based on median compensation = $\dfrac{\text{Chairman's compensation}}{\text{Median compensation}}$



RESULT OF THE SHAREHOLDER CONSULTATION ON COMPENSATION PAID TO THE CHAIRMAN (GENERAL MEETING OF 12 JUNE 2019)

		For		Abstain		Against	
Resolution	**Ordinary General Meeting**	**Votes**	**%**	**Votes**	**%**	**Votes**	**%**
6	Approval of items of compensation paid or allotted in respect of financial year 2018 to Pierre Pasquier, Chairman	21,036,401	99.13%	903	0.00%	183,468	0.86%
8	Approval of the principles and criteria for the determination, distribution and allocation of items of compensation for the Chairman	20,991,544	98.92%	1,551	0.01%	227,677	1.07%

3.2. Chief Executive Officer

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 and Chief Executive Officer in March 2015. The Board of Directors thus decided to adjust his fixed annual compensation to €400,000 with effect from 1 July 2015.

The criteria used to determine and structure his variable compensation have remained strictly in keeping with those used for the Company's senior managers.

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 financial year 2018, the quantifiable objective of operating margin on business activity and the three qualitative objectives in line with strategy and with regards to the Group's organisational, governance and HR transformation priorities, were unanimously approved by the Board of Directors at its meeting of 16 February 2018, without the Chief Executive Officer being present.

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.

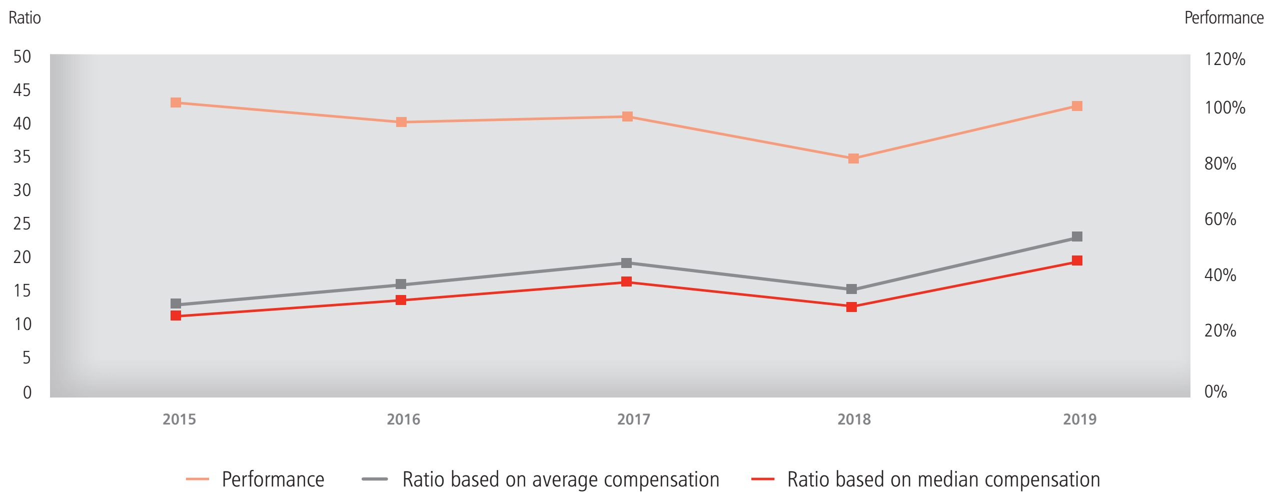
Vincent Paris was eligible for all three performance share plans decided on by the Board of Directors in 2016, 2017 and 2018. A total of 9,000 rights to performance shares have thus been awarded to Vincent Paris, in accordance with the authorisation given by shareholders at the General Meeting of 22 June 2016, compared with the 316,500 rights granted to all the other recipients under these plans. The vesting periods for the three plans in question extend from 24 June 2016 to 31 March 2021.

The chart below shows how the fairness ratios provided for by Ordinance 2019-1234 of 27 November 2019 have varied over time. It has been prepared on the basis of the figures set out in the table in Section 4 titled "Fairness ratio". Standardised presentation of compensation paid to company officers in this chapter. This gives a comparative view of the extent to which the Chief Executive Officer achieved his quantitative targets (financial performance of the company) and ratios calculated relative to average and median compensation within the relevant scope (88% of the workforce in France).

CHIEF EXECUTIVE OFFICER – FAIRNESS RATIO

$$\text{Ratio based on average compensation} = \frac{\text{Chief Executive Officer's compensation}}{\text{Average compensation}}$$

$$\text{Ratio based on median compensation} = \frac{\text{Chief Executive Officer's compensation}}{\text{Median compensation}}$$



The increase in these ratios over the period 2015-2017 is due to the Chief Executive Officer's annual fixed compensation being revised in July 2015 and January 2017 as well as the implementation of performance share plans spread over the period 2016-2021.

4. Standardised presentation of compensation paid to company officers

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, JANUARY 2020)

	2018	2019
Compensation awarded in respect of the financial year	€531,818	€535,880
Value of stock options granted during the financial year	-	-
Value of performance shares granted during the financial year	-	-
Value of other long-term compensation plans	-	-
TOTAL	**€531,818**	**€535,880**

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, JANUARY 2020)

	2018		2019	
	Amount awarded	Amount paid	Amount awarded	Amount paid
Fixed compensation	€500,000	€500,000	€500,000	€500,000
Annual variable compensation	-	-	-	
Exceptional compensation	-	-	-	-
Compensation allotted in respect of directorship (L. 225-45)	€23,268	€20,527	€27,330	€23,268
Benefits in kind	€8,550	€8,550	€8,550	€8,550
TOTAL	**€531,818**	**€529,077**	**€535,880**	**€531,818**

As Chairman and CEO of Sopra GMT – the holding company that plays 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 compensation of €14,896 under Article L. 225-45 of the French Commercial Code in respect of financial year 2019.

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 and compensation in respect of Article L. 225-45 of the French Commercial Code of €20,663.

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, JANUARY 2020)

	2018	2019
Compensation awarded in respect of the financial year	€510,848	€775,816
Value of stock options granted during the financial year	-	-
Value of performance shares granted during the financial year	€431,640	-
Value of other long-term compensation plans	-	
TOTAL	**€942,488**	**€775,816**

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.

SUMMARISED STATEMENT OF THE COMPENSATION OF VINCENT PARIS, CHIEF EXECUTIVE OFFICER (TABLE 2 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, JANUARY 2020)

	2018		2019	
	Amount awarded	**Amount paid**	**Amount awarded**	**Amount paid**
Fixed compensation	€500,000	€500,000	€500,000	€500,000
Annual variable compensation	-	€190,000	€265,000	-
Exceptional compensation	-	-	-	-
Compensation allotted in respect of directorship (L. 225-45)	-	-	-	-
Benefits in kind	€10,848	€10,848	€10,816	€10,816
TOTAL	**€510,848**	**€700,848**	**€775,816**	**€510,816**

Relative proportions of fixed and variable compensation are 65% and 35% respectively.

CALCULATION OF ANNUAL VARIABLE COMPENSATION

Requirement	% of AVC[(1)]	Achievement rate taking account of the threshold set	Amount awarded
Organic revenue growth of 4% to 6%	40%	100%	€120,000
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)	40%	83%	€100,000
Target aligned with the Group's organisational and medium-term priorities (Exact details of the target are not disclosed for confidentiality reasons)	15%	67%	€30,000
Support provided to help meet corporate social responsibility targets, particularly regarding gender equality	5%	100%	€15,000
TOTAL	**100%**		**€265,000**

Performance criteria were applied as anticipated at the time they were determined. Total compensation is in keeping with the compensation policy and contributes to the company's long-term performance insofar as it is the result of an incentive to drive profitable growth based on the added value provided by the Group's services. Qualitative targets incentivised the executive to take a medium-term view by considering how the Group might be organised in the future and taking account of corporate responsibility requirements. The approach taken as regards corporate responsibility must be seen from a relatively long-term perspective. The entire industry is faced with this challenge and progress requires a proactive approach. However, it was not deemed necessary to apply other criteria relating to corporate responsibility, since the company already adopts a proactive stance in this area.

(1) AVC: annual variable compensation.

SCHEDULE OF COMPENSATION RECEIVED BY NON-EXECUTIVE COMPANY OFFICERS (TABLE 3 OF THE AFEP-MEDEF CORPORATE GOVERNANCE CODE FOR LISTED COMPANIES, JANUARY 2020)

	2018		2019	
(amounts rounded to the nearest euro)	Amount awarded	Amount paid	Amount awarded	Amount paid
Astrid Anciaux				
Compensation allotted in respect of directorship	€19,697	€16,852	€20,038	€19,697
Other compensation	-	-	-	-
Hélène Badosa (designated by the Works Council at its meeting on 27 and 28 September 2018)				
Compensation allotted in respect of directorship (Reversion to a trade union)	€3,940	-	€24,972	€3,940
Other compensation	-	-	-	-
René-Louis Gaignard (designated by the Works Council at its meeting on 27 and 28 September 2018 – resigned on 2 January 2020)				
Compensation allotted in respect of directorship (Reversion to a trade union)	€3,940	-	€17,176	€3,940
Other compensation	-	-	-	-
Michael Gollner (appointed by the shareholders at the General Meeting of 12 June 2018)				
Compensation allotted in respect of directorship	€18,182	-	€26,266	€18,182
Other compensation	-	-	-	-
Éric Hayat				
Compensation allotted in respect of directorship	€30,961	€27,936	€35,554	€30,961
Other compensation	-	-	-	-
Javier Monzón (appointed by the shareholders at the General Meeting of 12 June 2018 – resigned on 1 September 2019)				
Compensation allotted in respect of directorship	€8,473	-	€17,688	€8,473
Other compensation	-	-	-	-
Éric Pasquier				
Compensation allotted in respect of directorship	€32,197	€16,852	€42,765	€32,197
Other compensation	-	-	-	-
Jean-Luc Placet				
Compensation allotted in respect of directorship	€32,243	€27,936	€43,777	€32,243
Other compensation	-	-	-	-
Jean-Bernard Rampini, Non-Voting Director				
Compensation allotted in respect of directorship	€19,697	€16,852	€17,176	€19,697
Other compensation	-	-	-	-
Sylvie Rémond				
Compensation allotted in respect of directorship	€17,727	€16,852	€14,313	€17,727
Other compensation	-	-	-	-
Marie-Hélène Rigal-Drogerys				
Compensation allotted in respect of directorship	€55,227	€41,852	€65,493	€55,227
Other compensation	-	-	-	-
Gustavo Roldan de Belmira (term of office ended at the close of the General Meeting of 12 June 2018 – designated by the Social and Economic Committee to continue in this position at its meeting on 31 January 2020)				
Compensation allotted in respect of directorship (Reversion to a trade union)	€14,977	€24,259	-	€14,977
Other compensation				
Jean-François Sammarcelli				
Compensation allotted in respect of directorship	€33,983	€16,852	€49,015	€33,983
Other compensation	-	-	-	-
Jessica Scale				
Compensation allotted in respect of directorship	€24,047	€16,852	€35,554	€24,047
Other compensation	-	-	-	-

(amounts rounded to the nearest euro)	2018 Amount awarded	2018 Amount paid	2019 Amount awarded	2019 Amount paid
Solfrid Skilbrigt				
Compensation allotted in respect of directorship	€19,697	€16,852	€20,038	€19,697
Other compensation	-	-	-	-
Sopra GMT				
Compensation allotted in respect of directorship	€34,532	€31,612	€42,845	€34,532
Other compensation	-	-		-
Other terms of office ending in 2018				
Compensation allotted in respect of directorship	€72,364	€143,470	-	€72,364
Other compensation				
TOTAL	**€476,732**	**€479,473**	**€472,670**	**€476,732**

The difference between the total amount of compensation stated in Article L. 225-45 of the French Commercial Code to be allocated for 2018 and 2019 (€500,000) and the totals shown in the table below is due to the amount awarded to Pierre Pasquier in respect of his role as director (€23,268 in 2018 and €27,330 in 2019). These amounts are shown in table 2 "AFEP-MEDEF Code of Corporate Governance for Listed Companies, January 2020".

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 €1,218,186 in respect of the assignments performed under this agreement (see Section 1.1.4 of this chapter and the Statutory Auditors' special report on related-party agreements and commitments on pages 255 and 256);
- Éric Hayat Conseil, a company controlled by Éric Hayat, provided consulting services for business development in strategic operations, billed in the amount of €200,000 excluding VAT under an agreement that took effect on 18 March 2015 and was renewed by the Board of Directors at its meeting of 25 October 2018, for a period ending on 31 December 2024.

This agreement relates to the provision to Executive Management of consulting 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. The duties performed under this agreement are distinct from those performed by virtue of Éric Hayat's directorship. For example, this may involve but is not limited to the following, in consultation with the Group's operational managers:

- taking part in top-level market meetings;
- maintaining contacts with civil society, members or representatives of government and central authorities;
- taking part in top-level meetings with certain key clients in France and abroad;
- preparing for and participating in delegations of corporate executives to priority countries for the Group.

This enables the company to benefit from the experience and knowledge of the Group, some of its key clients and its institutional environment gained by Éric Hayat throughout his career. For reference, Éric Hayat is a co-founder of Steria, former Chairman of the digital sector employers' organisation and subsequently of Fédération Syntec, and former member of MEDEF's Executive Committee. His skills and experience are thus particularly well suited to the responsibilities entrusted to him, which mainly relate to major business opportunities.

They also make him one of the members of the Board of Directors directly confronted with the same issues of strategic and commercial positioning as the Group, thus enriching the Board's debates. This indirect benefit was also taken into account by the Board of Directors when it unanimously (by those in attendance) authorised the renewal of this agreement.

Of the top ten areas of skills and experience considered by the Board of Directors to be beneficial for its members (see pages 58 and 59 of this chapter of this Universal Registration Document), five are potentially maintained or developed through the duties performed by Éric Hayat under this agreement (experience of the Group's business; knowledge of a key vertical market; international dimension; social issues; operational experience within Sopra Steria group).

In the course of his duties, Éric Hayat also comes into contact with Executive Management and various managers, mainly in operations and sales, whose knowledge proves useful to the Board committees on which he sits (e.g. review by the Compensation Committee of the list of beneficiaries of long-term incentives; opinion issued by the Nomination, Governance, Ethics and Corporate Responsibility Committee on recruitment and appointments to the Executive Committee). Lastly, these activities provide the Board of Directors with access to channels of communication with contacts within the Company who facilitate feedback. These various operational managers nevertheless unambiguously remain under the authority of the Chief Executive Officer, whom they represent in their dealings with Éric Hayat. It should be noted that this agreement only determines the terms of execution of the duties assigned to Éric Hayat by the company and does not guarantee any particular volume of business, making any early termination clause unnecessary. Since the agreement with Éric Hayat Conseil was renewed on the same terms during the year, for a period due to expire on 31 December 2024, it was put to the vote again at the General Meeting of 12 June 2019. The corresponding resolution was approved by a majority of 69.75%, compared with 74.3% in 2015. The Board of Directors took note of the reservations of some shareholders as reflected by this result.

As the agreement with Éric Hayat Conseil was renewed in the course of the year under the same terms for a period ending on 31 December 2024, it was resubmitted to the General Meeting of 12 June 2019 for approval. The corresponding resolution was approved by 69.75% compared with 74.3% in 2015. The Board of Directors took note of the reservations of some shareholders as reflected by this result.

Some shareholders want to limit the number of members of the Board of Directors who are not absolutely independent. The Board of Directors has therefore decided to take account of this position and reduce the proportion of directors linked to the company by an employment contract (employees) or a supplier contract (consulting services provider). Some Directors whose terms of office are due to expire at the next General Meeting will therefore not be reappointed. In the case of Mr Hayat, the Board of Directors considers that this situation – the advantages of which have already been explained – does not change in any way his independence of mind or critical thinking given his situation and experience. After discussing the matter on 20 February 2020 in the absence of the interested party, the Board of Directors unanimously confirmed that this agreement still met the criteria under which it had been authorised and indicated that it would maintain the authorisation previously granted.

SHARE SUBSCRIPTION AND PURCHASE OPTIONS GRANTED DURING THE YEAR TO EXECUTIVE COMPANY OFFICERS (TABLE 4 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, JANUARY 2020)

None.

SHARE SUBSCRIPTION AND PURCHASE OPTIONS EXERCISED DURING THE YEAR BY EXECUTIVE COMPANY OFFICERS (TABLE 5 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, JANUARY 2020)

None.

PERFORMANCE SHARE AWARDS GRANTED TO EXECUTIVE COMPANY OFFICERS DURING THE FINANCIAL YEAR (TABLE 6 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, JANUARY 2020)

Name of executive company officer	Number and date of plan	Number of Sopra Steria Group shares in awards granted during the year	Value of shares according to the method used for the consolidated financial statements	Vesting date	Availability date	Performance conditions
Vincent Paris	-	-	-	-	-	
TOTAL	**-**	**-**	**-**	**-**	**-**	**-**

At its meeting of 24 June 2016, the Board of Directors decided to set up a long-term incentive plan (LTI A), covering a total of 88,500 rights to free performance shares, for the Group's senior managers. In this regard, it granted 3,000 rights to shares (0.01% of the share capital) to Vincent Paris, executive company officer.

The Board of Directors decided at its meeting of 24 February 2017 to set up a second long-term incentive plan (LTI B), 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.

Lastly, the Board of Directors decided at its meeting of 16 February 2018 to set up a third plan of this type (LTI C), 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.

No share awards were decided in 2019.

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.

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, JANUARY 2020)

	Number and date of plan	Number of shares becoming available during the financial year
Vincent Paris	24/06/2016 LTI A plan	992 shares with no minimum holding period 992 shares with a minimum holding period for the entire term of office **TOTAL: 1,984 SHARES**

Since the targets linked to the LTI A plan of 24 June 2016 were 66.11% achieved, Vincent Paris received a full and final grant of 1,984 shares on 1 April 2019, 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. For information, since the targets linked to the LTI B plan of 24 February 2017 were 63.5% achieved, Vincent Paris received a full and final grant of 1,905 shares on 1 April 2020, and he is obliged to retain at least 953 of these shares until his term of office as Chief Executive Officer comes to an end.

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, JANUARY 2020)

None.

OVERVIEW OF PERFORMANCE SHARE GRANTS – INFORMATION ON PERFORMANCE SHARES (TABLE 9 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, JANUARY 2020)

See Chapter 5, Section 5.4 (pages 176 and 178 of this Universal Registration Document).

SUMMARY STATEMENT OF THE MULTI-YEAR VARIABLE COMPENSATION OF EACH EXECUTIVE COMPANY OFFICER (TABLE 10 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, JANUARY 2020)

None.

FAIRNESS RATIO TABLE

	2015	2016	2017	2018	2019
Compensation paid to the Chairman	548,212	530,341	529,077	531,818	535,880
Compensation paid to the Chief Executive Officer	537,022	663,777	814,958	646,847	1,004,548
Average annual compensation	**43,186**	**44,729**	**45,532**	**46,741**	**46,983**
Ratio Chairman compensation/Average compensation	12.7	11.9	11.6	11.4	11.4
Ratio Chief Executive Officer compensation/Average compensation	12.4	14.8	17.9	13.8	21.5
Median annual compensation	**38,246**	**38,350**	**38,745**	**39,390**	**40,001**
Ratio Chairman compensation/Median compensation	14.3	13.8	13.7	13.5	13.4
Ratio Chief Executive Officer compensation/Median compensation	14.0	17.3	21.0	16.4	25.2
Performance	**2015**	**2016**	**2017**	**2018**	**2019**
Level of quantifiable targets set by Executive Management achieved by the company (targets/annual variable compensation)	105%	98%	100%	85%	104%
Published economic performance (annual results press release)					
Consolidated operating margin	6.8%	8.0%	8.6%	7.5%	8.0%
Organic consolidated revenue growth	2.0%	5.2%	3.5%	4.9%	6.5%
Free cash flow	€49.3m	€150.6m	€111.4m	€173.1m	€229.3m

Sections 2.1.3 “Diversity and equal opportunity” and 4.4 “Targets and achievements” concerning actions to protect the environment in Chapter 4, “Corporate responsibility” of this Universal Registration Document on the Group’s performance in terms of corporate responsibility. This performance is also taken into account in compensation paid to the Chief Executive Officer by means of certain qualitative targets set.

Comments:

Compensation paid to the Chairman corresponds to the amounts owed as shown in the Afep-Medef tables.

Compensation paid to the Chief Executive Officer corresponds to the amounts owed as shown in the AFEP-MEDEF tables. However, performance shares effectively delivered or deliverable subject to being with the company at the end of the vesting period are redistributed over each of the years covered by the plan depending on achievement of the performance conditions set. They are measured at fair value at the time of allocation

Average and median annual compensation paid to employees has been calculated on the basis of a population representing on average 88% of employees in France over the period (temporary exclusions from the scope are due to technical difficulties in processing data over all of the five years but calculations made in 2019 show that the result is not changed beyond the first decimal point). Compensation taken into account includes fixed compensation, variable compensation, bonuses of any kind, performance share plans (measured at fair value), matching employer contribution shares within the framework of employee share ownership plans, incentives.

The percentage of quantifiable targets achieved by the Chief Executive Officer concerns targets associated with economic performance (operating profit on business activity and organic growth). This is calculated relative to the target value bestowing the right to 100% of variable compensation for the target achieved without taking account of the trigger thresholds used to calculate variable compensation. Other data representative of performance are published data prepared in accordance with applicable standards at the time of publication.

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, JANUARY 2020)

	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	
Executive company officers	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Pierre Pasquier Chairman Term of office began: 2018 Term of office ends: 2024		✔		✔		✔		✔
Vincent Paris Chief Executive Officer Term of office began: 2015 Term of office ends: indefinite	✔			✔		✔		✔

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 or adaptation of the notice period, even concerning termination or a change in duties 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.

OTHER COMPANY OFFICERS

Executive company officers	Employment contract (permanent)	Company	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		Amount paid in 2019
	Yes		Yes	No	Yes	No	Yes	No	
Astrid Anciaux	✔	Sopra Steria Benelux		✔		✔		✔	116,568
Hélène Badosa	✔	Sopra Steria Group SA		✔		✔		✔	50,175
René-Louis Gaignard	✔	Sopra Steria Group SA		✔		✔		✔	44,326
Éric Pasquier		Sopra Banking Software		✔		✔		✔	313,894
Jean-Bernard Rampini	✔	Sopra Steria Group SA		✔		✔		✔	177,723
Solfrid Skilbrigt	✔	Sopra Steria Group (Norway)		✔		✔		✔	255,000

Board members may only be linked to a company or any of its subsidiaries if the link in question was established before the Board member became a company officer. It is mandatory for Directors representing the employees.

In all cases, employment contracts are permanent contracts drawn up in accordance with the company's standards with an agreed notice period. They do not contain any specific clauses linked to corporate office. Benefits in kind may exist – in particular a company car – in accordance with the company's policy and with no relationship to corporate office. In summary, the existence of a corporate office does not change the terms of employment under the employment contract.

5. Departures from the guidelines set forth in the Afep-Medef Code

At its meeting of 9 April 2020, 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, Governance, Ethics and Corporate Responsibility Committee:

- recommendation 14.1. 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. A resolution proposing that Directors' term of office be shortened to four years will be put to the vote at the General Meeting of Shareholders on 9 June 2020. This is motivated by the desire to allow shareholders to give their opinion more frequently on their appointment;
- regarding the Nomination, Governance, Ethics and Corporate Responsibility 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 1.2.2 of this chapter, page 57) 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, Governance, Ethics and Corporate Responsibility 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, Governance, Ethics and Corporate Responsibility Committee.
  - At the close of the General Meeting of 12 June 2018, the terms of office of two new independent members of the Committee ended, and two new Independent Directors were appointed to replace them, while maintaining the Committee's balance.
  - The composition of the Nomination, Governance, Ethics and Corporate Responsibility 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.

  Pending a return to a situation in keeping with the recommendations laid down in the AFEP-MEDEF Code, it was decided that, in the event of a tied vote, the decision supported by a majority of votes cast by Independent Directors will be adopted by the Committee.

Recommendations regarding the status and compensation of company officers:

- recommendation 23. 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 22.1. 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.

4. Corporate responsibility

Building a positive future for all

Vincent Paris
Chief Executive Officer

"We are a group on the move, anticipating and adapting to profound changes in society and new expectations from citizens."

As a key player in the digital transformation, Sopra Steria has a responsibility to enter into commitments commensurate with the labour-related, environmental and social issues we all face.

Because our people are our most valuable asset, the Group works to recruit and retain the best talent through a combination of our values, business line priorities and employees' aspirations. We also pursue a highly engaged social policy in our relations with clients, partners, suppliers and public authorities to foster equal opportunity, diversity and inclusion for young people in the Group's various entities and geographies.

With over 46,000 employees in 25 countries and almost 11,000 new hires in 2019, we have a significant impact on employment and local development. Recruitment is a high priority to serve the Group's plans as well as a key responsibility in terms of economic activity in the areas in which we operate.

We have been working for several years to significantly reduce the environmental impact of our business and lead our value chain in a continuous improvement process. These efforts were recently recognised and validated afresh by CDP Climate Change when it included the Group in its A List – the highest level of recognition – for the third year running. In response to the environmental urgency and our stakeholders' expectations, we decided to strengthen our environmental policy for the coming years: from 2019, we set ourselves even more ambitious greenhouse gas emissions reduction targets and stepped up our action programmes to design more environmentally responsible services and solutions, notably in the area of digital sustainability.

These new targets, aligned with the trajectory of limiting average global warming to 1.5°C, have been validated by SBTi [(1)] and aim to achieve 85% lower per-employee greenhouse gas emissions by 2040 relative to 2015.

Lastly, in a world in which digital technology is increasingly gaining ascendancy over human involvement, we also have a responsibility not to allow the most vulnerable groups to become "digitally excluded". We are working with local organisations and non-profits to foster access to digital technology and services as well as to develop innovative digital solutions to help people in precarious circumstances and those with disabilities. Every year, more and more of our employees join forces with the Group to support community projects that put digital inclusion and the potential offered by new technologies to work for the most disadvantaged in society.

Our corporate responsibility policy is rooted in our conviction that labour-related, environmental and social performance now goes hand in hand with financial performance, and that they are mutually reinforcing. This balance between financial imperatives and the new challenges of a more sustainable society is a new paradigm for the company, and should help us build a positive future for all.

These founding principles make Sopra Steria a unique and different group. We are a group on the move, anticipating and adapting to profound changes in society and new expectations from citizens.

Foreword

For this second year of implementing new regulations on the disclosure of non-financial information, Sopra Steria is publishing 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 8 and 9 of this Universal Registration Document..

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 2: "Risk factors and internal control", on pages 35 to 42 of this Universal Registration Document

(1) SBTi: The Science Based Targets Initiative offers mathematical models for identifying the environmental footprint of activities so as to be able to set ambitious greenhouse gas emissions reduction targets.

1. Sopra Steria, a committed and responsible Group, making a sustainable, human and enlightened contribution

1.1. Overview of the Group's corporate responsibility strategy and governance

A strategy based on our values, convictions and a high level of commitment across the Group

At Sopra Steria, we firmly believe that digital technology can create opportunity and progress for all. When closely linked to humanity, it creates a virtuous circle that benefits society as a whole. Sopra Steria has chosen to be a "contributor" company involved in building a sustainable world in which everyone has a part to play.

We see our contribution as sustainable, human and guiding.

Sustainable: we see our actions – whether in running our businesses or helping our clients with their digital transformation – as part of a long-term approach. Our approach in support of a more sustainable world encompasses all our environmental, social, ethical and inclusive commitments.

We are committed:

- to significantly reducing our greenhouse gas emissions and to combating climate change with the involvement of our stakeholders;
- to anticipating the key business needs of the future;
- to ensuring inclusion and development for talented people both within the Group and in society more widely; and
- to putting our core values and ethical principles into practice in the day-to-day operation of our businesses and acting for a more inclusive digital society.

Human-centred: our activities are focused on implementing projects that foster digital inclusion, equal opportunity and social open-mindedness. We have been committed for a number of years to education for young people, access to employment for people with disabilities and career development for women.

Guiding: our contribution is rooted in our ability to anticipate, understand and translate the challenges posed by digital technology so as to be able to better assess their impacts on everyday life. We are thus able to help our clients meet their own sustainability challenges. We are working with our ecosystem and contributing to the debate on the impact of digital technology on society to inform our work in favour of the responsible use of digital technology.

Seven key priorities, all directly aligned with the Group's business model, underpin its corporate responsibility strategy:

- being a leading employer that attracts the best talent, fosters employee dialogue and promotes diversity and equal opportunity;
- 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 responsible and sustainable value-creating approach;
- establishing ongoing constructive and transparent dialogue with our stakeholders;
- reduce the environmental impact of our operations, promote digital sustainability and contribute to an economy with net-zero greenhouse gas emissions;
- engage all our stakeholders to help build a more sustainable world;
- 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 based on our commitment to the UN Global Compact and the materiality matrix used to assess the various challenges facing the Group. A dedicated governance structure coordinates implementation of policy and associated improvement plans.

1.1.1. A LONG-TERM COMMITMENT TO THE UN GLOBAL COMPACT

HUMAN RIGHTS, INTERNATIONAL LABOUR STANDARDS, ENVIRONMENT AND ANTI-CORRUPTION COMMITMENTS

As an expression of our values, Sopra Steria is a signatory of the United Nations Global Compact, in the "Global Compact Advanced" reporting category (top 8%). Through this commitment, Sopra Steria supports the Global Compact's 10 principles in the areas of human rights, international labour standards, the environment and anti-corruption. The Group also undertakes to promote these principles within its sphere of influence and to continue with its own efforts along these lines.

Frame of reference	The ten principles of the Global Compact	Sopra Steria's commitments
Human rights		
The Global Compact draws on the Universal Declaration of Human Rights. Human rights are the inalienable rights of all people, regardless of nationality, place of residence, sex, ethnic or national origin, colour, religion, language or any other criterion.	**1.** Support and respect the protection of internationally proclaimed human rights **2.** Make sure we are not complicit in human rights abuses	See "Social responsibility", Section 2., page 107: "Diversity and equal opportunity", "Health and safety", "Labour relations"; see "Societal responsibility", Section 3., page 114: "Responsible purchasing", "Community and patronage"; see "Ethics and compliance", Section 5., page 128: "Measures to prevent and combat corruption", "Data protection" and "Duty of care and vigilance plan"
International labour standards		
The Global Compact refers to the ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work (1998).	**3.** Uphold the freedom of association and the effective recognition of the right to collective bargaining **4.** Eliminate discrimination in respect of employment and occupation **5.** Contribute to the effective abolition of child labour **6.** Contribute to the elimination of all forms of forced and compulsory labour	See "Social responsibility", Section 2., pages 107: "Maintaining and developing skills", "Labour relations", "Diversity and equal opportunity", "Health and safety"
Environment		
The Global Compact draws on some of the principles of the Rio Declaration on Environment and Development (1992) such as the precautionary principle, and on section 30 of the Rio Summit's Agenda 21 report setting out the role of businesses in sustainable development.	**7.** Support a precautionary approach to environmental challenges **8.** Undertake initiatives to promote greater environmental responsibility **9.** Encourage the development and diffusion of environmentally friendly technologies	See "Environmental responsibility", Section 4., page 120
Fight against corruption		
This principle refers to the United Nations Convention against Corruption.	**10.** Work against corruption in all its forms, including extortion and bribery	See "Measures to prevent and combat corruption", Section 5.3., page 129

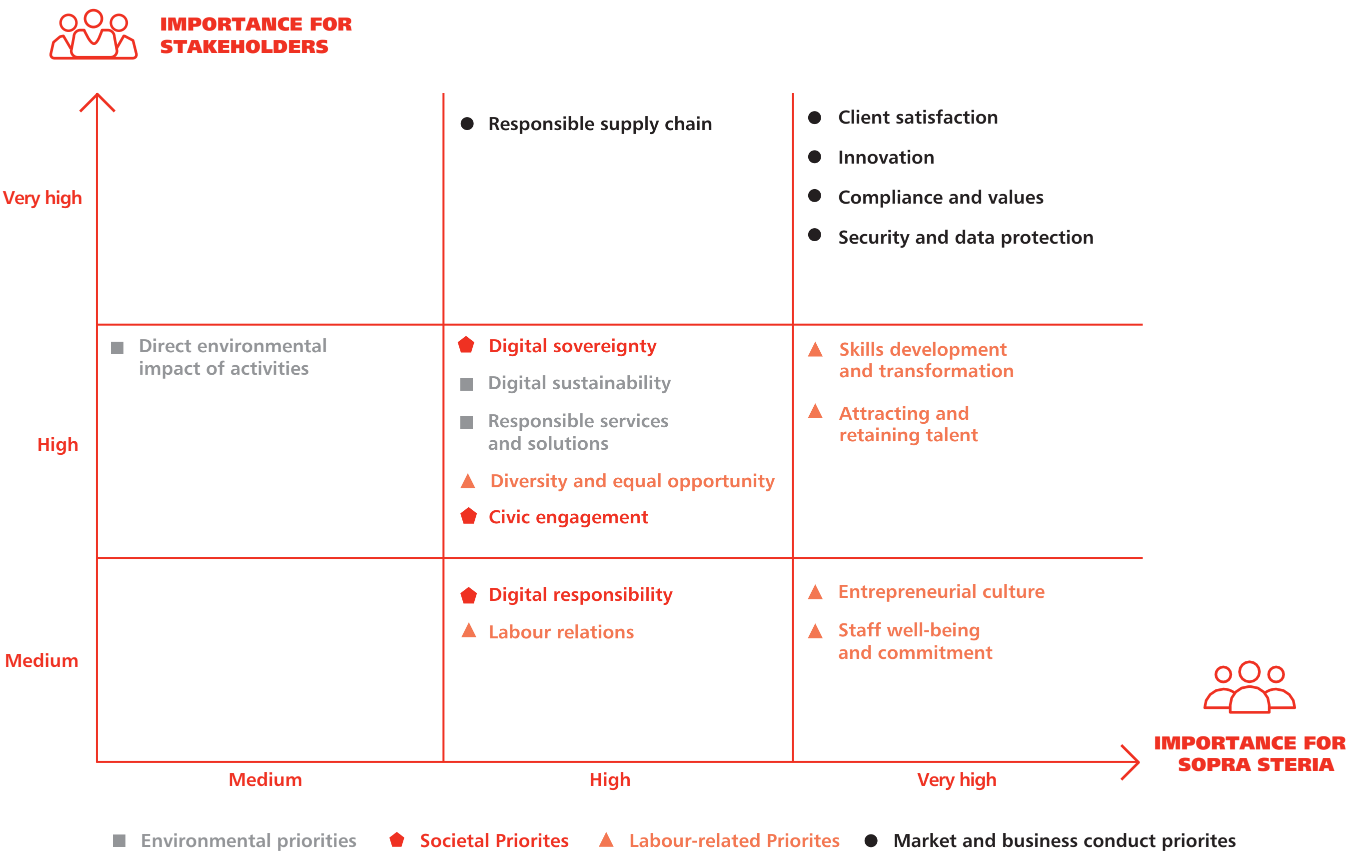
CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The Sustainable Development Goals are the 17 global priorities adopted by the United Nations General Assembly for the period to 2030. Together they form a plan of action for peace, humanity, the planet and prosperity.

Through its corporate responsibility programmes targeting social, societal, environmental and ethical goals, Sopra Steria directly or indirectly supports the 17 United Nations SDGs. This contribution is presented in the various policies and results set out in this report.

1.1.2. MATERIALITY ANALYSIS OF KEY ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FACTORS ALIGNED WITH THE BUSINESS MODEL

Materiality analysis helps identify and rank the material and stakeholders. By 2022, seventeen priorities have been identified as directly aligned with the Group's business model and strategy described in the integrated presentation of Sopra Steria, on pages 8 and 11 of this Universal Registration 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).



ENVIRONMENTAL PRIORITIES

- Reducing the direct environmental impact of our business management
- Enhancing digital sustainability in the value chain
- Raising awareness and helping clients deal with their own environmental challenges

SOCIETAL PRIORITIES

- Helping European countries restore their digital sovereignty
- Pursuing Group's and employees' commitment to building a more sustainable and responsible world
- Contributing to discussions on the impact of digital technology and developing responsible digital ambitions

LABOUR-RELATED PRIORITIES

- Developing employability and aligning employees' skills with new client needs
- Attracting and retaining the best IT and digital talent on the market
- Fostering an entrepreneurial culture within teams, combining creativity and team spirit
- Fostering employee growth and strengthening their commitment
- Preventing any form of discrimination and promoting equal access to employment opportunities
- Establishing constructive dialogue for the Group's expansion and employee growth

MARKET AND BUSINESS CONDUCT PRIORITIES

- Leveraging Group's strongest selling points: Close client relationships, responsiveness, reliability and delivery quality.
  Reaching and maintaining a state-of-the-art level of industrialisation
- Helping clients with their digital transformation by anticipating the best technology and solutions on the market
- Ensuring regulatory compliance and building stakeholder relations around Group values
- Securing operations and providing data protection for employees and clients
- Working with suppliers and service providers aligned with the Group's corporate responsibility priorities

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).

The priorities resulting from the materiality matrix define the framework for action under Sopra Steria's corporate responsibility programme.

1.1.3. A CORPORATE RESPONSIBILITY GOVERNANCE STRUCTURE SUPPORTING THE GROUP'S PRIORITIES

Governance is organised around a dedicated Group department and four interdependent units supported by functional and operational departments.

Group Corporate Responsibility and Sustainable Development Department

Reporting directly to Executive Management, the Corporate Responsibility and Sustainable Development (CR&SD) Department establishes the framework governing the Group's corporate responsibility strategy, raises awareness and mobilises efforts, coordinates action plans and reporting, and analyses and assesses performance. It is supported by the relevant departments and divisions and a network of representatives within each entity.

Its role is, in particular, to help entities manage risks and promote corporate responsibility goals to:

- structure policies and procedures;
- define shared indicators to strengthen consistency and coordination of the corporate responsibility strategy, taking into account regulatory and cultural characteristics specific to local businesses and geographic areas.

Each year, the strategy, issues and key achievements relating to corporate responsibility are presented for discussion to the Nomination, Governance, Ethics and Corporate Responsibility Committee of the Board of Directors.

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 CR&SD 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). Projects relating to responsible solutions and services are led by the CR&SD Department and the relevant business line and industrial automation departments.

Responsible Employment unit

Responsible employment is a key priority for the Sopra Steria Group. It is overseen by the Group Human Resources Department which oversees social reporting. 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 oversees the Group's environmental programme and climate protection initiatives taken by the Group and for its clients as well as its annual reporting. Its work involves the participation of a number of central departments (Real Estate & Purchasing, Information Systems, Industrialisation and operational departments) that roll out their action programmes to local entities. The unit, which is overseen by the CR&SD Department, is supported by a network of environment correspondents, 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 CR&SD Department, which determines an engagement framework for the Group and coordinates the network of local stakeholders.

Two bodies rounding out the oversight system

To strengthen management arrangements within each of these units, the corporate responsibility policy is supported by two Group-level bodies.

Corporate Responsibility and Sustainable Development Committee

The Corporate Responsibility and Sustainable Development Committee (CR&SD Committee) is chaired by the CR&SD Director, who is a member of the Group Executive Committee. It brings together division heads as well as representatives of the departments and entities 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 meets twice a year. Depending on the issues at hand, more specific interim meetings may be held throughout the year with the relevant central 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. It consists of four external experts and key Group managers with responsibility for business units and major issues. This committee meets twice a year.

In 2019, 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, 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 2019, Sopra Steria received major recognition in the areas of corporate responsibility and sustainable development.

GOLD 2019 ecovadis CSR Rating

- The Group is ranked at Gold Advanced level, putting it in the top one percent of companies assessed by EcoVadis in the area of corporate responsibility.

CDP DISCLOSURE INSIGHT ACTION A LIST 2019 CLIMATE

- The Group scored "A" for environmental performance, the highest score awarded by CDP Climate Change. This is the third consecutive year the Group has been on the A List.
- CDP Supply Chain: Sopra Steria achieved a CDP Supply Chain score of A- in 2019.

Gaïa RATING

- 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 eleventh year running.

In 2019, in light of its environmental, ESG (environmental, social and governance) and sustainable development performance, the Group was added to the following indices:

- Euronext® CDP Environment France EW;
- Euronext® CDP Environment ESG France EW;
- Euronext® CDP Environment France Ex Oil & Gas EW;
- Ethibel Sustainability Index (ESI) Excellence Europe;
- Ethibel Sustainability Index (ESI) Excellence Europe VM;
- Gaia Index.

1.3. Overview of reporting scope

The Corporate Responsibility Report, presented in the 2019 Universal 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, Society, Environment, Ethics and 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, its implementing decree n°2017-1265 of 9 August 2017, 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 330 of this Universal Registration Document).

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 workplace accidents with work stoppage × 1,000,000)/Total number of hours worked by total workforce in the year;
- severity rate of workplace accidents in France: (Number of working days lost due to workplace accidents × 1,000)/Total number of hours worked by all employees during the year. Work stoppages continuing on from the previous year are not counted. Work stoppages continuing on as a result of workplace accidents that occurred the previous year are not counted;
- absence rate: Calculated in business days and on the basis of 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;
- percentage 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 beneficiary units 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, Galitt, 2MoRO, BLUECARAT, it-economics et OR System, etc.);
- as regards the scope of workforce indicators:
  - companies consolidated in 2018 (Galitt and APAK) are included in all indicators shown,
  - for Groupe SAB, Neosphere, Sopra Banking Software Senegal and Sopra Financial Technology Gmbh, which joined the consolidated Group during 2019, only the "Total workforce" indicator has been calculated. The scope is specified for each indicator,
- as regards the scope of environmental indicators:
  - the employee headcount at two of the companies acquired in 2019 (Apak and Neosphere) was included when calculating all indicators,
  - the employee headcount at two of the other companies acquired in 2019 (Groupe SAB and Sopra Financial Technology GmbH) was only included when calculating the "Workforce by geographic region" indicator,
  - the scope of 2019 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 Groupe SAB and Sopra Financial Technology Gmbh are not taken into account for all indicators,
  - the emissions factor relating to leases of IT equipment was updated in 2019 to calculate the environmental footprint of the Group's purchases. The update for this emissions factor was applied to the data for 2018, leading to an adjustment to the result for that year;
- corporate responsibility reporting covers the calendar year from 1 January to 31 December 2019. 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 committed and responsible collective

Sopra Steria is a signatory of the United Nations Global Compact, in the "Global Compact Advanced" reporting category (top 8%). Under this commitment, Sopra Steria supports the Global Compact's ten principles, including in particular those relating to human rights and international labour standards.

Sopra Steria supports the United Nations Sustainable Development Goals 1, 3, 4, 5, 8, 10, 11 and 17 related to employment.

It adheres to the principles and fundamental entitlements of the Universal Declaration of Human Rights adopted by the United Nations General Assembly in 1948 and the European Union's Charter of Fundamental Rights, and abides by the eight fundamental conventions of the International Labour Organisation (ILO).

The Group is notably committed to:

- comply with European Community and domestic labour law and collective bargaining agreements in each country where the Group operates or, if necessary, put in place measures intended to improve relations between management and labour;
- upholding, in particular, freedom of association and the right to collective bargaining in each relevant country, the elimination of forced or compulsory labour and the effective abolition of child labour.

The Group's corporate responsibility policy is aligned with these commitments. It also aims to comply with the principle of equal opportunity, in terms of both hiring practices and career development for employees, and to protect health, safety and dignity in the workplace for each of its employees.

The Group's ambition is to attract the best professionals of all kinds, to anticipate future skills requirements through a broad range of professional and innovative digital training, and to promote internal mobility. These ambitions and a working environment nurturing professional development in which everyone feels valued, help to attract and 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 in the public interest, preventing any form of discrimination particularly 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.

The labour-related challenges set out above are not all key risks for the company as defined in the Statement of Non-Financial Performance. Given the nature of the Group's business, only attractiveness and maintaining and developing skills are key risks for the Group and treated as such in the "Risk factors" section (see Chapter 2, "Risk factors", page 36 of this Universal Registration Document).

Policies, actions and achievements associated with these five challenges are described below.

2.1.1. ATTRACTING AND RETAINING MORE TALENT

The fast-growing digital sector is a strategic sector of the economy making a significant contribution to countries' growth. This situation implies a highly dynamic global labour market in the sector, leading to a war for talent and a level of turnover reflecting this positive momentum.

To attract and retain more talent, the Group must be a leading player in the digital sector, acting boldly and decisively. To meet these challenges, three innovative policies have been implemented to promote close contact with applicants and employees through personalised support.

These policies, which form part of a long-term strategy aimed at ensuring the transparency of our HR practices, are broken down as follows:

1. **The employer brand policy** aims to increase awareness of the Group among applicants and employees through HR marketing and communications campaigns designed to share the Group's values.
2. **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. It is aligned with new uses for digital technology and the transparency demanded by today's job seekers. This policy is structured around four main priorities:

- 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 2019 achievements above);
- facilitating transparency: free exchanges between employees and candidates via sites like PathMotion and Glassdoor;
- fostering mobility: responding to students' wishes for more fulfilling career options by offering opportunities for international job moves.

3. **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 and share 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.

2019 achievements

- The number of new hires declined slightly but was in line with targets; 10,844 new hires (vs. 11,662 in 2018), with an increase in the proportion of women (33.1%, vs. 32.8% in 2018) and of under-25s (up 16% relative to 2018) hired, in line with the goal of boosting the Group's appeal as an employer.
- High-visibility civic projects: HandiTutorat (academic tutoring for secondary school students with disabilities), HandiVoile (inclusion of disabilities at a sports event) and the Science Factor competition: supporting the winning "Handinumérique" project (a competition to foster the emergence of citizen-led ideas and innovation projects with a positive impact on society, the economy or the environment, involving equal numbers of girls and boys).
- Increase in the number of interns and students on work placements thanks to dynamic partnerships with schools: 1,562 interns hosted in 2019, compared with 981 in 2018, an increase of 59.2% across 64.6% of the relevant scope (Belgium, France, Germany, Italy, Luxembourg, Morocco, Netherlands, Spain, Switzerland and Tunisia); 837 students on work placements in 2019, compared with 702 in 2018, an increase of 19.2% across 42.3% of the relevant scope (France); and 1,000 school initiatives in 2019 (51% of the relevant scope: France, Germany, Poland).
- Moved higher in rankings:
  - LinkedIn: 41% more followers (274,000 in 2019, up from 194,000 in 2018),
  - Happy Trainees France: up six places in France (ranked ninth in the Happy Trainees ranking in 2019 vs. 15th in 2018),
  - Happy Trainees World: Ranked seventh in Happy Trainees World ranking in 2019,
  - Potentialpark: up five places in 2019, moving from the 15th to the 10th spot among French companies in the top 100 of the CAC 40 and SBF 120 ranked in relation to their use of digital channels for recruitment,
  - Universum: up four places in 2019 from the 79th to the 75th, based on a panel of 37,578 students.
- International job moves for employees and students: 275 in 2019 vs. 196 in 2018, including 76 interns and students on work placements, compared with 112 in 2018 (this decline is due to a change in Indian visa requirements that means French interns can no longer go to India); 17 destinations in 2019 vs. 13 in 2018.
- Overhauled induction programme to be rolled out in 2020.
- Increase in the percentage of employees under 30 in the workforce: 25.6% in 2019 vs. 24% in 2018 (excluding new hires in the year).
- Group turnover of 17.7%, slightly up (2018: 16.9%) but still below the digital sector as a whole in countries where the Group has a presence. This reflects, in particular, the sector's strong momentum.
- **Findings of the Great Place to Work survey:** 78% of employees responding to the survey felt that "New employees receive a good welcome".

82% participation rate

In 2019, Sopra Steria launched a survey of its entire workforce. This survey, run with the help of **Great place to Work,** forms part of an overarching approach to transformation in which the Group's employees are the key stakeholders. More than 80% of employees responded to the questionnaire, the results of which are helping us better understand their relationship to their work, the company, management and colleagues. The results included a number of noteworthy findings, highlighting in particular the Group's strengths in the areas of social responsibility, inclusion and friendliness. However, they also pointed to a need for more information on HR processes, and in particular review cycles, as well as more opportunities for informal chats with management. As soon as the survey results had been made available, all entities (countries and subsidiaries) embarked on a continuous improvement process, involving each and every employee in defining concrete action plans so as to meet challenges and speed up transformation. This Group-wide survey will be repeated annually.

2019-2021 performance indicators

- Target of scoring 4/5 on Happy Trainees world within three years: 3.88/5 in 2019 → in line with the target.
- 41% increase in social media followers → exceeding the target of 25% for 2019.
- Target of increasing % of employees under 30: → up 1.2 percentage points between 2018 and 2019 → in line with the target.

2.1.2. MAINTAINING AND DEVELOPING SKILLS

The far-reaching changes in our clients' businesses caused by the digital revolution mean we must constantly be adapting our skills to meet their current and future needs.

To respond to these business challenges, the Group's skills maintenance and development policy forms part of an approach intended to:

- anticipate changes in our businesses to better serve our clients and in line with the goals of the Group's corporate plan;
- develop our employees' skills and help them manage their career development, maintain their employability and improve performance;
- sustain motivation and develop engagement to promote well-being and personal fulfilment for everyone.

To meet these challenges, the Group has launched the following initiatives:

- annual updates of the Group's digital Core Competency Reference Guide to provide a shared framework for understanding our businesses, appraising employees and supporting career development;
- provision of a common performance appraisal system based on ongoing dialogue between employees and their managers. Appraisals are shared at HR committees and give rise to individual development plans;
- annual implementation of the "People Dynamics" process to identify far-reaching changes affecting our businesses over the next one to three years (emerging jobs where there is positive pressure, and/or that are sustainable or sensitive) and draw up HR action plans for integrating, maintaining and developing the required current and future skills.

These initiatives will be supplemented by a proactive training policy, which constitutes one of the primary vehicles for adapting our people's skills. This policy is supported by the Group Executive Committee and an Academy and it is aligned with the corporate plan and strategic direction.

The goal of this policy is to ensure that the Group has access to the appropriate skills at all times and in all places, particularly as project cycles accelerate. To achieve this goal, the following initiatives are being implemented across the Group:

- changes to the Academy to make it more cross-functional and more closely aligned with each country's needs: creation of business line and subsidiary Academies;
- refresh of the Academy offering and training courses, notably including "Group fundamentals, management", "Induction for new employees", "Business-specific courses", technology courses (cloud, agility, end-to-end), commerce course;
- accelerated digitalisation of programmes (e-learning, MOOCs ie Massive Open Online Courses, etc.).

2019 achievements

- Update and rollout of the Group's Core Competency Reference Guide, which now covers 100% of the Group's scope.
- Rollout of "People Dynamics" approach, covering 100% of the Group's scope.
- Rise in the number of training hours delivered: to 1,263,354 hours, up from 1,244,583 in the previous year, with a significant rise in the number of e-learning courses, which are shorter (100% of the Group's scope, workforce excluding interns).
- Digitalisation of the training offering:
  - 88% of employees trained through e-learning modules, up from 44% in 2018,
  - 28% of employees trained, excluding compliance modules (workforce not including interns),
  - 82% of employees completed Group compliance e-learning modules: information security, protection of personal data, anti-corruption legislation and disabilities (France).

2019-2021 performance indicators

- Development of digital training offering: goal of training 30% of employees via digital channels (excluding Group compliance e-learning) within three years achieved at 82%, thus well beyond the target.

2.1.3. DIVERSITY AND EQUAL OPPORTUNITY

The Group reaffirms its commitment to combat discrimination, based on the principle of equal opportunity. As such, the Group 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 equality policy;
- a disability policy;
- an intergenerational policy;
- a policy promoting diversity and access to employment for young people.

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 to help increase the proportion of women in the workforce and in top management positions, including:

- rolling out a Group-wide policy (development, promotion, pay, etc.);
- setting numerical targets (workforce, recruitment, promotion, training, pay gap);
- introducing training programmes on women serving in leadership roles and to promote respect for all regardless of gender: specific forms of assistance for women, combating stereotypes through training and campaigns to raise awareness of how they affect decision-making processes;
- coordinating gender diversity networks in a number of countries.

2019 achievements

- Group commitment: signed the manifesto "In support of retraining for women in the digital sector" sponsored by Syntec Numérique (42.3% of the Group's scope: France) to increase recruitment and the proportion of women in jobs in the digital field (32.3% of new hires under the retraining programme were women, vs. 30.3% in 2018).
- More women in the workforce: they represented 32% of the workforce in 2019 (31.6% in 2018) and 33.1% of new staff (32.8% in 2018), despite a drop in female enrolments in information and communications technology degree programmes (13% of all students in this area in 2016, down from 15% in 2011).[1]
- Of the 10% most senior positions, 17.96% are held by women (compared to 17.92% in 2018).
- "Toget'HER For Greater Balance" Group awareness campaign: call for ideas and best practices from Group employees to attract and retain women in the digital sector and at every level of the company.
- Training programme rolled out across 81.5% of the Group's scope (France, Germany, India, Norway, Poland and the United Kingdom).
- Programmes supporting women in leadership to promote a higher proportion of women in management: Boost'Her pilot programme launched in France and women's mentoring programme launched in the United Kingdom. (56.3% of the Group's scope: France, United Kingdom).
- Over 1,000 employees are members of gender diversity networks (in France, Germany, Norway, India, the United Kingdom and Belgium) working for greater diversity in the digital sector by including more men in the approach.
- **Findings of the Great Place to Work survey:** 77% of employees responding to the survey felt that "Staff are treated fairly irrespective of gender".

A disability policy aiming 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.

2019 achievements

- The Group reaffirmed its commitment by signing the "Manifesto promoting inclusion in economic life for people with disabilities".
- Higher proportion of employees with disabilities: 3.06% (42.3%: France), up from 2.72% in 2018.
- Awareness-raising initiatives to foster inclusion:
  - group awareness campaign on urban accessibility in support of access to employment for people with disabilities, to coincide with the International Day of Persons with Disabilities: more than 3,500 obstacles were flagged up around the world to facilitate urban accessibility,
  - awareness-raising among employees in France: HandiTour campaigns (face-to-face workshops led by accessibility experts) and HanDigital Week (digital campaign, urban accessibility challenge and digital accessibility training): over 1,000 employees,
  - rollout of e-learning on disability in the workplace and digital accessibility (42.3% of scope: France): 13,180 employees completed the "Understanding disability in the workplace" module and 4,195 completed digital accessibility training (rolled out November 2019),
  - supported over 100 secondary school students with disabilities (through tutoring, academic support and sponsorship),
  - 300 students (engineering, business) made aware of disability-related issues at the Course Croisière Edhec race (a European sports event bringing together over 3,000 students).

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.

2019 achievements

- Balance preserved in terms of age representation: 10% of the workforce was under 25 years of age (compared with 9% in 2018) and 9% was over 55 (compared with 8% in 2018).
- 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. This policy is in line with the principle of equal opportunity and is geared towards recruiting and developing talented young people. In pursuing this policy, the Group launches specific additional actions for young people from disadvantaged areas in order to:

- **provide career guidance:** inform students about our business as soon as they enter secondary school;
- **listen and build relationships:** support secondary school students and help them understand the business world;
- **provide training for digital sector jobs:** foster inclusion and reintegration into employment for out-of-work young people.

(1) "Women in the digital age", European Commission study, 2016. https://op.europa.eu/en/publication-detail/-/publication/84bd6dea-2351-11e8-ac73-01aa75ed71a1/language-en

2019 achievements

- **224 secondary school and university students** interacted directly with Sopra Steria employees (42.3% of scope: France):
  - **providing career guidance to 78 secondary school students from disadvantaged areas:** hosted as part of their fourth-year work experience to learn about jobs in the digital sector and demystify algorithms (unplugged activity), in partnership with the non-profit Tous en Stage;
  - **attentiveness to concerns and build relationships:** 108 secondary school students, 68 in connection with HandiTutorat in partnership with ten engineering schools and 40 high-school students were welcomed to learn about jobs in the digital sector in partnership with the Blaise Pascal Foundation; moreover, 38 students in higher education were mentored in partnership with the non-profit Tous en Stage Article 1;
- **450 young graduates helped towards reintegration into employment** through training (43.7% of scope: France and Tunisia):
  - **279 unemployed young people** recruited and trained in digital skills (**France**), **32.3% of them women** (up from 30.3% in 2018), in partnership with work integration organisations such as Ensemble Paris Emploi Compétences (EPEC), the Pôle Emploi public employment centres or the Maison des Jeunes Talents,
  - **171 young graduates with bachelor's degrees hired, 45% of them women, and helped towards obtaining a postgraduate engineering degree through a four-year pilot programme in Tunisia**: recruited onto permanent contracts and awarded scholarships to cover study costs for four years. Implemented a tailored mentoring scheme to help them integrate;
- **32 grants awarded to secondary school and university students with disabilities** to support them through their academic careers, in partnership with nonprofit FEDEEH.
- **findings of the Great Place to Work survey:** 89% of employees responding to the survey felt that "Staff are treated fairly irrespective of ethnic origin, religion or sexual orientation".

Goals for 2020: Repeat initiatives and instil the same level of momentum at Group level.

2.1.4. LABOUR RELATIONS

Labour relations are a key driver of performance for an economy in support of an inclusive collective underpinned by the Group's values. The Group's adhesion to the UN Global Compact is in keeping with its commitment to uphold freedom of association and recognise the right to collective bargaining, in line with the principles of the ILO's eight fundamental conventions.

Sopra Steria seeks to implement measures intended to improve professional relations between the company and its employees even in countries that do not have an institutional framework governing the recognition of employee representatives' status. Non-discrimination policies and procedures are implemented with regard to employee representatives.

Against this backdrop and in accordance with legislation in force in each country where the Group operates, 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.

The Group supports and advocates these principles in its Code of Ethics, available on the Group website and thus accessible to all stakeholders.

2019 achievements

- 49 foundational labour agreements signed and implemented (compared with 36 in 2018).
- 291 agreements in force (compared with 241 in 2018).
- 74.2% of employees covered by a company-wide agreement.

Goals for 2020: Labour relations remain a key issue for the Group's future development.

2.1.5. HEALTH AND SAFETY

Sopra Steria's **workplace health and safety policy** complies with regulatory requirements in each country in which the Group has a presence. It 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.

The Group's businesses are concentrated in the service sector and do not involve any high-risk activities, notably in respect of workplace accidents, which occur very rarely and are related purely to the hazards of everyday life (the Group has a very low workplace accident frequency rate).

This policy of prevention and support is based on 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.

2019 achievements

- Psychological counselling unit: 81% of Group employees are eligible for this service (Belgium, France, Germany, Poland, the United Kingdom and Scandinavia).
- Work/life balance: introduction of the "right to disconnect" and remote working; 70.4% of Group employees are eligible for this service (Benelux, France, Germany, Italy, Poland and the United Kingdom).
- Training in safety rules and emergency first aid: 81.3% of employees are covered by training programmes to prevent accidents and improve employee health and safety (Belgium, France, Germany, India, Italy, Switzerland, Tunisia and the United Kingdom).
- 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), exercise to be continued in 2020.
- No occupational illnesses recognised in France by CPAM, the national health insurance body (42.3% of the Group's scope: France – national health insurance body).
- The absence rate remained nearly stable, at 2.6% in 2019, compared with 2.5% in 2018 (42.3% of the Group's scope: France).
- The workplace accident frequency rate increased in 2019 to 2.47% (1.91% in 2018, 42.3% of the Group's scope: France). This increase was linked to unforeseeable non-serious health conditions in the workforce, as attested by the decline in the severity rate.
- The severity rate was 0.023%, down from 0.056% in 2018 (42.3% of the Group's scope: France).
- **Findings of the Great Place to Work survey:** 88% of employees responding to the survey felt that "Safety conditions are appropriate".

Goals for 2020: Continue to roll out shared tools for use across the Group.

2.2. Other labour-related information

2.2.1. JOBS AND THE WORKFORCE

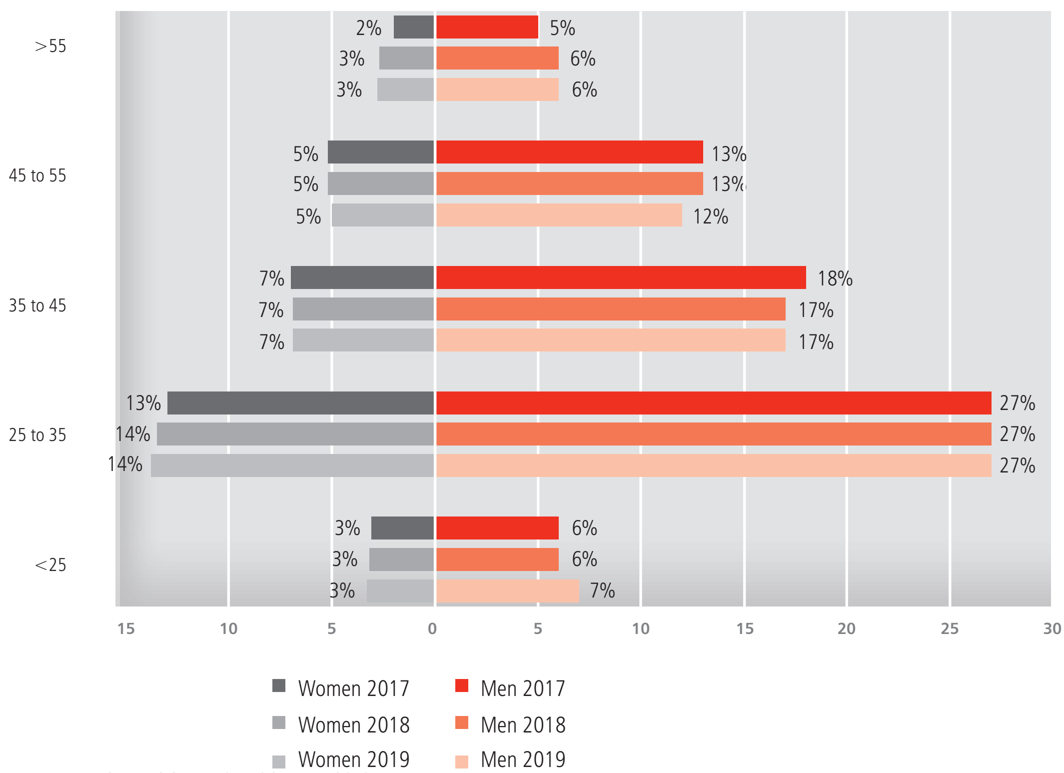
For many years, the Group's growth has been backed by a proactive employment policy of recruiting talented individuals and developing employees' skills.

External growth is also a strong driver of the Group's development and increased business volumes. Thanks to the various acquisitions completed in 2019 (1,092 employees), the Group can offer a comprehensive response to its clients' needs in the areas of transformation and competitiveness.

At 31 December 2019, Sopra Steria Group had a total of 46,245 employees (45,153 employees excluding 2019 acquisitions), mainly based in Germany, Spain, France, India, the United Kingdom and Scandinavia, which together account for 89.8% of the Group's workforce.

The proportion of permanent contracts, which was slightly higher in 2019 (96.1% in 2019, compared with 95.7% in 2018), and that of temporary contracts, which was slightly lower (3.3% in 2019, compared with 3.6% in 2018, excluding interns) demonstrate the Group's long-standing commitment to offer stable jobs while favouring the professional integration of young people on permanent contracts and on work placements (96.1% of fixed-term contracts were for students on work placements in 2019, compared with 96% in 2018).

The age pyramid illustrated below, showing the workforce breakdown for the Group (excluding acquisitions) by gender and age, has remained stable for the past three years, with a very slight improvement in the proportion of women, particularly in the 25-35 age bracket.



The average age of employees on permanent contracts is 37.8, with an average length of service of 7.1 years (stable compared with 2018).

Female representation in the Group's workforce increased slightly, from 31.6% in 2018 to 32% in 2019, with women holding 29.5% of engineering, consulting and project management positions (up from 27.9% in 2018). 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.

2.2.2. COMPENSATION

The Group's **compensation policy** is a management tool based on 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 annual performance appraisals for all employees. Compensation offered is in line with local regulations and exceeds the minimum wage (where one exists) in countries in which the Group has a presence.

Principles governing the breakdown of and changes in compensation apply across the Group and are based on the following:

- 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.

2019 achievements

The ratios set out below are the fruit of a policy aimed at harmonising HR processes so as to promote fair treatment across all countries in which the Group operates:

- **ratio for the top 1% of high earners in the Group** (99.8% of the Group excluding interns, work-linked training students and acquisitions): **85.5% 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** (stable compared with 2018 despite the expansion in scope),
- **fairness ratios for the Chairman and the Chief Executive Officer** are detailed on pages 88, 89 and 95 of this Universal Registration Document.

Ratio of the average top 1% of salaries to the average annual salary	% (2019)*	% (2018)**
Under 4.5	85.5%	84%
4.5 $\leq x \leq$ 5	14.4%	16%
Over 5	0.2%	0%

* *99.8% of the Group workforce (excluding Cassiopae Tunisia) excluding interns and acquisitions.*

** *78% of the workforce (Benelux, France, India excluding Cassiopae, Italy, United Kingdom and Scandinavia) excluding interns and acquisitions.*

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 and 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.

2019 achievements

- In 2019, 5.9% of Group employees were part-time (compared with 6.1% in 2018).
- **Findings of the Great Place to Work survey**: 82% of employees responding to the survey felt that "I can take leave when I consider it necessary".

3. Societal responsibility: engaging all our stakeholders to build a positive future for all

Sopra Steria is a preferred partner of large organisations, supporting them over the long term and helping them respond to the transformation challenges they face in a world undergoing unprecedented environmental and social changes. This entails developing relationships of trust and transparent dialogue with our stakeholders, seeking input 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 the Group operates.

Sopra Steria is a signatory of the United Nations Global Compact, in the "Global Compact Advanced" reporting category (top 8%). Through this commitment, Sopra Steria supports the Global Compact's 10 principles in the areas of human rights, international labour standards, the environment and anti-corruption.

Sopra Steria responds to the United Nations Sustainable Development Goals 1, 2, 3, 4, 6, 8, 9, 10, 11, 12, 13, 16 and 17 related to society.

3.1. Dialogue with stakeholders

Maintaining a high level of transparency and interaction with stakeholders

Because the kind of transformation needed to build a positive future for all has to be a collective endeavour, we are working with our staff, our customers, our partners, our suppliers and civil society to provide sustainable answers. We want to take responsible and ethical steps to make innovation work for as many people as possible and have a positive impact on society as a whole.

3.1.1 SUMMARY OF STAKEHOLDER DIALOGUE

Clients	Client surveys; frequent exchanges on Sopra Steria's contribution to helping clients meet their corporate responsibility challenges (meetings, questionnaires, third-party assessments, client surveys, etc.); co-construction initiatives with clients focused on innovation as well as social inclusion and environmental clauses relating to the services provided by Sopra Steria.
Employees	**Great Place to Work** survey; Group-wide campaigns raising awareness about corporate responsibility; coordination of networks of employee champions and officers; training of new employees. Employee involvement in programmes promoting diversity, access to employment for young people, the environment and community engagement.
Shareholders and investors	Reporting to shareholders via the Universal 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.
Partners	Joint innovation approach with major strategic partners in digital transformation. Development of cooperation and partnerships with startup.
Suppliers and subcontractors	Purchasing policy rolled out Group-wide: purchasing procedures, Group suppliers' charter, programme to assess suppliers and subcontractors led by recognized external organisations; compliance system.
Civil society	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 where the Group operates; active involvement in trade unions and professional associations, clubs, coalitions; contributions to working groups and think tanks. Academic chairs.
All stakeholders	Publication of an annual Corporate Responsibility Report audited by an independent third party; evaluation by non-financial organisations and analysts, with the publication of scores received; regular dissemination of information via the Group's website and social networks: Twitter, Facebook, LinkedIn, etc.

3.1.2 ADVISORY BOARD

The CR Advisory Board rounds out the Group's stakeholder dialogue mechanisms. The 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 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 4 on page 104.

3.1.3. CLIENT SATISFACTION

The primacy of customer service is one of Sopra Steria's core values and delivering customer satisfaction is a key priority. Combining added value with innovative high-performance services, the Group excels in guiding its clients through their transformation projects to help them make the most of digital technology.

Furthermore, to supplement arrangements put in place to regularly interact with clients, at the end of 2019 the Group launched a new worldwide survey asking clients to rate the quality of their relationship with the Group. This survey will be carried out annually.

3.2 Innovation and stategic partnerships

Drawing on innovation and strategic partnerships 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.

3.2.1 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.

3.2.2. SOPRA STERIA'S DIGILABS FOR THE DEVELOPMENT OF 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 2019, Sopra Steria had 24 DigiLabs spread across the major geographic regions in which the Group operates.

3.2.3 NEXT: A SPACE DEDICATED TO A NEW CLIENT EXPERIENCE

NEXT, opened in May 2019, is a premium space dedicated to dialogue and joint development. We help our major clients untangle a situation, examine their options, explore new ideas and come up with responses that meet their expectations. NEXT also serves as a dedicated space for client and partner events where we can share our vision and convictions and boost the Group's image.

Located in premises in the heart of Paris measuring almost 1,000 square metres, the NEXT team helps organise high-impact client events designed to kick-start sustainable transformation. Feasibility studies, programme definition, business model definition, new product and service design – NEXT also puts together tailored events in response to our clients' key challenges.

In 2019, over 7,000 people attended 340 events.

3.2.4. ALLIANCES WITH STRATEGIC PARTNERS

To turn the potential of technologies 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 AWS, Axway, Dassault Systems, Google, IBM, Microsoft, Orange, Oracle, PEGA and Salesforce.

3.2.5. SOPRA STERIA VENTURES

Sopra Steria Ventures is a project aligned with the Group's core values of innovation and entrepreneurship aimed at:

- maximising customer satisfaction and perceived value;
- creating new sources of value and contributing to the performance of Sopra Steria's offerings;
- reinforcing our know-how and expertise in three areas (technology, human resources and talent, and organisation) in support of a responsible digital transformation, within an increasingly demanding "Innovation to Business to Consumer" value chain, while also speeding up value creation.

Mission

Technology serves as a gateway to infinite possibilities. As fascinating as this never-ending stream of innovations is, it also raises questions about the meaning of this race to novelty and change. There are many possible ways of responding to it.

At Sopra Steria, our mission is to guide our clients, partners and employees towards bold choices to build a positive future by putting digital technology to work in service of humanity. Beyond technology, we believe collective intelligence can contribute to a sustainable world. Together, we are building sustainable solutions with positive impacts that take full account of interactions between digital technology and society.

Priorities

- Identify and invest in highly targeted innovative solutions.
- Directly and indirectly invest in startups.
- Leverage the Group's solutions and businesses to create strong relationships.
- Speed up value creation for our clients.
- Continue to guide and serve clients as effectively as possible.

Fundamental principles

- Balanced relationships and partnerships with startups.
- Involvement of Group employees, strengthening our entrepreneurial DNA.
- Transforming businesses and ecosystems through innovation.
- Richness in diversity and the strength of collective intelligence.

Sopra Steria has thus developed working relationships with a number of startups, whether through partnerships, by involving them in projects or by directly or indirectly investing in their equity.

These working relationships relate to areas of expertise such as artificial intelligence and data science, blockchain, the cloud, digital interaction, X-Reality, digital IT (clean code, gaming, BPM), the IoT and automation, as well as emerging technologies.

The Group also partners with two investment funds:

- ACE Management in the Brienne III fund, focused on cybersecurity for vitally important operators and cyber defence;
- Truffle Capital in a fund dedicated to FinTechs and InsurTechs.

3.2.6 COMMITMENTS IN SUPPORT OF DIGITAL SOVEREIGNTY AND CYBERSECURITY

Digital sovereignty is a key issue for both government departments and economic agents. Everyone must work together closely to manage the data (from production, operation and measurement) on which governments and businesses alike depend for their autonomous decision-making.

Against this backdrop, and drawing on its expertise in digital transformation and cybersecurity, in 2019 Sopra Steria entered into an agreement with Sciences Po to create the "Digital, governance and sovereignty" academic chair.

The aim of this partnership is to encourage the chair's research and teaching work to redefine the concept of sovereignty, address shifts in sovereignty and identify new use cases amid a context of digital transformation. Thanks to Sopra Steria's support, Sciences Po's school of public affairs will provide academics, researchers, doctoral students and professionals with opportunities to think about new modes of governance and how sovereignty can adapt to this new environment.

Furthermore, as part of its overall commitment to digital sovereignty, Sopra Steria is partnering, alongside other major players in the digital sector and civil society, with the Cyber Campus France project, tasked by the French Government with creating a flagship French centre of excellence in cybersecurity. Cyber Campus France will, in particular, be able to draw on Sopra Steria's expertise in Toulouse, where it has a cybersecurity centre staffed by over 300 experts, the largest such centre serving the aerospace market. It will also be able to count on the Rennes centre, where 50 experts work for the Ministry of the Armed Forces in the area of cyber defence. The ultimate goal of Cyber Campus France will be to export French expertise and innovation to other countries. In this way, Sopra Steria's involvement in this project will contribute to the dissemination of French expertise across Europe.

3.3. Responsibility in digital

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.

The Group's services 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 several internal working groups 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.

3.3.1. DEVELOPING RESPONSIBLE DIGITAL INNOVATION THAT ENGAGES THE GROUP AND ITS STAKEHOLDERS

When it comes to digital transformation, the limits of technology and the realm of the impossible have long reined in possibilities and, at the same time, the potential for many types of improper use or misuse. Now that these impediments are being eliminated and digital technologies have become deeply embedded in all of our economic and social activities, it seems inconceivable not to closely examine our practices, our projects and, ultimately, our business itself.

This exercise naturally takes into consideration corporate responsibility issues relating to the workforce, the environment and society at large, but it must also address, in a more general manner, questions concerning ethics. It is essential to pave the way towards a digital ethics. The latter may be understood as the set of principles and values applying to the design, creation, sale, marketing, use and integration of digital technologies together with the management of all their knock-on effects, as well as their components or the elements necessary to provide the related services effectively and efficiently.

Rather than an abstract philosophical approach removed from everyday concerns and leaving aside the conditions for action that emerge as obstacles, the idea is to work to promote specific values to underpin digital transformation and ensure that it is designed and implemented in service of humanity.

Respect for privacy and free will, protection of personal data and technical measures controlling access to digital creations, assessment and mitigation of social and environmental impacts, promotion of diversity and accessibility, reversibility and remediation capabilities – these are some of the fundamental elements that we wish to promote as principles for action.

The Sopra Steria Next consulting teams have launched a major project to change the way we look at things, work and create. Above all, this imperative represents a collective challenge for the common good of our clients and our employees.

3.3.2 HELP CLIENTS DEAL WITH THE IMPACT OF DIGITAL TECHNOLOGY ON THEIR OWN SUSTAINABILITY CHALLENGES

The aim is to provide the Group's clients with high added-value advice and expertise to help them fully address labour-related, environmental and social challenges into their core business transformation projects, including in particular those relating to digital technology, the environment 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 digital strategies and digital sustainability across our value chain.

This value proposition taking into account workforce-related, environmental, social and ethical 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 their ecosystem.

3.3.3. CONTINUED SUPPORT FOR THE DIGITAL HUMANISM DEPARTMENT AT THE COLLÈGE DES BERNARDINS

The Group has for the past four years been working with Collège des Bernardins, a key centre for gatherings and discussion, as part of its "Digital Humanism" department, dedicated to the societal aspects of 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 share a fresh perspective on this crucial issue for the future of humankind.

3.4. Responsible purchasing

Aligning the supply chain with corporate responsibility priorities

3.4.1. RESPONSIBLE PURCHASING POLICY

According to the Group's risk mapping exercise and the duty of care, 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. This programme helps to optimise the purchasing process, incorporate new regulatory requirements, in particular those resulting from the duty of care and Sapin 2 laws in France (see Section 5.6 of Chapter 4, "Duty of care and vigilance plan", page 131), and manage risks arising from the supply chain.

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.

In particular, it meets objectives in the following areas:

Engagement

- Purchasing departments by relying on procedures harmonised across the Group.
- Sopra Steria's suppliers and subcontractors by sharing the Group suppliers' charter.

Strengthened capacities

- Tighten management of compliance among the Group's suppliers and subcontractors.
- Improved coordination and management of the Group's sustainability performance.
- More extensive assessment of the Group's main suppliers and subcontractors to make sure they meet the corporate responsibility standards set by Sopra Steria.

Continuation of efforts

- Socially responsible purchasing policy in support of diversity.
- The environmentally friendly purchasing policy.

3.4.2 2019 KEY ACHIEVEMENTS AND RESULTS

- Rollout and implementation of new purchasing procedures, including in particular supplier and subcontractor assessments and inspections across the entire Group.
- Dissemination of a new suppliers' and subcontractors' charter across the entire Group and rollout of systems to manage supplier and subcontractor compliance.
- In France, 332 charters were signed, corresponding to 82% of the 406 targeted suppliers having received the charter. In the United Kingdom, 447 targeted suppliers signed the new charter, representing 43% of total expenditure.
- EcoVadis corporate responsibility assessments (social issues, business ethics, environment, supply chain) widened to cover more suppliers and subcontractors with the launch of a new campaign in 2019.

  At 22 January 2020, 247 targeted suppliers (either strategic suppliers or those identified in connection with new tender offers) were assessed via EcoVadis (254 at 6 February 2020), out of a total of 411 suppliers having received requests for assessment since this system was put in place in 2015. The response rate for the EcoVadis assessment exceeded 60% and suppliers having completed a follow-up assessment improved their overall score by 2.2 percentage points on average.

  The average score for Sopra Steria suppliers having completed the assessment was 53.8 out of 100 (whereas the average score for all EcoVadis assessments was 42.4 out of 100).

  For suppliers with a score less than or equal to 24 out of 100 (as an overall score and/or the score for the "Business ethics" module), an alert is triggered by EcoVadis. The supplier is then contacted by Sopra Steria's Purchasing Department to put in place the necessary corrective actions and undergo a new EcoVadis assessment within a period of three months. Since the rollout of the EcoVadis platform for Sopra Steria suppliers, only one has received a score of 24 out of 100. Following the implementation of an improvement plan, this supplier was reassessed and received a new score of 34 out of 100.

Sopra Steria's expectations for suppliers, as outlined in its responsible purchasing policy, call for an overall EcoVadis score greater than or equal to 45 out of 100. If a supplier's overall score and/or the score for any of the four modules (environment, social issues, business ethics, supply chain) is less than 40 out of 100, its performance is considered as inconsistent with the expectations outlined in the responsible purchasing policy. In this case, the supplier is asked to refer to the areas for improvement identified in the course of its assessment to put in place a corrective action plan.

- Implementation of new indicators to assess suppliers and subcontractors based on the Group's commitments relating to the SBTi (Science Based Targets initiative): reduction of greenhouse gas emissions from the Group's supply chain(see "Environmental responsibility", Section 4.4.6., page 126).

Ethical and inclusive purchasing

- In France, the Group uses services provided by sheltered workshops and other organisations that specifically employ people with disabilities.
- In the United Kingdom, several initiatives are in place to open up access to the Group's supply chain for SMEs as well as women- and diverse-owned businesses.

Environmentally friendly purchasing

- Purchases of renewable electricity directly from suppliers, purchases of International Renewable Energy Certificates (I-RECs) and Guarantees of Origin (GOs): see Section 4.4.3., "Increasing the proportion of renewable energies", page 123.
- Purchases of certified eco-responsible paper: see Section 7.2., "Summary of environmental indicators", page 146.

3.4.3. MAIN OBJECTIVES FOR 2020

- 100% of targeted suppliers (1,165 suppliers), representing 72% of total purchases, assessed via EcoVadis, with an expected response rate of at least 60%.
- Improvement in the average score of suppliers not in line with Sopra Steria's expectations, assessed in 2019 via EcoVadis.

3.5. Community and patronage

COMMITTING THE COMPANY TO AN ETHICAL AND INCLUSIVE DIGITAL SOCIETY

Digital technologies, when used responsibly, can be a source of social innovation for the benefit of the largest possible number of people.

It is in this spirit that Sopra Steria has pursued, for many years, an extensive, solidarity-based programme in aid of disadvantaged populations, to give them access to education, employment and the benefits of digital technologies, as well as safe drinking water and improved sanitation facilities.

As a leading digital player with operations in many countries, Sopra Steria thus works to implement solidarity-based actions having a positive and lasting impact on society. These actions aim to promote social and professional integration for the most vulnerable and those living on the margins of society and to protect the environment. Playing a key role in the Group's programme of actions, the Sopra Steria – Institut de France Foundation and all Group entities give shape to these commitments through projects bringing together the Group's employees and civil society stakeholders. The Foundation has been engaged in a remarkable collective adventure over the last 19 years, shared by the teams who manage its initiatives on a daily basis, along with all volunteers taking part in its projects.

3.5.1. KEY FIGURES

Collective engagement and actions to achieve a lasting impact:

- 161 projects supported;
- >1,500 volunteers;
- 39 participating clients/partners;
- 218 organisations supported;
- 50,000 children assisted in 49 schools in India;
- 64 students in India awarded scholarships for higher education through the Sopra Steria Scholarships Programme.

3.5.2. A PROACTIVE POLICY INVOLVING THE ENTIRE ORGANISATION, A CROSS SECTION OF EMPLOYEES AND CIVIL SOCIETY

To implement this policy, which involves the participation of 1,200 employees in all countries, Sopra Steria is supported by:

- a network of 25 country representatives, led and coordinated at Group level, who implement the actions decided;
- two foundations in France and India, the latter coordinating a large educational programme along with a range of other solidarity actions;
- sponsorships and partnerships developed with public interest organisations;
- local solidarity initiatives and fundraising events in several countries in which employees proactively take part, thus complementing the initiatives put in place under the Group's policy;
- Community Day, a major solidarity campaign run by the Group each year, with the aim of making employees aware of the various actions being carried out to support local communities in the countries where the Group operates while raising the profile of volunteering. In 2019, the Group's many volunteers and heads of country entities took part, supporting the Group's efforts to ensure access to digital technlogy for all and making the event a valuable opportunity for sharing and discussion.

3.5.3. A FRAMEWORK FOR GROUP ACTION TO PROMOTE INITIATIVES WITH A STRONG AND LASTING IMPACT

Providing access to quality education and improving 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 primarily aimed at children from poor rural areas, in particular girls, who can benefit from schools located close to the company's sites.

- Over 50,000 children and young people, in 49 schools from primary to secondary level, benefit from this comprehensive educational 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 2019, employees and entities in many of the countries where the Group operates [1] lent support to the Sopra Steria Scholarships Programme, enabling many Indian students – most of them girls – to continue in higher education. Since 2006, a total of 646 students have received assistance from the Sopra Steria Scholarships Programme, including 104 in 2019.

(1) *Belgium, France, Germany, India, Italy, Scandinavia, Spain, Switzerland, United Kingdom.*

In other countries where the Group operates, various projects have been put in place, including:

- support for young job seekers in France with Nos Quartiers ont du Talent;
- evening classes for young students at risk of early school leaving given by Sopra Steria volunteers in association with Foundation Balia in Spain;
- raising awareness of digital professions for young students from disadvantaged neighbourhoods in Morocco;
- other local employability initiatives supplementing these actions to promote access to higher education and job opportunities, with the help of employee volunteers.

Digital inclusion

To make digital technology accessible to all, numerous local initiatives aimed at vulnerable populations were launched with clients, partners and employees.

- In 2019 in France, the Sopra Steria-Institut de France Foundation supported 16 digital humanitarian projects with a social or environmental dimension sponsored by employees (see insets on Adiléos and 6e Sens). In 2019, the Foundation launched the Prix Entreprendre pour Demain to recognise talented students and young entrepreneurs, taking as its theme "Responsible digital transformation for the good of the planet". Winners will receive operational guidance in developing their ideas and launching their projects, provided by mentors from the Group.
- In Norway, Sopra Steria continues its support for social entrepreneurship, with employees donating their skills to provide computing classes for recent female immigrants. Employee volunteers also delivered coding lessons to hospitalised children in 2019. In addition, the Group lent its support to a major awareness programme targeting both parents and children to encourage the right behaviours online, with the participation of employees.
- In Italy, an application was developed to help young adults with autism develop independent-living skills, with the help of employee volunteers.

Adiléos, social facilitator

Founded by a Sopra Steria employee, the non-profit organisation Adiléos provides a range of digital services to marginalised or disadvantaged people and their social workers. Among these services is a software solution allowing homeless people to store their documents and personal information. The Sopra Steria-Institut de France Foundation, which has backed Adiléos since 2014, is lending its support for a new mobile application under development to facilitate relations between recipients and providers of aid, thanks to Sopra Steria volunteers. As a partner of the French health ministry, Adiléos' solutions have already been adopted by some 60 social assistance structures and municipalities, with further developments in the pipeline.

6e Sens, seeing through touch

Selected as a winner of the Prix Entreprendre pour Demain by the Sopra Steria-Institut de France Foundation, the 6e Sens project offers the blind a solution able to leverage their heightened sense of touch to aid in navigating their environment. The solution allows the blind to become more aware of shapes and their distances by way of their skin sensory receptors. The aim is to increase autonomy for these individuals in their everyday activities. Mentored by a team of Sopra Steria volunteers, the project team is developing its prototype under the auspices of the social enterprise Artha.

Tech for Good

A new Tech for Good programme was launched in the UK in 2019 to support entrepreneurship and innovation initiatives in the public interest, with the participation of Sopra Steria employees. Partnerships have been forged with Business in the Community, Elatt and Micro-Tyco Innovate. By way of example, to take up the six digital challenges addressed by Elatt, an education non-profit helping marginalised people, Sopra Steria organised a hackathon bringing together dozens of young graduates and company volunteers. Students served by the non-profit visited one of our DigiLabs and took part in demonstrations of new technologies, such as the HololLens, and were given coding lessons on Raspberry Pi computers.

Water rights

Sopra Steria has for several years been supporting international organisations working to protect the oceans through financial sponsorship and skills. The main organisations supported are:

- 1001fontaines, a French NGO, to provide access to safe drinking water around the world;
- Join for Water, a Belgian NGO focusing on water rights, for its initiative to develop access to safe drinking water and improve sanitation facilities in the Mpanga catchment in Uganda;
- Planet Water Foundation in India, where its AquaTower solution, a filtration system that removes harmful particles, bacteria and viruses from drinking water, has been installed at several schools and other solutions to provide access to safe drinking water are currently being developed;
- Green Cross, for its presentations to various bodies concerning the protection of the oceans, notably at COP25 in Madrid.

3.6. Regional impact

Reinforcing the Group's positive regional impact

Sopra Steria has a significant impact on regions and communities, given its size, its local roots and the number of new staff joining the Group each year. It is a leading employer, with over 46,000 employees across 25 countries, particularly in Europe. It is also a major recruiter in regions where the Group has operations, with around 11,000 new recruits taken on across the Group in 2019 (see Section 2.1.1., "Attracting and retaining more talent", in Chapter 4., page 108).

As a committed corporate citizen involving its entire ecosystem, Sopra Steria ensures that, in developing its business, it takes into account economic, workforce-related, environmental and social challenges facing regions in which the Group operates, in particular among struggling or highly vulnerable populations.

4. Environmental responsibility: innovating to address climate change and protecting the environment along our value chain

A bold ambition served by an innovative Group policy

Sopra Steria is a leading player in digital transformation for major companies and organisations. The Group's activities can thus involve a focus on reducing its clients' environmental footprint. With this in mind, the Group has been working for several years to reduce the environmental footprint of its own business activities and to involve its entire value chain in a shared continuous improvement process.

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 an economy with net-zero greenhouse gas emissions.

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 seven priority actions:

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 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. Ensuring the involvement and contribution of the entire value chain (employees, clients, suppliers, partners, etc.) in the continuous improvement process;
7. Embedding sustainability into the value proposition (digital sustainability, impact of solutions and services on the environment).

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 of the United Nations Global Compact, in the "Global Compact Advanced" reporting category (top 8%). 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 4, 6, 7, 8, 9, 11, 12, 13, 14, 15 and 17 related to the environment.

- **From COP21 in Paris to COP25 in Madrid:** Since the Paris Agreement, Sopra Steria has stepped up its commitment to action on climate change. Sopra Steria made important contributions to two events at COP25 in Madrid:
  - **participation in the High-Level Meeting on Climate Change convened by the UN Global Compact, the UN Environment Programme and the secretariat of the UN Framework Convention on Climate Change (UNFCCC):** As the first digital services company to align its targets with efforts to limit the global temperature rise to 1.5°C, as validated by the SBTi, Sopra Steria was invited to take part in discussions on this subject, alongside other business leaders having undertaken commitments to act for the climate,
  - **organisation of a conference entitled "Facing natural resource scarcity – keys for action":** In association with the NGO Green Cross, Sopra Steria organised a meeting for journalists and other opinion leaders;
- **New validation by the Science Based Targets initiative (SBTi):** In response to the call from the UN, following the release of the 2018 IPCC report, to limit the global temperature rise to 1.5°C, Sopra Steria revised its long-term targets in line with this new goal and received an official validation from the SBTi for the updated targets. These targets include the reduction in the Group's absolute greenhouse gas emissions (Scopes 1, 2 and 3), the reduction of its emissions per employee and the assurance that most of the Group's suppliers have set greenhouse gas emission reduction targets.

- **Transparency of reporting with the TCFD-CDSB:** The Group continues to improve its reporting in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Climate Disclosure Standards Board (CDSB) in order to fully disclose the results of its continuous improvement process.
- **Contribution to the European Peer Learning Group on Climate in Berlin:** At the invitation of the UN Global Compact, the Group delivered a presentation on its experience in this area, under the title "How to use scientific models to set greenhouse gas emission reduction targets", to representatives of other leading European companies.

In fulfilment of its SBTi commitment to reducing its greenhouse gas emissions, Sopra Steria has set itself the following goals:

- continuing its renewable energy policy to cover all of its electricity consumption;
- expanding the internal shadow carbon price policy to all Group countries;
- maintaining the carbon-neutral programme (for business travel, offices and data centres);
- developing digital sustainability and contributing to an economy with net-zero greenhouse gas emissions by mobilising actors along the entire value chain.

4.2. Environmental challenges: Opportunities for the Group

Issues relating to the environment and the fight against climate change have been analysed for Sopra Steria; no key environmental risk has been identified according to the results of the Group's risk mapping exercise.

Some of the Group's environmental impacts, known by the TCFD as **"risks associated with the transition to an economy net-zero in GHG emissions",** are identified but not considered key risks at Group level. More specifically, these risks, known as **"transition 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 1.3.2., "Risk related to operational activities", pages 40 to 43 and the section entitled "Unavailability of IT services and infrastructures and/or interruption of activities at sites" of Chapter 2., page 43).

These issues are reviewed and discussed with the Internal Control and Risk Management Department and presented annually to the Board's Nomination, Governance, Ethics and Corporate Responsibility Committee as part of an annual corporate responsibility update.

To address the challenges faced by its clients relating to responsible digital transformation, Sopra Steria has established working groups devoted to digital sustainability and digital ethics.

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 challenges relating to the environmental impact of going digital and supporting their efforts in this area.

These issues and opportunities are managed at Group level by the CR&SD Department via the Group Environmental Sustainability Committee (GESC) and the Group CR&SD Committee, and at country level via environment correspondents (known as Sustainability leaders) 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.

- **SBTi:** Sopra Steria was the first digital services company to align its greenhouse gas emission reduction targets with efforts to limit the global temperature rise to 1.5°C, as validated by the SBTi.
- **CDP Climate Change – A List:** For the third year running, Sopra Steria achieved the highest performance score of "A", and once again feature on the A List of **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 Engagement Rating of A-:** Sopra Steria also takes part in the assessment process under the CDP Supplier Engagement Rating programme.
- **EcoVadis – Excellent on the environmental component:** 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.

In 2019, in recognition of its environmental or environmental, social and governance (ESG) performance, the Group was included in the following indices:

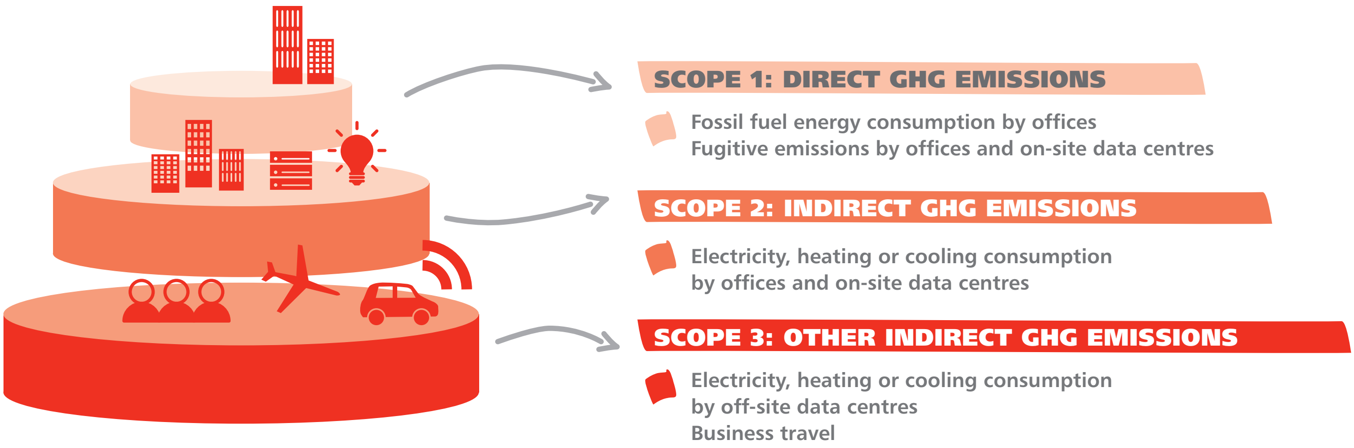
- Euronext® CDP Environment France EW;
- Euronext® CDP Environment ESG France EW;
- Euronext® CDP Environment France Ex Oil & Gas EW.

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 121.

The scope of performance indicators is set out in Section 1.3., "Overview of reporting scope", in Chapter 4., page 105.

For reference, definitions of Scopes 1, 2 & 3 are given in the diagram below.



4.4.1. 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	Key Performance Indicators and other performance indicators
▪ Management of risks and opportunities within the Group (by the GESC, CR&SD Committee and Audit Committee) to meet TCFD [1]/CDSB [2] 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	ISO 14001 certification: 2015 certification active in Denmark, France, Germany, India, Norway, Poland, Spain, Sweden and the United Kingdom, and planned for Belgium and Luxembourg in 2020. 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.

4.4.2. CONTROL RESOURCE CONSUMPTION

TARGET: Reduce per-employee consumption of resources (all forms of energy, water, paper)

Key achievements	Key Performance Indicators and other performance indicators	2019	2018	2017	2016
■ **Energy:** New sites meet the latest environmental standards (BREEAM, HQE, LEED); new IT equipment is environmentally certified (Energy Star® 7.0, EPEAT® Gold); collaborative IT tools have been implemented limiting sending of large emails and documents; 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).	**Energy** (MWh/employee)	2.2	2.3	2.4	2.6
■ **Water:** Installation of systems to recover rainwater and optimise consumption of sanitary water (in India)	**Water** (cu. metre/employee)	5.5	5.2	6	N/A
■ **Paper:** Optimised printing methods and awareness campaigns to cut back on printing; purchases of environmentally certified paper.	**Quantity of paper purchased** (kg per employee)	2.4	2.5	3	N/A
		(Groupe SAB, Sopra Financial Technology GmbH and joint ventures excluded in 2019; Cassiopae and joint ventures excluded in 2018)			

4.4.3. 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.

RESULT AT END-2019: Target exceeded, with 90% obtained.

Key achievements	Key Performance Indicators and other performance indicators	2019	2018	2017	2016	2015 *(baseline year)*
Purchase of renewable energy directly from power suppliers at certain sites or data centres in Belgium, Denmark, Germany, Luxembourg, Norway, Sweden, Switzerland and the United Kingdom. ■ Obtain Guarantees of Origin in Spain, France, Norway, Poland, the United Kingdom and Italy. ■ I-RECs in Algeria, Cameroon, Côte d’Ivoire, Gabon, India, Morocco and Tunisia.	**Proportion of electricity consumption for offices and on-site data centres from renewable sources**	90%	78%	76%	69%	20.40%
■ Cogeneration at Meudon in France.						

TARGET FOR 2040 (BASELINE 2015): 85% reduction in GHG emissions per employee
RESULT OBTAINED IN 2019 (BASELINE 2015): 36.7% reduction in GHG emissions per employee

4.4.4. REDUCE GHG EMISSIONS RESULTING FROM OUR OPERATIONS [3]

TARGETS:

- Reduce absolute greenhouse gas (GHG) emissions by 42% by 2025 (Scopes 1 & 2, on-site offices and data centres, baseline 2015); target validated by the SBTi.
- Reduce absolute greenhouse gas (GHG) emissions by 21% by 2025 (Scope 3, off-site data centres and business travel, baseline 2015); target validated by the SBTi.
- Reduce GHG emissions per employee by 85% by 2040 (Scopes 1, 2 & 3; business travel, offices and on-site and off-site data centres; baseline year: 2015). Target validated by SBTi.
- Implement an internal shadow carbon price in the Group's main geographies by 2025.
- Ensure that the Group's business travel, office space and data centres are carbon neutral.

Key Actions and achievements	Key Performance Indicators and other performance indicators	2019	2018	2017	2016
▪ Realignment of the emission-reduction targets in line with the objective of limiting the rise of average global temperature to a maximum of 1.5°C (targets approved by the SBTi) ▪ 42% reduction in absolute greenhouse gas (GHG) emissions by 2025 (Scopes 1 & 2, on-site offices and data centres, baseline 2015) ▪ 85% reduction in GHG emissions per employee by 2040 (Scopes 1, 2 & 3; business travel, offices and on-site and off-site data centres; baseline year: 2015).	**Absolute GHG emissions (Scopes 1 & 2; baseline year: 2015)** *(fugitive emissions not included in 2015 and 2016; joint venture sites not included in 2015; excludes Groupe SAB and Sopra Financial Technology GmbH)*	-64.2%	-55.6%	-45.8%	-40.7%
	GHG emissions per employee (Scopes 1, 2 & 3; baseline year: 2015) *(fugitive emissions not included in 2015 and 2016; hotels and joint venture sites not included in 2015; excludes Groupe SAB and Sopra Financial Technology GmbH)*	-36.7%	-29.1%	-20.0%	-13.6%
▪ **Business travel** • Campaigns to raise awareness of low-carbon means of transport and digital communication systems • New models of hybrid vehicle incorporated into corporate fleet • Monitoring of remote communication system utilisation rates	**27.5% reduction in GHG emissions per employee from business travel relative to 2015** (hotels included in 2019 and 2015; joint ventures excluded in 2015 but included in 2019; excludes Groupe SAB and Sopra Financial Technology GmbH).[4]				
▪ **Energy** Optimised energy consumption and use of renewable energy at offices and on-site data centres.	▪ 15.4% reduction in energy consumption per employee relative to 2016 ▪ 72.3% reduction in GHG emissions per employee arising from offices and on-site data centres relative to 2015 (including fugitive emissions in 2019, excluding fugitive emissions in 2015)				
▪ **Fugitive emissions** Gradual replacement of some air conditioning equipment	18.7% increase in GHG emissions linked to fugitive emissions relative to 2017, [5] due in particular to more substantial coolant leaks in 2019				

Key Actions and achievements	Key Performance Indicators and other performance indicators	2019	2018	2017	2016
Internal shadow carbon price Introduced an internal carbon price for business travel in Spain. By 2020, the Group's target is to expand the shadow carbon price system to cover all its geographies.	**Number of countries with an internal shadow carbon price (Business travel)**	14 countries (+ Austria, Belgium, Denmark, Germany, India, Italy, Luxembourg, Norway, Poland, Sweden, Switzerland)	3 countries (+ Spain)	2 countries (+ France)	1 country (UK)
Carbon neutral programme Renewed the CarbonNeutral® certification programme to offset the Group's residual emissions	CarbonNeutral® certification for all Group business travel, office space and data centres since 2015				

(3) 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.

(4) For reference, GHG emissions from business travel totalled 32,005 tCO2e CO in 2015 (excluding hotels).

(5) Refrigerant gases covered by the Montreal Protocol are not included in the scope of fugitive emissions.

4.4.5. 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	2019	2018	2017	2016
WEEE[6] 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 decreased in 2019 following significant equipment changes in 2018.	**WEEE** (kg per employee)	1.9	2.2	2.1	2.1
	Proportion of WEEE given a second life	97% *(Including joint ventures but excluding Groupe SAB and Sopra Financial Technology GmbH)*	95% *(Including joint ventures but excluding Beamap and Cassiopae)*	96% *(Including joint ventures)*	98%
Paper and cardboard Recycling of virtually all paper and cardboard collected Measurement method revised in Germany in 2019.	**Paper and cardboard waste** (kg per employee)	9.4	10.5	10.8	10.0
	Proportion of paper and cardboard waste recycled	96%	97%	97%	92%

(6) WEEE: Waste Electrical and Electronic Equipment.

4.4.6. 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 by 2025 (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 opinion leaders and influencers.
- Develop employee engagement across the Group.

Key achievements	Key Performance Indicators and other performance indicators	2019	2018	2017	2016
■ Analysis of the **residual environmental impact of the Group's purchases** (not included previously in Scopes 1, 2 and 3) • On the basis of data for France (which represents 43.8% of Group data), a limited assurance approach was applied to scale up this data proportionally, arriving at an estimate for the **total GHG emissions linked to the Group's purchases** of 221,311 tCO_2e using the ADEME method. Our aim is to extend this limited assurance approach to the whole of the Group by 2025. Continuation and adaptation of the EcoVadis supplier assessment programme (Section 3.4., "Responsible purchasing", page 117). • Development of an indicator to identify the main suppliers accounting for at least 70% of supply chain emissions in France and having committed to a GHG emission reduction target.	**tCO_2e/€m of Group expenditure**	**179** (ADEME method, based on purchasing data for France and scaled up proportionally)	**196** (ADEME method, based on purchasing data for France and scaled up proportionally)	**174** (Quantis method)	N/A
	Environmental footprint of Group expenditure *(tCO_2e)*	**221,311** (ADEME method + pro rata)	**246,447** (ADEME method + pro rata)	**198,000** (Quantis method)	N/A

- **Responsible purchasing:**
  - Rolled out new purchasing rules incorporating environmental criteria Group-wide
  - Group suppliers' charter including new selection criteria
- **Stakeholders:**
  - 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.
  - Contributions to a variety of sector-specific organisations: Syntec Numérique (Digital and Environment working group) in France, the British Computer Society (BCS) in the United Kingdom, Agoria in Belgium.
  - Attendance at gatherings of French companies that have signed up for the Science Based Targets initiative, jointly organised by WWF and SBTi in Paris
- **Employees:**
  - International awareness campaigns:
    - Printing policy, recycling, World Water Day, World Environment Day, Earth Hour, Earth Day and European Sustainable Development Week.
  - Group campaign of improvement initiatives
    - Employee networks (Green Light in France, Green Champions in the United Kingdom and India).
    - Partnership in France for the "Grand Cause Nationale pour l'Environnement", an operation coordinated by Make.org to build bridges with civil society over a three-year period and implement concrete actions.

4.4.7. INCORPORATE SUSTAINABLE DEVELOPMENT PRIORITIES INTO THE VALUE PROPOSITION

Responsible digital technology represents a major driver of economic and social development provided that it factors in the direct and indirect environmental effects over its life cycle – including from infrastructure, developments, use and end-of-life arrangements for equipment.

It is thus crucial to support the development of digital technology for the benefit of society by adopting a digital sustainability-based approach that accommodates the Green IT and IT for Green IT dimensions.

Sopra Steria, a key player leading the digital transformation in Europe, supports its customers' major digital transformation projects by paying close attention to sustainable development priorities in the development of its solutions and services.

For the Group, this involves:

- measuring the impact of solutions and services delivered to its clients against the environmental challenges they face;
- raising its clients' awareness of the challenges of Sustainable Development and the environmental impact of going digital.

Sopra Steria applies three principles rooted in the concept of digital sustainability when carrying out its projects:

- CarbonNeutral® project teams: minimising the environmental footprint of each Sopra Steria project team and its equipment, in line with the carbon neutrality target adopted for all of the Group's business travel, offices and data centres;
- Green IT: analysing and investigating the new uses requested in relation to the value provided, applying eco-design principles for development tasks, environmental testing of projects, selecting the infrastructure and technologies best suited to meet the sustainability challenges of clients;
- IT for Green: helping to protect the environment by introducing new technologies and services and taking action to fight climate change.

EXAMPLES OF INITIATIVES AND PROJECTS IMPLEMENTED BY THE GROUP

- **CarbonNeutral® Sopra Steria project teams**

  Sopra Steria's teams are carbon neutral for all their business travel. CarbonNeutral® certification covers all Group business travel, offices and data centres since 2015.
- **Eco-design and eco-testing at Sopra Steria and in our Interaction Factories**

  At Sopra Steria, and more specifically in our Interaction Factories (software development centres bringing together experts in new technologies), we firmly believe that our mobile applications can help protect the planet. By applying eco-design principles when developing our applications, and by carrying out environmental tests on all our projects, we are actors of this change and are helping to reduce the energy consumption of mobile applications. To support this goal and advance its aims among our clients, Sopra Steria has partnered with Greenspector, a startup specialising in energy-efficiency solutions for mobile and IoT applications.
- **Smart DCIM, a new Green approach to IT infrastructure management**

  Sopra Steria is working on a pilot with the hosting provider Data4 Services and the data centre consultancy APL to give our clients a clearer picture of the environmental footprint of the data we host for them at our data centres. The aim of this Smart DCIM (or data centre infrastructure management) solution is to help our clients determine the environmental footprint of their information systems by using simple, easy-to-understand indicators (consumption of power, water and other resources, and measurement of greenhouse gas emissions) over the entire life cycle of infrastructure components in order to plan and put in place improvements aimed at reducing their environmental footprint.
- **Collaborative management of urban mobility and encouragement of low-carbon business travel**

  In order to address traffic congestion problems affecting employees working near an airport serving a large European city, Sopra Steria is working alongside businesses and urban authorities in the area to put in place a collaborative mobility management system. The social, economic and environmental impact of traffic congestion was analysed by this project, which was selected and received funding under the Urban Innovative Actions (UIA) programme, an EU initiative. Sopra Steria contributed its smart city expertise, its know-how relating to complex IT platforms and its mastery of agile development methods to provide a multi-stakeholder platform able to:
  - bring together varied data sources (in terms of the sources themselves and their temporalities) in accordance with current and future regulations,
  - demonstrate the operational value of the data displayed for collaborative governance,
  - calculate the GHG emission reductions achieved and the reduction in emissions of pollutants via changes in employee transport options;
- **Application to foster development of low-carbon mobility solutions**

  In France, Sopra Steria is taking part in a project that aims to assist households, businesses, communities and regions in reducing their energy consumption. It was chosen for support by the French energy savings certificates programme. To build wider awareness of carbon-neutral transport options, this project plans to introduce individual carbon-neutral mobility accounts. Each volunteer account holder will be able to measure the environmental footprint of the transport options selected via a smart application, and to earn rewards for making more responsible mobility choices. Eco-design principles and environmental testing are to be implemented for the development of the application.
- **Support for the environmental challenges facing the aeronautics industry**

  The aviation industry has committed itself to two key decarbonisation targets:
  - carbon-neutral growth: net carbon emissions from aviation will be capped from 2020,
  - 50% reduction in CO emissions by 2050, compared with 2005 levels,
  - Sopra Steria is supporting various industry players under projects helping to bring about significant reductions in resource consumption and greenhouse gas emissions.
- **Smart building solution for better energy management**

  Sopra Steria's Active3D smart building solution helps building users improve energy management, thereby reducing their environmental impact.

  Active3D's services make use of business information modelling (BIM) to create 3D models of buildings and all their electrical and hydraulic infrastructure, taking account of environmental, thermal and acoustic constraints. Active3D has recently launched BIM Green, which can result in annual energy savings of 10% to 30%.

Sopra Steria is also considering committing itself to becoming **net-zero in emissions of greenhouse gases** before 2050, reinforcing its commitment, already validated by the SBTi, to aligning its emissions reduction targets with efforts to limit the global temperature rise to 1.5°C.

4.5. Climate change : 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 and contribute to protecting the environment extending beyond our respective activities.

5. Ethics and compliance

As a fundamental aspect of the Group's culture, the ethical values and principles laid down in its Code of Ethics guide the Group's operations and expansion and serve as the foundation for all of Sopra Steria's policies and commitments.

In keeping with the values and ethical principles it promotes, the Group has adopted an Ethics and Compliance programme concerning in particular human rights, fundamental freedoms, measures to prevent corruption and influence peddling, 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 is a signatory of the United Nations Global Compact, in the "Global Compact Advanced" reporting category (top 8%). Under this commitment, Sopra Steria supports the Global Compact's ten principles, including in particular the principle of anti-corruption.

Sopra Steria supports the United Nations Sustainable Development Goals 1, 4, 8, 12, 13 and 16 related to ethics and compliance.

5.1. Governance and organisation

Sopra Steria has decided to bring together compliance, internal control and risk management within the Internal Control Department, which reports directly to the Group's Executive Management. This department appears before the Audit Committee and the Nomination, Governance, Ethics and Corporate Responsibility Committee at regular intervals.

This structure allows for centrally coordinated, Group-wide governance to deal with compliance issues, compliance controls, whistleblowing and risks.

- The Internal Control Department oversees compliance issues and coordinates all stakeholders involved in compliance and internal control across the Group. The Internal Control 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 also works with 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 Corporate Responsibility and Sustainable Development Department). To ensure that all compliance issues are covered, each of these departments has its own correspondents within the Group's various entities.

The Compliance and Internal Control Steering Committee unites the Chairman, Executive Management and relevant departments to review compliance issues and programme progress and implementation, more specifically concerning the programme to prevent and combat corruption and influence peddling.

The Internal Control 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 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 3., "Internal control and risk management", of Chapter 2., pages 45 to 49 of this document.

5.2. Policies and procedures

5.2.1. 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.

The Code of Ethics is 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).

5.2.2. 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, work was undertaken at Group level in 2019 for continuous improvement of existing rules and clarify guidelines and procedures in order 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 the implementation and monitoring of the Group's programme to prevent corruption and influence peddling. This firm commitment takes shape in particular through the Group's specific code of conduct covering these issues, the direct oversight of the programme at its steering committee meetings, informational meetings for senior managers and regular communications campaigns targeting all Group employees;
- **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 specific Code of Conduct for the prevention of corruption and influence peddling**, including a foreword by the Chairman of the Board of Directors and the Chief Executive Officer and illustrated with real-world examples, as a supplement to the Code of Ethics. This Code of Conduct has been translated into 10 languages and covers all Group entities. The code is now incorporated into the internal rules of Group entities in France, after completing the necessary procedures with the employee representative bodies;
- **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;
- **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; procedures relating to conflicts of interest; procedure for client events; procedure relating to export transactions, which continued its rollout during the year;
- **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 for all staff, which has been rolled out gradually since December 2018 and is available in five languages. It is easily accessible via the website of Sopra Steria's training organisation. The module includes several interactive sections, six of which consist of one or more videos and real-life situations, covering the following themes: gifts and hospitality, public officials, conflicts of interest, intermediaries, sponsoring and patronage, alerts and sanctions. By successfully completing the 12-question quiz at the end of the module, the learner receives a validation certificate. At 31 December 2019, 99% of Group staff were able to access this e-learning module. More than 37,400 employees have thus been trained since the module was launched,
  - face-to-face training for those considered the most at risk: managers, sales staff, buyers, public sector, export, etc. The objectives of this training are to build knowledge of laws and regulations as well as Group rules and procedures for preventing and combating corruption and influence peddling, learn to apply best practices and become aware of the contact individuals within the Group for these issues, and gain a deeper understanding of best practices via case studies based on real-world examples,

  - inclusion of dedicated sections in induction training and business training modules, to ensure wider dissemination of information relating to anti-corruption practices;
- **strengthened control and audit procedures.** The specific controls are covered in the procedures developed under the programme for the prevention of corruption and influence peddling and may be either ongoing or periodic. In addition to the first-level controls carried out in the form of self-checks by the employees concerned and by line managers, controls are mainly performed, depending on the area involved, by the functional departments concerned (Finance Department, Internal Control Department, Industrial Department, Legal Department, Human Resources Department). Corruption and business ethics risks are also assessed by the Internal Audit Department when auditing the Group's subsidiaries and/or divisions, by running through some 30 specific checks, defined in collaboration with the Internal Control Department, and during specific compliance audits as part of the internal audit programme;
- **a whistleblowing system,** set up in the first quarter of 2019, incorporating the French legal requirements laid down by the Sapin 2 and duty of care laws and rolled out to all Group entities. In 2020, the system will also be rolled out to the Group's external stakeholders and in particular its clients, suppliers and other business partners.

5.4. 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.

5.5. Data protection

5.5.1. 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 intended to ensure compliance with this regulation and local laws.

This programme is directed by the Group's Legal Department, which is responsible for coordinating measures to protect personal data processed by Group companies (both for their own purposes and on behalf of their clients), and includes:

- the appointment of Data Protection Officers (DPOs) with each of the Group entities concerned;
- the rollout of a specific tool to keep records of all processing of personal data by Group entities;
- the implementation of:
  - specific procedures to respond to requests received from individuals exercising their rights relating to personal data (including the right of access, the right to rectification, the right to object to processing, etc.
    - for employees of Group companies,
    - for third parties (for example, job applicants in connection with recruitment procedures),
    - for personal data processed by Group companies under contractual arrangements with their clients, as instructed in writing by the latter;
  - a whistleblowing procedure to report actual or suspected abuses and irregularities relating to personal data;
- the adaptation of contracts (including those involved in subcontracting activities) as well as the various internal or external materials and media to comply with legal and regulatory requirements;
- the rollout of a mandatory training module for all existing Group employees and for every new employee.

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.

5.5.2. 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 discussed in Section 1, "Risk factors" of Chapter 2., pages 36 to 44 of this document.

5.6. Duty of care and vigilance plan

This section presents the vigilance plan, which covers all reasonable vigilance measures aimed at identifying risks and preventing serious violations of human rights and fundamental freedoms as well as adverse impacts on health, safety and the environment, as laid down by the French duty of care law (Law no. 2017-399 of 27 March 2017).

These risks, serious violations and adverse impacts include those resulting from the activities of the Company and of the companies it controls, within the meaning of Article L. 233-16 of the French Commercial Code, whether directly or indirectly and across the Group's entire scope of operations, as well as from the activities of subcontractors or suppliers with which Sopra Steria has business relations, in France and around the world.

The vigilance plan was prepared by the main departments responsible for the areas covered by the duty of care, discussed with the Group's Executive Committee and then validated by Executive Management. It was also presented to the Works Council. In addition, as a preliminary step for the preparation of the plan, the results of the Group's risk mapping exercise for the issues involved were aligned with those of its materiality analysis.

The vigilance plan consists of four components, to reflect the measures required by the French duty of care law:

- a mapping of risks to identify, analyse and prioritise the risks relating to the duty of care;
- risk mitigation and prevention plans;
- a whistleblowing system for the receipt of reports relating to the existence of risks or the occurrence of risk events;
- a system to monitor the measures implemented and assess their effectiveness.

The vigilance plan is reviewed each year, in light of possible developments in risks, the effectiveness of mitigation measures put in place, and developments in the Group's business and operations.

Furthermore, reasonable vigilance measures are implemented gradually for newly acquired companies as part of the integration of these companies within the Group and with respect to its procedures and systems.

5.6.1. RISK MAPPING EXERCISE

The mapping of risks relating to the duty of care was built by drawing on the Group's overall risk mapping exercise as well as the main risks identified during the preparation of the Group's statement of non-financial performance. The methodology used for the mapping of risks relating to the duty of care is the same as that used for the Group's overall risk mapping exercise and thus involves consultations with the various departments concerned, with responsibility for the entire scope of the Group's operations, namely the Human Resources Department, the Corporate Responsibility and Sustainable Development Department, the Real Estate and Purchasing Department, the Industrial Department, the Information Systems Department, the Legal Department and the Internal Control Department.

Given its business activities, Sopra Steria has limited exposure to risks relating to the duty of care. Nevertheless, some of the risks identified were considered as having an impact, although without being regarded as major risks falling within the scope of the duty of care.

The risks listed below relating to the duty of care were analysed and prioritised in line with their severity and likelihood of occurrence in the context of the Group's business activities and those of its main suppliers:

- Human rights and fundamental freedoms: protection of personal data, freedom of speech, child labour, forced labour, freedom of assembly and association, failure to respect the rights of local communities;
- Health and safety: right to health, right to safe and healthy working conditions (e.g. access to buildings, sanitation, safety and security of business travel), prevention of occupational illnesses, healthcare benefits and workplace prevention measures;
- Environment: air and soil pollution, depletion of raw materials, soil erosion and degradation, treatment of polluting waste, GHG emissions, degradation of ecosystems and biodiversity.

5.6.2. RISK MITIGATION AND PREVENTION PLANS

The continuous improvement approach adopted in line with the Group's corporate responsibility policy put in place several years ago focuses on the various issues targeted by the French duty of care law. The cross-reference table below indicates the sections within the statement of non-financial performance included in this document that describe the risk mitigation and prevention plans identified in the mapping of risks relating to the duty of care.

Area	Category	Mitigation plans and preventive measures
Risks relating to the Group's business activities	Human rights and fundamental freedoms	See Sections 2., 3. and 5., pages 107, 114 and 128 of this chapter
	Health and safety	See Section 2.1.5., page 111 of this chapter
	Environment	See Section 4., page 120 of this chapter
Risks relating to the business activities of the Group's suppliers	Responsible purchasing	See Section 3.4., page 117 of this chapter

5.6.3. WHISTLEBLOWING SYSTEM

The whistleblowing system put in place under the Sapin 2 law on transparency, anti-corruption and the modernisation of economic life also covers the duty of care. This system is accessible to employees of all Group entities. A description of the whistleblowing system and its procedures is provided on the Group's intranet as well as those of all its subsidiaries. Reports are to be submitted via a specific email address for each entity or at Group level.

The system will be expanded in early 2020 to the Group's external stakeholders and in particular its clients, suppliers and other business partners.

5.6.4. SYSTEM TO MONITOR THE MEASURES IMPLEMENTED AND ASSESS THEIR EFFECTIVENESS

For risks relating to the duty of care, the procedures for the regular assessment of the Group's business activities and those of its subsidiaries, along with those of its main suppliers, are carried out at the level of the departments concerned. Each department with oversight for issues involving the duty of care is responsible for monitoring the risks identified in the mapping of risks relating to the duty of care.

All of these departments are involved in the identification and implementation of reasonable and appropriate vigilance measures for their respective areas of responsibility. They report on their monitoring activities at the Group's steering committee meetings and twice a year to the Corporate Responsibility and Sustainable Development Committee.

The risk mitigation and prevention measures put in place with regard to the duty of care are reviewed as part of the Group's internal control procedures and are the focus of a consolidated report drawn up each year by the Internal Control Department and presented to Executive Management.

6. SDG/GRI/TCFD-CDSB cross-reference table

Universal Registration Document			**SDGs**	**GRI**	**TCFD-CDSB** *(Climate Change Reporting Framework)*
Chapter /Section #					
1.	**Chapter 1 – Business overview and strategies**				
2.	**Chapter 2 - Risk factors and internal control**				*REQ-02 Risks and opportunities*
4.	**Chapter 4 – Corporate responsibility**				
1.	**Sopra Steria, a committed and responsible Group, bringing a sustainable, human and guiding contribution**				
1.1.	Overview of the Group's corporate responsibility strategy and governance	101			
1.1.1.	A long-term commitment to the UN Global Compact	102	16. Peace, justice and strong institutions 17. Partnerships for the goals		
1.1.2.	Materiality analysis of key environmental, social and governance (ESG) issues aligned with the business model	103			
1.1.3.	A corporate responsibility governance structure supporting the Group's priorities	104			*REQ-03 Governance*
1.2.	Major recognition	105			
1.3.	Overview of reporting scope	105			*REQ-08 Reporting policies*
2.	**Social responsibility: a committed and responsible collective**				
2.1.	Responsible employment challenges	107			
2.1.1.	Attracting and retaining more talent	108	8. Decent work and economic growth	GRI 401-1	
2.1.2.	Maintaining and developing skills	109	8. Decent work and economic growth 4. Quality education	GRI 404-1 GRI 404-3	
2.1.3.	Diversity and equal opportunity	109	5. Gender equality 10. Reduced inequalities	GRI 406-1 GRI 405-2	
2.1.4.	Labour relations	111	17. Partnerships for the goals	GRI 407-1	
2.1.5.	Health and safety	111	3. Good health and well-being for people		
2.2.	Other labour-related information	112	10. Reduced inequalities		
2.2.1.	Jobs and the workforce	112	11. Sustainable cities and communities	GRI 102-8	
2.2.2.	Compensation	113	1. No poverty		
2.2.3.	Working conditions and organisation	113	3. Good health and well-being for people	GRI 403-9	

Universal Registration Document			SDGs	GRI	**TCFD-CDSB** *(Climate Change Reporting Framework)*
Chapter /Section #					
3.	**Societal responsibility: Engaging all our stakeholders to build a positive future for all**				
3.1.	Dialogue with stakeholders	114	17. Partnerships for the goals	GRI 102-12 GRI 102-13 GRI 102-40 GRI 102-42	
3.2.	Innovation and strategic partnerships	115	9. Industry, innovation and infrastructure 11. Sustainable cities and communities 13. Climate action		
3.3.	Responsibility in digital	116	9. Industry, innovation and infrastructure 11. Sustainable cities and communities		
3.4.	Responsible purchasing	117	8. Decent work and economic growth 10. Reducing inequalities 12. Responsible consumption and production 16. Peace, justice and strong institutions	GRI 308-1	
3.5.	Community and patronage	118	1. No poverty 2. Zero hunger 3. Good health and well-being 4. Quality education 6. Clean water and sanitation 8. Decent work and economic growth 11. Sustainable cities and communities		
3.6.	Regional impact	119	9. Industry, innovation and infrastructure 17. Partnerships for the goals		
4.	**Environmental responsibility: innovating to address climate change and protect the environment along our value chain**				
4.1.	Major commitments defined with leading global organisations	120	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	*REQ-01 Management's environmental policies, strategy and targets*
4.2.	Environmental challenges: Opportunities for the Group	121		GRI 102-15, GRI a201-2, 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	121	6. Clean water and sanitation 7. Affordable and clean energy 8. Decent work and economic growth 9. Industry, innovation and infrastructure 11. Sustainable cities and communities 12. Responsible consumption and production 13. Climate action 14. Life below water 15. Life on land	GRI 102-14, 102-18	*REQ-03 Governance*

Universal Registration Document			SDGs	GRI	TCFD-CDSB *(Climate Change Reporting Framework)*
Chapter /Section #					
4.4.	Targets and key achievements	122	13. Climate action	GRI 102-10, GRI 102-49, GRI 302-4, GRI 302-5, GRI 305-5, GRI 30&-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	127	4. Quality education		
5.	**Ethics and compliance**				
5.1.	Gouvernance et organisation	128	1. No poverty 8. Decent work and economic growth 13. Climate action 16. Peace, justice and strong institutions		
5.2.	Policies and procedures	128	16. Peace, justice and strong institutions		
5.3.	Measures to prevent and combat corruption	129	4. Quality education		
5.4.	Tax regulations and transparency	130	16. Peace, justice and strong institutions		
5.5.	Data protection	130	16. Peace, justice and strong institutions		
5.6.	Duty of care and vigilance plan	131	8. Decent work and economic growth 12. Responsible consumption and production 13. Climate action 16. Peace, justice and strong institutions		

7. Annex: Social and environmental indicators

The elements of information identified with the ✔ symbol have been audited by the independent third party to provide a reasonable assurance opinion.

7.1. Summary of social indicators

WORKFORCE

WORKFORCE BY GEOGRAPHIC AREA (ACQUISITIONS INCLUDED)

Scope/Topic	2019	2018	2017
Group	**46,245**	**44,114**	**41,661**
France	19,499	19,013	18,649
International (excluding France)	26,476	24,849	23,012
of which United Kingdom	6,305	6,407	6,181
of which India	5,726	5,348	5,200
of which Spain	4,189	4,060	3,562
of which Germany	3,363	2,842	2,370
of which Norway	1,792		
of which Italy	1,009		
of which Morocco	308		
Managers (“*cadres*”)	**40,014**	**40,001**	**38,626**

Note
The notion of "cadres" is specific to France and refers to individuals with technical, administrative, legal, commercial or financial training to whom the employer has delegated significant authority over co-workers of every type. In English, these employees are referred to as managers. The number of managers outside France is extrapolated from the figures for France.

FULL-TIME EQUIVALENT (FTE) WORKFORCE (EXCLUDING INTERNS) ✔

Scope/Topic	2019	2018	2017
Group	**44,230**	**42,614**	**40,241**
France	18,849	18,439	18,086
International (excluding France)	25,381	24,175	22,155
of which United Kingdom	6,057	5,903	5,956
of which India	5,724	5,347	5,199
of which Spain	4,128	4,005	3,511
of which Germany	2,733	2,655	2,217
of which Norway	1,790		
of which Italy	944		
of which Morocco	299		

WORKFORCE BY TYPE OF EMPLOYMENT CONTRACT ✔

Scope/Topic	2019	2018	2017
Permanent contracts			
Group	**96.1%**	**95.7%**	**96.1%**
France	95.3%	95.6%	96.3%
International (excluding France)	96.7%	95.7%	96.0%
of which United Kingdom	95.2%	94.1%	96.4%
of which India	99.0%	99.0%	98.6%
of which Spain	97.3%	93.8%	91.8%
of which Germany	94.4%	94.8%	95.1%
of which Norway	99.6%		
of which Italy	94.0%		
of which Morocco	99.7%		
Temporary contracts			
Group	**3.3%**	**3.6%**	**3.3%**
France	4.6%	4.1%	3.4%
International (excluding France)	2.4%	3.3%	3.3%
of which United Kingdom	4.7%	5.9%	3.6%
of which India	1.1%	1.0%	1.4%
of which Spain	2.5%	5.8%	7.9%
of which Germany	1.3%	1.7%	1.6%
of which Norway	0.5%		
of which Italy	0.7%		
of which Morocco	0.3%		
Internships			
Group	**0.6%**	**0.7%**	**0.6%**
France	0.2%	0.3%	0.3%
International (excluding France)	0.9%	1.0%	0.8%
of which United Kingdom	0.1%	0%	0%
of which India	0.0%	0%	0%
of which Spain	0.2%	0.4%	0.3%
of which Germany	4.3%	3.6%	3.3%
of which Norway	0%		
of which Italy	5.4%		
of which Morocco	0%		

AVERAGE LENGTH OF SERVICE FOR EMPLOYEES ON PERMANENT CONTRACTS

Scope/Topic	2019	2018	2017
Group	**7.1**	**7.1**	**7.3**
France	8.0	8.0	8.0
International (excluding France)	6.4	6.4	6.8
of which United Kingdom	10.3	10.7	10.8
of which India	4.4	4.3	4.3
of which Spain	5.0	5.0	5.2
of which Germany	7.5	7.3	8.2
of which Norway	4.1		
of which Italy	6.0		
of which Morocco	4.1		

AVERAGE AGE OF EMPLOYEES ON PERMANENT CONTRACTS

Scope/Topic	2019	2018	2017
Group	**37.8**	**37.8**	**37.8**
France	37.8	37.5	37.5
International (excluding France)	37.8	38.0	38.0
of which United Kingdom	43.6	44.2	44.1
of which India	31.4	31.3	31.2
of which Spain	37.5	37.4	37.4
of which Germany	41.6	41.7	42.7
of which Norway	38.0		
of which Italy	38.0		
of which Morocco	32.0		

TURNOVER RATE FOR EMPLOYEES ON PERMANENT CONTRACTS

Scope/Topic	2019	2018	2017
Group	**17.7%**	**16.9%**	**15.6%**
France	15.9%	16.2%	14.5%
International (excluding France)	18.9%	17.4%	16%
of which United Kingdom	21.7%	19.4%	20%
of which India	19.4%	21.6%	18%
of which Spain	20.5%	16.6%	15%
of which Germany	14.7%	12.4%	11%
of which Norway	12.8%		
of which Italy	13.0%		
of which Morocco	25.5%		

Notes

Turnover rate = [Number of leavers on permanent contracts – Number of leavers on permanent contracts having been with the Group for less than six months]/Number of employees on permanent contracts present on the last day of the reference period (excluding suspended employees).

In 2017, there were 114 redundancies or dismissals among employees on permanent contracts, compared with 120 in 2016.

Attractiveness

NEW STAFF ON ALL TYPES OF EMPLOYMENT CONTRACT ✔

Scope/Topic	2019	2018	2017
Group	**10,844**	**11,662**	**9,500**
France	4,112	4,356	3,645
International (excluding France)	6,732	7,306	5,855
of which United Kingdom	1,155	1,083	998
of which India	1,695	1,636	1,595
of which Spain	1,229	1,414	1,151
of which Germany	651	770	586
of which Norway	499		
of which Italy	219		
of which Morocco	93		

NEW STAFF ON PERMANENT CONTRACTS ✔

Scope/Topic	2019	2018	2017
Group	**8,047**	**9,225**	**7,366**
France	2,570	3,135	2,616
International (excluding France)	5,477	6,090	214,750
of which United Kingdom	942	784	811
of which India	1,620	1,533	1,356
of which Spain	1,084	1,193	895
of which Germany	488	623	466
of which Norway	428		
of which Italy	107		
of which Morocco	61		

Development of talent

TRAINING (EXCLUDING STUDENTS ON WORK PLACEMENTS AND INTERNS) ✔

Scope/Topic	2019	2018	2017
Number of agreements signed during the year	**1,263,354**	**1,244,583**	
France	619,219	596,557	546,090
India	115,630	180,105	161,578
Spain	94,114	136,201	126,882
Germany	103,282	36,972	35,678
Norway	140,874	115,820	94,358
United Kingdom	83,117		
Morocco	14,723	19,651	11,476

Scope/Topic	2019	2018	2017
Number of hours training provided during the year	**180,479**		
France	88,460	85,222	78,013
India	16,519	25,729	23,083
Spain	13,445	19,457	18,126
Germany	14,755	5,282	5,097
Norway	20,125	16,546	13,480
United Kingdom	11,874		
Morocco	2,103	2,807	1,639

Scope/Topic	2019	2018	2017
Average number of days training per person (average FTE)	**4.1**		
France	4.2	4.6	4.3
India	3.0	4.8	4.4
Spain	3.3	4.9	5.2
Germany	5.5	2.0	2.3
Norway	11.8	10	10.3
United Kingdom	1.9		
Morocco	7.1	9.3	5.8

Labour relations

Scope/Topic	2019	2018	2017
Number of agreements signed during the year	**49**	**36**	
France			
UES (economic and employee unit)	6	4	1
Sopra Steria	1	2	2
Sopra Banking Software	7	4	1
I2S	1	3	1
Sopra HR Software	2	3	0
CIMPA	5	5	2
Galitt	2		
Cassiopae			2
Germany			
Sopra Steria	18	10	17
Sopra Banking Software	2	1	1
Sopra HR Software	1	0	1
CIMPA	3	3	3
Belgium			
Sopra Steria	0	0	2
Sopra Banking Software	0	0	0
United Kingdom			
Sopra Steria	0	0	0
Italy			
Sopra Steria	0	1	0
Spain			
Sopra Steria	1		
Number of collective agreements in force	**291**	**241**	
France			
UES (economic and employee unit)	14	16	15
Sopra Steria	14	23	21
Sopra Banking Software	31	21	20
I2S	6	2	3
Sopra HR Software	17	13	13
CIMPA	28	16	12
Cassiopae			0
Galitt	19		
Germany			
Sopra Steria	70		55
Sopra Banking Software	18		15
Sopra HR Software	13		12
CIMPA	33		27
Belgium			
Sopra Steria	11		9
Italy			
Sopra Steria	5		2
United Kingdom			
Sopra Steria	11		12
Spain			
Sopra Steria	1		

Health and safety

WORKING CONDITIONS AND ORGANISATION

Scope/Topic	2019	2018	2017	Notes
France				
Frequency rate of workplace accidents in France	2.47	1.91	1.68	Rates calculated in business days.
Severity rate of workplace accidents in France	0.023	0.056	0.035	Rates calculated in business days.
Absence rate	2.6%	2.5%	2.1%	Rates calculated in business days.

ORGANISATION OF WORK AND WORKING HOURS/PART-TIME WORK – EMPLOYEES ON PERMANENT CONTRACTS AT 31 DECEMBER

Scope/Topic	2019	2018	2017
Group	**5.9%**	**6.1%**	**6.3%**
France	5.9%	6.0%	6.2%
International (excluding France)	5.9%	6.2%	6.3%
of which United Kingdom	12.8%	14.1%	13.0%
of which India	0.1%	0.2%	0.2%
of which Spain	6.3%	5.9%	6.9%
of which Germany	8.8%	9.0%	9.4%

Diversity and equal opportunity

PERCENTAGE OF EMPLOYEES WITH A DISABILITY ✔

Scope/Topic	2019	2018	2017	Notes
France	3.06%	2.72%	2.46%	

FEMALE REPRESENTATION IN THE WORKFORCE

Scope/Topic	2019	2018	2017
Female staff			
Group	**32.0%**	**31.6%**	**31%**
France	29.4%	28.4%	27%
International (excluding France)	34.0%	34.0%	34%
of which United Kingdom	43.7%	44.9%	43%
of which India	33.1%	34.3%	33%
of which Spain	28.6%	27.7%	27%
of which Germany	25.2%	24.1%	24%
of which Norway	27.3%		
of which Italy	28.5%		
of which Morocco	35.1%		
Female recruitment			
Group	**33.1%**	**32.8%**	**31%**
France	30.9%	29.7%	27%
International (excluding France)	34.4%	34.7%	33%
of which United Kingdom	44.2%	48.2%	46%
of which India	35.4%	38.4%	34%
of which Spain	21.9%	23.5%	26%
of which Germany	34.4%	29.9%	27%

Scope/Topic	2019	2018	2017
of which Norway	29.9%		
of which Italy	30.1%		
of which Morocco	41.9%		

Intergenerational approach

REPRESENTATION OF YOUNG PEOPLE AND OLDER EMPLOYEES (INCLUDING INTERNS)

Workforce by age bracket ✔

Scope/Topic	2019	2018	2017
Group			
Under 25	10.0%	9%	9%
More than 55	8.7%	8%	8%
France			
Under 25	10.4%	10%	9%
More than 55	8.8%	8%	7%
International (excluding France)			
Under 25	9.6%	9%	9%
More than 55	8.6%	9%	9%
United Kingdom			
Under 25	8.0%	7%	6%
More than 55	20.1%	20%	20%
India			
Under 25	17.3%	17%	18%
More than 55	0.3%	0.3%	0.3%
Spain			
Under 25	5.4%	6%	5%
More than 55	3.4%	3%	2%
Germany			
Under 25	5.0%	4%	3%
More than 55	15.0%	15%	15%
Norway			
Under 25	2.5%		
More than 55	6.8%		
Italy			
Under 25	11.0%		
More than 55	6.6%		
Morocco			
Under 25	14.4%		
More than 55	0.7%		

PERCENTAGE OF OLDER EMPLOYEES (ALL CONTRACTS, EXCLUDING ACQUISITIONS)

Scope/Topic	2019	2018	2017
Number of employees aged 45 and older	5,186	4,919	4,666
Percentage of older employees (number of employees aged 45 and older divided by the total workforce at 31/12)	27.2%	26%	25.4%
Number of employees aged 55 and older	1,680	1,499	1,338
Percentage of older employees (number of employees aged 55 and older divided by the total workforce at 31/12)	8.8%	8%	7.3%

7.2. Summary of environmental indicators

TOTAL GREENHOUSE GAS EMISSIONS (BUSINESS TRAVEL, ENERGY, FUGITIVE EMISSIONS) ✔

Global greenhouse gas emissions (tCO_2e) – Market-based ✔

	Scope 1				Scope 2				Scope 3				Total Scopes 1, 2 and 3			
Year	**2019**	**2018**	**2017**	**2015**	**2019**	**2018**	**2017**	**2015**	**2019**	**2018**	**2017**	**2015**	**2019**	**2018**	**2017**	**2015**
Business travel**									34,310	35,922	36,653	32,005				
Energy Diesel, gas, biodiesel	2,664	1,685	1,821	2,237												
Grid electricity, district heating – Offices and on-site data centres					1,724	4,658	6,191	15,723								
Grid electricity – Off-site data centres									1,250	1,321	1,142	1,227				
Fugitive emissions	2,048	1,633	1,725													
TOTAL (INCLUDING FUGITIVE EMISSIONS)*	**4,712**	**3,318**	**3,546**		**1,724**	**4,658**	**6,191**		**35,560**	**37,243**	**37,795**		**41,996**	**45,219**	**47,532**	**N/A**
TOTAL (EXCLUDING FUGITIVE EMISSIONS)	**2,664**	**1,685**	**1,821**	**2,237**	**1,724**	**4,658**	**6,191**	**15,723**	**35,560**	**37,243**	**37,795**	**33,232**	**39,948**	**43,586**	**45,807**	**51 192**
TOTAL EMISSIONS PER EMPLOYEE (EXCLUDING FUGITIVE EMISSIONS)													**0.88**	**1.00**	**1.13**	**1.47**
TOTAL EMISSIONS PER EMPLOYEE (INCLUDING FUGITIVE EMISSIONS)													**0.93**	**1.04**	**1.18**	

Change in emissions per employee, 2019 compared with 2018 (including fugitive emissions and joint ventures) **10.8% reduction**

Change in emissions per employee, 2019 compared with 2015 (fugitive emissions included in 2019, hotel stays excluded in 2015, joint ventures excluded in 2015 but included in 2019) **36.7% reduction**

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. For 2019, the scope for the calculation of indicators includes all entities over which the Group has operational control (and therefore includes the NHS SBS and SSCL joint venture sites) but does not include Groupe SAB or Sopra Financial Technology GmbH.

For other years, the scope of calculated indicators includes all entities over which the Group has operational control (and therefore includes NHS SBS and SSCL joint venture sites) but does not include Kentor, Galitt, Beamap, Cassiopae or 2MoRO.

** Fugitive emissions when available (not available for off-site data centres).*

*** Data taking into account emission reductions due to green business travel in Germany (37,164 tCOe, excluding the reduction in 2019).*

ENERGY CONSERVATION AND GREENHOUSE GAS EMISSIONS BY COUNTRY

		RESOURCE CONSERVATION ✔							GREENHOUSE GAS EMISSIONS ✔					
		Offices and on-site data centres			On- and off-site data centres				Offices and on-site data centres		On- and off-site data centres		Business travel	Fugitive emissions
		Energy consumption		Proportion of electricity consumption from renewable sources ****	Energy consumption			Proportion of total electricity consumption from renewable sources	Greenhouse gas emissions: market-based		Greenhouse gas emissions: market-based		Air + road + train + hotels **	
	Scope	Scope 1	Scope 2	Scope 2	Scope 1	Scopes 2 and 3	Scopes 1, 2 and 3	Scopes 2 and 3	Scope 1	Scope 2	Scope 1	Scopes 2 and 3	Scope 3	Scope 1
	Unit	MWh	MWh		MWh	MWh	MWh		tCO_2e	tCO_2e	tCO_2e	tCO_2e	tCO_2e	tCO_2e
TOTAL	**2019**	**14,682**	**67,507**	**90%**	**139**	**25,544**	**25,683**	**50%**	**2,664**	**1,724**	**34**	**1,270**	**37,164**	**2,048**
	2018	13,742	67,448	78%	254	32,827	33,081	60%	1,685	4,658	58	2,084	38,176	1,633
	2017	13,643	66,540	76%	314	33,769	34,083	61%	1,821	6,391	68	1,854	38,133	1,725
	2016	12,987	63,043	69%	367	35,403	35,770	63%	2,430	7,190	88	2,578	36,555	
	2015	12,623	63,563	20%	555	35,208	35,763		2,237	15,723	132	3,829		
Africa	**2019**	**0**	**915**	**100%**	**0**	**53**	**53**	**100%**	**0**	**0**	**0**	**0**	**462**	**4.6**
	2018	0	821	0%	0	53	53		0	416	0	36	547.1	5
	2017	0	606	0%	0	0	0		0	377	0	0	461	4.4
	2016	0	1,612	0%	0	0	0		0	959	0	0	412	0
	2015	0	445	0%	0	0	0		0	259	0	0		0
Germany, Austria	**2019**	**97**	**1,930**	**77%**	**0**	**130**	**130**	**0%**	**18**	**377**	**0**	**94**	**9,460**	**5**
	2018	0	1,564	87%	0	141	141	0%	0	308	0	103	9,164.0	5
	2017	0	1,987	86%	0	422	422	63%	0	324	0	114	9,046	6.2
	2016	0	2,177	96%	0	792	792		0	251	0	221	8,183	
	2015	0	2,337	93%	0	1,007	1,007		0	358	0	0		
Benelux	**2019**	**1,694**	**1,770**	**10%**	**0**	**829**	**829**	**58%**	**312**	**365**	**0**	**86**	**1,152**	**9**
	2018	1,308	2,162	19%	74	829	902	72%	241	275	14	29	1,900	13
	2017	2,196	2,394	38%	145	2,218	2,364	64%	404	293	27	145	1,208	21
	2016	1,129	2,275	51%	69	1,234	1,302		229	487	14	0	2,548	0
	2015	1,029	2,333	51%	64	1,122	1,186		190	0	0	0		0
Brazil	**2019**	**0**	**84**	**0%**	**0**	**0**	**0**		**0**	**10**	**0**	**0**	**39**	**0.4**
	2018	0	208	0%	0	0	0		0	25	0	0	45	1
Bulgaria	**2019**	**0**	**31**	**0%**	**0**	**0**	**0**		**0**	**15**	**0**	**0**	**32**	**0.1**
China	**2019**	**0**	**54**	**0%**	**0**	**0**	**0**		**0**	**34**	**0**	**0**	**16.5**	**0.3**
	2018												6.6	
Spain	**2019**	**0**	**4,034**	**100%**	**0**	**0**	**0**		**0**	**0**	**0**	**0**	**1,359**	**20**
	2018	0	4,107	84%	0	0	0		0	293	0	0	1,694	13
	2017	0	2,853	0%	0	0	0		0	1,140	0	0	2,182	10.9
	2016	0	3,184	0%	0	0	0		0	1,397	0	0	1,733	
	2015	0	1,673	0%	0	0	0		0	484	0	0		
United States	**2019**	**29**	**65**	**0%**	**0**	**0**	**0**		**7**	**27**	**0**	**0**	**33**	**0.3**
	2018	17	78	0%	0	0	0		4	34	0	0	17	0
France	**2019**	**2,524**	**31,901**	**86%**	**0**	**13,108**	**13,108**	**18%**	**374**	**765**	**0**	**573**	**14,138**	**194**
	2018	2,812	30,510	86%	0	13,442	13,442	28%	260	782	0	554	15,263	427
	2017	1,938	26,434	80%	0	13,511	13,511	31%	112	757	0	434	16,342	144
	2016	5,390	26,489	75%	0	12,684	12,684		739	822	0	332	15,267	
	2015	2,935	28,318	1%	0	10,974	10,974		284	2,195	0	644		
India	**2019**	**640**	**10,157**	**100%**	**123**	**2,061**	**2,183**	**100%**	**162**	**0**	**31**	**0**	**4,627**	**1,775**
	2018	753	10,223	100%	164	2,173	2,337	100%	189	0	41	0	3,302.5	1,132
	2017	1,015	12,763	100%	144	1,995	2,139	100%	256	0	36	0	2,582	1,355
	2016	1,655	12,244	100%	277	1,792	2,070		417	0	70	0	2,687	
	2015	2,900	11,684	0%	467	2,206	2,673		653	9,581	115	1,696		

	RESOURCE CONSERVATION ✔								GREENHOUSE GAS EMISSIONS ✔					
	Offices and on-site data centres				On- and off-site data centres				Offices and on-site data centres		On- and off-site data centres		Business travel	Fugitive emissions
	Energy consumption			Proportion of electricity consumption from renewable sources ****	Energy consumption			Proportion of total electricity consumption from renewable sources	Greenhouse gas emissions: market-based		Greenhouse gas emissions: market-based		Air + road + train + hotels **	
	Scope	Scope 1	Scope 2	Scope 2	Scope 1	Scopes 2 and 3	Scopes 1, 2 and 3	Scopes 2 and 3	Scope 1	Scope 2	Scope 1	Scopes 2 and 3	Scope 3	Scope 1
	Unit	MWh	MWh		MWh	MWh	MWh		tCO_2e	tCO_2e	tCO_2e	tCO_2e	tCO_2e	tCO_2e
Italy	2019	381	569	100%	0	0	0		70	0	0	0	665.7	3
	2018	159	578	0%	0	0	0		29	276	0	0	665.9	3
	2017	131	606	0%	0	0	0		24	282	0	0	580	4.8
	2016	132	802	0%	0	0	0		27	348	0	0	508	
	2015	157	723	0%	0	0	0		29	288	0	0		
Poland	2019	16	532	100%	16	98	115	6%	3	**28**	3	84	163.3	0
	2018	16	481	100%	16	99	115	9%	3	27	3	75	217.6	0
	2017	24	804	0%	24	27	51		4	619	4	3	226	0
	2016	21	657	0%	21	567	588		4	509	4	493	151	
	2015	24	780	0%	24	361	385		5	502	5	282		
United Kingdom	2019	9,208	12,831	100%	0	4,951	4,951	93%	1,696	**0**	0	154	3,527.8	33
	2018	8,565	13,712	60%	0	10,130	10,130	78%	933	2 016	0	929	3,907.3	32
	2017	8,177	14,844	60%	0	11,412	11,412	79%	981	2 317	0	957	4,443	173
	2016	4,563	10,840	72%	0	14,298	14,298		992	1 450	0	832	4,195	
	2015	5,462	12,176	70%	0	14,595	14,595		1,067	1 844	0	1,037		
Singapore	2019	0	235	100%	0	0	0		0	**0**	0	0	88.8	0
	2018	0	242	0%	0	0	0		0	96	0	0	99.4	0
	2017	0	463	0%	0	0	0		0	202	0	0	89	0
	2016	0	243	0%	0	0	0		0	111	0	0	91	
	2015	0	79	0%	0	0	0			40	0	0		
Scandinavia	2019	0	1,945	100%	0	3,924	3,924	75%	0	**102**	0	279	1,180.3	0
	2018	0	2,407	100%	0	4,032	4,032	82%	0	103	0	359	1,067.3	0
	2017	0	2,451	100%	0	3,753	3,753	88%	0	74	0	201	704	0
	2016	0	2,182	10%	0	3,598	3,598		0	849	0	699	496	0
	2015	0	2,362	20%	0	3,841	3,841		0	90	0	26		0
Switzerland	2019	92	453	100%	0	390	390	100%	22	**1**	0	0	220.4	2
	2018	111	355	100%	0	1,928	1,928	100%	25	7	0	0	278.3	2
	2017	163	335	100%	0	431	431	100%	39	6	0	0	270	6
	2016	97	339	100%	0	433	433		23	6	0	0	283	
	2015	116	653	99%	0	1,103	1,103		9	23	0	144		

* *Africa includes Algeria, Cameroon, Côte d'Ivoire, Gabon, Morocco and Tunisia.*
** *Data not taking into account emission reductions due to green business travel in Germany. Including these emission reductions resulting from green business travel, the amounts would be: 34,310 tCOe in 2019, 35,922 tCOe in 2018, 36,653 tCOe in 2017 and 35,316 tCOe in 2016.*
*** *Data not published in the 2015 and 2016 reports.*
**** *Joint ventures sites are only included from 2018.*
The scope for the calculation of business travel indicators includes all entities over which the Group has operational control but does not include Groupe SAB or Sopra Financial Technology GmbH.
The scope for the calculation of energy indicators includes all entities over which the Group has operational control but does not include Groupe SAB or Sopra Financial Technology GmbH.

RESOURCE CONSERVATION ✔

ENERGY CONSUMPTION ✔

(MWh)		Scope 1				Scope 2				Scope 3			Total Scopes 1, 2 and 3		
Year		**2019**	**2018**	**2017**	**2015**	**2019**	**2018**	**2017**	**2015**	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**
Offices	Diesel, gas, biodiesel	14,543	13,488	13,330	12,623										
	District heating					3,933	3,705	3,803	63,563						
	Grid electricity					54,650	48,976	45,707							
On-site data centres	Diesel, gas, biodiesel	139	254	314											
	Grid electricity					8,924	14,768	17,035							
Off-site data centres	Grid electricity									16,621	18,059	16,421			
TOTAL ENERGY		**14,682**	**13,742**	**13,644**	**12,623**	**67,507**	**67,488**	**66,545**	**63,563**	**16,621**	**18,059**	**16,421**	**98,809**	**99,249**	**96,610**
TOTAL ENERGY CONSUMPTION PER EMPLOYEE *(MWH/EMPLOYEE)*													**2.2**	**2.3**	**2.4**
2019/2018 change in energy consumption per employee													**-4.3%**		

Scope 1: combustion of fossil fuels (petroleum, fuel oil and gas), use of biodiesel and emissions of coolants from air conditioning systems.
Scope 2: consumption of grid electricity and district heating in offices and on-site data centres.
Scope 3: consumption of grid electricity in off-site data centres.
The scope for the calculation of indicators includes all entities over which the Group has operational control (and therefore includes the NHS SBS and SSCL joint venture sites) but does not include Groupe SAB or Sopra Financial Technology GmbH. Joint ventures sites are only included from 2017.

WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT (WEEE) ✔

	Quantity *(kg)*				Of which reused				Of which recycled				Of which incinerated			Of which sent to landfill sites		
Year	**2019**	**2018**	**2017**	**2015**	**2019**	**2018**	**2017**	**2015**	**2019**	**2018**	**2017**	**2015**	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**
Germany/Austria	4,325	7,562	6,226	2,605	25.9%	11.8%	19.1%	98%	70.7%	84.3%	79.8%		3.3%	3.7%	1.1%	0.22%	0.23%	0%
Benelux	6,471	4,735	4,741		34%	79.6%	74.7%		61%	17.6%	18.6%		1%	1.4%	5.1%	4%	1.36%	1.6%
Spain	6,250	7,315	5,953	454	69.8%	55.7%	22.4%		30.1%	9.3%	66.5%		0%	0%	11.0%	0.11%	35%	0%
France	19,724	15,412	26,863	20,939	44.3%	68.8%	66.1%	43%	50.6%	27.5%	27.6%	56%	2.8%	2.1%	4.8%	2.3%	1.65%	1.6%
India	17,328	36,558	21,732	107,181	0%	0%	0%	75%	99.3%	99.7%	100.0%	25%	0.7%	0.3%	0%	0%	0%	0%
Italy	268	1,126	**	627	72.7%	76.4%	0%	80%	23.6%	19.7%	0%		1.9%	2.1%	0%	1.82%	1.71%	0%
Norway + Denmark	1,172	985	1,048	143,317	0%	25.2%	69.1%		92%	69.5%	30.9%		0%	0%	0%	8%	5.3%	0%
Poland	658	423	673	53	12%	12%	100%	100%	86.8%	86.7%	0%		1.2%	1.3%	0%	0%	0%	0%
United Kingdom	19,426	19,990	15,066	25,674	27.3%	13%	39.2%	100%	68.8%	82.4%	60.4%		4%	4.6%	0%	0%	0%	0.4%
Sweden	7,021	750	16	566	67.8%	68%	100%		31.9%	32%	0%		0%	0%	0%	0.3%	0%	0%
Switzerland	303	286	291	688	0%	0%	99.6%	0%	100%	100%	0.4%		0%	0%	0%	0%	0%	0%
TOTAL	**82,947**	**95,242**	**82,609**	**160,246***	**32.3%**	**24.9%**	**38%**		**64.7%**	**70.2%**	**58.2%**		**2%**	**1.8%**	**2.7%**	**1.06%**	**3.1%**	**0.7%**
Total/ employee *(kg/employee)*	**1.9**	**2.2**	**2.1**	**4.6**														

The scope for the calculation of indicators includes all entities over which the Group has operational control (and therefore includes the NHS SBS and SSCL joint venture sites) but does not include Groupe SAB or Sopra Financial Technology GmbH. Joint venture sites are included from 2017.
** Total based on data available.*
*** WEEE stored on site.*

PAPER AND CARDBOARD WASTE BY COUNTRY ✔

	Quantity *(kg)*					Of which recycled					Of which incinerated				
Year	**2019**	**2018**	**2017**	**2016**	**2015**	**2019**	**2018**	**2017**	**2016**	**2015**	**2019**	**2018**	**2017**	**2016**	**2015**
Germany/Austria	21,868	67,076	47,530	43,565	45,214	100%	100%	100%	98%	98%	0%	0%	0%	2%	2%
Benelux	46,962	78,079	58,745	80,569		100%	100%	100%	75%		0%	0%	0%	25%	
Denmark	909	814	1,580	1,580	827	100%	100%	100%	100%	100%	0%	0%	0%	0%	
Spain	11,625	11,192	11,440	9,938		100%	100%	100%	100%		0%	0%	0%	0%	
France	109,168	94,192	71,804	60,342	96,269	84.8%	84.9%	87%	83.9%	89%	15.2%	15.1%	13%	16.1%	13%
India	12,506	13,415	14,025	28,410	27,217	100%	100%	100%	100%	100%	0%	0%	0%	0%	0%
Italy	2,800	2,668	2,730			100%	100%	97%			0%	0%	3%		
Norway	25,446	21,058	19,168	5,782	7,670	100%	100%	100%	100%	100%	0%	0%	0%	0%	
Poland	2,731	2,440	2,553			97%	97%	97%			3%	3%	3%		
United Kingdom	173,509	159,746	200,382	131,839	146,900	100%	100%	100%	100%	100%	0%	0%	0%	0%	
Sweden	7,000	5,064	4,679		802	100%	100%	97%		100%	0%	0%	3%		
Switzerland	599	530	560	3,700	3,549	100%	100%	100%	100%	99%	0%	0%	0%	0%	
TOTAL	**415,122**	**456,274**	**435,196**	**365,725***	**328,448***	**96%**	**97%**	**97%**	**92%**		**4%**	**3%**	**3%**	**8%**	
Total per employee *(kg/employee)*	**9.4**	**10.5**	**10.8**	**10.0**	**9.4**										

The scope for the calculation of indicators includes all entities over which the Group has operational control (and therefore includes the NHS SBS and SSCL joint venture sites) but does not include Groupe SAB or Sopra Financial Technology GmbH. Joint venture sites are included from 2017.
** Total based on data available.*

PURCHASES OF CERTIFIED PAPER FROM SUSTAINABLE SOURCES BY COUNTRY ✔

	Total paper purchased *(kg)*			Percentage of paper from sustainable sources			Paper purchased per employee *(kg/employee)*		
Year	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**
Germany/Austria	3,216	3,771	4,946	89%	93%	81%	1.09	1.40	2.11
Benelux	4,067	3,505	2,941	100%	95%	100%	4.14	3.44	2.81
Spain	7,861	5,875	8,208	70%	70%	70%	1.88	1.45	2.30
France	55,268	57,077	66,747	48%	26%	70%	2.89	3.05	3.69
India	8,296	8,429	7,897	71%	71%	100%	1.45	1.62	1.55
Italy	2,790	3,119	3,443	70%	100%	100%	2.76	3.22	4.05
Poland	575	903	646	100%	92%	100%	0.58	1.02	0.81
United Kingdom	11,173	13,835	13,942	79%	85%	84%	3.11	3.81	3.61
Scandinavia*	2,304	2,163	1,685	65%	68%	68%	1.01	1.05	1.23
Singapore	699	694	881	70%	70%	70%	5.42	5.14	7.53
Switzerland	624	1,127	1,073	76%	88%	89%	2.5	4.53	4.19
TOTAL	**96,873**	**100,498**	**112,409**	**60%**	**50%**	**76%**	**2.35**	**2.54**	**3.01**

Scandinavia includes Sweden, Norway and Denmark.
The scope for the calculation of indicators includes all entities over which the Group has operational control and does not include Groupe SAB, Sopra Financial Technology GmbH or the NHS SBS and SSCL joint venture sites.

WATER USE BY COUNTRY ✔

	Volume *(cu. metres)*		
Year	**2019**	**2018**	**2017**
Africa*	5,292	4,795	2,829
Germany/Austria	5,200	5,495	6,054
Benelux**	2,828	4,933	2,717
Brazil	650	341	N/A
Bulgaria	30	N/A	N/A
China	131	N/A	N/A
Spain	14,382	14,239	8,349
United States	499	N/A	N/A
France	74,874	86,855	55,760
India	63,433	63,903	136,948
Italy	4,205	3,666	2,585
Poland	4,254	3,465	3,106
United Kingdom	57,841	32,905	21,272
Scandinavia**	12,433	7,776	4,246
Singapore	705	511	356
Switzerland	228	285	258
TOTAL	**246,985**	**227,938**	**244,480**
Total *(cu. metres/employee)*	**5.5**	**5.2**	**6.0**

* *Africa includes Algeria, Cameroon, Côte d'Ivoire, Gabon, Morocco and Tunisia.*
** *Benelux includes Belgium, Luxembourg and the Netherlands.*
The scope for the calculation of indicators includes all entities over which the Group has operational control and does not include Groupe SAB or Sopra Financial Technology GmbH.
Joint ventures sites are only included from 2017.
*** *Scandinavia includes Sweden, Norway and Denmark.*

8. Report by the independent third party on the consolidated statement of non-financial performance presented in the management report

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), we hereby report to you on the consolidated statement of non-financial performance for the year ended 31 December 2019 (hereinafter referred to as the "Statement"), presented in the management report, pursuant to the legal and regulatory provisions of Articles L. 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 presented in the Statement or available on the website or 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, to express a reasonable assurance opinion about whether the information selected by the entity (see 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 its effects as regards respect for human rights, anticorruption 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;

- 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 the Statement;
- 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 (see Annex) we considered most important, we: Annex) we considered the 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 (see Annex) and covered between 32% and 96% 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 a 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 2019 and February 2020 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, and Sustainable Development Departments.

CONCLUSION

In the course of our work, we noted that the hours of long-term training delivered during the reporting period had only been partially recognised, resulting in an undervaluation in the number of reported hours.

Based on the work performed and apart from the aforementioned issue, 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 the symbol ✔, 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 55% of the workforce and between 50% and 96% of environmental data identified by the symbol ✔.

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 symbol ✔.

CONCLUSION

In our opinion, the information selected by the Company and identified by the symbol ✔ has been prepared, in all material respects, in accordance with the Guidelines.

Paris La Défense, 9 April 2020

Independent third party

Mazars SAS

Bruno POUGET *Partner*	Edwige REY *CSR & Sustainable Development Partner*

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
■ Workforce by age bracket and type of employment contract ✔ ■ Workforce (FTE) ✔ ■ New hires ✔ ■ Turnover rate for staff on permanent contracts	■ France (Sopra Steria Group SA, Sopra HR Software, Sopra Banking Software, Beamap, Sopra Steria I2S, CIMPA SAS, Galitt, 2MoRO) ■ United Kingdom (Sopra Steria Ltd) ■ Norway (Sopra Steria AS) ■ Italy (Sopra Steria Group)
■ Number of hours and days of training ✔ ■ Average number of training days per employee ✔	■ France (Sopra Steria Group SA, Sopra HR Software, Sopra Banking Software, Beamap, Sopra Steria I2S, CIMPA SAS, Galitt, 2MoRO) ■ United Kingdom (Sopra Steria Ltd) ■ Norway (Sopra Steria AS) ■ Italy (Sopra Steria Group)
Percentage of employees with a disability ✔	■ France (Sopra Steria Group SA, Sopra Steria I2S, Sopra Steria Banking Software, Sopra Steria HR Software, CIMPA SAS, Galitt)
■ Energy consumption per employee ✔ ■ Energy consumption (offices and on-site data centres) ✔ ■ Energy consumption of data centres (on-site and off-site) ✔ ■ Proportion of electricity consumption for offices and on-site data centres provided by renewable energies ✔ ■ Greenhouse gas emissions from energy consumption (offices and on-site data centres) ✔ ■ Greenhouse gas emissions from energy consumption of data centres (on-site and off-site) ✔ ■ Greenhouse gas emissions – Scopes 1, 2 and 3 per employee	■ France (Sopra Steria Group SA, Sopra HR Software, Sopra Banking Software, Sopra Steria I2S, CIMPA SAS, Galitt, 2MoRO, OR System, Beamap, Cassiopae, Neospheres Consulting) ■ United Kingdom (Sopra Steria Ltd, Sopra Banking Software Ltd, Sopra HR Software Ltd, CIMPA Ltd, NHS Shared Business Services, SSCL, Cassiopae, Apak) ■ Spain (Sopra Steria España S.A.U., Sopra Steria Euskadi S.L., Sopra HR Software S.L., CIMPA PLM Espana SL, Sopra Financial Solutions Iberia S.L.)
■ Greenhouse gas emissions – Business travel ✔	■ France (Sopra Steria Group SA, Sopra HR Software, Sopra Banking Software, Sopra Steria I2S, Beamap, CIMPA SAS, Galitt, Tecfit, Neospheres Consulting, OR System, 2MoRO, Cassiopae) ■ Germany (Sopra HR Software GmbH, Sopra Banking Software GmbH, Sopra Steria GmbH, ISS Software GmbH, Sopra Steria Services GmbH, CIMPA GmbH, IT-economics GmbH, Cassiopae, Bluecarat) ■ Poland (Steria Polska)
■ Quantity of WEEE generated per employee ✔ ■ Proportion of waste electrical and electronic equipment given a second life ✔	■ France (Sopra Steria Group SA, Sopra HR Software, Sopra Banking Software, Sopra Steria I2S, CIMPA SAS, Galitt, 2MoRO, OR System, Beamap, Cassiopae) ■ India (Steria India Ltd, Cassiopae India PLC) ■ Germany (Sopra HR Software GmbH, Sopra Banking Software GmbH, Sopra Steria GmbH, ISS Software GmbH, Sopra Steria Services GmbH, CIMPA GmbH, IT-economics GmbH, Bluecarat)
■ Water consumption (offices and on-site data centres) ■ Water consumption per employee	■ India (Steria India Ltd, Cassiopae India PLC) ■ Spain (Sopra Steria España S.A.U., Sopra Steria Euskadi S.L., Sopra HR Software S.L., Sopra Financial Solutions Iberia S.L.)
■ Quantity of "green" paper purchased per employee ✔	■ France (Sopra Steria Group SA, Sopra HR Software, Sopra Banking Software, Sopra Steria I2S, CIMPA SAS, Galitt, 2MoRO, OR System, Beamap, Cassiopae) ■ Italy (Sopra Steria Group, Sopra HR Software)
■ Quantity of paper and cardboard waste per employee ✔ ■ Percentage of paper and cardboard waste recycled ✔	■ France (Sopra Steria Group SA, Sopra HR Software, Sopra Banking Software, Sopra Steria I2S, CIMPA SAS, Galitt, 2MoRO, OR System, Beamap, Cassiopae) ■ United Kingdom (Sopra Steria Ltd, Sopra Banking Software Ltd, Sopra HR Software Ltd, CIMPA Ltd, NHS Shared Business Services, SSCL, Cassiopae, Apak) ■ Norway (Steria AS)
■ Direct fugitive greenhouse gas emissions (offices and on-site data centres) ✔	■ France (Sopra Steria Group SA, Sopra HR Software, Sopra Banking Software, Sopra Steria I2S, CIMPA SAS, Galitt, 2MoRO, OR System, Beamap, Cassiopae, Neospheres Consulting) ■ India (Steria India Ltd, Cassiopae India PLC)
■ Greenhouse gas emissions arising from purchasing expenditure (calculated per million euros)	■ France (Sopra Steria Group SA, Sopra HR Software, Sopra Banking Software, Beamap, Sopra Steria I2S, CIMPA SAS, Galitt, 2MoRO, OR System, Beamap, Cassiopae) ■ United Kingdom (Sopra Steria Ltd, Sopra Banking Software Ltd, Sopra HR Software Ltd, CIMPA Ltd, NHS Shared Business Services, SSCL, Cassiopae)

5. 2019 Consolidated Financial Statements

Consolidated statement of net income

(in millions of euros)	Notes	Financial year 2019	Financial year 2018
Revenue	*4.1*	**4,434.0**	**4,095.3**
Staff costs	*5.1*	-2,668.5	-2,441.5
External expenses and purchases	*4.2.1*	-1,234.5	-1,254.5
Taxes and duties		-32.5	-37.1
Depreciation, amortisation, provisions and impairment		-157.9	-55.2
Other current operating income and expenses	*4.2.2*	13.7	1.0
Operating profit on business activity		**354.3**	**307.9**
as % of revenue		*8.0%*	*7.5%*
Expenses related to stock options and related items	*5.4*	-11.1	-22.8
Amortisation of allocated intangible assets		-28.9	-24.3
Profit from recurring operations		**314.2**	**260.8**
as % of revenue		*7.1%*	*6.4%*
Other operating income and expenses	*4.2.3*	-31.0	-34.2
Operating profit		**283.2**	**226.6**
as % of revenue		*6.4%*	*5.5%*
Cost of net financial debt	*12.1.1*	-9.9	-7.8
Other financial income and expenses	*12.1.2*	-14.7	-11.7
Tax expense	*6.1*	-87.3	-82.0
Net profit from associates	*10.1*	1.8	3.6
Net profit from continuing operations		**173.1**	**128.7**
Net profit from discontinued operations		-	-
Consolidated net profit		**173.1**	**128.7**
as % of revenue		*3.9%*	*3.1%*
Non-controlling interests	*14.1.5*	12.7	3.6
NET PROFIT ATTRIBUTABLE TO THE GROUP		**160.3**	**125.1**
as % of revenue		*3.6%*	*3.1%*
EARNINGS PER SHARE *(IN EUROS)*	*Notes*		
Basic earnings per share	*14.2*	7.92	6.20
Diluted earnings per share	*14.2*	7.88	6.17

Consolidated statement of comprehensive income

(in millions of euros)	Notes	Financial year 2019	Financial year 2018
Consolidated net profit		**173.1**	**128.7**
Other comprehensive income:			
Actuarial gains and losses on pension plans	*5.3*	-14.5	36.8
Tax impact		3.9	-6.6
Related to associates		-0.2	-
Change in fair value of financial assets (non-consolidated securities)		-0.1	-3.9
Subtotal of items recognised in equity and not reclassifiable to profit or loss		**-11.0**	**26.4**
Translation differences	*14.1.4*	38.2	-11.0
Change in net investment hedges		-14.9	-0.2
Tax impact on net investment hedges		5.1	-0.1
Change in cash flow hedges		-2.7	2.5
Tax impact on cash flow hedges		1.1	-1.0
Related to associates	*10.2*	0.9	3.5
Subtotal of items recognised in equity and reclassifiable to profit or loss		**27.7**	**-6.3**
Other comprehensive income, total net of tax		**16.7**	**20.0**
COMPREHENSIVE INCOME		**189.8**	**148.7**
Non-controlling interests	*14.1.5*	13.7	3.5
Attributable to the Group		**176.1**	**145.3**

Consolidated statement of financial position

Assets *(in millions of euros)*	**Notes**	**31/12/2019**	**31/12/2018**
Goodwill	*8.1*	1,813.9	1,708.5
Intangible assets	*8.2*	272.9	253.5
Property, plant and equipment	*8.3*	143.4	144.7
Right-of-use assets	*9.1*	320.4	-
Equity-accounted investments	*10.2*	195.0	195.1
Other non-current assets	*7.1*	58.3	38.9
Retirement benefits and similar obligations	*5.3*	2.0	2.0
Deferred tax assets	*6.3*	120.0	96.9
Non-current assets		**2,926.0**	**2,439.6**
Trade accounts receivable	*7.2*	1,074.3	1,091.0
Other current assets	*7.3*	348.3	286.8
Cash and cash equivalents	*12.2*	197.5	170.3
Current assets		**1,620.1**	**1,548.1**
Assets held for sale		-	-
TOTAL ASSETS		**4,546.2**	**3,987.7**

Liabilities and equity *(in millions of euros)*	**Notes**	**31/12/2019**	**31/12/2018**
Share capital		20.5	20.5
Share premium		531.5	531.5
Consolidated reserves and other reserves		660.3	619.1
Profit for the year		160.3	125.1
Equity attributable to the Group		**1,372.7**	**1,296.2**
Non-controlling interests		**49.5**	**32.9**
TOTAL EQUITY	*14.1*	**1,422.2**	**1,329.2**
Financial debt – Non-current portion	*12.3*	494.4	338.3
Lease liabilities – Non-current portion	*9.2*	257.2	-
Deferred tax liabilities	*6.3*	22.0	17.3
Retirement benefits and similar obligations	*5.3*	352.0	317.5
Non-current provisions	*11.1*	62.3	59.9
Other non-current liabilities	*7.4*	112.2	99.9
Non-current liabilities		**1,300.0**	**832.9**
Financial debt – Current portion	*12.3*	217.1	452.9
Lease liabilities – Current portion	*9.2*	84.9	-
Current provisions	*11.1*	14.8	21.6
Trade payables and related accounts		286.3	294.9
Other current liabilities	*7.5*	1,220.9	1,056.2
Current liabilities		**1,823.9**	**1,825.6**
Liabilities held for sale		-	-
TOTAL LIABILITIES		**3,124.0**	**2,658.5**
TOTAL LIABILITIES AND EQUITY		**4,546.2**	**3,987.7**

Consolidated statement of changes in equity

(in millions of euros)	Share capital	Share premium	Treasury shares	Consolidated reserves and retained earnings	Other compre hensive income	Total attribu-table to Group	Non-controlling interests	Total
At 31/12/2017	**20.5**	**531.5**	**-40.4**	**830.8**	**-135.9**	**1,206.5**	**30.7**	**1,237.2**
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
Shareholder transactions	**-**	**-**	**-2.4**	**-52.0**	**-1.1**	**-55.5**	**-1.3**	**-56.8**
Net profit for the period	-	-	-	125.1	-	125.1	3.6	128.7
Other comprehensive income	-	-	-	-	20.1	20.1	-0.1	20.0
Comprehensive income for the period	**-**	**-**	**-**	**125.1**	**20.1**	**145.3**	**3.5**	**148.8**
At 31/12/2018	**20.5**	**531.5**	**-42.8**	**903.9**	**-116.9**	**1,296.2**	**32.9**	**1,329.2**
Share capital transactions	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	8.9	-	8.9	0.2	9.1
Transactions in treasury shares	-	-	-3.2	-9.0	-	-12.2	-	-12.2
Ordinary dividends	-	-	-	-37.6	-	-37.6	-2.3	-39.8
Changes in scope	-	-	-	-0.5	-	-0.5	20.8	20.3
Put option on minority interests	-	-	-	-35.7	-	-35.7	-15.4	-51.1
First-time application of IFRS 16	-	-	-	-22.9	-	-22.9	-0.4	-23.3
Other movements	-	-	-	0.4	-0.1	0.3	-	0.3
Shareholder transactions	**-**	**-**	**-3.2**	**-96.3**	**-0.1**	**-99.7**	**2.9**	**-96.8**
Net profit for the period	-	-	-	160.3	-	160.3	12.7	173.1
Other comprehensive income	-	-	-	-	15.8	15.8	0.9	16.7
Comprehensive income for the period	**-**	**-**	**-**	**160.3**	**15.8**	**176.1**	**13.7**	**189.8**
AT 31/12/2019	**20.5**	**531.5**	**-46.1**	**967.9**	**-101.2**	**1,372.7**	**49.5**	**1,422.2**

Consolidated cash flow statement

(in millions of euros)	Notes	Financial year 2019	Financial year 2018
Consolidated net profit (including non-controlling interests)		**173.1**	**128.7**
Net increase in depreciation, amortisation and provisions		199.8	80.4
Unrealised gains and losses related to changes in fair value		-2.2	0.2
Expenses and income related to stock options and related items	*5.4*	9.1	19.9
Gains and losses on disposal		-6.5	0.3
Share of net profit/(loss) of equity-accounted companies	*10.1*	-1.8	-3.6
Cost of net financial debt (including interest on lease liabilities)	*12.1.1*	19.8	7.8
Tax expense	*6.1*	87.3	82.0
Cash from operations before change in working capital requirement (A)		**478.6**	**315.7**
Tax paid (B)		-81.0	-63.4
Change in operating working capital requirement (C)	*13.2*	25.3	-23.1
Net cash from operating activities (D) = (A +B +C)		**422.9**	**229.2**
Purchase of property, plant and equipment and intangible assets	*13.1*	-49.8	-61.9
Proceeds from sale of property, plant and equipment and intangible assets		0.1	0.1
Purchase of non-current financial assets		-5.1	-2.6
Proceeds from sale of non-current financial assets		3.6	0.2
Cash impact of changes in scope		-62.8	-167.7
Dividends received (equity-accounted companies, non-consolidated securities)		2.9	1.4
Proceeds from/(Payments on) loans and advances granted		-1.2	-2.3
Net interest received		0.1	-
Net cash from/(used in) investing activities (E)		**-112.2**	**-232.8**
Proceeds on the exercise of stock options		-	-
Purchase and sale of treasury shares	*13.1*	-2.8	-23.4
Dividends paid to shareholders of the parent company	*14.1.3*	-37.6	-48.7
Dividends paid to the minority interests of consolidated companies		-2.3	-
Proceeds from/(Payments on) borrowings	*13.3*	-72.3	114.3
Lease payments		-109.8	-
Net interest paid (excluding interest on lease liabilities)		-11.3	-6.4
Additional contributions related to defined-benefit pension plans	*5.3.1*	-24.1	-23.4
Other cash flows relating to financing activities		-15.2	-0.8
Net cash from/(used in) financing activities (F)		**-275.2**	**11.6**
Impact of changes in foreign exchange rates (G)		-2.6	-4.1
NET CHANGE IN CASH AND CASH EQUIVALENTS (D +E +F+G)		**32.8**	**3.9**
Opening cash position		159.8	155.9
Closing cash position	*12.2*	192.6	159.8

Notes to the consolidated financial statements

The Group's consolidated financial statements for the year ended 31 December 2019 were approved by the Board of Directors at its meeting held on 9 April 2020. The notes to the financial statements form an integral part of the consolidated financial statements

NOTE 1 ACCOUNTING POLICIES

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 2019 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.

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 adopted by the European Union are required for accounting periods beginning on or after 1 January 2019:

- IFRS 16 Leases;
- IFRIC 23 Uncertainty over Income Tax Treatments;
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement;
- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures.

The applications of IFRS 16 Leases and IFRIC 23 Uncertainty over Income Tax Treatments are described in Sections 1.2.3 and 1.2.4, respectively. The applications of the amendments to IAS 19 Employee Benefits and IAS 28 Investments in Associates and Joint Ventures did not have any impact on the Group's 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 2019. These mainly include the following standards, amendments and interpretations:

- Amendments to IFRS 9 Financial Instruments related to the interest rate benchmark reform ("IBOR reform") currently under way, the application of which is mandatory for annual periods beginning on or after 1 January 2020. At this stage, the Group does not expect this change to have any material impact;
- Amendments to IFRS 3 Business Combinations clarifying the distinction between a business and a group of assets. Its implementation as from 1 January 2020 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 2019 that may be applied early.

1.2.3. Impact of the first-time application of IFRS 16 Leases

IFRS 16 Leases replaced IAS 17 Leases and related interpretations. The standard entered into force at 1 January 2019. It introduced 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 chose to apply the standard to all its leases identified as such under IAS 17 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 recognised a lease liability for each lease corresponding to the present value of lease payments to be made, determined using the lessee's incremental borrowing rate at 1 January 2019 based on the initial lease term. For each lease, the Group also recognised a corresponding right-of-use asset in the amount of the lease liability, adjusted for any prepaid lease payments or incentives received from the lessor immediately before the date of initial application.

In accordance with its decision to use this transition method, the Group did not restate any of its prior financial statements presented for comparison with the financial statements for the financial year ended 31 December 2019.

The Group applied lease terms corresponding to the non-cancellable period of each lease, and systematically assessed whether it was reasonably certain that any cancellation or renewal options set out in the lease would be used. As such, the Group considered that 9-year French commercial leases have a maximum enforceable term of 9 years, in accordance with the guidance issued by France's national accounting standards body (ANC).

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 of low-value assets. It also chose not to apply the practical expedient that allows a lessee, by class of underlying asset, not to separate non-lease components from lease components. The accounting policies applicable to leases are presented in Note 9.1.

As part of the transition, the Group opted not to exclude from the new rules leases for which the lease term ends within 12 months of the date of initial application, and to exclude the initial direct costs of measuring right-of-use assets at the date of initial application. It also opted to reclassify, at that same date, the carrying amounts of fixed assets and finance lease liabilities under leases previously identified as finance leases under IAS 17, within *Right-of-use assets* and *Lease liabilities*, respectively.

For the assets and liabilities identified as part of the first-time application of IFRS 16, the Group recognised corresponding deferred tax liabilities and assets, respectively, at the transition date.

At 1 January 2019, the application of IFRS 16 "Leases" was therefore reflected by the recognition of *Right-of-use assets* in balance sheet assets and *Lease liabilities* in balance sheet liabilities, with the difference taken to equity. Its impact broke down as follows:

Assets *(in millions of euros)*	**01/01/2019**
Property, plant and equipment	-16.0
Right-of-use assets	302.6
Deferred tax	7.1
Non-current assets	**293.7**
Other current assets	-5.7
Current assets	**-5.7**
TOTAL ASSETS	**288.0**

Liabilities and equity *(in millions of euros)*	**01/01/2019**
Consolidated reserves and other reserves	-22.9
Equity attributable to the Group	**-22.9**
Non-controlling interests	**-0.4**
TOTAL EQUITY	**-23.3**
Financial debt – Non-current portion	-8.6
Lease liabilities – Non-current portion	236.3
Non-current liabilities	**227.7**
Financial debt – Current portion	-8.3
Lease liabilities – Current portion	91.9
Current liabilities	**83.7**
TOTAL LIABILITIES	**311.3**
TOTAL LIABILITIES AND EQUITY	**288.0**

The weighted average incremental borrowing rate applied to value lease liabilities at the date of initial application of the new standard was 2.85%.

The difference between total lease liabilities and off-balance sheet commitments for operating leases recognised at 31 December 2018 broke down as follows:

(in millions of euros)	**1 January 2019**
Lease commitments at 31/12/2018 as presented in the consolidated financial statements	**364.9**
Impact of discounting according to rates at 1 January 2019	-38.1
Impact of exemptions and conditions upon initial application of IFRS 16	-15.4
IAS 17 finance lease liabilities	16.9
LEASE LIABILITIES RECOGNISED AT 1 JANUARY 2019 UNDER IFRS 16	**328.2**

The application of IFRS 16 "Leases" had a marginally positive impact on Operating profit on business activity due to the replacement of lease expenses with slightly lower expenses related to the depreciation of right-of-use assets. *EBITDA* – which is split out in the analysis of *Change in net financial debt* – changed significantly due to the restatement of lease expenses. *Other financial expenses* also changed, as they now include net interest expenses on lease liabilities.

In addition, the Group has chosen to exclude lease liabilities from *Net financial debt*, which makes it possible to compare Free cash flow determined within *Change in net financial debt* with this item in previous financial years.

Lastly, in December 2019, the Group's financial covenants were renegotiated to consider *pro forma* EBITDA before the application of IFRS 16 "Leases" and net financial debt excluding lease liabilities.

1.2.4. Impact of the first-time application of IFRIC 23 Uncertainty over Income Tax Treatments

The Group retrospectively applied the provisions of this new interpretation at 1 January 2019, without adjusting the financial statements for previous periods presented for comparison purposes. Its application does not have any impact on the Group's equity, and requires the portion of *Provisions for tax risks* related to current tax to be reclassified under *Income tax liabilities*. This reclassification came to €4.7 million at 1 January 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 10.2);
- measurement of retirement benefit obligations (see Note 5.3);
- revenue recognition (see Note 4.1);
- lease terms and the valuation of assets and liabilities recognised for leased assets (see Note 9);
- measurement of deferred tax assets (see Note 6.3);
- amounts payable to non-controlling interests (see Note 7.4);
- provisions for contingencies (see Note 11.1).

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, with the addition of a financial aggregate known as *Operating profit on business activity* 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 14.1.4).

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 the main foreign currencies used within the Group are as follows:

	Average rate for the period		Period-end rate	
€1/Currency	Financial year 2019	Financial year 2018	31/12/2019	31/12/2018
Danish krone	7,4661	7,4532	7,4715	7,4673
Norwegian krone	9,8511	9,5975	9,8638	9,9483
Swedish krona	10,5891	10,2583	10,4468	10,2548
Tunisian dinar	3,2801	3,1053	3,1143	3,4208
Moroccan dirham	10,7649	11,0812	10,7311	10,9449
US dollar	1,1195	1,1810	1,1234	1,1450
Canadian dollar	1,4855	1,5294	1,4598	1,5605
Singapore dollar	1,5273	1,5926	1,5111	1,5591
CFA franc (BEAC)	655,9570	655,9570	655,9570	655,9570
CFA franc (BCEAO)	655,9570	655,9570	655,9570	655,9570
Swiss franc	1,1124	1,1550	1,0854	1,1269
Bulgarian lev	1,9558	1,9558	1,9558	1,9558
Pound sterling	0,8778	0,8847	0,8508	0,8945
Lebanese pound	1,690,7353	NA	1,697,0740	NA
Brazilian real	4,4134	4,3085	4,5157	4,4440
Russian ruble	72,4553	74,0416	69,9563	79,7153
Indian rupee	78,8361	80,7332	80,1870	79,7298
Chinese yuan	7,7355	7,8081	7,8205	7,8751
Polish zloty	4,2976	4,2615	4,2568	4,3014

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 18.

2.1. Main acquisitions

- **SAB** – On 3 July 2019, Sopra Steria, via its subsidiary Sopra Banking Software, acquired 70% of the share capital of SAB, a group considered to be one of France's leading core banking software developers.

SAB and its subsidiaries have been consolidated in Sopra Steria's financial statements since 3 July 2019. As part of this acquisition, Sopra Banking Software granted a put option to minority shareholders in SAB for their shares, which comprise the 30% stake not yet held by the Group. This option is only exercisable during financial year 2020.

Based on the current stage of the inventory of assets acquired and liabilities assumed, the Group has identified, valued and recognised customer relationships for €8.4 million and enterprise software for €9.2 million. The final purchase price allocation period runs until 30 June 2020. This business is part of the "Sopra Banking Software" cash-generating unit.

The allocation of goodwill currently breaks down as follows:

(in millions of euros)	**SAB**
Total assets acquired	65.3
Total liabilities assumed	-48.8
Total net assets acquired/(net liabilities assumed)	**16.5**
Minority interests	5.0
Purchase price	**71.4**
GOODWILL	**59.9**

- **Sopra Financial Technology GmbH** – On 2 August 2019, Sopra Steria Group – the Group's parent company – acquired 51% of the share capital of Sopra Financial Technology GmbH, the entity tasked by German banking network Sparda's cooperative banks with the development, maintenance and operation of their shared information system.

The identification of assets acquired and liabilities assumed is still in progress and will continue until 1 August 2020. Based on the current stage of this inventory, the Group has valued and recognised enterprise software for €8.0 million.

The performance of Sopra Financial Technology GmbH is individually monitored and Sopra Steria's management identifies it as a distinct reporting unit. Due to its operational characteristics, it constitutes its own cash-generating unit, which is included in the "Other Europe" group.

The provisional allocation of goodwill breaks down as follows:

(in millions of euros)	**SFT**
Total assets acquired	153.1
Total liabilities assumed	-119.5
Total net assets acquired/(net liabilities assumed)	**33.6**
Minority interests	16.5
Purchase price	**22.6**
GOODWILL	**5.5**

- **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. In 2019, the Group completed the final purchase price allocation.

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 assets acquired and liabilities assumed include the valuation of enterprise software for €12.3 million, customer relationships for €10.8 million and a brand for €2.4 million.

The allocation of goodwill is final. It is determined as follows:

(in millions of euros)	**Apak**
Total assets acquired	57.4
Total liabilities assumed	-20.0
Total net assets acquired/(net liabilities assumed)	**-37.4**
Purchase price	**129.4**
GOODWILL	**92.1**

- **Other** – The assets acquired and liabilities assumed from it-economics, BLUECARAT and O.R. System, acquired in 2018, did not give rise to any adjustments with respect to those presented at 31 December 2018. The final purchase price allocation periods have ended.

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

- **Sopra Steria Recruitment Ltd** – On 28 June 2019, the Group sold 100% of its recruitment subsidiary in the United Kingdom to Resource Solutions Group. This transaction generated a gain on disposal of €1.4 million, net of costs to sell, which is presented within Other non-current operating income and expenses (see Note 4.2) and allocated to the "United Kingdom" reporting unit.
- **In 2019**, no other material changes in scope took place.

NOTE 3 SEGMENT INFORMATION

3.1. Results by reporting unit

a. France

(in millions of euros)	Financial year 2019		Financial year 2018	
Revenue	1,813.1		1,699.5	
Operating profit on business activity	175.5	9.7%	155.4	9.1%
Profit from recurring operations	167.2	9.2%	139.2	8.2%
Operating profit	156.9	8.7%	131.8	7.8%

b. United Kingdom

(in millions of euros)	Financial year 2019		Financial year 2018	
Revenue	771.5		783.1	
Operating profit on business activity	56.1	7.3%	45.0	5.7%
Profit from recurring operations	43.8	5.7%	32.6	4.2%
Operating profit	42.3	5.5%	18.7	2.4%

c. Other Europe

(in millions of euros)	Financial year 2019		Financial year 2018	
Revenue	1,152.9		997.1	
Operating profit on business activity	77.4	6.7%	80.4	8.1%
Profit from recurring operations	73.0	6.3%	74.9	7.5%
Operating profit	66.1	5.7%	68.5	6.9%

d. Sopra Banking Software

(in millions of euros)	Financial year 2019		Financial year 2018	
Revenue	438.9		373.7	
Operating profit on business activity	4.9	1.1%	-13.3	-3.6%
Profit from recurring operations	-8.9	-2.0%	-24.2	-6.5%
Operating profit	-18.0	-4.1%	-28.9	-7.7%

e. Other Solutions

(in millions of euros)	Financial year 2019		Financial year 2018	
Revenue	257.5		241.8	
Operating profit on business activity	40.3	15.7%	40.4	16.7%
Profit from recurring operations	39.1	15.2%	38.4	15.9%
Operating profit	35.9	14.0%	36.5	15.1%

f. Group

(in millions of euros)	Financial year 2019		Financial year 2018	
Revenue	4,434.0		4,095.3	
Operating profit on business activity	354.3	8.0%	307.9	7.5%
Profit from recurring operations	314.2	7.1%	260.8	6.4%
Operating profit	283.2	6.4%	226.6	5.5%

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), including the Sopra Financial Technology GmbH banking services platform in Germany;
- 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
Financial year 2018	2,008.8	2,086.5	4,095.3
Financial year 2019	**2,186.7**	**2,247.3**	**4,434.0**

The above breakdown is based on geographic 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	762.6	706.7	342.3	2.3	**1,813.9**
Intangible assets	93.9	113.6	65.3	0.2	**272.9**
Property, plant and equipment	62.7	18.8	46.7	15.1	**143.4**

The above breakdown is based on geographic 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

(in millions of euros)	Financial year 2019		Financial year 2018	
France	1,813.1	40.9%	1,699.5	41.5%
United Kingdom	771.5	17.4%	783.1	19.1%
Other Europe	1,152.9	26.0%	997.1	24.3%
Sopra Banking Software	438.9	9.9%	373.7	9.1%
Other Solutions	257.5	5.8%	241.8	5.9%
TOTAL REVENUE	**4,434.0**	**100.0%**	**4,095.3**	**100.0%**

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 2019 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 €701.7 million at 31 December 2019. 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 specific 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.

A licence sale in the form of a subscription may be considered the sale of either a right to access an asset or a right to use an asset, depending on the rights and obligations set out in the lease signed with the customer.

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)	Financial year 2019		Financial year 2018	
Project subcontracting purchases	-710.9	57.6%	-689.7	55.0%
Purchases held in inventory of equipment and supplies	-23.0	1.9%	-19.5	1.6%
Goods purchases and changes in inventory	-61.3	5.0%	-46.0	3.7%
Leases	-36.3	2.9%	-106.9	8.5%
Maintenance and repairs	-73.7	6.0%	-71.1	5.7%
Subcontracting	-20.4	1.7%	-13.9	1.1%
Remuneration of intermediaries and fees	-84.1	6.8%	-73.3	5.8%
Advertising and public relations	-20.5	1.7%	-25.5	2.0%
Travel and entertainment	-116.8	9.5%	-121.9	9.7%
Telecommunications	-24.0	1.9%	-25.2	2.0%
Other expenses	-63.4	5.1%	-61.6	4.9%
TOTAL	**-1,234.5**	**100%**	**-1,254.5**	**100%**

In 2019, lease expenses only included costs excluded or exempt from the application of IFRS 16 Leases (see Note 9.1).

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 €13.7 million (income of €1.0 million in 2018) mainly comprised net foreign exchange gains of €10.5 million (€4.4 million in 2018), which covered the foreign exchange impact of other components of *Operating profit on business activity.*

Additionally, in 2018 other operating expenses had included significant costs related to fully provisioned operational contingencies, for which reversals of provisions were recognised in profit or loss within *Depreciation, amortisation, provisions and impairment.* In 2019, no such operating costs were recognised within this item in the income statement.

4.2.3. Other operating income and expenses included in Operating profit

(in millions of euros)	Financial year 2019	Financial year 2018
Expenses arising from business combinations (fees, commissions, etc.)	-3.3	-2.4
Net restructuring and reorganisation costs	-31.6	-30.0
▪ Integration and reorganisation of activities	-1.3	-3.1
▪ Separation costs	-30.3	-26.9
Other operating expenses	-1.3	-1.8
Total other operating expenses	**-36.2**	**-34.2**
Other operating income	5.2	-
Total other operating income	**5.2**	**-**
TOTAL	**-31.0**	**-34.2**

In 2019, the Group reorganised its activities, mainly in France (€7.4 million), in Consulting and Systems Integration, at Sopra Banking Software (€5.2 million), in Spain (€4.1 million) and in Germany (€4.6 million). This essentially comprised expenses related to resource adjustments. In 2018, these mainly concerned the United Kingdom for €13.4 million; France for €4.7 million, of which €3.7 million related to its IT Infrastructure Management activities; Germany for €4.3 million; and the Solutions businesses, including Sopra Banking Software for €2.7 million and Sopra HR Software for €1.6 million.

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.

Other operating expenses chiefly consisted of non-recurring impairment losses on application assets that had become obsolete in the new business organisation. Other operating income comprised the impact of asset disposals for €2.3 million in the United Kingdom, and non-recurring income not directly related to operating activity in Germany, mainly at Sopra Financial Technology GmbH.

NOTE 5 EMPLOYEE BENEFITS AND SHARE-BASED PAYMENTS

5.1. Staff costs

(in millions of euros)	Financial year 2019	Financial year 2018
Wages and salaries	-1,999.5	-1,841.8
Social security contributions	-631.7	-580.6
Net expense for post-employment and similar benefit obligations	-37.3	-19.1
TOTAL	**-2,668.5**	**-2,441.5**

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	Financial year 2019	Financial year 2018
France	19,502	19,013
International	26,743	25,101
TOTAL	**46,245**	**44,114**

Average workforce	Financial year 2019	Financial year 2018
France	19,513	17,833
International	26,542	23,786
TOTAL	**46,055**	**41,619**

5.3. Retirement benefits and similar obligations

RETIREMENT BENEFITS AND SIMILAR OBLIGATIONS BREAK DOWN AS FOLLOWS:

(in millions of euros)	31/12/2019	31/12/2018
Post-employment benefit assets	-2.0	-2.0
Post-employment benefit liabilities	341.8	310.3
Net post-employment benefits	**339.7**	**308.3**
Other long-term employee benefits	10.2	7.2
TOTAL	**350.0**	**315.5**

5.3.1. Post-employment benefits

Post-employment benefits mainly concern the Group's obligations towards its employees to provide retirement bonuses in France (40.6% of the Group's total obligations) and defined-benefit pension plans in the United Kingdom (40.0% of the Group's total obligations) and Germany (18.3%). For marginal amounts, they also include end-of-contract bonuses in certain countries in Africa, as well as a defined-benefit plan in Belgium. At 31 December 2019 they totalled €339.7 million, versus €308.3 million at 31 December 2018.

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, representatives of the Company 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 current assessment will be completed at the end of the first quarter of 2020.

The risks associated with these plans relate to:

- 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 life tables.

These plans distinguish between active members who are still vesting benefits, members who are still working but whose benefits are locked in, and retired members. These three member categories represent 4.3%, 53.0% and 42.7%, respectively, of total obligations.

Projected benefit outflows by the funds, which had a total of €1,779.2 million in assets at 31 December 2019, are as follows, in millions of pounds sterling, over the next ten years:

- less than two years: £116.9 million;
- two to five years: £187.4 million;
- five to ten years: £347.5 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 €1,643.5 million at 31 December 2019.

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 2019, over 12 months, contributions paid totalled €28.3 million, including €23.3 million to fund the deficit (€24.3 million including other related disbursements). The contribution to be paid in 2020 is expected to amount to £25.1 million, including £20.4 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 six plans, two of which are material (€53.2 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 locked in 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, Côte d'Ivoire, Tunisia 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 2019

(in millions of euros)	Defined-benefit pension funds – United Kingdom	Retirement bonuses – France	Defined benefit pension funds – Germany	Other	Total
Calculation assumptions for actuarial liabilities					
Discount rate	2.07%	0.08% to 1.09%	0.08% to 0.87%	0.40% to 6.35%	
Inflation rate	2.02%	0.20%	N/A	N/A	
Rate of salary increase	2.92%	2.00% to 2.50%	2.00% to 2.50%	3.00% to 7.00%	
Retirement age	65	65	60 to 65	Variable	
Amounts recognised in the balance sheet					
Present value of the obligation at 31/12/2019	1,779.2	139.9	64.6	14.2	1,997.9
Fair value of plan assets at 31/12/2019	1,643.5	1.9	2.5	10.3	1,658.2
Net liabilities on the balance sheet at 31/12/2019	**135.7**	**138.0**	**62.1**	**3.9**	**339.7**
Net liability cost components					
Current service cost	4.0	8.9	0.2	0.9	14.0
Past service cost	-	-	1.5	-	1.5
Losses/(gains) on plan settlements	-	-	-	-	-
Interest on obligation	44.2	2.2	0.7	0.1	47.3
Interest on plan assets	-40.3	-	-	-0.1	-40.4
Total expenses recognised in the income statement	**7.9**	**11.1**	**2.5**	**0.9**	**22.4**
Effect of net liability remeasurements	1.6	8.7	4.0	0.2	14.5
■ Return on plan assets (excluding amounts included in interest income)	-143.6	-	-	-0.3	-143.9
■ Experience adjustments	-14.2	-2.0	-0.5	-	-16.7
■ Impact of changes in demographic assumptions	-22.5	-5.2	-	0.1	-27.6
■ Impact of changes in financial assumptions	181.9	15.9	4.5	0.5	202.7
Total expenses recognised directly in equity	**1.6**	**8.7**	**4.0**	**0.2**	**14.5**
Changes in net liabilities					
Net liability at 1 January 2019	**147.5**	**115.3**	**41.3**	**4.2**	**308.3**
Changes in scope	-	5.0	15.9	-	20.9
Net expense recognised in the income statement	7.9	11.1	2.5	0.9	22.4
Net expense recognised in equity	1.6	8.7	4.0	0.2	14.5
Contributions	-28.3	-2.0	-1.6	-0.7	-32.7
■ Employer contributions	-28.3	-2.0	-1.6	-0.7	-32.7
■ Employee contributions	-	-	-	-	-
Exchange differences	7.0	-	-	-	7.0
Other movements	-	-	-	-0.7	-0.7
NET LIABILITY AT 31 DECEMBER 2019	**135.7**	**138.0**	**62.1**	**3.9**	**339.7**

Changes in scope essentially comprised the acquisitions of SAB in France and of Sopra Financial Technology in Germany.

For reference, net liabilities arising from the main post-employment benefit plans changed as follows in financial year 2018:

(in millions of euros)	Defined-benefit pension funds – United Kingdom	Retirement bonuses – France	Defined benefit pension funds – Germany	Other	Total
Calculation assumptions for actuarial liabilities					
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%	2.00% to 2.50%	2.00% to 2.50%	3.00% to 9.00%	
Retirement age	Variable	65	60 to 65	Variable	
Amounts recognised in the balance sheet					
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
Net liabilities on the balance sheet at 31/12/2018	**147.5**	**115.3**	**41.3**	**4.2**	**308.3**
Net liability cost components					
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
Total expenses recognised in the income statement	**9.4**	**10.2**	**0.8**	**1.3**	**21.8**
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
Total expenses recognised directly in equity	**-34.7**	**-1.9**	**-0.4**	**0.2**	**-36.8**
Changes in net liabilities					
Net liability at 1 January 2018	**201.6**	**112.0**	**42.2**	**3.0**	**358.9**
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
NET LIABILITY AT 31 DECEMBER 2018	**147.5**	**115.3**	**41.3**	**4.2**	**308.3**

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:

(in millions of euros)	31/12/2019	31/12/2018
Present value of the obligation at the beginning of the period	**1,544.1**	**1,685.7**
Changes in scope	-	-
Translation adjustments	84.2	-12.3
Current service cost	4.0	4.5
Past service cost	-	-
Interest	44.2	42.0
Employee contributions	-	-
Effect of obligation remeasurements	145.0	-93.3
■ Experience adjustments	-14.2	11.6
■ Impact of changes in demographic assumptions	-22.5	-9.8
■ Impact of changes in financial assumptions	181.7	-95.1
Plan amendments	-	-
Transfers	-	-
Benefits provided	-42.3	-82.5
PRESENT VALUE OF THE OBLIGATION AT THE END OF THE PERIOD	**1,779.2**	**1,544.1**
Fair value of plan assets at the beginning of the period	**1,396.6**	**1,484.1**
Changes in scope	-	-
Translation adjustments	77.2	-11.3
Interest	40.3	37.2
Effects of plan asset remeasurements	143.4	-58.5
■ Return on plan assets (excluding amounts included in interest income)	143.6	-58.5
■ Impact of changes in financial assumptions	-0.2	-
Employer contributions	28.3	27.7
Employee contributions	-	-
Transfers	-	-
Benefits provided	-42.3	-82.5
FAIR VALUE OF PLAN ASSETS AT THE END OF THE PERIOD	**1,643.5**	**1,396.6**

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:

(in millions of euros)	31/12/2019	31/12/2018
Shares	360.0	368.9
Bonds/private placements	336.3	673.6
Infrastructure and property assets	249.8	246.5
Other assets	697.4	107.6
TOTAL	**1,643.5**	**1,396.6**

Other assets mainly comprised cash and cash equivalents (€175.7 million at 31 December 2019) and hedging instruments (€527.1 million as of 31 December 2019).

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 €82.0 million.

A 0.25-point increase in the discount rate would reduce the benefit obligation by €74.2 million. A 10% reduction in the value of the assets would reduce their amount by €164.3 million, whereas a 10% increase would increase their amount by €164.3 million. These sensitivity estimates are made on the basis of all other things being equal.

At 31 December 2019, 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

(in millions of euros)	France 31/12/2019	France 31/12/2018
Present value of the obligation at the beginning of the period	**117.4**	**114.1**
Changes in scope	5.0	0.1
Current service cost	8.9	8.3
Past service cost	-	-
Interest	2.2	2.0
Employee contributions	-	-
Effect of obligation remeasurements	8.7	-1.8
■ Experience adjustments	-2.0	-0.6
■ Impact of changes in demographic assumptions	-5.2	0.7
■ Impact of changes in financial assumptions	15.9	-1.9
Plan amendments	-	-
Transfers	-	-
Benefits provided	-2.2	-5.3
PRESENT VALUE OF THE OBLIGATION AT THE END OF THE PERIOD	**139.9**	**117.4**
Fair value of plan assets at the beginning of the period	**2.1**	**2.0**
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	-
FAIR VALUE OF PLAN ASSETS AT THE END OF THE PERIOD	**1.9**	**2.1**

For pension liabilities in France, a 0.50-point increase or decrease in the discount rate would decrease the benefit obligation by €8.8 million or increase it by €9.6 million, respectively.

The retirement bonus obligation in France breaks down as follows by maturity:

(in millions of euros)	31/12/2019	31/12/2018
Present value of theoretical benefits payable by the employer:		
■ Less than 1 year	2.5	2.3
■ 1 to 5 years	16.2	11.3
■ 5 to 10 years	36.2	30.3
■ 10 to 20 years	59.8	50.2
■ More than 20 years	25.2	23.2
TOTAL OBLIGATION	**139.9**	**117.4**

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 mainly 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 current account and locked in 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, Lebanon and India. Benefits for employees in India make up the largest portion of these liabilities, for €4.4 million (€4.0 million at 31/12/2018).

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 €11.1 million (€22.8 million in 2018), is charged to *Profit from recurring operations*.

It consisted of a charge of €9.1 million corresponding to benefits granted to employees, mainly in respect of free performance share plans (€19.9 million in 2018, 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 relating to these plans for €2.1 million (€2.5 million in 2018), and management costs for the remainder.

5.4.1. Free performance share plans

Expenses related to free share plans totalled €7.6 million (compared with €4.5 million in 2018).

Information on the rules of the main free share plans is set out below:

	Sopra Steria plans		
	June 2016 plan	**February 2017 plan**	**February 2018 plan**
Date set up by General Management and/or the Board of Directors	24 June 2016	24 February 2017*	16 February 2018
Number of shares that may be granted	88,500	109,000*	128,000
Exchange ratio between Sopra Steria and Steria shares: # of Steria shares for 1 Sopra Steria share	*Not applicable*	*Not applicable*	*Not applicable*
Performance measurement period	1 January 2016 to 31 December 2018	1 January 2017 to 31 December 2019	1 January 2018 to 31 December 2020
Vesting period	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	None	None	None
Performance conditions stipulated in the plan	1) Consolidated revenue growth in 2016, 2017 and 2018	1) Consolidated revenue growth in 2017, 2018 and 2019	1) Consolidated revenue growth in 2018, 2019 and 2020
	2) Level of consolidated operating profit on business activity in 2016, 2017 and 2018	2) Level of consolidated operating profit on business activity in 2017, 2018 and 2019	2) Level of consolidated operating profit on business activity in 2018, 2019 and 2020
	3) Level of consolidated free cash flow in 2016, 2017 and 2018	3) Level of consolidated free cash flow in 2017, 2018 and 2019	3) Level of consolidated free cash flow in 2018, 2019 and 2020
Number of potential shares that could have been granted as at 1 January 2019	**52,618**	**67,432**	**97,999**
Number of shares granted in 2019	52,287	-	-
Number of shares cancelled in 2019	331	3,496	19,427
Number of shares vested at 31 December 2019	52,287	-	-
Number of potential shares that could have been granted as at 31 December 2019	**-**	**63,936**	**78,572**
Share price	97.63	112.85*	153.80
Risk-free rate	-	-	-
Dividends paid	2.5%	2.5%	2.2%
Volatility	N/A	N/A	NA
(EXPENSE)/INCOME RECOGNISED IN THE INCOME STATEMENT FOR THE FINANCIAL YEAR IN MILLIONS OF EUROS	**0.4**	**2.9**	**4.1**

(*) 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.

No new free performance share plans were set up in 2019.

At the Combined General Meeting of 12 June 2019, an overall limit of 3% of the share capital (i.e. 616,431 shares on the basis of the share capital at 31 December 2018) 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 the potential number of shares that could be awarded based on the recipients present and estimates regarding the achievement of non-market performance conditions provided for under the plans. 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 related 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

In 2019, the Group did not set up any employee share ownership plans.

In 2018, as part of its Sopra Steria 2020 corporate plan, it continued the We Share employee share ownership programme offered in the two preceding financial years.

Under this programme, employees who met certain conditions were 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 €1.5 million.

5.5. Compensation of senior management (related parties)

(in millions of euros)	31/12/2019	31/12/2018
Short-term employee benefits	3.2	2.5
Post-employment benefits	-	-
Other long-term employee benefits	-	-
Termination benefits	-	-
Equity compensation benefits	0.5	0.3
TOTAL	**3.7**	**2.8**

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)	Financial year 2019	Financial year 2018
Current tax	-78.6	-79.3
Deferred tax	-8.8	-2.7
TOTAL	**-87.3**	**-82.0**

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 statutory and effective tax expense

(in millions of euros)	Financial year 2019	Financial year 2018
Net profit	**173.1**	**128.7**
Adjustment for:	-	-
■ Net profit from associates	1.8	3.6
■ Tax expense	-87.3	-82.0
Profit before tax	**258.7**	**207.2**
Theoretical tax rate	**34.43%**	**34.43%**
Theoretical tax expense	**-89.1**	**-71.3**
Permanent differences	-9.3	-5.2
Change in uncapitalised loss carryforwards	1.4	-0.6
Impact of tax credits	9.9	21.2
Tax rate differences	14.1	7.6
Prior year tax adjustments	3.2	0.8
CVAE (net of tax)	-16.4	-15.2
Tax reassessment	-	-15.1
Other tax	-1.1	-4.1
ACTUAL TAX EXPENSE	**-87.3**	**-82.0**
Effective tax rate	*33.77%*	*39.60%*

The reconciliation between the statutory tax expense 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. This also takes into account the impact of the lower tax rate in France, which nevertheless represents an immaterial amount.

The decrease in Impact of tax credits in 2019 with respect to 2018 resulted from the transformation of the French tax credit for competitiveness and jobs (CICE) into a reduction in deductible social security contributions starting in financial year 2019.

In 2019, as in 2018, Other tax essentially consisted of unrecovered withholdings.

Lastly, in 2018 Tax reassessment reflected movements in tax liabilities to cover tax risks, mainly in France.

6.3. Deferred tax assets and liabilities

6.3.1. Change in net deferred tax

(in millions of euros)	01/01/2019	Change through profit or loss	Change through OCI	Scope effect	Currency translation effect	Other	31/12/2019
Deferred tax arising from:							
Intangible assets	-42.1	13.0	-	3.3	-0.6	-	-26.4
Property, plant and equipment	3.1	-0.4	-	1.3	0.1	-	4.1
Non-current financial assets	-0.5	1.4	-	-	-	-	0.9
Inventories, services in progress and outstanding invoices	-1.9	-1.5	-	2.3	-	0.7	-0.4
Other current assets	1.3	-2.5	-	0.2	-	-	-0.9
Derivatives	-0.8	-0.2	1.2	-	-	-	0.3
■ With impact on the income statement	0.9	-0.2	0.0	-	-	-	0.7
■ With impact on OCI	-1.6	-	1.2	-	-	-	-0.4
Financial debt	-0.7	-	-	-	-	-	-0.6
Retirement benefit obligations	74.4	-10.9	3.1	5.3	1.2	-	73.1
■ With impact on the income statement	16.6	-10.9	-0.1	4.6	-1.3	-	8.8
■ With impact on OCI	57.9	-	3.2	0.7	2.5	-	64.3
Provisions	2.5	-0.9	-	0.3	-	-	1.9
Assets and liabilities related to lease assets	-	-0.9	-	0.5	-	7.2	6.8
Other current liabilities	11.0	-14.1	-	-0.2	0.1	-	-3.2
Tax loss carryforwards	33.2	8.2	-	1.2	-	-	42.7
Net deferred tax asset/(liability)	**79.6**	**-8.7**	**4.3**	**14.2**	**0.9**	**7.8**	**98.1**
Deferred tax included in assets held for sale	-	-	-	-	-	-	-
NET DEFERRED TAX ASSET/(LIABILITY) REPORTED IN THE BALANCE SHEET	**79.6**	**-8.7**	**4.3**	**14.2**	**0.9**	**7.8**	**98.1**
Of which:							
Deferred tax recognised in profit or loss	23.4	-8.7	-0.1	13.5	-1.6	7.8	34.3
Deferred tax recognised in equity (OCI)	56.2	-	4.4	0.7	2.5	-	63.8
■ Reclassifiable to profit or loss	-1.6	-	1.2	-	-	-	-0.4
■ Not reclassifiable to profit or loss (retirement benefit obligations)	57.9	-	3.2	0.7	2.5	-	64.3

6.3.2. Deferred tax assets not recognised by the Group

(in millions of euros)	31/12/2019	31/12/2018
Tax losses carried forward	22.2	28.2
Temporary differences	-	-
TOTAL	**22.2**	**28.2**

6.3.3. Change in tax loss carryforwards

(in thousands of euros)	France	United Kingdom	Spain	Denmark	Other countries	Total
31 December 2018	**143.1**	**5.0**	**8.0**	**36.3**	**22.9**	**215.3**
Changes in scope	4.4	-	-	-	0.3	4.7
Created	55.1	-	-	-	8.8	63.8
Used	-87.5	-	-0.4	-0.3	-6.9	-95.1
Expired	-	-	-	-	-	-
Translation adjustments	-	0.3	-	-	0.1	0.4
Other movements	92.2	-	-	-23.0	-3.1	66.1
31 DECEMBER 2019	**207.4**	**5.2**	**7.6**	**12.9**	**22.1**	**255.2**
Deferred tax basis – Activated	153.1	-	3.6	-	7.9	164.6
Deferred tax basis – Non-activated	54.3	5.2	4.0	12.9	14.2	90.6
Deferred tax – Activated	39.5	-	0.9	-	2.2	42.7
Deferred tax – Non-activated	14.0	0.6	1.0	2.8	3.8	22.2

In France, a portion of the non-activated tax losses – €13.0 million in deferred taxes (based on a tax rate of 25.83%) – 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.

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", tax losses for small companies located in Brazil, Spain, Austria and several African countries were not activated.

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

(in millions of euros)	31/12/2019	31/12/2018
Non-consolidated securities	19.8	12.2
Other loans and receivables	36.4	22.2
Derivatives	2.2	4.5
TOTAL	**58.3**	**38.9**

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)	Gross value	Impairment	Carrying amount
31 december 2018	**12.2**	**-**	**12.2**
Increases	5.1	0.1	5.0
Decreases	-1.6	-	-1.6
Revaluation	-0.1	-	-0.1
Translation adjustments and other movements	4.3	-	4.3
31 DECEMBER 2019	**19.9**	**0.2**	**19.8**

At 31 December 2019, the value of the CS Communication & Systèmes shares was €9.9 million (€9.9 million at 31 December 2018).

7.1.2. Other loans and receivables

(in millions of euros)	31/12/2019	31/12/2018
Loans	0.3	0.1
CIR and CICE tax credit receivables	12.4	12.4
Other non-current receivables	10.6	2.3
Deposits and other non-current financial assets	15.3	9.5
Provisions for loans, deposits and other non-current financial assets	-2.2	-2.0
TOTAL	**36.4**	**22.2**

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 include €4.6 million in 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

(in millions of euros)	31/12/2019	31/12/2018
Trade receivables – Gross value	758.8	724.0
Impairment of trade receivables	-21.1	-17.3
Trade receivables – Net value	**737.7**	**706.6**
Customer contract assets	336.6	384.3
TOTAL	**1,074.3**	**1,091.0**

In December 2019, the Group did not sell any trade receivables. In December 2018, the Group sold trade receivables with recourse in France for €68.1 million; these were not removed from the balance sheet.

Net trade receivables, expressed in months of revenue, came to just under 2 months of revenue at 31 December 2019, a slight improvement with respect to 31 December 2018. This ratio is calculated by comparing *Net trade receivables* with revenue obtained using the countback 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's efforts to achieve a higher level of transformation of these assets into trade receivables and cash explained their reduction with respect to 31 December 2018.

7.2.1. Aged trade receivables at 31 December 2019

(in millions of euros)	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	**758.8**	**488.3**	**165.3**	**40.9**	**14.2**	**50.0**

7.2.2. Changes in provisions for trade receivables

(in millions of euros)	31/12/2019	31/12/2018
Impairment of trade receivables at beginning of period	**17.3**	**11.4**
Changes in scope	4.7	0.6
Additions net of reversals	-1.0	5.5
Other movements	-0.1	-0.2
Translation adjustments	0.1	-
IMPAIRMENT OF TRADE RECEIVABLES AT END OF PERIOD	**21.1**	**17.3**

7.3. Other current assets

(in millions of euros)	31/12/2019	31/12/2018
Inventories and work in progress	30.4	20.1
Advances and payments on account	6.1	6.3
Staff and social security	4.4	4.8
Tax receivables (other than corporate income tax)	115.5	100.2
Corporate income tax	106.8	85.4
Loans, guarantees and other financial receivables maturing in less than one year	5.4	5.9
Other receivables	17.9	13.2
Impairment of other receivables	-0.9	-1.1
Prepaid expenses	56.2	48.7
Derivatives	6.6	3.3
TOTAL	**348.3**	**286.8**

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 in 2018, 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 and without deconsolidation of €12.4 million. In 2019, the CICE was replaced by a system for reducing social security contributions. In addition, the Group did not sell any of its CIR-related tax receivables.

7.4. Other non-current liabilities

(in millions of euros)	31/12/2019	31/12/2018
Put options granted	77.3	65.2
Other liabilities – Non-current portion	31.2	32.6
Derivatives	3.7	2.2
TOTAL	**112.2**	**99.9**

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 €69.6 million at 31 December 2019 (€57.9 million at 31 December 2018).

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 €7.7 million at 31 December 2019 (€7.3 million at 31 December 2018).

Lastly, other non-current liabilities 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 €15.1 million (€30.9 million at 31 December 2018), and also, in 2019, funding requirements for the Group's investments in corporate venture funds (€10.0 million).

At 31 December 2019, derivatives consisted of interest rate and foreign currency hedges (see Notes 12.5.3 and 12.5.4).

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

(in millions of euros)	31/12/2019	31/12/2018
Liabilities on fixed assets – Portion due in less than one year	3.0	0.7
Advances and payments on account received for orders	5.5	3.8
Employee-related liabilities	443.8	420.2
Tax-related liabilities	239.2	228.7
Corporate income tax	143.6	115.9
Customer contract liabilities	296.6	256.1
Other liabilities	88.9	30.4
Derivatives	0.3	0.5
TOTAL	**1,220.9**	**1,056.2**

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 2018 were converted into revenue during the 2019 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 €16.9 million. They also include the liability related to the put option granted to minority shareholders in SAB for their shares (see Note 2.1), which comprise the 30% stake not yet held by the Group. This option is only exercisable during financial year 2020. It amounted to €42.0 million at 31 December 2019.

NOTE 8 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

8.1. Goodwill

8.1.1. Statement of changes in goodwill

MOVEMENTS WERE AS FOLLOWS:

(in millions of euros)	Gross value	Impairment	Carrying amount
31 december 2017	**1,669.9**	**79.3**	**1,590.6**
Acquisitions			
■ 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
Impairment	-	-	-
Translation adjustments	**-6.7**	**-0.2**	**-6.4**
31 december 2018	**1,787.6**	**79.1**	**1,708.5**
Acquisitions			
■ SAB	59.9	-	59.9
■ Sopra Financial Technology GmbH	5.5	-	5.5
■ Neosphere	3.7	-	3.7
Adjustments for business combinations	**1.5**	**-**	**1.5**
Removal from the scope of consolidation	**-1.4**	**-**	**-1.4**
Impairment	**-**	**-**	**-**
Translation adjustments	**37.6**	**1.4**	**36.2**
31 DECEMBER 2019	**1,894.4**	**80.5**	**1,813.9**

The €36.2 million increase in translation adjustments mainly resulted from changes in the value of the euro against the following currencies:

(in millions of euros)	31/12/2019	31/12/2018
GBP	34.6	-5.5
NOK-SEK	0.8	-2.1
Other currencies	0.8	1.2
TOTAL	**36.2**	**-6.4**

8.1.2. Breakdown of goodwill by cash-generating unit (CGU)

The net carrying amounts of goodwill by CGU are as follows:

(in millions of euros)	31/12/2019	31/12/2018
France	498.7	498.7
United Kingdom	598.0	570.3
Other Europe(1)	334.0	326.9
Sopra Banking Software	367.0	300.1
Sopra HR Software	16.2	12.5
TOTAL	**1,813.9**	**1,708.5**

(1) "Other Europe" comprises the following CGUs, which are tested separately: Germany, Scandinavia, Spain, Italy, Switzerland, Belgium, Luxembourg and Sopra Financial Technology.

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 2019.

These tests were performed using the following parameters:

	Discount rate		Perpetual growth rate	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
France	8.5%	8.4%	2.1%	2.0%
United Kingdom	9.2%	9.0%	2.1%	2.0%
Other Europe	8.4% to 9.8%	7.7-10.5%	2.1%	2.0%
Sopra Ban60 king Software	8.5%	8.4%	2.1%	2.0%
Sopra HR Software	8.5%	8.4%	2.1%	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 assumptions:

- a 2-point increase in the discount rate; or
- a 2-point decrease in the perpetual growth rate (i.e. 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.

With regard to the "Sopra Banking Software" CGU, an increase of more than 1.7 points in the discount rate combined with a simultaneous 0.6-point decrease in the perpetual growth rate might require the Group to write down its assets, all other things being equal. In addition, the Group might be required to write down its assets in the event of a 3.7-point decrease in the operating margin, all other things being equal.

For the other CGUs, additional tests run to measure sensitivity to key assumptions 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. Due to the application of IFRS 16 "Leases" starting 1 January 2019, the carrying amount of assets includes right-of-use assets less lease liabilities.

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.

Cash flows include lease payments despite the application of IFRS 16 "Leases" since 1 January 2019.

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	31/12/2019	31/12/2018
Enterprise software/Technology	91.5	39.2	52.2	44.6
Customer relationships	203.9	91.6	112.2	120.6
Favourable contracts	0.9	0.7	0.2	0.3
Brands	19.2	2.4	16.8	17.6
Software acquired and other intangible assets	318.1	226.7	91.4	70.5
TOTAL	**633.5**	**360.6**	**272.9**	**253.5**

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
31 december 2017	**425.5**	**235.3**	**190.2**
Changes in scope	1.1	-0.1	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
31 december 2018	**498.4**	**244.9**	**253.5**
Changes in scope	105.7	68.2	37.4
Allocated intangible assets	25.6	-	25.6
Acquisitions	5.8	-	5.8
Disposals – Scrapping	-14.2	-14.0	-0.3
Other movements	-0.2	-2.0	1.8
Translation adjustments	12.5	6.6	6.0
Amortisation charge	-	56.9	-56.9
31 DECEMBER 2019	**633.5**	**360.6**	**272.9**

Allocated intangible assets recognised in respect of new acquisitions during the 2019 financial year are described in Note 2.1. They consisted of customer relationships for €8.4 million and enterprise software for €17.2 million. In 2018, the acquisitions of Galitt, Apak and it-economics led to the recognition of customer relationships for €28.3 million, enterprise software for €12.3 million and brands for €6.5 million.

Other changes mainly arose from intangible assets acquired as part of business combinations carried out in 2019.

No significant development expenditures for software and solutions (Banking, Human Resources and Property 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

(in millions of euros)	Land and buildings	Fixtures and fittings, furniture and sundry equipment	IT equipment	Total
Gross value				
31 december 2017	**42.3**	**192.6**	**153.5**	**388.4**
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
31 december 2018	**34.9**	**219.8**	**162.1**	**416.8**
Changes in scope	13.1	20.6	12.8	46.4
Acquisitions	0.5	16.9	15.6	33.0
Disposals – Scrapping	-	-2.3	-7.9	-10.3
Other movements	-	-10.7	-38.1	-48.8
Translation adjustments	0.5	1.2	2.4	4.2
31 DECEMBER 2019	**49.1**	**245.5**	**146.8**	**441.3**
Depreciation				
31 december 2017	**31.2**	**116.7**	**111.5**	**259.5**
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
31 december 2018	**23.4**	**130.4**	**118.3**	**272.2**
Changes in scope	2.9	13.2	9.6	25.7
Charges	2.0	17.5	15.9	35.4
Disposals – Scrapping	-	-2.1	-7.8	-9.9
Other movements	-	-6.5	-21.7	-28.2
Translation adjustments	0.3	0.7	1.8	2.9
31 DECEMBER 2019	**28.6**	**153.2**	**116.2**	**298.0**
Net value				
31 december 2017	**11.1**	**75.9**	**42.0**	**128.9**
31 december 2018	**11.5**	**89.4**	**43.8**	**144.7**
31 DECEMBER 2019	**20.4**	**92.3**	**30.6**	**143.4**

The Group's investments in property, plant and equipment (€33.0 million) mainly consisted of €12.3 million for office equipment in France and abroad and €15.6 million for IT equipment. Fixed assets acquired under finance leases until 31 December 2018 were reclassified at 1 January 2019 within Right-of-use assets due to the initial application of IFRS 16 "Leases" (see Note 1.2.1). The net value of this reclassification came to €16.0 million.

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.

NOTE 9 LEASES

9.1. Right-of-use assets by category of leased assets

(in millions of euros)	Premises	Vehicles	IT equipment	Other property, plant and equipment	Total
Gross value					
31 december 2018	-	-	-	-	-
First-time application of IFRS 16	523.5	35.7	37.6	4.0	600.7
Changes in scope	52.3	0.3	5.6	0.4	58.6
Acquisitions	56.5	7.8	7.8	0.2	72.2
Disposals – Scrapping	-27.6	-9.3	-11.4	-0.7	-49.0
Other movements	-	-	2.1	-	2.1
Translation adjustments	4.5	0.2	0.1	0.1	4.9
31 DECEMBER 2019	**609.1**	**34.6**	**41.8**	**4.0**	**689.4**
Depreciation					
31 december 2018	-	-	-	-	-
First-time application of IFRS 16	256.5	18.1	21.6	1.9	298.1
Changes in scope	13.6	0.2	0.2	0.3	14.3
Charges	74.4	9.9	10.8	1.2	96.4
Disposals – Scrapping	-21.2	-9.2	-11.1	-0.7	-42.2
Other movements	-	-	0.1	-	0.1
Translation adjustments	2.1	0.1	0.0	0.1	2.3
31 DECEMBER 2019	**325.5**	**19.0**	**21.7**	**2.8**	**369.1**
Net value					
31 december 2018	-	-	-	-	-
31 DECEMBER 2019	**283.6**	**15.5**	**20.1**	**1.2**	**320.4**

Leases

Leases are recognised in the balance sheet at the lease commencement date, which corresponds to the date at which the lessor makes the underlying asset available to the lessee, and results in the recognition of a balance sheet asset within *Right-of-use assets* and a liability within *Lease liabilities*. The value of lease liabilities corresponds to the present value of minimum future payments, discounted over the lease term using either the interest rate implicit in the lease or otherwise the incremental borrowing rate of the entity leasing the asset. The lease term takes into account the fixed term as well as whether any renewal or cancellation options are reasonably certain to be used.

At the lease commencement date, the value of the right-of-use asset recognised in the balance sheet corresponds to the lease liability adjusted for any initial direct costs incurred in obtaining the lease, prepaid lease payments, incentives received from the lessor at that date, or costs to be incurred by the lessee in dismantling and removing the underlying asset.

Minimum future payments include fixed lease payments, variable lease payments that depend on an index or a rate, residual value guarantees, the exercise price of a purchase option, and termination or non-renewal penalties if the Group is reasonably certain to exercise or not exercise these options. Some of these values may change over the term of the lease, in which case the values of lease liabilities and right-of-use assets are revised upward or downward. They do not include any service components that may be included in the lease, which continue to be recognised as expenses.

In the balance sheet, *Lease liabilities* are split out into non-current and current portions. Right-of-use assets are amortised on a straight-line basis over the lease term or the useful life of the underlying asset if the lease transfers ownership of the asset to the lessee, or if the lessee is reasonably certain of exercising a purchase option. In the income statement, these amortisation expenses are included within *Depreciation, amortisation, provisions and impairment* under *Operating profit on business activity*. The *Net interest expense on lease liabilities* is split out from the line item *Other financial income and expenses.*

Lastly, as an exception, short-term leases (lease term of 12 months or less) and leases of low-value assets (individual value less than 5,000 USD) are directly recognised as expenses and are therefore not restated in the balance sheet. Variable lease payments are also recognised as expenses according to the use or revenue generated by the use of the underlying asset.

9.2. Breakdown of lease liabilities by maturity

				Breakdown of non-current portion				
(in millions of euros)	Carrying amount	Current	Non-current	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
LEASE LIABILITIES	**342.1**	**84.9**	**257.2**	**61.8**	**46.9**	**35.9**	**28.9**	**83.8**

NOTE 10 EQUITY-ACCOUNTED INVESTMENTS

10.1. Net profit from associates

(in millions of euros)	31/12/2019	% held at 31/12/2019	31/12/2018	% held at 31/12/2018
Share of net profit of Axway Software	1.8	32.57%	3.6	32.57%
TOTAL	**1.8**		**3.6**	

10.2. Carrying amount of investments in associates

The carrying amount of investments in associates consisted solely of the value of Axway Software shares. It changed as follows:

	Axway Software shares		
(in millions of euros)	Gross value	Impairment	Carrying amount
31 december 2017	**189.1**	**-**	**189.1**
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
31 december 2018	**195.1**	**-**	**195.1**
Changes in scope	-	-	-
Share capital transactions	-	-	-
Dividends paid	-2.8	-	-2.8
Net profit	1.8	-	1.8
Translation adjustments	0.9	-	0.9
Changes in shareholding	-	-	-
Disposal	-	-	-
Other movements	-	-	-
31 DECEMBER 2019	**195.0**	**-**	**195.0**

At 31 December 2019, Sopra Steria Group held a 32.57% stake in the share capital of Axway Software, unchanged with respect to 31 December 2018. This stake does not give the Group a controlling interest in this subsidiary and does not allow it to involve itself in the running of business or influence variable returns from this subsidiary. As such, the Group exerts a significant influence and reviews this situation each financial year. In 2019, no events or developments occurred that changed this situation.

Their recoverable amount is estimated as follows:

	31/12/2019	31/12/2018
Market value (Category 1)*	85.7	85.9
Market value less costs to sell	84.0	84.1
Value in use	207.4	194.1
DCF calculation parameters:		
■ Discount rate	9.5%	10.3%
■ Perpetual growth rate	2.0%	2.4%
RECOVERABLE AMOUNT	**207.4**	**194.1**

(*) Since Axway Software's shares are listed, their fair (market) value less costs of disposal is equal to market price less costs to sell, 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 2019.

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 €1.6 million; a 0.5-point decrease in the perpetual growth rate would be neutral; 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 €8.8 million. This test is based on the judgement of management and was developed within the context of uncertainties inherent in the transformation of Axway Software's business model.

SUMMARY FINANCIAL INFORMATION RELATING TO THE AXWAY SOFTWARE GROUP

(in millions of euros)	31/12/2019	31/12/2018
Non-current assets	442.7	422.7
Current assets	126.2	131.1
Equity	362.6	362.8
Non-current liabilities excluding equity	75.7	53.2
Current liabilities	130.6	137.9
Revenue	300.0	283.8
Net profit	5.4	11.0

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 11 PROVISIONS AND CONTINGENT LIABILITIES

11.1. Current and non-current provisions

(in millions of euros)	01/01/2019	Change in scope	Charges	Reversals (used)	Reversals (not used)	Other	Translation adjustments	31/12/2019	Non-current portion	Current portion
Provisions for disputes	4.8	0.5	1.2	-1.8	-0.5	-	-	4.1	2.3	1.8
Provisions for guarantees	0.6	-	0.1	-0.3	-	-	-	0.4	0.2	0.2
Provisions for losses on contracts	1.2	-	0.5	-1.2	-	-	-	0.6	0.3	0.4
Provisions for restructuring	7.0	-	2.9	-5.6	-0.2	-	-	4.0	-	4.0
Provisions for the cost of renovating premises	-	2.0	0.7	-	-0.1	6.0	0.2	8.8	6.9	1.9
Provisions for tax risks other than income tax	44.2	-	2.7	-	-1.4	-4.8	-	40.8	40.8	-
Other provisions for contingencies	23.6	0.1	6.3	-3.3	-3.0	-6.0	0.5	18.2	11.8	6.4
TOTAL	**81.5**	**2.6**	**14.4**	**-12.3**	**-5.2**	**-4.7**	**0.8**	**77.0**	**62.3**	**14.8**

Provisions for disputes mainly cover disputes before employment tribunals and end-of-contract bonuses for employees (€3.1 million at 31 December 2019, versus €4.1 million at 31 December 2018).

At 31 December 2018, provisions for tax risks mainly related to tax risks in France, in particular the R&D tax credit and withholdings applied by foreign clients. With the application of IFRIC 23 "Uncertainty over Income Tax Treatments" (see Note 1.2.4), €4.7 million in provisions for withholding tax risks were reclassified at 1 January 2019 under *Income tax liabilities*, and the remainder consisting of provisions for R&D tax credit risks under *Other provisions for contingencies*.

Provisions for restructuring correspond to the cost of one-off restructuring measures in Germany (€2.6 million) and Sopra Steria integration costs mainly relating to facilities (€1.4 million in France).

Other provisions for contingencies and *Provisions for tax risks* other than income tax mainly cover risks relating to R&D tax credits in France (€40.8 million), clients and projects (€7.9 million), contracts (€2.9 million) and employees (€4.0 million). Lastly, the Group has split out on a separate line provisions for buildings and renovation, which had been classified within Other provisions for contingencies at 31 December 2018.

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.

11.2. Contingent liabilities

The only contingent liabilities recognised arose as a result of the Sopra-Steria business combination in 2014.

At 31 December 2019, they totalled €6.5 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 a contingent liability on the balance sheet if it results from a present obligation arising from past events and its 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 12 FINANCING AND FINANCIAL RISK MANAGEMENT

12.1. Financial income and expenses

12.1.1. Cost of net financial debt

(in millions of euros)	Financial year 2019	Financial year 2018
Interest income	2.7	4.5
Income from cash and cash equivalents	**2.7**	**4.5**
Interest expenses	-11.4	-10.9
Gains and losses on hedges of gross financial debt	-1.2	-1.4
Cost of gross financial debt	**-12.6**	**-12.3**
COST OF NET FINANCIAL DEBT	**-9.9**	**-7.8**

The €1.8 million decrease in financial income resulted from the decline in average investments outstanding in India (€37.1 million in 2019, versus €63.2 million in 2018) following the repatriation of cash in the form of a dividend distribution for the financial year for the third year in a row.

The *Cost of gross financial debt* (€12.6 million) remained stable. The average amount of debt outstanding in respect of bank borrowings, bonds, NEU CP (Negotiable European Commercial Paper) and NEU MTN (Negotiable European Medium-Term Notes) was €828 million in 2019, versus €853 million in 2018. The average cost of borrowing after hedging was 1.52% in 2019 (1.44% in 2018).

12.1.2. Other financial income and expenses

(in millions of euros)	Financial year 2019	Financial year 2018
Foreign exchange gains and losses	**0.1**	**0.3**
Other financial income	**0.9**	**1.2**
Net interest expense on lease liabilities	-9.9	-
Net interest expense on retirement benefit obligations	-6.9	-7.9
Expense on unwinding of discounted non-current liabilities	-0.9	-0.6
Change in the value of derivatives	-	-0.6
Gain or loss on disposal of financial assets	2.7	-
Other financial expenses	**-0.5**	**-4.1**
Total other financial expenses	**-15.7**	**-13.2**
TOTAL OTHER FINANCIAL INCOME AND EXPENSES	**-14.7**	**-11.7**

Other financial expenses now include interest expenses on lease liabilities following the application at 1 January 2019 of IFRS 16 Leases (see Note 1.2.3).

The net interest expense on retirement benefit obligations saw a favourable €1 million change. This item is detailed in Note 5.3 “Retirement benefits and similar obligations”.

12.2. Cash and cash equivalents

(in millions of euros)	31/12/2019	31/12/2018
Short-term investment securities	23.5	50.3
Cash and cash equivalents	174.0	120.0
Cash and cash equivalents	**197.5**	**170.3**
Current bank overdrafts	-4.9	-10.5
NET CASH IN THE CASH FLOW STATEMENT	**192.6**	**159.8**

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 12.3, 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 €197.5 million in cash and cash equivalents (excluding current bank overdrafts) at 31 December 2019, €134.5 million was held by the parent company and €63.0 million by the subsidiaries. Among the subsidiaries, entities in India contributed €27.1 million to net cash and cash equivalents at 31 December 2019 (versus €52.9 million at 31 December 2018) 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**.

12.3. Financial debt – Net financial debt

(in millions of euros)	Current	Non-current	31/12/2019	31/12/2018
Bonds	2.3	249.3	251.6	185.0
Bank borrowings	24.8	198.7	223.5	242.3
Finance lease liabilities	-	-	-	16.9
Other sundry financial debt	185.0	46.4	231.4	336.5
Current bank overdrafts	4.9	-	4.9	10.5
FINANCIAL DEBT	**217.1**	**494.4**	**711.4**	**791.2**
Short-term investment securities	-23.5	-	-23.5	-50.3
Cash and cash equivalents	-174.0	-	-174.0	-120.0
NET FINANCIAL DEBT	**19.5**	**494.4**	**513.9**	**620.9**

Financial debt essentially comprises the following:

- 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;
- current bank overdrafts.

Financial debt repayable within 12 months of the balance sheet date is classified as current liabilities.

12.3.1. Bonds

In 2018, the Group had a bond issued to institutional investors in 2013, in the amount of €180 million, maturing in July 2019. On 5 July 2019 the Group refinanced this bond with a new bond issue to top-tier institutional investors, composed of two tranches: one 7-year €130 million tranche with a fixed annual coupon of 1.749%, and one 8-year €120 million tranche with a fixed annual coupon of 2.0%.

12.3.2. 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 postponed to 6 July 2023. At 31 December 2019, the outstanding amount drawn on the loan was from the two amortising tranches (€112 million and £44.8 million after contractual amortisations for the period). The €900 million multi-currency revolving credit facility is undrawn. The Group also has two non-reducing bilateral bank facilities: one drawn to €60 million, maturing in early 2021; and the other undrawn, for €50 million, arranged in 2018, whose initial 5-year maturity was extended by one year.

12.3.3. Other financial debt

In 2015, the Group arranged an unrated multi-currency NEU CP 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 2019. The average amount outstanding under the NEU CP programme was €268.2 million in 2019, compared with €295.5 million in 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 2019 was €120 million (€157.0 million at 31 December 2018). 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 2019, the outstanding amount under the NEU MTN programme was €99.0 million, with maturities of up to four years (€99.0 million at 31 December 2018). The NEU MTNs are included in *Other sundry financial debt*.

12.4. Derivatives reported in the balance sheet

	31/12/2019		Breakdown by class of financial instrument					
(in millions of euros)	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
Non-current financial assets	58.3	58.3	-	19.8	36.4	-	2.2	-
Trade accounts receivable	1,074.3	1,074.3	-	-	1,074.3	-	-	-
Other current assets	348.3	348.3	-	-	234.9	-	6.6	106.8
Cash and cash equivalents	197.5	197.5	197.5	-	-	-	-	-
FINANCIAL ASSETS	**1,678.5**	**1,678.5**	**197.5**	**19.8**	**1,345.6**	**-**	**8.8**	**106.8**
Financial debt – Long-term portion	494.4	494.4	-	-	-	494.4	-	-
Other non-current liabilities	112.2	112.2	-	-	108.4	-	3.7	-
Financial debt – Short-term portion	217.1	217.1	-	-	-	217.1	-	-
Trade payables and related accounts	286.3	286.3	-	-	286.3	-	-	-
Other current liabilities	1,220.9	1,220.9	-	-	1,077.0	-	0.3	143.6
FINANCIAL LIABILITIES	**2,330.8**	**2,330.8**	**-**	**-**	**1,471.7**	**711.4**	**4.0**	**143.6**

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, Poland and Tunisia.

Derivatives 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:

(in millions of euros)	31/12/2019 Profit or loss impact	Breakdown by category of instrument Fair value through profit or loss	Financial assets at fair value through OCI	Loans, receivables and other debt	Liabilities at amortised cost	Derivatives
Total interest income	2.7	-	2.7	-	-	-
Total interest expense	-11.4	-	-	-	-11.4	-
Remeasurement	-1.2	-	-	-	-	-1.2
NET GAINS OR LOSSES	**-9.9**	**-**	**2.7**	**-**	**-11.4**	**-1.2**

The Group uses derivatives such as currency forwards, swaps and options to hedge its exposure to interest rate risk and fluctuations in foreign currencies. Derivatives 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 expenses.*

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.

12.5. Financial risk management

12.5.1. 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 2024. At 31 December 2019, bilateral credit lines were drawn down in the amount of €60 billion.

At 31 December 2019, the Group had lines of credit totalling €1,599.5 billion, 31% of which was drawn down.

Undrawn available credit lines amounted to €950 million (€900 million in RCFs and €50 million in bilateral credit lines), in addition to undrawn overdraft facilities for €157 million. 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 31/12/2019		Drawdown at 31/12/2019		Drawdown rate	Repayment terms	Interest rate at 31/12/2019
	in €m	(£m)	in €m	(£m)			
Available lines of credit							
Bond	250.0	-	250.0	-	100%	At maturity €130m 07/2026 €120m 07/2027	1.87%
Syndicated loan							
▪ Tranche A	112.0	-	112.0	-	100%	Amortising until 2023	1.00%
▪ Tranche B		44.8		44.8	100%	Amortising until 2023	1.79%
Multi-currency revolving credit facility	900.0		-	-	0%	At maturity 07/2023	
Bilateral credit lines	110.0		60.0		55%	2021 to 2024	0.40%
Other	13.4	-	13.4	-	100%	2020/2021	0.00%
Overdraft	161.5	-	4.8	0.1	3%	N/A	0.57%
Total lines of credit authorised per currency	**1,546.9**	**44.8**	**440.1**	**44.9**			
TOTAL LINES OF CREDIT AUTHORISED (EURO EQUIVALENT)	**1599.5**		**492.9**		**31%**		**1.42%**
Other types of financing used							
NEU CP & NEU MTN	N/A	N/A	219.0		N/A	2019 to 2023	0.01%
Other			- 0.5		N/A		N/A
Total financing per currency			**658.6**	**44.9**			
TOTAL FINANCING (EURO EQUIVALENT)			**711.4**				**0.99%**

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 €250 million bond issued on 5 July 2019 has an effective interest rate of 1.749% for the €130 million tranche and 2% for the €120 million tranche.

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 and lease 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 before the impact of IFRS 16 Leases (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 at constant scope over 12 months.

At 31 December 2019, the "Net financial debt/Pro forma EBITDA" ratio covenant was met, with the ratio coming in at 1.26 compared with a covenant of 3.0. It is calculated as follows:

(in millions of euros)	**31/12/2019**	**31/12/2018**
Short-term borrowings (< 1 year)	217.1	452.9
Long-term borrowings (> 1 year)	494.4	338.3
Cash and cash equivalents	-197.5	-170.3
Other financial guarantees	-	-
Net financial debt (including financial guarantees)	**513.9**	**620.9**
Pro forma EBITDA	**408.3**	**369.6**
NET FINANCIAL NET/PRO FORMA EBITDA RATIO	**1.26**	**1.68**

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 2019, the "Pro forma EBITDA/Cost of net financial debt" covenant – requiring a ratio of at least 5.0 – was met, with the ratio coming in at 41.35. It is calculated as follows:

(in millions of euros)	**31/12/2019**	**31/12/2018**
Pro forma EBITDA	**408.3**	**369.6**
Cost of net financial debt	**9.9**	**7.8**
PRO FORMA EBITDA/COST OF NET FINANCIAL DEBT RATIO	**41.35**	**47.49**

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.

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;
- 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.

At 31 December 2019, the maturity schedule for the Group's financial debt was as follows:

(in millions of euros)	**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**
Bond	251.6	286.4	4.7	4.5	4.5	4.5	4.5	263.8
Bank borrowings	223.5	241.3	29.3	75.4	14.7	119.3	2.6	-
NEU CP & MTN	219.0	220.0	185.3	14.3	0.3	20.1	-	-
Other sundry financial debt	12.4	12.4	-	12.4	-	-	-	-
Current bank overdrafts	4.9	4.9	4.9	-	-	-	-	-
Financial debt	**711.4**	**765.1**	**224.3**	**106.5**	**19.5**	**143.9**	**7.1**	**263.8**
Short-term investment securities	-23.5	-23.5	-23.5	-	-	-	-	-
Cash and cash equivalents	-174.0	-174.0	-174.0	-	-	-	-	-
CONSOLIDATED NET FINANCIAL DEBT	**513.9**	**567.5**	**26.7**	**106.5**	**19.5**	**143.9**	**7.1**	**263.8**

At 31 December 2019, the Group's gross borrowings broke down as follows by type of debt and currency:

	Currency of origin			
(in millions of euros)	**Euro**	**Pound sterling**	**Other**	**Total**
Bond	251.6	-	-	251.6
Bank borrowings	154.1	45.0	-	199.1
Short-term bank borrowings (< 1 year)	17.0	7.5	-	24.4
NEU CP (commercial paper) & MTN	219.0	-	-	219.0
Other sundry financial debt	12.4	-	-	12.4
Bank overdrafts (cash liabilities)	4.8	0.1	-	4.9
GROSS FINANCIAL DEBT	**658.8**	**52.6**	**-**	**711.4**

At 31 December 2019, the Group's portfolio of investment securities broke down as follows:

(in millions of euros)	**Short-term investments**	**Advances under the liquidity agreement**	**Total portfolio of investment securities**
Net asset value	23.5	2.4	25.9
NET POSITION	**23.5**	**2.4**	**25.9**

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 2019, 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 €0.1 million.

12.5.2. 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.

12.5.3. 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).

Following the arrangement in July 2019 of a €250 million Euro PP fixed-rate bond issue with maturities of 7 and 8 years, the Group restructured its portfolio of interest rate hedges to secure lower rates over longer maturities, as detailed below:

	Fair value							
	31/12/2019					Maturity		
(in millions of euros)	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Notional amount*	< 1 year	1 to 5 years	> 5 years
Swap (cash flow hedge) in euros	-	-	-	-	-	-	-	-
Swap (cash flow hedge) in foreign currency	-	-	-	-	-	-	-	-
Options eligible for hedge accounting in euros	0.8	-	1.7	-	275.0	-	275.0	-
Options eligible for hedge accounting in foreign currency	-	-	-	-	-	-	-	-
Swaps not eligible for hedge accounting in euros	-	-	-	-	-	-	-	-
Options not eligible for hedge accounting in euros	0.0	-	0.2	-	50.0	-	50.0	-
TOTAL INTEREST RATE HEDGES	**0.8**	**-**	**1.9**	**-**	**325.0**	**-**	**325.0**	**-**

(*) 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.*

The profit or loss and equity impacts of the Group's interest rate hedging instruments are as follows:

	Balance sheet amounts					Changes in fair value			
	31/12/2018	Changes in fair value	Changes in scope	Other changes	31/12/2019	Equity impact	Profit or loss impact		
(in millions of euros)							Ineffective portion of cash flow hedges	Fair value hedges	Trading
Swap (cash flow hedge) in euros	-0.3	0.3	-	-	-	0.3	-	-	-
Swap (cash flow hedge) in foreign currency	-	-	-	-	-	-	-	-	-
Options eligible for hedge accounting in euros	-1.3	0.4	-	-	-1.0	0.3	-	-	-
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	-	-	-	-
TOTAL PRE-TAX IMPACT	**-1.8**	**0.7**	**-**	**-**	**-1.2**	**0.6**	**-**	**-**	**-**

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 2019 is as follows:

	-50 bps		+50 bps	
(in millions of euros)	**Equity impact**	**P&L impact** (hedge ineffectiveness)	**Equity impact**	**P&L impact** (hedge ineffectiveness)
Swaps (cash flow hedge) in euros	-	-	-	-
Swaps (cash flow hedge) in foreign currency	-	-	-	-
Swaps not eligible for hedge accounting	-	-	-	-
Options eligible for hedge accounting in euros	-0.6	-	1.8	-
Options eligible for hedge accounting in foreign currency	-	-	-	-
Options not eligible for hedge accounting in foreign currency	-	-	-	0.1
TOTAL	**-0.6**	**-**	**1.8**	**0.1**
Total impact		***-0.6***		***1.9***

The total amount of gross borrowings subject to interest rate risk was €365.7 million. Interest rate hedges in force at 31 December 2019, reduced this exposure to €40.7 million.

The Group's residual exposure to interest rate risk is as follows:

(in millions of euros)	**Rate**	**31/12/2019**	**Less than one 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	25.9	25.9	-	-	-	-	-
Cash and cash equivalents	Floating rate	171.7	171.7	-	-	-	-	-
	Fixed rate	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Floating rate	**197.5**	**197.5**	**-**	**-**	**-**	**-**	**-**
Financial assets	**Total financial assets**	**197.5**	**197.5**	**-**	**-**	**-**	**-**	**-**
Bonds	Fixed rate	-251.6	-2.3	0.1	0.1	0.1	0.1	-249.7
Bank borrowings	Floating rate	-161.8	-22.7	-10.9	-10.9	-117.2	-	-
Bank borrowings	Fixed rate	-61.8	-1.3	-60.5	-	-	-	-
NEU CP (commercial paper) & MTN	Floating rate	-199.0	-185.0	-14.0	-	-	-	-
NEU CP (commercial paper) & MTN	Fixed rate	-20.0		-	-	-20.0	-	-
	Fixed rate	-12.4	-	-12.4	-	-	-	-
Other financial debt	Floating rate	-	-	-	-	-	-	-
	Fixed rate	-	-	-	-	-	-	-
Current bank overdrafts	Floating rate	-4.9	-4.9	-	-	-	-	-
	Fixed rate	**-345.8**	**-3.6**	**-72.7**	**0.1**	**-19.9**	**0.1**	**-249.7**
	Floating rate	**-365.7**	**-212.6**	**-24.9**	**-10.9**	**-117.2**	**-**	**-**
Financial liabilities (gross exposure before hedging)	**Total financial liabilities**	**-711.4**	**-216.2**	**-97.7**	**-10.9**	**-137.1**	**0.1**	**-249.7**
	FIXED RATE	**-345.8**	**-3.6**	**-72.7**	**0.1**	**-19.9**	**0.1**	**-249.7**
NET EXPOSURE BEFORE HEDGING	**FLOATING RATE**	**-168.1**	**-15.1**	**-24.9**	**-10.9**	**-117.2**	**-**	**-**
	Fixed-rate payer swaps in euros	-	-	-	-	-	-	-
	Fixed-rate payer swaps in foreign currency	-	-	-	-	-	-	-
Interest rate hedging instruments	Fixed-rate payer options	325.0	-	175.0	-	75.0	75.0	-
	FIXED RATE	**-670.8**	**-3.6**	**-247.7**	**0.1**	**-94.9**	**-74.9**	**-**
GROSS EXPOSURE AFTER HEDGING	**FLOATING RATE**	**-40.7**	**-212.6**	**150.1**	**-10.9**	**-42.2**	**75.0**	**-**
	FIXED RATE	**-670.8**	**-3.6**	**-247.7**	**0.1**	**-94.9**	**-74.9**	**-**
NET EXPOSURE AFTER HEDGING	**FLOATING RATE**	**156.9**	**-15.1**	**150.1**	**-10.9**	**-42.2**	**75.0**	**-**

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%.

12.5.4. 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, Poland and Tunisia, and certain commercial contracts denominated in US dollars. These hedges cover both invoiced items and future cash flows: 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.

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 in Sweden, 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:

	Fair value							
	31/12/2019					Maturity		
(in millions of euros)	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Notional amount	< 1 year	1 to 5 years	> 5 years
Fair value hedges								
Foreign currency forwards	-	4.6	-	0.1	72.5	72.5	-	-
Foreign currency options	-	0.2	-	-	2.4	2.4	-	-
Cash flow hedges								
Foreign currency forwards	1.4	1.7	1.8	0.1	109.7	26.7	83.0	-
Foreign currency options	-	0.1	-	-	4.0	3.5	0.5	-
Instruments not designated for hedging*	**-**	**-**	**-**	**-**	**3.6**	**3.4**	**0.2**	**-**
TOTAL FOREIGN CURRENCY HEDGES	**1.4**	**6.6**	**1.8**	**0.3**	**192.2**	**108.5**	**83.7**	**-**

* *The Group hedges the foreign exchange transaction risk but chooses in certain cases not to apply hedge accounting.*

The remeasurement of these financial instruments in profit or loss is recognised in 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:

	Balance sheet amounts					Changes in fair value			
							Profit or loss impact		
(in millions of euros)	31/12/2018	Change in fair value	Changes in scope	Other changes	31/12/2019	Equity impact	Ineffective portion of cash flow hedges	Fair value hedges	Trading
Fair value hedges									
Foreign currency forwards	2.4	2.0	-	-	4.4	-	-	2.0	-
Foreign currency options	0.1	0.1	-	-	0.2	-	-	0.1	-
Cash flow hedges									
Foreign currency forwards	4.2	-3.1	-	-	1.1	-3.1	-	-	-
Foreign currency options	0.3	-	-	-0.2	0.1	-	-	0.1	-0.1
Instruments not designated for hedging	**-**	**-**	**-**	**0.1**	**-**	**-**	**-**	**-**	**-**
TOTAL PRE-TAX IMPACT	**7.1**	**-1.0**	**-**	**-0.1**	**5.9**	**-3.1**	**-**	**2.2**	**-0.1**

Exposure to foreign exchange risk is as follows:

COMMERCIAL TRANSACTIONS

(in millions of euros)	GBP	NOK	EUR	INR	TND	USD	SEK	Other	Total
Assets	34.2	-	40.9	-	0.1	11.1	-	2.6	88.9
Liabilities	0.4	-	4.5	-	0.1	7.7	-	13.9	26.5
Foreign currency commitments	-	-	-	-	-	-	-	-	-
Net position before hedging	**33.9**	**-**	**36.4**	**-**	**-**	**3.4**	**-**	**-11.3**	**62.3**
Hedging instruments	96.5	2.8	91.3	-	-9.2	4.3	-	-	185.7
NET POSITION AFTER HEDGING	**-62.6**	**-2.8**	**-54.9**	**-**	**9.1**	**-0.9**	**-**	**-11.3**	**-123.4**

FINANCING INCLUDING CURRENT ACCOUNT

(in millions of euros)	GBP	NOK	EUR	INR	TND	USD	SEK	Other	Total
Assets	273.0	64.1	-	27.1	-	7.5	-	26.2	397.8
Liabilities	73.4	-	-	-	-	0.2	20.9	8.8	103.2
Foreign currency commitments	-	-	-	-	-	-	-	-	-
Net position before hedging	**199.6**	**64.1**	**-**	**27.1**	**-**	**7.3**	**-20.9**	**17.4**	**294.6**
Hedging instruments*	296.6	-	-	-	-	-	-18.5	-	278.0
NET POSITION AFTER HEDGING	**-96.9**	**64.1**	**-**	**27.1**	**-**	**7.3**	**-2.4**	**17.4**	**16.6**

* *Net investment hedge in foreign currency.*

TOTAL (MARKET POSITIONS + FINANCING)

(in millions of euros)	GBP	NOK	EUR	INR	TND	USD	SEK	Other	Total
Assets	307.3	64.1	40.9	27.1	0.1	18.5	-	28.8	486.7
Liabilities	73.8	0.0	4.5	-	0.1	7.8	20.9	22.7	129.8
Foreign currency commitments	-	-	-	-	-	-	-	-	-
Net position before hedging	**233.5**	**64.1**	**36.4**	**27.1**	**-**	**10.7**	**-20.9**	**6.1**	**356.9**
Hedging instruments	393.1	2.8	91.3	-	-9.2	4.3	-18.5	-	463.7
NET POSITION AFTER HEDGING	**-159.6**	**61.3**	**-54.9**	**27.1**	**9.1**	**6.4**	**-2.4**	**6.1**	**-106.8**

SENSITIVITY ANALYSIS

(in millions of euros)	GBP	NOK	EUR	INR	TND	USD	SEK	Other	Total
Currency change assumption (appreciation)	5%	5%	5%	5%	5%	5%	5%	5%	
NET PROFIT IMPACT	**-0.1**	**0.0**	**0.2**	**-**	**0.1**	**0.4**	**-**	**-0.1**	**0.4**
EQUITY IMPACT	**-7.9**	**3.1**	**-3.0**	**1.4**	**0.4**	**-0.1**	**-0.1**	**0.4**	**-5.8**

12.5.5. 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 & Systèmes (see Note 7.1.1).

At 31 December 2019, the value of treasury shares was €41.3 million.

Given the limited number of treasury shares it holds (1.40% 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 13 CASH FLOWS

13.1. Change in net financial debt

(in millions of euros)	31/12/2018	Proceeds from/ (Payments on)	Changes in scope	Translation adjustments	Other movements	31/12/2019
Bonds excluding accrued interest	181.4	68.6	-	-	-	250.0
Bank borrowings excluding accrued interest	245.2	-30.7	8.6	2.5	-	225.6
Finance lease liabilities excluding accrued interest	16.9	-	-	-	-16.9	-
Other sundry financial debt excluding current accounts and accrued interest	336.5	-119.3	12.1	2.2	-	231.4
Financial debt in the cash flow statement	**780.0**	**-81.4**	**20.7**	**4.7**	**-16.9**	**707.0**
Current accounts	-	-15.2	15.1	0.1	-	-
Accrued interest on financial debt	0.7	-1.2	-	-	-	-0.5
Financial debt excluding current bank overdrafts	**780.7**	**-97.8**	**35.8**	**4.7**	**-16.9**	**706.5**
Current bank overdrafts	-10.5	1.3	-0.1	4.4	-	-4.9
Short-term investment securities	50.3	-27.0	-	0.2	-	23.5
Cash and cash equivalents	120.0	30.7	30.5	-7.2	-	174.0
Net cash in the cash flow statement	**159.8**	**5.0**	**30.4**	**-2.6**	**-**	**192.6**
NET FINANCIAL DEBT	**620.9**	**-102.8**				**513.9**
Change in net financial debt						**-107.0**

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 156, 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; lease payments; all financial income and expenses payable or receivable (except those related to lease liabilities); 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.

(in millions of euros)	31/12/2019	31/12/2018
Operating profit on business activity	**354.3**	**307.9**
Depreciation, amortisation and provisions (excluding allocated intangible assets)	159.3	55.8
EBITDA	**513.6**	**363.7**
Non-cash items	-3.9	-3.1
Tax paid	-81.0	-63.4
Impairment of current assets	0.9	-5.1
Change in operating WCR	25.3	-23.1
Reorganisation and restructuring costs	-32.7	-39.2
Net cash flow from operating activities	**422.2**	**229.8**
Payments relating to investments in property, plant and equipment and intangible assets	-49.8	-61.9
Proceeds from sale of property, plant and equipment and intangible assets	0.1	0.1
Net change from investment activities involving property, plant and equipment and intangible assets	**-49.7**	**-61.8**
Lease payments	-109.8	-
Net interest (including interest on lease liabilities)	-9.3	-8.4
Additional contributions related to defined-benefit pension plans	-24.1	-23.4
Free cash flow	**229.3**	**136.1**
Impact of changes in scope	-89.5	-168.8
Impact of payments relating to non-current financial assets	-7.4	-5.9
Impact of receipts relating to non-current financial assets	4.7	1.2
Dividends paid	-39.9	-48.7
Dividends received	2.9	1.4
Capital increases	-	-
Purchase and sale of treasury shares	-2.8	-23.4
Other cash flows relating to investing activities	-	-
Net cash flow	**97.4**	**-108.1**
Impact of changes in foreign exchange rates	-7.3	-2.6
Impact of changes in accounting policies (IFRS 16)	16.9	-
CHANGE IN NET FINANCIAL DEBT	**107.0**	**-110.8**
Cash and cash equivalents – Beginning of period	159.8	155.9
Non-current financial debt – Beginning of period	-338.3	-398.9
Current financial debt – Beginning of period	-442.4	-267.1
Net financial debt – Beginning of period	**-620.9**	**-510.1**
Cash and cash equivalents – End of period	192.6	159.8
Non-current financial debt – End of period	-494.4	-338.3
Current financial debt – End of period	-212.2	-442.4
Net financial debt at the end of the period	**-513.9**	**-620.9**
CHANGE IN NET FINANCIAL DEBT	**107.0**	**-110.8**

Free cash flow amounted to €229.3 million (€173.1 million in 2018, excluding the €37.0 million impact of the sale of trade receivables with deconsolidation in December 2017). This corresponds to an improved cash conversion rate with respect to operating profit on business activity, continuing the upward trend seen since 2015. This performance reflected better management of the working capital requirement and, primarily, a 6-day reduction in the average payment period of trade receivables.

Change in net financial debt takes into account the reclassification of former finance lease liabilities outside financial debt starting 1 January 2019 due to the application of IFRS 16 "Leases". This new rule has no material impact on Free cash flow, as the main line items affected – EBITDA and *Purchase of property, plant and equipment and intangible assets* – are offset by the new line item recognising lease payments.

Outflows related to acquisitions of companies, recognised within *Impact of changes in scope*, were down €73.3 million. Those that took place in 2019 are described in Note 2.1 and presented in the following table:

(in millions of euros)	31/12/2019	31/12/2018
Cost of acquisitions paid (excluding earn-outs)	-95.8	-182.0
Net debt/(Net cash) of acquired companies	-0.6	13.2
Earn-outs	-1.9	-
Disposal price for shares sold in consolidated equity investments	4.4	-
Cash transferred out/deconsolidated entities	4.3	-
TOTAL	**-89.5**	**-168.8**

In 2019, they included the acquisitions (see Note 2.1) of SAB, Sopra Financial Technology GmbH and NeoSpheres, as well as earn-outs on prior acquisitions, Apak and O.R. System. Conversely, the disposal of Sopra Steria Recruitment Ltd had a positive impact of €8.7 million.

In 2018, acquisitions mainly comprised BLUECARAT and it-economics in Germany, and Apak and O.R. System by Sopra Banking Software.

Lastly, as the Group did not offer an employee share ownership programme in 2019, outflows related to the purchase and resale of treasury shares improved substantially. In 2018, 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.

As a result of these effects, net financial debt at 31 December 2019 decreased to €513.9 million, compared with €620.9 million at 31 December 2018.

13.2. 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:

(in millions of euros)	31/12/2019	31/12/2018	Net change	Of which: Items not included in WCR	Of which: WCR items	Change in WCR items without cash impact: Foreign exchange	Change in WCR items without cash impact: Other	Impact on cash flow statement
Other non-current financial assets	25.2	19.2	6.0	-2.4	8.4	0.2	4.3	-3.9
▪ Other loans and receivables	23.0	14.6	8.4	-	8.4	0.2	4.3	-3.9
▪ Other non-current financial assets	2.2	4.5	-2.4	-2.4	-	-	-	-
Non-current assets	**25.2**	**19.2**	**6.0**	**-2.4**	**8.4**	**0.2**	**4.3**	**-3.9**
Trade accounts receivable	1,074.3	1,091.0	-16.7	-	-16.7	9.9	2.2	28.8
▪ Trade receivables	737.7	706.6	31.1	-	31.1	4.8	5.8	-20.5
▪ Accrued income	336.6	384.3	-47.8	-	-47.8	5.1	-3.6	49.3
Other current receivables	348.3	286.8	61.5	25.1	36.4	4.1	6.8	-25.5
Current assets	**1,422.6**	**1,377.8**	**44.8**	**25.1**	**19.8**	**14.0**	**9.1**	**3.3**
Non-current assets classified as held for sale	-	-	-	-	-	-	-	-
Total assets	**1,447.8**	**1,397.0**	**50.9**	**22.7**	**28.1**	**14.1**	**13.4**	**-0.6**
Retirement benefits and similar obligations – Liabilities	-10.2	-7.2	-3.1	-	-3.1	-	-3.4	-0.3
▪ Other long-term employee benefits	-10.2	-7.2	-3.1	-	-3.1	-	-3.4	-0.3
Other non-current liabilities	-112.2	-99.9	-12.2	-10.9	-1.3	-4.5	-9.1	-12.3
Non-current liabilities	**-122.4**	**-107.1**	**-15.3**	**-10.9**	**-4.4**	**-4.5**	**-12.5**	**-12.6**
Trade payables	-286.3	-294.9	8.6	-2.0	10.7	-4.9	-9.5	-25.1
Advances and payments on account received for orders	-5.5	-3.8	-1.7	-	-1.7	-	-	1.7
Deferred income on client projects	-296.6	-256.1	-40.5	-	-40.5	-3.6	-9.8	27.1

(in millions of euros)	31/12/2019	31/12/2018	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 current liabilities	-918.8	-796.4	-122.4	-23.1	-99.4	-4.0	-60.5	34.8
Current liabilities	**-1,507.2**	**-1,351.2**	**-156.0**	**-25.1**	**-130.9**	**-12.6**	**-79.8**	**38.5**
Liabilities related to non-current assets classified as held for sale	-	-	-	-	-	-	-	-
Total liabilities	**-1,629.6**	**-1,458.3**	**-171.3**	**-36.0**	**-135.3**	**-17.1**	**-92.4**	**25.9**
TOTAL WCR	**-181.8**	**-61.3**	**-120.5**	**-13.3**	**-107.2**	**-3.0**	**-79.0**	**25.3**

13.3. Other cash flows in the consolidated cash flow statement

Beyond the changes presented in the *Change in net financial debt* table, the consolidated cash flow statement presented on page 156 was affected by movements related to financing activities. Proceeds from new borrowings mainly arose from the refinancing completed on 5 July 2019 for €250 million (see Note 12.3.1). Conversely, payments on borrowings comprised €181.4 million for the repayment of the bond issued in 2013. Other repayments mainly concerned the impact of sales of trade receivables with deconsolidation carried out in 2018 for €68.1 million, as well as the medium-term loan and the NEU CP programme.

NOTE 14 EQUITY AND EARNINGS PER SHARE

14.1. Equity

The consolidated statement of changes in equity is presented on page 155.

14.1.1. Changes in share capital

At 31 December 2019, Sopra Steria Group had a share capital of €20,547,701, the same as at 31 December 2018. It is represented by 20,547,701 fully paid-up shares with a par value of €1 each.

14.1.2. Transactions in treasury shares

At 31 December 2019, the value of treasury shares recognised as a deduction from consolidated equity was €46.1 million, consisting of 287,640 shares, including 260,933 shares held by UK trusts falling within the consolidation scope and 26,707 shares acquired by Sopra Steria Group, 2,639 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 €16.9 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.

14.1.3. Dividends

At Sopra Steria Group's General Meeting of 12 June 2019, the shareholders resolved to distribute an ordinary dividend of €38.0 million in respect of financial year 2018, equating to €1.85 per share. The dividend was paid on 4 July 2019 for a total of €37.6 million, net of the dividend on treasury shares. The dividend paid in financial year 2018 in respect of financial year 2017 was €49.2 million, equating to €2.40 per share.

14.1.4. 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 2019, accumulated translation reserves by currency were as follows:

(in millions of euros)	31/12/2019	31/12/2018
Swiss franc	7.9	6.2
Pound sterling	-49.6	-80.5
Indian rupee	2.6	5.1
Norwegian krone	-18.0	-19.2
Polish zloty	-0.2	-0.3
Singapore dollar	0.5	0.2
Tunisian dinar	-1.7	-2.5
US dollar	-	3.4
Other currencies	1.3	3.7
ACCUMULATED TRANSLATION RESERVES (ATTRIBUTABLE TO THE GROUP)	**-57.2**	**-83.9**

The "Other currencies" category mainly includes the accumulated translation reserves of associates, and chiefly Axway Software, in the amount of €8.3 million (€7.4 million at 31 December 2018).

14.1.5. 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, as well as companies in the SAB group and Sopra Financial Technology GmbH acquired in 2019.

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 and in SAB, 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, Galitt and SAB 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 (€32.8 million), and the share of the German banking network Sparda's cooperative banks in Sopra Financial Technology GmbH (€17.7 million).

In the income statement, amounts attributable to non-controlling interests mainly comprised €7.0 million for SSCL and €3.1 million for NHS SBS.

Summary financial information for SSCL, NHS SBS, Galitt, SAB and Sopra Financial Technology GmbH is as follows:

	31/12/2019				
(in millions of euros)	SSCL	NHS SBS	Galitt	SAB	SFT
Non-current assets	14.4	33.7	42.9	94.1	108.9
Current assets	153.5	70.4	9.6	18.7	10.3
Non-current liabilities	19.5	19.7	7.8	11.9	52.6
Current liabilities	60.6	18.7	-11.1	21.0	25.0
Revenue	204.5	92.6	34.6	37.1	86.3
NET PROFIT	**28.1**	**6.2**	**2.4**	**3.5**	**2.5**

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.

14.1.6. 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 14.1.2.

The only potentially dilutive instruments are the free shares granted under Sopra Steria's free performance share plans (see Note 5.4.1).

14.2. Earnings per share

	Financial year 2019	Financial year 2018
Net profit attributable to the Group in millions of euros (a)	160.3	125.1
Weighted average number of ordinary shares outstanding (b)	20,547,701	20,547,701
Weighted average number of treasury shares (c)	313,075	366,701
Weighted average number of shares outstanding excluding treasury shares (d) = (b) - (c)	20,234,626	20,181,000
BASIC EARNINGS PER SHARE IN EUROS (A/D)	**7.92**	**6.20**

	Financial year 2019	Financial year 2018
Net profit attributable to the Group in millions of euros (a)	160.3	125.1
Weighted average number of shares outstanding excluding treasury shares (d)	20,234,626	20,181,000
Dilutive effect of instruments that give rise to potential ordinary shares (e)	116,462	102,323
Theoretical weighted average number of equity instruments (f) = (d) + (e)	20,351,088	20,283,323
DILUTED EARNINGS PER SHARE IN EUROS (A/F)	**7.88**	**6.17**

The method used to calculate earnings per share is set out below.

Treasury shares are detailed in Note 14.1.2.

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 15 RELATED-PARTY TRANSACTIONS

15.1. Transactions with equity-accounted associates and non-consolidated entities

(in millions of euros)	31/12/2019	31/12/2018
Transactions between Sopra Steria Group and the Axway Software group		
Sales of goods and services	0.4	0.2
Purchases of goods and services	-1.5	-0.8
Operating receivables	0.2	0.1
Operating payables	-0.8	-0.3
Financial income	-	-
Financial receivables (current account)	-	-
Transactions between Sopra Steria Group subsidiaries and the Axway Software group		
Sales of goods and services	7.7	5.2
Purchases of goods and services	-3.8	-4.0
Operating receivables	0.9	0.7
Operating payables	-0.7	-0.9
Financial income	-	-
Financial receivables (current account)	-	-
Transactions between Sopra Steria Group and holding company Sopra GMT		
Sales of goods and services	0.4	0.3
Purchases of goods and services	-1.6	-1.3
Operating receivables	0.1	0.1
Operating payables	-0.1	0.1
Financial income	-	-
Financial receivables (current account)	-	-

15.2. 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 16 OFF BALANCE SHEET COMMITMENTS

16.1. Commitments given related to current operations

(in millions of euros)	31/12/2019	31/12/2018
Bank guarantees for project completion	26.6	43.8
Other guarantees	11.5	6.9
TOTAL	**38.1**	**50.6**

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 €26.6 million at 31 December 2019 (€43.8 million at 31 December 2018). To date, no use has ever been made of any such guarantee.

16.2. Commitments received

(in millions of euros)	31/12/2019	31/12/2018
Unused credit lines	950.0	950.0
Unused current bank overdrafts	157.1	151.4
Other commitments received	4.5	-
TOTAL	**1,111.6**	**1,101.4**

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 17 SUBSEQUENT EVENTS

At its meeting on 9 April 2020, the Board of Directors decided to propose to the shareholders at the General Meeting of 9 June 2020, not to distribute a dividend for financial year 2019.

On 21 February 2020, the Group also announced that it had signed an exclusive negotiation agreement with a view to acquiring a controlling interest in Sodifrance, corresponding to 94.03% of its share capital. The proposed acquisition is subject to the customary consultations and closing conditions, and could be finalised by the end of the second quarter or the beginning of the third quarter of 2020. In addition, on 10 January 2020 the Group, via its subsidiary Galitt, finalised the acquisition of 100% of ADN'co, a consulting firm specialising in the payment systems market.

Lastly, the onset of the Covid-19 pandemic during the first quarter of 2020 will have effects on the 2020 consolidated financial statements that could not be estimated precisely at the date when the financial statements for the year ended 31 December 2019 were approved. The potential impacts are highly dependent on whether clients decide to terminate or postpone certain services. At the Group level, a crisis-management unit and an adapted governance structure have been set up to monitor and manage, on a day-to-day basis, the consequences of events on business activities. The priorities are to ensure the protection of employees' and clients' health, via the implementation of sufficient measures and the continuity of services for clients. Whenever the technical environment permits, employees work from home.

NOTE 18 LIST OF GROUP COMPANIES

Company	Country	% control	% held	Consolidation method
France				
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
Beamap SAS	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
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%	N/A
Tecfit	France	88.13%	88.13%	FC
Galitt	France	99.07%	87.31%	FC

Company	Country	% control	% held	Consolidation method
United Kingdom				
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
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
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.	Canada	100.00%	100.00%	FC
Other Europe				
Sopra Steria SE	Germany	100.00%	100.00%	FC
ISS Software GmbH	Germany	100.00%	100.00%	FC
Sopra Steria Services GmbH	Germany	100.00%	100.00%	FC
Sopra Financial Technology GmbH	Germany	51.00%	51.00%	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 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

Company	Country	% control	% held	Consolidation method
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
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
Sopra Steria Sweden AB	Sweden	100.00%	100.00%	FC
Kentor Holding AB	Sweden	100.00%	100.00%	FC
Kentor OOO	Russia	100.00%	100.00%	FC
Sopra Banking Software				
Sopra Banking Software	France	100.00%	100.00%	FC
Cassiopae SAS South Korea branch	South Korea	100.00%	100.00%	N/A
O.R. System Do Brasil	Brazil	100.00%	100.00%	N/A
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
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
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
Sopra Banking Software Senegal	Senegal	100.00%	100.00%	FC
SAB	France	70.00%	70.00%	FC
SAMIC	Monaco	99.60%	69.72%	FC
SAB Med	Lebanon	98.00%	68.60%	FC
SAB Tunisia	Tunisia	99.99%	70.00%	FC
SAB Atlas	Morocco	100.00%	70.00%	FC
SAB Pacific	Polynesia	100.00%	70.00%	FC
SAB Med	France	100.00%	68.60%	FC
SAB Tunisia	France	100.00%	70.00%	FC
Other Solutions				
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

Company	Country	% control	% held	Consolidation method
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
Neospheres Consulting	France	100.00%	100.00%	FC
AXWAY	**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 19 STATUTORY AUDITORS' FEES

	Mazars network		Nexia network	
	2019	**2018**	**2019**	**2018**
Certification of the parent company and consolidated financial statements				
Sopra Steria Group	0.5	0.5	0.3	0.3
Fully consolidated subsidiaries	1.3	1.3	0.6	0.7
Subtotal	**1.9**	**1.8**	**1.0**	**1.0**
Services other than the certification of the accounts*				
Sopra Steria Group	0.3	0.1	-	-
Fully consolidated subsidiaries	0.1	0.1	0.1	-
Subtotal	**0.4**	**0.2**	**0.1**	**-**
TOTAL STATUTORY AUDITORS' FEES	**2.2**	**2.0**	**1.0**	**1.0**

* *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,

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 2019. These financial statements were approved for publication by the Board of Directors on 9 April 2020 on the basis of data available at that date in the evolving context of the public health crisis related to Covid-19.

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.

Basis of our opinion

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" included in this document.

INDEPENDENCE

We performed our audit in accordance with the independence rules applicable to us for the period from 1 January 2019 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.

OBSERVATION

Without qualifying the opinion issued above, we draw your attention to Note 1.2.3 to the consolidated financial statements presenting the change in accounting method with the first-time application of IFRS 16 Leases as of 1 January 2019.

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, approved for publication under the aforementioned conditions, 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.

REVENUE RECOGNITION ON FIXED-PRICE CONTRACTS

(Note 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 2019 totalled €4.4 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 presented in Note 4.1 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 contacts 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.

VALUATION AND IMPAIRMENT OF GOODWILL

(Notes 8.1.2 and 8.1.3 to the consolidated financial statements)

Risk identified

As at 31 December 2019, the net value of goodwill in the Group's consolidated financial statements was €1,813.9 million, equal to 39.9% 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 CGU and Sopra Banking Software.

Lastly, we verified that Notes 2.1 and 8.1 to the consolidated financial statements provided appropriate information.

VALUATION AND IMPAIRMENT OF EQUITY-ACCOUNTED INVESTMENTS

(Note 10.2 to the consolidated financial statements)

Risk identified

As at 31 December 2019, the net value of equity interests in the Group's consolidated financial statements was €195.0 million, equal to 4.3% of total assets. These equity interests correspond to the Group's stake in Axway Software.

As explained in Note 10.2 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.

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 10.2 to the consolidated financial statements provided appropriate information.

POST-EMPLOYMENT BENEFIT LIABILITIES

(Note 5.3.1 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 2019 was €350.0 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 €1,658.2 million, net liabilities as at 31 December 2019 totalled €339.7 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.

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, approved for publication on 9 April 2020. Concerning events occurring and data of which the Company becomes aware after the publication date of the financial statements relating to the Covid-19 crisis, management informed us that these will be communicated at the General Meeting convened to approve the financial statements.

We have no matters to report as to their fair presentation and their 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.

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 2019, Mazars was in its 20th consecutive year as Statutory Auditor and Auditeurs et Conseil Associés – ACA Nexia was in its 34th consecutive year as Statutory Auditor, respectively 20 years and 30 years since the company's shares were first listed for trading on a regulated market.

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.

Responsibilities of the statutory auditors relating to the audit of the consolidated financial statements

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.

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.

Paris and Courbevoie, 9 April 2020

The Statutory Auditors

Auditeurs & Conseils Associes ACA Nexia	**Mazars**
Olivier Juramie	Bruno Pouget

6. 2019 Parent Company Financial Statements

Cash flow statement

(in thousands of euros)	Notes	2019	2018
Net revenue	*4.1.1*	1,651,461	1,553,775
Other operating income		56,830	40,969
Operating income		**1,708,291**	**1,594,744**
Purchases consumed		602,261	551,440
Staff costs		922,005	890,113
Other operating expenses		7,348	8,787
Taxes and duties		35,269	37,230
Depreciation, amortisation, provisions and impairment		35,017	23,241
Operating expenses		**1,601,901**	**1,510,809**
Operating results		**106,390**	**83,934**
Financial income and expenses	*4.3*	43,006	31,174
Pre-tax profit on ordinary activities		**149,396**	**115,108**
Exceptional income and expenses	*4.4*	647	-12,007
Employee profit-sharing and incentives	*4.2.1*	-17,678	-4,406
Corporate income tax	*4.5.2*	14,713	26,012
NET PROFIT		**147,078**	**124,706**

Income statement

Assets *(in thousands of euros)*	Notes	Gross value	Depreciation, amortisation and impairment	2019	2018
Intangible assets	*5.1.1*	223,868	101,176	122,692	126,113
Property, plant and equipment	*5.1.2*	148,884	92,269	56,615	59,653
Financial investments	*5.1.3*	1,967,757	11,980	1,955,777	1,844,977
Non-current assets		**2,340,509**	**205,426**	**2,135,083**	**2,030,744**
Inventories and work in progress	*5.2.1*	3,882	-	3,882	4,645
Trade accounts receivable	*5.2.2*	413,030	284	412,745	324,132
Other receivables, prepayments and accrued income	*5.2.3*	310,335	47	310,287	250,820
Cash and cash equivalents		150,658	-	150,658	140,750
Current assets		**877,905**	**332**	**877,573**	**720,347**
Debt issuance costs	*5.2.5*	654	-	654	125
Foreign currency translation losses	*5.2.5*	3,469	-	3,469	6,572
TOTAL ASSETS		**3,222,537**	**205,758**	**3,016,779**	**2,757,789**

Liabilities and equity *(in thousands of euros)*	Notes	2019	2018
Share capital		20,548	20,548
Share premium		531,477	531,477
Reserves		438,489	351,735
Profit for the year		147,078	124,706
Regulated provisions		-	172
Equity	*5.3*	**1,137,592**	**1,028,638**
Provisions	*5.4*	**128,160**	**121,975**
Financial debt	*5.5.1*	918,804	840,494
Trade payables and related accounts	*5.5.3*	145,291	137,338
Tax and social security payables	*5.5.4*	314,404	307,731
Other liabilities, accruals and deferred income	*5.5.5*	366,543	312,015
Liabilities		**1,745,042**	**1,597,578**
Foreign currency translation gains	*5.5.7*	5,985	9,597
TOTAL LIABILITIES AND EQUITY		**3,016,779**	**2,757,789**

Balance sheet

(in thousands of euros)	Notes	2019	2018
Profit for the year		**147,078**	**124,706**
Non-monetary items with no cash impact			
■ Depreciation and amortisation of property, plant and equipment, intangible assets and financial investments	*5.1*	12,511	24,480
■ Gains and losses on disposal of assets		-2,675	-
Changes in working capital requirements			
■ Change in provisions and other non-monetary items		5,365	4,574
■ Change in inventories		763	-3,133
■ Change in trade receivables		-88,481	83,572
■ Change in other receivables (excluding receivables on disposals of assets)		-21,485	-3,973
■ Change in trade payables (excluding payables on purchases of assets)		7,972	23,186
■ Change in other payables		23,942	-62,851
Net cash flow from operating activities		**84,990**	**190,561**
Purchase of property, plant and equipment and intangible assets	*5.1.1 and 5.1.2*	-8,345	-17,677
Change in trade payables on fixed assets		433	-110
Proceeds from sale of property, plant and equipment and intangible assets		-	-
Purchase of long-term investment securities		-37,024	-
Change in payables on securities	*5.5.5*	9,350	-30,687
Proceeds from sale of equity interests		4,260	-
Change in other financial investments		1,777	-5,635
Net cash from/(used in) investing activities		**-29,549**	**-54,109**
Issuance of long-term borrowings	*5.5.1*	250,000	129,597
Repayment of long-term borrowings	*5.5.1*	-204,223	-27,984
Increase/(Decrease) in short-term borrowings		-40,677	-53,323
Changes in share capital	*5.3.1*	-	-
Dividends paid	*5.3.1*	-37,953	-49,240
Change in Group current accounts and cash accounts related to the notional cash pool		8,979	-115,987
Change in long-term financial receivables		12,556	49,174
Net cash from/(used in) financing activities		**-11,317**	**-67,763**
Net change in cash (excluding cash accounts related to the notional cash pool)		**44,123**	**68,689**
Opening cash position (excluding cash accounts related to the notional cash pool)		88,335	19,646
Closing cash position (excluding cash accounts related to the notional cash pool)		132,458	88,335

1. Company description

Sopra Steria Group is the parent company of the Sopra Steria group.

Its registered office is located at 3 Rue du Pré Faucon in Annecy-le-Vieux, where its consolidated financial statements may be consulted.

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

On 5 July 2019, the Company completed a €250 million bond issue to top-tier institutional investors, composed of two tranches: one 7-year €130 million tranche with a fixed coupon of 1.749%, and one 8-year €120 million tranche with a fixed annual coupon of 2%. The proceeds from this bond issue were partly used to refinance the bond issued by Groupe Steria SCA in 2013, which matured on 12 July 2019.

On 2 August 2019, the Company acquired 51% of the share capital of Sopra Financial Technology GmbH, the entity tasked by German banking network Sparda's cooperative banks with the development, maintenance and operation of their shared information system, for €22.624 million.

3. Accounting policies

The financial statements for the period under review were prepared and are presented in accordance with the accounting methods in force within the Company 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 2018-07 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.

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.

The Company also 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 income statement

4.1. Operating income

4.1.1. REVENUE

REVENUE BREAKS DOWN AS FOLLOWS BY VERTICAL MARKET:

	2019	2018
Services	24.8%	24.3%
Manufacturing	26.3%	24.1%
Finance	18.1%	20.0%
Public Sector	20.5%	20.4%
Telecoms & Media	7.4%	8.5%
Distribution	2.9%	2.7%
TOTAL	**100.0%**	**100.0%**

Of the €1,651.461 million of revenue generated in 2019, €82.575 million derived from international operations.

Costs of obtaining and fulfilling 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.
- 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.

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.

Services covered by fixed-price contracts

- Revenue and profit generated by services performed under fixed-price contracts are recognised based on a technical estimate of the degree of completion.

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.

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.

4.1.2. EXPENSES TRANSFERRED

Expenses transferred in financial year 2019 amounted to €47.512 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.

4.2. Staff costs and employee benefits

4.2.1. EMPLOYEE PROFIT-SHARING AND INCENTIVES

The amount of legally prescribed employee profit-sharing was nil in financial year 2019, since net taxable profit equated to less than 5% of equity.

Incentives for 2019 were provisioned in the amount of €13.172 million. During the financial year, an additional €4.506 million expense was recognised for additional incentives in respect of 2018.

4.2.2. FREE PERFORMANCE SHARE PLANS AS A LONG-TERM INCENTIVE

At the Combined General Meeting of Sopra Steria Group on 12 June 2019, 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. Performance conditions are measured by changes over three years in operating profit on business activity, consolidated revenue and consolidated free cash flow.

In 2019, three multi-year free performance share plans – known as the 2016, 2017 and 2018 LTI (long-term incentive) plans – were in force. The 2016 LTI plan expired in March 2019.

	2016 LTI plan	2017 LTI plan	2018 LTI plan
Date of General Meeting	22/06/2016	22/06/2016	22/06/2016
Date granted by the Board of Directors	24/06/2016	24/02/2017 25/10/2017	16/02/2018
Total number of shares in awards granted subject to conditions	88,500	109,000	128,000
Number of shares originally granted to:			
■ Company officers	3,000	3,000	3,000
■ Top ten employee grantees	19,000	20,000	21,000
Vesting date			
■ France	31/03/2019	31/03/2020	31/03/2021
■ Other countries	31/03/2019	31/03/2020	31/03/2021
Number of potential shares that could have been granted as at 1 January 2019	52,618	67,432	97,999
Granted in 2019	52,287	-	-
Awards cancelled in 2019	331	3,495	19,427
Ownership at 31/12/2019	52,287	-	-
SHARES REMAINING AT 31 DECEMBER 2019	**-**	**63,937**	**78,572**

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.

- 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 when the decision or intention to award shares bought back is established. 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.

AMOUNTS RECOGNISED IN THE INCOME STATEMENT

(in thousands of euros)	**31/12/2019**	**31/12/2018**
Current service cost	5,233	5,043
Interest on obligation	1,320	1,195
Past service cost	220	220
TOTAL RECOGNISED UNDER OPERATING EXPENSES	**6,774**	**6,458**
Net liability at the beginning of the period (with corridor)	**67,798**	**63,193**
Net expense recognised in the income statement	6,774	3,187
Benefits provided	-1,402	-
Intercompany transfers and partial transfers of assets	-	1,417
NET LIABILITY AT THE END OF THE PERIOD	**73,170**	**67,798**

4.2.3. RETIREMENT BENEFIT OBLIGATIONS: AMOUNT RECOGNISED IN THE INCOME STATEMENT

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: 2.50%;
- staff turnover: 0% to 19.20%;
- social security contribution rate: 44.50%;
- discount rate: 0.87%.

4.2.4. OTHER INFORMATION

a. Workforce

The average workforce in 2019 was 13,517 employees.

The workforce at 31 December 2019 totalled 13,451 employees.

b. Compensation of Directors and company officers

Directors' compensation paid in 2019 in respect of financial year 2018 amounted to €500 thousand.

Compensation paid in 2019 to company officers totalled €1.015 million.

4.3. Financial items

(in thousands of euros)	**Notes**	**2019**	**2018**
Dividends received from equity interests	*5.1.3.c*	52,510	45,413
Interest on bank borrowings and similar charges		-9,669	-10,396
Interest on employee profit-sharing		-36	-159
Discounting of the pension provision		-1,320	-1,195
Interest received and paid on Group current accounts		2,193	2,114
Positive and negative foreign exchange impact (including provision)		-7,093	-557
Impairment of equity interests	*5.1.3.b*	2,295	-8,416
Other financial income and expenses		4,128	4,370
NET FINANCIAL INCOME		**43,006**	**31,174**

Foreign exchange gains and losses mainly arise from transactions carried out in pounds sterling and US dollars. During the financial year, this item was mainly affected by the revaluation of financial debt outstanding denominated in pounds sterling.

4.4. Exceptional items

(In thousands of euros)	Notes	2019	2018
Scrapping of fixed assets		-	-11
Disposal of financial investments		2,675	-
Gains or losses on treasury share transactions		639	-1,128
Provisions for tax risks	*5.4.2*	580	-10,877
Reorganisation costs		-6,744	-235
Provision for commercial disputes		-	-395
Accelerated depreciation and amortisation		172	350
Other		3,324	289
EXCEPTIONAL ITEMS		**647**	**-12,007**

The main movements in exceptional income and expenses in 2019 were as follows:

- reorganisation costs: down €6.744 million;
- proceeds from sale of financial assets: up €2.675 million;
- a positive tax consolidation impact arising from certain subsidiaries no longer being eligible for credits for withholdings on tax due to the parent company: up €3,172 million.

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 are abnormal, non-predictive and infrequent.

4.5. Corporate income tax

4.5.1. 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 savings resulting from the application of the tax consolidation group – 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 agreements with subsidiaries, 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.

Sopra Steria Group recognised a net tax expense of €1.195 million in 2019. It included €8.006 million in tax consolidation income.

4.5.2. TAX BREAKDOWN BETWEEN ORDINARY ACTIVITIES AND EXCEPTIONAL ITEMS

CORPORATE INCOME TAX BROKE DOWN AS FOLLOWS:

(in thousands of euros)	2019	2018
Tax on recurring operations	14,159	10,104
Tax on exceptional operations	-646	-1,110
Impact of tax consolidation	-12,317	-15,404
Research tax credit	-14,913	-17,971
Other tax expenses	-226	-913
Other tax credits	-770	-718
TOTAL	**-14,713**	**-26,012**

In 2019, Sopra Steria Group recognised an R&D tax credit of €14.800 million and a €113 thousand adjustment in respect of the financial year 2018.

4.5.3. DEFERRED AND UNREALISED TAX ITEMS

	Basis			
	2019		2018	
(in thousands of euros)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
I. Certain or contingent differences				
Temporary non-deductible expenses				
To be deducted the following year				
■ Employee profit-sharing	-	-	-	-
■ C3S	2,599	-	2,586	-
To be deducted at a later date				
■ Provision for post-employment benefits	73,170	-	67,798	-
■ Provision for foreign exchange losses	2,411	-	5,519	-
■ Amortisation of intangible assets	857	-	429	-
■ Other	3,212	-	4,038	-
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	-	3,469	-	6,572
■ Foreign currency translation gains	5,985	-	9,597	-
■ Deferred expenses	-	-	-	-
Other	-	-	-	-
TOTAL	**88,234**	**9,936**	**89,967**	**13,039**
II. Items to be applied				
Losses that may be carried forward for tax offset	-	109,363	-	29,744
Long-term capital losses	-	-	-	-
III. Contingent tax items				
Capital gains on non-depreciable assets contributed on merger	-	148,729	-	148,729
Special reserve for construction profits	-	-	-	-

5. Notes to the balance sheet

5.1. Non-current assets

5.1.1. INTANGIBLE ASSETS

(in thousands of euros)	**Gross value** *(beginning of period)*	**Acquisitions**	**Disposals**	**Gross value Gross value** *(end of period)*
Research and development expenses	3,525	-	3,525	-
Concessions, patents and similar rights	61,889	-	13,196	48,692
Goodwill	172,926	-	-	172,926
Other intangible assets	2,250	-	-	2,250
TOTAL FIXED ASSETS	**240,590**	**-**	**16,721**	**223,868**

(in thousands of euros)	**Depreciation and provisions** *(beginning of period)*	**Charges**	**Reversals**	**Depreciation and provisions** *(end of period)*
Research and development expenses	3,525	-	3,525	-
Concessions, patents and similar rights	55,469	2,993	13,196	45,266
Goodwill	55,054	-	-	55,054
Other intangible assets	429	429	-	857
TOTAL AMORTISATION AND PROVISIONS	**114,476**	**3,422**	**16,721**	**101,177**

Intangible assets comprise:

- research and development costs;
- software acquired or contributed;
- goodwill acquired or contributed during mergers.

Research and development costs for software and solutions, which totalled €20.305 million in 2019, are recognised as expenses.

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. The only research and development costs recognised are from the accounts of companies acquired and subsequently merged.

Acquired software

- Software is recognised at cost. It is amortised on a straight-line basis over one to ten years.

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.
- Recognised write-downs are definitive and may not be reversed.

Technical merger losses allocated to goodwill

- 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 relate.
- Each share of the merger loss allocated to an underlying asset is tested for impairment and written down whenever the current value of the underlying asset falls below 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 portion of the technical merger loss allocated to goodwill.

5.1.2. PROPERTY, PLANT AND EQUIPMENT

(in thousands of euros)	**Gross value** *(beginning of period)*	**Acquisitions**	**Disposals**	**Gross value** *(end of period)*
Land	323	-	-	323
Buildings	6,829	-	-	6,829
Technical installations	4,821	43	1,036	3,828
Sundry fittings	85,700	2,772	194	88,278
Vehicles	87	-	-	87
Office furniture and equipment	41,793	1,610	19	43,384
Other property, plant and equipment	14	-	-	14
Fixed assets in progress	2,220	3,921	-	6,140
TOTAL FIXED ASSETS	**141,787**	**8,345**	**1,249**	**148,884**

(in thousands of euros)	**Depreciation and provisions** *(beginning of period)*	**Charges**	**Reversals**	**Depreciation and provisions** *(end of period)*
Land	156	10	-	166
Buildings	6,125	104	-	6,229
Technical installations	3,755	638	1,036	3,357
Sundry fittings	45,467	7,838	194	53,111
Vehicles	73	13	-	86
Office furniture and equipment	26,558	2,782	19	29,321
Other property, plant and equipment	-	-	-	-
Fixed assets in progress	-	-	-	-
TOTAL AMORTISATION AND PROVISIONS	**82,134**	**11,385**	**1,249**	**92,269**

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.

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:	9 years
Hardware and equipment	3 to 5 years
Vehicles	5 years
Office furniture and equipment	5 to 10 years

5.1.3. NON-CURRENT FINANCIAL ASSETS

(in thousands of euros)	Note	Gross value *(beginning of period)*	Acquisitions/ Increases	Disposals/ Decreases	Gross value *(end of period)*
Equity interests and long-term investment securities	*5.1.3. c*	1,319,328	111,202	1,585	1,428,944
Other financial investments		539,924	16,956	18,067	538,813
TOTAL FIXED ASSETS		**1,859,252**	**128,158**	**19,653**	**1,967,757**

(in thousands of euros)	Note	Impairment *(beginning of period)*	Charges	Reversals	Impairment *(end of period)*
Equity interests and long-term investment securities	*5.1.3. c*	9,803	10	-	9,813
Other financial investments		4,472	168	2,473	2,167
TOTAL IMPAIRMENT		**14,275**	**178**	**2,473**	**11,980**

- Equity interests are recognised at cost.
- At the 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.

a. Breakdown of changes in the gross amounts recognised for equity interests and other financial investments

Securities concerned *(in thousands of euros)*	**Operations**	**Amount**
Sopra Banking Software France	Recapitalisation	84,177
Sopra Financial Solution Iberia	Purchase of shares	27,024
Other investments	Purchase of FCPI units	10,000
	Purchase of bonds	4,470
TOTAL		**125,671**

The recapitalisation of the Sopra Banking France subsidiary was carried out on 6 June 2019 through the subscription of 8,417,750 new shares. This capital increase was completed through the incorporation of debt.

On 2 August 2019, Sopra Steria Group – the Company acquired 51% of the share capital of Sopra Financial Technology GmbH, the entity tasked by German banking network Sparda's cooperative banks with the development, maintenance and operation of their shared information system for €22.624 million, as well as 10% of the share capital of COMECO, a remote banking platform connected to the Sparda banks, for €4.400 million.

The €1.585 million decrease in financial assets arose from the sale of investments in unconsolidated entities.

b. Impairment of equity interests

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 2019:

(in thousands of euros)	Impairment *(beginning of period)*	Charges	Reversals	Impairment *(end of period)*
Steria Medshore (Morocco)	1,018	-	-	1,018
Sopra Steria A/S (Denmark)	3,135	-	-	3,135
CS Communication & Systèmes	5,649	11	-	5,659
Other	4,474	167	2,474	2,168
TOTAL	**14,275**	**178**	**2,474**	**11,980**

Impairment in the amount of €2.474 million on treasury shares was entirely reversed during the financial year due to changes in the share price.

c. Subsidiaries and equity interests

Company *(in thousands of euros)*	Share capital	Other shareholders' equity	% of capital held	Carrying amount of shares held (including merger deficit) Gross	Carrying amount of shares held (including merger deficit) Net	Loans and advances granted by the Company	Guarantees and securities given	Revenue excluding VAT	Results	Dividends received by the Company
Subsidiaries										
Sopra Banking Software (France)	161,867	-42,935	100	238,619	238,619	181,863	24,923	270,768	-48,891	-
Sopra HR Software (France)	13,110	42,434	100	3,171	3,171	-	7,100	174,420	16,600	7,997
Sopra Steria Holdings Ltd (United Kingdom)	20,972	194,022	100	388,753	388,753	-	-	-	-5,930	-
Sopra Steria Group SpA (Italy)	3,660	3,985	100	12,503	12,503	-	-	84,959	3,601	3,294
Sopra Steria España SAU (Spain)	24,000	47,877	100	116,747	116,747	-	-	208,093	4,292	9,600
Beamap (France)	10	504	100	2,775	2,775	-	-	2,813	-131	400
Sopra Steria AB (Sweden)	670	16,943	100	33,673	33,673	-	-	-	75	-
Sopra Steria AG (Switzerland)	4,243	4,347	99	37,561	37,561	-	4,607	44,668	1,694	3,151
Sopra Steria A/S (Denmark)	1,339	2,178	100	12,220	9,086	-	536	10,939	263	-
Sopra Steria Benelux (Belgium)	9,138	5,467	99	45,756	45,756	-	-	67,071	2,367	-
Sopra Steria AS (Norway)	2,028	33,927	100	126,303	126,303	-	6,083	283,149	24,686	10,623
Sopra Steria SE (Germany)	10,000	20,531	100	183,153	183,153	-	18,000	343,835	10,464	5,200
Sopra Steria Asia (Singapore)	1,324	6,118	100	3,590	3,590	-	47,260	19,842	503	-
Sopra Steria Infrastructure & Security Services (France)	26,155	-189	100	39,617	39,617	-	-	269,411	6,906	-
Steria Medshore SAS (Morocco)	652	987	100	2,688	1,671	1,172	-	-	-25	-
Sopra Steria Polska Z o.o. (Poland)	4,331	3,767	100	10,800	10,800	-	-	31,396	2,755	2,383
Sopra Steria UK Corporate Ltd (United Kingdom)	20,961	247,747	100	389,600	389,600	-	-	-	28,256	-
CIMPA (France)	152	15,052	100	100,000	100,000	-	-	121,781	5,794	7,000
Tecfit (France)	833	11,637	88	46,709	46,709	-	-	484	-36	-
Sopra Steria Services (France)	10	-6	100	10	10	-	-	-	-1	-
XYZ 12 2016 (France)	10	-5	100	10	10	-	-	-	-1	-
Sopra Financial Technology	22,940	13,551	51	22,624	22,624	-	-	190,983	2,845	-
Equity interests										
CS Communication & Systèmes	N/A	N/A	11	15,548	9,888	-	-	N/A	N/A	-
Axway Software	42,420	218,691	33	73,859	73,859	-	-	164,465	14,167	2,765
COMECO	N/A	N/A	10	4,400	4,400	-	-	N/A	N/A	-

d. Loans and other financial investments

At the balance sheet date, this item mainly comprised the following:

- loans to UK subsidiaries for £30.000 million (€35.260 million);
- liquidity agreement (shares and cash): €2.747 million;
- treasury shares for €2.323 million (net of impairment);
- units in FCPI investment funds for €10.000 million;
- merger loss on financial assets: €481.747 million.

During the financial year, this item reflected the impact of the £10 million partial repayment of the outstanding balance of loans to UK subsidiaries and of the maturity of the 2016 LTI plan, for which the following movements were recorded:

- repurchase of 25,000 treasury shares in the market, for a total value of €2.590 million;
- awards of 52,287 free shares, for a total value of €7.090 million.

5.2. Other assets

5.2.1. INVENTORIES AND WORK IN PROGRESS

(in thousands of euros)	**Inventories** *(beginning of period)*	**Increase**	**Decrease**	**Inventories** *(end of period)*
Consumables	58	-	11	47
Work in progress	4,587	-	752	3,835
TOTAL	**4,645**	**-**	**763**	**3,882**

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.

- Costs incurred in the startup 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.

5.2.2. TRADE RECEIVABLES

(in thousands of euros)	**2019**	**2018**
Non-Group clients and related accounts	292,304	229,897
Accrued income	95,271	67,468
Group clients (including accrued income)	25,125	26,752
Doubtful debtors	331	144
Provision for doubtful debtors	-284	-129
TOTAL	**412,745**	**324,132**

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.

Trade receivables amounted to €412,745 million in 2019, compared with €324,132 million in 2018. This change mainly arose from the fact that in 2018 the Company completed a sale of trade receivables for €68.120 million, a transaction that did not recur in financial year 2019.

- 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.

5.2.3. OTHER RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME

(in thousands of euros)	**2019**	**2018**
Staff costs and related accounts	117	25
Social security	814	531
State and local authorities		
■ Corporate income tax	7,235	4,843
■ Value-added tax	21,491	20,603
■ Other tax	71,647	57,284
Group and associates	184,637	146,047
Impairment of current accounts	-47	-47
Other receivables	10,425	10,383
Prepaid expenses	13,969	11,152
TOTAL	**310,287**	**250,820**

The Other tax item includes in particular tax credits not used at 31 December 2019. It mainly consists of research tax credit receivables totalling €53,217 million.

The Corporate income tax item in the amount of €7,235 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 5.1.3.c).

Prepaid expenses relate to services invoiced in 2019 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.

5.2.4. SHORT-TERM INVESTMENT SECURITIES

At the balance sheet date, no short-term investment securities had been subscribed.

- 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.

5.2.5. DEBT ISSUANCE COSTS AND TRANSLATION ADJUSTMENTS – ASSET

(in thousands of euros)	**2019**	**2018**
Debt issuance costs	654	125
Foreign currency translation losses	3,469	6,572
TOTAL	**4,123**	**6,697**

The Translation adjustments – Asset item amounted to €3.469 million at end-December 2019, compared with €6.572 million at end-2018. This change relates mainly to the partial repayment (in the amount of £10.000 million) of the loan extended to UK subsidiaries.

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.

Debt issuance costs consisted of costs to negotiate and arrange the bond issue carried out on 5 July 2019 for an initial amount of €0.697 million. These costs are amortised over the term of the debt in proportion to the interest accrued.

5.2.6. IMPAIRMENT OF CURRENT ASSETS

(in thousands of euros)	Impairment *(beginning of period)*	Charges	Reversals	Impairment *(end of period)*
Impairment of trade receivables	129	179	24	284
Impairment of current accounts	47	-	-	47
Cash and cash equivalents	972	-	972	-
TOTAL	**1,148**	**179**	**996**	**332**

5.2.7. ACCRUED INCOME

(in thousands of euros)	31/12/2019	31/12/2018
Accrued income		
Trade payables – Credit notes to be received	814	550
Trade accounts receivable	105,016	75,956
Tax and social security receivables	855	571
Cash and cash equivalents	428	365
TOTAL	**107,113**	**77,442**

5.3. Equity

5.3.1. STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)	Amounts *(beginning of period)*	Appropriation of earnings	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	2,056	-	-	-	2,056
Discretionary reserves	349,605	86,828	-	-	436,433
Retained earnings	74	-74	-	-	-
Profit for the year	124,706	-124,706	-	147,078	147,078
Regulated provisions	172	-	-172	-	-
TOTAL EQUITY	**1,028,638**	**-37,952**	**-172**	**147,078**	**1,137,592**

The amount of dividends paid in 2019, in respect of 2018 profit, was €1.85 per share, for a total amount of €37.952 million.

5.3.2. SHARE CAPITAL

At 31 December 2019, 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 resolution passed 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, 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 2019, the total number of voting rights that could be exercised at Ordinary and Extraordinary General Meetings was 26,476,317, while the total number of theoretical voting rights at that date was 26,503,024.

The Company held a total of 26,707 treasury shares at 31 December 2019. Consequently, at the balance sheet date, reserves not available for distribution amounted to €2.704 million.

Free share award plans maturing in the financial year had no dilutive effect on capital.

5.3.3. REGULATED PROVISIONS

This item consisted of the remainder of accelerated tax depreciation in recognition of a capital cost allowance on licence purchases. The term of the depreciation schedule ended in financial year 2019.

5.4. Provisions for contingencies and losses

(in thousands of euros)	Notes	Amounts (beginning of period)	Additions in the year	Reversals in the year: Used	Reversals in the year: Not used	Amounts (end of period)
Provisions for retirement bonuses	*5.4.1*	67,798	6,774	1,402	-	73,170
Provisions for restructuring		3,510	-	1,910	130	1,470
Provisions for commercial disputes		-	250	-	-	250
Provisions for employee disputes		2,147	537	606	503	1,574
Provisions for foreign exchange losses		5,519	2,411	5,519	-	2,411
Provisions for tax risks	*5.4.2*	33,690	1,829	-	2,409	33,110
Provisions for contingencies on free share plans	*5.4.3*	7,923	13,953	7,090	-	14,786
Other provisions for contingencies		1,388	-	-	-	1,388
TOTAL		**121,975**	**25,754**	**16,527**	**3,043**	**128,160**

- Provisions for contingencies and losses are set aside to cover probable outflows of resources to third parties, without consideration for the Company.
- 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);
  - costs related to business premises (unoccupied premises, renovations);
  - financial risks such as the risk of foreign exchange losses (cf. Note 5.2.5);
  - 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.

5.4.1. 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 below.

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 15-year Bloomberg rate for the eurozone as the benchmark for discounting its retirement benefit obligations. At 31 December, this rate stood at 0.87%.

AMOUNTS RECOGNISED IN THE BALANCE SHEET

(in thousands of euros)	31/12/2019	31/12/2018
Present value of the obligation financed (with corridor)	80,944	71,398
Fair value of plan assets	-	-
Difference	-	-
Present value of the obligation financed	**80,944**	**71,398**
Unrecognised actuarial losses (difference)	-7,581	-3,188
Unrecognised past service cost	-193	-413
Net liabilities on the balance sheet (provision after charge for the year)	**73,170**	**67,798**
Liabilities	73,170	67,798
Assets	-	-
NET OBLIGATION IN THE BALANCE SHEET	**73,170**	**67,798**

The total obligation in respect of retirement bonuses amounted to €73.170 million.

- 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.

5.4.2. PROVISIONS FOR TAX RISKS

The total amount of provisions for taxes recognised at 31 December 2019 was €33.110 million.

No new tax-related disputes arose during the period; changes during the financial year related to adjustments of provisions made in prior periods. The unused reversal of a €2.409 million provision made in 2019 arose in particular from the receipt of a tax rebate notice issued by the French tax authorities relating to tax audits of prior financial years.

5.4.3. 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.

During the financial year, as the 2016 LTI plan expired, the corresponding provision was reversed for €7.090 million.

At 31 December 2019, the total amount of the provision in respect of the 2017 and 2018 LTI plans was €14.786 million.

The characteristics of these plans are set out in Note 4.2.2.

The next shares will be delivered in April 2020 when the 2017 LTI plan closes.

5.5. Other liabilities

5.5.1. FINANCIAL DEBT

(in thousands of euros)	Notes	Amounts *(beginning of period)*	Increase	Decrease	Amounts *(end of period)*
Syndicated loan	*5.5.1.a*	185,237	3,274	23,855	164,657
NEU CP programme	*5.5.1.b*	157,000	-	37,000	120,000
NEU MTN programme	*5.5.1.c*	99,000	-	-	99,000
Other financial debt	*5.5.1.d*	212,011	69,523	-	281,534
Employee profit-sharing		2,280	-	2,278	2
Bond	*5.5.1.e*	180,000	250,000	180,000	250,000
Accrued interest on financial debt		4,966	7,131	8,485	3,612
TOTAL		**840,494**	**329,929**	**251,619**	**918,804**

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 2019, the outstanding amount drawn on the loan was from the two amortising tranches (€112 million and £44.8 million after contractual amortisations for the period). The €900 million multi-currency revolving credit facility is undrawn.

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 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 2019. The average amount outstanding under the NEU CP programme was €268.2 million in 2019, compared with €295.5 million in 2018, and the programme was very active throughout 2019. 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 2019 was €120 million (€157 million at 31 December 2018).

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 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 2019, the outstanding amount under the NEU MTN programme was €99 million, with maturities of up to four years.

d. Other financial debt

The Other financial debt item includes:

- bank overdrafts in the amount of €221.4 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;
- two non-reducing bilateral bank facilities: one drawn to €60 million, maturing in early 2021; and the other undrawn, for €50 million, arranged in 2018, whose initial 5-year maturity was extended by one year.

e. Bonds

On 12 July 2019, the bond issue carried out on 12 July 2013 with a par value of €180 million was fully repaid by the partial use of a new bond issue carried out on 5 July 2019.

The new bond issue in the original amount of €250 million has the following characteristics:

- 1st tranche – €130 million:
  - subscription date: 5 July 2019;
  - coupon rate: 1.749%;
  - redemption date: 5 July 2026.
- 2nd tranche – €120 million:
  - subscription date: 5 July 2019;
  - coupon rate: 2.0%;
  - redemption date: 5 July 2027.

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 prepared in accordance with IFRS on a rolling 12-month basis:

- the first – known as the leverage ratio – is equal to net 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 before the impact of IFRS 16, "Leases". It is calculated on a 12-month rolling basis and is therefore restated so as to be presented in the financial statements at constant scope over 12 months.

At 31 December 2019, the net financial debt/pro forma EBITDA ratio covenant was met, with the ratio coming in at 1.26 compared with a covenant of 3.0. It is calculated as follows:

(in thousands of euros)	**31/12/2019**	**31/12/2018**
Short-term borrowings (< 1 year)	217,100	452,900
Long-term borrowings (> 1 year)	494,400	338,300
Cash and cash equivalents	-197,500	-170,300
Other financial guarantees	-	-
Net debt (including financial guarantees)	**513,900**	**620,900**
EBITDA	**408,288**	**369,640**
NET DEBT/Pro forma EBITDA RATIO	**1.26**	**1.68**

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 2019, 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 41.37. It is calculated as follows:

(in thousands of euros)	**31/12/2019**	**31/12/2018**
EBITDA	**408,288**	**369,640**
Cost of net debt	**9,873**	**7,784**
PRO FORMA EBITDA/COST OF NET DEBT RATIO	**41.37**	**47.49**

In December 2019, the Company's financial covenants were renegotiated to consider pro forma EBITDA before application in the consolidated financial statements of IFRS 16, "Leases" and net financial debt excluding lease liabilities.

5.5.2. 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 2019, floating-rate financial liabilities mainly comprised the euro-denominated tranche of the 2014 syndicated loan (€112 million), the NEU CPs (€120 million) and a portion of the NEU MTNs (€79 million).

	Fair value							
	31/12/2019					Maturity		
(in thousands of euros)	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Notional amount	< 1 year	1 to 5 years	> 5 years
Swap (cash flow hedge) in euros	-	-	-	-				-
Swap (cash flow hedge) in foreign currency	-	-	-	-	-	-	-	-
Options eligible for hedge accounting in euros	750	-	1,742	-	275,000	-	275,000	-
Options eligible for hedge accounting in foreign currency	-	-	-	-	-	-	-	-
Swaps not eligible for hedge accounting in euros	-	-	-	-	-	-	-	-
Options not eligible for hedge accounting in euros	2	-	167	-	50,000	-	50,000	-
TOTAL INTEREST RATE HEDGES	**753**	**-**	**1,909**	**-**	**325,000**	**-**	**325,000**	**-**

Transactions not qualifying as hedges relate to contracts for options not written on an underlying at 31 December 2019.

At 31 December 2019, the fair value of interest rate instruments was negative €1.156 million.

The portfolio's sensitivity in the event of a change in interest rates is:

- a decrease of €0.571 million in the event of a drop of 50 basis points in interest rates;
- an increase of €1.854 million in the event of a rise of 50 basis points in interest rates.

	-50 bps		+50 bps	
(in thousands of euros)	Equity impact	P&L impact (hedge ineffectiveness)	Equity impact	P&L impact (hedge ineffectiveness)
Swaps (cash flow hedge) in euros	-	-	-	-
Swaps (cash flow hedge) in foreign currency	-	-	-	-
Swaps not eligible for hedge accounting	-	-	-	-
Options eligible for hedge accounting in euros	- 555	- 13	1,752	12
Options eligible for hedge accounting in foreign currency	-	-	-	-
Options not eligible for hedge accounting in foreign currency	-	- 3	-	90
TOTAL	**- 555**	**- 16**	**1,752**	**102**
Total impact		*-571*	*1,854*	

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[1]	118,589	1,565
Interest rate hedge	325,000	-1,166

(1) Including internal foreign exchange 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, Polish zlotys, Tunisian dinars and Norwegian krone. 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 2019, the fair value of foreign exchange instruments was €1.565 million.

The portfolio's sensitivity in the event of a change in interest rates is:

- an increase of €0.662 million in the event of a 5% fall in the euro;
- a decrease of €672 million in the event of a 5% rise in the euro.

Foreign exchange risk:

Sopra Steria Group SA grants loans in sterling to a UK subsidiary, the outstanding balance of which is £30 million, financed by an equivalent debt in sterling.

At 31 December 2019, sterling-denominated debt providing partial coverage of the assets comprised of shares in UK subsidiaries amounted to €184.219 million, while cash and cash equivalents in Swedish krona providing partial coverage of the debt of subsidiaries in Sweden came to €18.531 million.

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.

5.5.3. TRADE PAYABLES

(in thousands of euros)	2019	2018
Non-Group suppliers and related accounts	34,450	42,034
Accrued expenses	59,916	56,044
Group suppliers (including accrued expenses)	50,925	39,260
TOTAL	**145,291**	**137,338**

5.5.4. TAX AND SOCIAL SECURITY PAYABLES

(in thousands of euros)	2019	2018
Staff costs and related accounts	97,581	93,935
Social security	108,746	110,774
State and local authorities		
■ Corporate income tax	-	-
■ Value-added tax	95,849	97,633
■ Other tax	12,228	5,389
TOTAL	**314,404**	**307,731**

The €6.839 million increase in the Other tax item mainly related to withholding tax on salaries. In 2018, this payable was included in salaries payable, recognised within the Staff costs and related accounts item.

5.5.5. OTHER LIABILITIES, ACCRUALS AND DEFERRED INCOME

(in thousands of euros)	2019	2018
Payables on fixed assets and related accounts	10,268	485
Group and associates	237,289	202,726
Other liabilities	29,896	34,411
Deferred income	89,089	74,393
TOTAL	**366,543**	**312,015**

Deferred income comprises the portion of interim billings issued in advance on fixed-price and maintenance contracts.

At 31 December 2019, Liabilities on fixed assets included:

- liabilities on acquisitions of property, plant and equipment for €0.918 million;
- liabilities on acquisitions of non-current financial assets for €9.350 million. These concerned investments in FCPI funds and will be recognised upon each call for subscription.

5.5.6. ACCRUED EXPENSES

(in thousands of euros)	31/12/2019	31/12/2018
Accrued expenses		
Accrued interest on financial debt	3,612	4,967
Trade payables and related accounts	75,245	72,434
Trade receivables – Credit notes to be issued	18,653	16,636
Tax and social security payables	150,331	129,346
TOTAL	**247,840**	**223,383**

The €20.985 million increase in Tax and social security payables was mainly related to the increase in employee-related provisions.

5.5.7. TRANSLATION ADJUSTMENTS – LIABILITY

(in thousands of euros)	2019	2018
Foreign currency translation gains	5,985	9,597
TOTAL	**5,985**	**9,597**

Translation adjustments – Liability mainly relates to unrealised translation differences on the foreign currency portion of the syndicated loan.

5.6. Maturities of receivables and payables at the balance sheet date

5.6.1. RECEIVABLES

(in thousands of euros)	Amount	Due in one year	Due in more than one year (gross)
Non-current assets			
Receivables related to equity interests	89	-	89
Other financial investments	39,725		
Current assets			
Doubtful debts and disputes	331	-	331
Other trade receivables	412,699	412,699	-
Staff costs and related accounts	117	117	-
Social security	814	814	-
State and local authorities			
■ Corporate income tax	7,235	7,235	-
■ Value-added tax	21,491	21,491	-
■ Other tax	71,647	13,334	58,312
Group and associates	184,637	184,637	-
Other receivables	10,425	10,425	-
Prepaid expenses	13,969	12,414	1,555
TOTAL	**763,178**	**665,534**	**97,644**

5.6.2. PAYABLES

(In thousands of euros)	Amount (gross)	Due in one year or less	Due in more than one year and no more than 5 years	Due in more than 5 years
Bank borrowings				
■ 2 years maximum at origin	-	-	-	-
■ More than 2 years at origin	224,656	23,522	201,134	-
Bond	250,000	-	-	250,000
Other financial debt	444,148	410,052	34,096	-
Trade payables and related accounts	145,291	145,291	-	-
Staff costs and related accounts	97,581	97,581	-	-
Social security	108,746	108,746	-	-
State and local authorities:				
■ Corporate income tax	-	-	-	-
■ Value-added tax	102,410	102,410	-	-
■ Other tax	5,667	5,667	-	-
Payables on fixed assets and related accounts	10,268	4,118	6,150	-
Group and associates	237,289	237,289	-	-
Other liabilities	29,896	29,896	-	-
Deferred income	89,089	89,089	-	-
TOTAL	**1,745,042**	**1,253,662**	**241,380**	**250,000**

6. Other information

6.1. Information on finance leases

6.1.1. ASSETS HELD UNDER FINANCE LEASES

(in thousands of euros)	Original value	Depreciation charge for the period	Depreciation charge Accumulated	Net value
IT equipment	31,075	6,950	13,998	17,077

6.1.2. FINANCE LEASE COMMITMENTS

(in thousands of euros)	Actual lease payments for the period	Actual lease payments Accumulated	Lease payments remaining Less than 1 year	Lease payments remaining From 1 to 5 years	Lease payments remaining Total payable	Residual purchase price
IT equipment	7,350	15,114	6,798	8,586	15,384	311

6.2. Off balance sheet commitments

6.2.1. OFF BALANCE SHEET COMMITMENTS GIVEN

(in thousands of euros)	31/12/2019
Commitments given	
Endorsements and bank guarantees	26,325
Counter-guarantee on non-bank guarantees covering contracts[1]	302,591
Bank counter-guarantee	-
Nominal value of future equipment operating lease payments	1,879
Nominal value of future real estate operating lease payments	172,055
Nominal value of future finance lease payments	15,695
Foreign exchange hedge[2]	118,589
Interest rate hedge	325,000
TOTAL COMMITMENTS GIVEN	**962,134**

(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.

Other off-balance sheet commitments given:

Sopra Steria Group also acts as guarantor for the amount of the contribution payable by its UK subsidiaries in respect of disposal 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.

Lastly, it acts as guarantor for the put option granted to SAB's shareholders to acquire the 30% it does not already own in SAB France, should the Sopra Banking Software France subsidiary default.

6.2.2. OFF BALANCE SHEET COMMITMENTS RECEIVED

(in thousands of euros)	31/12/2019
Commitments received	
Endorsements and other bank guarantees	4,470
Cash facilities (current bank overdrafts):	
■ Authorised	161,500
■ Utilised (balance sheet)	338
■ Not utilised (off balance sheet)	161,162
Medium-term loan:	
■ Authorised	1,114,656
■ Utilised (balance sheet)	164,656
■ Not utilised (off balance sheet)	950,000
Nominal value of future real estate sublease payments	54,178
Net carrying amount of leased assets	17,077
Foreign exchange hedge[1]	118,589
Interest rate hedge	325,000
TOTAL COMMITMENTS RECEIVED	**1,626,006**

(1) Including internal foreign exchange contracts.

Other off balance sheet commitments received:

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.

6.3. 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.

6.4. Subsequent events

On 21 February 2020, the Company announced that it had signed an exclusive negotiation agreement with a view to acquiring a controlling interest in Sodifrance, corresponding to 94.03% of its share capital. The proposed acquisition is subject to the customary consultations and closing conditions, and could be finalised by the end of the second quarter or the beginning of the third quarter of 2020.

In addition, the onset of the Covid-19 pandemic during the first quarter of 2020 will have effects on the 2020 financial statements that could not be estimated precisely at the date when the financial statements for the year ended 31 December 2019 were approved. The potential impacts are highly dependent on whether clients decide to terminate or postpone certain services. At the Group level, a crisis-management unit and an adapted governance structure have been set up to monitor and manage, on a day-to-day basis, the consequences of events on business activities. The priorities are to ensure the protection of employees' and clients' health, via the implementation of sufficient measures and the continuity of services for clients. Whenever the technical environment permits, employees work from home.

6.5. Summary for the last five financial years

(in thousands of euros)	2019	2018	2017	2016	2015
Financial position at year-end					
■ Share capital	20,548	20,548	20,548	20,532	20,447
■ Number of shares issued	20,548	20,548	20,548	20,532	20,447
■ Number of bonds convertible into shares		-	-	-	-
Results of operations for the year					
■ Revenue excluding VAT	1,651,461	1,553,775	1,456,888	1,393,280	1,289,104
■ Profit before tax, depreciation, amortisation and provisions	150,240	127,749	140,168	169,579	39,930
■ Corporate income tax	-14,713	-26,012	-16,314	-3,368	-8,286
■ Profit after tax, depreciation, amortisation and provisions	147,078	124,706	141,770	142,022	33,358
■ Amount of profit distributed as dividends	- (1)	38,013	49,314	45,170	34,759
Earnings per share					
■ Profit after tax but before depreciation, amortisation and provisions	8.03	7.48	7.62	8.42	2.36
■ Profit after tax, depreciation, amortisation and provisions	7.16	6.07	6.90	6.92	1.63
■ Dividend paid per share	-	1.85	2.40	2.20	1.70
Employee data					
■ Number of employees	13,451	13,083	13,238	13,086	15,213
■ Total payroll	635,496	610,196	593,410	575,237	580,995
■ Amount paid in respect of employee benefits (social security, employee discounts, etc.)	288,332	299,928	296,846	264,663	258,907

(1) At its meeting on 9 April 2020, the Board of Directors decided to propose to the shareholders at the General Meeting of 9 June 2020, not to distribute a dividend for financial year 2019.

6.6. Maturity schedule of trade payables and receivables

6.6.1. MATURITY SCHEDULES OF TRADE PAYABLES NOT PAST DUE

The *Trade payables and related accounts* item came to €145.291 million. It comprised accrued expenses for €75.245 million, invoices not past due for €60.660 million and invoices past due for €9.386 million.

	Article D. 441 I. 1° 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 and over**	**Total**
(A) INVOICES PAID LATE						
Number of invoices concerned	0					12,813
Total amount of invoices concerned (€k, incl. VAT)		5,988	1,023	-314	2,689	9,386
Percentage of total purchases for the year (excl. VAT)		0.8%	0.1%	0.0%	0.4%	1.3%
(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED PAYABLES AND RECEIVABLES OR NOT RECORDED IN THE ACCOUNTS						
Number of invoices excluded						
Total amount of invoices excluded (€k, incl. VAT)						
(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)						
Payment terms used to calculate late payments	■ Contractual deadline: 30 to 45 days ■ Legal deadline: 45 days					

6.6.2. MATURITY SCHEDULE OF TRADE RECEIVABLES NOT PAST DUE

The Trade receivables and related accounts item came to €413,030 million. It comprised accrued income for €105.016 million, invoices not past due for €260,292 million and invoices past due for €47,722 million.

	Article D. 441 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 and over**	**Total**
(A) INVOICES PAID LATE						
Number of invoices concerned	0					14,239
Total amount of invoices concerned (€k, incl. VAT)		23,995	10,051	1,933	11,743	47,722
Percentage of revenue for the year (excl. VAT)		0.0%	0.0%	0.0%	0.3%	0.3%
(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED PAYABLES AND RECEIVABLES OR NOT RECORDED IN THE ACCOUNTS						
Number of invoices excluded						23
Total amount of invoices excluded (€k, incl. VAT)	38	62	65	0	166	331
(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)						
Payment terms used to calculate late payments	■ Contractual deadline: 45 days ■ Legal deadline: 45 days					

Statutory Auditors' report on the parent company financial statements

To the General Meeting of Sopra Steria Group,

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 2019. These financial statements were approved for publication by the Board of Directors on 9 April 2020 on the basis of data available at that date in the evolving context of the public health crisis related to Covid-19.

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 2019 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.

Basis of our opinion

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".

INDEPENDENCE

We performed our audit in accordance with the independence rules applicable to us for the period from 1 January 2019 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.

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, approved for publication under the aforementioned conditions, 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.

REVENUE RECOGNITION ON FIXED-PRICE CONTRACTS

(Note 4.1.1 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).

For the financial year ended 31 December 2019, the company's revenue totalled €1.7 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 4.1.1 to the parent company financial statements, 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 contacts 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.

VALUATION AND IMPAIRMENT OF NON-CURRENT FINANCIAL ASSETS

(Note 5.1.3 to the parent company financial statements)

Risk identified

Financial investments are reported in the balance sheet at 31 December 2019 for a net amount of €1,955.8 million, representing 64.8% of the total balance sheet.

As presented in Note 5.1.3 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 various components making up the discount rate,
  - comparing the forecasts used for previous periods with the corresponding achievements in order to assess the achievement of past objectives;

In addition to assessing the 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 Note 5.1.3 to the parent company financial statements.

PROVISIONS FOR RETIREMENT BONUSES

(Note 5.4.1 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 Note 5.4.1 to the parent company financial statements. The actuarial value of accumulated benefits as at 31 December 2019 was €73.2 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 Note 5.4.1 to the parent company financial statements.

Specific verifications

We also performed the other specific verifications required by law and regulations in accordance with professional practice standards applicable in France.

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 Director, approved for publication on 9 April 2020, and in the other documents addressed to shareholders with respect to the financial position and the parent company financial statements. Concerning events occurring and data of which the Company becomes aware after the publication date of the financial statements relating to the Covid-19 crisis, management informed us that these will be communicated at the General Meeting convened to approve the 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.

Information relating to corporate governance

We attest to the existence, in the report of the Board of Director 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 compensation and benefits paid or 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.

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.

Information resulting from other legal and regulatory requirements

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 2019, Mazars was in its 20th consecutive year as Statutory Auditor and Auditeurs et Conseil Associés – ACA Nexia in its 34th consecutive year as Statutory Auditor, respectively 20 years and 30 years since the company's shares were first listed for trading on a regulated market.

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.

Responsibilities of the Statutory Auditors relating to the audit of the parent company financial statements

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.

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.

Paris and Courbevoie, 9 April 2020

The Statutory Auditors

Auditeurs & Conseils Associes ACA Nexia	**Mazars**
Olivier Juramie	Bruno Pouget

Statutory Auditors' special report on related-party agreements

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.

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 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 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 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 SUBMITTED FOR APPROVAL AT THE GENERAL MEETING

We hereby inform you that we were not advised of any agreement authorised and entered into during the year that needs to be submitted for shareholder approval at the General Meeting pursuant to Article L. 225-38 of the French Commercial Code.

2. AGREEMENTS ALREADY APPROVED AT A GENERAL MEETING

Agreements 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 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 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.

Under this agreement, Sopra GMT charged your Company a net amount of €1,218,186 with respect to financial year 2019.

At its meeting on 20 February 2020, 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
Eric Pasquier	Director of Sopra Steria Group Deputy CEO and Director of Sopra GMT

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 2019, your company recognised a net income of €12,559 under this agreement.

At its meeting on 20 February 2020, your Company's Board of Directors approved the removal of this agreement from the list of relevant agreements after taking into consideration the fact that the premises are provided on an arm's length basis and that the cost is not material.

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
Marie-Hélène Rigal-Drogerys	Director of Sopra Steria Group Director of Axway Software
Michael Gollner	Director of Sopra Steria Group Director of Axway Software

Agreement approved during the year

We were also informed that the following agreement, which was approved previously at the General Meeting on 12 June 2019, based on the Statutory Auditors' special report of 12 April 2019, remained in force in the year.

- Agreement entered into with Eric Hayat Conseil

The agreement entered into on 17 March 2015 with Eric Hayat Conseil expired on 31 December 2019. The Board of Directors of 25 October 2018 authorised its extension for a period to 31 December 2024, and shareholders approved this agreement at the General Meeting of 12 June 2019.

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.

For the financial year ended 31 December 2019, your Company recognised an expense of €200,000 under this agreement.

At its meeting on 20 February 2020, 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: Eric Hayat, Chairman of Eric Hayat Conseil and Vice-Chairman of the Board of Directors of Sopra Steria Group.

Paris and Courbevoie, 9 April 2020

Auditeurs & Conseils Associés ACA Nexia
Olivier Juramie

Mazars
Bruno Pouget

7. Share ownership structure

1. General information

The Group was listed on the Paris Stock Exchange on 27 March 1990.

At 31 December 2019, 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

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 TECHNOLOGY

EURONEXT FAS IAS

NEXT 150

Main non-financial indices including the Sopra Steria Group share

Ethibel Sustainability Index (ESI) Excellence Europe

CDP ENVIRONMENT ESG FR EW

EURONEXT CDP ENVIRONMENT FR EOGE

EURONEXT ENVIRONMENT ESG FR EW

Ethibel Sustainability Index (ESI) Excellence VM

Gaïa Index

2. Share ownership structure

	At 31/12/2019				At 31/12/2018				At 31/12/2017			
Shareholders	**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 (1)	4,034,409	19.6%	29.5%	29.6%	4,034,409	19.6%	28.7%	28.8%	4,034,409	19.6%	28.8%	28.8%
Pasquier family	109,939	0.5%	0.8%	0.8%	108,616	0.5%	0.8%	0.8%	119,338	0.6%	0.9%	0.9%
Odin family	214,833	1.0%	1.6%	1.6%	222,729	1.1%	1.7%	1.7%	231,609	1.1%	1.7%	1.7%
Management	246,044	1.2%	1.7%	1.7%	245,719	1.2%	1.7%	1.7%	257,563	1.3%	1.7%	1.7%
o/w Sopra Développement (2)	1	0.00%	0.00%	0.00%	1	0.00%	0.00%	0.00%	1	0.0%	0.0%	0.0%
o/w SEI (3)	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 (4)	212,215	1.1%	1.4%	1.4%	211,890	1.0%	1.5%	1.5%	223,734	1.1%	1.5%	1.5%
Agreement between Sopra GMT, Pasquier and Odin families, and management	**4,605,225**	**22.4%**	**33.7%**	**33.7%**	**4,611,473**	**22.4%**	**32.9%**	**33.0%**	**4,642,919**	**22.6%**	**33.2%**	**33.2%**
Soderi					1	0.00%	0.00%	0.00%	1	0.0%	0.0%	0.0%
Agreement between Sopra GMT and Soderi (5)					**4,034,410**	**19.6%**	**28.7%**	**28.8%**	**4,034,410**	**19.6%**	**28.8%**	**28.8%**
Total agreements (6)					**4,611,474**	**22.4%**	**32.9%**	**33.0%**	**4,642,920**	**22.6%**	**33.2%**	**33.2%**
Interests managed on behalf of employees	1,360,083	6.6%	8.4%	8.4%	1,440,195	7.0%	8.3%	8.3%	1,435,882	7.0%	7.4%	7.4%
o/w Corporate mutual funds (FCPE), We Share employee share ownership plan and SIP Trust (7)	1,118,381	5.4%	7.5%	7.5%	1,185,013	5.8%	7.4%	7.4%	1,161,049	5.7%	6.4%	6.4%
o/w Other UK trusts (8)	241,702	1.2%	0.9%	0.9%	255,182	1.2%	1.0%	1.0%	274,833	1.3%	1.0%	1.0%
Free float	14,555,686	70.8%	57.9%	57.9%	14,444,709	70.3%	58.6%	58.7%	14,456,185	70.4%	59.4%	59.4%
Treasury shares	26,707	0.1%	0.1%	0.0%	51,323	0.2%	0.2%	0.0%	12,714	0.1%	0.0%	0.0%
TOTAL	**20,547,701**	**100.0%**	**100.0%**	**100.0%**	**20,547,701**	**100.0%**	**100.0%**	**100.0%**	**20,547,701**	**100.0%**	**100.0%**	**100.0%**

(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) The agreement with Soderi expired on 12 August 2019.
(6) Total for the agreement between Sopra GMT, Pasquier and Odin families, and management, and the agreement between Sopra GMT and Soderi.
(7) SIP Trust is a UK trust that manages shares purchased by employees under a share incentive plan.
(8) The other UK trusts hold asssets for the benefit of employees in the United Kingdom and India, for example via employee share ownership plans.

SOPRA GMT'S OWNERSHIP STRUCTURE IS AS FOLLOWS:

Sopra GMT ownership structure	**31/12/2019**		**31/12/2018**		**31/12/2017**	
Shareholders	**Shares**	**% of capital**	**Shares**	**% of capital**	**Shares**	**% of capital**
Pasquier family	318,050	68.27%	318,050	68.44%	318,050	68.44%
Odin family	132,050	28.34%	132,050	28.41%	132,050	28.41%
Sopra Steria Group managers (active and retired)	15,774	3.39%	14,624	3.15%	14,624	3.15%
TOTAL	**465,874**	**100.00%**	**464,724**	**100.00%**	**464,724**	**100.00%**

3. Employee share ownership

At 31 December 2019, all the holdings managed on behalf of employees accounted for 6.6% of the share capital (1,360,083 shares) and 8.4% of voting rights.

The holdings managed on behalf of corporate mutual funds (FCPEs) and share incentive plans (SIPs) in the United Kingdom made up 5.4% of the share capital (1,118,381 shares) and 7.5% of voting rights. They arose from:

- the 2016, 2017 and 2018 We share employee share ownership plans, accounting for 453,138 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 398,346 shares;
- the Sopra Group free share allotment plan of 2012, accounting for 140,059 shares;
- the SIPs in the United Kingdom, accounting for 126,838 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 (241,702 shares) and 0.9% of the voting rights. In 2019, the shares held by these trusts were used to make matching contributions to the SIPs.

4. Voting rights

At 31 December 2019, the total number of voting rights that could be exercised was 26,476,317 and the total number of theoretical voting rights was 26,503,024.

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 2019, 5,955,323 shares (representing 29% of the share capital) held double voting rights.

5. Threshold crossings

In 2019, 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
04/01/2019	219C0046	Fidelity (Canada) Asset Management ULC	5%		up	1,032,000	5.02%	1,032,000	3.95%
23/01/2019	219C0166	Fidelity (Canada) Asset Management ULC	5%		down	1,025,800	4.99%	1,025,800	3.92%
05/02/2019	219C0225	FIL Limited	5%		down	972,899	4.73%	972,899	3.71%
05/02/2019	219C0249	DNCA Finance	5%		down	1,013,781	4.93%	1,013,781	3.87%

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, 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: expired 12 August 2019

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 declared that they were 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 came to an end on 12 August 2019.

The shareholders' agreement mainly provided 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 included 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 2019:

- the group of shareholders acting in concert through the agreement stated above, within which Sopra GMT, the Group's holding company, is the main shareholder, held 33.7% of theoretical voting rights;
- the holdings managed on behalf of employees represented 8.4% of theoretical voting rights.

The average percentage of voting rights on shares held by shareholders present or represented at the most recent Sopra Steria Group General Meeting was approximately 80%.

7.2. Members of the Board of Directors

Sopra GMT held three of the fourteen seats on the Board of Directors at 31 December 2019, including the Chairman of the Board of Directors, in addition to the three seats held by Directors from Steria appointed pursuant to an agreement between Sopra GMT and Soderi in force until 12 August 2019.

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 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 six Independent Directors (eight after the General Meeting of 9 June 2020, subject to approval of the nomination resolutions proposed by the Board of Directors) and two Directors representing the employees. The selection process for new Directors, described in section 1.2.3 of Chapter 3, "Corporate responsibility" ensures that proposals from a range of sources and their prior evaluation by the Nominations Committee are taken into account, where the controlling shareholder only has one-third of the seats and the position of the majority of Independent Directors prevails in the event of a tied vote; 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, Governance, Ethics and Corporate Responsibility 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 2019

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 2019, 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 2020.

During the year ended 31 December 2019, this share buyback programme was used as follows:

8.1.1. IMPLEMENTATION OF LIQUIDITY AGREEMENT

At 31 December 2018, 19,300 shares were allocated to the liquidity agreement.

Between 1 January 2019 and 31 December 2019, Sopra Steria Group bought back 186,765 shares under the liquidity agreement at an average price of €112.56 and sold 203,426 shares at an average price of €112.62.

At 31 December 2019, 2,639 shares were still held by the Company for the purposes of the liquidity agreement. Their unit cost is €144.11.

8.1.2. SHARES ALLOCATED FOR EMPLOYEES

At 31 December 2018, 32,023 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 2019, the Company acquired 45,450 shares at an average price of €99.86.

Under the Share Incentive Plan (SIP) employee share ownership plan implemented by Sopra Steria Group in the United Kingdom, 1,118 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, 52,287 free shares were remitted in connection with the delivery and full and final allotment of free performance shares under the 2016 LTI plan instituted by Sopra Steria's General Meeting of 22 June 2016 and allocated on 14 June 2016 to recipients meeting all the plan's requirements after application of the performance conditions.

Taking into account these items, the Company held 24,068 shares allocated for this purpose at 31 December 2019. Their cost price is €96.54.

At 31 December 2019, Sopra Steria Group held 26,707 treasury shares, representing 0.1% of the share capital.

8.2. Description of the 2020 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 9 June 2020.

a. Number of shares and share of capital held by the Company

At 31 March 2020, the Company's capital was made up of 20,547,701 shares.

At that date, the Company held 84,384 treasury shares, representing 0.41% of the share capital.

b. Breakdown by purpose of treasury shares held by the Company

At 31 March 2020, the treasury shares held by the Company broke down by purpose as follows:

- implementation of liquidity agreement: 17,550 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: 66,834 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 9 June 2020 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 would 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 2019, 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 €250.

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 9 June 2020, i.e. until 8 December 2021.

9. Changes in share capital

At 31 December 2019, 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:

				Number of shares		Contributions	
Year	Description	Amount of capital post-operation	Nominal value	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	-	-	-	-
2019	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, pages 176 and 177.

Long Term Incentive (LTI) plans were established in 2017 and 2018. The maximum number of shares that may be delivered on 31 December 2019 under these plans stands at 144,872. The shares which were delivered on 1 April 2020 were purchased in the market in line with the Board of Directors' decision to avoid any dilutive effect for shareholders. The General Meeting of 12 June 2018 delegated authority to the Board of Directors to allot free shares to employees and company officers of the Company and its Group, subject to a cap of 3% of the share capital.

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 2019 and referred to in Article L. 621-18-2 of the French Monetary and Financial Code were as follows:

Category [1]	Name	Function	Description[2]	Transaction date	Number of shares	Unit price	Transaction amount
a	Javier Monzon	Director	A	15/03/2019	100	€105.18	€10,518.00
a	Jean-François Sammarcelli	Director	A**	26/03/2019	400	€100.70	€40,280.00
a	Eric Pasquier	Director	A**	01/04/2019	1,323	€0.00	€0.00
a	Vincent Paris	Chief Executive Officer	A**	01/04/2019	1,984	€0.00	€0.00
a	Astrid Anciaux	Director	A**	01/04/2019	331	€0.00	€0.00
a	Bernard Rampini	Non-Voting Director	A**	01/04/2019	331	€0.00	€0.00
a	Solfrid Skilbrigt	Director	A**	01/04/2019	331	€0.00	€0.00
a	Kathleen Clark Bracco	Permanent representative of Sopra GMT	D*	29/07/2019	1,643	€116.70	€191,738.10

(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.
** Transfer of ownership: transfer with no payment in return.*
*** Allocation of free performance shares under the 2016 LTI*

12. Authorisations to issue securities granted to the Board of Directors at the Combined General Meetings of 12 June 2018 and 12 June 2019

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 2019 Resolution 12	18 months (December 2020)	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 2019 Resolution 13	26 months (August 2021)	3% (1)		None
Free shares	12 June 2018 Resolution 23	38 months (August 2021)	3% (1)	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 7, Section 2 of the Universal Registration Document (page 259);

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 261);

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 Universal Registration Document (page 259);

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 7, Sections 2 and 6 of this Universal Registration Document, pages 259 and 261, 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";

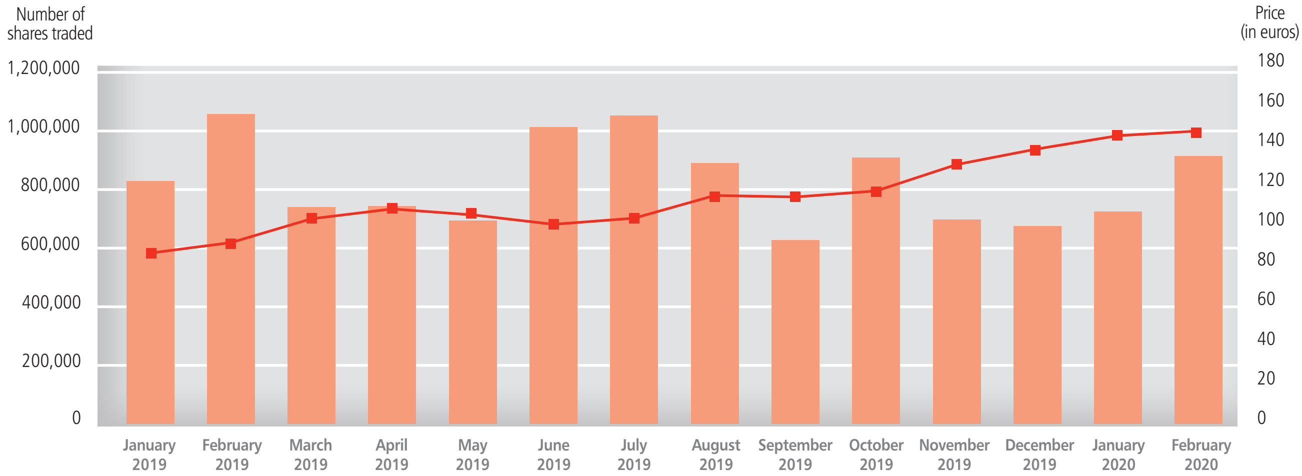
8 the powers of the Board of Directors are described in Article 17 of the Articles of Association. "The Board of Directors determines the overall business strategy of the Company and supervises its implementation. Subject to the powers expressly conferred by law to shareholders' meetings and within the 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 authority by the Combined General Meetings of 12 June 2018 (under Resolutions 13 to 23) and 12 June 2019 (under Resolutions 12 and 13);

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, amended in July 2016 and in December 2019, and the Euro PP bond issued by Sopra Steria Group in July 2019;

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



(Source: Euronext Paris) Note: on the publication date of this document the statistical data for Euronext Paris for March 2020 was not available.

15. Share price performance

		Price *(in €)*			Trading volumes	
Month	**Number of trading days**	**High**	**Low**	**Average closing price**	**Number of shares traded**	**Capital** *(in millions of euros)*
2019-01	22	94.50	78.10	85.92	828,729	70.62
2019-02	20	110.90	81.45	90.91	1,057,471	101.07
2019-03	21	108.80	96.20	103.90	740,461	77.11
2019-04	20	119.20	103.40	108.31	743,875	81.86
2019-05	22	113.80	99.35	106.17	694,432	73.60
2019-06	20	108.20	93.95	100.99	1,013,416	100.65
2019-07	23	119.70	97.95	103.71	1,052,475	112.16
2019-08	22	119.50	110.50	115.72	889,918	102.72
2019-09	21	118.40	110.30	115.09	626,916	72.02
2019-10	23	129.80	109.20	117.68	908,419	107.77
2019-11	21	138.60	123.00	130.81	697,569	91.72
2019-12	20	146.50	132.60	139.38	674,750	93.78
2020-01	22	151.60	140.80	146.14	724,943	105.90
2020-02	20	162.00	141.20	148.73	914,393	137.16

(Source: Euronext Paris)Note: on the publication date of this document the statistical data for Euronext Paris for March 2020 was not available.

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
2018	20,514,876	€1.85

To date, the Board of Directors has not predefined a dividend distribution policy.

At its meeting on 9 April 2020, the Board of Directors' of Sopra Steria Group decided to propose to shareholders at the General Meeting of 9 June 2020 not to distribute a dividend for financial year 2019 and to allocate all of the available profit to "Retaining earnings", given the current context of the Covid-19 pandemic and in a spirit of responsibility.

Dividends not collected before the five-year prescription period expires are paid to the French state.

8. Additional information

1. 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 2, "Risk factors and internal control" of the Universal Registration Document, but nonetheless require disclosure. The materiality of these risks is thus rated as "low".

1.1. Environmental risks

Risk description	Risk management
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. 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. 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 4, "Corporate responsibility" of this Universal Registration Document (pages 120 to 128): CO_2 emissions arising from employee business travel, energy and emissions arising from the use of the Group's own offices and data centres and those managed by our partners in connection with our activities, and control of electronic waste managed by the Group's partners.	Managing environmental risk is one of the key aspects of the Group's corporate responsibility. 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. 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. The Group believes that climate action must be incorporated into the actions of all organisations, businesses and states. Thanks to new technologies, this challenge is certain to give rise to new opportunities for building a more sustainable world. 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 120 to 128 of this Universal Registration Document.

1.2. 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 12.5 to the consolidated financial statements in Chapter 5 of this Universal Registration Document (pages 199 to 206).

1.2.1. LIQUIDITY RISK

Risk description	Risk management
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.	As the majority of the Group's financing is carried by Sopra Steria Group, the implementation of financial policy is largely centralised. At 31 December 2019, the Group had €1.6 billion in credit lines, €950 million of which was not drawn down. The bank facilities renegotiated in 2016 were extended until 2023. In 2019, the Group also issued €250 million in bonds maturing in 2026 and 2027. Detailed information about credit facilities and their use is provided in Note 12.5.1 to the 2019 consolidated financial statements in Chapter 5 of this Universal Registration Document (pages 199 to 201). Action taken to improve the management of the client payment cycle started to deliver benefits in 2018 and 2019, leading to an increase in the conversion rate of its earnings into cash flow.

1.2.2. FOREIGN EXCHANGE RISK

Risk description	Risk management
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. 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: ▪ 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.); ▪ "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; ▪ 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).	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. For more information, see Note 12.5.4 to the 2019 consolidated financial statements in Chapter 5 of this Universal Registration Document (pages 204 to 206).

1.2.3. INTEREST RATE RISK

Risk description	Risk management
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.	The Group's debt consists of €346 million in fixed-rate and €366 million in floating-rate borrowings. The Group's cash is invested at floating rates At 31 December 2019, the exposure of €366 million was hedged for an amount of 325 M€ for a period between 1 to 5 years , using hedging instruments mainly via fixed-rate interest rate options. 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. For more information, see Note 12.5.3 to the 2019 consolidated financial statements in Chapter 5 of this Universal Registration Document (pages 201 to 204).

1.2.4. EQUITY RISK

Risk description	Risk management
The Group's exposure to equity risk mainly arises from: ▪ equity risk in connection with equity interests held: • shares held by the Group in Axway Software, a listed company, accounted for using the equity method, • shares held in CS Communication & Systèmes, ▪ risk related to treasury shares and other shares held and managed by SSET Trust in the United Kingdom on behalf of shareholders and employees; • risk related to assets invested in pension funds.	The Group does not hold any investments in equities or any equity interests in listed companies other than the Axway Software shares and the shares in CS Communication & Systèmes, which represented €195 million and €9.9 million, respectively, in the Group's consolidated financial statements at 31 December 2019. 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 (287,640 shares held in treasury at 31 December 2019). Furthermore, since the value of treasury shares is deducted from equity, changes in the share price have no impact on the 2019 consolidated income statement. For more information, see Note 12.5.5 to the consolidated financial statements in Chapter 5 of this Universal Registration Document (page 206). 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.

1.2.5. BANK COUNTERPARTY RISK

Risk description	Risk management
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.	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 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. For more information, see Note 12.5.2 to the 2019 consolidated financial statements in Chapter 5 of this Universal Registration Document (page 201).

1.2.6. CLIENT CREDIT RISK

Risk description	Risk management
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. Nonetheless, the Group may be exposed to client credit risks. Days sales outstanding (DSO) stood at 55 days at 31 December 2019 (61 days at 31 December 2018 and 68 days at 31 December 2017). Provisions for doubtful debtors represented 0.5% of the Group's consolidated revenue in the year ended 31 December 2019.	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 records the number of days worth of turnover generated in the accounts but not yet invoiced and/or received. 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. For more information, see Note 7.2 to the 2019 consolidated financial statements in Chapter 5 of this Universal Registration Document (page 183).

1.3 Legal and tax risks

1.3.1 RISKS RELATED TO SIGNIFICANT CHANGES IN LAWS OR REGULATIONS

Risk description	Risk management
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). 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. 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.	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. 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. 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.

1.3.2 INTELLECTUAL PROPERTY RISKS

Risk description	Risk management
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.	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. 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. 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 if 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.

2. 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".

2.1. 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 by 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. This 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.

2.2. 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.

2.3. 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, 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.

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.

3. Person responsible for the Universal Registration Document and information on the auditing of the Company's financial statements

3.1. Person responsible for the Universal Registration Document

Name and position of the person responsible for the Universal Registration Document

Vincent Paris, Chief Executive Officer

3.2. Information relating to the Statutory Auditors

3.2.1. 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.

4. Provisional reporting timetable

Publication date	Event	Meeting date
21 February 2020 before market open	2019 annual revenue and earnings	21 February 2020
24 April 2020 before market open	Q1 2020 revenue	-
	Annual General Meeting of Shareholders	9 June 2020
29 July 2020 before market open	2020 half-year revenue and earnings	29 July 2020
28 October 2020 before market open	Q3 2020 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.

5. Regulatory disclosures in 2019 [(1)]

5.1. Press releases for ongoing disclosure obligation

- 19/12/2019 Shared Services Connected Ltd is awarded a major contract by the United Kingdom Ministry of Defence.
- 25/10/2019 Revenue for Q3 2019.
- 10/10/2019 Sopra Steria Group: 2020 financial calendar.
- 2/08/2019 Sopra Steria Group: Publication of the 2019 Half-Year Financial Report.
- 26/07/2019 2019 half-year results.
- 25/06/2019 Placement of a €250m Euro PP bond issue.
- 18/06/2019 Sale of the recruitment business in the United Kingdom.
- 12/06/2019 Combined General Meeting of 12 June – Results of voting.
- 9/05/2019 Partnership between Sopra Steria and 7 German banks in the Sparda group to transform their information system and roll out the Sopra Banking Platform product.
- 7/05/2019 Combined General Meeting of 12 June 2019 – Documents and preparatory information available.
- 26/04/2019 Q1 2019 revenue.
- 12/04/2019 Sopra Steria Group: Publication of the 2018 Universal Registration Document.
- 10/04/2019 Planned acquisition of French core banking developer SAB, bolstering Sopra Banking Software's strategy.
- 22/02/2019 2018 Full-year results

5.2. Universal Registration Document including the Annual Financial Report and updates

- 12/04/2019 Publication of the 2018 Universal Registration Document including the Annual Financial Report.

5.3. Interim financial report

- 2/08/2019 Publication of the 2019 Half-Year Financial Report.

5.4. Quarterly financial reporting

- 25/10/2019 Q3 2019 revenue.
- 26/04/2019 Q1 2019 revenue.

5.5. Monthly disclosures of total voting rights and shares

- 12 monthly disclosure forms.
- 6/05/2019 Filing of the total number of voting rights and shares making up the share capital at 26 April 2019, the date of publication of the meeting notice in the BALO of the General Meeting of 12 June 2019.

5.6. Descriptions of share buyback programmes and reports on the liquidity agreement

Liquidity agreement

- 2/07/2019 Half-yearly report on the liquidity agreement with Oddo Corporate Finance.
- 9/01/2019 Half-yearly report on the liquidity agreement with Oddo Corporate Finance.

Treasury share transactions

- 20/12/2019 Weekly disclosure of transactions in own shares for the period from 16 to 20 December 2019.
- 18/11/2019 Weekly disclosure of transactions in own shares for the period from 11 to 15 November 2019.
- 21/10/2019 Weekly disclosure of transactions in own shares for the period from 14 to 18 October 2019.
- 23/09/2019 Weekly disclosure of transactions in own shares for the period from 16 to 20 September 2019.
- 3/09/2019 Weekly disclosure of transactions in own shares for the period from 12 to 16 August 2019.
- 22/07/2019 Weekly disclosure of transactions in own shares for the period from 15 to 18 July 2019.
- 24/06/2019 Weekly disclosure of transactions in own shares for the period from 17 to 21 June 2019.
- 20/05/2019 Weekly disclosure of transactions in own shares for the period from 13 to 17 May 2019.
- 6/05/2019 ERRATUM - Weekly disclosure of transactions in own shares for the period from 15 to 19 April 2019.
- 23/04/2019 Weekly disclosure of transactions in own shares for the period from 15 to 19 April 2019.
- 8/04/2019 Weekly disclosure of transactions in own shares for the period from 1 to 5 April 2019.
- 1/04/2019 Weekly disclosure of transactions in own shares for the period from 25 to 29 March 2019.
- 18/03/2019 Weekly disclosure of transactions in own shares for the period from 11 to 15 March 2019.
- 11/03/2019 Weekly disclosure of transactions in own shares for the period from 4 to 8 March 2019.
- 4/03/2019 Weekly disclosure of transactions in own shares for the period from 25 February to 1 March 2019.
- 18/02/2019 Weekly disclosure of transactions in own shares for the period from 11 to 15 February 2019.
- 21/01/2019 Weekly disclosure of transactions in own shares for the period from 14 to 18 January 2019.

(1) All of this information is available in the Investors section of the Group's website: https://www.soprasteria.com.

5.7. Reports on the manner in which the work of the Board of Directors is prepared and organised, and on internal control procedures

- 12/04/2019 Included in the 2018 Universal Registration Document.

5.8. Fees paid to the Statutory Auditors

- 12/04/2019 Included in the 2018 Universal Registration Document.

5.9. Press releases on the availability of information related to shareholders' meetings

- 7/05/2019 Press release announcing the availability of documents and preparatory information for the Combined General Meeting of 12 June 2019.

5.10. Press releases on the availability of prospectuses

- 12/04/2019 Press release announcing the publication of the 2018 Universal Registration Document.
- 2/08/2019 Press release announcing the publication of the 2019 Half-Year Financial Report.

6. 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.

9. General meeting

1. Agenda

The shareholders of Sopra Steria Group are invited to attend the Combined General Meeting to be held on 9 June, at 2:30pm, at Pavillon Dauphine, Place du Maréchal-de-Lattre-de-Tassigny, 75116 Paris, to consider the following agenda.

IMPORTANT NOTICE:

Given the current context relating to the Covid-19 pandemic, the ways of participating in the General Meeting may change based on public-health and/or legal imperatives. Shareholders should regularly consult the dedicated section on the company's website relating to the General Meeting:

https://www.soprasteria.com/investors/investors-relations-shareholders/shareholders-meetings

Requiring the approval of the Ordinary General Meeting

1. Approval of the parent company financial statements for the financial year ended 31 December 2019; approval of non-deductible expenses.
2. Approval of the consolidated financial statements for the financial year ended 31 December 2019.
3. Appropriation of 2019 earnings.
4. Approval of disclosures as presented in the Report on corporate governance pursuant to Article L. 225-100 II of the French Commercial Code.
5. Approval of the fixed, variable and exceptional items of compensation making up the total compensation and benefits of any kind paid or allotted to Pierre Pasquier, Chairman, in respect of the year ended 31 December 2019.
6. Approval of the fixed, variable and exceptional items of compensation making up the total compensation and benefits of any kind paid or allotted to Vincent Paris, Chief Executive Officer, in respect of the year ended 31 December 2019.
7. Approval of the compensation policy for the Chairman, as presented in the Report on corporate governance pursuant to Article L. 225-37-2 of the French Commercial Code.
8. Approval of the compensation policy for the Chief Executive Officer, as presented in the Report on corporate governance pursuant to Article L. 225-37-2 of the French Commercial Code.
9. Approval of the compensation policy for the directors, as presented in the Report on corporate governance pursuant to Article L. 225-37-2 of the French Commercial Code.
10. Decision setting the total amount of compensation for the directors' activities referred to in Article L. 225-45 of the French Commercial Code 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. Authorisation given to the Board of Directors, for a period of 26 months, to retire any shares that the Company may have acquired under the terms of share buyback programmes and to reduce the share capital accordingly.
13. Delegation of authority to the Board of Directors to decide, for a period of 26 months, to increase the Company's share capital, with pre-emptive rights for existing shareholders, by issuing ordinary shares and/or other securities giving access to the Company's share capital and/or carrying entitlement to the Company's debt securities, subject to an upper limit of 50% of the Company's share capital.
14. Delegation of authority to the Board of Directors to decide, for a period of 26 months, to increase the Company's share capital, with the disapplication of shareholders' pre-emptive rights for existing shareholders, by issuing ordinary shares and/or other securities giving access to the Company's share capital and/or carrying entitlement to the Company's debt securities, through public offerings (excluding offerings pursuant to para. 1 of Article L. 411-2 of the French Monetary and Financial Code), subject to an upper limit of 20% of the Company's share capital, or 10% of the share capital where no priority right is granted.
15. Delegation of authority to the Board of Directors to decide, for a period of 26 months, to increase the Company's share capital, with the disapplication of pre-emptive rights for existing shareholders, by issuing ordinary shares and/or other securities giving access to the Company's share capital and/or carrying entitlement to the Company's debt securities, by means of a private placement as provided for in para. 1 of Article L. 411-2 of the French Monetary and Financial Code subject to an upper limit of 10% of the Company's share capital.
16. Delegation of authority to the Board of Directors, for a period of 26 months, to determine the issue price for ordinary shares and/or other securities giving access to the Company's share capital and/or carrying entitlement to the Company's debt securities, subject to an upper limit of 10% of the Company's share capital in connection with a capital increase with the disapplication of shareholders' pre-emptive rights
17. Delegation of authority to the Board of Directors to decide, for a period of 26 months, with or without pre-emptive rights for existing shareholders, to increase the number of ordinary shares and/or other securities giving access to the Company's share capital and/or carrying entitlement to the Company's debt securities to be issued, subject to an upper limit of 15% of the size of the initial issue.

18. Delegation of authority to the Board of Directors for a period of 26 months to issue ordinary shares and/or negotiable securities giving access to the Company's share capital and/or carrying entitlement to the Company's debt securities, with the disapplication of shareholders' pre-emptive rights, in consideration for contributions in kind, subject to an upper limit of 10% of the Company's share capital.

19. Delegation of authority to the Board of Directors for a period of 26 months to issue ordinary shares and/or negotiable securities giving access to the Company's share capital and/or carrying entitlement to the Company's debt securities, with the disapplication of shareholders' pre-emptive rights, in consideration for instruments tendered to a public exchange offer, subject to an upper limit of 10% of the Company's share capital.

20. Delegation of authority to the Board of Directors, for a period of 26 months, to decide to increase the Company's share capital, through the capitalisation of premiums, reserves, earnings or other items eligible for capitalisation.

21. 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

22. Amendment of Article 14 of the Articles of Association

23. Adjustments to bring the Articles of Association into line with the new statutory requirements.

Requiring the approval of the Ordinary General Meeting

24. Renewal of the term of office of Sylvie Rémond as Director for a period of three years.

25. Renewal of the term of office of Jessica Scale as Director for a period of three years.

26. Appointment of Noëlle Lenoir as a new Director for a term of office of two years.

27. Appointment of André Einaudi as a new Director for a term of office of two years.

28. Powers granted to carry out all legal formalities.

We hereby inform you that the resolutions submitted for the approval of the Extraordinary General Meeting require a quorum representing at least one quarter of the total voting shares and a majority of two thirds of the votes submitted by the shareholders present or represented by proxy holders. Those submitted for the approval of the Ordinary General Meeting require a quorum of at least one fifth of the total voting shares and a majority of the votes submitted by the shareholders present or represented by proxy holders. However, as an exception to the preceding, Resolution 20, even though it is submitted for the approval of the Extraordinary General Meeting, shall require a quorum of at least one fifth of the total voting shares and a majority of the votes cast by the shareholders present or represented by proxy holders. Pursuant to Article L. 225-96 of the French Commercial Code, the votes cast shall not include those attached to shares held by shareholders who did not take part in the vote, abstained, cast a blank vote or spoilt their vote.

2. Summary of resolutions

2.1. Ordinary General Meeting

2.1.1. APPROVAL OF THE INDIVIDUAL FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS OF SOPRA STERIA GROUP (RESOLUTIONS 1 AND 2)

The Board of Directors submits for your approval:

- the individual financial statements (Resolution 1) and the consolidated financial statements of Sopra Steria Group (Resolution 2) for the year ended 31 December 2019, as presented in Chapters 5 and 6 of the Company's Universal Registration Document for the year ended 31 December 2019;
- the list of non-tax-deductible expenses totalling €629,617.99 and the corresponding tax charge. These expenses consist of rental or lease payments and depreciation in respect of the Company's vehicle fleet.

The Statutory Auditors' reports on the individual financial statements of Sopra Steria Group are presented in Chapter 6 of the Universal Registration Document of the Company for the financial year ended 31 December 2019. The Statutory Auditors' reports on the consolidated financial statements of Sopra Steria Group are presented in Chapter 5 of the Universal Registration Document of the Company for the financial year ended 31 December 2019.

2.1.2. PROPOSED APPROPRIATION OF EARNINGS (RESOLUTION 3)

Sopra Steria Group SA generated net profit of €147.1 million, giving consolidated Group net profit (attributable to owners of the parent) of 160.3 million.

Given the current context of the Covid-19 pandemic and in a spirit of responsibility, the Board of Directors proposes that no dividend is distributed and that profit available for distribution is allocated to "Retained earnings".

2.1.3. COMPENSATION OF COMPANY OFFICERS (RESOLUTIONS 4 TO 9)

Pursuant to Law no. 2019-486 of 22 May 2019 on growth and business transformation (known as the Pacte Law) authorising the government to enact into French law Directive (EU) 2017/828 of 17 May 2017, order no. 2019-1234 of 27 November 2019, published in the Official Journal on 28 November 2019 and supplemented by a decree no. 2019-1235 published on the same day, introduced changes to the rules on executive pay applicable to listed companies.

a. **Under Resolution 4** and in accordance with the provisions of Article L. 225-100 II of the French Commercial Code, you are kindly asked to approve the disclosures presented in the Report on corporate governance prepared by the Board of Directors pursuant to Article L. 225-37-3 I of the French Commercial Code. These disclosures are presented in Chapter 3 of the Company's Universal Registration Document for the year ended 31 December 2019.

The vote by the General Meeting on these disclosures reflects the amendment to Article L. 225-100 II of the French Commercial Code. The disclosures contained in the Report on corporate governance cover all the company officers, including those whose term of office came to an end during the year ended 31 December 2019. If the General Meeting failed to approve Resolution 4, payment of the compensation to members of the Board of Directors for the current year would be suspended until a revised compensation policy is approved in a vote by shareholders at the next General Meeting. Once the payment resumes, it would include arrears accrued since the previous General Meeting.

b. **Under Resolutions 5 and 6** and in accordance with the provisions of Article L. 225-100 III of the French Commercial Code, you are kindly asked to approve the fixed, variable and exceptional items of compensation making up the total compensation and benefits of any kind paid during the year ended 31 December 2019 or allotted in respect of that year to the company officers, namely Pierre Pasquier, in his capacity of Chairman, and Vincent Paris, in his capacity as Chief Executive Officer.

These details are disclosed in the Report on corporate governance prepared by the Board of Directors in accordance with Article L. 225-37 of the French Commercial Code. They are in line with the compensation policy approved by the Combined General Meeting of the shareholders on 12 June 2019.

Pursuant to Article L. 225-100 III of the French Commercial Code, the payment to Vincent Paris of the variable components of his compensation is contingent upon shareholder approval at the General Meeting of the items of compensation attributable to him in respect of the 2019 financial year.

See also Section 4, "Standardised presentation of compensation paid to company officers" in Chapter 3 of the Company's Universal Registration Document for the year ended 31 December 2019.

c. **Under Resolutions 7 and 8** and in accordance with the provisions of Article L. 225-100 II of the French Commercial Code, you are kindly asked to approve the compensation policies applicable respectively to the Chairman of the Board of Directors (Resolution 7), and the Chief Executive Officer (Resolution 8). These disclosures are presented in Chapter 3 of the Company's Universal Registration Document for the year ended 31 December 2019. These policies would be applied in the event of the nomination of new company officers. The policy defined for the Chief Executive Officer would be applicable in the event of the nomination of a Deputy CEO.

These compensation details, which were decided on by the Board of Directors on the recommendation of the Compensation Committee, are set out in Section 2, "Compensation policy" of Chapter 3 of the Company's Universal Registration Document for the year ended 31 December 2019.

d. **Under Resolution 9** and in accordance with the provisions of Article L. 225-100 II of the French Commercial Code, you are kindly asked to approve the compensation policies applicable to the Board members.

These details of the compensation policy for Board members, which were decided on by the Board of Directors on the recommendation of the Compensation Committee, are set out in Section 2, "Compensation policy" of Chapter 3 of the Company's Universal Registration Document for the year ended 31 December 2019.

2.1.4. SETTING OF COMPENSATION AWARDED TO MEMBERS OF THE BOARD OF DIRECTORS AS STATED IN ARTICLE L. 225-45 OF THE FRENCH COMMERCIAL CODE (PREVIOUSLY REFERRED TO AS DIRECTORS' FEES) (RESOLUTION 10)

You are asked to set the amount of total compensation to be awarded to Board members as stated in Article L. 225-45 of the French Commercial Code (previously referred to as directors' fees) at €500,000 for the current financial year. This amount, shall be divided up in full in accordance with the compensation policy set out in Section 2, "Compensation policy" of Chapter 3 of the Company's Universal Registration Document for the year ended 31 December 2019.

2.1.5. 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 2019 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 €250; 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 11 approved at the Combined General Meeting of 12 June 2018 or Resolution 12 submitted for the approval at the General Meeting of 9 June 2020, if it is approved;
- to implement any market practice that would come to be accepted by the AMF, and in general, to perform any operation that complies with regulations in force.

The Board of Directors would have full powers to implement this delegation of authority and decide on the arrangements.

This authorisation would supersede the previous authorisation given at the General Meeting of 12 June 2019 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 Section 12, Chapter 7 of the Company's Universal Registration Document for the year ended 31 December 2019.

2.2. Extraordinary General Meeting

2.2.1. POTENTIAL RETIREMENT OF TREASURY SHARES (RESOLUTION 12)

Under Resolution 12, you are asked to authorise the Board of Directors, for a period of [26] months from the General Meeting to i) retire some or all of the Company's shares acquired pursuant to all authorisations granted for such purpose to the Board of Directors, and ii) to reduce the share capital accordingly. In accordance with the law, no more than 10% of the shares making up the Company's share capital may be cancelled in any 24-month period. This authorisation would replace and supersede the previous authorisation granted at the General Meeting on 12 June 2018.

2.2.2 FINANCIAL DELEGATIONS GRANTED TO THE BOARD OF DIRECTORS (RESOLUTIONS 13 TO 21)

Section 12, "Authorisations to issue securities granted to the Board of Directors at the Combined General Meetings of 12 June 2018 and 12 June 2019" in Chapter 7 of the Company's Universal Registration Document for the financial year ended 31 December 2019, sets out all currently valid delegations and the extent to which they were used by the Board of Directors in financial year 2019.

Shareholders are reminded that the delegations of authority given to the Board of Directors with respect to Resolutions 13 and 20 to decide to increase the share capital may not be used during a public offer for the Company's share capital, except with the prior authorisation of the General Meeting and with the exception of the delegation of authority given by Resolution 12 at this General Meeting.

a. Capital increase through the issue of shares and negotiable securities, with or without pre-emptive rights for existing shareholders

These capital increases would be subject to the following upper limits:

- 50% of the share capital, when the transaction involves, immediately or in the future, an issue of Sopra Steria Group shares [Limit A1], together with a sub-cap of 20% of the share capital for capital increases without pre-emptive rights for shareholders but with a priority right [Limit A2], and a sub-cap of 10% of the share capital for capital increases without pre-emptive rights and without a priority right;
- €2 billion if the transaction involves an issue of debt securities carrying entitlement in the future to Sopra Steria Group shares [Limit TC].

Capital increases, excluding capital contributions (Resolutions 13 to 17)

Resolution 13 would authorise one or more capital increases for existing shareholders with pre-emptive rights for shareholders.

Resolutions 14 and 15 would open up the Company's share capital to new shareholders (disapplication of the pre-emptive right for existing shareholders) by means of a public offering or to qualified investors or a restricted group of investors (private placement referred to in para. 1 of Article L. 411-2 of the French Monetary and Financial Code).

Even so, should Resolution 14 be used, the Board of Directors would have the option of introducing a priority right for shareholders.

The issue price to be decided in accordance with the Resolutions 14 and 15 would be at least equal to the minimum required by law and regulations applicable at the time the Board of Directors implements the delegation. As an indication, the current maxim discount authorised is 10%.

Even so, without exceeding the upper limit of 10% of the shares making up the share capital, the Board of Directors may set the issue price (Resolution 16), which must be at least equal to the lowest of the following which may be subject to a maximum discount of 10% in each of the four cases):

(i) the weighted average share price on the regulated market of Euronext Paris over the period of up to six to months preceding the beginning of the offering period;

(ii) the average volume-weighted share price on the regulated market of Euronext Paris for the trading day preceding the beginning of the offering period;

(iii) average volume-weighted share price on the regulated market of Euronext Paris calculated for the day on which is the issue price is set; and

(iv) the last known closing price of the share before the beginning of the offering period.

Resolution 17 delegates authority to increase the number of shares to be issued in the event that demand outstrips supply (overallotment). This programme, which is subject to a legal framework, gives the Board of Directors the option of carrying out additional capital increases on terms and conditions identical to the original issue should demand from shareholders, the general public or the relevant investors, as appropriate, outstrip supply.

These delegations of authority would be granted for a period of twenty-six (26) months and would replace and supersede the delegations with the same purpose dated 12 June 2018.

Capital increases in consideration for contributions (Resolutions 18 and 19)

The delegations of authority provided for in Resolutions 18 and 19 would allow the Board of Directors to decide to carry out capital increases, without pre-emptive rights for shareholders, in consideration for contributions in kind or under a public exchange offer.

The Board of Directors' ability to do so would, nonetheless, be capped at:

- 10% of the share capital (statutory limit), or, for indicative purposes, approximately €2 billion based on the current share capital, for the purpose of providing consideration for contributions in kind (Resolution 18);
- 10% of the share capital in consideration for contributions of shares in a company whose shares are admitted to trading on a regulated market in connection with a public exchange offer (Resolution 19).

These delegations of authority would be granted for a period of twenty-six (26) months and would replace and supersede the delegations with the same purpose dated 12 June 2018.

b. Capital increases aiming to associate employees with the share capital (Resolution 21)

The purpose of Resolution 21 is to enable the Board of Directors, where appropriate, to enable employees of the Company or the Group to share in the fruits of Sopra Steria's development by means of a capital increase reserved for employees belonging to one of the Group's company savings plan (pursuant to Article L. 225-180 of the French Commercial Code).

In Resolution 21, you are kindly asked to grant the Board of Directors a delegation of authority allowing it to carry out one or more capital increases with the disapplication of shareholders' pre-emptive rights so that it can issue shares or negotiable securities giving access to the Company's shares, leading to disapplication of shareholders' pre-emptive rights.

This authorisation will be subject to an overall limit of 3% of share capital, also applicable to any issue or allocation carried out pursuant to Resolution 23 adopted by the Combined General Meeting of 12 June 2018. This delegation of authority would be granted for a period of twenty-six (26) months and would replace and supersede the delegation with the same purpose dated 12 June 2019.

c. Other capital increases (Resolution 20)

In Resolution 20, you are kindly asked to grant the Board of Directors a delegation of authority allowing it to carry out one or more capital increases through the capitalisation of reserves, issue premiums, or other amounts eligible for capitalisation, capped at the amount of said reserves, premiums and other amounts.

This capital increase could be achieved by issuing new shares allotted to shareholders in proportion to their existing holding in the share capital or by increasing the par value of existing shares.

This delegation of authority would be granted for a period of twenty-six (26) months and would replace and supersede the delegation with the same purpose dated 12 June 2018.

2.2.3. AMENDMENT TO THE ARTICLES OF ASSOCIATION (RESOLUTIONS 22 AND 23)

a. Amendment to Article 14 of the Articles of Association (Resolution 22)

- Pursuant to law no. 2019-486 of 22 May 2019 on growth and business transformation (the "Pacte Act"), the obligation to appoint employee shareholder representatives to the Board of Directors has been extended to listed companies, which previously qualified for the exemption available until then under paragraph 4 of Article L. 225-23.

  Under this exemption, the Company was not obliged to appoint a Director representing the employees given that a supervisory board member of an employee mutual investment fund (FCPE) is a member of its Board of Directors.

  The nomination of new directors representing the employee shareholders has to occur at the Annual General Meeting following that making the relevant amendments to the Articles of Association for their appointment and due to be held in 2020. If this resolution is approved by shareholders, the appointment of the Director representing the employee shareholders will be submitted for the approval of the Ordinary General Meeting to be called to approve the financial statements for the year ending 31 December 2020.
- In addition, the Pacte Act now provides that sociétés anonymes [public limited companies] employing at the end of two consecutive financial years at least 1,000 permanent employees in the company and its direct or indirect subsidiaries and whose registered offices are located in France, or at least 5,000 permanent employees in the company and its direct or indirect subsidiaries, and whose registered offices are located in France and elsewhere, are obliged to appoint at least 1 employee member to the Board of Directors if their board has at least 8 members (vs. 12 previously) and at least 2 employee members if their board has more than 8 members (vs. 12 previously).
- Furthermore, a proposal is submitted for approval to the General Meeting to amend the term of office of Directors in order to comply with the guidelines set forth in the AFEP-MEDEF Corporate Governance Code. Accordingly, if this resolution is adopted at the Meeting, the term of office of Directors will be set at four rather than six years, so that shareholders can express their opinions as frequently as possible on their terms of office. The principle of sequencingterms of office in a balanced manner over time is preserved..

Consequently, pursuant to Resolution 22, you are asked to approve the new wording of Article 14 of the Articles of Association reading as follows:

COMPARISON SHOWING CHANGES TO ARTICLE 14 OF THE ARTICLES OF ASSOCIATION

Current wording	New wording
Article 14 – 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 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.	The Directors representing the employees and employee shareholders 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 may be reappointed immediately.	
2. Directors appointed by the General Meeting	1. Directors appointed by the General Meeting
	1a. General provisions
Directors are appointed, reappointed or dismissed by the shareholders at Ordinary General Meetings.	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.	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. In the latter case, at the time of their appointment, legal entities shall appoint a permanent representative, who shall be subject to the same requirements and obligations and shall be subject to the same civil and criminal liability as if he were a director in his own name, without prejudice to the joint and several liability of the legal entity he represents.	Directors may be natural or legal persons, with the exception of the Director representing employee shareholders, who must be a natural person. When a legal person is appointed as Director, the latter names a permanent representative who is personally 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.	Each Director must own at least one share in the Company.
	1b. Specific provisions concerning the Director representing employee shareholders
	When the legal requirements are met, a Director representing employee shareholders is elected by the Ordinary General Meeting from two candidates proposed by the employee shareholders referred to in Article L. 225-102 of the French Commercial Code.
	The two candidates for election as the Director representing employee shareholders are designated based on the following conditions:

Current wording	New wording
	a) A rule for the designation of the candidates is laid down by the Chairman of the Board of Directors. This rule includes provisions relating to the timetable for the various stages in the designation process, the procedure for identifying and reviewing all preselected candidates, the methods used to designate the representatives of employee shareholders exercising voting rights attached to shares that they own, in addition to all provisions that may be useful for the smooth execution of the abovementioned process. The rule is brought to the attention of members of the supervisory boards of employee investment funds and, where applicable, employee shareholders exercising directly their voting right, by any means, and notably, without these means of communication being considered exhaustive, by affixing posters and/or using electronic communication, with a view to designating their candidates.
	b) A call for candidates means that a list of proposed candidates can be drawn up among those persons meeting the criteria laid down in Articles L. 225-23 and L. 225-102 of the French Commercial Code are eligible to be considered as candidates.
	c) Where voting rights attached to shares held by employees are exercised by members of the supervisory boards of employee shareholding investment funds, those supervisory boards may together select a candidate. Each supervisory board shall meet to choose its preferred candidate from a list of preselected candidates. Representatives of the Company sitting on the supervisory board are not entitled to vote on this decision. Under the selection process, each preselected candidate shall be allocated a score equal to the number of shares held by employee shareholding investment funds that voted for him/her. The preselected candidate with the highest score shall be selected as candidate.
	d) Where voting rights attached to shares held by employees are exercised directly by those employees, the elected or appointed representatives of those employee shareholders may select a candidate in accordance with procedures laid down in the rules for candidate nomination. Where a candidate is selected by appointed representatives, the rules for candidate nomination may stipulate that a voting threshold must be met. In such cases, the required threshold may not exceed 0.05% of the company's share capital. Each elected or appointed representative of the employee shareholders shall choose its preferred candidate from a list of preselected candidates. Under the selection process, each preselected candidate shall be allocated a score equal to the number of shares held by those employees who elected or appointed the representatives that voted for him/her. The preselected candidate with the highest score shall be selected as candidate.
	e) Members of supervisory boards of employee shareholding investment funds and elected or appointed representatives of employee shareholders may select the same candidate. In such cases, that single candidate shall be presented at the General Meeting of Shareholders. The same shall apply if either selection process should fail to select a candidate.
	The Director representing employee shareholders shall be elected from among the selected candidates by the shareholders voting at an Ordinary General Meeting under the quorum and majority requirements applicable to Ordinary General Meetings. The Board of Directors shall present each candidate to the shareholders by way of a separate resolution and shall, as the case may be, approve the resolution concerning its own preferred candidate.

Current wording	New wording
	The candidate receiving the most votes shall be elected Director representing employee shareholders provided that he/she has secured at least 50% of the votes of those shareholders in attendance or represented at the General Meeting. In the event of a tied vote, the candidate who has served longest as an employee of the Company or one of its subsidiaries shall be appointed.
	If no candidate secures at least 50% of the votes of those shareholders in attendance or represented at the General Meeting, two new candidates shall be put forward at the next Ordinary General Meeting.
	In the event that he/she ceases to be an employee, the Director representing employee shareholders will automatically be deemed to have stepped down and his/her appointment will terminate immediately. The same applies in the event that he/she ceases to be a shareholder as defined by Article L. 225-102 of the French Commercial Code.
	The Board of Directors may validly meet and vote in the absence of the Director representing employee shareholders until such time as the latter is appointed at a General Meeting.
	The provisions laid down in this article cease to apply if, at the close of a given financial year, the percentage of the share capital held by employees of the Company and any related companies accounts for less than 3% of the total share capital. The term of office in progress will continue for its full duration.
3. Director representing the employees	2. 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.	When the requirements laid down in paragraph I of Article L. 225-27-1 of the French Commercial Code are met, one or two Directors representing the employees sit on the Board of Directors in accordance with the provisions of paragraph II of Article L. 225-27-1 of the French Commercial Code.
	The Directors representing the employees are appointed by the Company's Social and Economic Committee after a call for nominations from within the Company and its French subsidiaries.
Whenever this number is greater than twelve, a second Director representing the employees is nominated by the Company's works council. If this number should fall to twelve or below, the second Director representing the employees shall continue for his or her full term of office.	When a single seat is vacant, the successful candidate is chosen through by a majority vote in a two-round ballot. When two seats are vacant, a list-based system of proportional representation with the greatest remainders and no voting-splitting is used.
The Director or Directors representing the employees are not required to hold shares in the Company.	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.	Further to the provisions set out in paragraph 2 of Article L. 225-29 of the French Commercial Code, should the Company body mentioned 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.
	3. Term of office of Directors
	Directors are appointed for a term of office of four 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 may be reappointed immediately.
	By exception, upon their first appointment following the modification of the Articles of Association taking effect on 9 June 2020, Directors' terms of office appointed by the General Meeting may be set at 1, 2 or 3 years such that the renewal of directorships is staggered evenly from year to year.

Current wording	New wording
	Should one or more seats held by Board members appointed at the General Meeting become vacant between two General Meetings, with the exception of that held by the Director representing employee shareholders, 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 serves for the remaining portion of his predecessor's term of office.
	When a vacancy for a Director representing the employees arises during their term of office, the director chosen as an alternate by the Company's Social and Economic Committee performs the duties for the remainder of the term of office of the individual previously serving in this position."

b. Adjustments to bring the Articles of Association into line with the new legislative and regulatory requirements (Resolution 23)

Given the recent legislative and/or regulatory developments, you are asked in Resolution 23 to approve the revised wording of articles [8, 9, 10, 11, 16, 17, 20, 22, 23, 26, 27, 28, 31, 32, 33, 34 and 35] of the Company's Articles of Association as follows:

Current wording	New wording
Article 8 – Changes to share capital	
1. The share capital may be increased by any means and by all procedures authorised by law.	1. The share capital may be increased by any means and by all procedures authorised by law.
The share capital may be increased by issuing new ordinary or preference shares or by increasing the par value of existing shares. It may also be increased by exercising the rights attached to securities that confer equity rights, in accordance with the requirements prescribed by law.	The share capital may be increased by issuing new ordinary or preference shares or by increasing the par value of existing shares. It may also be increased by exercising the rights attached to securities that confer equity rights, in accordance with the requirements prescribed by law.
Only an Extraordinary General Meeting, acting pursuant to a report of the Board of Directors, has the authority to decide an immediate or future capital increase. It may delegate this authority to the Board of Directors, as provided for in law. The Board of Directors may in turn delegate this authority to the Chief Executive Officer or, with his/her consent, to one or more Deputy Chief Executive Officers, in accordance with the provisions of law and on the terms and conditions laid down in advance by the Board of Directors.	Only an Extraordinary General Meeting, acting pursuant to a report of the Board of Directors, has the authority to decide an immediate or future capital increase. It may delegate this authority to the Board of Directors, as provided for in law. The Board of Directors may in turn delegate this authority to the Chief Executive Officer or, with his/her consent, to one or more Deputy Chief Executive Officers, in accordance with the provisions of law and on the terms and conditions laid down in advance by the Board of Directors.
If an Extraordinary General Meeting decides to increase the share capital, it may delegate to the Board of Directors the power to set the terms and conditions applicable to the securities issue.	If an Extraordinary General Meeting decides to increase the share capital, it may delegate to the Board of Directors the power to set the terms and conditions applicable to the securities issue.
Shareholders have a pre-emptive right, in proportion to the number of shares they hold, to subscribe for cash shares issued in connection with a capital increase. Shareholders may waive this right individually. In accordance with legal requirements, an Extraordinary General Meeting may decide to suspend this pre-emptive subscription right.	Shareholders have a pre-emptive right, in proportion to the number of shares they hold, to subscribe for cash shares issued in connection with a capital increase. Shareholders may waive this right individually. In accordance with legal requirements, an Extraordinary General Meeting may decide to suspend this pre-emptive subscription right.
If a General Meeting or, in the event of a delegation of authority, the Board of Directors, has expressly decided, shares not subscribed non-reducibly shall be allocated to shareholders who subscribe reducibly for a higher number of shares than that to which they are entitled by their pre-emptive subscription right, in proportion to their subscription rights and, in any event, within the limit of their requests.	If a General Meeting or, in the event of a delegation of authority, the Board of Directors, has expressly decided, shares not subscribed non-reducibly shall be allocated to shareholders who subscribe reducibly for a higher number of shares than that to which they are entitled by their pre-emptive subscription right, in proportion to their subscription rights and, in any event, within the limit of their requests.
The right to be allotted new shares subsequent to a capitalisation of reserves, profits or issue premiums shall be held by the legal owner, subject to the rights of the beneficial owner.	The right to be allotted new shares subsequent to a capitalisation of reserves, profits or issue premiums shall be held by the legal owner, subject to the rights of the beneficial owner.
At the time of any decision to increase the share capital in consideration for cash contributions, except if the capital increase results from a prior issue of securities that confer equity rights, an Extraordinary General Meeting shall vote on a draft resolution proposing a capital increase reserved for the Company's employees.	At the time of any decision to increase the share capital in consideration for cash contributions, except if the capital increase results from a prior issue of securities that confer equity rights, an Extraordinary General Meeting shall vote on a draft resolution proposing a capital increase reserved for the Company's employees.

Current wording	New wording
Furthermore, every three years, an Extraordinary General Meeting shall be held to vote on a draft resolution proposing a capital increase reserved for the Company's employees if, pursuant to a report presented to the General Meeting by the Board of Directors in accordance with the law, shares held by the employees of the Company and affiliated companies, as defined by law, represent less than three percent of the share capital.	
2. Capital decreases shall be authorised or decided by an Extraordinary General Meeting, but such capital decreases shall in no event diminish the equality of shareholders.	2. Capital decreases shall be authorised or decided by an Extraordinary General Meeting, but such capital decreases shall in no event diminish the equality of shareholders.
A decrease in share capital to an amount less than the statutory minimum can be decided only if it is subject to the condition precedent that it shall be followed by a capital increase raising share capital to an amount at least equal to the statutory minimum, unless the Company is converted into a company of another form that does not require a higher amount of capital than the share capital after the capital decrease.	A decrease in share capital to an amount less than the statutory minimum can be decided only if it is subject to the condition precedent that it shall be followed by a capital increase raising share capital to an amount at least equal to the statutory minimum, unless the Company is converted into a company of another form that does not require a higher amount of capital than the share capital after the capital decrease.
In the event of non-compliance with this provision, any interested party may bring an action for dissolution of the Company. The Court shall not order dissolution if, on the day it rules on the merits, the situation has been rectified.	In the event of non-compliance with this provision, any interested party may bring an action for dissolution of the Company. The Court shall not order dissolution if, on the day it rules on the merits, the situation has been rectified.
3. The share capital may be redeemed as provided for in law.	3. The share capital may be redeemed as provided for in law.
Article 9 – Payment for shares	
In the case of a capital increase, at least one quarter of the par value of cash shares and, if applicable, the full amount of the issue premium, shall be paid at the time of the subscription.	In the case of a capital increase, at least one quarter of the par value of cash shares and, if applicable, the full amount of the issue premium, shall be paid at the time of the subscription.
Payment of the balance shall be made in one or more instalments, pursuant to a call for funds by the Board of Directors, within a period of five years from the date on which the capital increase becomes final.	Payment of the balance shall be made in one or more instalments, pursuant to a call for funds by the Board of Directors, within a period of five years **maximum** from the date on which the capital increase becomes final.
Subscribers shall be informed of calls for funds **at least fifteen days prior to the date set for each payment, by a recorded delivery letter (signed for) sent to each shareholder.**	Subscribers shall be informed of calls for funds **as provided for in law.**
Any delay in the payment of amounts owed on the unpaid price of shares shall automatically oblige the shareholder to pay interest at the legal rate of interest as from the due date, without prejudice to any personal action the Company may initiate against the shareholder in default or its right to obtain the enforcement measures provided by law.	Any delay in the payment of amounts owed on the unpaid price of shares shall automatically oblige the shareholder to pay interest at the legal rate of interest as from the due date, without prejudice to any personal action the Company may initiate against the shareholder in default or its right to obtain the enforcement measures provided by law.
Furthermore, if the calls for funds have not been made within the statutory time period, any interested party may request the Presiding Judge of the Court, ruling pursuant to an ex parte application, to order the directors to issue such calls for funds, subject to a penalty for noncompliance, or to appoint a judicial representative charged with carrying out such formality.	Furthermore, if the calls for funds have not been made within the statutory time period, any interested party may request the Presiding Judge of the Court, ruling pursuant to an ex parte application, to order the directors to issue such calls for funds, subject to a penalty for noncompliance, or to appoint a judicial representative charged with carrying out such formality.
Article 10 – Form of the shares	
Shareholders may decide freely whether to hold fully paid-up shares in registered or bearer form.	Shareholders may decide freely whether to hold fully paid-up shares in registered or bearer form.
For bearer shares, the Company may at any time, in accordance with the statutory and regulatory requirements in force, request the central depository for information **about the number of shares held and any restrictions imposed on them, as well as the name or company name, nationality, year of birth or year of incorporation, the postal and, where appropriate, and the email address of the holders of any securities that confer voting rights, immediately or in the future, at its shareholders' meetings. All this information shall be given to the Company as provided by law.**	For bearer shares, the Company may at any time, in accordance with the statutory and regulatory requirements in force, request information **from either** the central depository or **from the authorised intermediaries** about **the holders of its shares and of any securities that confer voting rights, immediately or in the future at its shareholders' meetings.**

Current wording	New wording
However, the persons referred to in Article L. 225-109 of the French Commercial Code are required, in accordance with the provisions of said article, to have the shares put into registered form or to deposit the shares owned by them or their unemancipated minor children with a bank, an authorised financial institution or an investment services provider.	However, the persons referred to in Article L. 225-109 of the French Commercial Code are required, in accordance with the provisions of said article, to have the shares put into registered form or to deposit the shares owned by them or their unemancipated minor children with a bank, an authorised financial institution or an investment services provider.
Article 11 – Share transfers – identification of shareholders	
Shares shall be registered in an account opened, in accordance with legal provisions, by the issuing company or a financial intermediary approved by the Ministry of Economy and Finance.	Shares shall be registered in an account opened, in accordance with legal provisions, by the issuing company or a financial intermediary approved by the Ministry of Economy and Finance.
The ownership of shares issued in registered form shall be effective upon their entry in the name of the shareholder(s) in ledgers maintained for this purpose by the agent appointed by the Company under the conditions and in accordance with the procedures set forth by law.	The ownership of shares issued in registered form shall be effective upon their entry in the name of the shareholder(s) in ledgers maintained for this purpose by the agent appointed by the Company under the conditions and in accordance with the procedures set forth by law.
The ownership of bearer shares shall be effective upon their registration in an account maintained by an authorised financial intermediary.	The ownership of bearer shares shall be effective upon their registration in an account maintained by an authorised financial intermediary.
Shares that are required to be in registered form may be traded on the stock market only if they have been previously deposited in an administration account with an authorised intermediary.	Shares that are required to be in registered form may be traded on the stock market only if they have been previously deposited in an administration account with an authorised intermediary.
Shares that are not required to be in registered form may be traded on the stock exchange only if they have been converted into bearer shares.	Shares, that are not required to be in registered form, may be traded on the stock exchange only if they have been converted into bearer shares.
If the shares have not been paid in full, the transfer order must also be signed by the transferee.	If the shares have not been paid in full, the transfer order must also be signed by the transferee.
Transfers of shares without consideration or by inheritance shall also be made by a transfer from one account to another, upon proof that the conveyance has been carried out in accordance with legal requirements.	Transfers of shares without consideration or by inheritance shall also be made by a transfer from one account to another, upon proof that the conveyance has been carried out in accordance with legal requirements.
Share transfer costs shall be borne by the transferee.	
Shares not paid up to the extent of payments that have fallen due may not be transferred.	Shares not paid up to the extent of payments that have fallen due may not be transferred.
The Company may at any time, at its own expense, in accordance with the statutory and regulatory requirements in force, request the "central depository" that maintains its securities issue account to provide it with, as applicable, the name or company name, nationality, year of birth or year of incorporation and address of the holders of securities that confer voting rights, immediately or in the future, at its shareholders' meetings, as well as the number of securities held by each one and, if applicable, any restrictions that may be imposed on the securities.	
Shares shall be freely transferable, unless otherwise provided by statutory or regulatory provisions. Shares are transferred by a transfer from one account to another.	Shares shall be freely transferable, unless otherwise provided by statutory or regulatory provisions. Shares are transferred by a transfer from one account to another.
Article 16 – Decisions of the Board of Directors	
The Board of Directors shall meet as often as required by the Company's interests, pursuant to a notice of meeting given by its Chairman. The Chief Executive Officer (Directeur Général) or, if the Board has not met for at least two months, at least one third of the directors, may request the Chairman to convene a Board of Directors' meeting to deliberate on a specific agenda. The Chairman shall be required to comply with such request.	The Board of Directors shall meet as often as required by the Company's interests, pursuant to a notice of meeting given by its Chairman. The Chief Executive Officer (Directeur Général) or, if the Board has not met for at least two months, at least one third of the directors, may request the Chairman to convene a Board of Directors' meeting to deliberate on a specific agenda. The Chairman shall be required to comply with such request.
Notices of meetings may be given by any means, including orally.	Notices of meetings may be issued by any means, including orally, normally **at least twenty-four hours in advance.**
Meetings shall be held at the registered office or at any other place specified in the notice of meeting.	Meetings shall be held at the registered office or at any other place specified in the notice of meeting.
	In exceptional cases, the Board of Directors may adopt, by means of a written consultation, certain decisions provided for by the regulations in force.

Current wording	New wording
The Board of Directors shall deliberate validly only if at least one half of the directors are present. Decisions are taken on the basis of a majority of votes of members present or represented.	The Board of Directors shall deliberate validly only if at least one half of the directors are present. Decisions shall be adopted by a majority vote of the 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 meeting Chairman shall have no casting vote in the event of a tie.	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 meeting Chairman shall have no casting vote in the event of a tie.
An attendance sheet shall be kept, which shall be signed by the Board members who attend the Board meeting, both personally and as a proxy.	An attendance sheet shall be kept, which shall be signed by the Board members who attend the Board meeting, both personally and as a proxy.
The Board shall adopt a set of internal rules and regulations.	The Board shall adopt a set of internal rules and regulations.
The Board's internal rules and regulations may provide that directors who participate in a Board meeting by videoconference or other means of telecommunications that allow them to be identified and actually participate, in accordance with the laws and regulations in force, shall be deemed to be present for the purposes of calculating the quorum and majority.	The Board's internal rules and regulations may provide that directors who participate in a Board meeting by videoconference or other means of telecommunications that allow them to be identified and actually participate, in accordance with the laws and regulations in force, shall be deemed to be present for the purposes of calculating the quorum and majority.
This provision shall not apply to the adoption of the following decisions:	This provision shall not apply to the adoption of the following decisions:
■ Approving the annual financial statements and the consolidated financial statements, and preparing the Management Report and the Group Management Report;	■ Approving the annual financial statements and the consolidated financial statements, and preparing the Management Report and the Group Management Report;
The decisions of the Board of Directors shall be recorded in minutes prepared in accordance with legal provisions in force and signed by the Chairman of the meeting and at least one director. If the Chairman of the meeting is unable to act, the minutes shall be signed by at least two directors.	The decisions of the Board of Directors shall be recorded in minutes prepared in accordance with legal provisions in force and signed by the Chairman of the meeting and at least one director. If the Chairman of the meeting is unable to act, 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.	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 – 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.	The Board of Directors shall establish the Company's business policies and ensure they are carried out **in accordance with its corporate interest, while giving consideration to the social and environmental implications of its business activities.** 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.	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 memorandum and articles of association shall not constitute such proof.
The Board of Directors shall carry out all controls and verifications it deems necessary. Each director is entitled to be provided with all documents and information necessary for the performance of his duties.	The Board of Directors shall carry out all controls and verifications it deems necessary. Each director is entitled to be provided with all documents and information necessary for the performance of his duties.
The Board may grant all agents of its choice all delegations of authority, within the limits of the powers it holds pursuant to law and this memorandum and articles of association.	The Board may grant all agents of its choice all delegations of authority, within the limits of the powers it holds pursuant to law and this memorandum and articles of association.
The Board may create committees charged with studying matters that the Board or the Chairman submits for their opinion and review.	The Board may create committees charged with studying matters that the Board or the Chairman submits for their opinion and review. **It determines the composition and the terms of reference of the committees, which operate under its responsibility.**
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.	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.

Current wording	New wording
Article 20 – Remuneration of senior executives	
1. The shareholders at a General Meeting may grant the directors a fixed annual sum of directors' fees, t**he 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.	1. The shareholders at a General Meeting may grant the directors **an annual fixed compensation,** 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, **in accordance with applicable laws.**
2. The Board of Directors shall determine the remuneration of the Chairman of the Board of Directors, the Chief Executive Officer and the Executive Vice-Presidents. **Such remuneration may be fixed and/or proportional.**	2. The Board of Directors shall determine the remuneration of the Chairman of the Board of Directors, the Chief Executive Officer and the Executive Vice-Presidents, **in accordance with applicable laws.**
3. The Board of Directors may also grant extraordinary remuneration for missions or assignments entrusted to directors, **which shall be subject to approval by an Ordinary General Meeting. Directors** shall not receive any remuneration from the Company, whether permanent or otherwise, other than the remuneration specified in the preceding paragraphs, unless they have entered into an employment contract with the Company in accordance with legal requirements.	3. The Board of Directors may also grant extraordinary remuneration for missions or assignments entrusted to directors, **in accordance with applicable laws.** Directors shall not receive any remuneration from the Company, whether permanent or otherwise, other than the remuneration specified in the preceding paragraphs, unless they have entered into an employment contract with the Company, in accordance with applicable laws.
Article 22 – Regulated agreements	
All agreements made directly or through an intermediary between the Company and its Chief Executive Officer, an Executive Vice-President, a director, a shareholder holding more than 10% of voting rights or, if the shareholder is a company, with the company controlling such shareholder within the meaning of Article L. 223-3 of the French Commercial Code, shall require the prior approval of the Board of Directors.	All agreements made directly or through an intermediary between the Company and its Chief Executive Officer, an Executive Vice-President, a director, a shareholder holding more than 10% of voting rights or, if the shareholder is a company, with the company controlling such shareholder within the meaning of Article L. 223-3 of the French Commercial Code, shall require the prior approval of the Board of Directors.
The foregoing shall also apply to agreements in which any of the persons described above has an indirect interest and to agreements made between the Company and any enterprise in which the Chief Executive Officer, an Executive Vice-President or a director is the owner, a partner or shareholder with unlimited liability, a manager, director, member of the Supervisory Board, or, generally, a person with management responsibilities in such enterprise.	The foregoing shall also apply to agreements in which any of the persons described above has an indirect interest and to agreements made between the Company and any enterprise in which the Chief Executive Officer, an Executive Vice-President or a director is the owner, a partner or shareholder with unlimited liability, a manager, director, member of the Supervisory Board, or, generally, a person with management responsibilities in such enterprise.
A person with an interest in such agreements shall inform the Board immediately upon learning of an agreement requiring approval. **Such person** shall not take **part in the vote** on the requested authorisation.	**A person with a direct or indirect interest** in such agreements shall inform the Board immediately upon learning of an agreement requiring approval. **Such person** shall not **take part in debates and voting** on the requested authorisation.
Such agreements shall be submitted to the General Meeting for shareholder approval, in accordance with legal requirements.	Such agreements shall be submitted to the General Meeting for shareholder approval, in accordance with legal requirements. **Such agreements shall be published on the Company's website as provided for in law.**
The foregoing provisions shall not apply to agreements governed by Article L. 225-39 of the French Commercial Code.	The foregoing provisions shall not apply to agreements governed by Article L. 225-39 of the French Commercial Code.
Directors who are not legal entities shall be prohibited from obtaining, in any form whatsoever, loans from the Company, current account or other overdraft facilities from the Company, or to have the Company provide a guarantee or pledge securing their undertakings to third parties.	Directors who are not legal entities shall be prohibited from obtaining, in any form whatsoever, loans from the Company, current account or other overdraft facilities from the Company, or to have the Company provide a guarantee or pledge securing their undertakings to third parties.
The same prohibition shall apply to the Chief Executive Officer, the Executive Vice-Presidents and to the permanent representatives of directors that are legal entities. The foregoing provision shall also apply to the spouses, ascendants and descendants of the persons referred to in this article, as well as to all intermediaries.	The same prohibition shall apply to the Chief Executive Officer, the Executive Vice-Presidents and to the permanent representatives of directors that are legal entities. The foregoing provision shall also apply to the spouses, ascendants and descendants of the persons referred to in this article, as well as to all intermediaries.
Article 23 – Board of non-voting directors	
Pursuant to a proposal made by the Board of Directors, an Ordinary General Meeting may appoint Board observers (censeurs), who may but are not required to be shareholders.	Pursuant to a proposal made by the Board of Directors, an Ordinary General Meeting may appoint Board observers (censeurs), who may but are not required to be shareholders.
No more than five Board observers shall be appointed.	No more than five Board observers shall be appointed.

Current wording	New wording
The Board observers shall be appointed for a term of six years. The term of office of each Board observer shall end at the conclusion of the ordinary general shareholders' meeting that votes on the financial statements for the previous financial year and that is held during the year in which the Board observer's term of office expires.	The Board observers shall be appointed for a term of six years. The term of office of each Board observer shall end at the conclusion of the ordinary general shareholders' meeting that votes on the financial statements for the previous financial year and that is held during the year in which the Board observer's term of office expires.
Board observers shall be eligible for reappointment at the conclusion of their term of office.	Board observers shall be eligible for reappointment at the conclusion of their term of office.
In the event that one or more Board observer positions becomes vacant due to death or resignation, the Board of Directors may appoint Board observers on a temporary basis. Such appointments shall be submitted for ratification to the next Ordinary General Meeting.	In the event that one or more Board observer positions becomes vacant due to death or resignation, the Board of Directors may appoint Board observers on a temporary basis. Such appointments shall be submitted for ratification to the next Ordinary General Meeting.
Board observers 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.	Board observers 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 sit on the committees created by the Board.
Board observers receive all documents provided to the Board of Directors. They shall keep the Board's items of business confidential.	Board observers receive all documents provided to the Board of Directors. They shall keep the Board's items of business confidential.
Board observers 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.	Board observers 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.
The Board of Directors may remunerate the Board observers by allocating an amount from the directors' **fees allocated** to Board members by the General Meeting.	The Board of Directors may compensate non-voting members by allocating an amount from the **compensation allocated** to Board members by the General Meeting.
Article 26 – Convening and location of general meetings	
General Meetings shall be convened by the Board of Directors, the statutory auditors or a judicial representative appointed by the court in accordance with the requirements prescribed by law.	General Meetings shall be convened by the Board of Directors, the statutory auditors or a judicial representative appointed by the court in accordance with the requirements prescribed by law.
Meetings shall be held at the registered office or at any other location specified in the notice of meeting.	Meetings shall be held at the registered office or at any other location specified in the notice of meeting.
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.	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 shares are registered shares, this publication may be replaced by a notice of meeting sent to each shareholder by recorded delivery, at the Company's expense.	However, if all shares are registered shares, this publication may be replaced by a notice of meeting sent to each shareholder by recorded delivery, 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.	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 prior to the date on which the notice of meeting is published shall be given notice of all shareholders' meetings by ordinary mail.	Shareholders who have held registered shares for at least one month prior to the date on which the notice of meeting is published shall be given notice of all shareholders' meetings by ordinary mail.
However, they may provide the Company with an agreement in writing allowing electronic transmission instead of postal delivery. Shareholders shall provide the Company with their email address for this purpose. Shareholders may also at any time request, in a letter sent by recorded delivery (signed for), that postal delivery be used instead of electronic transmission.	However, **as provided by regulations**, they may give the company a written authorisation to send these notifications by electronic mail instead of by letter. Shareholders shall provide the Company with their email address for this purpose. Shareholders may also at any time request, in a letter sent by recorded delivery (signed for), that postal delivery be used instead of electronic transmission.
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.	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.
In the event that the General Meeting is unable to deliberate because the required quorum is not present, a second meeting, and if applicable, a deferred second meeting, shall be convened at least **six days** in advance in the same manner as the first meeting.	In the event that the General Meeting is unable to deliberate because the required quorum is not present, a second meeting, and if applicable, a deferred second meeting, shall be convened at least **ten days** in advance in the same manner as the first meeting.

Current wording	New wording
The publication and letters giving notice of this second meeting shall restate the date and agenda of the first meeting. If the date of a General Meeting is postponed by court order, the court may set a different time period.	The publication and letters giving notice of this second meeting shall restate the date and agenda of the first meeting. If the date of a General Meeting is postponed by court order, the court may set a different time period.
The publication and letters giving notice of meetings shall contain the information required by law.	The publication and letters giving notice of meetings shall contain the information required by law.
Article 27 – Agenda	
The agenda for the General Meeting is decided by the person(s) convening the Meeting.	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.	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** *(comité d'entreprise)* may also request that draft resolutions be added to the agenda of General Meetings.	The **Economic and Social Council** may also request the inclusion of proposed resolutions in the agenda.
A General Meeting shall not deliberate on a matter of business that is not included in the agenda. However, a General Meeting can in all circumstances dismiss and replace one or more directors.	A General Meeting shall not deliberate on a matter of business that is not included in the agenda. However, a General Meeting can in all circumstances dismiss and replace one or more directors.
Article 28 – Admission to meetings – powers – composition	
General Meetings shall include all shareholders, regardless of the number of shares they hold, who may participate personally or by proxy.	General Meetings shall include all shareholders, regardless of the number of shares they hold, who may participate personally 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.	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 or her spouse, the partner with whom he or she has entered into a pacte civil de solidarité (PACS, the French civil union contract), another shareholder or any other other private individual or legal entity of his or her choice; in the case of proxies given by a shareholder without specifying the name of the proxy holder, the Chairman of the General Meeting shall cast a vote in favour of the adoption of draft resolutions submitted or approved by the Board of Directors and a vote against the adoption of all other draft resolutions. To cast any other vote, a shareholder must choose a proxy who agrees to vote as indicated by the principal.	Any shareholder may be represented by his or her spouse, the partner with whom he or she has entered into a pacte civil de solidarité (PACS, the French civil union contract), another shareholder or any other other private individual or legal entity of his or her choice; in the case of proxies given by a shareholder without specifying the name of the proxy holder, the Chairman of the General Meeting shall cast a vote in favour of the adoption of draft resolutions submitted or approved by the Board of Directors and a vote against the adoption of all other draft resolutions. To cast any other vote, a shareholder must choose a proxy who agrees to vote as indicated by the principal.
The legal representatives of shareholders who lack legal capacity and individuals representing shareholders that are legal entities may participate in General Meetings whether or not they are shareholders.	The legal representatives of shareholders who lack legal capacity and individuals representing shareholders that are legal entities may participate in General Meetings whether or not they are shareholders.
If the Board of Directors so decides at the time it convenes a General Meeting, shareholders may also participate in said meeting by videoconference or any other means of telecommunications or electronic transmission, including the internet, that meets the conditions prescribed by the laws and regulations applicable at the time of the use thereof.	If the Board of Directors so decides at the time it convenes a General Meeting, shareholders may also participate in said meeting by videoconference or any other means of telecommunications or electronic transmission, including the internet, that meets the conditions prescribed by the laws and regulations applicable at the time of the use thereof.
Shareholders who participate in a General Meeting by videoconference or other means of telecommunications that enables them to be identified in a manner and in accordance with procedures in compliance with statutory and regulatory provisions shall be deemed present for the purposes of calculating the quorum and majority.	Shareholders who participate in a General Meeting by videoconference or other means of telecommunications that enables them to be identified in a manner and in accordance with procedures in compliance with statutory and regulatory provisions shall be deemed present for the purposes of calculating the quorum and majority.
All shareholders may vote by mail using the form prepared and sent by the Company in accordance with statutory and regulatory requirements. To be taken into account, **this form must be received by the Company at least three days before the date of the meeting.**	All shareholders **may be represented by** another person at General Meetings or vote remotely by filling in a form addressed to the Company, as provided for in law and the regulations, **either on paper or electronically, depending on the procedure adopted by the Board of Directors and stipulated in the notice of meeting.**

Current wording	New wording
Two works **council members,** appointed by the works council in accordance with legal provisions, may attend General Meetings. At their request, they shall be heard during the deliberations of all matters requiring a unanimous vote of the shareholders.	Two **Economic and Social Council** members, appointed by the Council as laid down by law, may attend General Meetings. At their request, they shall be heard during the deliberations of all matters requiring a unanimous vote of the shareholders.
Article 31 – Attendance sheet – officers – minutes	
An attendance sheet, duly signed by the shareholders present and by the proxies, stating the names of shareholders present by telecommunication means, and to which shall be appended the proxy forms given to each proxy and, if applicable, the postal voting forms, shall be certified as accurate by the officers of the General Meeting.	**An attendance sheet showing the details and signatures required by law is drawn up for each General Meeting.**
General Meetings shall be chaired by the Chairman of the Board of Directors or, in the absence thereof, by a Vice-Chairman or a director specifically appointed for such purpose by the Board. Failing this, the General Meeting shall elect its own Chairman.	General Meetings shall be chaired by the Chairman of the Board of Directors or, in the absence thereof, by a Vice-Chairman or a director specifically appointed for such purpose by the Board. Failing this, the General Meeting shall elect its own Chairman.
The two shareholders representing the greatest number of votes, both personally and as proxies, who are present and who agree, shall act as scrutineers.	The two shareholders representing the greatest number of votes, both personally and as proxies, who are present and who agree, shall act as scrutineers.
The officers of the Meeting thus appointed shall designate a secretary, who is not required to be a shareholder	The officers of the Meeting thus appointed shall designate a secretary, who is not required to be a shareholder
Minutes shall be prepared and copies or extracts of the decisions shall be delivered and certified in accordance with the law.	Minutes shall be prepared and copies or extracts of the decisions shall be delivered and certified in accordance with the law.
Article 32 – Ordinary general meetings	
An Ordinary General Meeting is empowered to take all decisions that exceed the powers of the Board of Directors and that do not amend the memorandum and articles of association.	An Ordinary General Meeting is empowered to take all decisions that exceed the powers of the Board of Directors and that do not amend the memorandum and articles of association.
It shall be held at least once a year, within the time periods prescribed by law and regulations in force, in order to vote on the financial statements for the previous financial year.	It shall be held at least once a year, within the time periods prescribed by law and regulations in force, in order to vote on the financial statements for the previous financial year.
It is 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 shall be required if the meeting is convened pursuant to a second notice of meeting.	It is only able to validly conduct business, when convened for the first time, if the shareholders attending the Meeting, represented by proxy or having voted **remotely** represent at least one fifth of the total voting rights. No quorum shall be required if the meeting is convened pursuant to a second notice of meeting.
Decisions shall be taken by a majority of the votes held by shareholders present, represented or voting **by mail.**	Decisions shall be taken by a majority of the votes **submitted** by shareholders present, represented or voting **remotely.**
Article 33 – 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.	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.
It is 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 attained, 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.	It is 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 **remotely** 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 attained, 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.
Decisions shall be taken by a two-thirds majority of the votes held by shareholders present, represented or voting **by mail**, unless a statutory exception applies.	Decisions shall be taken by a two-thirds majority of the votes submitted by shareholders present, represented or voting **remotely**, unless a statutory exception applies.

Current wording	New wording
Article 34 – Special general meetings	
If there is more than one class of shares, changes may be made to the rights of the shares in one of those classes only by a vote in favour of the decision by an Extraordinary General Meeting open to all shareholders and, in addition, by a vote in favour of the decision by a Special General Meeting open only to the holders of shares of the relevant class.	If there is more than one class of shares, changes may be made to the rights of the shares in one of those classes only by a vote in favour of the decision by an Extraordinary General Meeting open to all shareholders and, in addition, by a vote in favour of the decision by a Special General Meeting open only to the holders of shares of the relevant class.
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.	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 **or having voted remotely** represent at least one third of the total voting rights, and one fifth of the total voting rights when convened for the second time.
Otherwise, Special General Meetings shall be convened and shall vote in accordance with the same requirements as for Extraordinary General Meetings.	Otherwise, Special General Meetings shall be convened and shall vote in accordance with the same requirements as for Extraordinary General Meetings.
Article 35 – Bondholders' meeting	**Article 35 – Issue of bonds**
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.**	In the event of the issuance of bonds, the holders of these bonds are considered as a group represented by **one or more representatives**, in accordance with legal requirements, for the defence of their shared interests.

2.3. Ordinary General Meeting

The terms of office of four Directors – Astrid Anciaux, Sylvie Rémond, Jessica Scale and Solfrid Skilbrigt – will expire at the close of the General Meeting of 9 June 2020. The term of office of Jean-Bernard Rampini as Non-voting Director will also expire at that same date.

In consideration of the foregoing, the Board of Directors has sought to take account of the position put forward by shareholders interested in limiting the number of Directors who are not absolutely independent, the representation of key skills and experience deemed necessary by the Board, the diversity and complementarity of profiles contributing to the collegial nature of its deliberations, and the changes introduced by the PACTE Act relating to the representation of employee shareholders.

The Nomination, Governance, Ethics and Corporate Responsibility Committee thus decided to recommend that the Board submit the following proposals for shareholder approval at the General Meeting:

- the renewal, for a period of three years (so as to arrange for staggered renewal of Board members' terms of office), of Sylvie Rémond's term of office as Director, given in particular her financial and risk management expertise. Sylvie Rémond will also be named to the Compensation Committee, thus strengthening its independence and ensuring her contribution to discussions on the targets to be set for the Chief Executive Officer and the Group's management;
- the renewal, for a period of three years (so as to arrange for staggered renewal of Board members' terms of office), of Jessica Scale's terms of office as Director, taking into account in particular her independence and her knowledge of the Group's business;
- the appointment of two Directors:
  - André Einaudi, for an initial term of office of two years (so as to arrange for staggered renewal of Board members' terms of office). As an Independent Director, André Einaudi will bring to the Board his qualities and experience as an entrepreneur and in leading an international group: he is the founder of Ortec Group and has served as its Chairman and CEO since its creation in 1992,
  - Noëlle Lenoir, for an initial term of office of two years (so as to arrange for staggered renewal of Board members' terms of office). As an Independent Director, Noëlle Lenoir will draw on her experience in corporate responsibility and internal control to strengthen the Board's expertise in these areas.

Information relating to the candidacies of Noëlle Lenoir and André Einaudi is presented below:

NOËLLE LENOIR

Appointment as Independent Director

Director Number of shares in the Company owned personally: **None**

Business address:
47 avenue Hoche, 75008 Paris (France)

Date of first appointment: 09/06/2020
Proposed term of office: 2 years

Nationalité : French **Âge** : 71

Main positions and appointments currently held	Appointments: Outside the Group	Appointments: Outside France	Appointments: Listed company
■ Legal partner at Kramer Levin Naftalis et Frankel	✔		
■ Vice-Chairwoman of the International Chamber of Commerce (French delegation)	✔		
■ Chairwoman of the Legal Commission of "Grand Paris/Ile de France"	✔		
■ Member of the Académie Française des Technologies	✔		
■ Director of Cluster Maritime de France	✔		
■ Director of HEC	✔		
Other directorships and offices held during the last five years:			
■ Director of Valéo and Compagnie des Alpe	✔		
■ Chairwoman of the Ethics and Scientific Committee of Parcoursup	✔		
■ Chairwoman of the Ethics Committee of Radio-France	✔		

Biography

Noëlle Lenoir is a lawyer, former judge and politician, with expertise in ethics, professional conduct and European affairs. A graduate of the *Institut d'Études Politiques de Paris,* she earned her law degree from the Université de Paris and began her career at the French Senate in 1972, then joined the CNIL in 1982, the French Data Protection Authority.

As the CNIL's Chief Legal Officer, she supervised the implementation of the French data protection and freedom of information act ("Loi informatique et libertés".Noëlle Lenoir joined the Conseil d'État (France's highest administrative court) in 1984 as a maître de requêtes (master of petitions) where she carried out the roles of Government Commissioner (now known as Public Rapporteur). She then became head of the French Minister of Justice's office, before being appointed by the Prime Minister to carry out an investigation into bioethics law. Her report was used as the basis for drawing up the first law on bioethics in France.

The first woman named to France's Constitutional Council (1992 to 2001), she also chaired UNESCO's International Bioethics Committee from 1992 to 1999 and was Chairman of the European Bioethics Group on science and new technology at the European Commission (1994 to 2001).

She later joined the faculty of Columbia Law School in New York and University College London, before returning to France in 2002 when she was named Minister for European Affairs. In this position, she notably took part in negotiations with accession countries in Central and Western Europe to prepare their integration into the European Union.

Subsequently, Noëlle Lenoir practised as a lawyer (specialising in digital and data protection law, internal and international investigation, compliance and anti-corruption, labour, competition and European law) before being appointed the first Chief Ethics Officer of the French National Assembly, where she served from 2012 to 2014, reviewing the statements of interest submitted by members and drafting initial recommendations based on members' code of conduct.

Since then, she has chaired Ethics Committees at Radio France and the Parcoursup platform, further expanding her expertise relating to social issues.

Noëlle Lenoir has contributed many articles to law journals and is the author of several books and numerous reports. She has hosted programmes and moderated debates notably on BFM Business and France 24, and has been a columnist and contributor to L'Express, La Tribune and France Culture. She has taught at a range of prestigious schools and universities. She is Chairman of the "Cercle des Européens", a forum for decision-makers to engage in dialogue with European leaders.

Noëlle Lenoir is also currently the Vice-Chairman of ICC France and the Chairman of the legal commission of "Grand Paris/Ile de France", responsible for formulating proposals on the region's appeal as a legal centre.

ANDRÉ EINAUDI

Appointment as Independent Director

Director Number of shares in the Company owned personally: **None**

Business address:
c/o Ortec Expansion 550, rue Pierre Berthier
Parc de Pichaury 13100 Aix-en-Provence (France)

Date of first appointment: 09/06/2020
Proposed term of office: 2 years

Nationalité : French **Âge** : 65

Main positions and appointments currently held	Appointments: Outside the Group	Appointments: Outside France	Appointments: Listed company
■ Chairman and CEO of Ortec group	✔		
■ Director of Crédit Mutuel Equity (SA)	✔		
■ Chairman of La Cave de la Bargemone	✔		
■ Joint Manager of SCEA du Sud Est	✔		
■ Company officer of direct and indirect subsidiaries of Ortec group			
Other directorships and offices held during the last five years:			
■ None			

Biography

André Einaudi is the Founding Chairman and CEO of Ortec Group, an international integrator of construction and engineering solutions, with locations on four continents. An engineer and graduate of the IAE Aix-en-Provence business school, André Einaudi has spent his entire career in business services.

He joined a group of service companies in the south of France in 1980 as a project engineer. He built the company's Service, Organisation and Methods Department from the ground up to meet the needs of its client Total. In 1985, he was named to head Industrial Agencies Department, managing a team of 300 people.

In 1987, he became Chairman of the Executive Board of an entity bringing together the industrial engineering firm Buzzichelli and the activities Industrial Maintenance and Environment Department, under his aegis which took the name Ortec.

Backed by a team of senior managers, André Einaudi led the leveraged management buy-out of Ortec in 1992. Newly independent, the young firm expanded into the fields of waste management and the decontamination of industrial sites. Through a series of successful acquisitions, André Einaudi has guided Ortec's continuing development with a focus on diversification, with respect to both client sectors and business activities.

Widely recognised as a business leader, André Einaudi created O. Forum in 2000, an annual event for decision makers across industries. Each year, he brings together a panel comprised of participants from various backgrounds, to exchange ideas, share the transformations and challenges that will be faced by industry in the future.

The Nomination, Governance, Ethics and Corporate Reponsibility Committee recommended that the Board not propose the following for shareholder approval at the General Meeting:

- the renewals of the terms of office of Astrid Anciaux and Solfrid Skilbrigt as Director. Astrid Anciaux and Solfrid Skilbrigt were appointed to the Board as part of the tie-up between Sopra and Steria, and they both hold standard permanent employment contracts with subsidiaries of the Company unconnected to their service as Board members;
- the renewal of the term of office of Jean-Bernard Rampini, who also holds a standard permanent employment contract, unconnected to his service as a Board member, without appointing a new Non-voting Director as his successor.

After discussion, the Board of Directors decided to follow the committee's recommendations.

The Board of Directors recognises the essential contributions of Astrid Anciaux, Solfrid Skilbrigt and Jean-Bernard Rampini, who worked initially on bringing together the teams of Sopra Group and Groupe Steria then, as both Board members and senior executives, on ensuring the successful integration of the two companies. They also assisted with giving the employees of the new group a stake in its performance via the employee share ownership programmes set up by the Board of Directors since 2016 and the continuous support they have provided to the Employee Share Ownership Department.

The Board reviewed the results of the committee's examination of independence criteria and agreed with its conclusion that both of the new Board members whose appointments will be submitted for shareholder approval at the General Meeting are independent within the meaning of the AFEP-MEDEF Corporate Governance Code. With respect to criterion 3 relating to business relationships, the Board of Directors considers that although a real estate investment trust held by Mr Einaudi happens to be the owner of premises occupied by the Company for a number of years at one of its locations in France, this does not constitute a material business relationship. In reaching this conclusion, the Board took into account the age, term and amount of the lease. It also noted the customary nature of this type of relationship for the Group. With limited exceptions, the Group does not own its buildings. Lastly, the Board confirmed that no dependency is created for the lessor in relation to this lease.

Subject to the adoption of the resolutions put to a vote at the General Meeting, the composition of Sopra Steria Group's Board of Directors will change as follows:

	Number of members	Female Directors*	Independent Directors*	Nationalities	Average age
Before the AGM of 9 June 2020	14 +1 Non-voting Director	6, i.e. 50%	6, i.e. 50%	6	61
After the AGM of 9 June 2020	14	5, i.e. 42%	8, i.e. 67%	5	62

(*) Out of a 12 members appointed by the shareholders at the General Meeting.

In Resolution 24, the Board of Directors asks that you renew the term of office of Sylvie Rémond as Director for a period of three years, on the recommendation of the Nomination, Governance, Ethics and Corporate Responsibility Committee.

In Resolution 25, the Board of Directors asks that you renew the term of office of Jessica Scale as Director for a period of three years, on the recommendation of the Nomination, Governance, Ethics and Corporate Responsibility Committee.

In Resolution 26, the Board of Directors asks that you appoint Noëlle Lenoir as Director for an initial term of office of two years, on the recommendation of the Nomination, Governance, Ethics and Corporate Responsibility Committee.

In Resolution 27, the Board of Directors asks that you appoint André Einaudi as Director for an initial term of office of two years, on the recommendation of the Nomination, Governance, Ethics and Corporate Responsibility Committee.

Powers (resolution 28)

This customary resolution grants general powers to complete the formalities.

3. Proposed resolutions

Text of the draft resolutions to be submitted for the approval of the Combined General Meeting of 9 June 2020

Requiring the approval of the Ordinary General Meeting

Resolution 1

(Approval of the individual financial statements for the financial year ended 31 December 2019; approval of non-deductible expenses)

The shareholders at the General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the reports of the Board of Directors, including the report on Group management and the Statutory Auditors' reports, approve the parent company financial statements for the year ended 31 December 2019 as they were presented, which show a profit of €147,078,107.28.

The shareholders at the General Meeting also approve the transactions reflected in these financial statements and/or summarised in the aforementioned reports.

The shareholders at the General Meeting also approve the amount of expenses not deductible for income tax purposes, as defined in article 39–4 of the French General Tax Code, which amounted to €629,617.99, and the corresponding tax expense of €209,873.

Resolution 2

(Approval of the consolidated financial statements for the financial year ended 31 December 2019)

The shareholders at the General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and 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 2019, which show a consolidated net profit (attributable to the Group) of €160,344,303, as well as the transactions reflected in these consolidated financial statements and/or summarised in the reports.

Resolution 3

(Appropriation of earnings for the year ended 31 December 2019)

The shareholders at the General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the reports of the Board of Directors, including the report on Group management and the Statutory Auditors' reports, note that the income available for distribution, determined as follows, stands at:

Profit for the period	€147,078,107.28
Transfer to the legal reserve	€0
Prior unappropriated retained earnings	€60,726.25
Distributable profit	€147,138,833.53

and resolve, after acknowledging the consolidated net profit attributable to owners of the parent amounting to €160,344,303, to appropriate this profit as follows:

Dividend	€0
Discretionary reserves	€0
Retained earnings	€147,138,833.53
TOTAL	**€147,138,833.53**

Since the legal reserve already stands at 10% of the share capital, no allocation to it is proposed.

The following amounts were distributed as dividends in respect of the previous three financial years:

	2016	**2017**	**2018**
Dividend per share	€2.20	€2.40	€1.85
Number of shares	20,517,903	20,516,807	20,514,876
Dividends*	€45,139,386.60	€49,240,336.80	€37,952,520.60

* *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 disclosures as presented in the Report on corporate governance pursuant to Article L. 225-100 II of the French Commercial Code)

The shareholders at the General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having been consulted in accordance with Article L. 225-100 II of the French Commercial Code, and after having reviewed the Report on corporate governance prepared by the Board of Directors, approve the disclosures stated in Article L. 225-37-3 I of the French Commercial Code and as presented in the report on corporate governance.

Resolution 5

(Approval of the fixed, variable and exceptional items of compensation making up the total compensation and benefits of any kind paid during the year ended 31 December 2019 or allotted in respect of that period to Pierre Pasquier, Chairman of the Board of Directors, in accordance with Article L. 225-100 III of the French Commercial Code)

The shareholders at the General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having been consulted in accordance with Article L. 225-100 III of the French Commercial Code, and after having reviewed the Report on corporate governance prepared by the Board of Directors, approve the fixed, variable and exceptional items of compensation making up the total compensation and benefits of any kind paid during the year ended 31 December 2019 or allotted in respect of that period to Pierre Pasquier, Chairman of the Board of Directors, and as presented in the report on corporate governance.

Resolution 6

(Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during the financial year ended 3 December 2019 or allotted in respect of that period to Vincent Paris, Chief Executive Officer, in accordance with Article L. 225-100 III of the French Commercial Code)

The shareholders at the General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having been consulted in accordance with Article L. 225-100 III of the French Commercial Code, and after having reviewed the Report on corporate governance prepared by the Board of Directors, approve the fixed, variable and exceptional items of compensation making up the total compensation and benefits of any kind paid during the year ended 31 December 2019 or allotted in respect of that period to Vincent Paris in his capacity as Chief Executive Officer and as presented in the report on corporate governance.

Resolution 7

(Approval of the compensation policy for the Chairman of the Board of Directors, as presented in the Report on corporate governance pursuant to Article L. 225-37-2 and Article R. 225-29-1 of the French Commercial Code)

The shareholders at the General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having been consulted in accordance with Article L. 225-37-2 II and R. 225-29-1 of the French Commercial Code, and after having reviewed the Report on corporate governance prepared by the Board of Directors, approve the compensation policy for the Chairman of the Board of Directors, for his term of office and as presented in the report on corporate governance.

Resolution 8

(Approval of the compensation policy for the Chief Executive Officer, as presented in the Report on corporate governance pursuant to Article L. 225-37-2 and Article R. 225-29-1 of the French Commercial Code)

The shareholders at the General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having been consulted in accordance with Article L. 225-37-2 II and R. 225-29-1 of the French Commercial Code, and after having reviewed the Report on corporate governance prepared by the Board of Directors, approve the compensation policy for the Chief Executive Officer, for his term of office and as presented in the report on corporate governance.

Resolution 9

(Approval of the compensation policy for directors in accordance with Article L. 225-37-2 and Article R. 225-29-1 of the French Commercial Code)

The shareholders at the General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having been consulted in accordance with Article L. 225-37-2 II and R. 225-29-1 of the French Commercial Code, and after having reviewed the Report on corporate governance prepared by the Board of Directors, approve the compensation policy for directors for their term of office as presented in the report on corporate governance.

Resolution 10

(Decision setting the total amount of compensation for the directors' activities referred to in Article L. 225-45 of the French Commercial Code at €500,000)

The shareholders at the General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, resolve, pursuant to Article L. 225-45 of the French Commercial Code, to set the aggregate compensation paid to the members of the Board of Directors for their service, to be allocated by the Board, at €500,000 in respect of the current 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 fulfilled the quorum and majority requirements for Ordinary General Meetings, and 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 sub-delegate 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 retire shares bought back by reducing the share capital, pursuant to Resolution 12, subject to its adoption at this General Meeting,
  - 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 €250, 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 will 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 2019, €513,692,500, 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;
- decide 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;
- resolve that this delegation of authority 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

(Authorisation given to the Board of Directors, for a period of 26 months, to retire any shares that the Company may have acquired under the terms of share buyback programmes and to reduce the share capital accordingly)

The shareholders at the General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Management report of the Board of Directors and the Statutory Auditors' special report:

- authorise the Board of Directors to retire, pursuant to the provisions of Article authorise the Board of Directors to retire, pursuant to the provisions of Article L. 225-209 of the French Commercial Code, on one or several occasions, at its sole discretion, all or a portion of the treasury shares held by the Company bought back under any authorisation conferred to the Board of Directors by said Article, up to a limit of 10% of the share capital assessed at the date of the retirement of shares over each 24-month period;
- decide to reduce the Company's share capital as a consequence of the retirement of these shares, to the extent decided, where applicable, by the Board of Directors under the aforementioned conditions;
- confer all powers upon the Board of Directors in order to perform the transaction(s) authorised under this resolution, and in particular to charge against additional paid-in capital or other distributable reserves of its choosing the difference between the redemption value of the retired shares and their nominal value, amend the Articles of Association accordingly and carry out all legally required formalities;
- resolve that this authorisation is to be valid for a period of 26 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.

Resolution 13

(Delegation of authority to the Board of Directors to decide, for a period of 26 months, to increase the Company's share capital, with pre-emptive rights for existing shareholders, by issuing ordinary shares and/or other securities giving access to the Company's share capital and/or carrying entitlement to the Company's debt securities, subject to an upper limit of 50% of the Company's share capital)

The shareholders at the General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Management report of the Board of Directors and the Statutory Auditors' special report, and pursuant to the provisions of the French Commercial Code, in particular Articles L. 225-129, L. 225-129-2, L. 228-91 and L. 228-92:

- delegate powers to the Board of Directors, with the ability to subdelegate these powers as provided by law and by the Company's Articles of Association, to decide to issue, on one or more occasions, in the amounts and at the times it sees fit, with or without pre-emptive rights for shareholders, in or outside France, in euros (i) the Company's ordinary shares, (ii) equity securities giving immediate or future access by any means to other equity securities of the Company and/or carrying entitlement to the Company's debt securities, or (iii) debt securities giving immediate or future access to the Company's equity securities yet to be issued, without consideration or in return for payment, it being stipulated that these securities may also be denominated in foreign currencies or units of account set by reference to several currencies and may be paid-up upon their subscription in cash, including by offsetting liquid receivables due for payment;
- decide that the total nominal amount of any such capital increases (primary and secondary shares) to be carried out either immediately and/or in the future may not exceed 50% of the nominal share capital (or the equivalent amount in a foreign currency or in a unit of account set by reference to several currencies), it being understood that (i) any capital increases carried out pursuant to the authorisations in this resolution and in Resolutions 14, 15, 17, 18, and 19 hereinafter, subject to their adoption at this General Meeting, count against this aggregate limit and (ii) where applicable, an additional number of shares may be added to this limit to account for the 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 (hereinafter referred to as "Limit A1");

- resolve, in addition, that the amount of any debt securities (primary and secondary instruments) to be issued either immediately and/or in the future pursuant to this delegation of powers may not exceed €2 billion (or the equivalent amount in a foreign currency or in a unit of account set by reference to several currencies), it being understood that (i) any issues of debt securities carried out pursuant to the authorisations in this resolution and in Resolutions 14, 15, 16, 17, 18 and 19 set forth below, subject to their adoption at this General Meeting, will count against this aggregate limit; (ii) the amount of any redemption premium above par will be added to this; and (iii) this amount is independent and separate from the amount of debt securities that the Board of Directors may decide to issue or to authorise in accordance with the provisions of Articles L. 228-36-A, L. 228-40 and L. 228-92 paragraph 3 of the French Commercial Code (hereinafter, "Limit TC");
- formally notes that existing shareholders have pre-emptive rights to subscribe for shares and/or securities issued under the terms of this resolution, in proportion to the total value of their shares;
- formally note that in the event of excess subscription demand, the Board of Directors may make use of Resolution 17 for the purpose of increasing the number of securities to be issued, subject to adoption of said resolution by the General Meeting;
- decide that, in accordance with the provisions of Article L. 225-134 of the French Commercial Code, the Board of Directors may establish a subscription right for new shares as of right and excess new shares, where, in this case, a capital increase as defined above is not fully subscribed by way of subscriptions for new shares as of right on the basis of existing shares as well as, if applicable, subscriptions for excess new shares, the Board of Directors may make use of one or other of the following powers, in whatever order it sees fit:
  - cap the capital increase at the amount of the subscriptions received as provided for in Article L. 225-134 I para. 1 of the French Commercial Code,
  - the power to freely distribute some or all of any unsubscribed shares among the shareholders,
  - the power to offer some or all of any unsubscribed shares to the public;
- formally note that this delegation of powers automatically entails the express waiver by shareholders of their pre-emptive right to subscribe for ordinary shares to which these securities may carry entitlement in favour of the holders of any securities that may be issued pursuant to this delegation of powers;
- grant full powers to the Board of Directors, with the ability to subdelegate these powers as provided by law and by the Company's Articles of Association, 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, as well as the procedures of their issue, in accordance with applicable legal and regulatory limits,
  - complete the envisaged issues and defer them, where appropriate,
  - determine and make any adjustments required to protect the rights of holders of securities giving access to the Company's share capital,
  - set off expenses incurred in connection with capital increases and the admission of the Company's shares to trading on a regulated market against the premiums pertaining to those capital increases and listings and deduct from that total the amount required to bring the legal reserve up to one tenth of the new share capital after each issue,
  - formally note the completion of the capital increase(s) and amend the Articles of Association accordingly and, more generally, make all appropriate arrangements, enter into any agreement, request any authorisations, complete any formalities required for the issue, listing and management of securities issued under the terms of this authorisation and for the exercise of any associated rights and take whatever action is required to complete the envisaged issues;
- decide that in the event of an issue of debt securities, the Board of Directors shall have all powers, which it may further delegate within the limits provided by law and by the Company's Articles of Association, in particular to decide on said securities' terms, conditions and characteristics and notably their subordination or not (and if applicable, their subordination level), and to set their interest rate, the obligatory or optional cases of suspension or non-payment of interest, their issue currency, duration (determined or not), fixed or variable redemption price with or without a premium, and the methods of amortisation depending on market conditions and the terms on which these securities will confer entitlement to ordinary shares in the Company;
- decide that this delegation of authority to the Board of Directors shall 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

(Delegation of authority to the Board of Directors to decide, for a period of 26 months, to increase the Company's share capital, with the disapplication of shareholders' pre-emptive rights for existing shareholders, by issuing ordinary shares and/or other securities giving access to the Company's share capital and/or carrying entitlement to the Company's debt securities, through public offerings (excluding offerings pursuant to para. 1 of Article L. 411-2 of the French Monetary and Financial Code), subject to an upper limit of 20% of the Company's share capital, or 10% of the share capital where no priority right is granted)

The shareholders at the General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Management report of the Board of Directors and the Statutory Auditors' special report, and pursuant to the provisions of the French Commercial Code, in particular Articles R. 225-119, L. 225-129, L. 225-129-2, L. 225-135, L. 225-136, L. 228-91 and L. 228-92:

- delegate powers to the Board of Directors, with the ability to sub-delegate these powers as provided by law and by the Company's Articles of Association, to decide to issue, on one or more occasions, in the amounts and at the times it sees fit, with the disapplication of pre-emptive rights for shareholders, in or outside France, in euros, through a public offering of (i) the Company's ordinary shares, (ii) equity securities giving immediate or future access by any means to other equity securities of the Company and/or carrying entitlement to the Company's debt securities, or (iii) debt securities giving immediate or future access to the Company's equity securities yet to be issued, it being stipulated that these securities may also be denominated in foreign currencies or units of account set by reference to several currencies and may be fully paid in cash upon their subscription, including by offsetting liquid receivables due for payment;
- decide to disapply the pre-emptive right of existing shareholders to subscribe for ordinary shares or securities to be issued by means of a public offering under the terms of this delegation of powers and, in addition, delegate powers under Article L. 225-135 of the French Commercial Code, to the Board of Directors to grant existing shareholders priority rights to subscribe for some or all of the issues by way of right and/or for excess new shares within a period and under arrangements and conditions that it shall determine, it being stated that this priority shall not give rise to issues of negotiable rights;
- resolve that the total amount of capital increases to be carried out either immediately and/or in the future pursuant to this delegation of powers may not exceed 20% of the share capital (or the equivalent amount in a foreign currency or in a unit of account set by reference to several currencies), it being understood that (i) where there is no priority right, the corresponding capital increase will be capped at 10% of the share capital; (ii) this cap of 10% of the share capital is an aggregate limit applicable to the delegations of powers referred to in this resolution and in Resolutions 15, 16, 17, 18 and 19 set forth below, subject to their adoption by this General Meeting; (iii) this amount will count against Limit A1 defined in Resolution 13 set forth above; and (iv) to this amount will be added the amount corresponding to the number of shares, if any, to be issued to protect, in accordance with the law or any applicable contractual agreement, the rights of holders of securities giving access to the Company's share capital (hereinafter, "Limit A2");
- resolve, in addition, that the amount of the debt securities to be issued pursuant to this delegation of powers will count against Limit TC defined in Resolution 13 set forth above;
- resolve that the issue price of the shares will be at least equal to the minimum required under law and regulations applicable at the time that the Board of Directors implements the delegation after correcting, where applicable, for the amount to take into account the difference in vesting dates, it being specified that the issue price of the securities giving access to the share capital will be such that the amount to be received immediately by the Company, plus any amount it may receive subsequently, is, for each ordinary share issued as a result of the issue of these securities, at least equal to the issue price of the shares defined above;
- formally note that in the event of excess subscription demand, the Board of Directors may make use of Resolution 17 for the purpose of increasing the number of securities to be issued with the disapplication of shareholders' pre-emptive rights, subject to adoption of said resolution by the General Meeting;
- acknowledge that the Board of Directors shall be required to prepare an additional report setting out the final terms of the issue and including an assessment of its actual impact on shareholders;
- decide that if the subscriptions do not cover the entirety of an issue as defined hereinabove, the Board of Directors may use the following options;
  - cap the capital increase at the amount of the subscriptions received as provided for in Article L. 225-134 I para. 1 of the French Commercial Code,
  - the power to freely distribute some or all of any unsubscribed shares,
  - the power to offer some or all of any unsubscribed shares to the public;
- formally note that this delegation of powers automatically entails the express waiver by shareholders of their pre-emptive right to subscribe for ordinary shares to which these securities may carry entitlement in favour of the holders of any securities that may be issued pursuant to this resolution;
- grant full powers to the Board of Directors, with the ability to subdelegate these powers as provided by law and by the Company's Articles of Association, 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, as well as the procedures of their issue, in accordance with applicable legal and regulatory limits,
  - complete the envisaged issues and defer them, where appropriate,
  - determine and make any adjustments required to protect the rights of holders of securities giving access to the Company's share capital,
  - set off expenses incurred in connection with capital increases and the admission of the Company's shares to trading on a regulated market against the premiums pertaining to those capital increases and listings and deduct from that total the amount required to bring the legal reserve up to one tenth of the new share capital after each issue,

- formally note the completion of the capital increase(s) and amend the Articles of Association accordingly and, more generally, make all appropriate arrangements, enter into any agreement, request any authorisations, complete any formalities facilitating the issue, listing and management of securities issued under the terms of this authorisation and for the exercise of any associated rights and take whatever action is required to complete the envisaged issues;

- decide that in the event of an issue of debt securities, the Board of Directors shall have all powers, which it may further delegate within the limits provided by law and by the Company's Articles of Association, in particular to decide on said securities' terms, conditions and characteristics and notably their subordination or not (and if applicable, their subordination level), and to set their interest rate, the obligatory or optional cases of suspension or non-payment of interest, their issue currency, duration (determined or not), fixed or variable redemption price with or without a premium, and the methods of amortisation depending on market conditions and the terms on which these securities will confer entitlement to ordinary shares in the Company;
- decide that this delegation of authority to the Board of Directors shall be valid for a period of twenty-six 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 15

(Delegation of authority to the Board of Directors to decide, for a period of 26 months, to increase the Company's share capital, with the disapplication of pre-emptive rights for existing shareholders, by issuing ordinary shares and/or other securities giving access to the Company's share capital and/or carrying entitlement to the Company's debt securities, by means of a private placement as provided for in para. 1 of Article L. 411-2 of the French Monetary and Financial Code subject to an upper limit of 10% of the Company's share capital)

The shareholders at the General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Management report of the Board of Directors and the Statutory Auditors' special report, and pursuant to the provisions of the French Commercial Code and in particular Articles L. 225-129, L. 225-129-2, L. 225-135 and L. 225-136, L. 228-91 and L. 228-92 and paragraph 1 of Article L. 411-2 of the French Monetary and Financial Code:

- delegate powers to the Board of Directors, with the ability to sub-delegate these powers as provided by law and by the Company's Articles of Association, to decide to issue, on one or more occasions, in the amounts and at the times it sees fit, with the disapplication of pre-emptive rights for shareholders, in or outside France, in euros, through a public offering as defined in paragraph 1 of Article L. 411-2 of the French Monetary and Financial Code (i) shares in the Company, (ii) equity securities giving immediate or future access by any means to other equity securities of the Company and/or carrying entitlement to the Company's debt securities, or (iii) debt securities giving immediate or future access to the Company's equity securities yet to be issued, it being stipulated that these securities may also be denominated in foreign currencies or units of account set by reference to several currencies and may be fully paid in cash upon their subscription, including by offsetting liquid receivables due for payment;
- decide to disapply shareholders' pre-emptive right to subscribe for shares or securities to be issued by means of a public offering as provided for under the terms of this delegation of powers and to reserve subscription for the categories of persons laid down in paragraph 1 of Article L. 411-2 of the French Monetary and Financial Code, notably including qualified investors or a restricted group of investors;
- resolve that the issue price of the shares will be at least equal to the minimum required under law and regulations applicable at the time that the Board of Directors implements the delegation after correcting, where applicable, for the amount to take into account the difference in vesting dates, it being specified that the issue price of the securities giving access to the share capital will be such that the amount to be received immediately by the Company, plus any amount it may receive subsequently, is, for each ordinary share issued as a result of the issue of these securities, at least equal to the issue price of the shares defined above;
- formally note that in the event of excess subscription demand, the Board of Directors may make use of Resolution 17 for the purpose of increasing the number of securities to be issued with the disapplication of shareholders' pre-emptive rights, subject to adoption of said resolution by the General Meeting;
- acknowledge that the Board of Directors shall be required to prepare an additional report setting out the final terms of the issue and including an assessment of its actual impact on shareholders;
- decide that if the subscriptions do not cover the entirety of an issue as defined hereinabove, the Board of Directors may use the following options:
  - cap the capital increase at the amount of the subscriptions received as provided for in Article L. 225-134 I para. 1 of the French Commercial Code,
  - the power to freely distribute some or all of any unsubscribed shares;
- decides that any capital increases carried out under this delegation of powers shall not exceed 10% of the Company's total share capital in any one year (said share capital is assessed at the date of use of this delegation of powers by the Board of Directors) and that, in any event, the overall amount of such capital increases, plus any issues of debt securities, shall remain within Limit TC and Limit A2 as those terms are defined in Resolutions 13 and 14 hereinabove;
- formally note that this delegation of powers automatically entails the express waiver by shareholders of their pre-emptive right to subscribe for ordinary shares to which these securities may carry entitlement in favour of the holders of any securities that may be issued pursuant to this resolution;

- grant full powers to the Board of Directors, with the ability to subdelegate these powers as provided by law and by the Company's Articles of Association, 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, as well as the procedures of their issue, in accordance with applicable legal and regulatory limits,
  - complete the envisaged issues and defer them, where appropriate,
  - determine and make any adjustments required to protect the rights of holders of securities giving access to the Company's share capital,
  - set off expenses incurred in connection with capital increases and the admission of the Company's shares to trading on a regulated market against the premiums pertaining to those capital increases and listings and deduct from that total the amount required to bring the legal reserve up to one tenth of the new share capital after each issue,
  - formally note the completion of the capital increase(s) and amend the Articles of Association accordingly and, more generally, make all appropriate arrangements, enter into any agreement, request any authorisations, complete any formalities required for the issue, listing and management of securities issued under the terms of this authorisation and for the exercise of any associated rights and take whatever action is required to complete the envisaged issues;
- decide that in the event of an issue of debt securities, the Board of Directors shall have all powers, which it may further delegate within the limits provided by law and by the Company's Articles of Association, in particular to decide on said securities' terms, conditions and characteristics and notably their subordination or not (and if applicable, their subordination level), and to set their interest rate, the obligatory or optional cases of suspension or non-payment of interest, their issue currency, duration (determined or not), fixed or variable redemption price with or without a premium, and the methods of amortisation depending on market conditions and the terms on which these securities will confer entitlement to ordinary shares in the Company;
- decide that this delegation of authority to the Board of Directors shall 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 16

(Delegation of authority to the Board of Directors, for a period of 26 months, to determine the issue price for ordinary shares and/or other securities giving access to the Company's share capital and/or carrying entitlement to the Company's debt securities, subject to an upper limit of 10% of the Company's share capital in connection with a capital increase with the disapplication of shareholders' pre-emptive rights)

The shareholders at the General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Management report of the Board of Directors and the Statutory Auditors' special report, pursuant to the provisions of paragraph 1, sub-paragraph 2 of Article L. 225-136, authorise, for each of the issues decided in accordance with Resolutions 14 and 15 hereinabove, the Board of Directors, with the ability to subdelegate this power as provided by law and by the Company's Articles of Association, to depart from the price-setting arrangements laid down in the aforementioned resolutions and to set the issue price as follows:

- the issue price of ordinary shares will need to be at least equal to the lowest of the following amounts: (i) the weighted average share price on the Euronext Paris regulated market over a maximum period of six months preceding the start of the public offering; (ii) the volume weighted average share price on the Euronext Paris regulated market on the trading day preceding the start of the public offering; (iii) the volume weighted average share price on the Euronext Paris regulated market on the date when the issue price is determined; or (iv) the last known closing share price before the start of the public offering less, where applicable, in each of these four cases, a maximum discount of 10%;
- the issue price of the securities giving access to the share capital will be such that the amount to be received immediately by the Company, plus any amount it may receive subsequently, is, for each ordinary share issued as a result of the issue of these securities, at least equal to the amount stated in the paragraph above;
- at the date of each issue, the total number of shares and securities to be issued by virtue of this resolution, during the 12-month period preceding the issue may not exceed 10% of the shares making up the Company's share capital at this date.

The shareholders at the General Meeting decide that the Board of Directors shall have full powers to implement this resolution on the terms laid down in the resolution pursuant to which the initial issue is decided upon.

Resolution 17

(Delegation of authority to the Board of Directors to decide, for a period of 26 months, with or without pre-emptive rights for existing shareholders, to increase the number of ordinary shares and/or other securities giving access to the Company's share capital and/or carrying entitlement to the Company's debt securities to be issued, subject to an upper limit of 15% of the size of the initial issue)

The shareholders at the General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Management report of the Board of Directors and the Statutory Auditors' special report, pursuant to Articles L. 225-135-1 and R. 225-118 of the French Commercial Code:

- delegate powers to the Board of Directors, with the ability to subdelegate this power as provided by law and by the Company's Articles of Association, to decide to increase the number of shares or securities to be issued for each of the issues carried out pursuant to Resolutions 13, 14 and 15 hereinabove, if it observes demand exceeding the amount for subscription, up to the maximum amounts laid down in the relevant resolution, at the same price as that used for the initial issue, during a period of 30 days with effect from the close of the subscription period for the initial issue and for a maximum of 15% of the total value of that issue;
- decide that the Board of Directors shall have full powers to implement this resolution on the terms laid down in the resolution pursuant to which the initial issue is decided upon;
- 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, with the understanding 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;
- acknowledge that this delegation of powers supersedes, in relation to the unused portion, any previous delegation of powers having the same purpose.

Resolution 18

(Delegation of authority to the Board of Directors for a period of 26 months to issue ordinary shares and/or other securities giving access to the Company's share capital and/or carrying entitlement to the Company's debt securities, with the disapplication of shareholders' pre-emptive rights, in consideration for contributions in kind, subject to an upper limit of 10% of the Company's share capital)

The shareholders at the General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Management report of the Board of Directors and the Statutory Auditors' special report, and pursuant to the provisions of Paragraph 6, Article L. 225-147 of the French Commercial Code:

- delegate powers to the Board of Directors, with the ability to subdelegate these powers as provided by law and by the Company's Articles of Association, to decide to issue, upon receipt of the report by the contribution appraiser referred to in paragraphs 1 and 2 of Article L. 225-147 of the French Commercial Code, (i) the Company's ordinary shares, (ii) equity securities giving immediate or future access by any means to other equity securities of the Company and/or carrying entitlement to the Company's debt securities, or (iii) debt securities giving immediate or future access to the Company's securities yet to be issued, in consideration for the contributions in kind consisting of equity securities or securities giving access to the share capital of another company where the provisions of Article L. 225-148 of the French Commercial Code do not apply;
- decide to disapply, where necessary, shareholders' pre-emptive right to subscribe for shares and securities to be issued in connection with this delegation of powers, where the latter are intended solely as consideration for the contributions in kind;
- decide that any capital increases carried out under this delegation of powers shall not exceed 10% of the Company's total share capital in any one year and that, in any event, the overall amount of such capital increases shall remain within Limit TC and Limit A2 as laid down in Resolutions 13 and 14 hereinabove;
- decide that the Board of Directors shall have full powers, with the ability to subdelegate these powers as provided by law and by the Company's Articles of Association, to implement this delegation of powers and in particular to:
  - approve the valuation of contributions and to ratify the contribution auditor's report and, with regard to said contributions, to record their execution, deduct any fees, costs and charges from premiums, determine the number, form and characteristics of the shares to be issued, record the execution of the capital increases and accordingly amend the Articles of Association, quote the shares to be issued, carry out where applicable any deductions from paid-in premium accounts, in particular of the amounts necessary to make the legal reserve one tenth of the new capital after each issue, and of the costs incurred in carrying out the issues,
  - determine and make any adjustments required to protect the rights of holders of securities giving access to the Company's share capital,
  - make all appropriate arrangements, enter into any agreements, request any authorisations, carry out any formalities and take the necessary steps to ensure the success of the planned issues;
- decide that in the event of an issue of debt securities, the Board of Directors shall have all powers, which it may further delegate within the limits provided by law and by the Company's Articles of Association, in particular to decide on said securities' terms, conditions and characteristics and notably their subordination or not (and if applicable, their subordination level), and to set their interest rate, the obligatory or optional cases of suspension or non-payment of interest, their issue currency, duration (determined or not), fixed or variable redemption price with or without a premium, and the methods of amortisation depending on market conditions and the terms on which these securities will confer entitlement to ordinary shares in the Company;
- decide that this delegation of authority to the Board of Directors shall 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 19

(Delegation of authority to the Board of Directors for a period of 26 months to issue ordinary shares and/or other securities giving access to the Company's share capital and/or carrying entitlement to the Company's debt securities, with the disapplication of shareholders' pre-emptive rights, in consideration for contributions in kind, subject to an upper limit of 10% of the Company's share capital)

The shareholders at the General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Management report of the Board of Directors and the Statutory Auditors' special report, and pursuant to the provisions of the French Commercial Code, in particular Articles L. 225-129 to L. 225-129-6, L. 225-148, L. 228-91 and L. 228-92:

- delegate powers to the Board of Directors, with the ability to subdelegate these powers as provided by law and by the Company's Articles of Association, to decide to issue, in such proportions and at such times as it deems fit, in and/or outside France (i) the Company's ordinary shares, (ii) equity securities giving immediate or future access by any means to other equity securities of the Company and/or carrying entitlement to the Company's debt securities, or (iii) debt securities giving immediate or future access to the Company's securities yet to be issued, in consideration for shares contributed to a public exchange offer launched by the Company in or outside France, under the local rules (including any transaction having the same effect as a public exchange offer or that can be classified as such) for the securities of a company whose shares are admitted to trading on one of the regulated markets referred to in the aforementioned Article L. 225-148;
- decide that the nominal amount of any capital increases to be carried out by issuing shares or other securities is capped at Limit A2 as set in Resolution 14 hereinabove, or, in the event of an issue of debt securities, at Limit TC, as set in Resolution 13 hereinabove;
- decide to disapply shareholders' pre-emptive right to subscribe for shares and securities to be issued in connection with this delegation of powers, where the latter are intended solely as consideration for the securities tendered in response to a public offer launched by the Company that includes an exchange option;
- formally note that this delegation of powers automatically entails the waiver by shareholders of their pre-emptive right to subscribe for ordinary shares to which these negotiable securities may carry entitlement in favour of the holders of any negotiable securities that may be issued pursuant to this resolution;
- grant full powers to the Board of Directors, with the ability to subdelegate these powers as provided by law and by the Company's Articles of Association, to implement this delegation of powers and in particular to:
  - determine the terms and conditions, amounts and arrangements for any issue, as well as the exchange ratio and any cash adjustment, formally note the number of shares tendered for exchange, set the price, dates, deadlines and the terms and conditions of subscription, payment, delivery and vesting of securities, as well as the other arrangements for their issue, in line with applicable legal and regulatory limits,
  - record under liabilities on the balance sheet a "contribution premium" account showing the rights of all shareholders arising from the difference between the issue price of new ordinary shares and their par value,
  - determine and make any adjustments required to protect the rights of holders of securities giving access to the Company's share capital,
  - set off expenses incurred in connection with capital increases and the admission of the Company's shares to trading on a regulated market against the premiums pertaining to those capital increases and listings and deduct from that total the amount required to bring the legal reserve up to one tenth of the new share capital after each issue,
  - formally note the completion of the capital increase(s) and amend the Articles of Association accordingly and, more generally, make all appropriate arrangements, enter into any agreement, request any authorisations, complete any formalities required for the issue, listing and management of securities issued under the terms of this authorisation and for the exercise of any associated rights and take whatever action is required to complete the envisaged issues;
- decide that in the event of an issue of debt securities, the Board of Directors shall have all powers, which it may further delegate within the limits provided by law and by this resolution, in particular to decide on said securities' terms, conditions and characteristics and notably their subordination or not (and if applicable, their subordination level), and to set their interest rate, the obligatory or optional cases of suspension or non-payment of interest, their issue currency, duration (determined or not), fixed or variable redemption price with or without a premium, and the methods of amortisation depending on market conditions and the terms on which these securities will confer entitlement to shares in the Company;
- decide that this delegation of authority to the Board of Directors shall 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 20

(Delegation of authority to the Board of Directors, for a period of 26 months, to decide to increase the Company's share capital, through the capitalisation of premiums, reserves, earnings or other items eligible for capitalisation)

The shareholders at the General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the Management report of the Board of Directors and pursuant to the provisions of the French Commercial Code, in particular Articles L. 225-128, L. 225-129, L. 225-129-2 and L. 225-130:

- delegate authority to the Board of Directors, with the ability to subdelegate this power as provided by law and by the Company's Articles of Association, to decide to carry out one or more capital increases by successively or simultaneously capitalising some or all the premiums, reserves, earnings or other amounts that may be capitalised pursuant to the law and the Articles of Association, either by issuing and allotting new ordinary shares to the shareholders at no cost or by increasing the par value of existing shares, or through a combination of both these methods;

- decides that fractional rights shall not be either negotiable or transferable, and that the corresponding ordinary shares shall be sold; The proceeds of such sales shall be allotted to the rights holders under the terms and conditions set out in applicable law and regulations;
- decides that the total amount of any capital increases carried out, plus the increase in the share capital required to protect the rights of holders of securities giving access to the Company's share capital, in accordance with the law and any applicable contractual agreement, may not exceed the total amount held in the reserve, premium, earnings accounts and any other amounts eligible for capitalisation, as referred to hereinabove, as they stand when the capital increase takes place, while Limit A1, Limit A2 and Limit TC as defined in Resolutions 13 and 14 hereinabove shall not apply;
- confers all powers upon the Board of Directors, in particular, to:
  - set the amount and nature of the amounts for capitalisation, set the number of ordinary shares to be issued and/or the amount by which the par value of existing ordinary shares shall be increased and set the vesting date of the new ordinary shares and, where appropriate, lay down the arrangements for the sale of shares forming fractional rights,
  - set off expenses incurred in connection with capital increases and the admission of the Company's shares to trading on a regulated market against the premiums pertaining to those capital increases and listings and deduct from that total the amount required to bring the legal reserve up to one tenth of the new share capital after each issue,
  - formally note the completion of the capital increase(s) duly decided upon and amend the Articles of Association accordingly and, more generally, make all appropriate arrangements, enter into any agreement, request any authorisations, complete any formalities required for the issue, listing and management of securities issued under the terms of this authorisation and for the exercise of any associated rights and take whatever action is required to complete the envisaged transactions;
- resolve that this delegation of authority to the Board of Directors is to be valid for a period of 26 months with effect from the date of this General Meeting, with the understanding 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;
- acknowledge that this delegation of authority supersedes, in relation to the unused portion, any previous delegation of authority having the same purpose.

Resolution 21

(Delegation of authority to the Board of Directors, for a period of 26 months, to decide to increase the share capital, with the disapplication of pre-emptive rights for existing shareholders, through 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, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Management report of the Board of Directors and the Statutory Auditors' special report, 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:

- 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 Resolution 23 adopted at the Combined General Meeting of 12 June 2018 will be offset against the 3% ceiling such that the combination of the aforementioned Resolution 23 and this resoultion will be capped at 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 20% 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 decided by the Board of Directors. However, the General Meeting expressly authorises 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, set the discount, 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;
- acknowledge that this delegation of powers supersedes, in relation to the unused portion, any previous delegation of powers having the same purpose.

Resolution 22

(Amendment to Article 14 of the Articles of Association)

The shareholders at the General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Board of Directors' report, decide, to amend Article 14 of the Company's Articles of Association. Accordingly, the revised wording of Article 14 of the Articles of Association now reads as follows:

"Article 14 - 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 by law in the event of a merger.

The Directors representing the employees and employee shareholders are not taken into account when determining the minimum and maximum number of Directors.

1 Directors appointed by the General Meeting

1.a. General provisions

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 the age limit is reached, the oldest Director is deemed to have resigned from office.

Directors may be natural persons or legal persons, with the exception of the Director representing employee shareholders, who must be a natural person. When a legal person is nominated, the latter appoints a permanent representative who is subject to the same conditions, obligations and liabilities as a natural person Director, without prejudice to the joint and several liability of the legal entity thus represented.

Each Director must own at least one share in the Company.

1.b. Specific provisions concerning the Director representing employee shareholders

When the legal requirements are met, a Director representing employee shareholders is elected by the Ordinary General Meeting from two candidates proposed by the employee shareholders referred to in Article L. 225-102 of the French Commercial Code. Both candidates for election as the Director representing employee shareholders are designated according to the following process:

a) The rules for the designation of candidates are laid down by the Chairman of the Board of Directors. These rules include provisions relating to the timetable for the various stages in the designation process, the procedure for identifying and reviewing all preselected candidates, the methods used to designate the representatives of employee shareholders exercising voting rights attached to shares that they own, in addition to all provisions that may be useful for the smooth execution of the abovementioned process. The rule is brought to the attention of members of the supervisory boards of employee investment funds and, where applicable, employee shareholders exercising directly their voting right, by any means, and notably, without these means of communication being considered exhaustive, by affixing posters and/or using electronic communication, with a view a to designating their candidates.

b) A call for candidates means that a list of proposed candidates can be drawn up among those persons meeting the criteria laid down in Articles L. 225-23 and L. 225-102 of the French Commercial Code are eligible to be considered as candidates.

c) Where voting rights attached to shares held by employees are exercised by members of the supervisory boards of employee shareholding investment funds, those supervisory boards may together select a candidate.Each supervisory board shall meet to choose its preferred candidate from a list of preselected candidates. Representatives of the Company sitting on the supervisory board are not entitled to vote on this decision. Under the selection process, each preselected candidate shall be allocated a score equal to the number of shares held by employee shareholding investment funds that voted for him/her. The preselected candidate with the highest score shall be selected as candidate.

d) Where voting rights attached to shares held by employees are exercised directly by those employees, the elected or appointed representatives of those employee shareholders may select a candidate in accordance with procedures laid down in the rules for candidate nomination. Where a candidate is selected by appointed representatives, the rules for candidate nomination may stipulate that a voting threshold must be met. In such cases, the required threshold may not exceed 0.05% of the company's share capital. Each elected or appointed representative of the employee shareholders shall choose its preferred candidate from a list of preselected candidates. Under the selection process, each preselected candidate shall be allocated a score equal to the number of shares held by those employees who elected or appointed the representatives that voted for him/her. The preselected candidate with the highest score shall be selected as candidate.

e) Members of supervisory boards of employee shareholding investment funds and elected or appointed representatives of employee shareholders may select the same candidate. In such cases, that single candidate shall be presented at the General Meeting of Shareholders. The same shall apply if either selection process should fail to select a candidate.The Director representing employee shareholders shall be elected from among the selected candidates by the shareholders voting at a General Meeting under the quorum and majority requirements applicable to Ordinary General Meetings. The Board of Directors shall present each candidate to the shareholders by way of a separate resolution and shall, as the case may be, approve the resolution concerning its own preferred candidate.The candidate receiving the most votes shall be elected Director representing employee shareholders provided that he/she has secured at least 50% of the votes of those shareholders in attendance or represented at the General Meeting.In the event of a tied vote, the candidate who has served longest as an employee of the Company or one of its subsidiaries shall be appointed.If no candidate secures at least 50% of the votes of those shareholders in attendance or represented at the General Meeting, two new candidates shall be put forward at the next Ordinary General Meeting.

Should the Director representing employee shareholders cease to be an employee, he/she will automatically be deemed to have stepped down and his/her appointment will terminate immediately. The same applies in the event of the loss of status of shareholder within the meaning of Article L. 225-102 of the French Commercial Code.

The Board of Directors may validly meet and vote in the absence of the Director representing employee shareholders until such time as the latter is appointed at a General Meeting of Shareholders.

The provisions laid down in this article cease to apply if, at the close of a given financial year, the percentage of the share capital held by employees of the Company and any related companies accounts for less than 3% of the total share capital. The term of office in progress will continue for its full duration.

2. Director representing the employees

When the requirements laid down in paragraph I of Article L. 225-27-1 of the French Commercial Code are met, one or two Directors representing the employees sit on the Board of Directors in accordance with the provisions of paragraph II of Article L. 225-27-1 of the French Commercial Code.

The Directors representing the employees are appointed by the Company's Social and Economic Committee after a call for nominations from within the Company and its French subsidiaries.

When a single seat is vacant, the successful candidate is chosen through by a majority vote in a two-round ballot. When two seats are vacant, a list-based system of proportional representation with the greatest remainders and no voting-splitting is used.

The Director or Directors representing the employees are not required to hold shares in the Company.

Further to the provisions set out in paragraph 2 of Article L. 225-29 of the French Commercial Code, should the Company body mentioned 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.

3. Term of office of Directors

Directors are appointed for a term of office of four 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 may be reappointed immediately.

By exception, upon their first appointment following 9 June 2020, Directors' terms of office appointed by the General Meeting may be set at 1, 2 or 3 years such that the renewal of directorships is staggered evenly from year to year.

Should one or more seats held by Board members appointed at the General Meeting become vacant between two General Meetings, with the exception of that held by the Director representing employee shareholders, 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 serves for the remaining portion of his predecessor's term of office.

When a vacancy for a Director representing the employees arises during their term of office, the director chosen as an alternate by the Company's Social and Economic Committee performs the duties for the remainder of the term of office of the individual previously serving in this position.

When the seat on the Board held by the Director representing employee shareholders becomes vacant during the latter's term of office, the designation of a new Director representing employee shareholders is arranged as quickly as possible.

Resolution 23

(Adjustments to bring the Articles of Association into line with the new legislative and regulatory requirements)

The shareholders at the General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Board of Directors' report and the Company's proposed Articles of Association, as amended, for the purpose of bringing them into line with the statutory and regulatory requirements currently in force and clarifying the wording of Articles 8, 9, 10, 11, 16, 17, 20, 22, 23, 26, 27, 28, 31, 32, 33, 34 and 35, approves said Articles of Association, amended article by article, then as a whole.

Requiring the approval of the Ordinary General Meeting

Resolution 24

(Reappointment of Sylvie Rémond as Director)

The shareholders at the General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, note that the term of office of Sylvie Rémond as Director will end at the close of this General Meeting and resolve, on the recommendation of the Board of Directors and as provided for in Article 14 of the Company's Articles of Association, to renew [his/her] term of office as Director for a period of three years ending at the close of the General Meeting to be called to approve the financial statements for the year ending 31 December 2023.

Resolution 25

(Reappointment of Jessica Scale as Director)

The shareholders at the General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, note that the term of office of Jessica Scale as Director will end at the close of this General Meeting and decide, on the recommendation of the Board of Directors and as provided for in Article 14 of the Company's Articles of Association, to reappoint as a director for a term of office of three years ending at the close of the General Meeting to be called to approve the financial statements for the year ending on 31 December 2023.

Resolution 26

(Appointment of Noëlle Lenoir as a new Director for a term of office of two years)

The shareholders at the General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, decide, on the recommendation of the Board of Directors and as provided for in Article 14 of the Company's Articles of Association, to appoint Noëlle Lenoir as a new Director for an initial term of office of two years ending at the close of the General Meeting to be called to approve the financial statements for the year ending 31 December 2022.

Resolution 27

(Appointment of André Einaudi as a new Director for a term of office of two years)

The shareholders at the General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, decide, on the recommendation of the Board of Directors and as provided for in Article 14 of the Company's Articles of Association, to appoint André Einaudi as a new Director for an initial term of office of [two] years ending at the close of the General Meeting to be called to approve the financial statements for the year ending 31 December 2022.

Resolution 28

(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.

We hereby inform you that the resolutions submitted for the approval of the Extraordinary General Meeting require a quorum representing at least one quarter of the total voting shares and a majority of two thirds of the votes submitted by the shareholders present or represented by proxy holders. Those submitted for the approval of the Ordinary General Meeting require a quorum of at least one fifth of the total voting shares and a majority of the votes submitted by the shareholders present or represented by proxy holders. However, as an exception to the preceding, Resolution 20, even though it is submitted for the approval of the Extraordinary General Meeting, shall require a quorum of at least one fifth of the total voting shares and a majority of the votes cast by the shareholders present or represented by proxy holders. Pursuant to Article L. 225-96 of the French Commercial Code, the votes cast shall not include those attached to shares held by shareholders who did not take part in the vote, abstained, cast a blank vote or spoilt their vote.

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 2019

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) Allotment of free shares in 2019

You are reminded that Resolution 23 of the Combined General Meeting of 12 June 2018 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 paragraph 1 of 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 12 August 2021.

No free shares were granted in 2019 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) Vesting of free shares in 2019

The following decision was made by the Chief Executive Officer, acting on the authority of the Board of Directors:

- Decision by the Chief Executive Officer of 1 April 2019 making use of the authorisation given by the Board of Directors on 21 February 2019 to allot free shares under the free performance share plan put in place by Sopra Steria Group SA on 24 June 2016 and 26 October 2016: full and final allotment of 52,287 shares with a par value of €1 each to 107 grantees, through the remittance of shares held in treasury;

It should be noted that 1,984 performance shares vested with the Chief Executive Officer in connection with his corporate office.

The number of free performance shares vested by the Company in 2019 to the Company's top ten non-company-officer employee free share grantees was:

	Number of shares	Unit value (share price on the date of allotment)
Sopra Steria plan of 24 June 2016 and of 26 October 2016	10,586	€104.00

SPECIAL REPORT OF THE BOARD OF DIRECTORS ON AWARDS OF SHARE SUBSCRIPTION AND/OR PURCHASE OPTIONS – FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 2019

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.

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: maximum of 8 years;
- 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 2019 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 2019

No shares were subscribed for or purchased by officers or employees of the Company in 2019 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 Universal Registration Document

I declare, having taken all reasonable care to ensure that such is the case, that the information contained in this Universal 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 330 and 331 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 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 2019 provided in this document are included on pages 218 to 222 and 251 to 254, respectively.

Historical financial information for financial years 2017 and 2018 is included in this Universal Registration Document, excerpted from pages 129 to 226 of the 2017 Universal Registration Document and pages 107 to 213 of the 2018 Universal Registration Document, respectively. The reports of the Statutory Auditors on this historical financial information are included on pages 193 to 196 of the 2017 Universal Registration Document and on pages 175 to 178 of the 2018 Universal Registration Document.

Paris, 9 April 2020

Vincent PARIS

Chief Executive Officer

Index

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: Military Planning Act ("Loi de programmation militaire", Law 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 Universal 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 Universal 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 predictive, 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 adopted by all of the organisation's member states in 2015 to be achieved by 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://sustainabledevelopment.un.org/sdgs
- **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 gases (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 grid electricity in off-site data centres and business travel.
- **Market-based:** method for calculating greenhouse gas emissions based on emissions factors specific to the energy source used.

Cross-reference table

2019 Universal Registration Document

Information required by the Annexes I and II of Delegated Regulation (EU) 2019/980 of the Commission of March 14, 2019.

		Page	Chapter
1.	**Persons responsible, third party information, experts' reports and competent authority approval**		
1.1	Persons responsible for the information given in the Universal Registration Document	282	8
1.2	Declaration of the persons responsible for the Universal Registration Document	321	-
1.3	Identification, qualification and potential conflicts of interest of persons acting as experts	N/A	N/A
1.4	Certification of Third Party Information	N/A	N/A
1.5	Statement without prior approval of the competent authority	1	-
2.	**Statutory auditors**		
2.1	Identity of Statutory Auditors	282	8
2.2	Potential change	N/A	N/A
3.	**Risk factors**	**35 to 44; 272 to 275**	**2, 8**
4.	**Information about the issuer**		
4.1	Corporate name and trade name	18	1
4.2	Place, registration number and LEI	18	1
4.3	Date of incorporation and statutory length of life	18	1
4.4	Head office and legal form, legislation under which the issuer operates, country of incorporation, the address, telephone number of its registered office, website and a disclaimer	18; Back cover	1
5.	**Business overview**		
5.1	Main activities	3 to 4; 8 to 9; 20 to 25	Integrated Presentation; 1
5.2	Main markets	8; 10; 19 to 20	Integrated Presentation; 1
5.3	Important events	30; 214; 248	1; 5; 6
5.4	Strategy and objectives	11; 26 to 28; 101 to 106	Integrated Presentation; 1; 4
5.5	Dependence of the issuer on patents, licenses, contracts and manufacturing processes	275	8
5.6	Competitive position statement	19 à 20	1
5.7	Investments	26; 30; 162 - 16 ; 189	1; 5
5.7.1	Material investments	26	1
5.7-2	Main current or future investment	26	1
5.7.3	Information about Joint ventures and interests	22 152 - 153; 158 - 160 - 161; 191 - 193; 213	1; 5
5.7.4	Environmental issues that may affect the use of tangible fixed assets	6; 120 to 128; 272	Integrated Presentation; 4; 8
6.	**Organisational structure**		
6.1	Brief description of the Group	7; 14; 31 to 33	Integrated Presentation; 1
6.2	List of significant subsidiaries	31; 213 - 217; 236	1; 5; 6
7.	**Financial position and results review**		
7.1	Financial position		
7.1.1	Changes in results and financial position including key performance indicators of a financial nature and, where appropriate, non-financial nature	3; 10; 26 to 28; 102 to 49; 152 to 217; 224 to 250	Integrated Presentation; 1; 4; 5; 6
7.1.2	Forecasts for future development and research and development activitie	25 ;27 ; 115 ; 233 - 234	1 ; 4 ; 6 (note 5)

Information relating to the Management Report

Reference texts		Business overview and comments on the financial year	Pages
CCom	L. 225-100-1, L. 232-1, L. 233-6 and L. 233-26	Objective, exhaustive analysis of the course of business, performance and financial position of the Company and Group; financial key performance indicators	152 to 217,224 to 250
CCom	L. 225-100-1	Non financial key performance indicators relating specifically to the Company's business, including disclosures on environmental and labour issues	100-149, 272
CCom	L. 233-6	Non financial key performance indicators relating specifically to the Company's business, including disclosures on environmental and labour issues	30
CCom	L. 232-1 and L. 233-26	Foreseeable developments in Company and Group affairs; major events occurring between the balance sheet date and the date at which the report was approved for publication	28 - 30, 214, 248
CCom	L. 225-100-1	Description of main risks and uncertainties to which the Company is exposed	37-44
CCom	L. 225-100-1	Use of financial instruments by the business: targets and policy pertaining to the management of financial risks and the Company's exposure to price, credit, liquidity, and cash flow risks	173-174
CCom	L. 225-102-2	Polluting and high-risk activities	N/A
CCom	L. 225-100-1	Internal control procedures	45-49
CCom	L. 232-1	Research and development activities	25
CGI	243 bis	Dividends distributed in respect of the past three financial years; amount of earnings distributed in respect of those years that is eligible for the 40% tax exemption	270
Reference texts		**Statement of non-financial performance**	**Pages**
CCom	R. 225-105-1	Business model	Integrated Presentation 8 – 9
CCom	L. 225-102-1, III and R. 225-105	Information on the manner in which the Group takes into account the social and environmental consequences of its business activities: ■ Overview of the main risks related to its business activities ■ Overview of policies adopted by the Group to prevent, identify and mitigate those risks ■ Results of those policies, including key performance indicators	Chapter 2 37 - 44 Chapter 4 107 to 131 Chapter 8 272
CCom	L. 225-102-1, III and R. 225-105, II-B-1° and 2° L. 225-102-4	Information on anti-corruption measures and the prevention of tax evasion	129 à 130
		Information pertaining to respect for human rights	102
		Vigilance plan	131 - 132
Reference texts		**Other information**	**Pages**
CCom	L. 225-184	Options granted, subscribed for or purchased during the financial year by the company officers and each of the Company's top ten non-officer employees; options granted to all employees, by category	83-87, 176-178,
CCom	L. 225-185 L. 225-197-1	Conditions for the exercise and holding of options by senior executive officers; conditions for the holding of free shares allotted to senior executive officers	84 - 94, 176-178
CCom	L. 441-6-1 and D. 441-4	Information on payment times of the Company's suppliers and clients	249 - 250
CGI	Article 39-4	Total amount of non-deductible expenses	232
CMF	L. 621-18-2	Transactions by senior executives and related persons involving Company securities	265
CCom	L. 225-102-4	Vigilance plan	131 - 132
CCom	L. 225-211	Breakdown of purchases and sales of treasury shares over the financial year	265-266
CCom	L. 228-90	Potential adjustments for securities conferring access to the share capital in the event of share buybacks or financial transactions	262-263

Reference texts		Other information	Pages
CCom	L. 225-102	Statement of employee stakes in share capital at financial year-end; portion of capital corresponding to shares held by personnel under a PEE company savings plan and by employees and former employees in FCPE enterprise mutual funds	259-260
CCom	L. 464-2	Pecuniary sanctions or injunctions for anti-competitive practices	N/A
CMF	L. 511-6	Amount of loans with terms less than two years granted by the Company, secondary to its core activity, to small businesses, SMEs and mid-cap companies with which it has economic ties that justify such transactions	N/A
CCom	L. 225-211 Paragraph 2	Purchases and sales by the Company of its own shares (share buybacks)	262-263
Reference texts		**Items relating to the financial statements**	**Pages**
CCom	R. 225-102	Results of the Company over the past five financial years	249

Information relating to the Report on corporate governance

Reference texts		Report on corporate governance	Pages
CCom	L. 225-37-2	Principles and guidelines adopted by the Board of Directors to determine compensation and benefits of any kind granted to company officers	83-97
CCom	L. 225-37-2	Proposed resolutions relating to the compensation of executive company officers (ex ante vote)	288 - 289; 306-307
CCom	L. 225-37-3	Total compensation and benefits of any type, paid by the Company, during the financial year to each company officer	90-97
CCom	L. 225-37-3	Commitments of any type made by the Company to its company officers	90-97
CCom	L. 225-37-4, 1°	List of all corporate offices and positions held in any company by each company officer during the financial year	62-76
CCom	L. 225-37-4, 2°	Agreements concluded between a senior executive or major shareholder and a subsidiary	N/A
CCom	L. 225-37-4, 3°	Table summarising current delegations of powers granted by a Shareholders' Meeting to the Board of Directors, pertaining to an increase in share capital	265-266
CCom	L. 225-37-4, 4°	Operating procedures of Executive Management	7, 32-33, 54-55
CCom	L. 225-37-4, 5°	Composition and conditions for preparing and organising of the work of the Board of Directors	55-82
CCom	L. 225-37-4, 6°	Diversity policy applied to members of the Board of Directors and description of its targets, implementation procedures and and the results obtained	58-59
CCom	L. 225-37-4, 7°	Any limitations that the Board of Directors has placed on the powers of the Chief Executive Officer	N/A
CCom	L. 225-37-4, 8°	Implementation of the Company's corporate governance code	98
CCom	L. 225-37-4, 9°	Specific procedures relating to the participation of shareholders in the General Meeting	280-281
CCom	L. 225-37-5	Elements likely to have an impact in the event of a takeover bid or exchange	267

Information relating to the Company's Annual Financial Report

	Pages	Chapitre
1. Management Report		
Analysis of change in revenue	152 to 168, 228 to 229	5, 6
Analysis of results	152 to 217, 228 to 232	5, 6
Analysis of financial position	152 to 217, 233 to 250	5, 6
Key non-financial performance indicators, notably those related to the environment and personnel	100 to 149, 272	4, 8
Subsidiaries and equity interests	31, 213, 236	1,5,6
Main risks and uncertainties	35 to 51, 272 to 275	2, 8
Use of financial instruments by the Company and exposure to risks relating to price, credit, liquidity and cash	199 to 206	5
Internal control and risk management procedures	45 to 49	2
Purchases by the Company of its own shares	262 to 263	7
2. Consolidated financial statements	152 to 217	5
3. Parent company financial statements	224 to 250	6
4. Statutory Auditors' reports on the individual company financial statements and consolidated financial statements	218 to 222, 251 to 254	5, 6
5. Report on corporate governance	53 to 98	3
6. Statutory Auditors' report on the report on corporate governance	N/A	N/A
7. Declaration by the person responsible for the Annual Financial Report	321	-

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