Capgemini

REGISTRATION DOCUMENT ANNUAL FINANCIAL REPORT 2018

People matter, results count.

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2018
Registration Document
Annual Financial Report

Capgemini is made up of more than 210,000 women and men in over 40 countries, who work with world-renowned clients to find solutions to their most demanding challenges. As a global leader in consulting, technology services, and digital transformation, with unrivalled sectorial expertise, we enable our clients to design and build tomorrow's businesses, to make the most of the opportunities offered by technology, and to boost their competitiveness and agility.

For more than 50 years, the way we operate, work, and collaborate has been guided by our seven core values: Honesty, Boldness, Trust, Freedom, Team Spirit, Modesty, and Fun. These values have shaped who we are today – a responsible leader determined to have a positive impact on all stakeholders within our ecosystem.

AMF | AUTORITÉ DES MARCHÉS FINANCIERS

The French version of this Registration Document *(Document de Référence)* was filled with the *Autorité des marchés financiers* (AMF – the French Financial Market Authority) on April 2, 2019, pursuant to Article 212-13 of its General Regulations. It may be used in connection with a financial transaction if it is accompanied by an Information Memorandum approve by the Autorité des marchés financiers (AMF – the French Financial Market Authority). This document was prepared by the issuer and engages the responsibility of its signatories.

Executive summary
A Leader for Leaders

Capgemini

A Leader for Leaders

Capgemini is a global leader in consulting, technology, and digital transformation services.
The Group presents companies and organizations with the best opportunities offered by technology. Our mission is to help our customers improve their competitiveness and agility, but also to imagine and build the businesses of tomorrow.

€13.2bn

2018 revenue

We are

Passionate talents...

— We are a diverse, multicultural, and global Group within an agile organization. Our clients benefit from a full line of expertise to invent, develop, and implement innovative and optimized solutions that enable them to secure and accelerate their transformation.

211,300

employees in more than 40 countries drawn from over 120 nationalities
as of December 31, 2018

... Sharing the same values and same enthusiasm

— For more than 50 years, we have held to our conviction that the business value of technology comes from and through people. Our slogan "People matter, results count" governs the way we work and differentiates the manner in which we carry out our business. Our entrepreneurial culture and ethical practices, with both our clients and partners, are inspired and guided by our **seven core values**:

We offer

A portfolio of services integrating the best technologies

— We deploy a wide range of business, industry, and technological expertise to meet the challenges faced by our clients.
We maintain strong relationships with leading technology partners so that our clients can benefit from the most advanced innovations as they tackle their toughest challenges.

95%

of our turnover comes from existing clients

An approach built on collaboration

— Collaboration is a central part of how we carry out our activities. Our experts join their strengths with those of our clients and partners to form a single, unified team. We apply this team spirit to all of our projects, with a commitment to mutual success.

73%

of the 200 largest public companies on the Forbes Global 2000 List are our clients

Positive futures

— Being a leader whose expertise has a positive impact on the world structures our approach to ethical and responsible business.
Together with our employees, partners, and clients, we develop solutions that respond to the social and environmental challenges of our time.

Architects of Positive Futures

- Diversity
- Digital inclusion
- Environmental sustainability

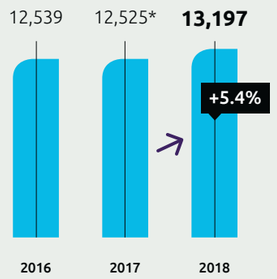
CAPGEMINI — REGISTRATION DOCUMENT 2018

Executive summary
Key figures

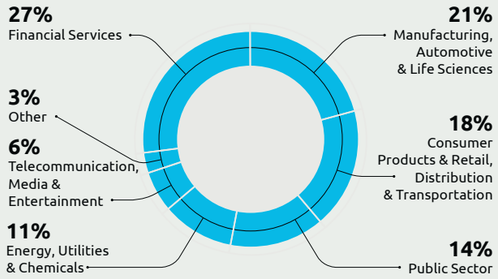
Key figures

For the Group, our profitable growth will only be sustainable if it is accompanied by a solid extra-financial performance. For this reason, we employ an integrated approach, which tracks our financial progress, our human resources, our environmental impact, and our efforts to promote inclusion in the communities where we operate.

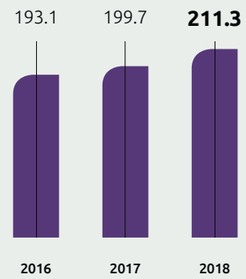
Revenue
in millions of euros



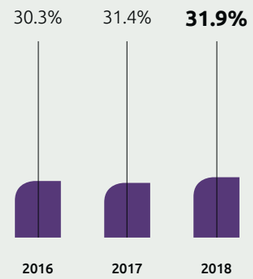
Revenue by sector
in percentage



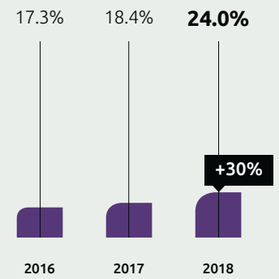
Total headcount
in thousands



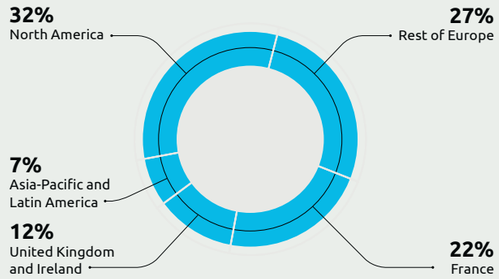
Percentage of women in the headcount
in percentage



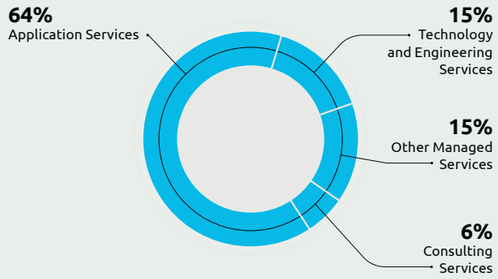
Percentage of Vice-President-level hires and promotions won by women



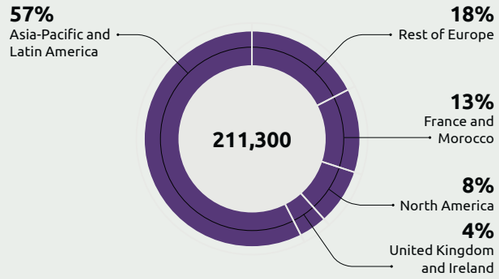
Revenue by region
in percentage



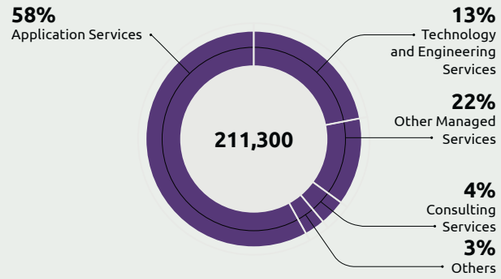
Revenue by business
in percentage



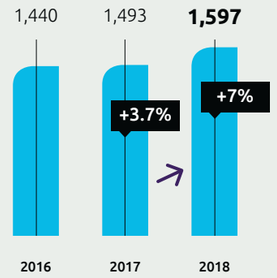
Workforce by geography
in percentage



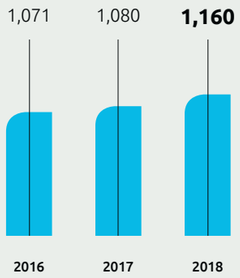
Workforce by business
in percentage



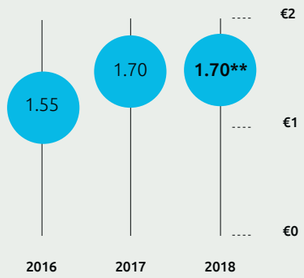
Operating margin
in millions of euros



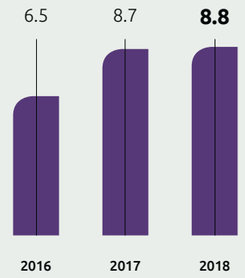
Organic free cash flow
in millions of euros



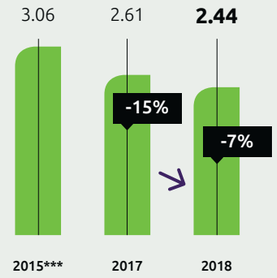
Dividend per share
in euros



Hours of training
in millions



Greenhouse gas emissions
in tCO_2e per head



64%
of our social projects concern digital inclusion

2.5 million
Number of shares applied for under the fifth employee share ownership plan, completed in 2018

* 2017 revenue restated IFRS 15. Our 2017 revenue was €12,792 million.
** Subject to approval by the Combined Shareholders' Meeting of May 23, 2019.

*** 2015 is the benchmark year for our target to reduce our carbon footprint (-20% by 2020).

Executive summary
Market trends

Market trends

As a global Group, Capgemini is directly or indirectly impacted by many socioeconomic and environmental trends. For that reason, it anticipates and manages their associated risks and implements a suitable policy to seize all available opportunities. Nine main technological, economic, societal, and environmental trends have a direct influence on our business. All other trends in our market are detailed in Section 1.2.

Big data

The equivalent of **1.7 megabytes** of new data per person will be created every second in 2020

Source: IDC

That's the size of an MP3 file for a two-minute song. In terms of value, the market is estimated to reach 123 billion US dollars in 2025 (Grand View Research).

Capgemini has strengthened its expertise in data management technologies and developed new services offerings: Anomalous Behavior Detection, Business Data Lake ...

Explosion of new technologies

200 billion connected objects by 2020

Source: Intel

Artificial intelligence, blockchain, cloud, Internet of Things (IoT), immersive and emerging technologies are some of the technological challenges that companies must take up within a complex environment.

We have adapted our organization by creating Capgemini Invent, which aims to integrate the shared challenges of these disruptions.

Cybersecurity

US$600bn – the cost of cybercrime in 2017

Source: IDC

Too many companies struggle to make cybersecurity a priority shared by all, and only a third of security officers believe their organization possesses adequate internal skills.

Capgemini attracts and develops cybersecurity talent in order to provide clients with comprehensive advice, protection, and monitoring services.

Emergence of major regional hubs

India becomes the world's second-largest economy in 2050

Source: PwC

India is on pace to surpass the US economy in 2050 (GDP in Purchasing Power Parity), after overtaking Japan to reach third place in 2030.

Present in more than 40 countries worldwide including India, our Group works to develop its business in every geographic region.

Economic volatility

Stabilizing growth and rising uncertainty

Source: IMF

After a slowdown in 2018, worldwide growth should remain stable at 3.7% in 2019 and 2020. Geopolitical uncertainty and trade tensions both constitute a major threat.

Capgemini invests heavily in automation in order to boost the competitiveness of its traditional businesses.

Talent race

59% of organizations are facing a digital skills gap

Source: Capgemini study

Capgemini encompasses more than 211,300 talents sharing a common goal: ensuring our clients receive optimized services they will not find anywhere else.

Working with purpose

75% of thriving employees say their company should offer opportunities that match their values

Source: Mercer study

Confidence, agility, open careers, ethics, and social and societal contribution are some of the key factors of employee trust and engagement.

Ethics principles of Capgemini allow each employee to develop their career while respecting others.

Climate change

US$245 bn – the economic cost of climate-related disasters during the last 20 years

Source: 2017 UNISDR report

Together with its clients and partners, Capgemini develops solutions to keep the global temperature rise below the target set by the Paris Agreement.

Digital divide

80% of people in the 47 least-developed countries still do not use the internet, whereas **81%** of people do use the internet in developed countries

Source: ICT – facts & figures 2018

Digital inclusion is one of the three pillars of Architects of Positive Futures, the CSR strategy implemented by the Capgemini Group.

● **Capgemini's answers to market trends**

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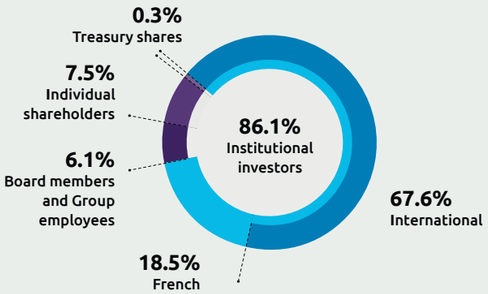
Executive summary
A balanced governance

A balanced governance

Capgemini and its shareholders

At December 31, 2018, the Capgemini SE share capital was €1,338,349,840, divided into 167,293,730 shares. Capgemini SE is listed on the Euronext Paris market (compartment A).
The shares are included in the CAC 40 and the Euronext 100 indexes, and the Dow Jones STOXX and Dow Jones Euro STOXX European indexes.
The Board wishes to make the share capital accessible to a large number of employees: at the end of 2018, employees held 5.9% of our share capital.



A governance structure serving our ambition

Board of Directors

The Board of Directors sets the strategic direction of the Company and the Capgemini Group. It appoints the executive corporate officer(s) responsible for implementing this strategy, approves the financial statements, convenes the Shareholders' Meetings, and proposes the annual dividend. It takes decisions on the major issues concerning the day-to-day operation and future of Capgemini, to promote sustainable value creation for its shareholders and all stakeholders.

Ethics & Governance Committee			
Attendance	Members	Independence	Meetings
97%	4	75%	8

Compensation Committee			
Attendance	Members	Independence	Meetings
100%	4	100%	4

Board of Directors	
Attendance	Members
95%	12
Independence[1]	Meetings
78%	9
Executive Sessions	
2	

Strategy & Investment Committee			
Attendance	Members	Independence	Meetings
97%	5	50%	6

Audit & Risk Committee			
Attendance	Members	Independence	Meetings
85%	3	100%	7

NB: Information at December 31, 2018.
1. The directors representing employees and employee shareholders are not taken into account in calculating the independence rate, in accordance with the provisions of the AFEP-MEDEF Code. **2.** The Strategy & Investment Committee was renamed the Strategy & CSR Committee in March 2019.

Management of the Group

Capgemini SE Group Management is led by Mr. Paul Hermelin, Chairman and Chief Executive Officer, assisted since January 1, 2018, by two Chief Operating Officers, Messrs. Thierry Delaporte and Aiman Ezzat.
Group Management is assisted by two bodies comprising the Group's key operating and functional managers:

Group Executive Board

The Group Executive Board prepares the broad strategies submitted to the Executive Committee for approval and facilitates the carrying out of the Group's operations. It also takes the necessary measures with regards to the appointment, setting of quantitative objectives and performance appraisal of executives with a wide range of responsibilities.

Executive Committee

The Executive Committee assists Group Management to define broad strategies and make decisions regarding the Group's operating structure, the choice of priority offerings, production rules and organization, and the methods of implementing human resources management.

Four special-purpose committees assist Group Management:

- The Group Review Board
- The Mergers & Acquisitions Committee
- The Investment Committee
- The Risk Committee

An independent and balanced Board of Directors

Paul Hermelin
Chairman & Chief Executive Officer

"The Capgemini Board of Directors possesses a wide range of expertise, adapted to the current and future challenges facing the Group."

Pierre Pringuet
Lead Independent Director & Chairman of the Ethics & Governance Committee

The Board of Directors seeks to implement a balanced governance structure tailored to Capgemini and able to adapt to the circumstances and challenges specific to the Group. True to its history and the Group's values, its actions seek to achieve the goal of sustainable and responsible growth, which has defined Capgemini for over 50 years.

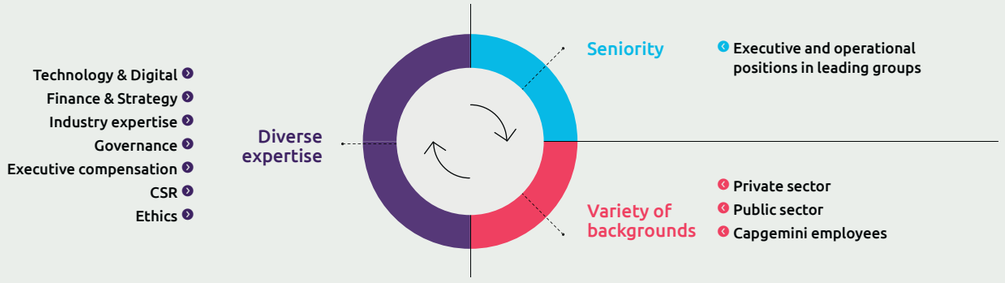
Board of Directors[1]	Independent Directors[2]	Gender balance[3]	Average age	Internationalization
11 + 2	80%	W: 45% / M: 55%	60 years	23%

Average length of office	Director representing employee shareholders	Directors representing employees
5 years	1	2

N.B. Information at January 1, 2019 including Ms. Laura Desmond.
1. Eleven directors were elected by shareholders; the two directors representing employees were appointed in accordance with the employee representation system.
2. The directors representing employees and employee shareholders are not taken into account in calculating the independence rate, in accordance with the provisions of the AFEP-MEDEF Code. **3.** The two directors representing employees are not taken into account in calculating this percentage, in accordance with Article L.225-27 of the French Commercial Code.

Good match between directors and the Group's strategic focus

In accordance with its diversity policy, the Board of Directors ensures the balance and plurality of expertise on the Board with regard to the challenges facing the Group. It maintains a range of experience and nationalities and respects gender balance, while ensuring the commitment of all directors to the Group's fundamental values.



The Board of Directors therefore decided to adopt the following objectives for its composition for the period 2018-2022: **01.** International diversification to reflect changes in Capgemini's geographical spread and businesses. **02.** Diversification of profiles and expertise. **03.** Staggered renewal of terms of office. **04.** Maintenance of a measured number of directors, enabling coherence and collective decision-making.

Executive summary
Business model

Business model

Using our experts, operational excellence, innovative assets, and added-value partnerships, we link technology, business and society to deliver sustainable value to all stakeholders and the communities in which we operate.

We **leverage** technology, social and business trends

- **Big data**
- **Explosion of new technologies**
- **Cybersecurity**
- **Talent race**
- **Working with purpose**
- **Climate change**
- **Digital divide**

We **engineer** value

Through our in-depth understanding of client needs…

- Integrate industry specificities
- Respond quickly to changing market dynamics
- Identify and increase next-gen revenues (by addressing CxOs' business needs at our clients, with always more digitalization)
- Secure and accelerate business transformation
- Modernize IT infrastructures and applications
- Capture the value of the right technology
- Foster global competitiveness

… our specific way of doing business…

- A culture that's human-centric, passionate, and deeply ethical
- A seamless delivery by one team, anytime, anywhere
- A combination of the most relevant strategic and emerging partnerships, in particular our Applied Innovation Exchange
- A continuous entrepreneurial spirit fostering innovation
- Business and technology expertise through integrated teams
- The best young and experienced talent tied to aspirational development paths
- Collaborative methods and knowledge

… and with our resources.

Human resources

- **211,300 talented employees in 40 + countries:** seasoned specialists and young graduates from top business and engineering schools, and universities

Industrial

- Global delivery model
- Resource management tool
- Global Quality Management System

Intellectual

- Innovative solutions
- Our Collaborative Business Experience™ approach to working with clients

Social and relationship

- A worldwide ecosystem of diverse business and academic partners

Financial

- **€1.160bn** free cash flow generation
- **€461m** cash invested in digital and innovation acquisitions
- A strong balance sheet, with a low net debt (**€1.184bn**)

We **deliver** value

As a technology-enabled transformation partner and leader, we enable our clients to achieve innovation and sustainable competitiveness by deploying relevant technologies and business expertise. We deliver solutions in:

- Consulting – Strategy and Transformation
- Technology and Engineering Services
- Application Services
- Managed Services

We **share** outcomes

People

- Increase of employability through industry and technology experiences

Clients

- We serve **73%** of the 200 largest public companies of the Forbes Global List
- Our top 10 clients represent **15%** of revenue
- **95%** of the revenue comes from existing clients
- **4.2/5:** client satisfaction level through regular assessment of our clients' expectations defined by contractual deliverables

Business & technology partners

- More than **50%** of our bookings are made alongside our partners

Society

- **20.4%** reduction in carbon footprint per employee vs. 2015
- **64%** of our social development projects are related to digital inclusion

Shareholders

- **€518m** returned to shareholders (**€284m** dividend, **€234m** share buyback)

1

Presentation of the Group and its activities

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1.1 Capgemini group fundamentals

1.1.1 Over 50 years of history

From 1967 to today, the milestones of a world leader

Founded in 1967 by Mr. Serge Kampf in Grenoble, the Group has developed around principles which continue to guide us today: an entrepreneurial spirit, followed by a passion for clients, an obsession with getting the best from people, extremely high performance expectations, and a commitment to being ethically irreproachable at all times.

Now led by Mr. Paul Hermelin, its Chairman and Chief Executive Officer, the Capgemini group has over 211,000 employees, including 100,000 in India, and it operates in over 40 countries. Capgemini has had the same goal since 1967: Helping businesses to be more efficient, innovative and agile through technology.

1967-1974 | The rise of an entrepreneurial spirit

1967	Mr. Serge Kampf founds Sogeti, an IT services company, in Grenoble.
1970	The visionary Sogeti is the first IT services company in Europe to offer organizational Consulting Services.
1974	The first acquisitions with the purchase of two competitors: CAP (France) and Gemini Computer Systems (USA).

1975-1989 | Expansion

1975	Sogeti becomes Cap Gemini Sogeti, the European leader in IT services, with 2,000 employees.
1976	SESA, the French IT services company specializing in systems integration (which will join the Group in 1987), develops TRANSPAC, the first public European data transmission network.
1978	Cap Gemini Sogeti launches on the US market and creates Cap Gemini Inc. in Washington
1985	Cap Gemini Sogeti is listed on the Paris Stock Market: the share price surges +25% in just 5 days.
1987	Acquisition of SESA, the French IT services company. Cap Gemini Sogeti had already held a 42% stake in the company since 1982.

1990-1997 | Pursuing leadership

1990-1992	Cap Gemini Sogeti acquires the UK company Hoskyns, the European leader in managed services. Just two years later, Cap Gemini Sogeti becomes the European leader in its sector following successive acquisitions of the Dutch company Volmac – recognized at the time as the most profitable IT services company in Europe – and Programmator, one of the largest IT services companies in Sweden.
1996	Name change to Cap Gemini – removing the Company's original name (Sogeti).

1998-2001 | Emergence of a global champion

1998	Multinational contract signed with General Motors to develop new client/server systems in 42 countries.
2000	Cap Gemini acquires the consulting arm of Ernst & Young. The Group opens its first offshore production center in Mumbai, India. Cap Gemini now has over 50,000 employees.

2002 à 2009 | New horizons

2002	Mr. Paul Hermelin, who had worked alongside Mr. Serge Kampf since 1993, becomes Group CEO. The Sogeti name returns with the creation of a subsidiary specializing in local IT services.
2003	The Group signs one of the largest outsourcing contracts in its history with the UK's Inland Revenue.
2007	The Group closes another key acquisition with Kanbay International. This US IT services company specializing in Financial Services has a significant presence in India (7,000 employees). The Group now has 12,000 employees in India. 2007 also marks Capgemini's commitment to rugby, by becoming the official sponsor of the World Cup in France.

Since 2010 | An industry leader

2010	Capgemini, now operating in 30 countries, launches in South America with the acquisition of CPM Braxis, the Brazilian IT services company. The Group now has over 100,000 employees worldwide.
2012	45 years after creating the Group, Mr. Serge Kampf stands down as Capgemini Chairman and passes the torch to Mr. Paul Hermelin, who becomes the Group's Chairman and Chief Executive Officer.
2015	Capgemini acquires the US company IGATE and significantly reinforces its presence in the US and India.
2016	Mr. Serge Kampf passes away at the age of 81 in Grenoble, where he had created Capgemini 49 years previously.
2017	Capgemini launches its new brand identity on its 50-year anniversary. The Group reinforces the flagship Digital and Cloud businesses with the targeted acquisitions of Itelios, TCube Solutions, Idean and Lyons Consulting Group.
2018	Capgemini creates Capgemini Invent, a new line of global services dedicated to digital innovation, consulting and transformation. This brings together Capgemini Consulting and other recently acquired companies under the same banner: LiquidHub, Fahrenheit 212, Idean, Adaptive Lab, Backelite and June21. Capgemini's history with rugby reaches a new level, as the Group becomes the *Global Innovation Partner* of the men's and women's HSBC World Rugby Sevens Series. The Cloud and Digital businesses now represent around 45% of the Group's revenue.

1.1.2 Seven values, the foundation of our culture at the heart of what we do

Seven values permeate Capgemini's corporate fabric, from the time of their inception by our founder Serge Kampf. These values inspire and shape our corporate culture and professional conduct. They motivate us as a Group and as individuals. Intangible by nature, they lie at the heart of all our actions as an ethical and responsible company and are the basis of Capgemini's reputation.

Honesty signifies loyalty, integrity, uprightness, a complete refusal to use any underhanded method to help win business or gain any kind of advantage. Neither growth nor profit nor independence have any real worth unless they are won through complete honesty and probity. And everyone in the Group knows that any lack of openness and integrity in our business dealings will be penalized at once.

Boldness, which implies a flair for entrepreneurship and a desire to take considered risks and show commitment (naturally linked to a firm determination to uphold one's commitments). This is the very soul of competitiveness: firmness in making decisions or in forcing their implementation, an acceptance periodically to challenge one's orientations and the *status quo*. This boldness also needs to be combined with a certain level of prudence and a particular clear-sightedness, without which a bold manager is, in reality, merely dangerously reckless.

Trust, meaning the willingness to empower both individuals and teams; to have decisions made as close as possible to the point where they will be put into practice. Trust also means giving priority, within the Company, to real openness toward other people and the widest possible sharing of ideas and information.

Freedom, which means independence in thought, judgment and deeds, and entrepreneurial spirit, creativity. It also means tolerance, respect for others, for different cultures and customs: an essential quality in an international group.

Team spirit, meaning solidarity, friendship, fidelity, generosity, fairness in sharing the benefits of collective work; accepting responsibilities and an instinctive willingness to support common efforts when the storm is raging.

Modesty, that is simplicity, the very opposite of affectation, pretension, pomposity, arrogance and boastfulness. Simplicity does not imply naivety ("simple does not mean simpleton!"); it is more about being discreet, showing natural modesty, common sense, being attentive to others and taking the trouble to be understood by them. It is about being frank in work relationships, having a relaxed attitude, having a sense of humor.

Fun means feeling good about being part of the Company or one's team, feeling proud of what one does, feeling a sense of accomplishment in the search for better quality and greater efficiency, feeling part of a challenging project.

These values are reflected in our motto: People matter, results count. We believe that our clients' success does not depend on technology only, but also on the women and men who give that technology life and who make all the difference. Our approach thus enables companies and organizations to respond faster to market trends, to adapt and to improve their performance.

1.1.3 The Group business lines

1. Consulting – Strategy and Transformation

With the creation of Capgemini Invent in 2018 (merging Capgemini Consulting and recent Group acquisitions: LiquidHub, Fahrenheit 212, Idean, Adaptive Lab, Backelite, and June21), Capgemini builds on its expertise in the strategy, technology, data science and creative design fields to support major companies and organizations in creating new models and new products and services within the digital economy.

2. Application Services

Capgemini helps its clients to develop their IT and digital environment and modernize, extend and secure it using the latest cutting- edge technologies. Our teams design and develop technological solutions and help our clients to optimize their applications for more agile operations. They also offer application maintenance solutions.

3. Technology and Engineering Services

Sogeti groups together our local technology services providing assistance and support to internal IT and engineering teams within clients' organizations. Operating in some fifteen countries, Sogeti works closely with our clients' teams in the cloud, cybersecurity, quality assurance, testing and new technologies fields.

4. Other Managed Services

Other Managed Services integrate, manage and/or develop either fully or partially, clients' IT Infrastructure systems (or that of a group of clients), transaction services and on demand services and/or business activities (Business Services).

1.1.4 An agile and innovative offer portfolio

Just like clients' digital transformation requirements, technological innovations change quickly. As an example, cloud and digital offers now represent almost 45% of the Group's revenue in 2018 in response to these changes, compared to 18% in 2014.

The hectic pace of innovation, both in terms of technology and practices, has encouraged Capgemini to implement agile management of its offer portfolio to continually adapt to market developments. The Group has chosen to accelerate its development in 7 priority markets by offering innovative and high added-value services.

— The **Customer Experience (CX)** offer allows our clients to create experiences which provide rapid and sustainable value, both for their end customer and their own company. We reach this balance by implementing service offers that allow us to reimagine customer journeys and activate technological platforms for Marketing, Sales, Customer Services and E-Commerce functions. We also work on the associated transformations within the company (organization, talents, etc.).

  We activate data available within the company, its ecosystem or the customer's ecosystem to provide a very high level of personalization for every interaction between the customer and the brand.

— The **Cloud** offer is a comprehensive portfolio of services that deliver a cloud-first way of working for companies. It aims to simplify adoption of a cloud-first strategy to replace or supplement IT systems in place. It also allows clients to develop innovative services directly in the cloud to remain competitive.

— The **Cybersecurity** offer provides Group clients with a complete portfolio of specialized services in consulting, protection and surveillance, aiming to secure both traditional computing and the cloud, as well as Internet of Things and digital systems.

— **Artificial intelligence (AI)** is a complete portfolio of Consulting Services, development of specific AI services, deployment of an AI platform and a series of technologies which allows us to make AI part of all the services that we offer. These trusted services, which can be deployed on a large scale, place business and human impacts and transparency at the heart of AI transformation projects. Smart companies make the use of their data and the deployment of AI services a driver to reach their objectives more quickly or even exceed them, and to reinvent themselves on the market and within their ecosystem. Using their data and our artificial intelligence solutions, companies can increase the effectiveness of their operations, notably through smart automation, boost their sales thanks to a more human customer experience, help risk analysis, fraud detection and regulatory compliance, and increase talent and staff within their company.

— The **Digital Manufacturing** offer proposes a complete portfolio of technology Consulting Services to accelerate and secure convergence between our clients' physical and digital worlds. Capgemini's expertise in this field extends to PLM (Product LifeCycle Management), which ensures digital continuity throughout the product life cycle through to factories 4.0, allowing companies to reach new levels of performance. We offer cutting-edge services to transition from responsive management to proactive management, such as predictive maintenance, which analyses industrial process data in real-time. Internet of Things and artificial intelligence platforms are at the heart of this transformation 4.0.

— The **next generation smart ERP** allows clients to transition from largely passive enterprise resource planning software (ERP), which is difficult to upgrade, to a next-generation ERP system which is rethought and specifically designed to adapt to new digital challenges: an open, real-time system which allows them to make decisions more quickly and a forward-looking system (thanks to artificial intelligence and analytics). Using this new approach, we can develop, integrate, deploy and manage new innovative services for our clients in an agile manner on a connected platform adjacent to the ERP.

— The **ADMnext** offer allows us to supervise, manage (thanks to a smart automated platform) and transform our clients' application environment. We provide agile transformation of applications, processes and delivery methods for our clients, adapted to their digital strategy and alignment with business issues. The ADMnext offer is a real driver of growth.

1.1.5 Enhanced sectoral expertise

The Group cultivates **expertise across six major sector groupings.**

- **Consumer Products & Retail, Distribution & Transportation**: Consumers are commanding the spotlight and they want to engage with brands in increasingly personalized, intelligent, and digital ways. Capgemini guides clients through the rapidly changing business and technology environment, identifying ways in which many of the world's biggest consumer brands can transform their business. The Group works with its clients to create a digital vision and roadmap for their business.
- **Energy, Utilities & Chemicals**: Energy, utility and chemicals companies are facing an unprecedented level of disruption. With new players entering the market, more cost-effective energy sources coming online, and new technology enabling greater flexibility, this is an industry in transition. Our industry-wide perspective is purpose-built to guide energy, utility and chemicals companies as they master these market shifts and tech-triggered trends. Our experts work with clients to take bold steps towards succeeding in a customer-driven, technology-enabled landscape.
- **Financial Services (banking, capital markets & insurance)**: The Group works with financial institutions to manage their digital and operational transformation. Focusing on open enterprises, data-driven compliance, deep customer experience, and intelligent automation, Capgemini helps create scalable and flexible systems for our clients. We leverage the full breadth of Capgemini's expertise to create end-to-end solutions to invent, shape, build and run the technology infrastructure for large global businesses. Capgemini has partnered with nine of the world's 15 largest banks and with 12 of the 15 largest insurance companies.
- **Manufacturing, Automotive & Life Sciences**: With profitable growth at the top of the agenda, manufacturing, automotive and life sciences companies strive to innovate faster, get closer to customers, and achieve a step-change in operational efficiency. Clients expect full end-to-end capabilities for a holistic transformation journey. Our extensive view of these industries and our diverse, knowledgeable teams enable us to respond to client needs by building industry-specific, client-proven solutions that activate business-growth platforms.
- **Public sector**: the rapid pace of technological change and disruption deeply influences how governments, public workers, and administrations provide services to citizens around the world. Capgemini has extensive experience working with public organizations, agencies, and enterprises at every level to envision and implement proven solutions that both modernize and enable levels of efficiency and flexibility often only seen in business.
- **Telecommunications, Media & Entertainment**: The rapidly changing demands of a new generation of end-consumers are driving unprecedented disruption as companies strive to find ways of delivering immersive consumer experiences while adapting to innovative and emerging technology platforms. From the growing importance of 5G for telecoms, to the evolving content consumption and distribution models for media and entertainment clients, to the speed of technological change for all players, Capgemini partners with clients to address the challenges they are facing in these industries.

1.1.6 Recognized achievements

2018 saw Capgemini receive considerable recognition from independent bodies, analysts, and our technology partners.

Partner prizes

Global Solution Partner of the Year by Backbase

Capgemini was recognized as *Global Solution Partner of the Year* by Backbase, a leader in multi-channel digital banking platforms. It recognized Capgemini for its ability to implement bespoke Backbase solutions for its clients, and to stay at the forefront of banking innovation, notably by deploying the new brand solution with certain Group clients.

IBM Beacon Awards – Outstanding Security Solution by IBM

Sogeti won the *IBM Beacon Awards 2018* in the *Outstanding Security Solution* category. Each year the *IBM Beacon Awards* recognize a selection of IBM partners for their technological excellence, their commitment, their skills, their industry knowledge and their innovative solutions, based on IBM products and services. Sogeti was recognized for its innovative solutions, which provide excellent cybersecurity services to its clients, notably using cognitive security solutions such as IBM's *Watson*™ for Cyber Security.

Global Partner of the Year by MuleSoft

Capgemini received four *Partner of the Year* awards from MuleSoft, a supplier of a leading programming interface management platform. Capgemini was recognized in the following categories: *Global Partner of the Year*; *Services Partner of the Year* in the APAC region; *Partner of the Year* and *Services Partner of the Year* in the EMEA region. These awards were presented during the MuleSoft CONNECT 2018 conference.

Partner Excellence in the *Accelerating Growth* category by Pegasystems Inc.

For the seventh year running, Capgemini won the "Pega Partner Award for *Partner Excellence* in *Accelerating Growth*" from Pegasystems Inc., the software company empowering client engagement at the world's leading enterprises. Capgemini was presented with the award at the 2018 PegaWorld conference held in Las Vegas.

Systems Integrator Partner of the Year for Customer Impact by Pivotal Software

Capgemini received the *Systems Integrator Partner of the Year for Customer Impact* 2018 award by Pivotal Software, Inc. Capgemini was recognized for its work with the Norwegian Pharmacy Association (DIFA) to develop and deploy a new solution for the pharmacy sector in Norway. This solution will allow pharmacies in the country to provide new services more quickly and at a lower cost, while complying with regulations. The objective: to improve the connection between pharmacies, citizens and the Norwegian public health service.

SAP® *Pinnacle Customers' Choice Partner of the Year – Large Enterprises* by SAP®

Capgemini won the SAP® *Pinnacle Customers' Choice Partner of the Year – Large Enterprises* award, which recognizes its exceptional contribution to the digital transformation of its clients with tangible business results. The award marks an 11th consecutive win for Capgemini as an SAP Pinnacle Award recipient, and the third year in a row in the *Customer Choice Partner* category. SAP presents these awards each year to leading partners who have excelled in developing their partnership with SAP and improving client performance. Capgemini was also nominated in the *SAP Leonardo Partner of the Year* category.

Market analyst awards

Leader in *Contact Center as a Service*, according to Gartner

For the fourth consecutive year, Capgemini was named leader by Gartner in its Magic Quadrant for *Contact Center as a Service in Western Europe* with its ODIGO offer. Gartner positioned vendors in the leader's quadrant based on "a strong multichannel product and service capability that have already amassed a large installed base of both large and small clients."

Click here to see the press release:
https://www.capgemini.com/fr-fr/news/capgemini-leader-dans-le-magic-quadrant-de-gartner-contact-center-as-a-service-western-europe

Application Services leader in the *Global Banking* category, according to Everest group

Capgemini was named leader in the PEAK MatrixTM ranking for *Application Services in Global Banking* by Everest Group. This ranking recognizes the service portfolio as well as the Group's vision and strategy in the matter. More specifically, Capgemini was recognized for its skills in business applications, core banking and open banking.

Click here to see the press release:
https://www.capgemini.com/fr-fr/news/capgemini-named-a-leader-in-the-2018-application-services-in-global-banking-peak-matrixtm-by-everest-group

Star Performer of the Year for *Insurance Application Services*, according to Everest group

For the third consecutive year, Capgemini has maintained its position as a "Leader and Star Performer" in Everest Group's *Insurance Application Services* PEAK Matrix™ award. This recognition is attributable to multiple strategic investments in the InsurTech ecosystem, its expertise in fundamental insurance transformations, its targeted acquisitions, its recognized publications and its academic links.

Click here to see the press release:
https://www.capgemini.com/fr-fr/news/capgemini-star-performer-dans-la-categorie-insurance-application-services-par-everest-group

A leader in application development & maintenance according to ISG

Capgemini was recognized as a leader in next-generation Application Development & Maintenance (ADM) by the ISG *Provider Lens*™ 2019 study. This recognition covered three key markets: USA, Europe and the United Kingdom. The report underlines that the Capgemini ADMnext services provides clients the ability to excel in the fundamentals of ADM and innovate to benefit from a long-term competitive advantage. ISG evaluated more than 30 companies based on their appeal and competitiveness.

Click here to see the press release:
https://www.capgemini.com/news/capgemini-leader-by-isg

Leader in managed security services, according to NelsonHall

Capgemini was recognized as a leader in *Managed Security Services* in the NelsonHall NEAT (Evaluation & Assessment Tool) report. The Group was recognized for its ability to respond to the current and future needs of its clients and to provide immediate benefits. Capgemini was also recognized as a leader in advanced security and preventive security.

Click here to see the press release:
https://www.capgemini.com/fr-fr/news/capgemini-reconnu-comme-leader-dans-la-gestion-de-services-de-securite-par-nelsonhall

Leader in digital banking services, according to NelsonHall

Capgemini was recognized as a leader in digital banking services in the NelsonHall NEAT (Evaluation & Assessment Tool) report. The Group was recognized for its ability to support clients in an innovative digital transformation journey. It was also recognized for its responsiveness in implementing solutions suited to the expectations of digital banking services companies.

Click here to see the press release:
https://www.capgemini.com/fr-fr/news/capgemini-reconnu-comme-leader-dans-les-services-bancaires-digitaux-par-nelsonhall

Other awards

One of the World's Most Ethical Companies, according to Ethisphere Institute

Capgemini was recognized for the sixth year running as one of the World's Most Ethical Companies by Ethisphere Institute, a world leader in promoting best practices in business ethics. This award is determined based on the Ethisphere Institute *Ethics Quotient*® (EQ) methodology, which is used to evaluate business performance in a qualitative, objective, consistent and standardized manner. It reflects Capgemini's objective to adhere to the highest standards of ethics and integrity.

"Learning program of the year" award during the *Perspectives Innovation Awards* by Skillsoft

Capgemini received the "Learning program of the year" award at the *Perspectives Innovation Awards* by Skillsoft, held in Las Vegas. Capgemini was recognized for its *Outstanding Women in Leadership* program, reflecting the excellence of the Capgemini University's innovative learning programs and its commitment to develop its executives' skills.

Capgemini Research Institute recognized by Source Global Research

The Capgemini Research Institute was classified first out of twenty-three consulting and technology companies by the independent analyst Source Global Research. This classification recognizes the Capgemini Research Institute for the excellence of its publications, its unique content, the appeal of its research and the expertise of its contributors. It also rewards the clarity and utility of the institute's recommendations for readers as well as the Group's centralized organization when creating its reports. In 2017, Capgemini was ranked in the Top 3.

1.2 Unique assets in a constantly changing market

1.2.1 Ecosystem of dynamic technology Partners

Capgemini group is active in the global professional IT services market, which as defined by Gartner [1] grew by approximately 4.5% (constant currency) in 2018. The IT services market has a global value of approximately $1 trillion. The worldwide IT services market is forecast to grow at a 4.8% (CAGR Compound Annual Growth Rate) in U.S. dollars through 2022:

- North America is the largest global market representing approximately 44% of worldwide activity at $437 billion [2] ;
- Western Europe is the second largest market representing approximately 27% of worldwide activity at $266 billion;
- rest of Europe, Eurasia, Middle East and Africa, Asia Pacific and Latin America makes up the balance at $280 billion.

The below table approximates Capgemini market sizing.

Capgemini Market	North America	France	United Kingdom and Ireland	Rest of Europe	Asia Pacific and Latin America
Size of market	$437B	$36B	$81B	$157B	$252B
Top 5 Capgemini Competitors in Regional Market	Accenture, Cognizant, Deloitte, IBM and TCS	Accenture, Atos, CGI, IBM, Sopra Steria	Accenture, CGI, IBM, Infosys and TCS	Accenture, Deloitte, IBM, Tieto and TCS	Accenture, Cognizant, Deloitte, IBM and TCS

In the worldwide IT professional services market:

- the worldwide consulting market is worth nearly $180 billion. In this cyclical market, Capgemini maintains strong market positions;
- the worldwide information technology market is estimated at $240 billion. Managed services and cloud infrastructure services continue to grow, with a $400 billion global market. The system integration and outsourcing markets are more predictable, and activities are based on long term relationships with clients;
- BPO continues to grow ($120 billion) with the further rise of BPaaS (Business Process as a Service), reaching almost $45 billion globally;
- Capgemini sees a growing addressable market [3] beyond the "traditional" Chief Information Officer (CIO) perimeter driven by the business CXOs notably with:
  - the Chief Marketing Officer (CMO) whose spend on technology continues to increase notably due to the growth of digital marketing, which has become a key enabler for the CMO to deliver the "end to end customer experience" to their customers. The IT spend on digital marketing is largely incremental to the traditional IT budget. While CMO marketing budgets remain stable at 11.2% of revenues (*versus* 11.3% in 2017), 29% of this budget is now allocated to marketing technologies (+7% year-on-year).
    CMOs prioritize customer experience and customer analytics. Digital commerce and digital marketing lead the budget allocations. In a provider landscape for Digital Agencies that is extremely complex with high levels of fragmentation, CMOs are increasingly looking for partners who can provide a full range of end to end customer engagement and experience services,
  - the Chief Operating Officer (COO) and/or Manufacturing Executives control significant spend across operations and process. There is a growing focus on enabling an Industry 4.0 delivery model, through increased efficiency, intelligent production and ongoing product customization (to meet changing consumer demands). Here again the IT spend is largely incremental to the traditional IT budget.

Industry 4.0

The industrial revolution will become an increasingly fertile market space, with spend controlled by a range of CxO stakeholders.

For example, autonomous vehicles have tremendous complexity, each car having millions of lines of IT code embedded in each car combined with sensors and computing power. Vehicles will collect significant data for both onboard and centralized analysis, enabling manufacturers to continually improve their products and user experience.

Capgemini is well positioned to bring value across the end to end customer experience and Industry 4.0 space.

(1) A global market analyst specializing in the IT sector.
(2) Source: *Gartner Forecast: IT Services, Worldwide, 2016-2022*, 4Q18 Update.
(3) Source: *IDC Worldwide Semiannual IT Spending Guide – Line of Business* – 2017 H2.

Across the market, we see an increase in new buying centers as digital transformation moves from the front-end customer experience to pervade wider enterprise operations. An indicator of this is the increased collegiality in buying behavior across the c-suite with the CIO operating in partnership with the CxO stakeholders. As the market continues to evolve and clients look to harness the benefits of new solutions with an emergence of new enterprise buyers, it is important to stay close to our clients' decision-makers, which now include marketing and operational executives, to meet their new needs. This reflects a buoyant and natural market position for Capgemini.

This disruption is underpinned by:

- digital transformation is now the new normal, and is consistently driving a new digital landscape for the enterprise based on the key foundations of CORE IT. According to Gartner, through 2020 50% of IT services market growth will be directly attributable to digital technologies;
- the infusion of increasingly ubiquitous and transversal digital enablers (AI, deep learning, analytics, automation, DevOps, public or hybrid cloud) while protecting from cyber-attacks;
- the speed of adoption of new technologies is changing business behavior as the new products and services become a major driver for companies' profitability, thus bringing CMO/CXOs to join the CIO (IT) in exploring and applying new technologies across the value chain. Therefore, CMO/CXOs have an increasing influence on technology spend.

1.2.2 A market that will continue to evolve over the coming years

Core IT remains the largest market with growth opportunities linked to the enhancement, upgrade or replacement of existing systems driven by business requirements (regulation, new markets…) or technology evolution such as Artificial Intelligence, Automation, Blockchain, Cybersecurity or Cloud.

Therefore, we anticipate the following in the forthcoming years:

- continued critical importance of data as a critical asset for the enterprise and how unlocking data can create new value;
- continued focus on trust, data privacy and security, driven by both users (customers and employees), backed by regulation (*e.g.* GDPR);
- growth of cloud technologies and services (IaaS, PaaS, SaaS, BPaaS) coupled with the requirements for integration and security;
- the rise of artificial intelligence driving increases in both business and consumer productivity, and increasingly embedded into both existing and new IT platforms & applications;
- the integration of virtual personal assistants (*e.g.* Alexa, Siri, Google assistant) into both services and devices (*e.g.* office, hotel room, car, kitchen);
- continued experimentation with Blockchain in select industries;
- the increase in complex, embedded systems for autonomous vehicles (cars, trucks, drones and in the longer term, aircraft and shipping);
- the deployment of IoT solutions for both the connected home, with multiple devices controlled by mobile and voice, and industry, supporting highly connected and intelligent production capabilities.

And also:

- automation as a driver for time to market, scalability, quality and cost reduction. When paired with artificial intelligence, new business platforms will emerge delivering competitive advantage;
- an increasingly fragmented marketing technology and advertising technology market: CMO and digital stakeholders will seek guidance and support in how they execute their end to end customer experiences. Rapid innovation continues across all market segments. Consultants and Systems Integrators are acquiring and building new capabilities to address the broader digital spend. IT service providers are re-focusing efforts on new solutions and setting up digital centers of excellence to be more responsive to client needs. In addition, intelligent automation is pushing clients to assess their core processes and address the opportunity for increased digitization.

1.2.3 A demanding competitive environment

Our global marketplace continues to evolve and we compete with a variety of organizations that offer solutions comparable to ours:

- Traditional Global Players (*e.g.* Accenture, IBM, Atos or CGI);
- Advisory Service Players (*e.g.* Deloitte, KPMG, PwC or EY);
- Indian Players (*e.g.* TCS, Infosys, Cognizant, Wipro or HCL);
- Regional and Boutique Players (*e.g.* Altran, EPAM, Sopra Steria or Tieto).

We also observe the emergence of Digital Agencies focused on Digital Marketing and Commerce – for instance Publicis Sapient or divisions of global players such as Accenture Interactive or Deloitte Digital.

The main competitive factors that we believe exist in the marketplace are:

- **ability to deliver** – in both individuals and products;
- **expertise** – in business, technology as well as industry knowledge;
- **innovation** – through partner ecosystems, services and product offers;
- **reputation and integrity** – in both testimonials and client references;
- **value** – in adding and improving business performance;
- **pricing** – in contractual terms and pricing;
- **service and scope** – in bringing the right people and products to clients;
- **delivery** – quality results on a timely basis;
- **global reach and scale** – in providing the right level of presence in key markets.

1.2.4 Ecosystem of partners

Capgemini has always forged strategic partnerships with high profile technological players and with start-ups with specialist skills. The Group has always maintained an independent posture with partners so that we are free to select those that offer the best response to the expectations and challenges of Capgemini's clients on a case-by-case basis.

Over the last two years, we have launched joint initiatives with selected partners, to help clients manage and accelerate their digital transformation journey:

- ***Cloud* with Amazon Web Services (AWS)**: we developed a range of market solutions that focuses on a cloud-first strategy that enables growth, innovation, cost-efficiency and business model disruption. In 2018 we expanded the initiative significantly with a focus on enterprise SAP migrations to AWS, application renewal, accelerated data center modernization strategies (in partnership with VMware) and supporting European and global enterprises to maximize the top line business opportunities from GDPR;
- ***Enterprise Portfolio Modernization* with Microsoft:** we help our customers align their digital transformation strategy with their applications portfolio modernization providing a full scope of services from advisory and guidance through to transformation and managed services;
- ***Cloud native Transformation* with both Red Hat and Pivotal:** we help our customers accelerate their digital transformation by rapidly and efficiently creating, transforming and managing applications with cloud native delivery;
- ***Field Service Lightning Accelerator* with Salesforce** enhances and extends Field Service Lightning to address complex capital assets that require onsite corrective repair;
- ***Fast Digital 4 Discrete Industries* with SAP:** this suite of solutions deploys an agile methodology based on Capgemini's highly successful digital transformation Framework, tailored for the discrete manufacturing industry (Industrial Machinery & Components (IM&C), Aerospace & Defense, High Tech and Automotive);
- ***Cognitive IoT* with IBM:** to be in line with the shift in the market towards cloud and digital, and the increasing explosively amount of data being generated through connected devices, there is a huge market demand to run smart analytics on this data to arrive at actionable intelligence. Our solution suite in alliance with IBM on cognitive IoT is a robust step forward in this direction.

In addition, Capgemini continued to build its innovation-centric emerging partner ecosystem from the relationships initiated since 2015. With over 200 participants covering AI & deep learning, analytics, AR/VR, cyber security, digital, and Fin-Tech technologies, Capgemini continues to maintain a flexible and forward-looking pattern of partnership evolution.

In this context, our global ecosystem of technological partners are constantly working together on the Group's new approach to innovation (Applied Innovation Exchange) and represents a significant asset in terms of helping clients quickly turn innovation into valuable, business-focused solutions.

Capgemini has a global sales and delivery partner network with companies whose solutions are complementary to our own. Our unique expertise, in collaboration with our alliance partners' products and services, allows us to build new and valuable business solutions for our clients in less time and with a degree of accuracy not possible without this approach.

Our alliances and partnerships provide critical synergy and are crucial to our efforts to solve the toughest challenges for our clients, be it in new business model creation, new technology solution implementation, or progression into new global markets. Our alliances and partnerships are generally non-exclusive and can generate revenue from services we provide to implement their products, as well as resale of products.

Capgemini's **global ecosystem** includes the following key partners:

- Adobe
- AWS
- Dassault Systèmes
- DELL
- Google
- Guidewire
- IBM
- Microsoft
- Oracle
- Pega
- Pivotal
- PTC
- Red Hat
- Salesforce
- SAP
- ServiceNow
- Tenemos
- VMware
- Workday

1.2.5 We continually communicate with our stakeholders

Dialog with different stakeholders is very important to Capgemini, including people, groups and organizations with which the Group shares a common objective: ensuring that the digital and technological transformation is a source of long-term and responsible performance, *e.g.* that it takes into account economic, social and environmental challenges.

Due to the very nature of Capgemini's four main businesses, dialog with stakeholders is established at three levels. It is built at Group level, the level of its organizational and local entities but also at the level of each employee. Our success depends on our ability to work constructively with each of our stakeholders. Their knowledge and innovative ideas fuel our discussions and allow us to better understand their needs.

For this purpose, the Group has defined and developed an *ad hoc* interaction method which it deems most efficient and appropriate with each of the players which it has grouped into 5 categories:

- **clients**: Clients, potential clients, our clients' ecosystem;
- **talents**: Employees, local and international work councils, candidates, our employees and alumni;
- **financial community**: Shareholders, banks, financial analysts, rating agencies, ESG indices (Environment Social & Governance);
- **business partners**: Alliances, suppliers, other partners, market leaders, professional or sector organizations, standardization organizations;
- **civil society and public authorities**: local communities, university institutions, opinion leaders, think tanks, local authorities, regulators, legislators including the European Union, Citizens, NGOs, media and international organizations.

Our external websites and social networks are priority channels for ongoing dialog with external stakeholders. We provide varied content to our communities on social networks to provide information to them and share our knowledge on Group business and expertise.

Deeply committed to the regions where it operates, the Group forms close relations with all stakeholders. The experience of this dialog also helps identify social, environmental or economic challenges and risks. The resulting benefits are improved prevention of risks and conflicts. They influence the Group's adaptation to sociological and technological changes within the company.

In 2018, Capgemini surveyed a representative panel of stakeholders to update its material issues. Their main expectations on business, social and environmental issues were ranked. These results are detailed in Section 3.3.2.

1.3 A strategy to support long-term growth

1.3.1 Value creation drivers

The Group is ideally positioned to capitalize on these market trends with the expertise to help our clients transform at scale.

We leverage our passion for clients

We help our customers attain their objectives in terms of innovation and effectiveness. Our conviction is that the purpose of a transformation program should not be digital for digital's sake. It should be driven by specific business needs and designed with the optimal architecture to best capture the value from innovation.

We partner with clients to drive end-to-end transformation enabled by our capabilities, which range from innovation, consulting, and systems integration to managed service operations.

Moreover, as a global strategic partner, we believe that in-depth industry knowledge is critical. We continue to invest and strengthen our industry content in our clients' businesses.

We expand our portfolio and strengthen our global presence

Our focus is the evolution of our portfolio of offers towards digital and cloud, which are driving significant business and technological change at our clients. We are pursuing targeted acquisitions to reinforce our capabilities and accelerate the transformation of our portfolio of offers.

We continue to invest in cybersecurity as we see strong traction for our offers, geared towards securing our clients' infrastructure and systems.

Our partners, both business and technological, represent a strategic asset for Capgemini and our clients. By collaborating closely with our partners and our deep understanding of our client's business environment we can create competitive advantage and new business capabilities. We are accelerating our efforts in artificial intelligence. We are developing and deploying AI-based and machine learning solutions for our clients, including top-tier investment banks, consumer products and automotive companies. We are also investing in our own AI-based platform to stay ahead of the curve and will expand on our solid community of more than 10,000 AI and automation professionals.

A technology and innovation strategy to benefit our clients

In 2018, the Group improved its capacity to study the socioeconomic impact of technologies to position itself as a strategic player with its clients' Boards of Directors and Presidents. The themes covered include data geopolitics, transformation of the world of work and digital happiness.

Similarly, it has consolidated its position as a key partner for applied innovation with its clients'operational managers, notably by opening a new Applied Innovation Exchange in Stockholm.

Finally, it has confirmed its expertise in ready-to-use technology for business through a significant effort to certify and promote its architects, and the updating of TechnoVision, its reference paper in the matter.

We invest in highly skilled entrepreneurial talent

Capgemini's spirit of conquest and passion for entrepreneurship on behalf of our clients have always been key for our employees. In 2017, we launched an unprecedented investment to upgrade our capabilities, increasing our training efforts by 34%, which translated into the addition of 2.2 million training hours. We will continue to invest in our people, attract and retain the best people in the industry, and offer leadership opportunities to our diverse, emerging talents.

CSR Strategy

Our ambition is to be recognized globally as a leading responsible company, using our expertise for positive impact – we want to be ***Architects of Positive Futures***.

Corporate Social Responsibility is a business imperative and is embedded as a core component of the Group business strategy It focuses on 3 key pillars:

1. **diversity**: Creating a global work environment where diverse profiles and inclusive practices are instrumental to our collective performance;
2. **digital inclusion**: Championing the digital culture and being a role-model in bridging the digital gap in society;
3. **environmental sustainability**: Minimizing our own business-related environmental impacts and providing support to clients on their sustainability challenges.

These three pillars are underpinned by employee engagement which is fundamental in order to translate this ambition into reality. We encourage colleagues to play an active part in being *Architects of Positive Futures*.

Given the importance of CSR, in 2018, the CSR governance structure has been strengthened and comprises senior executives from across the Group, with sponsorship from the very top of our organization. The Group Executive Committee, the Group Executive Board and the Group Board are well informed of the strategy and the progress made towards our targets.

1.3.2 An adapted investment policy

Since 2016, the Group had focused on integrating IGATE and finalized the acquisition of several smaller companies with specific expertise on market segments. In that context, in 2016 and 2017, the Group acquired several companies to further strengthen the Digital portfolio. In particular, Capgemini acquired a Salesforce specialist in Germany (Oinio), a consulting firm specializing in high added value innovation in North America (Fahrenheit 212), a Global Digital strategy and experience design consulting (Idean); two complementary acquisitions for omnichannel ecommerce (Itelios in France and Lyons Consulting Group in North America) and an Insurance IT services firm specializing in Duck Creek Technologies (TCube Solutions).

In 2018, the Group accelerated on this strategy with key acquisitions aiming at reinforcing Capgemini's leadership in Digital and Cloud. The Group announced in February 2018 the acquisition of LiquidHub, a recognized leader in digital client engagement with strong expertise in delivering solutions across the entire client lifecycle. Capgemini announced in June 2018 an agreement to acquire the commercial cybersecurity division of Leidos Corp, Leidos Cyber Inc, which would bring invaluable cybersecurity expertise to our North America practice.

In addition, the Group reinforced targeted segments with smaller acquisitions of highly specialized skills, in Digital Manufacturing (acquisition of Safran Engineering Services), design services (Adaptive Labs in the UK) to strengthen and expand the Idean footprint, digital consulting in Italy (Doing), and data-driven digital marketing (June21) in France.

In 2019, the Group wishes to continue to strengthen its positions across high-growth Digital and Cloud domains. These acquisitions will be possible thanks to the Group's very solid financial position and leading market positions.

1.3.3 Financing policy and financial rating

The Capgemini financing policy is intended to provide the Group with adequate financial flexibility and is based on the following main criteria:

- a moderate use of debt leveraging: over the last ten years Capgemini group has strived to maintain at all times a limited level of net debt including in the manner in which it finances its external growth;
- diversified financing sources adapted to the Group's financial profile: Capgemini bases its financing around "bank" sources (mainly a €750 million multi-currency syndicated credit facility undrawn at December 31, 2018) and "market" sources: €3,276 million in bonds in principal at December 31, 2018, including €1,100 million issued during 2018 (see Note 21 to the consolidated financial statements) with a large investor base;
- a good level of liquidity and sustainable financial resources, which means:
  - maintaining an adequate level of available funds (2,189 million at December 31, 2018), supplemented by a €750 million multi-currency syndicated credit facility secured on July 30, 2014 and maturing on July 27, 2021,
  - borrowings with maturities up to 2028, with only a limited portion falling due within 12 months (contractual cash flows within less than one year – see Note 21 to the consolidated financial statements) representing just 3% of total contractual cash flows at December 31, 2018.

Financial rating

The Group's ability to access financial and banking markets and the cost of accessing such markets depend at least in part on the credit rating attributed by the rating agency Standard & Poor's which is "BBB (positive outlook)" at March 1, 2019.

1.4 An agile business organization

1.4.1 The main subsidiaries and a simplified Group organizational chart

The Group operates in more than forty countries and through subsidiaries – the main subsidiaries are listed in Note 32 to the consolidated financial statements.

The parent company, Capgemini SE, *via* its Board of Directors, defines the strategic objectives of the Group and ensures their implementation. In its role as a shareholder, Capgemini SE contributes, in particular, to the financing of its subsidiaries, either in the form of equity or loans. Finally, it makes its trademarks and methodologies available to its subsidiaries, notably "Deliver", and receives royalties in this respect.

Capgemini SE notably holds:

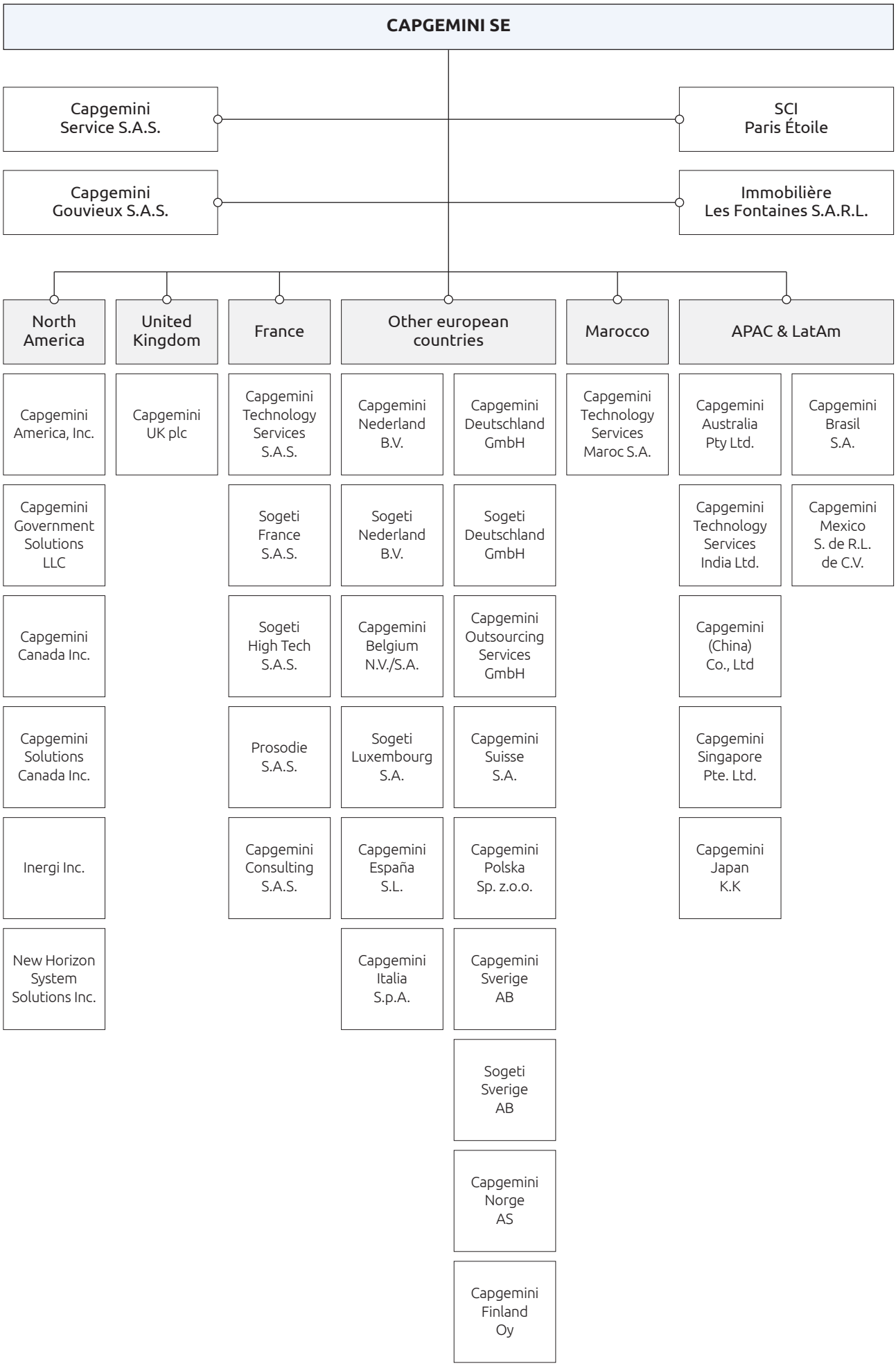
- the entire capital of an inter-company service company, Capgemini Service S.A.S.;
- the entire share capital of Capgemini Gouvieux S.A.S., which operates the campus Serge Kampf Les Fontaines, housing the Group's international training center;
- as well as operating subsidiaries held directly or indirectly *via* regional holding companies. The main operating subsidiaries are presented in the simplified organization chart below.

Finally, it is Group policy not to own its business premises, except in India where the significant growth and workforce concentration justify real estate property. The other Group subsidiaries rent their business premises from third-party lessors. There is no relationship between these lessors and the Group and its senior Executive Management.

The sole real estate assets owned by the Group are:

- a building owned by SCI Paris Étoile and housing Capgemini SE's headquarters, located at Place de l'Étoile, 75017 Paris;
- the Group's international training center in Gouvieux owned by a real estate limited liability company Immobilière Les Fontaines; and
- nine campuses located in India (situated in Mumbai, Bangalore, Hyderabad, Chennai and Noida).

The organizational chart of the main operating subsidiaries (reporting revenue in excess of €50 million) and the Group's support and resource subsidiaries, directly or indirectly wholly-owned by Capgemini SE, with the exception of Capgemini Brasil S.A. (held 78.61%, representing 76.83% of voting rights) and Capgemini Technology Services India Ltd. (held 99.77%, representing 99.77% of voting rights) is presented below.


CAPGEMINI SE
Capgemini Service S.A.S.
SCI Paris Étoile
Capgemini Gouvieux S.A.S.
Immobilière Les Fontaines S.A.R.L.
North America
United Kingdom
France
Other european countries
Marocco
APAC & LatAm
Capgemini America, Inc.
Capgemini UK plc
Capgemini Technology Services S.A.S.
Capgemini Nederland B.V.
Capgemini Deutschland GmbH
Capgemini Technology Services Maroc S.A.
Capgemini Australia Pty Ltd.
Capgemini Brasil S.A.
Capgemini Government Solutions LLC
Sogeti France S.A.S.
Sogeti Nederland B.V.
Sogeti Deutschland GmbH
Capgemini Technology Services India Ltd.
Capgemini Mexico S. de R.L. de C.V.
Capgemini Canada Inc.
Sogeti High Tech S.A.S.
Capgemini Belgium N.V./S.A.
Capgemini Outsourcing Services GmbH
Capgemini (China) Co., Ltd
Capgemini Solutions Canada Inc.
Prosodie S.A.S.
Sogeti Luxembourg S.A.
Capgemini Suisse S.A.
Capgemini Singapore Pte. Ltd.
Inergi Inc.
Capgemini Consulting S.A.S.
Capgemini España S.L.
Capgemini Polska Sp. z.o.o.
Capgemini Japan K.K
New Horizon System Solutions Inc.
Capgemini Italia S.p.A.
Capgemini Sverige AB
Sogeti Sverige AB
Capgemini Norge AS
Capgemini Finland Oy

1.4.2 A client-focused organization

Capgemini remodeled its organization in 2018. Consistent and unified, it was redesigned to recognize client requirements, and adapted to markets where the Group operates. It draws on Capgemini's expertise and creates synergies between businesses, offers and the geographic zones where the Group works with its clients.

Operating entities

At a global level, Capgemini is organized into major operating units (**Strategic Business Units or SBU**) to work closely with clients and respond to market developments. The Group is made up of three SBU, two geographic and one sector:

- the **Europe SBU**;
- the **Americas and Asia Pacific SBU**;
- the **Global Financial Services SBU**.

These SBU are themselves made up of Business Units (BU) which contain several Market Units (MU).

Operating Units

The **Business Units** deliver and grow the Capgemini offer portfolio with all clients in their market and in close collaboration with the Global Business Lines.

Market Units are responsible for client relations and sector strategies. They must promote, deliver and grow the Capgemini offer portfolio for Business Units. Market Units are sector based and coordinated at aninternational level.

- The Stategic Business Units are organized through **15 Business Units**:
  - eight in the Europe SBU: France, Germany, Italy, the Netherlands, Scandinavia, Spain, United Kingdom, Europe Cluster, Americas and APAC SBU: APAC, LatAm, North America;
  - four in the Global Financial Services SBU: Banking, Insurance, Continental Europe, APAC.
- The most common Market Units are:
  - Consumer Products, Retail and Distribution;
  - Energy, Utilities and Chemicals;
  - Financial Services;
  - Manufacturing, Automotive and Life Sciences;
  - Public Sector;
  - Services;
  - Telecommunications, Media and Entertainment.

Some Market Units regroup at geographic level local technology services specialized in cloud, cybersecurity, quality assurance, testing and new technology fields. They operate under the brand Sogeti part of Capgemini.

Entities responsible for the offer portfolio

Global Business Lines and **Application Business Lines** have responsibilities linked to the offer portfolio: managing offers, pre-sales and ensuring delivery quality. These entities must also ensure that Group deliverables are competitive and that they respond to excellence criteria and client requirements. Finally they must develop talent and manage teams to ensure that the Group has the skills in markets which are mature, growing rapidly or emerging.

Global Business Lines are managed at a global level, and Application Business Lines are managed locally and coordinated globally.

Application Business Lines support Market Units with specific offers, expertise and skills. They help Capgemini to become a market leader and ensure that Group deliverables are competitive and that they respond to excellence criteria and client requirements.

The Group's Application Business Lines are as follows:

- Application Managed Services (AMS);
- Package-Based Services (PBS);
- Custom Software Development (CSD);
- Digital Customer Experience – DCX;
- Testing;
- Business & Technology Solutions – BTS;
- Business Lines specific to certain SBU and BU.

This list can be supplemented by specific Business Lines in some SBUs and BUs.

The **Global Business Lines** work closely with the Business Units, and specifically within them with the Market Units. They aim to develop and reinforce skills and expertise in the fields that will be key for Group growth in the coming years. The Group's Global Business Lines are as follows:

- Business Services (BSv);
- Cloud infrastructure services (CIS);
- Insights & Data (I&D);
- Capgemini Invent brings together Capgemini expertise in the strategy, technology, data science and creative design fields to support major companies and organization in creating new models and new products within the digital economy;
- DEMS (Digital Engineering and Manufacturing Services) which brings together Sogeti High Tech and Engineering Services and Products to draw on the Group's expertise in digital engineering while benefiting from the acceleration of its Digital Manufacturing activity.

The new Group organization reinforces synergies between Global Business Lines and Market Units. Thanks to this unified business approach, our clients benefit from a unique point of contact for all projects.

1.4.3 Innovation at the heart of our organization

The global network of Chief Technology & Innovation Officers

The Group Chief Technology Officer (CTO), assisted by the Chief Innovation Officer (CInO), leads a global network of Chief Technology and Innovation Officers (CTIO) who are responsible for implementing Group strategy in these fields within their SBU or GBL, as well as the technology and innovation field, where they define and implement a strategy for the entire Group. In some strategic regions, they are supported at a BU level by Applied Innovation Leaders (AIL).

Capgemini Applied Innovation Exchange (AIE)

The Applied Innovation Exchange (AIE) is Capgemini's global innovation platform.

We have 16 AIE worldwide: Bordeaux (France), Grenoble (France), Lille (France), London (United Kingdom), Marseille (France), Melbourne (Australia), Mumbai (India), Munich (Germany), New York (USA), Paris (France), San Francisco (USA), Singapore, Stockholm (Sweden), Toronto (Canada), Toulouse (France), and Utrecht (Netherlands).

Our AIE promote company business ideas, put them in context and experiment with them. They offer a unique setting to explore business solutions and to teach companies how to adopt innovation in a secure and sustainable manner (the right pace, the right scale and the right means). AIE are also networks to share experiences, which rely on a global network of partners and startups to anticipate technological developments and major changes in practice.

They rely on Capgemini's ability to both tackle the challenges of its clients' sectors, and to select the emerging technologies best suited to each need. Clients can test the most innovative technologies to support their digital transformation: Internet of Things, artificial intelligence, data analysis, cloud, cybersecurity and cutting-edge IT.

Our AIE work as a network, and our clients can benefit from the expertise of our centers, regardless of the region.

Capgemini Research Institute

Capgemini Research Institute is Capgemini's internal think tank. Thanks to a global network of experts, universities and partners in the technology sector, it is a recognized study and research center in the digital ecosystem.

With dedicated research centers in the United Kingdom, USA and India, each year the institute publishes various reports on major trends – particularly disruptive – in digital in digital, innovation and business transformation. Our institute's reports and studies are also known for their unique industry approach: The Capgemini and BNP Paribas *World Payments Report 2018* is the main source of data, trends and clarification on cashless payment at a global and regional level. The *Cybersecurity Talent – The Big Gap in Cyber Protection* report shows that companies have a growing need for cybersecurity, while the report *Digital Engineering: The new growth engine for discrete manufacturers* shows that the sale of smart and connected devices will help considerably increase the revenue of experts in the construction sector by 2020.

It often partners with major institutions, such as the Massachusetts Institute of Technology (MIT), and cooperates with leading startups across the world.

The Capgemini Research Institute was recently ranked number one worldwide for the quality of its research by independent analyses (Source Global Research).

For a list of key reports and studies published in 2018, see Section 1.5.2.

Capgemini Centers of Excellence

Capgemini Centers of excellence are deployed within operational organizations, Business Lines and Global Business Lines. They are coordinated and controlled at a global level by Group Offer Leaders and more broadly by the Group Chief Portfolio Officer. They welcome experts, architects and solutioners to deploy offers with an assignment which encompasses four tasks.

1. Firstly, these centers must design and create selected offers in their market with the GBLs and Business Lines. This involves creating and deploying offers ready to be marketed with the support of a Capgemini partner ecosystem.
2. The Centers of Excellence support Business Units (BU) and Market Units (MU) during the offer pre-sales phase. They help sales teams to identify and qualify possible opportunities on markets and they prepare their proposals for clients.
3. They are responsible for Business Development actions with key accounts, analysts and advisors to present our service offers. They also work with the Marketing team to present our position and our vision for different communication channels.
4. They contribute to the success of our projects by providing the correct level of expertise for the most recent technologies and services.

A global ecosystem of leading technology partners and specialized startups

To keep at the forefront of technology, Capgemini forms strategic partnerships with renowned companies – from major international groups to startups. With them, the Group creates new offers and creates synergies to respond to the most demanding challenges, whether to design new business models, improve performance levels through automation, or conquer new markets.

This global ecosystem, which aims to bring together leading experts in their respective fields, offers a new perspective on technology and digital trends. It encourages experimentation and the design of innovative offers, taking into account a unique industry approach.

For more information about the technology partner ecosystem, please read Section 1.2.4 of this document.

1.5 Excellent performance in 2018

Capgemini recorded an excellent performance in 2018, reflecting its ability to create value for its clients and capture the demand fueled by their transformation.

1.5.1 Major contracts won in 2018

Bookings totaled €13 393 million in 2018, an increase of 9% at constant exchange rates year-on-year compared to 2017. Our clients trust us to support them in their digital transformation, creation of new business models, consolidation of operational efficiency, and their capacity to innovate. Below are some examples of key contracts signed with our clients in 2018:

The Swedish employment agency

Capgemini was selected to design and supply a new digital platform for the business processes of the Arbetsförmedlingen, the Swedish employment agency. This new system, aimed at one of the largest public authorities in Sweden, will allow 15,000 Arbetsförmedlingen employees to work more efficiently and improve the quality of services offered to jobseekers in the country. This system makes use of Capgemini's processing and monitoring, predictive analysis and robotics abilities.

EDF in France

As part of the World Nuclear Exhibition, EDF, Dassault Systèmes and Capgemini signed a long-term partnership agreement for the digital transformation of EDF's nuclear engineering. This partnership aims to support digitalization of EDF's engineering activities to support nuclear performance and competitiveness. It is a key stage in the acceleration of digital transformation in the nuclear industry as a whole. In cooperation with Dassault Systèmes, Capgemini will provide EDF with its expertise in integrating digital systems, notably through Consulting Services.

Eneco in the Netherlands

Capgemini won a four and a half-year contract worth €30 million with the Eneco group, the Dutch leader in sustainable energy. The project aims to transform Eneco's IT and support the Group with the deployment of its innovation program to support a sustainable world, while ensuring continuity, renewal and agility of the proposed services.

The Capgemini group will help Eneco to optimize its digital client experience and develop new innovative services such as home automation solutions for energy management.

Since 2007, the Capgemini group has helped Eneco to implement its innovation program and modernize its business processes. By integrating cloud transformation and IT integration services, this contract will expand the range of the services that Capgemini already provides to Eneco.

EnergyAustralia in Australia

EnergyAustralia supplies gas and electricity to around 2.6 million private and professional clients in Australia: Victoria, New South Wales, the Australian Capital Territory, South Australia and Queensland. The energy sold by EnergyAustralia comes from wholesale markets, its own coal and gas facilities and renewable energy sources. EnergyAustralia, which is headquartered in Melbourne, is wholly owned by CLP Group, one of the largest public energy suppliers in the Asia-Pacific region. In 2018, EnergyAustralia came together with Capgemini as part of an 18-month program. The objective: to implement the latest generation of enterprise resource planning (ERP) software in Group corporate functions – S/4HANA – as well as a suite of cloud solutions.

The European Commission

Capgemini Consulting (a key part of Capgemini Invent since September 2018) has renewed its contract with the European Commission for three years, for several million euros. Capgemini will continue to develop the European Data Portal and will supply the associated Consulting Services and studies.

The European Data Portal is the cornerstone of the infrastructure put in place by the European Commission and Member States to gather public sector meta data, known as Open Data, which is available on different European countries' data portals.

Capgemini Consulting manages the assignment as well as coordinating the various partners and subcontractors, including our Sogeti part of Capgemini teams.

The Texas Department of Information Resources – DIR (in the USA)

Capgemini won a $79 million four-year contract with the Texas Department of Information Resources (DIR). The DIR's objective is to extend the adoption of emerging technologies to public organizations and local and municipal administrations as well as public higher education establishments. Since 2012, Capgemini has worked with the DIR as a "Multi-sourcing Services Integrator" (MSI) to standardize its infrastructure processes, its IT operations and the management of "Data Center Services" (DCS) service providers. As part of this new contract, Capgemini will implement IT solutions which aim to improve the MSI model and respond to the growing technology requirements of Texans.

Heathrow Airport in the UK

Capgemini UK signed a contract extending its Heathrow Airport support and assistance services for IT applications and infrastructures until at least 2020. Heathrow selected Capgemini for the recommended highly automated solution, which aims to support the airport's broader transformation. The Capgemini teams' excellent understanding of the airport, as a result of working together since 2009, was also a key factor. Capgemini will continue to provide the underlying applications and airport infrastructure maintenance.

Scottish Water in the UK

Scottish Water is working with Capgemini and Atos to implement IT services and technology solutions to allow the company to manage its activities at a national level. The new five-year partnership will allow Atos and Capgemini to work in a fully-integrated manner with Scottish Water. This new approach will not only improve how technology is used to produce and supply water, but also client understanding, providing water distribution and wastewater treatment services that are as efficient as possible.

Equinor (formerly known as Statoil) in Norway

Capgemini signed a new framework agreement with Equinor (formerly known as Statoil), an international company in the energy sector operating in over 30 countries. Under this three-year agreement, Capgemini will support Equinor and its Center of Excellence dedicated to digital, in developing and implementing its digital roadmap. Following a call for tenders, Equinor selected Capgemini as one of its strategic partners.

The Capgemini team of digital experts will support the company by deploying a wide range of services in cutting-edge fields, notably data exploration and visualization, development of statistical models and predictive analyses, data engineering and the design of digital strategies.

Syngenta in Switzerland

Syngenta, a food production company based in Switzerland, has signed a two-year contract extension amounting to several million dollars, which aims to continue the digital transformation of its human resources department. With this extension, Capgemini will extend its services to deploy its Digital Employee Operations solution in Syngenta until 2022. This renewal underlines a 10-year partnership between Syngenta and Capgemini. It will also help save money, improve productivity, ensure increased employee satisfaction and a faster pace of HR digitalization at Syngenta worldwide.

Wawanesa Mutual Insurance Company in Canada

Wawanesa Mutual Insurance Company, one of the largest property and injury insurers in Canada, chose Capgemini to manage its strategic system renewal program. Wawanesa Mutual Insurance Company uses the products and services of Guidewire Software, Inc., a software publisher for property and injury insurers. This transformation aims to streamline working methods, accelerate market launches and reduce operational costs.

Yara in Norway

Capgemini won a multi-year contract worth tens of millions of euros with Yara International ASA (Yara), one of the world leaders in fertilizer production, based in Oslo and operating in over 60 countries. Capgemini in Norway will provide Yara with a wide range of services for its digital transformation: managing all its applications in a SharePoint and SAP environment, development and operation of applications, administered hosting services. Capgemini will deploy a hybrid cloud strategy which will allow Yara to reduce its costs and accelerate product marketing.

Yorkshire Water in the UK

Yorkshire Water will invest £50 million in its IT over the next four to seven years, with the objective of improving innovation, saving time and reducing customer bills. As a result, the company has partnered with eight partners, including Capgemini, to collaborate as part of a new flexible partnership including application management, infrastructures and new projects. Partners were chosen based on their skills, but also their ethics and culture.

1.5.2 Recognized publications

To help our clients to analyze major trends in markets, interpret the impact of new technologies on their business and anticipate challenges, the Capgemini Research Institute publishes various reports and themed studies each year.

Discover a selection of reports published in 2018 and find all Group publications at: www.capgemini.com/research-institute

Skills and employees

How to capitalize on automation by upskilling the workforce?

This study, carried out with around 800 executives (director or higher) and 1,200 employees in supervisory or management positions, revealed that the large-scale upskilling of the workforce can unlock the full productivity potential of automation. It can also generate additional savings of US$270 million, improve morale and employee performance and increase the success of automation.

Cybersecurity

Cybersecurity: a new competitive advantage for retailers

The report *Cybersecurity: The New Source of Competitive Advantage for Retailers,* demonstrates that consumers are increasingly aware of security breaches in the retail sector, and are more likely to use retailers who have strong cybersecurity measures. To avoid missing out on this opportunity, companies must align their cybersecurity policies with client expectations.

Combating skills shortages in cybersecurity

Carried out with 1,200 managers and employees and by analyzing opinions given on social networks by over 8,000 cybersecurity specialists, the study *Cybersecurity Talent – The Big Gap in Cyber Protection* showed that 68% of companies had an increasing need for cybersecurity skills, which only 43% possess internally. Capgemini formulated eight strategic recommendations to help organizations step-up the acquisition and improve the retention of cyber-security talent.

Digital Manufacturing

Automotive Smart Factories

The automotive industry is the most ambitious sector regarding smart factories, making large investments and setting high operating targets. Drawing on a survey of over 320 automotive manufacturers, our research revealed that smart factories could add up to $160 billion annually to the global auto industry in productivity gains by 2023 onwards.

Unlocking the business value of IoT in operations

How can we transform major investment in the Internet of Things into a positive return? Carried out with over 300 companies and covering 300 cross-sector, real-life IoT use cases, this study helped understand where organizations are moving towards large-scale IoT adoptions, how organizations can identify and prioritize major use cases, and the essential steps to get started with an IoT in operations strategy.

The Digital Supply Chain's Missing Link

This survey identified a clear gap between expectations of what supply chain digitization can deliver and the reality of what companies are currently achieving. While exactly half of the organizations surveyed consider supply chain digitization to be one of their top three corporate priorities, most are still struggling to get projects beyond the testing stage (86%).

Digital Engineering – The new growth engine for manufacturers

Experts in the global manufacturing industry expect to see an additional US$519 to 685 billion in revenue by 2020 through the development and sale of smart, connected devices. The report *Digital Engineering: The new growth engine for discrete manufacturers*, highlights that while the potential returns are significant, manufacturers need to invest in digital continuity and digital capabilities to benefit.

Digital client experience

Voice assistants set to revolutionize commerce and become a dominant mode of consumer interaction

This study was carried out with over 5,000 consumers in Europe and the United States. It found that voice assistants will become a dominant mode of consumer interaction over the next three years, with purchases performed using this technology expected to increase 500%.

World Insurance Report 2018

By improving their digital agility and developing scalable operational models, insurers can attract and retain their clients, and resist competition from the BigTechs. The report also studies how traditional insurers have fallen behind banking players in meeting customer demands, making them vulnerable to market entrants.

World Payments Report 2018

The Capgemini and BNP Paribas *World Payments Report 2018* is the main source of data, trends and clarification on cashless payment at a global and regional level. It explores how emerging technologies can help banks to settle into a new payment ecosystem and propose new added-value services to clients.

Innovation

Blockchain, the key to a new age in Supply Chain transparency and trust?

Only 3% of organizations are implementing Blockchain use cases on a large scale. Blockchain's value will grow as more players become part of the network. But before companies invest, they need to analyze all the available data to ensure a return on investment.

Augmented and virtual reality in operations: a guide for investment

According to a study by the Capgemini Research Institute, immersive technologies improve efficiency, productivity and safety. Augmented reality has emerged as the solution of choice for companies, ahead of virtual reality. 82% of companies currently implementing these technologies said the benefits are either meeting or exceeding their expectations. However, a shortage of in-house expertise and insufficient back-end infrastructures are significant barriers to growth.

World Retail Banking Report 2018

Barely half of customers say their experience across different bank channels was positive, despite continued bank investment in this field, and nearly a third of customers might consider BigTechs for financial products and services. To deal with rising customer expectations, banks must offer personalized digital experiences proactively.

World Insurtech Report 2018

According to the first edition of the *World InsurTech Report* published by Capgemini and Efma, insurance startups are booming, redefining the customer experience, delivering widespread efficiencies, and creating new business models. New opportunities for collaboration are being created for traditional insurers, which are apprehensive about disruption created by the arrival of BigTech and manufacturers on the market.

Artificial intelligence and automation

Smart automation in the Financial Services sector

The study *Growth in the machine: How financial services can move intelligent automation from cost play to growth strategy* reveals that the Financial Services industry could expect to add up to US$512 billion to global revenues by 2020 through "intelligent automation". To achieve this objective, sector companies must find the right combination of robotics process automation, artificial intelligence, and business process optimization.

Consumers will opt for companies which offer a more human-like AI experience

The report *The Secret to Winning Customers' Hearts With Artificial Intelligence: Add Human Intelligence* shows that artificial intelligence (AI) is no longer unfamiliar to consumers: 73% of consumers state they have already used AI, and 69% were satisfied. The report also revealed that 55% of consumers would prefer to have interactions enabled by humans and AI, and 64% wanted more human-like AI.

Retailers open up to artificial intelligence, but are yet to seize all its opportunities

According to a Capgemini study, over a quarter of retailers are deploying artificial intelligence. Retailers are unanimous: AI significantly improves customer relations and sales. Beyond these applications, for retailers who can extend the scope of their initiatives to the entire supply chain, the potential savings could amount to over US$300 billion. However only 1% of AI initiatives deployed by retailers are large-scale.

Artificial intelligence decoded

The 11th edition of the *Digital Transformation Review* focuses on artificial intelligence, a topic of high interest to both consumers and enterprises alike. Based on discussions with major groups, tech startups, researchers, investors and AI distributors, this publication offers a critical and holistic overview of this omnipresent topic, exploring the benefits of this technology, up to and including voice assistants.

GDPR

Making a legal obligation a high-value opportunity

According to the report *Seizing the GDPR Advantage: From mandate to high-value opportunity*, 85% of European and US companies were unprepared for the entry into force of the GDPR on May 25, 2018. In addition, the report stated that at the end of 2018, one in four companies were not fully compliant with the regulation.

Digital transformation

A successful digital transformation

Companies are now realizing how complex their transformation can be. This report recommends that companies focus their efforts on key areas of success for digital transformation, such as operations and governance, with a focus on talent and culture.

1.5.3 Consolidated financial statements

Consolidated Financial Statements

(in millions of euros)	2014	2015	2016	2017 reported	2017 restated [3]	2018
Revenues	**10,573**	**11,915**	**12,539**	**12,792**	**12,525**	**13,197**
Operating expenses	(9,603)	(10,653)	(11,099)	(11,299)	(11,032)	(11,600)
Operating margin*	**970**	**1,262**	**1,440**	**1,493**	**1,493**	**1,597**
% of revenues	*9.2%*	*10.6%*	*11.5%*	*11.7%*	*11.9%*	*12.1%*
Operating profit	**853**	**1,022**	**1,148**	**1,183**	**1,183**	**1,251**
% of revenues	*8.1%*	*8.6%*	*9.2%*	*9.2%*	*9.4%*	*9.5%*
Profit for the year attributable to owners of the Company	**580**	**1,124 [1]**	**921 [2]**	**820**	**820**	**730**
% of revenues	*5.5%*	*9.4%*	*7.3%*	*6.4%*	*6.6%*	*5.5%*
Earnings per share						
Average number of shares outstanding during the year	*157,855,433*	*168,452,917*	*169,450,721*	*168,057,561*	*168,057,561*	*167,088,363*
Basic earnings per share *(in euros)*	3.68	6.67	5.44	4.88	4.88	4.37
Normalized earnings per share* *(in euros)*	4.22	7,67 [1]	6,69 [2]	6.22	6.22	6.06 [4]
Dividend per share for the year *(in euros)*	1.20	1.35	1.55	1.70	1.70	1.70 [5]
Goodwill at December 31	**3,784**	**7,055**	**7,176**	**6,830**	**6,830**	**7,431**
Equity attributable to owners of the Company at December 31	**5,057**	**6,887**	**7,272**	**6,956**	**6,956**	**7,480**
(Net debt)/net cash and cash equivalents* at December 31	**1,218**	**(1,767)**	**(1,413)**	**(1,209)**	**(1,209)**	**(1,184)**
Organic free cash flow* at December 31	**668**	**815**	**1,071**	**1,080**	**1,080**	**1,160**
Average number of employees	**137,747**	**161,268**	**185,593**	**196,755**	**196,755**	**204,904**
Number of employees at December 31	**143,643**	**180,639**	**193,077**	**199,698**	**199,698**	**211,313**

(1) Including the remeasurement of deferred tax assets on US tax loss carry-forwards in the amount of €476 million.
(2) Including tax income (net) of €180 million in respect of goodwill arising on legal restructurings.
(3) 2017 figures have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 – Accounting basis.
(4) Excluding tax expense of €53 million due to the transitional impact of the US tax reform.
(5) Subject to approval by the Shareholders' Meeting of May 23, 2019.
* The alternative performance measures monitored by the Group (operating margin, normalized earnings per share, net debt/net cash and cash equivalents and organic free cash flow) are defined in Note 3 – Alternative performance measures and broken down in Note 11, Earnings per share, Note 21 – Net debt/net cash and cash equivalents and Note 22 – Cash flows.

1.5.4 Non-financial achievements

As Architect of Positive Futures, using our expertise for positive impact, our actions in 2018 focused on our 3 pillars: Diversity, Digital Inclusion and Environmental Sustainability. This year, our key achievements were thanks to the power of our consolidated CSR network all around the world:

- our efforts for a greater Diversity in leadership supporting by our dedicated development and recruitment programs, bore fruit. We reached notably our target of 24% of women in executive leadership;
- on Digital Inclusion, we have consolidated our partnership strategy with local NGOs and authorities to recruit and train the first batches of disadvantaged and excluded people. After France, now the Netherlands, The United Kingdom and India have joined our program. In India, over 36,000 candidates have benefitted from the 2 key programs (InnoSTEAM and LEAP) promoting learning and technology skills;
- in Sustainability, we continued to progress on our internal sustainability program with 170,000+ of our headcount covered under ISO14001 (87% of our operations).

2

Corporate Governance

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BENCHMARK CORPORATE GOVERNANCE CODE AND BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE

The Board of Directors' report on Corporate Governance was prepared pursuant to:

- the provisions set out in the last paragraph of Article L. 225-37 and Article L. 225-37-4 of the French Commercial Code (*Code de commerce*);
- the recommendations set out in the "Corporate Governance Code" issued jointly by AFEP and MEDEF (French private business associations) in December 2008 (recommendations immediately adopted by our Board of Directors as a benchmark) and most recently revised in June 2018 and its application guidelines;
- as well as the rules of good governance, adopted, applied and complied with continuously by the Capgemini group since the closing of its first fiscal year on December 31, 1968 (*i.e.* over 50 years ago!).

This report was approved by the Board of Directors on February 13, 2019 and on March 20, 2019, following its review by the Compensation Committee and the Ethics & Governance Committee.

A detailed Cross-Reference Table is presented for the Corporate Governance report in Section 9.3 of the Registration Document (Cross-Reference Table for the management report). Most of the information is presented in Chapter 2.

Under the "Comply or Explain" rule provided for in Article L. 225-37-4 8° the French Commercial Code and stipulated in Article 27.1 of the AFEP-MEDEF Corporate Governance Code for listed companies revised in June 2018, the Company considers that its practices comply fully with the recommendations of the AFEP-MEDEF Code.

The most recent version of the AFEP-MEDEF Code, updated in June 2018, and its application guidance may be consulted at www.afep.com and www.medef.com.

2.1 Governance structure and composition of the Board of Directors

2.1.1 History and governance structure

BALANCED GOVERNANCE, TAILORED TO CAPGEMINI'S SPECIFIC REQUIREMENTS

History

The Capgemini group was founded over 50 years ago in 1967 by Mr. Serge Kampf, who was still Honorary Chairman and Vice-Chairman at the time of his death on March 15, 2016. Capgemini was shaped by Mr. Serge Kampf's extraordinary qualities. He was an exceptional entrepreneur and a captain of industry the likes of which are rarely seen. In 1967, he was among the first to understand the role of an IT services company. He had taken the Group to the top of its sector when he handed Mr. Paul Hermelin the Executive Management of the Group in 2002, followed by the Chair of the Board in 2012. He built the Group based on principles that still apply today: a spirit of enterprise, a passion for clients, an obsession to help employees grow, ethical conduct at all times and performance at its best.

The story of this half-century can be split into five major periods:

— period one (1967-1996): 29 years of independence

Sogeti was created in Grenoble in October 1967 as a "traditional" limited liability company, managed nearly 30 years by the same Chairman and Chief Executive Officer, Mr. Serge Kampf, its founder and the uncontested leader of a brilliant team of managers that he formed around him and never ceased to promote. Fully conscious that the Group – if it were to attain the increasingly ambitious objectives that he set each year – could not restrict much longer its financial capacities to those of its founding Chairman, Mr. Serge Kampf finally accepted in January 1996 under friendly pressure from the two other "main" shareholders (CGIP, a partner since 1988 and Daimler Benz, shareholder since 1991):

— to propose to the Combined Shareholders' Meeting of May 24, 1996 the merger-absorption within Capgemini of the two holding companies that had until then enabled him to retain majority control;

— to participate (personally in the amount of FRF 300 million) in a share capital increase of FRF 2.1 billion, with the balance subscribed in equal parts (FRF 900 million) by Daimler and CGIP;

— and finally to transfer the head office from Grenoble to Paris.

In May 1996, at the end of this initial period, the Group had 25,000 employees (7,000 in France, nearly 4,000 in the United States, some 12,000 in the triangle formed by the UK, Benelux and the Nordic countries and around 2,000 across approximately 10 other countries) – a 625-fold increase on its initial headcount! – and reported annual revenues of approximately FRF 13 billion (€2 billion), *i.e. per capita* revenues of around FRF 520,000 (€80,000).

— period two (1996-2002): a changing shareholding structure

On May 24, 1996, as announced in January to key Group managers, Mr. Serge Kampf presented his proposals to the Shareholders' Meeting which adopted them with a large majority. Just after, a two-tier structure – more familiar to the German shareholder than the French *société anonyme* – was introduced for a four-year period, with Mr. Serge Kampf as Chairman of the Management Board and Mr. Klaus Mangold (Daimler-Benz) as Chairman of the Supervisory Board. One year later, following Daimler-Benz's decision to refocus on its core businesses (a decision confirmed soon after by the spectacular takeover of Chrysler), this latter was replaced by Mr. Ernest-Antoine Seillière, Chairman of CGIP (now the principal shareholder of the Group, with 30% of the share capital). At the end of this four-year period, the Combined Shareholders' Meeting of May 23, 2000 held to approve the 1999 financial statements decided not to renew this two-tier governance structure and to reinstate Mr. Serge Kampf in his duties as Chairman and Chief Executive Officer and to create at his request a position of general manager, which had never really existed within the Group. The first holder of this position was Mr. Geoff Unwin, already considered to be the Group's number two within the Management Board.

At the end of the 1990s, having recovered its independence, Capgemini benefited fully from the euphoria generated by the "internet bubble", the Year 2000 and the birth of the Euro. The Group had great ambitions. A major milestone was reached in 2000 with the acquisition of Ernst & Young Consulting, making Capgemini the new global leader in its sector and consolidating its positions in the United States. However, the Group was hit hard by the 2001 economic crisis triggered by the burst of the internet bubble and difficulties integrating Ernst & Young Consulting.

In December 2001, after a difficult year whose disappointing results only confirmed the threat of recession hanging over the global economy at that time, the Group had 55,000 employees and reported annual revenues of around €7 billion, *i.e. per capita* revenues of approximately €125,000, more than 50% above that of the first period but merely the reflection of the incorporation in the headcount in May 2000 of 16,643 consultants from Ernst & Young.

Taking note of the decision made – and confirmed – by Mr. Geoff Unwin to retire in the near future, the Board of Directors decided, at the recommendation of its Chairman, to appoint as his replacement Mr. Paul Hermelin, who became Group general manager alongside Mr. Serge Kampf, Chairman and Chief Executive Officer, on January 1, 2002.

— period three (2002-2012): a well-prepared transfer of power

On July 24, 2002, Mr. Serge Kampf took the initiative to recommend to the Board of Directors – which accepted – to split the functions of Chairman and Chief Executive Officer, as recently made possible by the New Economic Regulations Law (NRE). He considered that after creating, expanding, leading and managing the Group for 35 years, the time had come for him to give more power and visibility to the person he considered the best qualified to succeed him one day. This two-man team operated efficiently and in harmony for 10 years, although, according to Mr. Serge Kampf, this was due more to the relationship of trust, friendship and mutual respect between the two individuals than what the NRE says regarding the respective roles, powers and responsibilities of the Chairman and the Chief Executive Officer.

Despite the heavy storm which battered the Group during the first four years of this period, the Group invested considerable sums in major restructuring operations, the most obvious outcome of which was the reinvigoration of all Group companies: for example, at the end of 2011, the Group had 120,000 employees (compared with 55,000 employees 10 years previously) and reported revenues of €10 billion compared with €7 billion in 2001.

— period four (2012 to 2016): a new dimension for the Group

On April 4, 2012, as he had already implied two years previously on the renewal of his term of office, Mr. Serge Kampf informed directors that "after having enjoyed the benefits of separation for 10 years" he had decided to place this office back in the hands of the Board of Directors, while recommending a return at this time to the "standard" method of governance (that of a company in which the duties of Chairman and Chief Executive Officer are exercised by

the same individual) and the appointment as Chairman and Chief Executive Officer of the current Chief Executive Officer, Mr. Paul Hermelin, who had widely demonstrated, throughout a "probationary period" of a rather exceptional length, his ability to hold this role.

At its meeting of April 4, 2012, the Board followed these recommendations and solemnly conferred on Mr. Serge Kampf the title of "Honorary Chairman" and function of Vice-Chairman, which he retained until his death on March 15, 2016. At the Shareholders' Meeting of May 24, 2012, Mr. Serge Kampf passed the torch to Mr. Paul Hermelin, who became Chairman and Chief Executive Officer of Capgemini. "The Group is assured to continue its great story", emphasized its founder at this time. The Shareholders' Meeting gave a standing ovation in honor of Mr. Serge Kampf's immense contribution to the development and reputation of the Company. Since the appointment of Mr. Paul Hermelin as Chief Executive Officer in 2002 and then as Chairman and Chief Executive Officer in 2012, and the return to growth in 2004, the Group has set a course for new horizons. Firstly geographic, with expansion in India, the keystone of the Group's industrialization process. Two major milestones were reached with the acquisition of Kanbay in 2007 followed by IGATE in 2015, both US Financial Services specialists with a strong presence in India. The Group also expanded in Brazil, taking control of CPM Braxis in 2010, a leading Brazilian player. These new horizons are also technological. The Group launched new offerings integrating major changes such as Cloud computing, Digital and big data and meeting cyber security challenges.

— period five (2017 to this day): continued growth and preparation of the management transition

With 211,300 employees in over 40 countries, including more than 100,000 in India, Capgemini is pursuing more than ever the same objective as in 1967: helping companies improve their performance and be more innovative and agile through technology.

Capgemini recorded an excellent performance in 2018, reflecting its ability to create value for its clients and capture the demand fueled by their digital transformation. In 2018, the Group remodeled its organization in line with the new ambitions set by the Board of Directors and Group Management: consistent and unified, the Group's structure was redesigned to serve clients' needs and adapted to the markets where the Group operates. It draws on the full range of Capgemini's expertise and develops synergies between businesses, offerings and the geographical areas where the Group serves its clients.

With the support of the Board of Directors since the end of 2016, changes in the Group's governance and the preparation of Capgemini's management transition were discussed in 2017 and 2018 for a management succession around mid-2020, Mr. Paul Hermelin indicating his intention to step down as Chief Executive Officer at that time while remaining Chairman of the Board.

The Vice-Chairman of the Board and Chairman of the Strategy & Investment Committee (renamed Strategy & CSR Committee in March 2019, Mr. Daniel Bernard, was assigned this task, an *ad hoc* committee assists him, currently comprising Messrs. Xavier Musca (Chairman of the Audit & Risk Committee), Pierre Pringuet (Chairman of the Ethics & Governance Committee and Lead Independent Director) and himself.

Following a review of the Group's key talents and external candidates based on an assignment conducted by an external consultant and individual meetings, the Board of Directors, at the recommendation of Mr. Paul Hermelin and the Ethics & Governance Committee, appointed Messrs. Thierry Delaporte and Aiman Ezzat as Chief Operating Officers with effect from January 1, 2018.

Following the Shareholders' Meeting of May 23, 2018 and in this management transition context, the Board confirmed Mr. Paul Hermelin in his position as Chairman and Chief Executive Officer on the renewal of his term of office as director. The Board also confirmed Messrs. Thierry Delaporte and Aiman Ezzat in their positions as Chief Operating Officers.

During the internal assessment of the Board of Directors at the end of 2018, directors expressed their satisfaction with (i) the respective roles of the Chief Operating Officers and the functioning as a whole of general management during this transition period, and (ii) exchanges between the Chief Operating Officers and the Board of Directors, to be strengthened in 2019.

Current governance structure

The Company's Board of Directors seeks to implement a balanced governance structure tailored to Capgemini and able to adapt to the circumstances and challenges specific to the Group, as well as changes in best practices in this area.

Chairman and Chief Executive Officer

Since 2012, Paul Hermelin carries out the duties of Chairman of the Board of Directors and Chief Executive Officer of the Company.

In 2012, 2014 and 2018 on the renewal of Mr. Paul Hermelin's terms of office, the Board considered that this method of governance regrouping the duties of Chairman of the Board of Directors and Chief Executive Officer seemed the most appropriate.

Under the aegis of the Board of Directors, management transition was launched with the appointment of two Chief Operating Officers in October 2017, with effect from January 1, 2018. The continued grouping of the duties of Chairman of the Board of Directors and Chief Executive Officer enables both preparations to be made for the future and coherence and consistency between the Board of Directors and Group Management to be ensured throughout this management transition.

During its meeting of May 23, 2018, the Board of Directors also considered that a satisfactory balance of power existed within the Board of Directors. The Board noted in particular:

— the presence of a majority of Independent Directors on the Board;

— the existence of four Specialized Board committees with different remits encompassing Audit & Risk, Compensation, Ethics & Governance and Strategy & Investment; and

— the restrictions introduced by the Board of Directors' Charter on the powers of the Chief Executive Officer by requiring the prior approval by the Board of Directors of major strategic decisions and decisions likely to have a material impact on the Company.

This balance was strengthened in 2014 with the creation of the role of Lead Independent Director, with specific prerogatives and duties (see below).

Further information on restrictions on the powers of the Chief Executive Officer is presented in Section 2.2.1 (Organization of the Board of Directors). The roles and composition of the Specialized Board committees are presented in Section 2.2.4.

Lead Independent Director

As part of the constant drive to improve governance within the Company, the position of Lead Independent Director was created in May 2014 and entrusted to Mr. Daniel Bernard. Since the appointment of Mr. Daniel Bernard as Vice-Chairman of the Board of Directors in May 2017, the duties of Lead Independent Director are exercised by Mr. Pierre Pringuet, an Independent Director.

The Lead Independent Director has a number of prerogatives and specific duties. He chairs the Ethics & Governance Committee and executive sessions of the Board of Directors bringing together the non-executive directors at least twice a year. He is consulted by the Chairman on the draft agenda of every Board meeting and can propose the inclusion of items on the agenda at his own initiative or at the request of one or more Board members. He also performs the annual assessment of the composition and activities of the Board of Directors and of the effective contribution of each director and steers the recruitment process for new directors. Finally, as Chairman of the Ethics & Governance Committee, he plays a specific role in drafting and monitoring executive corporate officer succession plans and, as such, was therefore involved in 2017 and 2018 in the preparatory work led by the Vice-Chairman of the Board of Directors on future changes in the Group's governance.

Accordingly, while the duties of Chairman of the Board of Directors and Chief Executive Officer are exercised by a single individual, the Group's governance enjoys an active, diligent and independent Board of Directors with a collective approach to its organization and the vigilant authority of a Lead Independent Director with specific powers and duties.

Further information on the roles and duties of the Lead Independent Director and the report on his work in 2018 is presented in Section 2.2.1 (Organization of the Board of Directors).

Vice-Chairman

Mr. Daniel Bernard was appointed Vice-Chairman of the Board of Directors following the Shareholders' Meeting of May 10, 2017. In addition to the powers set out in the bylaws and the Board of Directors' Charter with regard to chairing Board and Shareholders' Meetings if the Chairman is absent or unable to attend, the Board of Directors decided to entrust him with a specific assignment to prepare future changes in the Group's governance. He has therefore been closely involved in discussions since 2017 on future changes in the Group's governance, the appointment of two Chief Operating Officers and monitoring management transition.

For further information on the preparation of management transition, see the description of the Board's activities in Section 2.2.2 and the work of the Ethics & Governance Committee in Section 2.2.4.

Group Management

The collective management of the Group was strengthened on January 1, 2018, when Messrs. Thierry Delaporte and Aiman Ezzat took office as Chief Operating Officers, tasked with assisting the Chairman and Chief Executive Officer in the exercise of his Executive Management duties. Mr. Thierry Delaporte has specific responsibility for steering the offerings, industrial expertise, innovation and the Indian platform, while Mr. Aiman Ezzat has specific responsibility for steering the operating accounts and the commercial management of clients. Together, the three of them form the Office of the CEO, ensuring the coherent management of the Company.

Group Management is assisted by two bodies comprising the Group's key operating and functional managers: the Group Executive Board (GEB) and the Executive Committee, which also contribute to the collective management of the Group at an operating level. The GEB is chaired by Mr. Paul Hermelin and comprises a limited number of Executive Committee members, and particularly, in addition to the Chief Operating Officers, the heads of the main Group businesses, the Chief Financial Officer, the People Management and Transformation Director and the Director of Competitiveness.

The directors meet regularly with members of the Group Executive Board, particularly during Committee meetings (Audit & Risk, Ethics & Governance, Compensation and Strategy & CSR) and during periodic business reviews during Board meetings. They also meet with the Group Executive Board at the annual residential Board meeting focusing on the Group's strategy, which includes key Group managers in the discussions of the Board of Directors.

A more detailed description of general management is presented in Section 2.3.

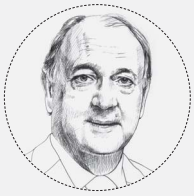
Balanced governance, tailored to Capgemini's specific requirements

Therefore, based on these different factors, the Board considers the Company's current method of governance to be the most adapted to the specific requirements of Capgemini, while allowing the Board to carry out its duties as well as possible. This observation that the Company enjoys balanced and efficient governance was reiterated during recent assessments of the Board's activities and, in particular, during the external assessment of the Board performed in 2016. The role and activities of the Lead Independent Director were identified as facilitating the balance desired by the Board, in line with best governance practices.

Capgemini's constant drive to improve governance for a number of years has also been recognized externally in recent years. In October 2017, Capgemini SE was awarded the Golden Peacock Global award for Excellence in Governance in London by the Institute of Directors, India, and received in, July 2016, the Governance Prize at the 2016 Annual General Meeting Grand Prix ceremony during the Paris EUROPLACE International Financial Forum.

2.1.2 Composition of the Board of Directors

A **RENEWED** BOARD OF DIRECTORS, **TAILORED** TO THE CHALLENGES FACING CAPGEMINI



Paul Hermelin
Chairman & Chief Executive Officer

"The Capgemini Board of Directors possesses a wide range of expertise, adapted to the current and future challenges facing the Group."

Pierre Pringuet
Lead Independent Director & Chairman of the Ethics and Governance Commitee

The Board of Directors seeks to implement a balanced governance structure tailored to Capgemini and able to adapt to the circumstances and challenges specific to the Group. True to its history and the Group's values, its actions seek to achieve the goal of sustainable and responsible growth, which has defined Capgemini for over 50 years.

Board of Directors[1]	Indenpendent Directors[2]	Gender balance[3]	Average age	Internationalization
11 + 2	**80%**	W: **45%** / M: **55%**	**60 years**	**23%**

Average length of office	Director representing employee shareholders	Directors representing employees
5 years	**1**	**2**

NB : Information at January 1, 2019 including Ms. Laura Desmond.
1. Eleven directors were elected by shareholders; the two directors representing employees were appointed in accordance with the employee representation system.
2. The directors representing employees and employee shareholders are not taken into account in calculating the independence rate, in accordance with the provisions of the AFEP-MEDEF Code. **3.** The two directors representing employees are not taken into account in calculating this percentage, in accordance with Article L.225-27 of the French Commercial Code.

Since January 1, 2019, the Capgemini Board of Directors has 13 members, including 11 members elected by Shareholders' Meeting and two members appointed in accordance with the employee representation system. The vast majority of directors are independent, with an almost identical number of male and female directors. Directors are appointed for a period of four years.

Directors are appointed by the Shareholders' Meetings, or in the case of employee directors, in accordance with the Company's bylaws.

Further information on the provisions of the bylaws governing the Board of Directors is presented in Section 8.1.17.

Composition of the Board – a range of profiles and experience

Composition policy and objectives

It is the Board of Directors' policy to regularly assess its composition and the various areas of expertise and experience contributed by each of its members and to identify the direction to be taken to ensure the best possible balance with regards to international development and the diversity of the Group's employees, changes in its shareholding base and the various challenges facing Capgemini. It also ensures that the Board retains a range of experience and nationalities and respects gender balance, while ensuring the commitment of all directors to the Group's fundamental values.

To this end, the work of the Ethics & Governance Committee, chaired by the Lead Independent Director is invaluable.

Following an assessment of its composition at the end of 2017, the Board of Directors adopted the following objectives for the period 2018-2022:

(i) international diversification to reflect changes in Capgemini's geographic spread and businesses;
(ii) diversity of profiles and expertise;
(iii) staggered renewal of terms of office; and
(iv) maintenance of a measured number of directors enabling coherence and collective decision-making.

Implementation in 2018 of the 2018-2022 objectives and results

The following table summarizes the implementation in 2018 of the various objectives regarding the Board of Directors' composition. More detailed information can be found in the presentation of changes in the Board of Directors' composition.

Objective	Implementation in 2018 and results
International diversification to reflect changes in the Group's geographic spread and businesses	The co-option of Ms. Laura Desmond by the Board of Directors' meeting of December 5, 2018 continues the international diversification of the Board. Ms. Laura Desmond is a US citizen and lives in Chicago. North America is the Group's largest market in revenue terms.
Diversity of profiles and expertise	The appointment of Mr. Frédéric Oudéa by the Shareholders' Meeting of May 23, 2018, brings to the Board his experience in managing a leading banking group with an ambitious international development plan and highly innovative in Digital. The co-option of Ms. Laura Desmond by the Board of Directors' meeting of December 5, 2018 enriches the diversity of Board profiles and strengthens its sector expertise, particularly in the data analytics, digital strategy and content fields.
Staggered renewal of terms of office	Only three of the seven terms of office expiring at the Shareholders' Meeting of May 23, 2018 were renewed and only one new director was appointed. This reduction in the number of directors contributes to a more balanced renewal of terms of office over time.
Maintenance of a measured number of directors enabling coherence and collective decision-making	Following the resolutions approved by the Shareholders' Meeting of May 23, 2018, the number of directors on the Capgemini SE Board of Directors decreased from 16 to 13.

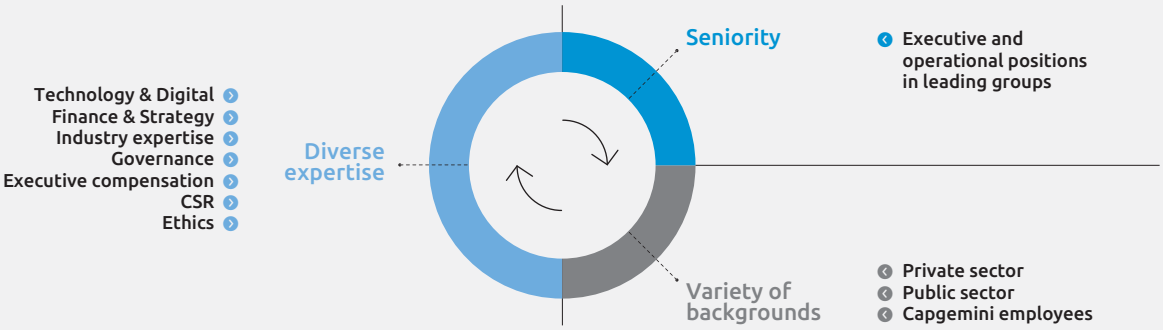
Composition of the Board – Experience and expertise represented

The change in the composition of the Board of Directors in recent years, has enabled the replacement of a large number of its members, increasing the number of independent and female directors and reducing the average age. The Board has also included a representative of employee shareholders since 2012 and two employee representatives since September 2016, further contributing to the range of experience and viewpoints.

The Board comprises individuals from diverse and complementary professional and cultural backgrounds, true to the Group's history and values. This enables it to perform its duties collectively and in an open manner.

The experience and expertise brought to the Board by each director at the date of this Registration Document can be summarized as follows.

In accordance with its diversity policy, the Board of Directors ensures the balance and plurality of expertise on the Board with regard to the challenges facing the Group. It maintains a range of experience and nationalities and respects gender balance, while ensuring the commitment of all directors to the Group's fundamental values.



	Main experiences & expertise
Paul HERMELIN Chairman & CEO	Chairman & CEO of the Group
Daniel BERNARD Vice-Chairman of the Board of Directors	Governance of listed companies in France-UK / Executive positions in leading international groups / Retail / Technologies & Digital / Strategy
Anne BOUVEROT Director	Technologies & Digital (identity and security) / Experience in international organizations (USA-UK) / CSR / Finance
Laura DESMOND Director	Technologies & Digital / Experience in international organizations (USA) / Governance of listed companies in USA / Strategy
Laurence DORS Director	Executive positions in leading international groups / Governance of listed companies and executive management compensation / Finance / Consulting / CSR & Ethics
Robert FRETEL Administrateur representing employees	Technologies & Digital / Employee perspective / Considerable knowledge of Capgemini Group and its businesses / Employee relations
Siân HERBERT JONES Director	Finance & audit / External growth strategy and transactions / Executive positions in leading international groups / Services / Consulting
Kevin MASTERS Administrateur representing employees	Technologies & Digital / Employee perspective / Considerable knowledge of Capgemini Group and its businesses / Employee relations
Xavier MUSCA Director	Executive positions in a leading international banking group / Finance & Economy / Banking & Insurance / Services / Retail
Frédéric OUDÉA Director	Executive position in a leading international banking group/ Finance & Economy / Banking & Insurance / Services / Retail
Patrick POUYANNÉ Director	Executive positions in leading international groups / Strategy, macroeconomic and geopolitical challenges / Energy / Retail
Pierre PRINGUET Lead Independent Director	Governance of listed companies and executive compensation / Executive positions in leading international groups / External growth strategy and transactions / Consumer goods
Lucia SINAPI-THOMAS Director representing employee shareholders	Finance / Employee perspective / Considerable knowledge of the Capgemini Group and its businesses

See Section 2.1.3 of this Registration Document for an overview of the Board of Directors, including the experience and expertise brought by each director to the Board, followed by a detailed individual presentation of directors at December 31, 2018.

Changes in the composition of the Board in 2018

Shareholders' Meeting of May 23, 2018

The Board of Directors of Capgemini SE, meeting on March 13, 2018 under the chairmanship of Mr. Paul Hermelin, Chairman and Chief Executive Officer, and pursuant to the report of Mr. Pierre Pringuet, Chairman of the Ethics & Governance Committee and Lead Independent Director, deliberated on changes in the composition of the Board of Directors given the expiry of the terms of office of seven directors at the Shareholders' Meeting of May 23, 2018.

At this time and in accordance with the objectives set for the period 2018-2022, the Board wished to combine efforts in recent years to renew the Board's composition, increase the number of women and diversify profiles with a reduced number of directors reinforcing cohesion and collective and efficient decision-making.

The Shareholders' Meeting of May 23, 2018 therefore renewed the terms of office of Ms. Laurence Dors, Chairman of the Compensation Committee and of Mr. Xavier Musca, Chairman of the Audit & Risk Committee, both Independent Directors, for a period of four years.

The Shareholders' Meeting also renewed the term of office as director of Mr. Paul Hermelin for a period of four years, as part of the management transition phase prepared with the support of the Board of Directors since the end of 2016. Mr. Paul Hermelin was confirmed in his position as Chairman of the Board of Directors and Chief Executive Officer following the Shareholders' Meeting.

Mr. Frédéric Oudéa was also appointed as a director for a period of four years. This appointment brought to the Board Mr. Frédéric Oudéa's experience in managing a leading banking group with an ambitious international development plan and highly innovative in Digital.

The Board of Directors warmly thanked Ms. Caroline Watteeuw-Carlisle, Mr. Yann Delabrière, Mr. Phil Laskawy and Mr. Bruno Roger whose contributions to the work of the Board and its Committees accompanied the different phases of the Group's development throughout their respective terms of office, which expired at the end of the Shareholders' Meeting.

The Board of Directors' meeting held after the Shareholders' Meeting, voted on the composition of the Specialized Board committees and appointed Mr. Daniel Bernard as Chairman of the Strategy & Investment Committee (renamed Strategy & CSR Committee in March 2019) and Mr. Frédéric Oudéa as a member of the Ethics & Governance Committee.

Changes after the Shareholders' Meeting

Following Ms. Carole Ferrand's resignation from the Board effective May 28, 2018, the Board of Directors' meeting of December 5, 2018 co-opted Ms. Laura Desmond with effect from January 1, 2019.

This appointment reflects the Board's ambition to continue the international diversification of its composition, while strengthening its sector expertise and enriching the diversity of its profiles. Ms. Laura Desmond will bring to the Capgemini SE Board of Directors her vast experience in the data analytics, digital strategy and contents fields, acquired as a senior executive and director of key industry players serving leading clients. Ms. Laura Desmond is a US citizen and lives in Chicago.

Ms. Laura Desmond will serve as a director for Ms. Carole Ferrand's remaining term of office, that is until the Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2019.

Summary of changes in 2018

	Departures	Appointments	Renewals
Board of Directors	Yann Delabrière *(AGM 05/23/2018)* Phil Laskawy *(AGM 05/23/2018)* Bruno Roger *(AGM 05/23/2018)* Caroline Watteeuw-Carlisle *(AGM 05/23/2018)* Carole Ferrand (resignation) *(05/28/2018)*	Frédéric Oudéa *(AGM 05/23/2018)* Laura Desmond (co-option) *(Board decision of 12/05/2018 – Effective 01/01/2019)*	Paul Hermelin *(Director: AGM 05/23/2018) (Chairman and Chief Executive Officer: Board meeting of 05/23/2018)* Laurence Dors *(AGM 05/23/2018)* Xavier Musca *(AGM 05/23/2018)*
Audit & Risk Committee	Phil Laskawy *(05/23/2018)* Carole Ferrand (resignation) *(05/28/2018)*	–	Laurence Dors *(05/23/2018)* Xavier Musca (Chairman) *(05/23/2018)*
Ethics & Governance Committee	Bruno Roger *(05/23/2018)*	Frédéric Oudéa *(05/23/2018)*	Laurence Dors *(05/23/2018)*
Compensation Committee	Caroline Watteeuw-Carlisle *(05/23/2018)*	–	Laurence Dors (Chairman) *(05/23/2018)*
Strategy & Investment Committee	Bruno Roger (Chairman) *(05/23/2018)* Caroline Watteeuw-Carlisle *(05/23/2018)*	Daniel Bernard (as Chairman) *(05/23/2018)*	–

At December 31, 2018, the Board of Directors therefore comprised 12 directors, with 78% of Independent Directors (excluding directors representing employees and employee shareholders) and 40% of female directors (the two directors representing employees are not taken into account in calculating this percentage).

Upcoming changes in the composition of the Board

The Board of Directors of Capgemini SE, meeting on March 20, 2019 under the chairmanship of Mr. Paul Hermelin, Chairman and Chief Executive Officer, and on the report of the Ethics and Governance Committee, deliberated on the evolution of the composition of the Board of Directors at the coming Shareholders' Meeting of May 23, 2019.

In line with its ambition to further the internationalization of its composition, deepen its industry expertise and enrich the diversity of its profiles, the Board of Directors decided to propose the appointment of Ms. Xiaoqun Clever as a member of the Board of Directors for a term of four years at the 2019 Shareholders' Meeting.

Ms. Xiaoqun Clever is a German citizen. She has acquired solid experience in the field of digital transformation and use of data over the course of a successful career in the software and data industries. In addition, she will bring to the Board of Directors of Capgemini SE her excellent knowledge of the Asian and Central European markets, a valuable asset for the Group's future development in these key geographies. The Board has indicated that Ms. Xiaoqun Clever would be considered independent pursuant to the criteria of the AFEP-MEDEF Code to which the Company refers.

The Board of Directors will also submit for Shareholders' approval the ratification of the co-optation of Ms. Laura Desmond who was provisionally appointed as a director from January 1st, 2019, by the Board of Directors on December 5th, 2018, to serve the remainder of Ms. Carole Ferrand's mandate. Her term of office will therefore expire in 2020 at the Annual Shareholders' Meeting convened to approve the 2019 statutory accounts.

Assuming the adoption of these resolutions by the Shareholders' Meeting of May 23, 2019, the composition of the Board of Directors will increase from 13 to 14 directors, with 82% of Independent Directors (excluding directors representing employees and employee shareholders), 29% of non-French directors and 50% of female directors (the two directors representing employees are not taken into account in calculating this percentage).

Independence of the Board of Directors

Independence criteria

In accordance with the definition of independence adopted by the AFEP-MEDEF Corporate Governance Code, a director is independent when he/she has no relationship with the Company, the Group or its Management, that is likely to impair his/her judgment.

The following criteria are examined, initially by the Ethics & Governance Committee and then by the Board, to determine whether a director is independent (Article 8.5 of the AFEP-MEDEF Code):

- is not and has not been during the course of the previous five years:
  - an employee or executive corporate officer of the Company,
  - an employee or executive corporate officer or director of a company that the Company consolidates,
  - an employee or executive corporate officer or director of the Company's parent company or a company that this parent company consolidates;
- is not an executive corporate officer of a company in which the Company holds directly or indirectly a directorship or in which an employee designated as such or an executive corporate officer of the Company (currently or within the last 5 years) holds a directorship;
- is not a customer, supplier, corporate bank, financing bank or advisor:
  - material for the Company or its Group,
  - or for which the Company or its Group represents a material share of activity;
- does not have close family ties with a corporate officer;
- has not been the statutory auditor of the Company in the last 5 years;
- has not been a director of the Company for more than twelve years (the status of Independent Director is lost on the date of the twelve-year anniversary).

Ratio and Calculation rules

In companies with widely-held share capital, such as Capgemini SE, the AFEP-MEDEF Code recommends that at least one-half of Board members should be independent.

Directors representing employee shareholders and directors representing employees are not included when calculating the Board's independence, in accordance with the provisions of the AFEP-MEDEF Code. Accordingly, the percentage of Independent Directors on the Capgemini SE Board of Directors at the date of this Registration Document, is calculated based on 10 members and not the full 13 members of the Board.

Review of director independence by the Board of Directors

Based on the report of the Ethics & Governance Committee, the Board of Directors examined the personal situation of each of the members of the Board of Directors with regard to the AFEP-MEDEF Code independence criteria set-out above during its meeting of February 13, 2019.

The following table summarizes the classification adopted for each director following this review, for the 10 directors included in the calculation of the Board's independence ratio in accordance with the AFEP-MEDEF Code.

	Is not and has not been within the last 5 years, an employee or executive corporate officer	No cross-directorships	No material business relationships	No family ties	Has not been the statutory auditor of the Company in the last 5 years	Has not been a director for more than 12 years	Classification
Paul HERMELIN	✗	✓	✓	✓	✓	✗	**Not independent**
Daniel BERNARD	✓	✓	✓	✓	✓	✗	**Not independent**
Anne BOUVEROT	✓	✓	✓	✓	✓	✓	**Independent**
Laura DESMOND*	✓	✓	✓	✓	✓	✓	**Independent**
Laurence DORS	✓	✓	✓	✓	✓	✓	**Independent**
Siân HERBERT-JONES	✓	✓	✓	✓	✓	✓	**Independent**
Xavier MUSCA	✓	✓	✓	✓	✓	✓	**Independent**
Frédéric OUDÉA	✓	✓	✓	✓	✓	✓	**Independent**
Patrick POUYANNÉ	✓	✓	✓	✓	✓	✓	**Independent**
Pierre PRINGUET	✓	✓	✓	✓	✓	✓	**Independent**
TOTAL							**8 Independent Directors 80%**

✓ Independence criteria met.
✗ Independence criteria not met.
* Director co-opted by the Board of Directors' meeting of December 5, 2018, effective January 1, 2019. The ratification of the co-optation of Ms. Laura Desmond is presented to the Shareholders' Meeting of May 23, 2019 for approval.

Based on the independence criteria set out above, the Board considered that 8 of its 10 members (excluding directors representing employees and employee shareholders), *i.e.* 80%, could be considered independent:

Anne Bouverot, Laura Desmond, Laurence Dors, Siân Herbert-Jones, Xavier Musca, Frédéric Oudéa, Patrick Pouyanné and Pierre Pringuet.

Specific review by the Board of Directors of the business relationship criteria between Capgemini group and its directors

During its annual review of the independence of directors, the Board of Directors examined, in particular, any business relationships between Capgemini group and each director or company with which they are associated, in order to assess the materiality of these relationships.

This assessment was conducted with regard to both quantitative and qualitative criteria.

The quantitative assessment was based on a statement of business flows between Capgemini group and entities that are suppliers and/or clients of Capgemini and that have directors in common with Capgemini SE.

This analysis is supplemented by a review of more qualitative and contextual items reflecting the situations examined, such as negotiation terms and conditions for the delivery of services, the organization of the relationship between stakeholders and the relevant director's position in the contracting company and the existence of a long-term relationship or a position of potential economic dependence.

This review is one of the specific activities conducted by the Lead Independent Director as part of the procedure to assess the absence of conflict of interest (see below).

After assessing the above criteria and based on the work of the Ethics & Governance Committee, the Board of Directors concluded as follows:

- in 2018, Capgemini SE and its subsidiaries have, in the normal course of business, delivered services to and/or received services from companies in which certain of its Independent Directors are executives or directors;
- to the extent that the negotiation terms and conditions for the delivery of these services were normal and customary and that the corresponding revenues recognized by Capgemini and the relevant companies cannot be considered material or to indicate a position of economic dependence, in the Board of Directors' opinion these business relationships are not material for Capgemini group or the relevant companies and do not indicate a situation of economic dependence or exclusivity and are not likely to compromise the independence of the directors concerned.

In addition to procedures performed prior to entering into service agreements, a specific review was performed of relations with Société Générale, which has reported holding over 5% of the Company's share capital and voting rights and whose Chief Executive Officer is Mr. Frédéric Oudéa. It was noted, in particular, that the most recent threshold crossing disclosure issued by Société Générale stated that, of its total holding at December 19, 2017 (*i.e.* 5.79% of share capital and voting rights), only 945,886 shares were held directly (*i.e.* 0.56% of the share capital and voting rights) and that the balance, representing 5.23% of the share capital and voting rights, was deemed held "by equivalence" in connection with its trading activity [1]. The Board of Directors concluded that this was not likely to compromise Mr. Frédéric Oudéa's independence.

Independence of the Board after the 2019 Shareholders' Meeting

Assuming the Shareholders' Meeting of May 23, 2019 ratifies the co-option of Ms. Laura Desmond and the appointment of Ms. Xiaoqun Clever, considered independent by the Board, the percentage of Independent Directors on the Board from May 23, 2019 will be 82% (*i.e.* 9 members out of 11).

Overview of the independent status of the Board of Directors

	Percentage of Independent Directors*	Classification of Board members**
At the date of the 2018 Registration Document	80%	**Anne Bouverot, Laura Desmond, Laurence Dors, Siân Herbert-Jones, Xavier Musca, Frédéric Oudéa, Patrick Pouyanné and Pierre Pringuet** Paul Hermelin and Daniel Bernard
At the end of the Shareholders' Meeting of May 23, 2019	82%	**Anne Bouverot, Xiaoqun Clever, Laura Desmond, Laurence Dors, Siân Herbert-Jones, Xavier Musca, Frédéric Oudéa, Patrick Pouyanné and Pierre Pringuet** Paul Hermelin and Daniel Bernard

* Directors representing employees and employee shareholders are not included in this percentage in accordance with the AFEP-MEDEF Code.
** In bold: members considered independent by the Board.

(1) Following the repeal of the so-called "trading" exception due to the enactment into French law of the revised Transparency Directive 2013/50/EU by Order no. 2015-1576 of December 3, 2015, service providers must include in their threshold crossing disclosures certain agreements or financial instruments deemed to have an economic effect similar to the ownership of shares, irrespective of whether they are settled in shares or cash (e.g. forward purchases with physical settlement).

Absence of conflict of interest

Article 7.1 of the Capgemini SE Board of Directors' Charter requires directors to comply with recommendation no. 19 of the AFEP-MEDEF Code concerning the prevention of conflicts of interest:

"Although they are themselves shareholders, the Directors represent all the shareholders and are required to act in all circumstances in the Company's interest. They are required to notify the Board of Directors of any one-off conflict of interest or potential conflict of interest and to refrain from participating in deliberations and voting on the related decision. Any director who has a permanent conflict of interest is required to resign from the Board."

In light of the recommendations of the French Financial Markets Authority (AMF) and the Corporate Governance High Committee, the Board of Directors implemented an appraisal procedure to assess the absence of conflict of interest for directors.

To this end and to assess any conflicts of interest potentially resulting from business relationships, a statement of business flows between Capgemini group and entities that are suppliers and/or clients of Capgemini and that have directors in common with Capgemini SE is prepared annually and communicated to Mr. Pierre Pringuet, Lead Independent Director and Chairman of the Ethics & Governance Committee. A qualitative assessment of situations encountered is also conducted based on several criteria, as detailed in the section "Independence of the Board of Directors" above. In addition, each year directors are required to issue a statement to the Company regarding the existence or absence, to their knowledge, of any conflicts of interest.

Based on this information, the Lead Independent Director confirmed the absence of any conflicts of interest.

These conflict of interest prevention measures supplement one of the general duties of the Ethics & Governance Committee which is to draw the attention of the Chairman of the Board of Directors to any potential situations of conflict of interest it has identified between a director and the Company or its Group or between directors. They also provide input for the Board of Directors' work on the independence classification of directors.

Declarations concerning corporate officers

As far as the Company is aware, none of the current members of the Board of Directors:

- has been found guilty of fraud at any time during the last five years;
- has been involved in any bankruptcy, receivership or liquidation at any time during the last five years;
- has been subject to any form of official public sanction and/or criminal liability pronounced by a statutory or regulatory authority (including designated professional bodies);
- has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from participating in the management or conduct of the affairs of any issuer at any time during the last five years.

As far as the Company is aware, there are no:

- conflicts of interest among the members of the Board of Directors between their duties towards Capgemini and their private interests and/or any other duties;
- arrangements or agreements with the principal shareholders, customers or suppliers pursuant to which one of the members of the Board of Directors was selected;
- restrictions accepted by the members of the Board of Directors on the sale of their investment in the share capital of Capgemini (other than the obligation under the bylaws that each director must hold at least 1,000 shares throughout their term of office and the obligation for Mr. Paul Hermelin to hold his performance shares detailed in Section 2.4.1);
- service contracts between the members of the Board of Directors and Capgemini or any of its subsidiaries that provide for the granting of benefits upon termination thereof.

As far as the Company is aware, there are no family ties between members of the Board of Directors.

Information on regulated agreements with related parties

No agreements governed by Article L. 225-38 of the French Commercial Code were authorized by the Board of Directors during the year ended December 31, 2018.

The Statutory auditors' special report for the year ended December 31, 2018 highlights the continuation in 2018 of the Company's supplementary pension plan set-up in favor of certain senior executives regarded as having made a significant and lasting contribution to the development of the Group. Mr. Paul Hermelin has been a beneficiary of this plan since 2007 (his rights were frozen with effect from October 31, 2015 without any consideration).

The report also highlights the severance and non-competition compensation to which the Chief Operating Officers, Messrs. Thierry Delaporte and Aiman Ezzat are entitled, as authorized by the Board of Directors' meeting of December 6, 2017 and approved by the Shareholders' Meeting of May 23, 2018.

More detailed information can be found in the Statutory auditors' special report on page 270 (Agreements and commitments approved in previous years but not implemented during the year) and Section 2.4.1.2.

Loans and guarantees granted to directors and managers of the Company

None.

Corporate Governance
Governance structure and composition of the Board of Directors

2.1.3 Information on the members of the Board of Directors

Overview of the Board of Directors (at January 1, 2019)

	Independent Director	Attendance rate (Board)	Board committees	First appointment	Expiry of term of office Shareholders' Meeting	Number of years on the Board	Number of shares owned	Nationality	Age	Sex	Number of offices in listed companies	Experience and expertise brought to the Company
Paul HERMELIN Executive corporate officer	No	100%	Strat. & Inv.	2000	2022	18	301,248	French	66	M	1	Chairman & CEO of the Group
Daniel BERNARD Director	No	100%	Eth. & Gov. Strat. & Inv. (C)	2005	2021	13	1,000	French	72	M	2	Governance of listed companies in France-UK/Executive positions in leading international groups/Retail/ Technologies & Digital/Strategy
Anne BOUVEROT Director	Yes	100%	Strat. & Inv.	2013	2021	5	1,000	French	52	F	3	Technologies & Digital (identity and security)/ Experience in international structures (USA-UK)/CSR/Finance
Laura DESMOND* Director	Yes	N/A*	Strat. & Inv.	2019	2020	0	1,000**	American	53	F	2	Technologies & Digital/Experience in international structures (USA-UK)/Governance of listed companies in USA/Strategy
Laurence DORS Director	Yes	100%	Comp. (C); Audit & Risk; Eth. & Gov.	2010	2022	8	1,000	French	62	F	2	Executive positions in leading international groups/Governance of listed companies and executive management compensation/ Finance/Consulting/CSR and Ethics
Robert FRETEL Director representing employees	No	100%	Strat. & Inv.	2016	2020	2	12	French	61	M	1	Technologies & Digital/Employee perspective/ Considerable knowledge of Capgemini group and its businesses/Employee relations
Siân HERBERT-JONES Director	Yes	89%	Audit & Risk	2016	2020	2	1,000	British	58	F	3	Finance and audit/Strategy and external growth transactions/Executive positions in leading international groups/Services/Consulting
Kevin MASTERS Director representing employees	No	100%	Comp.	2016	2020	2	0	British	62	M	1	Employee perspective/ Considerable knowledge of Capgemini group and its businesses/Employee relations/Technologies & Digital
Xavier MUSCA Director	Yes	89%	Audit & Risk (C)	2014	2022	4	1,000	French	58	M	3	Executive positions in leading international groups/Finance, Economy/ Banking & Insurance/Services/Retail
Frédéric OUDÉA Director	Yes	100%	Eth. & Gov.	2018	2022	0	1,000	French	55	M	2	Executive positions in leading international groups/Finance, Economy/ Banking & Insurance/Services/Distribution
Patrick POUYANNÉ Director	Yes	100%	Strat. & Inv.	2017	2021	1	1,000	French	55	M	2	Executive positions in leading international groups/Strategy, macroeconomic and geopolitical challenges/Energy/Distribution
Pierre PRINGUET Director	Yes	100%	Eth. & Gov. (C); Comp.	2009	2021	9	1,700	French	68	M	4	Governance of listed companies and executive management compensation/Executive positions in leading international groups/ Strategy and external growth transactions/ Consumer goods
Lucia SINAPI-THOMAS Director representing employee shareholders	No	100%	Comp.	2012	2020	6	26,997	French	54	F	3	Finance/Employee perspective/Considerable knowledge of Capgemini group and its businesses

* Ms. Laura Desmond was co-opted as a director for Ms. Carole Ferrand's remaining term of office, that is until the Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2019. The ratification of her co-optation is presented to the Shareholders' Meeting of May 23, 2019 for approval.
** Acquisition of 1,000 Capgemini's shares on March 6, 2019.
(C): Committee Chairman.

Information on the members of the Board of Directors at December 31, 2018

Since May 28, 2018, the Capgemini Board of Directors has 12 members. The wide range of their experience and expertise contributes to the quality of discussions and the smooth operation of the Board, ensuring the best possible balance taking account of the Group's situation and the different challenges facing Capgemini.

A detailed individual presentation of each director is presented below.

The biography of Ms. Laura Desmond, co-opted as a director with effect from January 1, 2019, is presented in Chapter 7 with the resolutions presented to the Shareholders' Meeting of May 23, 2019.

Date of birth:
April 30, 1952

Nationality:
French

Business address:
Capgemini SE
11, rue de Tilsitt
75017 Paris

First appointment:
2000

Expiry of term of office:
2022
(Ordinary Shareholders' Meeting held to approve the 2021 financial statements)

Number of shares held at Dec. 31, 2018:
301,248

PAUL HERMELIN

Chairman and Chief Executive Officer
Member of the Strategy & CSR Committee

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Mr. Paul Hermelin is a graduate of École Polytechnique and École Nationale d'Administration. He spent the first fifteen years of his professional life in the French government, primarily in the Ministry of Finance. He held a number of positions in the Budget Office and on various ministry staffs, including that of Finance Minister Jacques Delors. He was chief of staff to the Minister of Industry and Foreign Trade, from 1991 to 1993.

Mr. Paul Hermelin joined the Capgemini group in May 1993, where he was first in charge of coordinating central functions. In May 1996, he was appointed member of the Management Board and Chief Executive Officer of Capgemini France. In May 2000, following the merger of Capgemini and Ernst & Young Consulting, he became Chief Operating Officer of the Group and director. On January 1, 2002, he became Chief Executive Officer of the Capgemini group, followed by Chairman and Chief Executive Officer on May 24, 2012. He has been a member of the Strategy & Investment Committee since July 24, 2002 (renamed Strategy & CSR Committee in March 2019).

Principal office:
Mr. Paul Hermelin has been Chairman and Chief Executive Officer of Capgemini SE since May 2012.

OFFICES HELD IN 2018 OR CURRENT OFFICES AT DECEMBER 31, 2018

Chairman and Chief Executive Officer of:
- CAPGEMINI SE* (since May 2012)

Chairman of:
- THE BRIDGE SAS

Other offices held in Capgemini group:

Chairman of the Board of Directors of:
- CAPGEMINI NORTH AMERICA, INC. (USA) (since April 2002)
- CAPGEMINI AMERICA, INC. (USA) (since December 2000)

Chairman of the Supervisory Board of:
- CAPGEMINI N.V. (Netherlands) (since November 2012)

Chairman of:
- CAPGEMINI SERVICE S.A.S. (since March 2016)
- CAPGEMINI LATIN AMERICA S.A.S. (since November 2005)
- SOGETI FRANCE 2005 S.A.S. (until May 2018)
- ODIGO S.A.S (formerly CAPGEMINI 2015 S.A.S.) (until October 2018)

Manager of:
- SCI PARIS ETOILE (since March 2016)

Chief Executive Officer of:
- CAPGEMINI NORTH AMERICA, INC. (USA) (since November 2005)

Director of:
- CGS HOLDINGS LTD (UK) (since June 1999)
- CAPGEMINI TECHNOLOGY SERVICES INDIA Ltd (since August 2017)

OTHER OFFICES HELD DURING THE LAST FIVE YEARS (OFFICES EXPIRED)

Director of:
- AXA* (until April 2017)

Offices held in Capgemini group:

Chairman of:
- CAPGEMINI 2010 S.A.S. (until September 2015)

Chairman of the Board of Directors of:
- CAPGEMINI US LLC (U.S.A) (until July 2016)

Chief Executive Officer of:
- CAPGEMINI SERVICE S.A.S. (until March 2016)

Chairman of the Supervisory Board of:
- CAPGEMINI GOUVIEUX S.A.S. (until April 2014)

Director of:
- CAPGEMINI FINANCIAL SERVICES INTERNATIONAL, INC. (U.S.A.) (until March 2016)
- IGATE Corporation (U.S.A.) (until May 2016)
- CAPGEMINI AUSTRALIA Pty Ltd (until May 2014)

* *Listed company.*

Date of birth:
February 18, 1946

Nationality:
French

Business address:
Provestis
14, rue de Marignan
75008 Paris

First appointment:
2005

Expiry of term of office:
2021
(Ordinary Shareholders' Meeting held to approve the 2020 financial statements)

Number of shares held at Dec. 31, 2018:
1,000

DANIEL BERNARD

Vice-Chairman of the Board of Directors
Director
Member of the Ethics & Governance Committee
Chairman of the Strategy & CSR Committee (since May 2018)

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Mr. Daniel Bernard is a graduate of HEC business school. He was Chief Executive Officer of Groupe Métro France (from 1981 to 1989), followed by member of the Management Board of Métro International AG (from 1989 to 1992). He became Chairman of the Executive Board of Carrefour in 1992 and was appointed Chairman and Chief Executive Officer in 1998. Mr. Daniel Bernard was also an Independent Director of Alcatel Lucent (from 1997 to 2014) and of Saint-Gobain (from 2000 to 2006). He was a member of the Saint-Gobain Appointments Committee and chaired the Alcatel-Lucent Corporate Governance and Appointments Committee.

In 2006, Mr. Daniel Bernard joined the Board of Directors of Kingfisher Plc as Vice-Chairman and was Chairman of the Board of Directors from 2009 to June 2017. He also chaired the Appointments Committee. In July 2017, Mr. Daniel Bernard was appointed to the Peugeot SA Supervisory Board as the permanent representative of Lion Participations. Mr. Daniel Bernard is also President of Provestis, his own investment company, and Senior Advisor of Towerbrook Capital Partners, LP.

Mr. Daniel Bernard holds the ranks of Officer of the National Order of Merit and Knight of the Legion of Honor.

Mr. Daniel Bernard has been a director of Capgemini SE since May 12, 2005 and is Vice-Chairman of the Board of Directors since May 10, 2017. He was Lead Independent Director and Chairman of the Ethics & Governance Committee from May 2014 to May 2017. He has been a member of the Ethics & Governance Committee since May 7, 2014. He has also been a member of the Strategy & Investment Committee since July 26, 2006 and its Chairman since May 23, 2018 (renamed Strategy & CSR Committee in March 2019).

He brings to the Board of Directors considerable experience in the management of leading international companies where he has held top positions, together with reputed expertise in Corporate Governance, gained through major Corporate Governance responsibilities in leading listed companies in France and the United Kingdom.

Mr. Daniel Bernard also contributes to the Board's strategic discussions, thanks notably to his considerable experience in the retail sector and its digital transformation.

Principal office:
Mr. Daniel Bernard has been President of Provestis since 2006.

OFFICES HELD IN 2018 OR CURRENT OFFICES AT DECEMBER 31, 2018

Director of:
- CAPGEMINI SE* (since May 2005)

Member of the Supervisory Board of:
- PEUGEOT SA* (permanent representative of Lion Participations) (since July 25, 2017)

Chairman of:
- PROVESTIS SAS (since June 2006)

Senior Advisor of:
- TOWERBROOK CAPITAL PARTNERS, LP (UK) (since October 2010)

Member of the Board of Directors of:
- LA FONDATION HEC (since 2008)
- EESC HEC (since 2016)

Honorary Chairman of:
- LA FONDATION HEC (since 2014)

OTHER OFFICES HELD DURING THE LAST FIVE YEARS (OFFICES EXPIRED)

Chairman of:
- KINGFISHER PLC* (U.K) (until June 2017)
- MAF RETAIL GROUP (DUBAI) (until December 2015)

Director of:
- ALCATEL LUCENT* (until May 2014)

Chairman of:
- LA FONDATION HEC (until March 2014)

* *Listed company.*

Date of birth:
March 21, 1966

Nationality:
French

Business address:
AnneB Advisors
2 rue Xaintrailles
75013 Paris

First appointment:
2013

Expiry of term of office:
2021
(Ordinary Shareholders' Meeting held to approve the 2020 financial statements)

Number of shares held at Dec. 31, 2018:
1,000

ANNE BOUVEROT

Independent Director
Member of the Strategy & CSR Committee

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A graduate of École Normale Supérieure and of Télécom Paris, Ms. Anne Bouverot also holds a PhD in artificial intelligence (1991).

She started her career as IT project manager with Telmex in Mexico, before joining Global One in the USA in 1996. In 2002, she was appointed Vice-President at Equant's IT services unit. In 2004, she became Chief of Staff for the Chief Executive Officer of Orange in the United Kingdom, followed by Executive Vice-President, Mobile Services, for France Télécom Orange. In November 2006, Ms. Anne Bouverot became Executive Vice-President, International Business Development, at France Telecom. From 2011 to July 2015, she was Chief Executive Officer of GSMA, the international association of mobile network operators. She was Chairman and Chief Executive Officer of Safran Identity & Security (formerly Morpho), a world leader in security and identity solutions (biometrics and digital identity) until June 2017, and Senior Advisor of Advent International until August 2018. She has been Senior Advisor to Towerbrook Capital Partners, L.P. (U.K.) since September 2018.

Ms. Anne Bouverot joined the Board of Directors of Capgemini SE on October 8, 2013 and was appointed a member of the Strategy & Investment Committee on the same date (renamed Strategy & CSR Committee in March 2019).

Ms. Anne Bouverot has spent the majority of her professional career in the Telecoms sector, a key information technology sector, where she has held leading positions in international organizations. The duties she has performed allow her to make a key contribution to Capgemini group strategic discussions given the impact of mobile connections on technology uses. She also brings specific Digital expertise to the Board of Directors in the areas of security and identity in Digital and connected environments. Finally, as a director of Edenred and previously of Groupama, Ms. Anne Bouverot already has considerable experience as an Independent Director of Euronext listed companies.

Principal office:
Ms. Anne Bouverot has been Senior Advisor to Towerbrook Capital Partners, L.P. (U.K.) since September 2018 (U.K.).

OFFICES HELD IN 2018 OR CURRENT OFFICES AT DECEMBER 31, 2018

Director of:
- CAPGEMINI SE* (since October 2013)
- EDENRED* (since June 2010)
- Cellnex Telecom* (since May 2018)
- Euveka (since June 2017)

Founder and Chairman of:
- Fondation ABEONA (since December 2017)

Senior Advisor of:
- Advent International (until August 2018)
- Towerbrook Capital Partners L.P. (since September 2018)

General Secretary of:
- Conseil des Industries, de la Confiance et de la Sécurité (since September 2015)

Vice-Chairman of:
- La Fédération des Industries Electriques, Electroniques et de Communication (since July 2017)

Chairman of:
- AnneB Advisors (since December 2017)

OTHER OFFICES HELD DURING THE LAST FIVE YEARS (OFFICES EXPIRED)

Offices held in GSMA (International association of mobile network operators):

Member of the Board of Directors as Permanent Representative of France Telecom Orange S.A.:
- GSMA (until July 2015)

Chief Executive Officer of:
- GSMA SV (Switzerland) (until July 2015)

Director of:
- GSMA LTD (USA) (until July 2015)

Other offices held in Safran Identity and Security Group:

Chairman and Chief Executive Officer of:
- SAFRAN IDENTITY AND SECURITY SAS (formerly MORPHO SAS) (until June 2017)
- MORPHO TRAK, LLC (USA) (until June 2017)

Chairman of:
- MORPHO USA, INC (USA) (until June 2017)

Chairman of the Board of Directors of:
- MORPHO DETECTION INTERNATIONAL, LLC (USA) (until June 2017)

Member of the Supervisory Board of:
- MORPHO CARDS GMBH (Germany) (until June 2017)

Director of:
- MORPHO DETECTION, LLC (USA) (until June 2017)

* *Listed company.*

LAURENCE DORS

Independent Director
Chairman of the Compensation Committee
Member of the Audit & Risk Committee
Member of the Ethics & Governance Committee

Date of birth:
March 16, 1956

Nationality:
French

Business address:
Capgemini SE
11 rue de Tilsitt
75017 Paris

First appointment:
2010

Expiry of term of office:
2022
(Ordinary Shareholders' Meeting held to approve the 2021 financial statements)

Number of shares held at Dec. 31, 2018:
1,000

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Ms. Laurence Dors is a graduate of École Normale Supérieure and École Nationale d'Administration. A former senior civil servant in the French Finance Ministry and former member of the Prime Minister's staff (1995-1997) and the Ministry of the Economy's staff (1994-1995), Ms. Laurence Dors has spent much of her professional career in international and Executive Management positions in major international groups (Lagardère, EADS, Dassault Systems, Renault) and then as co-founder and Senior Partner of Conseil Theano Advisors (formerly Anthenor Partners 2012-2018). A specialist in governance issues and an Independent Director, she sits on the Board of Directors of IFA (French Institute of Directors).

Ms. Laurence Dors has been a member of the Board of Directors of Crédit Agricole SA since May 19, 2009. She chairs the Compensation Committee and is a member of the Audit Committee and the Appointments and Governance Committee. She also sits on the Board of Directors of Egis, a non-listed engineering company specializing in consulting and the development of projects offering added value through innovation. She chairs the Compensation Committee and is a member of the Engagements Committee.

Ms. Laurence Dors holds the ranks of Knight of the Legion of Honor and Officer of the National Order of Merit.

Ms. Laurence Dors has been a member of the Board of Directors of Capgemini SE since May 27, 2010. She has been Chairman of the Compensation Committee since May 10, 2017. She has been a member of the Audit & Risk Committee and the Ethics & Governance Committee since May 7, 2014.

Ms. Laurence Dors brings to the Board of Directors her considerable experience in governance and Executive Management compensation issues, her financial and business consulting expertise and her experience in the management of leading international groups in the technology sector.

Principal office:
Ms. Laurence Dors was Senior Partner of Theano Advisors until October 1, 2018 and has been an Independent Director since then.

OFFICES HELD IN 2018 OR CURRENT OFFICES AT DECEMBER 31, 2018

Director of:
- CAPGEMINI SE* (since May 2010)
- CRÉDIT AGRICOLE S.A.* (since May 2009)
- EGIS SA (since November 2011)
- IFA (French Institute of Directors) (since May 2012)

Senior Partner of:
- THEANO ADVISORS (until October 2018)

Member of:
- IHEAL (Institute of Latin American Studies) Strategic Policy Committee (since June 2012)
- CEFA (Franco-German Economic Club) Policy Committee (since October 2005)

OTHER OFFICES HELD DURING THE LAST FIVE YEARS (OFFICES EXPIRED)

Director of:
- INHESJ (French National Institute for Advanced Studies in Security and Justice) (until April 2016)

* *Listed company.*

ROBERT FRETEL

Director representing employees
Member of the Strategy & CSR Committee

Date of birth:
October 17, 1957

Nationality:
French

Business address:
Capgemini Technology Services
109, avenue Eisenhower
31036 Toulouse

First appointment:
2016

Expiry of term of office:
2020
(Ordinary Shareholders' Meeting held to approve the 2019 financial statements)

Number of shares held at Dec. 31, 2018:
12

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Mr. Robert Fretel has an engineering degree from Institut du Génie Chimique (Toulouse).

He began his career in 1981 as a mathematics teacher in France and then Tunisia under a cooperation program.

In 1984, he joined the water treatment company, NALCO, as a technical sales engineer, where he developed software for the sales team. In 1986, he moved to Compagnie Générale d'Informatique, where during 7 years he performed assignments for clients such as Citroen and then EDF, focusing on the design and development of the development and operating technical architecture of an invoicing application (100 operating sites, Bull and IBM). He also performed training assignments both internally and for clients such as Crédit Agricole and Caisse d'Épargne.

Mr. Robert Fretel joined Capgemini Toulouse in November 1993 and now has 25 years' experience with the Group.

In addition to his operational duties, Robert Fretel has been an employee representative for 21 years within Capgemini and has developed over this period employee dialogue and mediation with many employees and Management. He has also been a member of the International Works Council (IWC) for 10 years.

Mr. Robert Fretel has therefore gained considerable knowledge of employee representative bodies and their activities, as well as of employee consultation processes.

He joined the Board of Directors of Capgemini SE on September 1, 2016 as a director representing employees. He is also a member of the Strategy & Investment Committee (renamed Strategy & CSR Committee in March 2019).

Mr. Robert Fretel brings to the Board the perspective of an employee with considerable knowledge and experience of technological environments and their digital transformation. As a result of his duties, Mr. Robert Fretel also has an in-depth understanding of the Capgemini group and its businesses.

Principal office:
Mr. Robert Fretel is a software architect/MVS expert and software engineer with Capgemini Technology Services.

OFFICES HELD IN 2018 OR CURRENT OFFICES AT DECEMBER 31, 2018

Director of:
- CAPGEMINI SE* (since September 2016)

OTHER OFFICES HELD DURING THE LAST FIVE YEARS (OFFICES EXPIRED)

N/A

* *Listed company.*

SIÂN HERBERT-JONES

Independent Director
Member of the Audit & Risk Committee

Date of birth:
September 13, 1960

Nationality:
British

Business address:
Capgemini SE
11, rue de Tilsitt
75017 Paris

First appointment:
2016

Expiry of term of office:
2020
(Ordinary Shareholders' Meeting held to approve the 2019 financial statements)

Number of shares held at Dec. 31, 2018:
1,000

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Siân Herbert-Jones is notably a British Chartered Accountant. Elle a tout d'abord exercé pendant 13 ans au sein du Cabinet PricewaterhouseCoopers, à la fois au bureau de Londres puis de Paris, où elle a été en charge des fusions et acquisitions (de 1983 à 1993). She then joined the Sodexo Group, where she spent 21 years, including 15 years as Chief Financial Officer and member of the Executive Committee (until February 28, 2016). She is currently a director of l'Air Liquide SA (since 2011) where she chairs the Audit and Accounts Committee. She has also been a director of Bureau Veritas since May 17, 2016 and has been a member of the Audit & Risk Committee since May 2017.

Ms. Siân Herbert-Jones joined the Board of Directors of Capgemini SE on May 18, 2016. She has been a member of the Audit & Risk Committee (formerly the Audit Committee) since this date.

Of British nationality, she brings strong financial and audit expertise to the Board, as well as her experience with international transactions, particularly in the service sector (BtoB). She also contributes to the Board her multi-cultural management experience and expertise and her experience as an Independent Director on the Boards of leading international companies.

Principal office:
Independent Director

OFFICES HELD IN 2018 OR CURRENT OFFICES AT DECEMBER 31, 2018

Director of:
- CAPGEMINI SE* (since May 2016)
- L'AIR LIQUIDE SA* (since May 2011)
- BUREAU VERITAS* (since May 2016)
- COMPAGNIE FINANCIÉRE AURORE INTERNATIONALE, a Sodexo group subsidiary (since February 2016)

OTHER OFFICES HELD DURING THE LAST FIVE YEARS (OFFICES EXPIRED)

Chief Financial Officer and member of the Executive Committee of:
- SODEXO* (until February 2016)

Offices held in Sodexo Group:

Chairman of:
- Etin SAS (until February 2016)
- SOFINSOD SAS (until February 2016)
- SODEXO ETINBIS SAS (until February 2016)

Permanent Representative of Sofinsod SAS on the Supervisory Board of:
- ONE SCA (until February 2016)

Director of:
- SODEXHO AWARDS CO (until February 2016)
- SODEXO JAPAN KABUSHIKI KAISHA Ltd (until February 2016)
- SODEXHO MEXICO SA DE CV (until February 2016)
- SODEXHO MEXICO SERVICIOS DE PERSONAL SADE CV (until February 2016)
- SODEXO REMOTE SITES THE NETHERLANDS B.V (until February 2016)
- SODEXO REMOTE SITES EUROPE Ltd (until February 2016)
- UNIVERSAL SODEXHO EURASIA Ltd (until February 2016)
- SODEXO, INC (until February 2016)
- SODEXO MANAGEMENT, INC. (until February 2016)
- SODEXO REMOTE SITES USA, INC. (until February 2016)
- SODEXO SERVICES ENTERPRISES LLC (until February 2016)
- UNIVERSAL SODEXHO SERVICES DE VENEZUELA SA (until February 2016)
- UNIVERSAL SODEXHO EMPRESA DE SERVICIOS Y CAMPAMENTOS SA (until February 2016)
- SODEXO GLOBAL SERVICES UK Ltd (until February 2016)

Member of the Management Board of:
- SODEXO EN FRANCE SAS (until February 2016)
- SODEXO ENTREPRISES SAS (until February 2016)
- SODEXO PASS INTERNATIONAL SAS (until February 2016)
- ONE SAS (until February 2016)
- ONE SCA (until February 2016)

* *Listed company.*

KEVIN MASTERS

Director representing employees
Member of the Compensation Committee

Date of birth:
May 27, 1956

Nationality:
British

Business address:
Capgemini UK
No.1 Forge End
Woking – Surrey
GU21 6DB
United Kingdom

First appointment:
2016

Expiry of term of office:
2020
(Ordinary Shareholders' Meeting held to approve the 2019 financial statements)

Number of shares held at Dec. 31, 2018:
0

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Mr. Kevin Masters joined the Capgemini group in 1973. Experience gained within Capgemini mainly revolves around managing large groups of people in an operations or support environment.

Mr. Kevin Masters has been engaged in the employee consultation process as the Chairman of both the Outsourcing Forum and National Works Council Groups since 2001. He was elected as the UK representative on the International Works Council (IWC), then as a member of the IWC Office, where he was the Secretary until his appointment as director representing employees in September 2016.

Between July 2014 and September 2016, Mr. Kevin Masters was invited as Secretary of the IWC to become a non-voting member of the Capgemini SE Board of Directors. He was then also a permanent guest of the Compensation Committee.

Mr. Kevin Masters was appointed as a director representing employees on the Capgemini SE's Board of Directors with effect from September 1, 2016. He is also a member of the Compensation Committee.

Mr. Kevin Masters brings to the Board of Directors his great knowledge of the Capgemini group and of its businesses, his experience of technological environments, as well as the vision of an employee of Anglo-Saxon culture, thus contributing to the diversity of profiles represented on the Board.

Principal office:
Project Management, Cloud Infrastructure Services with Capgemini UK.

OFFICES HELD IN 2018 OR CURRENT OFFICES AT DECEMBER 31, 2018

Director of:
- CAPGEMINI SE* (since September 2016)

OTHER OFFICES HELD DURING THE LAST FIVE YEARS (OFFICES EXPIRED)

N/A

* *Listed company.*

Date of birth:
February 23, 1960

Nationality:
French

Business address:
Crédit Agricole S.A.
50, avenue Jean Jaurès
92120 Montrouge

First appointment:
2014

Expiry of term of office:
2022
(Ordinary Shareholders' Meeting held to approve the 2021 financial statements)

Number of shares held at Dec. 31, 2018:
1,000

XAVIER MUSCA

Independent Director
Chairman of the Audit & Risk Committee

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A graduate of Institut d'Etudes Politiques in Paris and École Nationale d'Administration, Mr. Xavier Musca began his career at the General Finance Inspectorate in 1985. In 1989, he joined the Treasury Directorate, where he became head of the European Affairs Bureau in 1990. In 1993, he was called to the Prime Minister's staff, then returned to the Treasury Directorate in 1995. Between 2002 and 2004, he was Principal Private Secretary to Francis Mer, Minister for the Economy, Finance and Industry, then appointed Treasury Director in 2004. He was subsequently appointed Director General of Treasury and Economic Policy in June 2005. In these positions, he played a key role in preparing major European and global summits at the start of the financial crisis. He was the French negotiator at IMF and World Bank meetings and coordinated the bailout of the European Union banking sector with his European counterparts. In 2009, he became Deputy Secretary General to the French President in charge of economic affairs and was responsible for negotiations at the G20 meeting in London on April 2, 2009 on placing the global financial system on a sounder footing and improving supervision and the fight against tax havens. He was appointed Secretary General to the French President in 2011.

On June 13, 2012, Mr. Xavier Musca was appointed Deputy Chief Executive Officer of Crédit Agricole SA, responsible for International retail banking, Asset management and Insurance. He has been Deputy Chief Executive Officer of Crédit Agricole SA, as effective second Executive Director of Crédit Agricole SA since May 2015.

Mr. Xavier Musca is a Knight of the Legion of Honor, the National Order of Merit and the Order of Agricultural Merit.

Mr. Xavier Musca joined the Board of Directors of Capgemini SE on May 7, 2014. He has been a member of the Audit & Risk Committee (formerly the Audit Committee) since this date and was appointed Chairman on December 7, 2016. Mr. Xavier Musca brings to the Board of Directors his management experience with a major international group and his financial expertise. He has in-depth knowledge of the financial sector, including both retail and BtoB services, which accounts for some 25% of Group revenues. He also provides the Board with his knowledge of economic globalization issues.

Principal office:
Mr. Xavier Musca has been Deputy Chief Executive Officer of Crédit Agricole SA since July 2012.

OFFICES HELD IN 2018 OR CURRENT OFFICES AT DECEMBER 31, 2018

Director of:
- CAPGEMINI SE* (since May 2014)

Offices held in Crédit Agricole Group:

Deputy Chief Executive Officer (since July 2012) and effective second Executive Director (since May 2015) of:
- CRÉDIT AGRICOLE SA* (Member of the Management Committee – Member of the Executive Committee)

Chairman of:
- AMUNDI SA* Director (since July 2012, renewed in April 2015) and Chairman (since December 7, 2016)
- CA CONSUMER FINANCE (since July 2015)

Director – Vice-Chairman of:
- PREDICA (since November 2012)

Director of:
- CA ASSURANCES (since November 2012)
- CARIPARMA (ITALY) (since October 2016)

Permanent Representation of Crédit Agricole SA on the Board of Directors of:
- PACIFICA (since October 2012)

OTHER OFFICES HELD DURING THE LAST FIVE YEARS (OFFICES EXPIRED)

Offices held in Crédit Agricole Group:

Vice-Chairman of the Supervisory Board of:
- CRÉDIT DU MAROC* (until 2015)

Vice-Chairman of:
- UBAF (until 2015)

Member of the Executive Committee of:
- CARIPARMA (ITALY) (until 2015)

Director – Vice-Chairman of:
- CRÉDIT AGRICOLE EGYPT S.A.E.* (until 2015)

Director of:
- CACI (until 2017)
- CACEIS (until 2015)
- BESPAR (until 2014)
- BANCO ESPIRITO SANTO (until 2014)

* *Listed company.*

FRÉDÉRIC OUDÉA

Independent Director
Member of the Ethics & Governance Committee

Date of birth:
July 3, 1963

Nationality:
French

Business address:
Tours Société Générale,
75886 Paris Cedex 18

First appointed:
2018

Expiry of term of office:
2022
(Ordinary Shareholders' Meeting held to approve the 2021 financial statements)

Number of shares held at Dec. 31, 2018:
1,000

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Frédéric Oudéa is a graduate of the École Polytechnique and the École Nationale d'Administration.

From 1987 to 1995, Frédéric Oudéa held various positions in the French senior civil service (Audit Department of the Ministry of Finance, Ministry of Economy and Finance, Budget Ministry, Private Office of the Minister of Budget and Communication). In 1995, he joined Société Générale and in 1996 he was appointed Deputy Head then Head of the bank's Corporate Banking arm in London. In 1998, he became Head of Global Supervisory and Development of the Equities division. In May 2002, he was named Deputy Chief Financial Officer of Société Générale Group, followed by Chief Financial Officer in January 2003. In 2008 he was appointed CEO of the Group, before becoming Chairman and Chief Executive Officer in 2009. Following the regulatory split between the roles of Chairman and Chief Executive, he was appointed Chief Executive Officer in May 2015. In 2010, he was named Chairman of the Steering Committee on Regulatory Capital ("SCRC") at the Institute of International Finance ("IIF") and is President of the European Banking Federation ("EBF") since January 2015.

Mr. Frédéric Oudéa joined the Board of Directors of Capgemini SE on May 23, 2018 and was appointed a member of the Ethics & Governance Committee on the same date.

Mr. Frédéric Oudéa will bring to the Board his experience in managing a leading banking group with an ambitious international development plan and highly innovative in Digital.

Principal office:
Mr. Frédéric Oudéa has been Chief Executive Officer of Société Générale since May 2015.

OFFICES HELD IN 2018 OR CURRENT OFFICES AT DECEMBER 31, 2018

Director of:
- CAPGEMINI SE* (since May 23, 2018)

Chief Executive Officer of:
- SOCIÉTÉ GÉNÉRALE* (since May 2015)

OTHER OFFICES HELD DURING THE LAST FIVE YEARS (OFFICES EXPIRED)

N/A

* *Listed company.*

Date of birth:
June 24, 1963

Nationality:
French

Business address:
TOTAL S.A.
2, Place Jean Millier
92400 Courbevoie

First appointment:
2017

Expiry of term of office:
2021
(Ordinary Shareholders' Meeting held to approve the 2020 financial statements)

Number of shares held at Dec. 31, 2018:
1,000

PATRICK POUYANNÉ

Independent Director
Member of the Strategy & CSR Committee

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Mr. Patrick Pouyanné is a graduate of École Polytechnique and a Chief Engineer of France's Corps des Mines. Between 1989 and 1996, he held various administrative positions in the Ministry of Industry and other cabinet positions (technical advisor to the Prime Minister in the fields of the Environment and Industry – Édouard Balladur – from 1993 to 1995, Chief of Staff for the Minister for Information and Aerospace Technologies – François Fillon – from 1995 to 1996). In January 1997, he joined Total's Exploration & Production division, first as Chief Administrative Officer in Angola, before becoming Group representative in Qatar and President of the Exploration and Production subsidiary in that country in 1999. In August 2002, he was appointed President, Finance, Economy and IT for Exploration & Production. In January 2006, he became President, Strategy, Growth and Research in Exploration & Production and was appointed a member of the Group's Management Committee in May 2006. In March 2011, Mr. Patrick Pouyanné was appointed Vice-President, Chemicals, and Vice-President, Petrochemicals. In January 2012, he became President, Refining & Chemicals and a member of the Group's Executive Committee.

On October 22, 2014, he was appointed Chief Executive Officer of TOTAL S.A. and President of the Group's Executive Committee. On May 29, 2015, the Annual Shareholders' Meeting appointed him a director of TOTAL S.A. for a three-year term. TOTAL's Board of Directors appointed him as its Chairman from December 19, 2015. Mr. Pouyanné is now Chairman and Chief Executive Officer of TOTAL. Mr. Pouyanné's term of office was renewed by the Shareholders' Meeting of June 1, 2018 for a period of three years and the Board of Directors confirmed him in his duties of Chairman of the Board and Chief Executive Officer for the same period.

Mr. Pouyanné has been a director of Capgemini SE since May 10, 2017 and a member of the Strategy & Investment Committee since September 1, 2017 (renamed Strategy & CSR Committee in March 2019).

He brings to the Board of Directors of Capgemini his expertise in macroeconomic and geopolitic issues and his experience in managing a leading international energy group, a sector where new technologies play an essential role.

Principal office:
Mr. Patrick Pouyanné has been Chairman and Chief Executive Officer of TOTAL S.A. since December 2015. He has been a Director of TOTAL S.A. since May 2015 and is Chairman of the Strategy & CSR Committee.

OFFICES HELD IN 2018 OR CURRENT OFFICES AT DECEMBER 31, 2018

Director of:
- CAPGEMINI SE* (since May 2017)

Chairman and Chief Executive Officer of:
- TOTAL S.A.* (since December 2015)

OTHER OFFICES HELD DURING THE LAST FIVE YEARS (OFFICES EXPIRED)

Offices held in TOTAL Group:

Chairman and Director of:
- TOTAL RAFFINAGE-CHIMIE (until 2014)
- TOTAL PETROCHEMICALS & REFINING SA/NV (until 2014)

* *Listed company.*

PIERRE PRINGUET

Independent Director
Lead Independent Director and
Chairman of the Ethics & Governance Committee
Member of the Compensation Committee

Date of birth:
January 31, 1950

Nationality:
French

Business address:
Pernod Ricard
12, place des États-Unis
75783 Paris Cedex 16

First appointment:
2009

Expiry of term of office:
2021
(Ordinary Shareholders' Meeting held to approve the 2020 financial statements)

Number of shares held at Dec. 31, 2018:
1,700

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Mr. Pierre Pringuet is a graduate of École Polytechnique and École des Mines. He started his career in the French civil service, where he was appointed as an advisor to government minister Michel Rocard (1981-1985), before being given responsibility for the Farming and Food Processing Industries at the Ministry of Agriculture. He joined Pernod Ricard in 1987 as Development Director, playing an active role in the Group's international development and holding the positions of Managing Director of Société pour l'Exportation de Grandes Marques (1987-1996) and then Chairman and Chief Executive Officer of Pernod Ricard Europe (1997-2000). In 2000, he joined Patrick Ricard at the Headquarters as one of Pernod Ricard's two joint CEOs. He was appointed a director of Pernod Ricard in 2004 and led the successful acquisition of Allied Domecq in 2005 and its subsequent integration. In December of the same year, he became the Group's Deputy Chief Executive Officer & Chief Operating Officer. In 2008, he carried out the acquisition of Vin&Sprit (V&S) and its brand Absolut Vodka, which completed Pernod Ricard's international development. Following the withdrawal of Patrick Ricard from his operational duties, he was appointed Chief Executive Officer of Pernod Ricard on November 5, 2008. He performed his duties as CEO until February 11, 2015, the date of expiry of his term of office pursuant to the Company's bylaws. He was Vice-Chairman of the Board of Directors of Pernod Ricard from 2012 to January 2019 and played an active role, together with the Appointments, Governance and CSR Committee, in the management of all Corporate Governance issues. He is also a member of the Pernod Ricard Strategy Committee and Compensation Committee.

Mr. Pierre Pringuet is Vice-Chairman of the Vallourec Supervisory Board and Lead Independent Director since February 23, 2015. He is also Chairman of the Vallourec Appointments, Compensation and Governance Committee. Mr. Pierre Pringuet was appointed to the Board of Directors of ILIAD SA on July 25, 2007 and is a member of the Appointments and Compensation Committee.

Mr. Pierre Pringuet was President of the Association Française des Entreprises Privées (AFEP) (French Association of Private Enterprises) from June 2012 to May 2017.

Mr. Pierre Pringuet holds the ranks of Officer of the Legion of Honor, Knight of the National Order of Merit and Commander of the Order of Agricultural Merit.

Mr. Pierre Pringuet joined the Board of Directors of Capgemini SE on April 30, 2009. He has been Lead Independent Director and Chairman of the Ethics & Governance Committee since May 10, 2017 and a member of the Compensation Committee since June 17, 2009, which he chaired from May 2014 to May 2017.

Mr. Pierre Pringuet brings to the Board extensive experience in the Retail sector, as a senior executive of an international group. He shares with the Board his expertise in Corporate Governance issues and executive compensation, as well as his strategy and development experience, particularly in international external growth transactions.

Principal office:
Independent Director

OFFICES HELD IN 2018 OR CURRENT OFFICES AT DECEMBER 31, 2018

Director of:
- CAPGEMINI SE* (since April 2009)
- PERNOD RICARD* (since 2004)
- ILIAD SA*(since July 2007)
- AVRIL GESTION SAS (GROUPE AVRIL) (since December 2014)

Vice-Chairman of the Board of Directors of:
- PERNOD RICARD* (until January 2019)

Vice-Chairman and Lead Independent Director of the Supervisory Board of:
- VALLOUREC* (since February 2015)

Chairman of:
- Amicale du Corps des Mines (ACM) (since 2015)
- Fondation ParisTech (since January 2016)

OTHER OFFICES HELD DURING THE LAST FIVE YEARS (OFFICES EXPIRED)

Chief Executive Officer of:
- PERNOD RICARD* (until February 2015)

Chairman of:
- AFEP (French Association of Private Enterprises) (until May 2017)
- Scotch Whisky Association (until December 2017)
- AgroParisTech (until December 2016)

* *Listed company.*

Date of birth:
January 19, 1964

Nationality:
French

Business address:
Capgemini Service
76, avenue Kléber
75016 Paris

First appointment:
2012

Expiry of term of office:
2020
(Ordinary Shareholders' Meeting held to approve the 2019 financial statements)

Number of shares held at Dec. 31, 2018:
26,997

LUCIA SINAPI-THOMAS

Director representing employee shareholders
Member of the Compensation Committee

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Ms. Lucia Sinapi graduated from ESSEC business school (1986) and Paris Law University – Panthéon Assas (1988), was admitted to the Paris bar (1989), and has a financial analyst degree (SFAF 1997). She started her career as a tax and business lawyer in 1986, before joining Capgemini in 1992. She has more than 20 years' experience within Capgemini group, successively as Group Tax Advisor (1992), head of Corporate Finance, Treasury and Investors Relations (1999), then head of Risk Management and Insurance (2005), and member of the Group Review Board. She was Deputy Chief Financial Officer from 2013 until December 31, 2015 and was appointed Executive Director Business Platforms of Capgemini group in January 2016. Since January 1, 2019, Ms. Lucia Sinapi-Thomas is Executive Director of Capgemini Ventures.

Ms. Lucia Sinapi-Thomas was appointed to the Dassault Aviation Board of Directors on May 15, 2014, where she is also a member of the Audit Committee. She has also been a director of Bureau Veritas since May 22, 2013 and was appointed to the Audit & Risk Committee on the same date.

Ms. Lucia Sinapi-Thomas joined the Board of Directors of Capgemini SE as a director representing employee shareholders on May 24, 2012. She has been a member of the Compensation Committee since June 20, 2012.

Ms. Lucia Sinapi-Thomas brings to the Board her finance expertise and her extensive knowledge of the Capgemini group, its businesses, offerings and clients, enriched by her ongoing operating responsibilities. In addition, her experience as a director of Euronext listed companies provides her with a perspective offering insight relevant to Capgemini's various activities.

Principal office:
Since January 2019, Ms. Lucia Sinapi-Thomas is Executive Director of Capgemini Ventures.

OFFICES HELD IN 2018 OR CURRENT OFFICES AT DECEMBER 31, 2018

Director of:
- CAPGEMINI SE* (since May 2012)
- BUREAU VERITAS* (since May 2013)
- DASSAULT AVIATION* (since May 2014)

Executive Director of:
- Business Platforms, Capgemini (until June 2018)

Other offices held in Capgemini group:

Chairman of:
- CAPGEMINI EMPLOYEES WOLRLDWIDE S.A.S. (since June 2012)
- PROSODIE SAS (until November 2018)

Chief Executive Officer of:
- SOGETI FRANCE SAS (until July 2018)
- CAPGEMINI OUTSOURCING SERVICES S.A.S. (until January 2018)

Chairman of the Supervisory Board of:
- FCPE Capgemini

Member of the Supervisory Board of:
- FCPE ESOP CAPGEMINI

Director of:
- CAPGEMINI DANMARK A/S (Denmark) (since June 2014)
- SOGETI SVERIGE AB (Sweden) (since November 2008)
- SOGETI SVERIGE MITT AB (Sweden) (since November 2008)
- SOGETI NORGE A/S (Norway) (since January 2009)
- CAPGEMINI BUSINESS SERVICES GUATEMALA S.A. (since April 2016)
- CAPGEMINI POLSKA Sp.z.o.o. (Poland) (until April 2018)

OTHER OFFICES HELD DURING THE LAST FIVE YEARS (OFFICES EXPIRED)

Offices held in Capgemini group:

Deputy Chief Financial Officer of:
- CAPGEMINI SE* (until December 2015)

Director of:
- CAPGEMINI REINSURANCE INTERNATIONAL S.A. (Luxembourg) (until April 2016)
- EURIWARE SA (until July 2015)

* Listed company.

2.1.4 Transactions carried out by members of the Board of Directors and other senior managers in the company's shares

The following transactions were carried out in 2018 by directors and senior managers in the company's shares, based on disclosures submitted to the French Financial Markets Authority (AMF) pursuant to Article 223-26 of the AMF's general regulations and information communicated to the Company for the preparation of the Registration Document pursuant to European Commission Regulation no. 809/2004 of April 29, 2004 and European regulation no. 596/2014 of April 16, 2017:

- Mr. Paul Hermelin (Chairman and Chief Executive Officer) disclosed the following transactions:
  - acquisition on March 1, 2018 of 39,200 shares at a unit price of €102.85 following the vesting of performance shares under the July 29, 2015 plan (declaration 2018DD540321),
  - sale of 20,000 Capgemini SE shares on Euronext Paris on March 9, 2018 at a unit price of €103.3703 (declaration 2018DD541105),
  - subscription on December 18, 2018 of 116.8481 "ESOP Capgemini" FCPE units (invested in Capgemini SE shares) at a unit price of €92.28 under the 2018 employee share ownership plan (declaration 2018DD588658);
- Mr. Thierry Delaporte (Chief Operating Officer) disclosed the following transactions:
  - acquisition on August 1, 2018 of 10,000 shares at a unit price of €0.00 following the vesting of performance shares under the July 30, 2014 plan (declaration 2018DD571450),
  - subscription on December 18, 2018 of 46.4347 "ESOP Capgemini" FCPE units (invested in Capgemini SE shares) at a unit price of €92.28 under the 2018 employee share ownership plan (declaration 2018DD588668);
- Mr. Aiman Ezzat (Chief Operating Officer) disclosed the following transactions:
  - acquisition on March 1, 2018 of 13,720 shares at a unit price of €102.85 following the vesting of performance shares under the July 29, 2015 plan (declaration 2018DD540353),
  - subscription on December 18, 2018 of 112.3378 "ESOP Capgemini" FCPE units (invested in Capgemini SE shares) at a unit price of €92.28 under the 2018 employee share ownership plan (declaration 2018DD588663);
- Mr. Robert Fretel (director) disclosed the following transactions:
  - subscription on December 18, 2018 of 8.3212 "ESOP Capgemini" FCPE units (invested in Capgemini SE shares) at a unit price of €92.28 under the 2018 employee share ownership plan (declaration 2018DD588863),
- Mr. Kevin Masters (director) disclosed the following transactions:
  - subscription on December 18, 2018 of 10.9651 "ESOP Capgemini" FCPE units (invested in Capgemini SE shares) at a unit price of €92.28 under the 2018 employee share ownership plan (declaration 2018DD588670);
- Mr. Frédéric Oudéa (director) disclosed the acquisition on Euronext Paris on June 6, 2018 of 1,000 Capgemini SE shares at an average unit price of €115.3250 euros (declaration 2018DD563886);
- Ms. Lucia Sinapi (director) disclosed the following transactions:
  - acquisition on March 1, 2018 of 6,860 shares at a unit price of €102.85 following the vesting of performance shares under the July 29, 2015 plan (declaration 2018DD540440),
  - subscription on December 18, 2018 of 24.1399 "ESOP Capgemini" FCPE units (invested in Capgemini SE shares) at a unit price of €92.28 under the 2018 employee share ownership plan (declaration 2018DD588777).

2.2 Organization and activities of the Board of Directors

Ethics & Governance Committee				Board of Directors		Strategy & Investment Committee[2]			
Attendance	Members	Independence	Meetings	Attendance	Members	Attendance	Members	Independence	Meetings
97%	4	75%	8	95%	12	97%	5	50%	6
Compensation Committee				Independence[1]	Meetings	**Audit & Risk Committee**			
Attendance	Members	Independence	Meetings	78 %	9	Attendance	Members	Independence	Meetings
100%	4	100%	4	Executive Sessions		85%	3	100%	7
				2					

NB : Informations at December 31, 2018.
1. The directors representing employees and employee shareholders are not taken into account in calculating the independence rate, in accordance with the provisions of the AFEP-MEDEF Code. **2.** The Strategy & Investment Committee was renamed the Strategy & CSR Committee in March 2019.

2.2.1 Organization of the Board of Directors

The role of the Board of Directors

The principal role of the Board of Directors is to determine the key strategies of Capgemini SE and the Group it controls, to ensure that these strategies are implemented, to validate the legal and operational structure and the appointment of key managers and, more generally, to address any issues that arise in respect of the day-to-day operation of the Group. Given Capgemini's business as a service provider, the Board pays particular attention to the management of the Group's 211,300 (1) employees and thousands of managers across the globe.

Operating rules

For many years, the Capgemini SE Board of Directors has applied the best governance practices now aligned with the recommendations of the AFEP-MEDEF Corporate Governance Code to which Capgemini refers. Accordingly, the Board has:

- prepared, adopted, applied and amended where useful or necessary the **Charter of the Board of Directors**, particularly as part of a constant drive to improve the governance of the Company (see below);
- set up **four Specialized Board committees** – the Audit & Risk Committee, the Compensation Committee, the Ethics & Governance Committee, and finally the Strategy & CSR Committee – and given each a clearly defined role *(see Section 2.2.4)*;
- created the role of **Lead Independent Director** in May 2014, with specific prerogatives and duties to contribute to the balanced governance of Capgemini where the duties of Chairman and Chief Executive Officer are regrouped *(see Section 2.2.1 below)*;
- adopted a **system for allocating attendance fees**, whereby the majority of such fees are indexed to attendance at Board and Committee meetings *(see Section 2.2.5)*;
- **periodically reviewed the personal situation of each director** in light of the definition of **independence** adopted by the AFEP-MEDEF Corporate Governance Code ("a director is independent when he/she has no relationship of any sort with the Company, the Group or its Management, that is likely to impair his/her judgment") *(see Section 2.1.2)*;
- **regularly assessed its organization and operation**, either at the time of the annual internal assessment performed by the Lead Independent Director or three-yearly, through the assessment conducted by an external consultant under the responsibility of the Lead Independent Director *(see Section 2.2.3)*;
- **assessed since 2015 the effective contribution of each director** to the activities of the Board of Directors, at the time of the annual Board assessment *(see Section 2.2.3)*.

Compliance with the AFEP-MEDEF Code

Capgemini SE is constantly seeking to improve its governance and regularly monitors its compliance with the provisions of the AFEP-MEDEF Code.

Accordingly, the Company has voluntarily brought the following issues, explained in previous years by the Company, into compliance with the provisions of the AFEP-MEDEF Code:

- the Combined Shareholders' Meeting of May 18, 2016 amended the Company's bylaws to provide for the staggered renewal of the terms of office of directors, in line with Article 13.2 of the AFEP-MEDEF Code;
- in accordance with Article 21 of the AFEP-MEDEF Code, the employment contract of the Chairman and Chief Executive Officer was terminated on February 18, 2015;
- in light of the recommendations of the AMF and the Corporate Governance High Committee, the Board of Directors implemented an appraisal procedure in 2015 to assess the absence of conflicts of interest for Independent Directors.

Furthermore, since changes in the AFEP-MEDEF Code in November 2016, the following points no longer represent deviations from the provisions of the AFEP-MEDEF Code:

- performance shares are granted to Executive Corporate Officers conditional upon the acquisition of a defined quantity of shares once the shares granted are available;
- the Audit Committee has a minimum period of two days to review the accounts before their review by the Board.

(1) At December 31, 2018.

Under the "Comply or Explain" rule provided for in Article L. 225-37-4 of the French Commercial Code and stipulated in Article 27.1 of the AFEP-MEDEF Corporate Governance Code for listed companies revised in June 2018, the Company considers that its practices comply fully with the recommendations of the AFEP-MEDEF Code.

Board Charters

The Charters of the Board of Directors and the Specialized Board committees are available on the Company's website: www.capgemini.com.

Regularly updated Charters

When the legal form of the Company returned to that of a traditional limited liability company (*société anonyme*) in May 2000, a new Charter was debated and adopted by the Board of Directors.

The Charter has since been amended several times in line with changes in the Company and as part of the constant drive to improve governance with the dual aim of facilitating the collective performance of the Board of Directors' activities and satisfying the Corporate Governance expectations of shareholders and their representatives.

In particular, the position of Lead Independent Director was created in 2014. The respective duties of the Compensation Committee (formerly the Selection & Compensation Committee) and the Ethics & Governance Committee were revised in 2014. The Compensation Committee now focuses exclusively on setting Executive Corporate Officers compensation and defining compensation policy for Group senior executives and the duties of the Ethics & Governance Committee are expanded to include the selection of and succession plans for key managers of the Group. Following the 2015 Board assessment which identified the need to improve the coordination of risk monitoring activities by associating the Board of Directors and the Audit Committee, the Charter of the Audit Committee was revised in December 2016 to extend and clarify its risk monitoring duties. The Committee's name was also changed to the Audit & Risk Committee. The Charter of the Board of Directors was also amended: (i) in 2016 in a variety of areas, including risk monitoring and the participation of directors representing employees on the Board, and (ii) in May 2017, following the adoption of the European company legal status, with Capgemini SA becoming Capgemini SE.

In 2018, the Board of Directors deliberated and took due note of the changes to be made in 2019 to the Charter of the Board of Directors and its committees as a result of the evolution of the AFEP-MEDEF Code and of new regulatory and legislative requirements. These changes were approved at the March 20, 2019 meeting.

Organization of powers

The Charter sets out or clarifies the scope of and bases for exercising the various powers entrusted to the Board of Directors, the four Specialized Board committees, the Chairman and Chief Executive Officer, the Vice-Chairman and the Lead Independent Director.

The Board of Directors represents shareholders. With the exception of the Chairman and Chief Executive Officer, the directors have no individual powers and actions and decisions must therefore be taken on a collective basis.

The role of the **four Specialized Board** committees is to study and document the issues that the Board has scheduled for discussion and to present recommendations on the subjects and sectors within their remit to plenary sessions of the Board. The Committees are consultation bodies and therefore hold no decision-making powers. Their members and the Chairman are appointed by the Board of Directors and are selected exclusively from among Capgemini SE directors. They are appointed in a personal capacity and may under no circumstances be represented at the meetings of the Committee (s) to which they belong. The Board reserves the right to amend at any time the number and/or make-up of these Committees, as well as the scope of their duties. Finally, the Charters of each of the four Committee – and any amendments thereto which the Committees may later propose – must be formally approved by the Board.

As **Chairman** of the Board of Directors, the **Chairman and Chief Executive Officer** prepares, organizes and leads its work. He sets the agenda of meetings, communicates to directors all information necessary to carry out their duties and oversees the proper operation of the Company's bodies, the correct implementation of Board decisions and compliance with the rules of good conduct adopted by Capgemini. He chairs Shareholders' Meetings to which he reports on the activities and decisions of the Board.

In the absence of the Chairman, the **Vice-Chairman** chairs meetings of the Board of Directors and Shareholders' Meetings. As indicated in Section 2.1.1, he also has a specific remit to prepare changes in the Group's governance.

A **Lead Independent Director** is appointed where the duties of Chairman of the Board of Directors and Chief Executive Officer are regrouped.

The roles and composition of the Specialized Board committees are presented in Section 2.2.4. The role and prerogatives of the Lead Independent Director are set-out below.

As **Chief Executive Officer**, the **Chairman and Chief Executive Officer** has the most extensive powers to act in all circumstances in the name of the Company, subject to the restrictions presented below. He may be assisted in his duties by one or more **Chief Operating Officers**.

Limits on the powers of the Chief Executive Officer

The Charter stipulates that the Chief Executive Officer must seek and obtain prior approval from the Board of Directors for any decision which is of major strategic importance or which is liable to have a material impact, either directly or indirectly, on the financial position or commitments of the Company or those of one or more of its principal subsidiaries. This applies in particular to:

- the draft annual budget prepared in accordance with the three-year plan;
- the approval of the annual investment and divestment budget;
- the conclusion of material strategic alliances;
- acquisitions or disposals of assets or investments not recorded in the annual investment budget, individually worth more than €100 million, or for smaller investments, resulting in the €300 million cumulative annual ceiling being exceeded;
- financial transactions with a material impact on the Company financial statements or the consolidated financial statements of the Group and particularly issues of securities granting access to the Company's share capital or market debt instruments;
- the grant to employees of incentive instruments granting access to the Company's share capital and particularly performance shares;
- material internal reorganization transactions;
- material changes to the scope or range of businesses;
- increases or decreases in the share capital of a direct subsidiary of Capgemini, concerning an amount in excess of €50 million;
- specific authorizations concerning the granting of pledges, security and guarantees, other than the delegation of authority granted annually to him up to the maximum amount set by the Board of Directors.

The limits on the powers of the Chief Executive Officer set out in the Charter of the Board of Directors also apply to the Chief Operating Officers.

Lead Independent Director

As part of the constant drive to improve governance within the Company, the position of Lead Independent Director was created in May 2014 and entrusted to Mr. Daniel Bernard. Since the appointment of Mr. Daniel Bernard as Vice-Chairman of the Board of Directors in May 2017, the duties of Lead Independent Director are exercised by Mr. Pierre Pringuet, an Independent Director.

When the functions of Chairman of the Board of Directors and Chief Executive Officer are exercised by the same person, the Board of Directors appoints a Lead Independent Director. The duties of the Lead Independent Director are entrusted by the Board to the Chairman of the Ethics & Governance Committee, elected by the Board of Directors from among its members classified as independent. The duties of Lead Independent Director and Chairman of the Ethics & Governance Committee may be revoked at any time by the Board of Directors.

As for any other director, the Lead Independent Director may be a member of one or more Specialized Board committees in addition to the Ethics & Governance Committee that he chairs. He may also attend the meetings of Specialized Board committees of which he is not a member.

Roles of the Lead Independent Director

The roles of the Lead Independent Director, resulting from the Charter of the Board of Directors and Board decisions, are as follows:

- he is consulted by the Chairman of the Board of Directors on the proposed Board meeting schedule presented for the approval of the Board and on the draft agenda for each meeting of the Board of Directors;
- he can propose to the Chairman the inclusion of items on the agenda of Board of Directors' meetings at his own initiative or at the request of one of more Board members;
- he can bring together Board members in the absence of Executive Corporate Officers in so-called "executive sessions", at his own initiative or at the request of one of more Board members, to discuss a specific agenda; he chairs any such meetings;
- he leads the assessment of the composition and performance of the Board of Directors and its Specialized committees;
- he steers the search for and selection of new directors;
- he chairs meetings of the Board of Directors convened to assess the performance of the Chairman and Chief Executive Officer or the Chief Executive Officer where these functions are separated;
- he holds regular discussions with the other directors to ensure they have the means necessary to perform their duties in a satisfactory manner and in particular that they receive sufficient information prior to the Board meetings;
- he conducts specific reviews to verify the absence of conflicts of interest within the Board of Directors;
- he may communicate with Company shareholders on governance and executive corporate officer compensation issues;
- he reports on his actions to the Annual Shareholders' Meeting.

The Lead Independent Director is assisted by the General Secretary in the exercise of his duties.

Report on the Lead Independent Director's activities in 2018

The Lead Independent Director; Mr. Pierre Pringuet, focused his activities on the following areas in 2018:

- he was closely involved in the preparation of Board of Directors' meetings, particularly as concerns the different governance issues presented to the Board and was consulted by the Chairman and Chief Executive Officer on the agendas of all Board meetings;
- he monitored, jointly with the Vice-Chairman, Mr. Daniel Bernard, the management transition process launched in 2017;
- he met with several institutional investors to present Capgemini's governance principles and compensation policies as part of the Company's dialogue with its shareholders; he reported on these discussions to the Board of Directors and to the Ethics & Governance Committee, whose members include the Chairman of the Compensation Committee;
- at the end of 2018 and the beginning of 2019, he led the internal assessment of the Board and its Specialized committees for 2018, based on a questionnaire and individual meetings with each of the members of the Board. This also enabled him to assess the individual contribution of each director to the Board's activities (*see Section 2.2.3*);
- in the context of the Ethics & Governance Committee, he led the search process for candidates upstream of the Shareholders' Meeting of May 23, 2019 and participated in the integration of the new director appointed by the Shareholders' Meeting of May 23, 2018;
- he chaired the two executive sessions of the Board during the year, held without the presence of the Chairman and Chief Executive Officer. These meetings focused on:
  - (i) the compensation of the Chairman and Chief Executive Officer (attainment of his individual objectives for 2017, setting of his effective compensation for 2017 and theoretical compensation for 2018, setting of individual objectives for 2018) (session held during the Board of Directors' meeting of February 14, 2018), and
  - (ii) the grant of performance shares under the 2018 plan (session of October 3, 2018);
- he was kept informed of business between the Company and companies or structures with which directors are related and of any directorship proposals received by directors, in order to avoid any potential situations of conflict of interest. He also performed the annual review of director independence criteria;
- he reported to shareholders of the Company on his activities and on the activities of the Board and its Specialized committees in 2017 at the Shareholders' Meeting of May 23, 2018.

During recent Board assessments, and particularly during the external assessment in 2016, the directors expressed their full satisfaction with the creation of the position of Lead Independent Director in 2014, highlighting the importance of its role and activities in achieving the balance desired by the Board, in line with best governance practices.

Director ethics

The Charter of the Board of Directors sets out the main obligations of the Code of Business Ethics that Capgemini SE directors undertake to comply with throughout their term of office.

An extract of the Code of Business Ethics is included in the Charter of the Board of Directors and detailed below:

"The Directors (and any other person who attends Board or Committee meetings) are required to treat as strictly confidential matters discussed during Board or Committee meetings and all Board or committee decisions, as well as any information of a confidential nature or that is presented as such by the Chairman and Chief Executive Officer or Chairman (as applicable) or any other Director.

Each Director undertakes to comply with the following obligations, unless he/she has informed the Chairman and Chief Executive Officer or Chairman (as applicable), in writing, of any objections to one or several of such obligations:

1. Although they are themselves shareholders, the Directors represent all the shareholders and are required to act in all circumstances in the Company's interest. They are required to notify the Chairman of the Ethics & Governance Committee or the Board of any one-off conflict of interests or potential conflict of interests and to refrain from attending deliberations and voting on the related decision. Any director who has a permanent conflict of inte rest is required to resign from the Board.

   Board members must inform the Chairman of the Ethics and Governance Committee of business dealings between the Company and the companies or entities with which they are linked, as well as any offers of appointments they receive (see 3 below) in order to ensure that they are compatible with their appointment and the functions they carry out within the Company.

2. Each Director undertakes to hold (or to purchase within six months of his/her election) at least 1,000 shares of the Company. The shares acquired to fulfill this obligation must be held in registered form. This obligation does not apply to directors representing employees and employee shareholders.

3. The Directors are required to devote the necessary time and attention to their functions. The Directors may not hold more than four other appointments in French or foreign listed companies that are not members of the Capgemini group and must comply with all applicable regulations restricting the number of directorships held by a single person. The Chief Executive Officer and any Chief Operating Officers may not hold more than two other directorships in French or foreign listed companies that are not members of the Capgemini group; they must request the opinion of the Board before accepting any new appointment in a listed company. If the Chairman is not also the Chief Executive Officer, the Board may issue specific recommendations, given his/her status and specific assignments.

   During the term of their office at the Company, Directors must keep the Chairman of the Board informed of any offers of appointments they would like to accept in other French or foreign companies, and their membership on Board committees of these companies, as well as any change in their appointments or participation in these committees. If the functions of Chairman and Chief Executive Officer are combined, he/she will inform the Chairman of the Ethics & Governance Committee. The Chairman informs the Board of Directors of appointments accepted.

4. The members of the Board of Directors must attend all meetings of the Board and all meetings of the committees of which they are members, as well as all Shareholders' Meetings. In its annual Registration Document, the Company publishes Directors' individual attendance rates at meetings of the Board and the committees of which they are members, as well as their average attendance rates.

5. The Directors are obliged to keep abreast of the Company's situation and development. To this end, they may ask the Chairman to communicate on a timely basis all information that is essential to allow them to contribute effectively to the discussion of matters included on the agenda of the next Board meeting. Regarding information not available to the public that is obtained in their capacity, Directors are subject to secrecy rules extending beyond the simple requirement of discretion imposed by law.

6. In accordance with laws and regulations applicable to insider trading, as set more specifically by the French Monetary and Financial Code and the general regulations of the French Financial Markets Authority (AMF), the members of the Board of Directors shall refrain from:

   - carrying out any transactions on the securities (including derivatives) of companies about which (and in the extent to which) they have privileged information by virtue of their position as member of the Board of Directors of the Company,
   - carrying out any transactions, whether direct, indirect or through derivatives, involving the securities of the Company:
     - during a period commencing on the thirtieth calendar day preceding the public release of mid-year and full-year results and ending after the close of the first trading day following the said public release,
     - and during a period commencing on the fifteenth calendar day preceding quarterly announcements and ending after the close of the first trading day following the said public release.

7. In conformity with the Monetary and Financial Code and with the general regulations of the French Financial Markets Authority (AMF) each Director is required to notify the AMF and the Company by electronic means of all transactions carried out involving Capgemini SE securities within three business days following their execution."

The Board seeks to comply with and ensure compliance with all rules of good governance together with a certain number of values which each Board member has solemnly undertaken to respect. A "Code of Business Ethics" was drafted at its initiative and distributed to all Group employees (and is signed by all new recruits) with the following main objectives:

- ensure all Group companies comply with a certain number of rules of good behavior and primarily that of perfect integrity in the conduct of business and the management of employees;
- implement measures stopping, fighting and sanctioning non-compliance with the core values of the Group, or prevailing laws and regulations in the relevant country;
- provide an institutional framework for the actions, controls and dissuasive measures required to deal with the problems identified by these measures.

The report on the work of the Ethics & Governance Committee (see below) describes in detail the actions undertaken in 2018 by the Ethics & Compliance Department and the implementation of the Code of Business Ethics. Each of the directors signed this Code, evidencing their commitment and support (both individual and collective) for all the measures contained therein.

Director training

Integration of new directors

Capgemini ensures that directors joining the Board receive training in the specific aspects of the Group, its businesses and activity sectors, particularly through meetings with the various members of Group Management. New directors are also advised on the specific aspects of the Company's Board of Directors during meetings with the Chairman and Chief Executive Officer, the Lead Independent Director, Committee Chairmen and the Board Secretary. In addition, the new members joining the Audit & Risk Committee receive information on the specific accounting, financial and operating aspects of the Company. Furthermore, the two directors representing employees who joined the Board in September 2016 received special external training, enabling them to obtain and perfect the knowledge and techniques necessary to the exercise of their duties, in accordance with legislative provisions.

Ongoing training

Capgemini ensures that the directors have sufficient understanding of the Group, its ecosystem and its challenges. The Board members therefore meet regularly with the members of the Group Executive Board during Board and Committee meetings. The directors are also invited to the Group "*Rencontres*" gatherings, a recurring event bringing together, over three days, 500 of the Group's key managers and emerging talent. The most recent "*Rencontres*" gathering was held in October 2017. In addition, each year a Board meeting dedicated to strategy is held "off-premises" in the form of a seminar and invites key managers of the Group to contribute to Board discussions. These seminars also enable directors to constantly refine their understanding of the challenges facing the Group through themed-based presentations and site visits. In 2018, this seminar was held in New York.

Finally, in accordance with the priorities identified following the external assessment of the Board in 2016, the Board organized a range of specific training sessions throughout 2018 to enable directors increase their knowledge of the Group (through presentations of its ecosystem, challenges, businesses and certain of its regions) and its competitive environment, as well as recent market disruption trends and technological developments.

2.2.2 Activities of the Board of Directors in 2018

Board of Directors' meetings

Number of meetings and attendance rate

The Board meets at least six times a year. Meetings are convened by the Chairman in accordance with a schedule decided by the Board before the end of the prior year. This schedule may be amended during the year in response to unforeseen circumstances or at the request of more than one director.

In 2018, the Board met **nine times** during the year, six times during the first-half and three times during the second-half.

The Board retained the principle of an "off-premises" meeting in New York, focusing primarily on Group strategy. This meeting was held on June 13 and 14, 2018.

In addition, the Board held **two executive sessions** chaired by the Lead Independent Director and without the presence of the Chairman and Chief Executive Officer, to discuss the latter's compensation.

The **average attendance rate** at Board meetings was unchanged on last year at **95%**, despite the increase in the number of meetings. This demonstrates the involvement and availability of the directors throughout the year for issues of particular importance to the Group. The following table presents individual attendance rates at meetings of the Board of Directors and the Specialized committees on which the directors sit.

Number of meetings of the Board of Directors and its committees in 2018 and individual attendance rates

	Board of Directors	Ethics & Governance Committee	Strategy & Investment Committee	Audit & Risk Committee	Compensation Committee
Total number of meetings	9	8	6	7	4
Average attendance rate	95%	97%	97%	85%	100%

Individual director attendance rate

	Board of Directors		Ethics & Governance Committee		Strategy & Investment Committee		Audit & Risk Committee		Compensation Committee	
Name	**No. of meetings**	**%**	**No. of meetings**	**%**	**No. of meetings**	**%**	**No. of meetings**	**%**	**No. of meetings**	**%**
Paul HERMELIN	9	100%	-		6	100%	-		-	
Daniel BERNARD	9	100%	8	100%	6	100%	-		-	
Anne BOUVEROT	9	100%	-		6	100%	-		-	
Yann DELABRIÈRE (1)	2/4	50%	-		-		-		-	
Laurence DORS	9	100%	8	100%	-		7	100%	4	100%
Carole FERRAND (2)	4/5	80%	-		-		2/3	67%	-	
Robert FRETEL	9	100%	-		6	100%	-		-	
Siân HERBERT-JONES	8	89%	-		-		7	100%	-	
Phil LASKAWY (3)	3/4	75%	-		-		0/3	0%	-	
Kevin MASTERS	9	100%	-		-		-		4	100%
Xavier MUSCA	8	89%	-		-		7	100%	-	
Frédéric OUDÉA (4)	5/5	100%	3/3	100%	-		-		-	
Patrick POUYANNÉ	9	100%	-		5	83%	-		-	
Pierre PRINGUET	9	100%	8	100%	-		-		4	100%
Bruno ROGER (5)	4/4	100%	4/5	80%	3/3	100%	-		-	
Lucia SINAPI-THOMAS	9	100%	-		-		-		4	100%
Caroline WATTEEUW-CARLISLE (6)	4/4	100%	-		3/3	100%	-		1/1	100%

(1) Mr. Yann Delabrière's term of office as director expired at the Shareholders' Meeting of May 23, 2018 and was not renewed.
(2) Ms. Carole Ferrand resigned her term of office as director, effective May 28, 2018.
(3) Mr. Phil Laskawy's term of office as director expired at the Shareholders' Meeting of May 23, 2018 and was not renewed.
(4) Mr. Frédéric Oudéa was appointed a director by the Shareholders' Meeting of May 23, 2018.
(5) Mr. Bruno Roger's term of office as director expired at the Shareholders' Meeting of May 23, 2018 and was not renewed.
(6) Ms. Caroline Watteeuw-Carlisle's term of office as director expired at the Shareholders' Meeting of May 23, 2018 and was not renewed.

Organization and preparation

The Notice of Meeting, sent to directors two weeks before the meeting date, contains the agenda set after the Chairman and Chief Executive Officer has consulted with the Lead Independent Director and any directors who proposed specific points to be discussed by the Board.

In accordance with the Board of Directors' Charter, preparatory documentation is sent to directors a week before the meeting.

Directors are also sent or handed a summary report comparing the share price of the Capgemini SE share to that of various general and sector indexes and to its main competitors, as well as the last known consensus. In addition, important press releases (signature of major contracts, alliances, etc.) issued by the Company together with financial analysts' studies of Capgemini or the sector are regularly brought to the attention of directors.

Documents relating to the Board of Directors as well as the above-mentioned information are communicated by a secure platform accessible solely by Board members using an individual password. This platform is hosted on a server located in France. In 2015, this platform, which is used for Board of Directors' and Committee meetings, was reviewed and modernized in response to wishes expressed by directors during the 2014 Board assessment, to make it more mobile, accessible from any location and even more secure.

Activities of the Board in 2018

The agenda of Board of Directors' meetings is defined not only to provide directors with an overview of the Group's position, but also with regard to Group governance principles, which, pursuant to prevailing texts and to the Board of Directors' Charter, presuppose that Board members will make decisions on specific topics.

Group strategy, organization and CSR

- Reviewing the main market trends and disruptive technologies
- Cloud and Infrastructure strategic priorities and ambitions
- Consistency between the Group's transformation policy and its strategic ambitions
- External growth opportunities and transactions
- Monitoring the CSR strategy

Group performance

- Group performance and activities
- Active management of the Group's balance sheet and liquid assets

Governance

- Changes in the composition of the Board and its Committees
- Co-optation of Ms. Laura Desmond
- Preparation of the Shareholders' Meeting
- Assessment of the Board's activities
- Monitoring the dialogue with shareholders and proxy advisors

Management transition

- Follow-up of management transition
- Reappointment of the Chairman and Chief Executive Officer
- Reappointment of the Chief Operating Officers

Audit & Risk

- 2017 Company financial statements
- 2017 annual and 2018 half-year consolidated financial statements
- Risk monitoring (including mapping)
- Internal control and internal audit

Compensation

- Compensation of the Chairman and Chief Executive Officer and the Chief Operating Officers
- Performance share and free share grants
- New employee share ownership plan

Accordingly, in addition to approving the 2017 annual financial statements and the financial statements for the first-half of 2018 and convening the Shareholders' Meeting of May 23, 2018, the activities of the Board of Directors focused on:

1. Group strategy, performance and organization

— monitoring the implementation of decisions taken during the Group's "*Rencontres*" gathering in Geneva in October 2017 ("*Rencontres*" gathering: recurring event bringing together, over three days, around 500 of the Group's key managers and emerging talent) and, in particular, discussions on the transformation of the Group based on its strategic priorities and the implementation of a new organization;

— monitoring of Group performance and activities;

— review and monitoring of the different external growth opportunities and decision-making for matters under its authority;

— during the annual strategy seminar in June, the Board of Directors was informed of and debated the different market trends, changes in the Group's competitive environment and the strategic challenges facing the Group over a two-day period. These activities focused particularly on:

- the Group's mid-term strategic objectives,
- the positioning of competitors,
- the Group's Cloud and infrastructures strategy, and
- the transformation of the Group with the implementation of an organizational structure adapted to the Group's strategic goals.

2. Governance and management transition

— changes in the composition of the Board of Directors and its Specialized committees, with (i) an examination of the personal situation of each director with regard to the AFEP-MEDEF Code independence criteria, (ii) the renewal of three terms of office as director, including that of Mr. Paul Hermelin, the non-renewal of four terms of office on expiry and the appointment of a new director by the May 2018 Shareholders' Meeting, (iii) the appointment of Mr. Frédéric Oudéa to the Ethics & Governance Committee and the appointment of Mr. Bernard as Chairman of the Strategy & Investment Committee, (iv) the co-optation of Ms. Laura Desmond as a director for the residual term of office of Ms. Ferrand, who resigned as a director with effect from May 28, 2018, and (v) amendments to the Company's bylaws and the Charters of the Board of Directors and its Specialized committees;

— the monitoring of Capgemini's management transition with the reappointment of Mr. Paul Hermelin as Chairman and Chief Executive Officer and Messrs. Thierry Delaport and Aiman Ezzat as Chief Operating Officers. Mr. Paul Hermelin indicated his wish to seek a final term of office as Chairman and Chief Executive Officer at the 2018 Combined Shareholders' Meeting in order to organize the Group Management transition;

— the monitoring of dialogue between the Company and its shareholders and proxy advisors in preparing the Combined Shareholders' Meeting and feedback on meetings between the Lead Independent Director and several institutional investors to present Capgemini's governance principles;

— assessment of the Board of Directors' activities in 2018, based on an internal assessment launched in the fourth quarter of 2018 by the Lead Independent Director.

3. Risk monitoring

— the annual monitoring of the Group's major risks, notably through a review of the Group's risk mapping and the Group's risk management system.

4. Active management of the Group's balance sheet and liquid assets

— the proactive management of the Group's bond issue maturity schedule, by redeeming bonds maturing in July 2020 and performing a new bond issue comprising a 6-and-a-half-year €600 million tranche and a 10-year €500 million tranche;

— share capital reduction by canceling 4,023,303 treasury shares bought back under the multi-year share buyback program and the specific share buyback authorization aimed at neutralizing the dilution related to the 5th employee share ownership plan, ESOP 2018.

5. Corporate, Social and Environmental Responsibility

— annual review of the Group's Corporate Social Responsibility strategy focused on three key areas (*see Section 4.1*). The Board also decided to entrust specific duties in this area to the Strategy & Investment Committee, renaming this committee the Strategy & CSR Committee in March 2019.

6. Compensation of the Chairman and Chief Executive Officer and long-term compensation of employees

— in February 2018 (i) setting of 2018 variable compensation individual objectives for the Chief Operating Officers (in their absence) and (ii)) setting of the Chairman and Chief Executive Officer's compensation for 2017 and assessment of the attainment of 2017 variable compensation objectives and setting of his fixed compensation and objectives for 2018 (executive session during the Board meeting of February 14, 2018);

— in May 2018, confirmation of application of the decisions of the Board of Directors' meeting of February 2018 regarding (i) Mr. Paul Hermelin's 2018 compensation, following his reappointment as Chairman and Chief Executive Officer after the renewal of his term of office as director, and (ii) the 2018 compensation of Messrs. Thierry Delaporte and Aiman Ezzat following their reappointment as Chief Operating Officers and particularly entitlement to severance indemnities and a non-compete undertaking;

— in December 2018, (i) an initial assessment of the attainment by the Chief Operating Officers of their 2018 objectives and preliminary discussions on their individual objectives for 2019 (in their absence), and (ii) an initial assessment of the attainment by the Chairman and Chief Executive Officer of his 2018 objectives and preliminary discussions on his individual objectives for 2019;

— grant of performance shares to 1,213 Group managers, including Messrs. Paul Hermelin, Thierry Delaporte and Aiman Ezzat (executive session during the Board meeting of October 3, 2018);

— authorization to carry out a share capital increase reserved for employees under the Group's 5th employee share ownership plan (ESOP 2018), involving a maximum issue of 2,500,000 shares.

Financial authorizations

A summary table of current delegations of authority granted by Shareholders' Meetings to the Board of Directors to perform share capital increases and detailing utilizations of these delegation in 2018, is presented in Section 6.1.2 of this Registration Document.

2.2.3 Assessment of the Board of Directors

The Lead Independent Director conducted an assessment of the Board of Directors' activities in 2018. The results of this assessment are presented below.

Furthermore, in accordance with the three-year frequency recommended by the AFEP-MEDEF Code, a formal assessment of the activities of the Board of Directors and its Specialized committees was performed at the end of 2016 with the assistance of an external service provider. The conclusions of this assessment led to the implementation of specific action plans in 2017.

2017 assessment: conclusions and actions implemented in 2018

An internal assessment of the activities of the Board of Directors and its Specialized committees in 2017 was conducted under the responsibility of the Lead Independent Director and was presented in detail in the 2017 Registration Document.

The following priorities were identified:

— Management transition as part of the Executive Management succession plan

- reiteration by the Board that this constitutes its main priority for the coming two years, and consequently that of the Ethics and Governance Committee,
- confirmation of the specific assignment entrusted to the Vice-Chairman of the Board, Mr. Daniel Bernard, working with an *ad hoc* committee, to closely monitor the management transition phase.

— Composition of the Board of Directors

- implementation of the following objectives over a four-year period (2018-2022): (i) international diversification to reflect changes in Capgemini's geographic spread and businesses, (ii) diversification of profiles and expertise, (iii) staggered renewal of terms of office and (iv) maintenance of a measured number of directors enabling coherence and collective decision-making.

— Coordination of work between the Strategy & Investment Committee and the Board

- better coordination of work between the Strategy & Investment Committee and the Board, with notably more systematic formal reports by the Committee to Board meetings and regular and in-depth presentations of the Group's strategy during Board meetings.

— Preparation of Board and Committee meetings

- themed-based scheduling of meetings and more systematic forward-planning over at least 12 months of schedules and notably events organized alongside Board meetings (training sessions, diners, etc.).

As a result of this assessment, the following actions were introduced in 2018:

— **management transition**: The respective roles of the Chief Operating Officers were presented to the directors and regular exchanges between the Chief Operating Officers and the directors were organized. In addition, the *ad hoc* committee continued to monitor management transition in 2018. Mr. Xavier Musca replaced Mr. Bruno Roger on this committee, following expiry of the latter's term of office on May 23, 2018. Since May 2018, this committee comprises Messrs. Daniel Bernard (Vice-Chairman of the Board and Chairman of the Strategy & Investment Committee), Xavier Musca (Chairman of the Audit & Risk Committee), and Pierre Pringuet (Lead Independent Director and Chairman of the Ethics & Governance Committee);

- **composition of the Board of Directors**: the Board of Directors implemented the various four-year objectives (2018-2022) regarding: (i) international diversification of its composition (co-optation on December 5, 2018 of Ms. Laura Desmond, a US citizen), (ii) diversification of profiles and expertise (appointment of Mr. Frédéric Oudéa by the Shareholders' Meeting of May 23, 2018 and co-optation of Ms. Laura Desmond by the Board of Directors' meeting of December 5, 2018), (iii) staggered renewal of terms of office (renewal of three terms of office out of seven and appointment of one director at the Shareholders' Meeting of May 23, 20018), and (iv) maintenance of a measured number of directors enabling coherence and collective decision-making (following the Shareholders' Meeting of May 23, 2018, the total number of directors decreased from 16 to 13 members);
- **coordination of work between the Strategy & Investment Committee and the Board**: formal reports were submitted by this Committee to Board meetings and regular and in-depth presentations of the Group's strategy were made during Board meetings. A work program was defined for the Strategy & Investment Committee in agreement with the Board of Directors;
- **preparation of Board and Committee meetings**: schedules for Board meetings and other events were presented to directors for approval.

2018 Assessment: conclusions and priorities for 2019

The Lead Independent Director's internal assessment of performance in 2018 focused particularly on the composition of the Board of Directors, its activities and the individual contribution of directors.

A questionnaire was sent to all directors at the end of 2018. This questionnaire covered both the composition and activities of the Board of Directors and the activities of the Specialized committees on which they sit. In addition, it offered the opportunity to take stock of actions implemented in 2018 following the 2017 internal assessment.

The Lead Independent Director met individually with each member of the Board of Directors to discuss the comments raised in the questionnaire and the effective contribution of each director to the Board's activities.

These procedures showed that the changes introduced following the previous internal assessment were considered an improvement and appreciated by directors. The Board of Directors notably highlighted the enriched content of the presentations made during the annual strategy session as well as during the frequent information sessions organized as part of ongoing director training. They also noted the greater relevance of the issues covered. Directors also expressed their general satisfaction with the activities and organization of the Board and its Committees. The quality of the orientation program for new directors was welcomed. Finally, directors indicated their satisfaction with the management transition process implemented since 2017 and its monitoring until completion mid-2020.

Following this internal assessment, the Board set the following priorities for 2019:

- Management transition as part of the Executive Management succession plan

  The management transition process with a view to the CEO succession scheduled for mid 2020, remains the Board's number one priority. It plans to step-up its monitoring in 2019 with the support of the *ad hoc* committee and the Ethics & Governance Committee.

  For more information on management transition, please refer to Section 2.1.1 (History and governance structure – period five).

- Composition of the Board of Directors

  Continuation of the 2018-2022 objectives set following the previous assessment (international diversification, diversification of profiles, staggered renewal of terms of office, maintenance of a measured number of directors enabling coherence and collective decision-making) and, in particular:

  - search for profiles primarily satisfying the international and expertise diversification objectives,
  - scheduling of the renewal and replacement of directors, taking into account the staggered renewal of offices, gender balance and independence.

- Definition and monitoring of mid-term strategic objectives

  Continued increased involvement of the Board and better coordination of work between the Strategy & Investment Committee and the Board in this area.

2.2.4 Role and composition of the four Specialized Board committees

The Audit & Risk Committee

85% Attendance | Members | **100%** Independence | **7** Meetings

N.B. All figures are up to date at December 31, 2018.

Committee duties

The duties of the Audit Committee were changed on December 7, 2016 to strengthen risk management and include the impacts of the European statutory audit reform. The Committee name was also changed to the Audit & Risk Committee.

These changes in the Committee's duties followed the concerns expressed by directors during the assessment of the Board's activities in 2015 to improve risk monitoring by associating the Board of Directors and the Audit Committee.

In accordance with Article L. 823-19 of the French Commercial Code, the French Financial Markets Authority (AMF) recommendation of July 22, 2010 and best market practice, the duties of the Audit & Risk Committee fall into three categories.

Firstly, the Audit & Risk Committee monitors issues concerning the preparation and control of financial and accounting information. It monitors the financial information preparation process and, where applicable, suggests recommendations to guarantee its integrity. It examines the draft annual and half-yearly consolidated financial statements of the Group, the annual accounts of Capgemini SE and the management presentation of risk exposure and material off-balance sheet commitments of the Company, as well as the accounting options adopted.

Following the amendment of its Charter in March 2019, it ensures that there is a rigorous process for preparing the Group's non-financial information and reviews the draft non-financial performance statement.

Secondly, the Audit & Risk Committee ensures the existence and efficiency of internal control systems, internal audit and the management of major risks to which the Group is exposed in the course of its business. Following the strengthening of these risk monitoring duties, the Committee must notably review the major risks to which the Group may be exposed at least once annually, in particular through a review of the risk mapping prepared and updated by the Group Management Risk Committee.

Finally, the Committee is responsible for monitoring the statutory audit of the annual and half-yearly consolidated financial statements of the Group and the annual accounts of the Company, ensuring the independence of the Statutory auditors and generally monitoring the conduct of their engagements.

Where it considers it useful or necessary, the Audit & Risk Committee may be assisted by experts appointed for this purpose.

Composition and participation

The Committee has three directors since June 1, 2018, as Ms. Carole Ferrand and Mr. Phil Laskawy are no longer members from this date (*see Section 2.1.2 – Changes in the composition of the Board in 2018*):

Mr. Xavier Musca (Chairman and Independent Director), **Ms. Laurence Dors** (Independent Director) and **Ms. Siân Herbert-Jones** (Independent Director).

Through their professional careers, Audit & Risk Committee members have amassed the necessary accounting and financial expertise to perform their duties. Mr. Xavier Musca acquired considerable expertise in the French and international financial and banking sectors throughout his career in the French civil service, ministerial offices and the private sector. Ms. Siân Herbert-Jones was Chief Financial Officer of Sodexo from 2001 to 2016. Finally, Ms. Laurence Dors' career in Executive Management positions and the Economy and Finance Ministry allows her to contribute both financial expertise and a transversal view of organizations.

The Committee met seven times in 2018, with an average attendance rate of 85%.

The individual attendance rate of each member of the Audit & Risk Committee was as follows:

Xavier MUSCA (Chairman)	100%
Laurence DORS	100%
Carole FERRAND*	67%
Siân HERBERT-JONES	100%
Phil LASKAWY**	0%

* Ms. Carole Ferrand resigned as a director with effect from May 28, 2018. She attended two of the three meetings during the relevant period.

** Mr. Phil Laskawy's term of office as director expired at the Shareholders' Meeting of May 23, 2018 and was not renewed.

Committee activities in 2018

The Committee reviewed the annual accounts of Capgemini SE and the consolidated financial statements of the Group for the year ended December 31, 2017 and the half-year ended June 30, 2018.

It focused in particular on the accounting treatment of events with a material impact on the annual or half-year financial statements.

It notably reviewed the valuation of goodwill and the monitoring of US deferred tax assets in the context of the tax reforms and the impact of new tax measures. It also reviewed changes in research tax credits in France, the change in provisions for pensions and other post-employment benefits, the accounting treatment of acquisitions, the analysis of other operating income and expenses and the impact of application of IFRS 15 on revenue recognition.

The Committee also monitored changes in the situation in Brazil and of the Group in India.

The Statutory auditors reported to the Board on the quality of the accounting monitoring of projects and the good control of the accounts closing process.

As part of its risk management supervisory activities, the Audit & Risk Committee reviewed the new structure implemented by Group Management and issued a highly favorable opinion. It was informed during the year of issues concerning the monitoring of priority risks.

In this context, the Committee interviewed:

- **Mr. Philippe Christelle**, Internal Audit Director, questioning him on working methods, planning, areas of intervention and the findings of audits carried out during the year;
- **Mr. André Cichowlas**, Delivery Director (Production/Methods and Support) and Support Services, questioning him in particular on the impact on the operating accounts of major contracts that are separately monitored;
- finally **Mr. Jean-Baptiste Massignon**, Group General Secretary also in charge of pre-sales risk management, questioning him on the activities of the Group Review Board during the period and the terms and conditions of major commercial proposals.

Finally, the Committee took note of the non-audit services approved during the fiscal year and finalized its work program for 2019.

The Compensation Committee

100% Attendance | Members | **100%**[1] Independence | **4** Meetings

N.B. All figures are up to date at December 31, 2018
(1) The directors representing employees and employee shareholders are not taken into account in calculating the independence rate, in accordance with the provisions of the AFEP-MEDEF Code.

Committee duties

On October 8, 2014, the Selection & Compensation Committee changed its name to the "Compensation Committee" and now concentrates exclusively on setting the compensation of Executive Corporate Officers and defining compensation policies for Group executives. This committee has several duties set out in its Charter, last amended by the Board of Directors on June 17, 2015.

Firstly, it must present proposals to the Board of Directors on the fixed and variable compensation of Executive Corporate Officers and, with regards to the variable portion and where appropriate, propose a detailed list of individual objectives (quantitative and qualitative), enabling an assessment of performance and the calculation of the variable compensation component (s). To this end, the Committee meets in the final quarter of each year (Y) to propose to the Board of Directors executive corporate officer objectives for the following year (Y+1) and at least once at the beginning of Y+1 to prepare the assessment by the Board of Directors of performance in the previous year. The Committee reviews the information presented to shareholders for the vote on executive corporate officer compensation (so-called "Say on Pay") and is consulted on financial terms and conditions in the event of the appointment or departure of an executive corporate officer.

The Compensation Committee must be informed of the compensation policies adopted by Capgemini group companies in the management of senior executive careers and the application of these policies with respect to the Group's medium and long-term strategy presented to the Board of Directors. The Committee must also be informed annually by Group Management of the (fixed and variable) compensation of Executive Committee members. Following the amendment of its Charter in March 2019, the Committee ensures that the Group Management implements diversity policies for management bodies.

Finally, the Committee reviews the various schemes enabling senior executives to better share in the Group's profits (long-term incentive instruments and particularly performance share grants, Group savings schemes, etc.) and proposes to the Board of Directors the incentive instruments it considers appropriate and capable of being implemented in all (or certain) Capgemini group companies.

Composition and participation

The Committee has four directors since June 1, 2018, as Ms. Caroline Watteeuw-Carlisle is no longer a member from this date (*see Section 2.1.2 – Changes in the composition of the Board in 2018*):

Ms. Laurence Dors (Chairman and Independent Director), **Mr. Pierre Pringuet** (Independent Director), **Mr. Kevin Masters** (Director representing employees) and **Ms. Lucia Sinapi-Thomas** (Director representing employee shareholders).

This Committee met four times in 2018, with an average attendance rate of 100%.

The individual attendance rate of each member of the Compensation Committee was as follows:

Laurence DORS (Chairman)	100%
Kevin MASTERS	100%
Pierre PRINGUET	100%
Lucia SINAPI-THOMAS	100%
Caroline WATTEEUW-CARLISLE*	100%

* Ms. Caroline Watteeuw-Carlisle's term of office as director expired at the Shareholders' Meeting of May 23, 2018 and was not renewed. She therefore attended one of the four meetings held during the relevant period.

Committee activities in 2018

In accordance with the Committee's remit, it ensured throughout 2018 the consistency of the Group's senior Executive Management compensation policy. Its Chairman regularly reported on the Committee's work and presented recommendations to the Board of Directors concerning the following areas:

- the consistency of the general compensation policy of the Group and its subsidiaries;
- the compensation of Executive Corporate Officers and members of the Executive Committee. These recommendations focused at the beginning of the year on:
  - an appraisal of the individual performance of each of these managers compared with their objectives set at the beginning of the year,
  - the calculation of the variable compensation paid after the Shareholders' Meeting vote for Executive Corporate Officers, and during the first quarter of the following year for other Executive Committee members,
  - adjustment of the fixed compensation and theoretical variable portion for the following year,
  - setting objectives to be used for the current year as a basis for defining the calculation of the actual variable portions due.

The Committee reviewed the principle and means of granting shares subject to performance and/or presence conditions and the introduction of non-financial performance conditions consistent with the Company's corporate social and environmental responsibility policy. It also studied the principle and means of granting shares subject to performance and/or presence conditions to certain managers and drafted and communicated a list of beneficiaries and the proposed individual share grants to the Board of Directors for agreement on October 3, 2018.

The Committee also monitored the Group employee share ownership plans and was regularly advised of the potential impact of regulatory changes could have on Executive Corporate Officers' compensation packages.

The Ethics & Governance Committee

97% Attendance | Members | **75%** Independence | **8** Meetings

N.B. All figures are up to date at December 31, 2018.

Committee duties

Since October 8, 2014, the roles of the Ethics & Governance Committee now include not only executive corporate officer selection and succession plans and the proposal of new directors to ensure the balanced composition of the Board, but also Group senior executive selection and succession plans.

The main remit of this committee (created in July 2006 by decision of the Board) is to verify that the Group's seven core values (Honesty, Boldness, Trust, Freedom, Team Spirit, Modesty and Fun) are correctly applied and adhered to, defended and promoted by the Group's corporate officers, senior management and employees in all of its businesses and in all subsidiaries under its control, in all internal and external communications – including advertising – and in all other acts undertaken in the Group's name.

It is also tasked more generally with overseeing the application of best Corporate Governance practice within Capgemini SE and its subsidiaries. The Ethics & Governance Committee is responsible for all matters relating to the selection, appraisal, annual independence review and compensation of the Company's directors. It draws the attention of the Chairman of the Board of Directors to any potential situations of conflict of interest it has identified between a director and the Company or its Group or between directors. It ensures the implementation of a corruption and influence peddling prevention and detection system and oversees Group compliance with rules and conventions on human rights and fundamental freedoms in the exercise of its activities. It must be ready to implement the measures necessary should the need to replace the Chairman and Chief Executive Officer suddenly arises. It must handle and propose to the Board any changes it considers appropriate or relevant to the Board's operation and composition in particular as part of its diversity policy (co-opting a new director or replacing a resigning director, increasing the proportion of female directors, diversity of profiles and expertise of directors, etc.) or to the governance structure currently in place within the Group. The Committee is briefed on succession plans for key operating and functional managers of the Group. It is also informed of the policy for the identification, development and retention of high potential executives. The Chairman and Chief Executive Officer is involved in this work. The Committee must be consulted by Group Management prior to any appointment to the Executive Committee.

Composition and participation

The Committee has four directors. **Mr. Frédéric Oudéa** replaced Mr. Bruno Roger as a Committee member from June 1, 2018, following the expiry of the latter's term of office at the Shareholders' Meeting of May 23, 2018 *(see Section 2.1.2 – Changes in the composition of the Board in 2018)*. The other Committee members are **Mr. Pierre Pringuet** (Chairman, Independent Director and Lead Independent Director), **Mr. Daniel Bernard** (Vice-Chairman) and **Ms. Laurence Dors** (Independent Director).

It is recalled that the Charter of the Board of Directors provides that the duties of Lead Independent Director be conferred by the Board on the Chairman of the Ethics & Governance Committee.

This Committee met eight times in 2018, with an average attendance rate of 97%.

The individual attendance rate of each member of the Committee was as follows:

Pierre PRINGUET (Chairman)	100%
Daniel BERNARD	100%
Laurence DORS	100%
Frédéric OUDÉA*	100%
Bruno ROGER**	80%

* Mr. Frédéric Oudéa joined the Ethics & Governance Committee following his appointment by the Shareholders' Meeting of May 23, 2018.

** Mr. Bruno Roger's term of office as director expired at the Shareholders' Meeting of May 23, 2018 and was not renewed. He therefore attended four of the five meetings held during the relevant period.

Committee activities in 2018

The activities of the Ethics & Governance Committee focused on the following issues in 2018:

Governance

The Ethics & Governance Committee:

- recommended the candidacy of Mr. Frédéric Oudéa to the Board of Directors and the renewal of the terms of office as director of Ms. Laurence Dors and Messrs. Paul Hermelin and Xavier Musca, in preparation of the Shareholders' Meeting of May 23, 2018;
- proposed the continued grouping of the duties of Chairman of the Board of Directors and Chief Executive Officer on the renewal of Mr. Paul Hermelin's term of office as director;
- proposed, in the context of management transition, the reappointment of Mr. Paul Hermelin as Chairman and Chief Executive Officer for the term of his office as director and the reappointment of Messrs. Thierry Delaporte and Aiman Ezzat as Chief Operating Officers;
- proposed the appointment by the Board of Directors, following the Shareholders' Meeting of May 23, 2018, of Mr. Daniel Bernard as Chairman of the Strategy & Investment Committee, to replace Mr. Bruno Roger, and of Mr. Frédéric Oudéa as a member of the Ethics & Governance Committee;
- proposed the co-optation by the Board of Directors of Ms. Laura Desmond, to replace Ms. Carole Ferrand who resigned as a director with effect from May 28, 2018, and her appointment to the Strategy & Investment Committee (renamed Strategy & CSR Committee in March 2019) with effect from January 1, 2019;
- monitored the dialogue between the Company and its shareholders and proxy advisors in preparation of the 2018 Shareholders' Meeting and prepared the governance issues presented to the Board and then to the Shareholders' Meeting of May 23, 2018;
- was briefed on the meetings between the Lead Independent Director and several institutional investors to present Capgemini's governance principles;
- debated several times the changes in and composition of the Specialized Board committees;
- debated at the end of 2018 the attendance fees payable in respect of 2018;
- under the auspices of its Chairman, the Lead Independent Director, was briefed on and discussed the annual assessment of the composition and activities of the Board and its Specialized committees performed at the beginning of 2019 in respect of 2018;
- proposed the four-year objectives regarding the Board of Directors' composition and ruled early 2019 on their implementation during 2018;
- deliberated the independence of directors and the absence of conflicts of interest in preparation of the Registration Document;

- was briefed on the conclusions and observations of the High Committee for Corporate Governance (*Haut Comité de Gouvernement d'Entreprise*, HCGE) presented in its 2018 activity report and of the French Financial Markets Authority (AMF) presented in its 2018 report on Corporate Governance and Executive Management compensation in listed companies;
- proposed amendments to the Company's bylaws and the Board and Committees Charters, notably in application of the revised AFEP-MEDEF Code;
- reviewed the governance section of the Board of Directors' report, prepared in accordance with Article L. 225-37 of the French Commercial Code;
- launched a debate on the composition of the Board and its Specialized committees in preparation of the Shareholders' Meeting of May 23, 2019.

Ethics & Compliance

The Ethics & Governance Committee interviewed the Ethics, Compliance and Internal Audit Director (**Mr. Philippe Christelle**), these three functions being held by the same person since September 2015. Mr. Philippe Christelle submitted his report to the Committee presenting:

- in the first section, a presentation of the three Ethics & Compliance activities (training, communication and processing whistleblower alerts) and the results of the survey on ethical culture within the Company, completed by over 10,000 employees in 40 countries. The report highlighted the significant efforts of the Group to raise-awareness and to provide e-learning courses. It also noted that Capgemini has been recognized as "One of the World's Most Ethical Companies" for the sixth year running by the American Institute, Ethisphere, confirming the high quality of the Group's ethical responsibility culture towards all its stakeholders. This year, only three companies, including Capgemini, were recognized in the consulting sector. Finally, it provided an update on the roll-out within the Group of *SpeakUp*, a new whistle-blowing and ethical advice platform, accessible by 82% of employees at the year-end, and on the planned update and distribution of the Blue Book, the foundation of the Group's compliance program;
- in the second section of the report, an audit report concluding that the ethical framework within which the Group has decided to operate, is, overall, correctly understood and followed throughout the Group. The report contains recommendations following the work carried out in 2017 to help further improve compliance with the Group's ethical rules and principles.

In addition, the Ethics & Governance Committee was kept informed of (i) the different steps to ensure compliance with the so-called Sapin 2 law on transparency, the fight against corruption and the modernization of the economy, and (ii) measures implemented by the Group pursuant to the duty of care law.

The Strategy & CSR Committee

97% Attendance | Members | **50%**[1] Independence | **6** Meetings

N.B. All figures are up to date at December 31, 2018.
(1) The directors representing employees and employee shareholders are not taken into account in calculating the independence rate, in accordance with the provisions of the AFEP-MEDEF Code.

Committee duties

At the end of 2018, the Board of Directors entrusted the Strategy & Investment Committee, subsequently renamed Strategy & CSR Committee, with a specific duty relating to the monitoring of the Group's CSR strategy, ensuring consistency in the consideration of social and environmental aspects in the Group's main strategic orientations.

The role of this committee is to:

- study in-depth the strategic options open to the Group to ensure its continued growth, improve its profitability and maintain its independence to enrich Board discussions;
- study the Group's mid- and long-term strategic focus, considering the social and environmental issues associated with its activities and major technological and competitive trends and developments;
- determine the amount of investment required to implement each of these possible strategies;
- monitor material investments, alliances and divestments;
- examine the Group's Corporate Social Responsibility (CSR) strategy, monitor annually the results of this strategy and issue any opinions or recommendations.

More generally, the Committee identifies and deliberates on any direction or issue considered relevant to the Group's future, provided it does not compromise the smooth running of operations and guarantees operating and financial stability.

Composition and participation

The Committee has five directors since June 1, 2018, following the expiry of the terms of office of Ms. Caroline Watteeuw-Carlisle and Mr. Bruno Roger at the Shareholders' Meeting of May 23, 2018 (*see Section 2.1.2 – Changes in the composition of the Board in 2018*). It is chaired by Mr. Daniel Bernard, who replaced Mr. Bruno Roger. The other members are:

Ms. Anne Bouverot (Independent Director) and **Messrs. Robert Fretel**, **Paul Hermelin** and **Patrick Pouyanné** (Independent Director).

The Committee met six times in 2018, with an average attendance rate of 97%.

The individual attendance rate of each member of the Committee was as follows:

Daniel BERNARD (Chairman since May 23, 2018)	100%
Paul HERMELIN	100%
Anne BOUVEROT	100%
Robert FRETEL	100%
Patrick POUYANNÉ	83%
Bruno ROGER* (Chairman until May 23, 2018)	100%
Caroline WATTEEUW-CARLISLE*	100%

* They therefore attended three of the six meetings held during the relevant period.

Ms. Laura Desmond joined the Strategy & CSR Committee on January 1, 2019, following her co-optation by the Board of Directors' meeting of December 5, 2018. The Strategy & CSR Committee therefore has six members since January 1, 2019.

Committee activities in 2018

In 2018, the Committee continued its analysis of the Group's strategic priorities and external growth transactions. It regularly reviewed these opportunities, resulting in the approval by the Board of Directors of two major acquisitions in the United States: Liquidhub in the digital sector and Leidos Cyber Inc. in the cybersecurity sector.

It assisted the preparation of the Board's strategy seminar, which was held in New York in mid-June. This seminar offered an opportunity to meet some of the Group's biggest technology partners, exchange with Capgemini's and Capgemini Invent's US teams and clarify the Group's strategic ambitions.

It also reviewed the Group's CSR priorities and commitments, leading to the drafting of an action plan that will be regularly monitored in 2019.

2.2.5 Director compensation

Total attendance fees

In compensation for their participation in Board and Committee meetings, the Company was authorized by the Combined Shareholders' Meeting of May 18, 2016 to pay attendance fees to directors of up to €1,200,000 per year.

The authorization given by the Shareholders Meeting of May 18, 2016 to increase the total maximum amount of attendance fees enabled the strategic objectives set by the Board of Directors to be attained. This increase in the total amount of attendance fees allowed the Board to continue the renewal of its composition, welcoming four new directors in 2016 including two directors representing employees, while focusing the increase both on directors not residing in France and on those heavily involved in the work of the committees (as Chairmen or members of several committees), while retaining the international outlook of the Board consistent with the international development and global presence of the Group.

Attendance fees – allocation rules

The method of allocating attendance fees between directors was reviewed in 2014, following the external assessment of the Board of Directors performed in 2013 and sought to take better account of the increasing workload of committee Chairmen and encourage good attendance at meetings as well as of the travel time of Directors resident outside France. Accordingly, attendance fees are now allocated on the following basis:

- payment of a fixed amount of €15,000 per year to each director;
- payment of a fixed amount of €4,000 for each attendance at an official meeting of the Board;
- attendance fees for the Specialized Board committees were set with regard to the specific role of each committee and the ongoing work required of Chairmen, who now receive a fixed annual payment of:
  - €45,000 for the Lead Independent Director and Chairman of the Ethics and Governance Committee and €45,000 for the Vice-Chairman of the Board of Directors,
  - €35,000 for the Chairman of the Audit and Risk Committee,
  - €25,000 for the Chairmen of the Compensation Committee and the Strategy & CSR Committee;
- payment of a fixed amount of €2,500 for each attendance at a meeting of one of the four Specialized Board committees (excluding the Committee Chairmen);
- payment of additional attendance fees of €5,000 per Board or Committee meeting to take account of the travel time of directors resident outside Europe and of €2,000 for directors resident outside France but in Europe. This additional attendance fee is not allocated to Directors representing employees, whose travel costs are covered otherwise;
- attendance fees are calculated in two parts, at the end of the first six months and at the end of the year and are paid in two installments;
- these fixed amounts could be reduced if circumstances require the Company to hold a greater than scheduled number of meetings, resulting in aggregate attendance fees exceeding the threshold authorized by the Combined Shareholders' Meeting.

It is recalled that Mr. Paul Hermelin voluntarily waived his right to collect the attendance fees that should have been paid to him as a director of Capgemini SE in respect of 2018 (as he has done for the past nine years).

In application of the above principles, total attendance fees of €1,018,750 are due to directors in respect of 2018, representing 85% of the maximum amount authorized by the Combined Shareholders' Meeting. After deduction of French and foreign withholding tax, a net amount of €736,173 was paid in respect of 2017.

Attendance fees due in respect of one fiscal year and paid during another fiscal year are detailed below:

(in euros)	Amount due in respect of 2018	Amount due in respect of 2017	Gross amount paid in 2018	Gross amount paid in 2017
Daniel BERNARD	136,000	118,516	141,516	98,000
Anne BOUVEROT	66,000	59,516	70,016	49,000
Yann DELABRIÈRE	15,500	57,016	41,516	68,000
Laurence DORS	113,500	104,766	126,516	76,750
Carole FERRAND	27,250	73,516	64,766	60,500
Robert FRETEL*	66,000	63,516	74,016	46,500
Siân HERBERT-JONES	64,500	73,516	75,016	60,500
Paul HERMELIN	(nil)	(nil)	(nil)	(nil)
Phil LASKAWY**	29,500	81,516	69,016	76,500
Kevin MASTERS**	61,000	66,016	74,016	41,500
Xavier MUSCA	82,000	84,516	88,516	65,500
Frédéric OUDÉA	37,500	None	10,500	None
Patrick POUYANNÉ	63,500	37,516	67,516	6,500
Pierre PRINGUET	106,000	99,516	110,016	85,500
Bruno ROGER	46,000	93,516	98,516	80,500
Lucia SINAPI-THOMAS	61,000	66,016	74,016	50,500
Caroline WATTEEUW-CARLISLE**	43,500	121,016	108,516	100,500
TOTAL	**1,018,750**	**1,199,990**	**1,293,990**	**966,250**

* For this beneficiary, attendance fees are paid to his trade union organization.

** As required by law, the Company deducted withholding tax on the amounts paid to these non-resident beneficiaries. A 30% deduction at source for income tax and CSG/CRDS social security contributions was also applied to amounts paid to beneficiaries tax-resident in France.

The non-executive directors did not receive any compensation other than attendance fees, with the exception of the directors representing either employee shareholders (Ms. Lucia Sinapi-Thomas) or Group employees (Messrs. Robert Fretel and Kevin Masters), who hold employment contracts from their respective Group legal entities in respect of their local functions, that are unrelated to their corporate office in the Company.

Other compensation

A breakdown of compensation paid in respect of fiscal year 2018 to the executive corporate officer, Mr. Paul Hermelin, Chairman and Chief Executive Officer, is presented in section 2.4.2. Mr. Paul Hermelin's 2019 compensation is presented on page 85 of this Registration Document.

There are no shareholder agreements or pacts in force.

2.3 Group Management

2.3.1 Group Management

Management of the Group

Capgemini SE Group Management is led by Mr. Paul Hermelin, Chairman and Chief Executive Officer, assisted since January 1, 2018, by two Chief Operating Officers, Messrs. Thierry Delaporte and Aiman Ezzat. Group Management is assisted by two bodies comprising the Group's key operating and functional managers:

Group Executive Board

The Group Executive Board prepares the broad strategies submitted to the Executive Committee for approval and facilitates the carrying out of the Group's operations. It also takes the necessary measures with regards to the appointment, setting of quantitative objectives and performance appraisal of executives with a wide range of responsibilities.

Executive Committee

The Executive Committee assists Group Management define broad strategies and make decisions regarding the Group's operating structure, the choice of priority offerings, production rules and organization and the methods of implementing human resources management.

Four special-purpose committees assist Group Management:

- The Group Review Board
- The Mergers & Acquisitions Committee
- The Investment Committee
- The Risk Committee

Capgemini SE Group Management is led by Mr. Paul Hermelin, Chairman and Chief Executive Officer, assisted since January 1, 2018, by two Chief Operating Officers, Messrs. Thierry Delaporte and Aiman Ezzat. Mr. Thierry Delaporte has specific responsibility for steering the offerings, industrial expertise, innovation and the Indian platform, while Mr. Aiman Ezzat has specific responsibility for steering the operating accounts and the commercial management of clients. Together, the three of them form the Office of the CEO, ensuring the coherent management of the Company.

Group Management is assisted by two bodies comprising the Group's key operating and functional managers: the Group Executive Board and the Executive Committee.

In addition, four special-purpose committees assist Group Management:

- **the Group Review Board**, chaired by the Chairman and Chief Executive Officer, which examines the major business proposals in the course of drafting or negotiation, multi-national or multi-business framework agreements entered into with clients or suppliers and major contracts involving guarantees given by the Group;
- **the Merger & Acquisitions Committee**, also chaired by the Chairman and Chief Executive Officer, which examines acquisition and divestment projects in the course of identification, selection, assessment or negotiation;
- **the Investment Committee**, chaired by the Chief Financial Officer, which reviews and provides advice with respect to projects requiring investment, including those involving real estate or investment in technologies;
- **the Risk Committee**, chaired by the Chief Financial Officer, which is in charge of the effective implementation of the risk identification and risk management system and which leads the associated internal controls.

PAUL HERMELIN

Chairman and Chief Executive Officer

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Mr. Paul Hermelin, born on April 30, 1952, is a graduate of École Polytechnique and École Nationale d'Administration. He spent the first fifteen years of his professional life in the French government, primarily in the Ministry of Finance. He held a number of positions in the Budget Office and on various ministry staffs, including that of Finance Minister Jacques Delors. He was chief of staff to the Minister of Industry and Foreign Trade, from 1991 to 1993.

Mr. Paul Hermelin joined the Capgemini group in May 1993, where he was first in charge of coordinating central functions. In May 1996, he was appointed member of the Management Board and Chief Executive Officer of Capgemini France. In May 2000, following the merger of Capgemini and Ernst & Young Consulting, he became Chief Operating Officer of the Group and director. On January 1, 2002, he became Chief Executive Officer of the Capgemini group, followed by Chairman and Chief Executive Officer on May 24, 2012. He has been a member of the Strategy & Investment Committee since July 24, 2002.

For more detailed information, please refer to the biography published in Section 2.1.3.

Date of birth:
May 28, 1967

Nationality:
French

Business address:
Capgemini SE
11, rue de Tilsitt
75017 Paris

Number of shares held at Dec. 31, 2018:
10,000

THIERRY DELAPORTE

Chief Operating Officer

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Mr. Thierry Delaporte, born on May 28, 1967, is a graduate in Political Sciences from SciencesPo Paris and holds a Masters in Law from the Paris La Sorbonne University.

Mr. Thierry Delaporte has been Chief Operating Officer of Capgemini since January 1, 2018. He was Head of Capgemini's Financial Services Strategic Business Unit from January 1, 2013 to December 31, 2017, as well as overseeing Capgemini's operations in Latin America from January 2016 to December 31, 2017. He is a member of the Group Executive Board.

Mr. Thierry Delaporte has spent most of his career with Capgemini. He has driven Capgemini's operations and strategic planning in several of its key businesses, based in various countries, and has participated in a number of key transformation programs.

Mr. Thierry Delaporte was Chief Operating Officer and Head of Sales for Application Services One (UK, Asia Pacific and North America) in 2011 and 2012, Chief Financial Officer for the Global Outsourcing Business Unit (2009-2010), Chief Financial Officer for North America (2005-2008), Chief Financial Officer of Southern Europe (2003-2005), Chief Financial Officer and Chief Operating Officer for Australia and New Zealand (2002-2003), Chief Financial Officer for the Asia-Pacific Telecom business following the integration of Ernst & Young operations (2000-2002) and Chief Financial Officer for Switzerland and Austria (1997-2000). Mr. Thierry Delaporte joined the Capgemini group in 1995 as Group Internal Auditor.

Mr. Thierry Delaporte began his career in 1992 as a Senior Auditor at Arthur Andersen in Paris and London.

Mr. Thierry Delaporte is also Co-founder and President of a Non-Profit Organization (Life Project 4 Youth).

OFFICES HELD IN 2018 OR CURRENT OFFICES AT DECEMBER 31, 2018

Chief Operating Officer of:
- CAPGEMINI SE* (since January 2018)

Other offices held in Capgemini group:

Chairman and Chief Executive Officer of:
- IDEAN ENTREPRISES Inc. (USA) (since February 2017)

Chairman of the Board of Directors of:
- LIQUIDHUB Inc. (USA) (since March 2018)
- CAPGEMINI MEXICO S. DE R. L. DE C.V. (Mexico) (since November 2017)

Director of:
- LIQUIDHUB INDIA PRIVATE LIMITED (India) (since August 2018)
- LIQUIDHUB ANALYTICS PRIVATE LIMITED (India) (since August 2018)
- CAPGEMINI TECHNOLOGY SERVICES INDIA LIMITED (India) (since May 2018)
- LIQUIDHUB SPZ.O.O (Poland) (since March 2018)
- ANNIK Inc. (USA) (since March 2018)
- CAPGEMINI BRASIL S.A. (Brazil) (until April 2018)
- CAPGEMINI SAUDI Ltd (Saudi Arabia) (until March 2018)
- CAPGEMINI (HANGZHOU) Co (China) (until March 2018)
- CAPGEMINI HONG KONG Ltd (China) (until March 2018)
- CAPGEMINI ESPAÑA S.L. (Spain) (until March 2018)
- CAPGEMINI JAPAN KK (Japan) (until March 2018)
- CAPGEMINI ASIA PACIFIC PTE Ltd (Singapore) (until March 2018)
- CAPGEMINI MALAYSIA SDN BHD (Malaysia) (until March 2018)
- CAPGEMINI SOLUTIONS CANADA Inc. (Canada) (until February 2018)
- CAPGEMINI CANADA Inc. (Canada) (until February 2018)

OTHER OFFICES HELD DURING THE LAST FIVE YEARS (OFFICES EXPIRED)

Offices held in Capgemini group:

Chairman and Chief Executive Officer of:
- CAPGEMINI FINANCIAL SERVICES CANADA Inc. (Canada) (until January 2017)
- CAPGEMINI FINANCIAL SERVICES INTERNATIONAL Inc. (USA) (until December 2014)

Director of:
- CAPGEMINI JAMAICA Ltd (Jamaica) (until March 2017)
- CAPGEMINI MIDDLE EAST FZ Llc (Dubai) (until July 2016)
- CAPGEMINI FINANCIAL SERVICES USA Inc. (USA) (until July 2016)
- CAPGEMINI PHILIPPINES Corp (Philippines) (until March 2016)
- CAPGEMINI FINANCIAL SERVICES AUSTRALIA PTY Ltd (Australia) (until March 2015)
- GESTION CAPGEMINI QUEBEC Inc. (Canada) (until February 2018)
- STRATEGIC SYSTEMS SOLUTIONS Ltd (United Kingdom) (until February 2015)

Director of:
- KRENO CONSULTANT (until December 2017)
- CREADEV (until December 2017)

* *Listed company.*

Date of birth:
May 22, 1961

Nationality:
French

Business address:
Capgemini SE
11, rue de Tilsitt
75017 Paris

Number of shares held at Dec. 31, 2018:
66,940

AIMAN EZZAT

Chief Operating Officer

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Mr. Aiman Ezzat, born on May 22, 1961, holds a MSc (Master of Science) in chemical engineering from École Supérieure de Chimie Physique Électronique de Lyon in France and an MBA from the Anderson School of Management at UCLA.

Mr. Aiman Ezzat has been Chief Operating Officer of Capgemini since January 1, 2018. He was Chief Financial Officer from December 2012 to the end of May 2018. He is a member of the Group Executive Board. In March 2017, he was named the "Best European CFO" for the technology and software category in the "2017 All European Executive Team" Institutional Investor's annual ranking of the region's top corporate leaders.

From December 2008 to 2012, he led the Financial Services Global Business Unit (GBU) after serving as Chief Operating Officer from November 2007. Mr. Aiman Ezzat has also served as Capgemini's deputy director of Strategy from 2005 to 2007. He played a key role in the development of the Booster turnaround plan for the Group's activities in the United States, as well as in the development of the Group's offshore strategy. He was part of the acquisition and integration team of Kanbay, a global IT services firm focused on the Financial Services industry, acquired by Capgemini in 2006.

Before joining Capgemini, from 2000 to 2004, Mr. Aiman Ezzat served as Managing Director of International Operations at Headstrong, a global business and technology consultancy, where he worked with Financial Services clients in Asia, North America and Europe.

Mr. Aiman Ezzat was also previously Global Head of the Oil & Gas and Chemicals practice of Gemini Consulting where he spent 10 years (Gemini Consulting was the former brand of the strategic and transformation consulting arm of the Capgemini group, now Capgemini Consulting).

OFFICES HELD IN 2018 OR CURRENT OFFICES AT DECEMBER 31, 2018

Chief Operating Officer of:
- CAPGEMINI SE* (since January 2018)

Other offices held in Capgemini group:

Chairman of:
- SOGETI FRANCE 2005 SAS (since May 2018)

Director of:
- CAPGEMINI SINGAPORE PTE Ltd (Singapore) (since October 2018)
- CAPGEMINI HONG KONG Ltd (China) (since March 2018)
- CAPGEMINI ESPAÑA S.L. (Spain) (since March 2018)
- CAPGEMINI CANADA Inc. (Canada) (since February 2018)
- GESTION CAPGEMINI QUEBEC Inc. (Canada) (since February 2018)
- CAPGEMINI SOLUTIONS CANADA Inc. (Canada) (since February 2018)
- CAPGEMINI TECHNOLOGIES Llc (USA) (since December 2017)
- CAPGEMINI NORTH AMERICA Inc. (USA) (since July 2013)
- CAPGEMINI AUSTRALIA PTY Ltd (Australia) (since April 2013)
- CAPGEMINI UK Plc (United Kingdom) (since February 2013)
- CAPGEMINI (HANGZHOU) Co. Ltd (China) (since August 2010)
- SOGETI SVERIGE AB (Sweden) (since June 2015)
- SOGETI SVERIGE MITT AB (Sweden) (since June 2015)
- AZQORE SA (Switzerland) (since November 2018)
- RESTAURANT APPLICATION DEVELOPMENT INTERNATIONAL (USA) (since August 2017)
- RADI HOLDING Llc (USA) (since August 2017)
- CGS HOLDING (United Kingdom) (since January 2013)
- CAPGEMINI ITALIA S.P.A. (USA) (until April 2018)
- CAPGEMINI BRASIL SA (Brazil) (until April 2018)
- CAPGEMINI ASIA PACIFIC PTE Ltd (Singapore) (until March 2018)

Member of the Supervisory Board of:
- SOGETI NEDERLAND BV (Netherlands) (since December 2012)

OTHER OFFICES HELD DURING THE LAST FIVE YEARS (OFFICES EXPIRED)

Offices held in Capgemini group:

Director of:
- CAPGEMINI FINANCIAL SERVICES CANADA Inc. (Canada) (until January 2017)
- CAPGEMINI FINANCIAL SERVICES USA Inc. (USA) (until July 2016)
- CAPGEMINI FINANCIAL SERVICES AUSTRALIA PTY Ltd (Australia) (until March 2015)
- CAPGEMINI BUSINESS SERVICES AUSTRALIA PTY Ltd (Australia) (until August 2015)
- CAPGEMINI FINANCIAL SERVICES EUROPE Inc. (USA) (until December 2014)
- KANBAY (ASIA) Ltd (Mauritius) (until September 2015)
- IGATE GLOBAL SOLUTIONS MEXICO SA DE CV (Mexico) (until July 2016)
- IGATE TECHNOLOGIES Inc (USA) (until July 2016)
- IGATE CORPORATION Inc (USA) (until May 2016)

* *Listed company.*

As far as the Company is aware, no Group Management member has, at any time during the last five years, been found guilty of fraud, been involved in any bankruptcy, receivership or liquidation, been subject to any form of official public sanction and/or criminal liability or been disqualified by a court from acting as an executive or from participating in the management or conduct of the affairs of any issuer.

At the date of this Registration Document and as far as the Company is aware, there are no:

- family ties between the general management members or between a general management member and a director of the Company;
- potential conflicts of interest among general management members between their duties to the Company and their private interests and/or any other duties;
- arrangements or agreements with a shareholder, customer, supplier, or other party pursuant to which a general management member was selected;
- restrictions on the sale by general management members of their investment in the share capital of Capgemini (other than the obligation to hold preference shares detailed in Section 2.4.1).

For information on the compensation of Executive Corporate Officers, please refer to Section 2.4 of the Registration Document.

2.3.2 Group Executive Board

The role of the Group Executive Board is to facilitate the carrying out of the Group's operations and to take the necessary measures, notably with regard to the setting of quantitative objectives and appointing and assessing the performance of executives with a wide range of responsibilities. The Group Executive Board defines the broad strategies and actions to be submitted to the Executive Committee for approval and ensures their implementation by the major business units.

At the date of this Registration Document, the Group Executive Board brings together Group Management and the following individuals:

Paul HERMELIN	Chairman and Chief Executive Officer
Thierry DELAPORTE	Chief Operating Officer
Aiman EZZAT	Chief Operating Officer
Jean-PHILIPPE BOL	Cloud & Infrastructure services
Anirban BOSE	Financial Services
Carole FERRAND	Chief Financial Officer
Hubert GIRAUD	People Management & Transformation
Patrick NICOLET	Chief Technology Officer
Olivier SEVILLIA	Europe

2.3.3 Executive Committee

The role of the Executive Committee is to assist Group Management define broad strategies concerning the Group's operating structure, the choice of priority offerings, production rules and organization and the implementation conditions for human resources management. The Executive Committee meets once a month and comprises, in addition to the Chairman and Chief Executive Officer, the Chief Operating Officers and the other Group Executive Board members.

At the date of this Registration Document, the Executive Committee comprised the following individuals:

Paul HERMELIN	Chairman and Chief Executive Officer	Group Management	Group Executive Board	Executive Committee
Thierry DELAPORTE	Chief Operating Officer			
Aiman EZZAT	Chief Operating Officer			
Jean-Philippe BOL	Cloud & Infrastructure Services			
Anirban BOSE	Financial Services			
Carole FERRAND	Chief Financial Officer			
Hubert GIRAUD	People Managment & Transformation			
Patrick NICOLET	Chief Technology Officer			
Olivier SEVILLIA	Europe			
Anis CHENCHAH	Business Services			
André CICHOWLAS	Delivery			
Jean COUMAROS	Transformation			
Pierre-Yves CROS	Strategy & Development			
Cyril GARCIA	Capgemini Invent			
Franck GREVERIE	Portfolio			
Christine HODGSON	Corporate Social and Environmental Responsibility			
Aruna JAYANTHI	APAC & LatAm			
Paul MARGETTS	United Kingdom Business Unit			
John MULLEN	North America Business Unit			
Maria PERNAS	Legal Affairs Director			
Virginie RÉGIS	Marketing & Communication			
Jérôme SIMÉON	France Business Unit			
Rosemary STARK	Sales			
Hans VAN WAAYENBURG	Netherlands Business Unit			
Ashwin YARDI	India			

2.3.4 Diversity policies for management bodies

Diversity is one of the three pillars of the Group's Corporate Social Responsibility (CSR) strategy. In a constantly changing global market with a skills shortage, we believe diversity drives innovation and creativity. In our opinion, a range of diverse profiles and inclusive practices in our work environment are key to ensuring the Group remains attractive and guaranteeing its long-term success.

As part of its CSR strategy and to accompany these changes, the Group decided the following regarding diversity in its management bodies:

- to set the objective of a progressive increase in both female and international representation on the Group's Executive Committee;
- to increase female representation in the 10% of positions with the greatest responsibility within senior executives and, more widely in the Vice-President community, by similarly setting annual objectives in this respect for the heads of the Group's main Business Units. In 2018, 14% of management positions in the Group's operating subsidiaries were held by women. The objective for 2019, is to increase this percentage to 17%.

  These objectives will be combined with the strengthening of the Group's internal policies to ensure the implementation of regular and fair practices supporting this strategic direction, enabling diversified and non-discriminatory global representation at all levels of the organization. A specific focus will be placed on gender equality, with a long-term objective of progressively aligning the percentage of female senior executives with the overall percentage of women in the Vice-President population.

  A more detailed description of our policies and indicators for gender diversity in general, as well as the percentage of women in management positions, is presented in Section 4 of this Registration Document.

As part of various duties, the Capgemini SE Board of Directors monitors the implementation by Group Management of this policy of non-discrimination and diversity, notably with regard to the balanced representation of men and women on the Group's management bodies.

The Group's CSR strategy, which is monitored specifically by the Strategy & Investment Committee, renamed the Strategy & CSR Committee in March 2019, since October 2018 and which includes diversity as a key pillar, is reviewed annually by the Board of Directors. In addition, new duties were entrusted to the Compensation Committee to ensure the implementation of the diversity policy for management bodies. The various diversity quantified indicators are verified by an external expert as part of the Report on non-financial performance.

Finally, the Board of Directors has set Executive Corporate Officers objectives to increase female representation in the Group in the variable part of their annual compensation and in 2018 the Board of Directors also added a new criterion applicable to performance shares granted to Executive Corporate Officers and Group managers targeting an increase in the number of women becoming Vice-President.

See Section 2.4 of this Registration Document for more information on the individual objectives of the Executive Corporate Officers – Diversity is included in the objective concerning the roll-out of the Group's CSR strategy; and Section 6.1.4 for a description of the criteria applicable to performance shares granted in 2018.

2.4 Compensation of Executive Corporate Officers

2.4.1 Executive Corporate Officers compensation policy

2.4.1.1 Existing practices

General Principles

The procedures for setting the compensation of the Executive Corporate Officers whether the Chairman and Chief Executive Officer or the Chief Operating Officers comply with the recommendations of the latest AFEP-MEDEF Code. Compensation components and structure were determined in accordance with the recommendations of this Code, whether fixed or variable compensation, the grant of equity instruments or supplementary pension benefits and in addition to complying with "market" rules are in line with existing Group practices, These principles are regularly reviewed and discussed by the Compensation Committee of the Board which submits a report on its work and its resulting proposals to the Board of Directors for approval.

The Compensation Committee refers in particular to comparative studies to ensure the **transparency, consistency and competitiveness** of both the compensation level and structure and calculation methods with market practice. The Committee's recommendations take account of Executive Management compensation levels and components in CAC 40 companies as well as observed practices in leading French and foreign Group competitors in the IT services and consulting sector. Compensation publication practice varies significantly between the countries and legal structures of competitors, in particular in the case of private partnerships. CAC 40 companies are therefore the most relevant benchmark and the most transparent, but additional analyses take account of the international and competitive aspects of the sector and geographies in which the Company operates.

The Compensation Committee took due note of the observations issued to Capgemini in July 2014 by the High Committee for Corporate Governance (*Haut Comité de Gouvernement d'Entreprise*, HCGE) and of its activity reports since 2015, as well as of the AMF annual reports on Corporate Governance and Executive Management compensation in listed companies. These observations were taken into account and integrated into the items detailed below. No observations were made in years 2015 to 2018.

When performing comparisons with French companies of comparable size and ambition, the Compensation Committee ensures that Capgemini's practices are in line with the best practices of CAC 40 companies in terms of both the clarity and consistency of methods applied. As in previous years, the Group participated in 2018 in comparative studies of the main French companies carried out by specialist firms. These comparisons show that Mr. Paul Hermelin's global compensation is close to the median compensation for CAC 40 companies and is of an adequate level compared with comparable sector compensation in France and abroad. In addition, an independent study was commissioned to a well-known international firm, to support the compensation level setting of the two newly appointed Chief Operating Officers in accordance with the practices which exist within the Group and in reference to French market practice and to international benchmark. The Group also ensures that the respective proportions of fixed and variable components and share grants valued in accordance with IFRS are **balanced**, in line with market practices, **linked to Company's performance and aligned to Group strategy**.

The fixed component has always been determined pursuant to a long-lasting Group practice, which aligns the compensation structure of the Executive Corporate Officers **with that of key operating managers**. One of the historical rules of the Group is that the remuneration of Executive Management comprises a fixed component equal to 60% of the target theoretical compensation and a variable component equal to 40% of this amount subject to the attainment of pre-defined collective and individual objectives. This applies to the Chief Operating Officers and applied to the Chairman and CEO until 2017. In 2018, following the Compensation Committee recommendation and in light of supporting benchmark, the Board decided to increase the Chairman and CEO compensation by increasing only the variable part driving the mix of the CEO to be 55/45 (see below).

The Compensation Committee also monitors the main practices of its international competitors. Compensation practices in North America and India are structurally and culturally different from those applied in European companies. Observing their practices nonetheless provides relevant information on the nature of the market and compensation levels. In American companies such as, Accenture, DXC and IBM, total compensation includes a substantial proportion of long-term share-based compensation.

Procedures for setting fixed and variable compensation

The procedures for setting Executive Corporate Officers compensation in respect of fiscal year Y are adopted by the Board of Directors' Meeting in Y held to approve the financial statements of fiscal year Y-1. As indicated above, this compensation comprises – as does that of all key executive managers of the Group – fixed compensation paid in 12 monthly installments equal to 60% of the total theoretical amount if objectives are achieved and variable compensation equal to 40% of this total theoretical amount, closely correlated to the Company's performance (with the exception of the Chairman and CEO for whom this mix is since 2018 55% for the fixed compensation and 45% for the variable compensation).

The Board of Directors therefore approves at the beginning of the year for the year in progress:

- **the theoretical fixed and variable compensation components**. The theoretical variable component is split into two parts: V1 tied to Group performance indicators and consolidated results and V2 based on the attainment of individual objectives set by the Board of Directors, with 50% minimum based on quantified objectives. Each of these components can vary between 0% and a ceiling equal to 200% of the theoretical amount. In 2019, the Board of Directors has decided to cap the purely qualitative objectives to their target amount. Therefore, as a result of this system, fixed plus variable compensation may vary between 60% and a maximum of 140% of the annual theoretical/target compensation for the Chief Operating Officers and may vary from 55% to a maximum of 145% for the Chairman and CEO. **The variable component and the total compensation are therefore both capped and the variable component in 2019 may not represent more than the percentage of fixed compensation as indicated in the summary table thereafter established on the basis of the respective weight of the quantified and purely qualitative objectives**;

- **the fixed component which is not reviewed annually**, but after several years in accordance with the AFEP-MEDEF Code. Mr. Paul Hermelin's fixed compensation was increased in 2008, was reviewed in 2013 (+10%) following an extension of his responsibilities and to reflect the strong growth and international expansion of the Group and was revised in 2018 following his new mandate considering the significant growth of the Group during the previous mandate and its strong position on the North American market;
- **the internal performance indicators included in the calculation of the V1 component and the weighting applied to each indicator**. The level of attainment of these indicators is determined based on a comparison of actual audited and budgeted Group consolidated results. The performance indicators are adopted in line with the key indicators presented regularly to the market and are tied in 2018 as it will be the case in 2019 to:
  - growth through Group Revenue achievement for 30%,
  - operating profitability through Group Operating margin for 30%,
  - cash generation through the Group organic free cash flow generation for 20%,
  - shareholders return through net profit before taxes for another 20%;
- **the individual performance objectives underlying V2 compensation.**

The strategic and operating objectives for 2018 of the Executive Corporate Officers felt into two main categories with:

- **shared objectives** representing 60% of the CEO V2 and 40% of the Chief Operating Officers V2 and relating on one side to the effective implementation of the new Group governance and a reinforced collaboration between market units and service lines, positioning the Group on the path to achieve its growth ambition in the Digital and Cloud and its 2020 ambition and on the other side to the operational transformation of the Group with a renewed leadership structure;
- **personal objectives** representing:
  - 40% of the CEO V2 relating to the impact of acquisitions on the company growth and his impact to ensure the successful post merger integration of acquired companies, his actions to deploy the CSR strategy around its three pillars (diversity, digital inclusion and sustainability) and to support selected strategic bets toward disruptive and innovative solutions.
  - 60% for each Chief Operating Officer:
    - concerning Mr Thierry Delaporte, an acceleration of digital innovation and transformation through strong interaction between Business Units & Global Business Lines, improvement of the gross margin % *vs.* 2017 published results, the success of four selected alliances bets and the redesign of the India strategic positioning within our operational transformation.
    - concerning Mr Aiman Ezzat, a higher contribution of our top accounts to revenue growth, improvement of the gross margin % *vs.* 2017 published results, the return to growth in one geography selected by the Board and ensuring an effective transition of the CFO role to the newly appointed CFO.

The Board of Directors ensured the objectives were based on directly measurable items so that overall at least **75% of the total variable compensation is based on quantitative data** and, that objectives are clearly tied to the roll out of the Group's strategy priorities approved by the Board of Directors as conditions to deliver the long-term strategic plan.

- **The acceleration formula applied to V1**. The V1 component varies in line with a formula, that accelerates actual performance upwards and downwards such that in 2018:
  - the V1 component is nil if the weighted performance of financial indicators is less than or equal to 75%;
  - the V1 component can reach twice the theoretical amount if the weighted performance is greater than or equal to 125%, varying on a straight-line basis between these two limits.

The level of attainment of objectives and the amount of the variable compensation components are decided pursuant to the recommendation of the Compensation Committee, by the Board of Directors' meeting in Y+1. The Committee meets on several occasions before the Board of Directors' Meeting to appraise the percentage attainment by Executive Corporate Officers of their objectives. An executive session of the Board was held in December 2018 and another one in February 2019 to assess such performance before the Board of Directors which decides the level of attainment by Executive Corporate Officers of their objectives.

The variable compensation used to be paid end of March, after the Board of Directors' Meeting that approves the financial statements for fiscal year Y, underlying the calculation of the various variable compensation components and that decided the percentage attainment of individual objectives set. Since 2017, the variable compensation of the Chairman and Chief Executive Officer is paid following approval by the Shareholders Meeting of the compensation elements for fiscal year Y and this is applicable as well to the Chief Operating Officers.

Summary table of the theoretical structure of fixed and variable compensation applicable to Executive Corporate Officers

	Chief Operating Officers			Chairman and CEO		
Theoretical compensation structure, base 100	**Target**	**Min**	**Max**	**Target**	**Min**	**Max**
Gross fixed compensation	60	60	60	55	55	55
Annual variable compensation V1	20	0	40	22.5	0	45
Annual variable compensation V2	20	0	35.5	22.5	0	35.5
Multi-year variable compensation	0	0	0	0	0	0
Theoretical total based on objectives attainment	**100**	**60**	**135.5**	**100**	**55**	**135.5**
% variable/fixed	*67%*	*0%*	*126%*	*82%*	*0%*	*146%*

Capgemini share-based incentive policy procedures

The Group stopped granting stock options in 2009 and now grants performance shares in accordance with the following principles:

- performance shares are granted subject to the same conditions of presence and performance as applicable to other Group beneficiaries and **all shares are subject to performance and presence conditions**. Mr. Paul Hermelin was not granted any shares in 2010 and 2011;
- the associated conditions are ambitious, as demonstrated by the effective share grant percentages of the five fully vested plans with respectively 42.3% for the 2009 plan, 56.7% for the 2010 plan, 87.9% for the 2012 plan, 83.9% for the 2013 plan and 82.5% for the 2014 plan, of the number of shares initially granted;
- the performance conditions are set in the resolution submitted for shareholders' approval and include, internal and external performance conditions in accordance with the AMF recommendation, and are calculated over a 3 years period to ensure a sustainable performance and to align Executive Corporate Officers and shareholders interests in the long run;
- the volume of shares granted to Executive Corporate Officers pursuant to the resolutions presented to shareholder vote is limited (maximum of 10% of shares available for grant set in the last resolution voted on May 23, 2018). The performance shares granted to Mr. Paul Hermelin in 2016 and 2017 represented 2.44% and 2.07% respectively of the total amount authorized by the Combined Shareholders Meeting for the corresponding periods and 2.52% and 2.21% of the total amount granted to all beneficiaries within these resolutions. These percentages were 1.66% and 2.02% respectively for Mr. Paul Hermelin in 2018 and for each of the Chief Operating Officer, these percentages in 2018 were respectivey 0.98% and 1,19%. Therefore, for the Executive Corporate Officers in 2018, the volume granted has been well within the cap set in the resolution with total percentages of respectively 3.61% and 4.41%. Since 2009 and over eleven performance share grants, the average percentages are 2.12% and 2.78% respectively for Mr Paul Hermelin;
- the IFRS value of shares granted aims at not exceeding close to 100% of the theoretical yearly cash compensation for a given year, and over the last 5 years this value has ranged from 60% to 95% of the theoretical cash compensation;
- in accordance with the legal provisions, the Board of Directors must set the number of definitely vested shares granted in connection to their office which shall continue to be held by the Executive Corporate Officers until the termination of their office.

  Mr. Paul Hermelin was required to hold all vested performance shares received under the 2009, 2012 and 2013 plans until the later of:

  - the end of the mandatory two-year holding period (2009 plan), extended to four years (2012 and 2013 plan), and
  - the expiry of his term as Executive Corporate Officer.

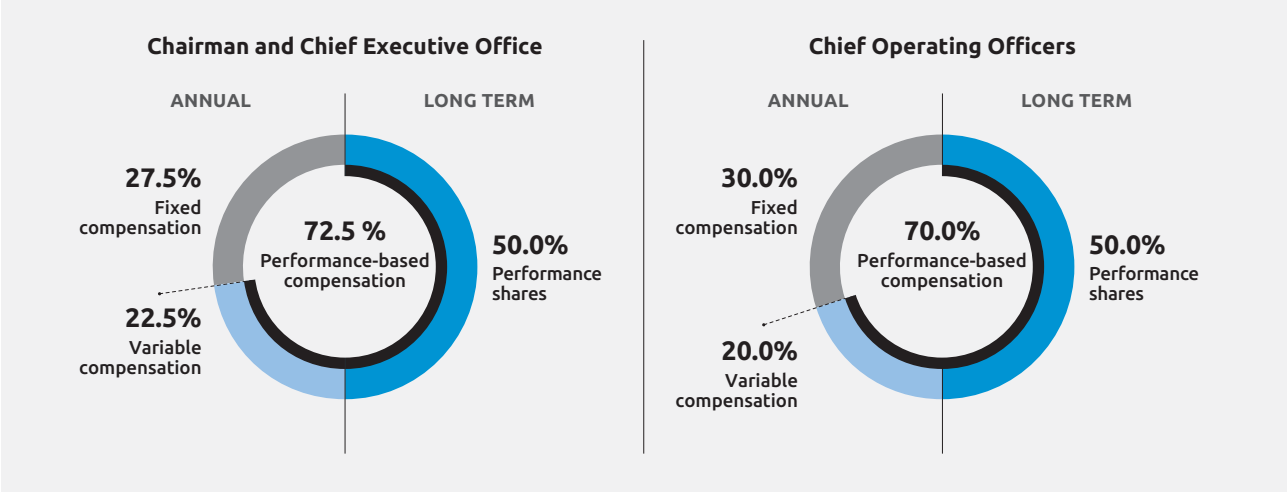
  Since then and in accordance with the recommendation of the AFEP-MEDEF Code, the Board of Directors decided that vested performance shares representing at least 50% of shares must be retained, where the amount of shares held, valued at share price on the vesting date, represents less than a threshold expressed as a multiplier of the theoretical annual compensation (fixed and variable). Once this threshold is reached, the obligation to retain performance shares only applies to one third of shares vested. Finally, the Board of Directors has decided on February 14, 2018 that if the number of shares valued on the vesting date represents twice this threshold, then the obligation to hold shares that vest as a result of these grants would be set at five percent of vested shares, Executive Corporate Officers being entitled to freely sell their shares as long as i) the value of their shares remains above the later threshold and ii) at least five percent of each share grant is held until the termination of their office as Executive Corporate Officer.
- share hedging transactions are prohibited before the end of the mandatory holding period. This prohibition is included in the grant plan rules and applies to all beneficiaries who have to agree to the compliance of plan rules in writing. It applies since the first performance share grant plan in 2009;
- effective presence on vesting date is required for shares to be definitely granted as per the terms of the plan rules with the exception of death, disability and retirement, being specified that in case of retirement, shares still vest on scheduled dates as per plan rules and conditions. These presence conditions and exceptions apply since the first performance share grant plan. In other circumstances, the shares are forfeited;
- in accordance with the recommendations of the AFEP-MEDEF Code, performance shares are now granted on at the same calendar periods and are decided by either the Board of Directors' Meeting at the end of July or the following meeting held in October. This has been the case since 2015 as the grants were made in July in 2015 and 2016 and in October in 2017 and 2018.

Two small special grants were made outside this timeframe. One took place in February 2016 targeting former IGATE employees as at the time of the 2015 grant made in July 2015, IGATE had just been bought not leaving enough time to ensure a proper selection of the beneficiaries. Therefore, and after having informed the HCGE of our intention, a special grant has been made in February 2016 for this specific and limited population. For the second one, while the decision to make the annual grant in October was taken, nevertheless, a small grant took place in July 2017 targeting a limited population from a newly bought company (Idean) as part of the purchase agreement. Neither the Chief Executive Officer nor the Group Executive Committee members were concerned by these two grants.

One-off award

A one-off award, if any, would only be applicable in case of an external hiring of an Executive Corporate Officer with the need to buy out awards that would be lost following this hiring decision. In such case, the award would be proportionate to the lost amounts.

Summary of the compensation structure of Executive Corporate Officers



2.4.1.2 Specificities and proposed fixed and variable compensation for Executive Corporate Officers

Specific items and proposed 2019 fixed and variable compensation of the Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer:

- no longer benefits from an employment contract, which was terminated on February 18, 2015,
- has waived his right to receive director's fees since 2009,
- is not entitled to termination benefits,
- is not covered by a non-compete clause,
- does not benefit from a multi-year variable or deferred compensation mechanism,
- does not benefit from one off awards,
- does not have benefits in kind.

The threshold under which 50% of shares definitely vested have to be held until the termination of the office has been set for Mr. Hermelin at twice his annual theoretical compensation applicable on vesting date and Mr. Hermelin currently holds Capgemini SE shares representing more than 10 years of his fixed and variable annual theoretical compensation. As this threshold had been attained each time since the July 2014 grant, the obligation to hold shares that vest as a result of these grants has been set at one-third of vested shares for the corresponding plans.

The terms of the supplementary pension which rights were frozen in 2015 following the closing of the plan are described in Section 2.4.2 thereafter, being specified that when implemented the plan was fully aligned with AFEP-MEDEF Code recommendations.

Fixed and variable compensation of the Chairman and Chief Executive Officer for 2019

Following the principles just described, the Board decided pursuant to the recommendation of the Compensation Committee to set Mr. Paul Hermelin's theoretical compensation for 2019 unchanged at €2,652,000. Mr. Paul Hermelin target remuneration has been raised in 2018 (and previously in 2013) and was set with an unchanged fixed compensation of €1,452,000 and a variable compensation of €1,200,000 representing 45% of the theoretical 2019 compensation. The Board also set the procedure for calculating the variable component of Mr. Hermelin's compensation for fiscal year 2019, defining the performance indicators underlying the V1 calculation, as well as the personal strategic objectives adopted for the V2 component.

Accordingly, the operating indicators adopted for 2019 V1 compensation will remain unchanged as follows:

- revenue growth: 30% weighting;
- operating margin rate: 30% weighting;
- pre-tax net profit: 20% weighting;
- Organic free cash flow: 20% weighting.

The level of attainment of these indicators will be determined as in past years, based on a comparison of actual audited and budgeted Group consolidated results and will be subject to the accelerated formula (upward or downward).

The personal strategic objectives adopted for 2019 V2 variable compensation have been each assigned an individual specific weight and have been classified as follows:

- **shared objectives** represent 50% of the CEO V2 and relate to:

i) the operational transformation of the Group for 15% weighting (out of which 7.5% is quantifiable);

ii) the portfolio rotation for 20% weighting (quantifiable); and

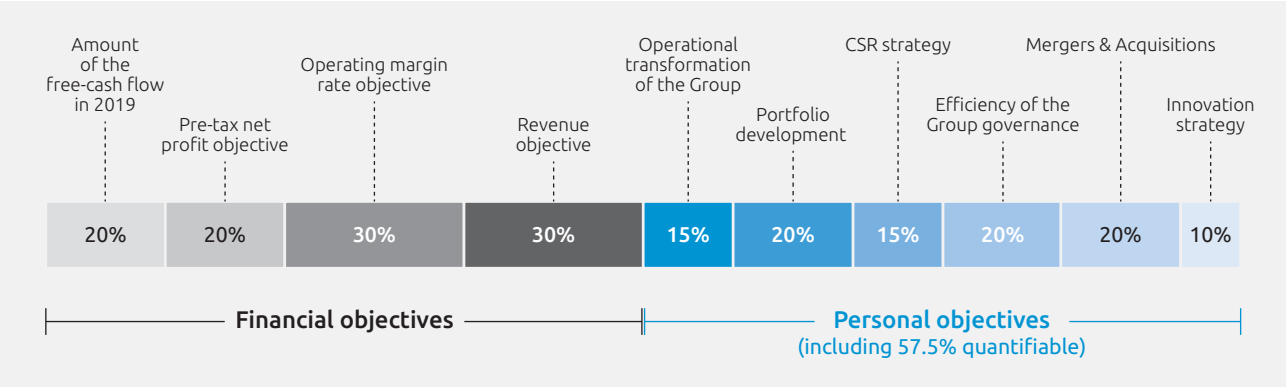
iii) the deployment of the CSR strategy for 15% weighting (out of which 10% is quantifiable).

- **specific objectives** represent 50% of the CEO V2 and relate to:

i) the efficiency of the Group governance for 20% weighting;

ii) the impact of the M&A program to deliver the Group ambition for 20% weighting (quantifiable);

iii) the support of new trends and disruptive solutions/technologies for 10% weighting.



In 2019, the shared objectives part has been set with the same percentage for the three Executive Officers. In 2018, implementing the new Group governance was seen as the main responsability and focus for the CEO driving an overweight of the common objectives part at 60%, while 2019 is more focused on running jointly the governance which drove the Compensation Committee to propose to the Board to align the set % of common objectives in 2019.

These objectives have been formalized in such a way that they can be clearly assessed on objective grounds at the end of 2019 with a weight of 57.5% based on quantified objectives. Therefore 79% of the variable part will be subject to a quantitative evaluation in 2019.

Payment of the variable compensation of the Chairman and Chief Executive Officer for fiscal year 2019 remains subject to approval by the Shareholders' Meeting to be held in 2020.

The existing practices described in 2.4.1.1 and the specific items and proposed 2019 fixed and variable compensation of the Chairman and Chief Executive Officer set out in 2.4.1.2 above correspond to the report of the Board of Directors to shareholders established pursuant to the provisions of Article L. 225-37-2 of the *Code de commerce* related to the principles and criteria of the Chairman and Chief Executive Officer compensation. These principles and criteria remain subject to shareholders' approval at the Combined Shareholders' Meeting of May 23, 2019 (for further information, see the resolution n° 8 in Chapter 7 of this Registration Document).

Specific items and proposed 2019 fixed and variable compensation of the Chief Operating Officers

In addition to the general principles, procedures followed to set the fixed and variable compensation and the share-based incentives which are common to Executive Corporate Officers, Chief Operating Officers packages comprise the following specificities:

Employment contract

With regards to Messrs. Thierry Delaporte and Aiman Ezzat, their employment contracts have been suspended since January 1, 2018 subsequent to their appointement as Chief Operating Officers (date from which they exercise their first term of office as Executive Corporate Officers) this suspension being compliant with the recommendations of the AFEP MEDEF Governance Code for a Chief Operating Officer, and deemed appropriate in relation to their longstanding seniority in the Group, being specified that their contracts.do not stipulate any entitlement to a severance pay provision.

Shares holding threshold

For the Chief Operating Officers, the threshold under which 50% of definitely vested shares have to be held until the termination of their office has been set at one year of their theoretical annual compensation (fixed and variable).

Long saving plan

The Board of Directors, on the proposal from the Compensation Committee, decided that the Chief Operating Officers shall continue to be entitled to benefit from the long saving mechanism from which they used to benefit as a member of the Group's Executive Board, neither of them benefiting from the supplementary pension (Art. 39) plan frozen in 2015. This plan was implemented since 2016, to remain attractive for senior executives while being able to offer a long term incentive vehicle in better economic conditions for both the Company and the beneficiary and more aligned to market and legal evolutions (portability, performance conditions, agility). It consists in the payment of an annual allowance, at least half of which shall be allocated to a third-party body in the context of a supplementary optional pension insurance (Article 82), the rest of the allowance in cash being kept by the Chief Operating Officer, considering the immediate taxability upon entry of this mechanism. This allowance would be made in the following conditions:

- the allowance is subject to the satisfaction of performance conditions, the objectives of which are set in the same conditions as for the determination of the V1 variable part of the annual variable compensation;
- the amount of the allowance where all the objectives have been reached is equal to 40% of the fixed part composing the annual compensation; it will vary according to the unflexed weighted performance of the financial indicators used for the V1 part;
- the payment of the allowance with respect to year N, subject to the satisfaction of the performance conditions for year N, is deferred as follows:
  - 50% of the amount calculated would be paid in year N+1,
  - 50% of the amount calculated would be paid in year N+2, provided that the Chief Operating Officer shall be present in the Group as at June 30 of year N+2.

The calculation procedure and the objectives related to this allowance will be set each year by the Board of Directors, upon the proposal from the Compensation Committee. The Board of Directors decided that the calculation procedure, the Company's internal performance indicators taken into account for the calculation of the V1 part, and the level of weighting associated to each indicator with respect to the financial year 2019, will be set by the Board of Directors, on the proposal from the Compensation Committee, during the meeting during which the results of the financial year ended December 31, 2018 will be adopted.

Benefits in kind

In addition to the above-mentioned items, the structure of the Chief Operating Officers compensation may also comprise the provision of a company car, if required under prevailing conditions within the existing plan in place in France.

The appointement of Messrs. Delaporte and Ezzat as Chief Operating Officers aims at preparing the managerial evolution of the Group. During this transition period, the Board estimated that it was in the interest of the Group to implement a non-compete undertaking while offering a capped severance indemnity to the Chief Operating Officers in case of a termination. **These two items have been submitted to and approved by shareholders during the Combined Shareholders Meeting of May 23, 2018** and they are detailed thereafter.

Severance indemnity and non-compete undertaking

In anticipation of Messrs. Thierry Delaporte and Aiman Ezzat taking office as Chief Operating Officers on January 1, 2018 and at the recommendation of the Compensation Committee, the Board of Directors, during its meeting of December 6, 2017, authorized termination benefits in the event of cessation of their duties as Chief Operating Officer and a non-compete clause. These commitments were approved by the Combined Shareholders' Meeting of May 23, 2018.

The appointment of the two Chief Operating Officers forms part of measures to prepare Capgemini's management transition, Mr. Hermelin having informed the Board of Directors of his intention to step down as Chief Executive Officer in 2020 while remaining Chairman of the Board. The Board of Directors considered it was in the Company's interest during this transition period to protect both the newly appointed Chief Operating Officers, by introducing a termination benefit mechanism, and the Group, through a non-compete clause.

a) Non-compete undertaking

Each Chief Operating Officer is subject to a non-compete undertaking for a period of twelve months as from the termination of his employment contract following cessation of his functions of Chief Operating Officer against an indemnity equal to 50% of the applicable theoretical gross compensation (fixed plus variable), assuming all the objectives are attained as at the date of cessation of the duties of Chief Operating Officer. The Board of Directors will be entitled, at its own discretion, to lift this non-compete obligation on departure of the Chief Operating Officer.

The Board of Directors will review the provisions of the non-compete undertakings upon renewal of the term of office of the Chief Operating Officers to the extent necessary to ensure compliance with the provisions of the AFEP-MEDEF Code. When implemented the non-compete undertakings were fully aligned with AFEP-MEDEF Code recommendations then in force.

b) Capped severance indemnity under performance conditions due in the event of a termination of the function of Chief Operating Officer

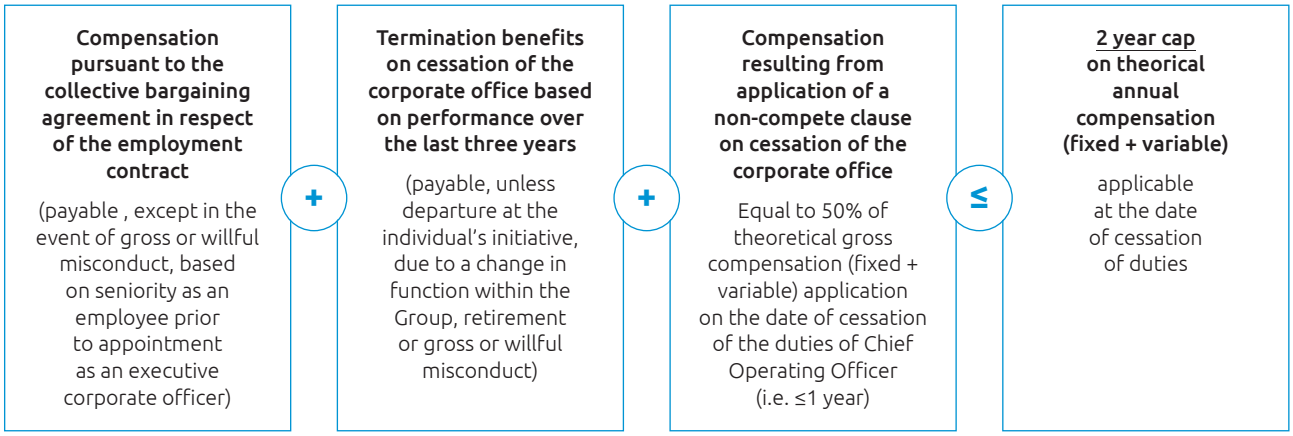
A severance indemnity will be due to each Chief Operating Officer in the event of a termination of his corporate office. However, no severance indemnity will be due if the Chief Operating Officer leaves the Company on hiw own initiative, changes functions within the Group, is entitled to assert in a near future his rights to retirement or in the event of a gross negligence or serious misconduct.

As specified above, the employment contracts of the Chief Operating Officers do not contain a termination benefits clause, other than the provisions provided for in the collective bargaining agreement.

The Board ensured strict performance conditions were attached to the termination benefits in the event of cessation of the corporate office, based on the weighted performance of the financial indicators applicable to the so-called V1 variable component of the Chief Operating Officer's compensation (tied to Group performance indicators and consolidated results), observed annually during the last three full fiscal years preceding the cessation of duties, with a heavier weighting applied to the final year (40%, while the two previous financial years will count for 30% each).

The Board will have to ensure the effective achievement of these performance criteria.

In compliance with the recommendations of the revised AFEP-MEDEF Code, the aggregate amount (i) of the severance indemnity effectively paid, (ii) of any indemnity likely to be paid in connection with the termination of an employment agreement, and (iii) of any indemnity likely to be paid in consideration for the non-compete undertaking, may not exceed a maximum amount equal to twice the applicable gross theoretical compensation (fixed plus variable) as at the date of cessation of duties of the Chief Executive Officers.



For further information on the severance indemnity and on the non-compete undertaking, please refer to the Statutory auditors' special report on page 270.

Fixed and variable compensation of the Chief Operating Officers for 2019

Mr. Thierry Delaporte

In application of the principles just described, the Board decided, pursuant to the recommendation of the Compensation Committee, to leave unchanged Mr. Thierry Delaporte's theoretical compensation for 2019 at €1,475,000. This implies that the fixed part of Mr. Delaporte, will remain at €885,000 for 2019. The Board also set the procedure for calculating the variable component of Mr. Delaporte's compensation for fiscal year 2019, defining the performance indicators underlying the V1 calculation, as well as the personal strategic objectives adopted for the V2 component.

Accordingly, the operating indicators adopted for his 2019 V1 compensation will be the same as the ones set for the Chairman and Chief Executive Offcier:

- revenue growth: 30% weighting;
- operating margin rate: 30% weighting;
- Organic free cash flow: 20% weighting;
- pre-tax net profit: 20% weighting.

The level of attainment of these indicators will be determined, based on a comparison of actual audited and budgeted Group consolidated results and will be subject to the accelerated formula (upward or downward).

The personal strategic objectives adopted for 2019 V2 variable compensation have been each assigned an individual specific weight and have been classified as follows:

- **shared objectives** represent 50% of the V2 and relate to:

i) the operational transformation of the Group for 15% weighting (out of which 7.5% is quantifiable);

ii) the portfolio rotation for 20% weighting (quantifiable); and

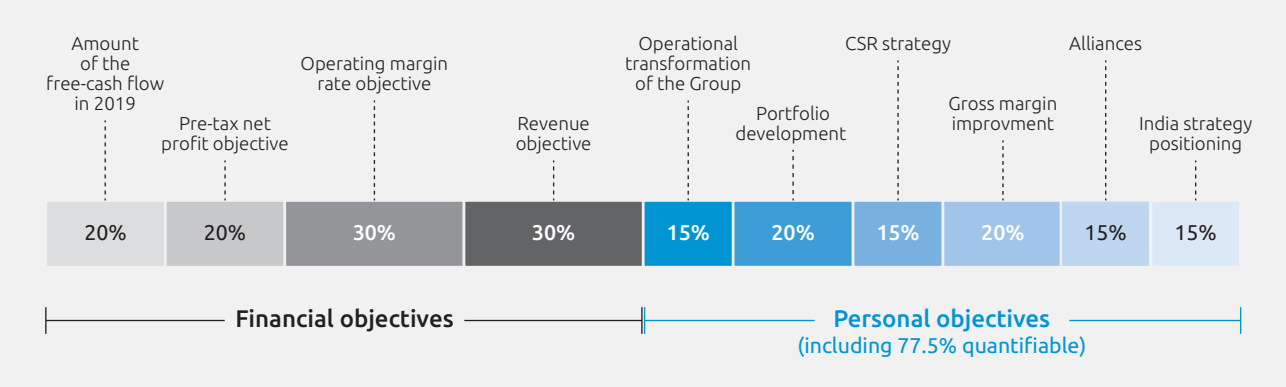
iii) the deployment of the CSR strategy for 15% weighting (out of which 10% is quantifiable).

- **specific objectives** represent 50% of the V2 and relate to:

i) the gross margin improvement for 20% weighting (quantifiable);

ii) The success of selected strategic partners for 15% weighting (quantifiable); and

iii) the strategic positioning of India for a 15% weighting (out of which 5% is quantifiable).



These objectives have been formalized in such a way that they can be clearly assessed on objective grounds at the end of 2019 with a weight of 77.5% based on quantified objectives. Therefore 89% of the variable part will be subject to a quantitative evaluation in 2019.

The long saving plan is unchanged and has been set at €355,000 for 2019 to be payable under the defined performance and presence conditions in 2020 and 2021.

The payment of the variable compensation and of the long saving plan of Mr. Delaporte for fiscal year 2019 will be subject to approval by the Shareholders' Meeting to be held in 2020.

Mr. Aiman Ezzat

In application of the principles just described, the Board decided, pursuant to the recommendation of the Compensation Committee, to leave unchanged Mr. Aiman Ezzat's theoretical compensation for 2019 at €1,560,000. This implies that the fixed part of Mr. Ezzat, will remain at €936,000 for 2019. The Board also set the procedure for calculating the variable component of Mr. Ezzat's compensation for fiscal year 2019, defining the performance indicators underlying the V1 calculation, as well as the personal strategic objectives adopted for the V2 component.

Accordingly, the operating indicators adopted for his 2019 V1 compensation will be the same as the ones set for the Chairman and Chief Executive Offcier:

- revenue growth: 30% weighting;
- operating margin rate: 30% weighting;
- Organic free cash flow: 20% weighting;
- pre-tax net profit: 20% weighting.

The level of attainment of these indicators will be determined, based on a comparison of actual audited and budgeted Group consolidated results and will be subject ot the accelerated formula (upward or downward).

The personal strategic objectives adopted for 2019 V2 variable compensation have been each assigned an individual specific weight and have been classified as follows:

- **shared objectives** represent 50% of the V2 and they relate to:

i) the operational transformation of the Group for 15% weighting (out of which 7.5% is quantifiable);

ii) the portfolio rotation for 20% weighting (quantifiable); and

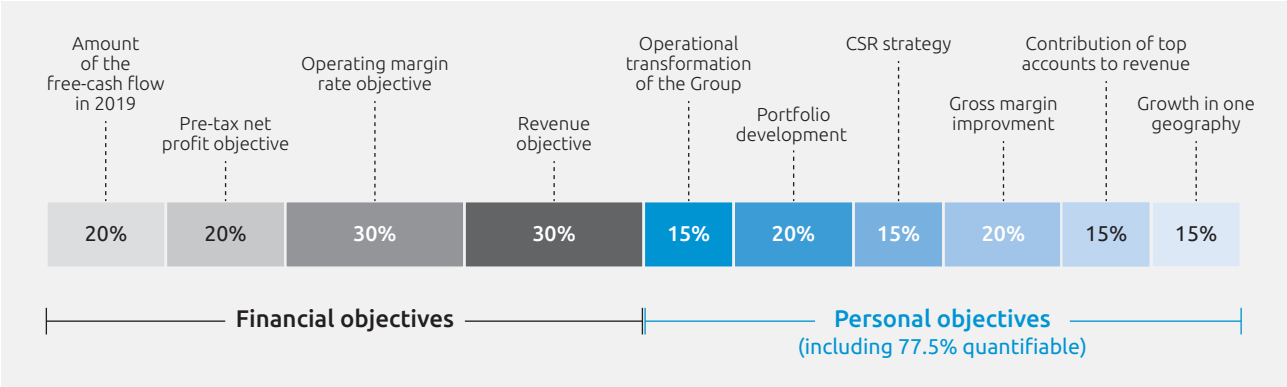
iii) the deployment of the CSR strategy for 15% weighting (out of which 10% is quantifiable).

- **specific objectives** represent 50% of the V2 and they relate to:

i) the gross margin improvement for 20% weighting (quantifiable);

ii) The growth of Group key accounts for 15% weighting (out of which 5% is quantifiable); and

iii) Focus on the growth of a strategic geography selected by the Board for 15% weighting (quantifiable).



These objectives have been formalized in such a way as they can be clearly assessed on objective grounds at the end of 2019 with a weight of 77.5% based on quantified objectives. Therefore 89% of the variable part will be subject to a quantitative evaluation in 2019.

The long saving plan is unchanged and has been set at €375,000 for 2019 to be payable under the defined performance and presence conditions in 2020 and 2021.

The payment of the variable compensation and of the long saving plan of Mr. Ezzat for fiscal year 2019 will be subject to approval by the shareholders at the Shareholders' Meeting to be held in 2020.

The existing practices described in 2.4.1.1 and the specific items and proposed 2019 fixed and variable compensation of the Chief Operating Officers set out in 2.4.1.2 above correspond to the report of the Board of Directors to shareholders established pursuant to the provisions of Article L. 225-37-2 of the *Code de commerce* related to the principles and criteria of the Chief Operating Officers compensation. These principles and criteria remain subject to shareholders' approval at the Combined Shareholders' Meeting of May 23, 2019 (for further information, see the resolution n° 9 in Chapter 7 of this Registration Document).

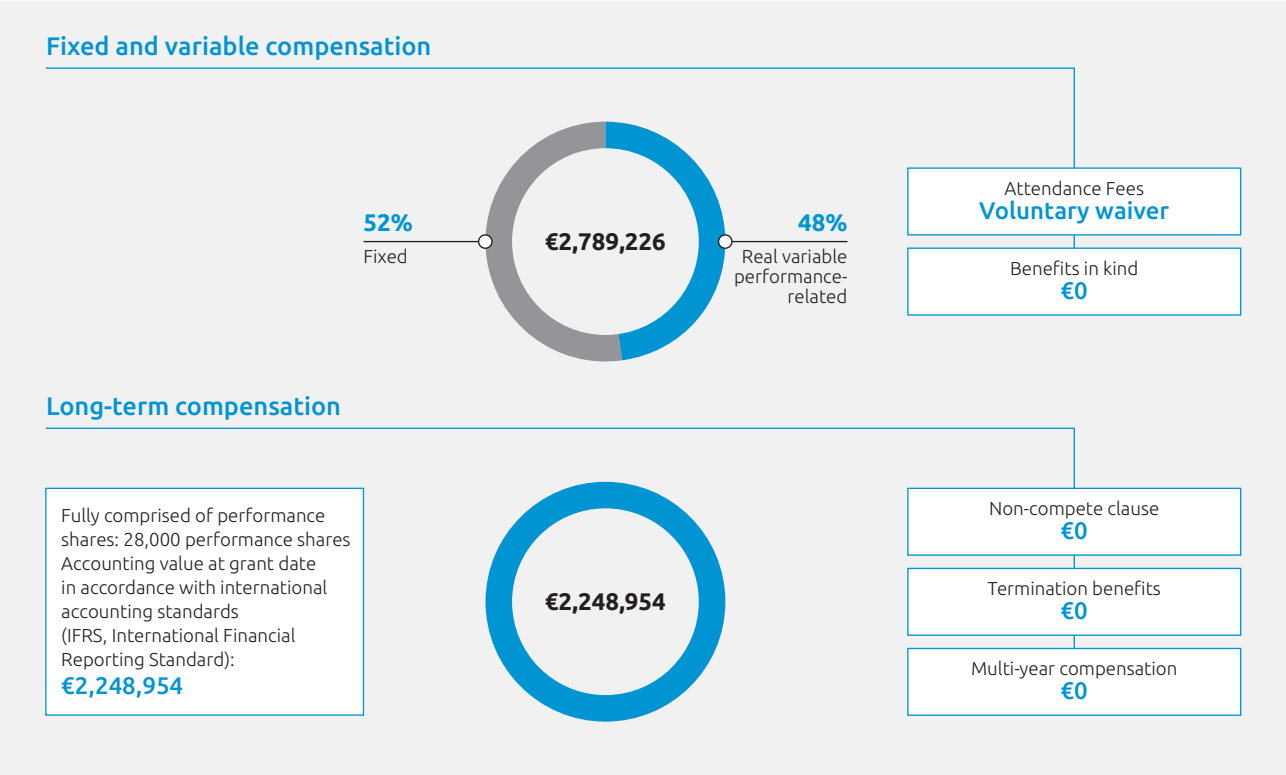
2.4.2 2018 Compensation of the Executive Corporate Officers

2.4.2.1 2018 Compensation of the Chairman and Chief Executive Officer

(gross amounts)	Compensation in respect of 2017			Compensation in respect of 2018		
Mr. Paul Hermelin: Chief Executive Officer up to May 24, 2012 and Chairman and Chief Executive Officer thereafter	**Paid in 2017**	**Paid in 2018**	**Total 2017**	**Paid in 2018**	**Paid in 2019**	**Total 2018**
Gross fixed compensation	1,452,000	-	1,452,000	1,452,000	-	1,452,000
Annual variable compensation	24,200	967,468	991,668		1,337,226	1,337,226
Multi-year variable compensation	-	-	-	-	-	-
Exceptional compensation	-	-	-	-	-	-
Attendance fees	-	-	-	-	-	-
Benefits in kind	-		-		-	-
TOTAL COMPENSATION DUE IN RESPECT OF FINANCIAL YEAR	**1,476,200**	**967,468**	**2,443,668**	**1,452,000**	**1,337,226**	**2,789,226**

In addition, the value of performance shares granted during the year and valued as per the IFRS rules on grant date are reported below:

Value of multi-year variable compensation granted during the year	-	-	-	-	-	-
Value of options granted during the year	-	-	-	-	-	-
Value of performance shares granted during the year	2,323,342	-	2,323,342	2,248,954	-	2,248,954
TOTAL	**2,323,342**	**-**	**2,323,342**	**2,248,954**	**-**	**2,248,954**



Pursuant to Say on Pay policy and the latest revised AFEP-MEDEF Code with which Capgemini complies, the compensation of each Executive Corporate Officers due or awarded in respect of the year then ended must be presented to the Shareholders' Meeting for a mandatory vote. The following table summarizes the compensation components subject to shareholder advisory vote pursuant to the Say on Pay policy.

Compensation components due or awarded in respect of 2018 to Mr. Paul Hermelin, Chairman and Chief Executive Officer and subject to shareholder mandatory vote

	Amount or accounting value subject to vote	Presentation
Fixed compensation	€1,452,000 (paid in 2018)	The gross fixed compensation of €1,452,000 for fiscal year 2018 was approved by the Board of Directors on February 14, 2018 at the recommendation of the Compensation Committee. It represents 55% of the total theoretical compensation if objectives are attained and is reviewed at long intervals in accordance with the AFEP-MEDEF Code. This amount is unchanged on 2013 when it was increased by 10% to reflect the change in Mr. Paul Hermelin's role who became Chairman and Chief Executive Officer at the end of the Combined Shareholders' Meeting of May 24, 2012, the extension of his responsibilities and the evolution and internationalization of the Group since 2008, when his compensation was last modified. The annualized increase in his theoretical compensation since 2008 and therefore in his fixed compensation is 0.9% *per annum*. This theoretical compensation falls within the median of CAC 40 executives.
Annual variable compensation	€1,337,226 (paid in 2019)	During the Board of Directors' Meeting of March 20, 2019, the Board, based on the audited and approved accounts and at the recommendation of the Compensation Committee, assessed the amount of Mr. Paul Hermelin's variable compensation for fiscal year 2018, of a target amount if objectives are attained of €1,200,000, *i.e.* 45% of his total theoretical compensation and comprising two equal components, V1 and V2, that may vary between 0% and 200% of the theoretical amount. **V1 component**: this component is calculated in accordance with quantifiable criteria and the following respective weightings, all relating to the financial results as compared to an ambition decided by the Board: 1) % attainment of the **revenue: 30%** weighting; 2) % attainment of the **operating margin rate: 30%** weighting; 3) % attainment of **pre-tax net profit: 20%** weighting; 4) 2018 **organic free cash flow: 20%** weighting. These objectives were assessed with respect to the objectives set by the Board of Directors' Meeting of February 14, 2018. **Attainment rates** for these four objectives were **101.1%, 97.69%, 102.42% and 110.48%** respectively, which taking account of the relative weighting of each objective, gives a **weighted attainment rate of 102.22%**. The Group's historical calculation formula accelerates actual performance upwards and downwards such that for 2018: — if the weighted performance of the above four financial indicators is less than or equal to 75%, the V1 component will be nil; — if this weighted performance is greater than or equal to 125%, the V1 component will be capped and equal to twice its theoretical amount. Accordingly, with this formula, a one-point variance in the weighted attainment rate increases or decreases the variable component by 4%. Therefore, application of the formula to the weighted attainment rate of 102.22% in 2018 results in the multiplication of the theoretical variable component by **108.87%, giving an amount of 1,200,000/2*108.87% = €653,226**. **V2 component**: The evaluation and the associated proposal have been prepared on the basis of the work done by the Compensation Committee which reviewed the various personal objectives grouped into two categories: "shared objectives" for 60% and specific objectives for 40% For the **shared objectives**, the Board defined two sets of indicators evenly spread with an overall 60% weight around i) the effective implementation of the new Group governance and managerial transition with a reinforced collaboration between market units and service lines, positioning the Group on the path to achieve its growth ambition in the Digital and Cloud and its 2020 ambition (out of which 10% are quantifiable) and ii) the operational transformation of the Group with a renewed leadership structure (all based on quantitative indicators). In regard to the *first part of shared objectives*, through a specific and regular follow up process the Board is evaluating the effective implementation of the Group governance and managerial transition and has evaluated the effective and efficient transformation program by validating the achievement of the 2018 market guidance and an ambitious 2019 budget. For the quantitative part, the Board has validated the fact that the growth of the Digital and Cloud offerings has been published at above 20% and exceeded the growth target set by the Board. **On this basis the Board has evaluated the objectives of the first part of shared objectives to be attained at 115%**. For the *second part of shared objectives* related to the successful implementation of the transformation pogram, the Board has validated the new organization in place since July first on one side and has reviewed the expected leadership renewal associated with this new organization noting that 25% of the key business units leaders have changed roles mid year, that from an attractivity standpoint more than 50% of external VP hires in 2018 have been in targeted domains and that the change organization

Amount or accounting value subject to vote	Presentation

has not generated a leadership disruption with a voluntary attrition of our high performing VPs aligned to our historical trends. **On this basis the Board has evaluated the objectives of this second part of shared objectives to be attained at 123%**.

For the **specific personal objectives**, the Board defined three sets of objectives.

The *first specific objective* (15% weighting) concerned the impact of M&A on the company growth (quantitative) and the successful post merger integration of acquired companies (qualitative).The disclosed perimeter impact of acquisitions on growth amounted to 2% and a post merger integration report on recently acquired companies has been presented to the Board which on this basis **considered that the objectives set for this category have been achieved at 97%**.

The *second specific objective* (15% weighting) concerned the deployment of the CSR strategy around 3 pillars (diversity and sustainability being quantitative and digital inclusion being qualitative). Diversity was measured through the % of women in Group Management of our key business units against a target significantly higher than the % of female VP in the VP population. This ambitious target was 96% achieved. On sustainability, the target was to decrease the Green House Gaz emissions per employee by 3% in 2018 and this target has been exceeded. For digital inclusion the strategy including actions already launched, implementation plan and targets have been presented to the December 2018 Board and approved by him. **Given these achievements, the Board considered that the objectives set for this category have been achieved at 113%**.

The *third specific objective* (10% weighting) concerned the selection of strategic bets in disruptive technologies in order to favour the attainment of the Group growth ambition. A report was presented to the Board and associated bets have been incorporated into the 2019 plans. **The Board considered that the objectives set for this category have been realized at 110%**.

The Board approved a weighted performance of 114% as per the table below:

	Target		Proposal	
Objective type	**Computed**	**Qualitative**	**Computed**	**Qualitative**
New Group governance	10%	20%	11.5%	23.0%
Successful transformation program implementation	30%	n/a	37.0%	n/a
M&A impact on growth and post merger success	7.5%	7.5%	7.0%	7.5%
Deployment of CSR strategy	10%	5%	12.0%	5.0%
Strategic bets on disruptive technologies	n/a	10%	n/a	11.0%
Total	**57.5%**	**42.5%**	**67.5%**	**46.5%**
	Target	**100%**	**Proposed**	**114%**

leading to a **V2 calculation of €600,000*114% = €684,000.**

Accordingly, a **variable compensation of €1,337,226** was approved by the Board for 2018, ***i.e.* 92.1% of his fixed compensation for the same year and 111.4% of the theoretical variable compensation**. Total fixed and variable compensation for 2018 is therefore **€2,789,226**, *i.e.* 105.2% of the theoretical compensation and may be summarized as follows:

2018 Variable compensation calculation for Mr. Paul Hermelin V1: quantitative part based on budgeted financial targets

Indicators	Weight	% of achievement	Weighted
Total Revenue	30%	101.10%	30.33%
Operational Margin %	30%	97.69%	29.31%
Net results before tax	20%	102.42%	20.48%
Organic free cash flow	20%	110.48%	22.10%
Total weighted R/B before flex			102.22%
Total weighted post 75/125 flex (4*weighted R/B-3)			108.87%
Variable V1 on target			600,000
Computed V1			**653,226**

	Amount or accounting value subject to vote	Presentation

V2: qualitative part based on 2018 objectives

Categories	Weight	Weighted total
New Group governance	30%	
Successful transformation program implementation	30%	
M&A impact on growth and post merger success	15%	114.0%
Deployment of CSR strategy	15%	
Strategic bets on disruptive technologies	10%	
Variable V2 on target		600,000
Computed V2		**684,000**
TOTAL 2018 VARIABLE COMPENSATION		**1,337,226**
As a % of the total variable on target		*111.4%*
As a % of fixed compensation		*92.1%*

The variable compensation due in respect of a given year is calculated based on the audited accounts approved by the Board at the beginning of Y+1 and is paid after the submission of the compensation policy to the shareholders.

Deferred variable compensation	**N/A**	There is no deferred variable compensation.
Multi-year variable compensation	**N/A**	There is no multi-year variable compensation mechanism.
Exceptional compensation	**N/A**	No exceptional compensation was paid.
Stock options, performance shares or any other form of long-term compensation	**Performance shares €2,248,954 (IFRS accounting value on grant date)**	28,000 shares granted subject to performance and presence conditions. The vesting of performance shares is contingent on the realization of both an external performance condition and two internal performance conditions. The external performance conditions accounts for 35% of the grant and is based on the comparative performance of the Capgemini share over three years against the average performance of a basket of 8 comparable companies in the same business sector and from at least 5 countries (Accenture/Indra/Atos/Tieto/Sopra Steria/CGI Group/Infosys and Cognizant) the CAC 40 index and the Euro Stoxx 600 index. Accordingly, no shares vest if the relative performance of the Capgemini share is less than 100% of the performance of the basket of comparable companies, while 100% of shares vest only if this relative performance is at 110% or above. If performance is similar to that of the market only 50% of the initial grant vests. **The external condition has been strengthened** since 2016, as the effective vesting of shares starts from a minimum achievement of 100% of the basket of comparable companies, while it historically started at 90%. The internal performance condition based on organic free cash flow generation over the three-year period from 2018 to 2020 accounts for 50% of the grant. The minimum amount necessary for shares to vest is €3 billion. Above this threshold, shares vest progressively on a straight-line basis, with the maximum grant requiring organic free cash flow of €3.25 billion or more. The internal performance condition on CSR performance indicators measured at the end of 2020 is based for 50% on the percentage of female executives (VPs) joining through promotions and external hiring over the period 2018 to 2020 and should be at 25% to get 100% of the grant with no grant if this % is below 20%. For the remaining 50%, it is based on the reduction of GHG/employee of a minimum 20% *vs.* the 2015 reference with 100% of the allocation if the reduction reaches 22%. The number of shares that may vest to the Executive Corporate Officer may not exceed 0.001% of the share capital. Authorized by the Combined Shareholders' Meeting of May 23, 2018 Twenty-third resolution Grant authorized by the Board of Directors on October 3, 2018
	Stock options = N/A Other items = N/A	No stock options or other items were granted.

	Amount or accounting value subject to vote	Presentation
Attendance fees	**Voluntary waiver**	The Board of Directors took due note of Mr. Paul Hermelin's decision to waive his right to collect attendance fees as a director of Capgemini SE in respect of 2018 (as he has done for the last nine years).
Valuation of benefits in kind	**€0**	No benefits in kind

Other compensation components

Compensation components due or awarded in respect of 2018 that were presented to the Shareholders' Meeting for vote pursuant to the regulated agreements and commitments procedure

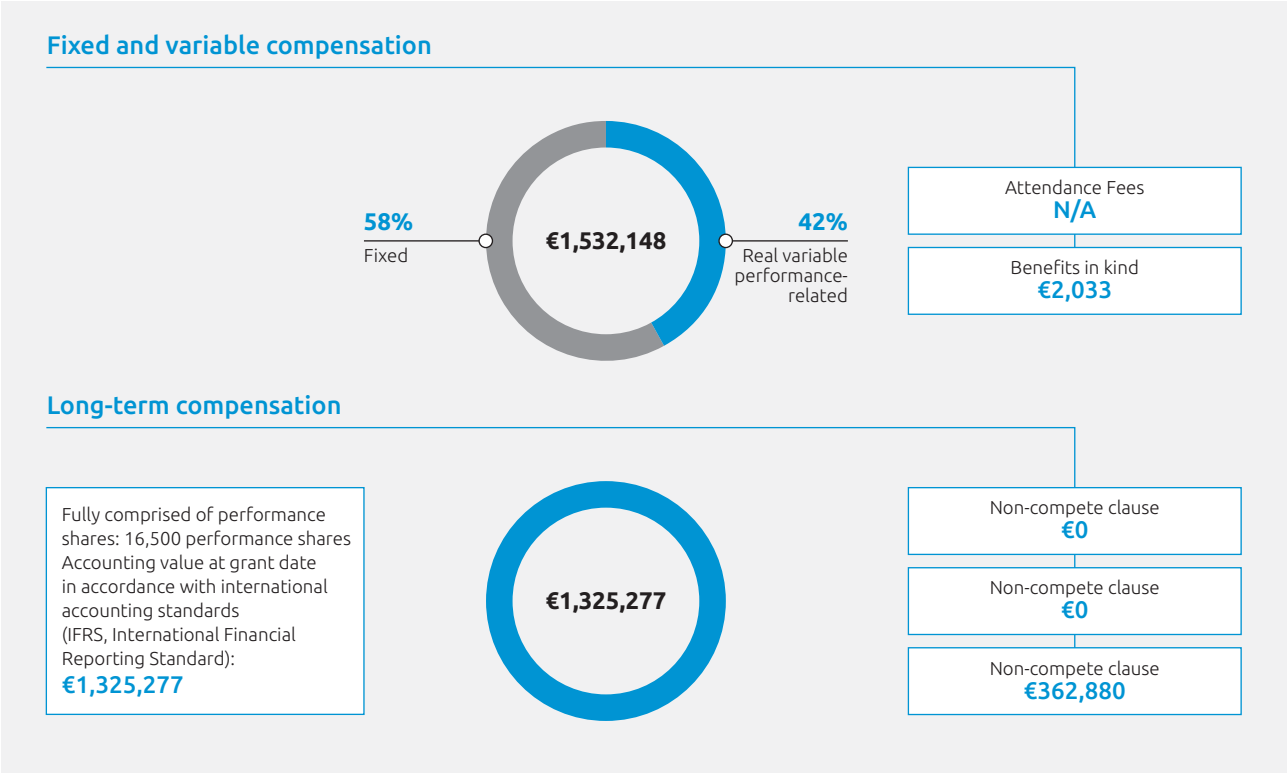
	Amount subject to vote	Presentation
Termination payments	**N/A**	**No entitlement to termination payments.**
Non-compete indemnities	**N/A**	**No non-compete indemnities.**
Supplementary pension benefits	**€0**	No amount due in respect of the year. Mr. Paul Hermelin is a member of the supplementary collective defined benefit pension plan (Article 39) setup in 2006 in Capgemini Service, under the same conditions applicable to other employee members. This plan was reviewed by an external firm which confirmed that it complies with the AFEP-MEDEF recommendations of October 6, 2009, as it complies with the revised AFEP-MEDEF Governance Code issued in June 2013. **The plan was closed to new beneficiaries in 2015 and rights of existing members have been frozen as of October 31, 2015.** In order to receive benefits under this plan it is necessary to be with the Group at the time of retirement, to have at least 10 years of seniority, to have been a Group Executive Member for at least 5 years and to have a compensation level above 8 PASS (French annual social security ceiling) during 5 years at least. Benefits are based on reference earnings equal to the average of the three best years (fixed and variable part) from among the ten years preceding retirement. In addition, this supplementary pension is subject to **three cumulative limits** such that the pension amount cannot exceed: — 40% of reference earnings; — 50% of reference earnings, including pensions received under all other pension plans; and — reference earnings are capped at 60 times the French annual social security ceiling. Benefits are **proportional** to length of service (minimum of 10 years required and a maximum of 30 years), reflecting the required progressive acquisition of entitlement, which remains well below the threshold set by the AFEP-MEDEF Code and the recent legal ceiling of 3% *per annum*. Entitlement is acquired at a rate of 1.5% per year for the first 10 years of seniority and for subsequent years only at rates of: — 1% up to 20 PASS; — 2% between 20 and 40 PASS; — 3% between 40 and 60 PASS. Therefore, the maximum possible annual entitlement is equal to 1.83% before potential impact of the cumulative limits. Due to the long seniority of our Chairman and Chief Executive Officer (frozen at 23 years in 2015) the value of the annual pension is estimated at a net amount after income tax and employee social contribution of 300k€, corresponding to a gross amount of 901k€ or 34% of his 2018 theoretical compensation. The plan is financed through an external insurance company and as such the required funds to pay the pension support a contribution of 24%. 21 members have benefited from this regime since its launch with 8 presently active as of 31/12/2018. Presented to the Combined Shareholders' Meeting of April 26, 2007. Fourth resolution in respect of regulated agreements.

2.4.2.2 2018 Compensation of the Chief Operating Officer: Mr. Thierry Delaporte

(gross amounts)	Compensation in respect of 2017			Compensation in respect of 2018			
Thierry Delaporte: Chief Operating Officer from January 1, 2018	**Paid in 2017**	**Paid in 2018**	**Total 2017**	**Paid in 2018**	**Paid in 2019**	**Paid in 2020**	**Total 2018**
Gross fixed compensation	-	-	-	885,000	-	-	885,000
Annual variable compensation	-	-	-	-	647,148	-	647,148
Multi-year variable compensation	-	-	-	-	181,440	181,440	362,880
Exceptional compensation	-	-	-	-	-	-	-
Attendance fees	-	-	-	-	-	-	-
Benefits in kind	-	-	-	2,033	-	-	2,033
TOTAL COMPENSATION DUE IN RESPECT OF FINANCIAL YEAR	**-**	**-**	**-**	**887,033**	**828,588**	**181,440**	**1,897,061**

In addition, the value of performance shares granted during the year and valued as per the IFRS rules on grant date are reported below:

Value of multi-year variable compensation granted during the year	-	-	-	-	-	-
Value of options granted during the year	-	-	-	-	-	-
Value of performance shares granted during the year		-		1,325,277	-	1,325,277
TOTAL		**-**		**1,325,277**	**-**	**1,325,277**



Pursuant to Say on Pay policy and the latest revised AFEP-MEDEF Code with which Capgemini complies, the compensation of each Executive Corporate Officers due or awarded in respect of the year then ended must be presented to the Shareholders' Meeting for a mandatory vote. The following table summarizes the compensation components subject to shareholder advisory vote pursuant to the Say on Pay policy.

Compensation components due or awarded in respect of 2018 to Mr. Thierry Delaporte, Chief Operating Officer and subject to shareholder mandatory vote

	Amount or accounting value subject to vote	Presentation
Fixed compensation	**€885,000 (paid in 2018)**	The gross fixed compensation of €885,000 for fiscal year 2018 was approved by the Board of Directors on February 14, 2018 at the recommendation of the Compensation Committee. It represents 60% of the total theoretical compensation if objectives are attained and is reviewed at long intervals in accordance with the AFEP-MEDEF Code. This amount was proposed following the nomination as of January 1, 2018 of Mr. Thierry Delaporte as Chief Operating Officer and this proposal has been approved by the shareholders at the May 23, 2018 Combined Shareholders' Meeting.
Annual variable compensation	**€647,148 (paid in 2019)**	During the Board of Directors' Meeting of March 20, 2019, the Board, based on the audited and approved accounts and at the recommendation of the Compensation Committee, assessed the amount of Mr. Thierry Delaporte's variable compensation for fiscal year 2018, of a target amount if objectives are attained of €590,000, *i.e.* 40% of his total theoretical compensation and comprising two equal components, V1 and V2, that may vary between 0% and 200% of the theoretical amount. **V1 component**: this component is calculated in accordance with quantifiable criteria and the following respective weightings, all relating to the financial results as compared to an ambition decided by the Board: 1) % attainment of the **revenue: 30%** weighting; 2) % attainment of the **operating margin rate: 30%** weighting; 3) % attainment of **pre-tax net profit: 20%** weighting; 4) 2018 organic **free cash flow: 20%** weighting. These objectives were assessed with respect to the objectives set by the Board of Directors' Meeting of February 14, 2018. **Attainment rates** for these four objectives were **101.1%, 97.69%, 102.42% and 110.48%** respectively, which taking account of the relative weighting of each objective, gives a **weighted attainment rate of 102.22%**. The Group's historical calculation formula accelerates actual performance upwards and downwards such that for 2018: — if the weighted performance of the above four financial indicators is less than or equal to 75%, the V1 component will be nil; — if this weighted performance is greater than or equal to 125%, the V1 component will be capped and equal to twice its theoretical amount. Accordingly, with this formula, a one-point variance in the weighted attainment rate increases or decreases the variable component by 4%. Therefore, application of the formula to the weighted attainment rate of 102.22% in 2018 results in the multiplication of the theoretical variable component by **108.87%, giving an amount of 590,000/2*108.87% = €321,173.** **V2 component**: The evaluation and the associated proposal have been prepared on the basis of the work done by the Compensation Committee which reviewed the various personal objectives grouped into two categories: "shared objectives" for 40% and specific objectives for 60% For the **shared objectives**, the Board defined two sets of indicators evenly spread with an overall 40% weight around i) the effective implementation of the new Group governance and managerial transition with a reinforced collaboration between market units and service lines, positioning the Group on the path to achieve its growth ambition in the Digital and Cloud and its 2020 ambition (out of which 5% are quantifiable) and ii) the operational transformation of the Group with a renewed leadership structure (all based on quantitative indicators). In regard to the *first part of shared objectives*, through a specific and regular follow up process the Board is evaluating the effective implementation of the Group governance and managerial transition and has evaluated the effective and efficient transformation program by validating the achievement of the 2018 market guidance and an ambitious 2019 budget. For the quantitative part, the Board has validated the fact that the growth of the Digital and Cloud offerings has been published at above 20% and exceeded the growth target set by the Board. **On this basis the Board has evaluated the first part of shared objectives to be attained at 117.5%**. For the *second part of shared objectives* related to the successful implementation of the transformation pogram, the Board has validated the new organization in place since July first on one side and has reviewed the expected leadership renewal associated with this new organization noting that 25% of the key business units leaders have changed roles mid year, that from an attractivity standpoint more than 50% of external VP hires in 2018 have been in targeted domains and that the change organization has not generated a leadership disruption with a voluntary attrition of our high performing VPs aligned to our historical trends. **On this basis the Board has evaluated the objectives of this second part of shared objectives to be attained at 117.5%**.

Amount or accounting value subject to vote	Presentation

For the **specific personal objectives**, the Board defined four sets of objectives.

The *first specific objective* (15% weighting) concerned the successful set up of Capgemini Invent and its positive interaction with the rest of the organization. Based on a CEO report explaining the significant growth both in volume and in the number of multi-discipline deals generated by Capgemini Invent which was twice above the set target, the Board **considered that the objectives set for this category have been achieved at 133%**.

The *second specific objective* (15% weighting) concerned the gross margin evolution *versus* the 2017 published rate. The 2018 published rate showed an improvement year on year but the set target has not been fully and therefore **the Board considered that the objective set for this category has been achieved at 77%**.

The *third specific objective* (15% weighting) concerned the success of 4 selected bets within our partners offerings. All 4 bet have reached or exceeded their target and overall *vs.* the total consolidated bookings target, the performance has been achieved at **112%, percentage retained by the Board for this objective**.

At last the *fourth specific objective* (15% weighting) concerned the new strategic positioning of India within the revised organization. The Board **considered that the objective set for this category has been realized at 100%**.

The Board approved a weighted performance of 110.5% as per the table below:

	Target		Proposal	
Objective type	**Computed**	**Qualitative**	**Computed**	**Qualitative**
New Group governance	5%	15%	6.0%	17.5%
Successful transformation program implementation	20%	n/a	23.5%	n/a
Succesful set up of DIT	15%	n/a	20.0%	n/a
Gross margin % protection/ mprovement *vs.* 2017	15%	n/a	11.5%	n/a
Success of 4 alliances bets	15%	n/a	17.0%	n/a
India strategic positioning	n/a	15%	n/a	15.0%
Total	**70%**	**30%**	**78.0%**	**32.5%**
	Target	**100%**	**Proposal**	**110.5%**

leading to a **V2 calculation of €295,000*110.5% = €321,173.**

Accordingly, **a variable compensation of €647,148** was approved by the Board for 2018, ***i.e.* 73.1% of his fixed compensation for the same year and 109.7% of the theoretical variable compensation**. Total fixed and variable compensation for 2018 is therefore **€1,532,148**, *i.e.* 103.9% of the theoretical compensation and may be summarized as follows:

2018 Variable compensation calculation for Mr. Thierry Delaporte V1: quantitative part based on budgeted financial targets

Indicators	Weight	% of achievement	Weighted
Total Revenue	30%	101.10%	30.33%
Operational Margin %	30%	97.69%	29.31%
Net results before tax	20%	102.42%	20.48%
Organic free cash flow	20%	110.48%	22.10%
Total weighted R/B before flex			102.22%
Total weighted after 75/125 flex (4*weighted R/B-3)			108.87%
Variable V1 on target			295,000
Computed V1			**321,173**

	Amount or accounting value subject to vote	Presentation

V2: qualitative part based on 2018 objectives

Categories	Weight	Weighted total
New Group governance	20%	110.5%
Successful transformation program implementation	20%	
Succesful set up of DIT	15%	
Gross margin % protection/ improvement *vs.* 2017	15%	
Success of 4 alliances bets	15%	
India strategic positioning	15%	
Variable V2 on target		295,000
Computed V2		**325,975**
TOTAL 2018 VARIABLE COMPENSATION		**647,148**
As a % of the total variable on target		*109.7%*
As a % of fixed compensation		*73.1%*

The variable compensation due in respect of a given year is calculated based on the audited accounts approved by the Board at the beginning of Y+1 and is paid after the submission of the compensation policy to the shareholders.

Deferred variable compensation	**N/A**	There is no deferred variable compensation.
Multi-year variable compensation	**€362,880 (50% paid in July 19 and 50% in July 20)**	During the Board of Directors' Meeting of March 20, 2019, the Board, based on the audited and approved accounts and at the recommendation of the Compensation Committee, assessed the long savings plan of Mr. Thierry Delaporte's for fiscal year 2018, of a target amount if objectives are attained of €355,000. This allowance is subject to a performance condition based on the achievement of the unflexed weighted performance of the financial indicators of the V1 which for 2018 gives a weighted attainment of 102.22% driving an amount of 102.22%*€355,000= €362,880. — 50% of this amount or €181,440, will be paid in July 2019; — 50% or €181,440 will be paid in July 2020, subject to Mr. Thierry Delaporte being present in the Group as at June 30, 2020.
Exceptional compensation	**N/A**	No exceptional compensation was paid.
Stock options, performance shares or any other form of long-term compensation	**Performance shares €1,325,277 (IFRS accounting value on grant date)**	16,500 shares granted subject to performance and presence conditions. The vesting of performance shares is contingent on the realization of both an external performance condition and two internal performance conditions. The external performance conditions accounts for 35% of the grant and is based on the comparative performance of the Capgemini share over three years against the average performance of a basket of 8 comparable companies in the same business sector and from at least 5 countries (Accenture/Indra/Atos/Tieto/Sopra Steria/CGI Group/Infosys and Cognizant) the CAC 40 index and the Euro Stoxx 600 index. Accordingly, no shares vest if the relative performance of the Capgemini share is less than 100% of the performance of the basket of comparable companies, while 100% of shares vest only if this relative performance is at 110% or above. If performance is similar to that of the market only 50% of the initial grant vests. **The external condition has been strengthened** since 2016, as the effective vesting of shares starts from a minimum achievement of 100% of the basket of comparable companies, while it historically started at 90%. The internal performance condition based on organic free cash flow generation over the three-year period from 2018 to 2020 accounts for 50% of the grant. The minimum amount necessary for shares to vest is €3 billion. Above this threshold, shares vest progressively on a straight-line basis, with the maximum grant requiring organic free cash flow of €3.25 billion or more. The internal performance condition on CSR performance indicators measured at the end of 2020 is based for 50% on the percentage of female executives (VPs) joining through promotions and external hiring over the period 2018 to 2020 and should be at 25% to get 100% of the grant with no grant if this % is below 20%. For the remaining 50%, it is based on the reduction of GHG/employee of a minimum 20% *vs.* the 2015 reference with 100% of the allocation if the reduction reaches 22%. The number of shares that may vest to the executive corporate officer may not exceed 0.001% of the share capital.

	Amount or accounting value subject to vote	Presentation
		Authorized by the Combined Shareholders' Meeting of May 23, 2018 Twenty-third resolution Grant authorized by the Board of Directors on October 3, 2018
	Stock options = N/A **Other items = N/A**	No stock options or other items were granted.
Attendance fees	**N/A**	N/A
Valuation of benefits in kind	**€2,033**	Benefits in kind corresponds to a company car within the existing plan in place in France.

Other compensation components

Compensation components due or awarded in respect of 2018 that were presented to the Shareholders' Meeting for vote pursuant to the regulated agreements and commitments procedure

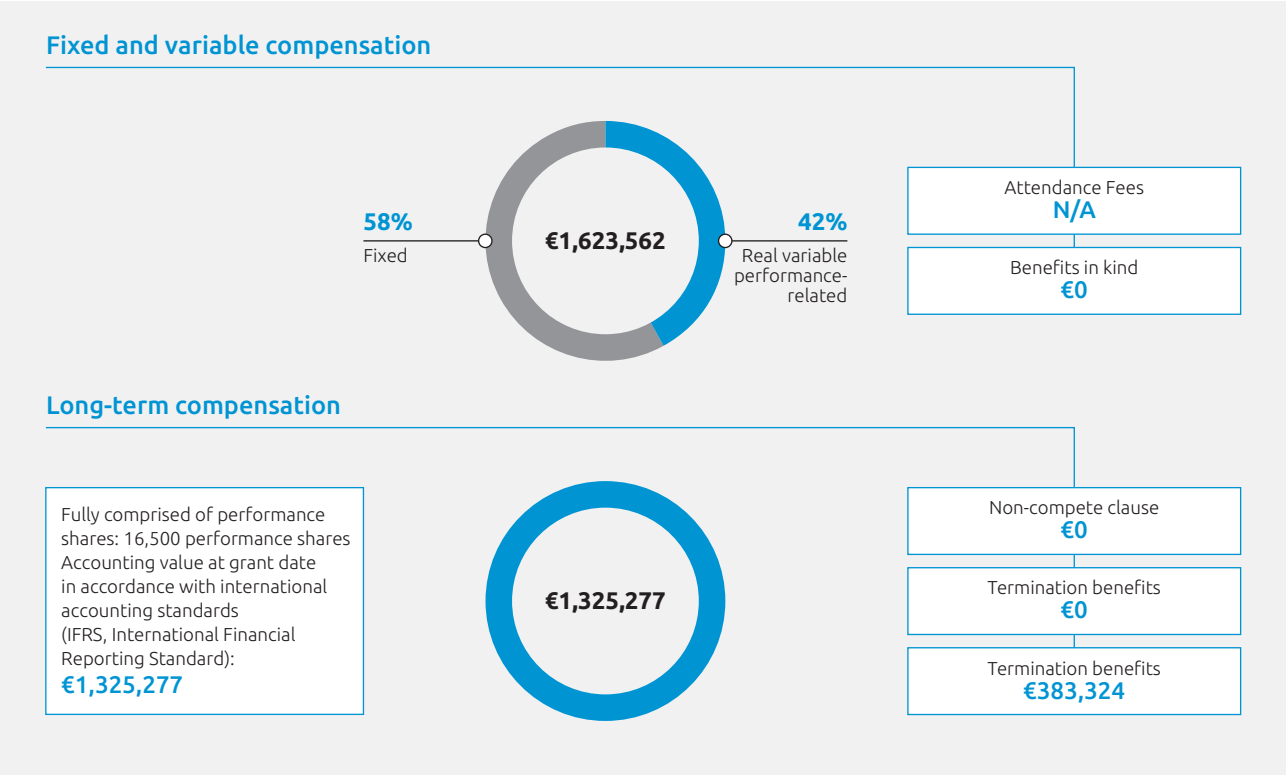
	Amount subject to vote	Presentation
Termination payments	**€0**	No amount due in respect of the year. Following the appointement of Mr. Delaporte as Chief Operating Offcier as of January 1, 2018, the Board based on the proposal of the Compensation Committee has authorized, the principle of a severance indemnity which would be due to each Chief Operating Officer in the event of a termination of their corporate office. However, no severance indemnity shall be due if the Chief Operating Officer leaves the company on his own initiative, changes functions within the Group, is entitled to assert in a near future his rights to retirement or in the event of a gross negligence or serious misconduct. In compliance with the recommendations of the revised AFEP-MEDEF Code, the aggregate amount (i) of the severance indemnity effectively paid, (ii) of any indemnity likely to be paid in connection with the termination of an employment agreement, and (iii) of any indemnity likely to be paid in consideration for the non-compete undertaking, may not exceed a maximum amount equal to twice the applicable gross theoretical compensation (fixed plus variable) as at the date of termination of said functions. The granting and the amount of the severance indemnity depend on the percentage of achievement of the weighted performance of the financial indicators due to the Chief Operating Officer in regard to his V1 variable part during each of the last three completed financial years preceding the termination of his functions as Chief Operating Officer, being specified that the last year will count for 40%, while the two previous financial years will count for 30% each. The granting and the amount of the V1 variable part being subject to performance indicators and to the Group's consolidated results, the severance indemnity is as a result subject to the satisfaction of these same performance conditions. The Board will have to ensure the effective achievement of these performance criteria. Board approval on December 6, 2017 Authorized by the Combined Shareholders' Meeting of May 23, 2018 Seventh resolution (regulated agreement)
Non-compete indemnities	**€0**	No amount due in respect of the year. Upon a proposal of the Compensation Committee, the Board decided that each Chief Operating Officer shall be subject to a non-compete undertaking for a period of twelve months as from the termination of his employment contract following termination of his functions of Chief Operating Officer against an indemnity equal to half of the applicable gross theoretical compensation (fixed plus variable) where all the objectives have been reached as at the date of termination of the functions of Chief Operating Officer. The Board of Directors will be entitled, at its own discretion, to lift this non-compete obligation on departure of the Chief Operating Officer and therefore in such case, not to implement this non-compete indemnity. Board approval on December 6, 2017 Authorized by the Combined Shareholders' Meeting of May 23, 2018 Seventh resolution (regulated agreement)
Supplementary pension benefits	**N/A**	No supplementary pension benefits

2.4.2.3 2018 Compensation of the Chief Operating Officer: Mr. Aiman Ezzat

(gross amounts)	Compensation in respect of 2017			Compensation in respect of 2018			
Aiman Ezzat: Chief Operating Officer from January 1, 2018	**Paid in 2017**	**Paid in 2018**	**Total 2017**	**Paid in 2018**	**Paid in 2019**	**Paid in 2020**	**Total 2018**
Gross fixed compensation	-	-	-	936,000	-	-	936,000
Annual variable compensation	-	-	-	-	687,562	-	687,562
Multi-year variable compensation	-	-	-	-	191,662	191,662	383,324
Exceptional compensation	-	-	-	-	-	-	-
Attendance fees	-	-	-	-	-	-	-
Benefits in kind	-	-	-	-	-	-	-
TOTAL COMPENSATION DUE IN RESPECT OF FINANCIAL YEAR	**-**	**-**	**-**	**936,000**	**879,224**	**191,662**	**2,006,886**

In addition, the value of performance shares granted during the year and valued as per the IFRS rules on grant date are reported below:

Value of multi-year variable compensation granted during the year	-	-	-	-	-	-
Value of options granted during the year	-	-	-	-	-	-
Value of performance shares granted during the year		-	1,325,277		-	1,325,277
TOTAL		**-**	**1,325,277**		**-**	**1,325,277**



Pursuant to Say on Pay policy and the latest revised AFEP-MEDEF Code with which Capgemini complies, the compensation of Executive Corporate Officers due or awarded in respect of the year then ended of each Executive Corporate Officer must be presented to the Shareholders' Meeting for a mandatory vote. The following table summarizes the compensation components subject to shareholder advisory vote pursuant to the Say on Pay policy.

Compensation components due or awarded in respect of 2018 to Mr. Aiman Ezzat, Chief Operating Officer and subject to shareholder mandatory vote

	Amount or accounting value subject to vote	Presentation
Fixed compensation	**€936,000 (paid in 2018)**	The gross fixed compensation of €936,000 for fiscal year 2018 was approved by the Board of Directors on February 14, 2018 at the recommendation of the Compensation Committee. It represents 60% of the total theoretical compensation if objectives are attained and is reviewed at long intervals in accordance with the AFEP-MEDEF Code. This amount was proposed following the nomination as of January 1, 2018 of Mr. Aiman Ezzat as Chief Operating Officer and this proposal has been approved by the shareholders at the May 23, 2018 Combined Shareholders' Meeting.
Annual variable compensation	**€687,562 (paid in 2019)**	During the Board of Directors' Meeting of March 20, 2019, the Board, based on the audited and approved accounts and at the recommendation of the Compensation Committee, assessed the amount of Mr. Aiman Ezzat's variable compensation for fiscal year 2018, of a target amount if objectives are attained of €624,000, *i.e.* 40% of his total theoretical compensation and comprising two equal components, V1 and V2, that may vary between 0% and 200% of the theoretical amount. **V1 component**: this component is calculated in accordance with quantifiable criteria and the following respective weightings, all relating to the financial results as compared to an ambition decided by the Board: 1) % attainment of the **revenue: 30%** weighting; 2) % attainment of the **operating margin rate: 30%** weighting; 3) % attainment of **pre-tax net profit: 20%** weighting; 4) 2018 **organic free cash flow: 20%** weighting. These objectives were assessed with respect to the objectives set by the Board of Directors' Meeting of February 14, 2018. **Attainment rates** for these four objectives were **101.1%, 97.69%, 102.42% and 110.48%** respectively, which taking account of the relative weighting of each objective, gives a **weighted attainment rate of 102.22%**. The Group's historical calculation formula accelerates actual performance upwards and downwards such that for 2018: — if the weighted performance of the above four financial indicators is less than or equal to 75%, the V1 component will be nil; — if this weighted performance is greater than or equal to 125%, the V1 component will be capped and equal to twice its theoretical amount. Accordingly, with this formula, a one-point variance in the weighted attainment rate increases or decreases the variable component by 4%. Therefore, application of the formula to the weighted attainment rate of 102.22% in 2018 results in the multiplication of the theoretical variable component by **108.87%, giving an amount of 624,000/2*108.87% = €339,682**. **V2 component**: The evaluation and the associated proposal have been prepared on the basis of the work done by the Compensation Committee which reviewed the various personal objectives grouped into two categories: "shared objectives" for 40% and specific objectives for 60%. For the **shared objectives**, the Board defined two sets of indicators evenly spread with an overall 40% weight around i) the effective implementation of the new Group governance and managerial transition with a reinforced collaboration between market units and service lines, positioning the Group on the path to achieve its growth ambition in the Digital and Cloud and its 2020 ambition (out of which 5% are quantifiable) and ii) the operational transformation of the Group with a renewed leadership structure (all based on quantitative indicators). In regard to the *first part of shared objectives*, through a specific and regular follow up process the Board is evaluating the effective implementation of the Group governance and managerial transition and has evaluated the effective and efficient transformation program by validating the achievement of the 2018 market guidance and an ambitious 2019 budget. For the quantitative part, the Board has validated the fact that the growth of the Digital and Cloud offerings has been published at above 20% and exceeded the growth target set by the Board. **On this basis the Board has evaluated the first part of shared objectives to be attained at 117.5%**. For the *second part of shared objectives* related to the successful implementation of the transformation pogram, the Board has validated the new organization in place since July first on one side and has reviewed the expected leadership renewal associated with this new organization noting that 25% of the key business units leaders have changed roles mid year, that from an attractivity standpoint more than 50% of external VP hires in 2018 have been in targeted domains and that the change organization has not generated a leadership disruption with a voluntary attrition of our high performing VPs aligned to our historical trends. **On this basis the Board has evaluated the objectives of this second part of shared objectives to be attained at 117.5%**.

Amount or accounting value subject to vote	Presentation

For the **specific personal objectives**, the Board defined four sets of objectives.

The *first specific objective* (15% weighting) concerned the higher contribution to Group growth of the top 100 accounts. The actual growth of our top 100 accounts has been higher than the Group organic growth but just behind the preset ambitious target which **drove the Board to assess the performance for this objective to be achieved at 83%**.

The *second specific objective* (15% weighting) concerned the gross margin evolution *versus* the 2017 published rate. The 2018 published rate showed an improvement year on year but the set target has not been fully met and therefore **the Board considered that the objective for this category has been achieved at 77%**.

The *third specific objective* (15% weighting) concerned the return to growth year on year during the fourth qurter of 2018 of a selected geography. Thanks to a strong focus the return to growth started already in the third quarter and accelerated in the fourth one to end more than twice the target given year on year. **Therefore, the Board considered that the objective set for this category has been realized at 150%**.

At last the *fourth specific objective* (15% weighting) concerned the management of the CFO role transition from the former one to the newly appointed one. Based on the evaluation made of this transition process by the CEO and considering the fact that Mr. Ezzat had the CFO position for 6 months before transitioning the role and with feedback from various members, the Board has **considered that the objective set for this category has been realized at 120%**.

The Board approved a weighted performance of 111.5% as per the table below:

	Target		Proposal	
Objective type	**Computed**	**Qualitative**	**Computed**	**Qualitative**
New Group governance	5%	15%	6.0%	17.5%
Successful transformation program implementation	20%	n/a	23.5%	n/a
Growth of top 100 accounts	15%	n/a	12.5%	n/a
Gross margin % protection / improvement *vs.* 2017	15%	n/a	11.5%	n/a
Return to YoY growth in Q4 in a selected geography	15%	n/a	22.5%	n/a
CFO role transition	n/a	15%	n/a	18.0%
Total	**70%**	**30%**	**76.0%**	**35.5%**
	Target	**100%**	**Proposed**	**111.5%**

leading to a **V2 calculation of €312,000*111.5% = €347,880.**

Accordingly, a **variable compensation of €687,562** was approved by the Board for 2018, ***i.e.* 73.5% of his fixed compensation for the same year and 110.2% of the theoretical variable compensation**. Total fixed and variable compensation for 2018 is therefore **€1,623,562**, *i.e.* 104.1% of the theoretical compensation and may be summarized as follows:

2018 Variable compensation calculation for Mr. Aiman Ezzat V1: quantitative part based on budgeted financial targets

Indicators	Weight	% of achievement	Weighted
Total Revenue	30%	101.10%	30.33%
Operational Margin %	30%	97.69%	29.31%
Net results before tax	20%	102.42%	20.48%
Organic free cash flow	20%	110.48%	22.10%
Total weighted R/B before flex			102.22%
Total weighted after 75/125 flex (4*weighted R/B-3)			108.87%
Variable V1 on target			312,000
Computed V1			**339,682**

	Amount or accounting value subject to vote	Presentation

V2: qualitative part based on 2018 objectives

Categories	Weight	Weighted total
New Group governance	20%	
Successful transformation program implementation	20%	
Growth of top 100 accounts	15%	
Gross margin % protection/improvement *vs.* 2017	15%	111.5%
Return to YoY growth in Q4 in a selected geography	15%	
CFO role transition	15%	
Variable V2 on target		312,000
Computed V2		**347,880**
TOTAL 2018 VARIABLE COMPENSATION		**687,562**
As a % of the total variable on target		*110.2%*
As a % of fixed compensation		*73.5%*

The variable compensation due in respect of a given year is calculated based on the audited accounts approved by the Board at the beginning of Y+1 and is paid after the submission of the compensation policy to the shareholders.

Deferred variable compensation	**N/A**	There is no deferred variable compensation.
Multi-year variable compensation	**€383,324 (50% paid in July 19 and 50% in July 20)**	During the Board of Directors' Meeting of March 20, 2019, the Board, based on the audited and approved accounts and at the recommendation of the Compensation Committee, assessed the long savings plan of Mr. Aiman Ezzat's for fiscal year 2018, of a target amount if objectives are attained of €375,000. This allowance is subject to a performance condition and to the achievement of the unflexed weighted performance of the financial indicators of the V1 which for 2018 gives a weighted attainment of 102;22% driving an amount of 102;22%*€375,000= €383,324. — 50% of this amount or €191,662, will be paid in July 2019; — 50% or €192,622, will be paid in July 2020, subject to Mr. Aiman Ezzat being present in the Group as at June 30, 2020.
Exceptional compensation	**N/A**	No exceptional compensation was paid.
Stock options, performance shares or any other form of long-term compensation	**Performance shares €1,325,277 (IFRS accounting value on grant date)**	16,500 shares granted subject to performance and presence conditions. The vesting of performance shares is contingent on the realization of both an external performance condition and two internal performance conditions. The external performance conditions accounts for 35% of the grant and is based on the comparative performance of the Capgemini share over three years against the average performance of a basket of 8 comparable companies in the same business sector and from at least 5 countries (Accenture/Indra/Atos/Tieto/Sopra Steria/CGI Group/Infosys and Cognizant) the CAC 40 index and the Euro Stoxx 600 index. Accordingly, no shares vest if the relative performance of the Capgemini share is less than 100% of the performance of the basket of comparable companies, while 100% of shares vest only if this relative performance is at 110% or above. If performance is similar to that of the market only 50% of the initial grant vests. **The external condition has been strengthened** since 2016, as the effective vesting of shares starts from a minimum achievement of 100% of the basket of comparable companies, while it historically started at 90%. The internal performance condition based on organic free cash flow generation over the three-year period from 2018 to 2020 accounts for 50% of the grant. The minimum amount necessary for shares to vest is €3 billion. Above this threshold, shares vest progressively on a straight-line basis, with the maximum grant requiring organic free cash flow of €3.25 billion or more. The internal performance condition on CSR performance indicators measured at the end of 2020 is based for 50% on the percentage of female executives (VPs) joining through promotions and external hiring over the period 2018 to 2020 and should be at 25% to get 100% of the grant with no grant if this % is below 20% For the remaining 50%, it is based on the reduction of GHG/employee of a minimum 20% *vs.* the 2015 reference with 100% of the allocation if the reduction reaches 22%.

	Amount or accounting value subject to vote	Presentation
		The number of shares that may vest to the Executive Corporate Officer may not exceed 0.001% of the share capital. Authorized by the Combined Shareholders' Meeting of May 23, 2018 Twenty-third resolution Grant authorized by the Board of Directors on October 3, 2018
	Stock options = N/A **Other items = N/A**	No stock options or other items were granted.
Attendance fees	**N/A**	N/A
Valuation of benefits in kind	**€0**	No benefits in kind

Other compensation components

Compensation components due or awarded in respect of 2018 that were presented to the Shareholders' Meeting for vote pursuant to the regulated agreements and commitments procedure

	Amount subject to vote	Presentation
Termination payments	**€0**	No amount due in respect of the year. Following the appointement of Mr. Ezzat as Chief Operating Offcier as of January 1, 2018, the Board based on the proposal of the Compensation Committee has authorized, the principle of a severance indemnity which would be due to each Chief Operating Officer in the event of a termination of their corporate office. However, no severance indemnity shall be due if the Chief Operating Officer leaves the company on his own initiative, changes functions within the Group, is entitled to assert in a near future his rights to retirement or in the event of a gross negligence or serious misconduct. In compliance with the recommendations of the revised AFEP-MEDEF Code, the aggregate amount (i) of the severance indemnity effectively paid, (ii) of any indemnity likely to be paid in connection with the termination of an employment agreement, and (iii) of any indemnity likely to be paid in consideration for the non-compete undertaking, may not exceed a maximum amount equal to twice the applicable gross theoretical compensation (fixed plus variable) as at the date of termination of said functions. The granting and the amount of the severance indemnity depend on the percentage of achievement of the weighted performance of the financial indicators due to the Chief Operating Officer in regard to his V1 variable part during each of the last three completed financial years preceding the termination of his functions as Chief Operating Officer, being specified that the last year will count for 40%, while the two previous financial years will count for 30% each. The granting and the amount of the V1 variable part being subject to performance indicators and to the Group's consolidated results, the severance indemnity is as a result subject to the satisfaction of these same performance conditions. The Board will have to ensure the effective achievement of these performance criteria. Board approval on December 6, 2017 Authorized by the Combined Shareholders' Meeting of May 23, 2018 Eight resolution (regulated agreement)
Non-compete indemnities	**€0**	No amount due in respect of the year. Upon a proposal of the Compensation Committee, the Board decided that each Chief Operating Officer shall be subject to a non-compete undertaking for a period of twelve months as from the termination of his employment contract following termination of his functions of Chief Operating Officer against an indemnity equal to half of the applicable gross theoretical compensation (fixed plus variable) where all the objectives have been reached as at the date of termination of the functions of Chief Operating Officer. The Board of Directors will be entitled, at its own discretion, to lift this non-compete obligation on departure of the Chief Operating Officer and therefore in such case, not to implement this non-compete indemnity. Board approval on December 6, 2017 Authorized by the Combined Shareholders' Meeting of May 23, 2018 Eight resolution (regulated agreement)
Supplementary pension benefits	**N/A**	No supplementary pension benefits

Employment contract of the Executive Corporate Officers

With regards to Mr. Paul Hermelin, the Board reminds readers that his employment contract has been suspended in its entirety since May 24, 1996 (date from which he exercised his first term of office as a member of the Management Board), but that it was decided in 2009, pursuant to a recommendation by the Selection & Compensation Committee, to maintain jointly his term as corporate officer and his employment contract. This decision was based on the desire to maintain for this executive corporate officer his entitlement to pension benefits, given his seniority in the Group on this date (23 years) and the services he has rendered to the Company and was in no way motivated by a desire to maintain for his benefit any entitlement to a severance pay provision stipulated in his employment contract (his contract does not contain any such provision). In keeping with this measure, Mr. Paul Hermelin following his commitment to the Board of Directors to waive his employment contract on reaching the age at which he may legally exercise his right to retire, informed the Board of Directors' Meeting of February 18, 2015 that he waived his employment contract as from that date.

With regards to the two newly promoted Chief Operating Offciers, their work agreements have been both suspended following their appointments as Executive Corporate Officers of the Group.

Executive Corporate Officers: employment contract and deferred compensation:

	Employment contract	Supplementary pension plan (see before)	Indemnities or benefits following appointment, termination or change in function	Indemnities in respect of non compete clause
Mr. Paul Hermelin Chief Executive Officer up to May 24, 2012 and Chairman and Chief Executive Officer thereafter	No	Yes closed with frozen rights	No	No
Mr. Thierry Delaporte Chief Operating Officer since January 1, 2018	Suspended	No	Yes	Yes
Mr. Aiman Ezzat Chief Operating Officer since January 1, 2018	Suspended	No	Yes	Yes

2.4.3 Attendance fees and other compensation received by corporate officers

Please refer to Section 2.2.5.

2.4.4 Stock subscription options, stock purchase options and performance shares

The following tables present a breakdown of stock options and performance shares granted to, exercised by or vested to Executive Corporate Officers during 2018 and historical information on stock options and performance shares granted:

It should be noted that no stock options have been granted within Group since 2009.

Stock options granted during the year to each executive corporate officer by Capgemini SE and/or any other Group company	Plan date and number	Number and type (purchase or subscription) of options granted during the year	Value of options using the method adopted in the consolidated financial statements	Strike price	Exercise period
Paul HERMELIN	n/a	n/a	n/a	n/a	n/a
Thierry DELAPORTE	n/a	n/a	n/a	n/a	n/a
Aiman EZZAT	n/a	n/a	n/a	n/a	n/a

Stock options exercised during the year by each executive corporate officer	Plan date and number	Number of options exercised during the year	Strike price	Exercise period
Paul HERMELIN	n/a	n/a	n/a	n/a
Thierry DELAPORTE	n/a	n/a	n/a	n/a
Aiman EZZAT	n/a	n/a	n/a	n/a

Performance shares granted during the year to each executive corporate officer by Capgemini SE and/or any other Group company	Plan date and number	Theoretical maximum number of shares granted during the year	Value of shares calculated using the method adopted in the consolidated financial statements	Potential vesting date	Potential availability date	Performance conditions
Paul HERMELIN	11th plan of 10/03/2018	28,000	€2,248,954	10/03/2021	Later of the end of his term of office and 10/03/2023	A detailed description of the conditions is presented in Note 12 of the Consolidated Financial Statements
Thierry DELAPORTE	11th plan of 10/03/2018	16,500	€1,325,277	10/03/2021	Later of the end of his term of office and 10/03/2023	Same
Aiman EZZAT	11th plan of 10/03/2018	16,500	€1,325,277	10/03/2021	Later of the end of his term of office and 10/03/2023	Same

Performance shares vested to each executive corporate officer	Plan date and number	Number of shares vested during the year	Vesting conditions	Year of grant
Paul HERMELIN	6th Plan July 2015	39,200	Performance and presence	2015

Historical information concerning stock options granted to corporate officers

The Group has not granted any stock options since 2008 and the last grant performed on June 1, 2008 expired in 2013.

Date of Shareholders' Meeting	05/12/2005	05/12/2005	05/12/2005	05/12/2005	05/12/2005
Grant date	10/01/2005	10/01/2006	04/01/2007	10/01/2007	06/01/2008
Plan number	6th plan	6th plan	6th plan	6th plan	6th plan
Total number of shares granted	1,915,500	2,067,000	400,000	1,932,500	219,000
o/w granted to Paul Hermelin	*50,000*	*50,000*	*(nil)*	*(nil)*	*(nil)*
o/w granted to the ten employees receiving the greatest number of shares	*109,000*	*200,000*	*86,000*	*114,000*	*60,000*
Start of exercise period	10/01/2006	10/01/2007	04/01/2008	10/01/2008	06/01/2009
Expiry date	09/30/2010	09/30/2011	04/01/2012	10/01/2012	06/01/2013
Subscription price *(in euros)*	30	43	55	44	40.5
Exercise conditions	10% after 1 year, 30% after 2 years, 60% after 3 years and 100% after 4 years				

Historical information concerning performance shares

Plans ended

Plan number	2009 Plan	2010 Plan	2012 Plan	2013 Plan	2014 Plan
Grant date	03/05/2009	10/01/2010	12/12/2012	02/20/2013	07/30/2014
Number of performance shares initially granted	1,148,250	1,555,000	1,003,500	1,209,100	1,290,500
*o/w granted to Paul Hermelin**	*50,000*	*(nil)*	*50,000*	*50,000*	*50,000*
Number of shares vested	485,750	881,048	882,500	1,014,700	1,065,000
*o/w to Paul Hermelin**	*25,000*	*(nil))*	*50,000*	*50,000*	*50,000*
Cumulative number of shares cancelled or expired	662,500	673,952	121,000	194,400	225,500
Vesting date-France	03/05/2011	10/01/2012	01/01/2015	03/01/2015	08/01/2016
Vesting date-outside France	03/05/2013	10/01/2014	01/01/2017	03/01/2017	08/01/2018
End of holding period-France	03/05/2013	10/01/2014	01/01/2019	03/01/2019	08/01/2020
End of holding period-outside France	03/05/2013	10/01/2014	01/01/2017	03/01/2017	08/01/2018
Share price at grant date *(in euros)*	23.3	37.16	33.15	36.53	53.35

* Complete historical information on performance shares granted is provided on Note 12 of the Consolidated Financial Statements.

Active plans

Plan number	2015 Plan	2015 Plan	2016 Plan	2017 Plan	2017 Plan	2018 Plan
Grant date	07/29/2015	02/17/2016	07/26/2016	07/26/2017	10/05/2017	10/03/2018
Number of performance shares initially granted	1,068,550	180,500	1,663,500	63,597	1,522,500	1,384,530
*o/w granted to Paul Hermelin**	*40,000*	*(nil)*	*42,000*	*(nil)*	*35,000*	*28,000*
*o/w granted to Thierry Delaporte**						*16,500*
*o/w granted to Aiman Ezzat**						*16,500*
Number of shares vested	326,291	7,000	n/a	n/a	n/a	n/a
*o/w to Paul Hermelin**	*39,200*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Cumulative number of shares cancelled or expired	148,967	54,550	161,300	1,346	64,300	11,015
Number of shares potentially available for grant at the end of 2018	593,292	118,950	1,502,200	62,251	1,458,200	1,373,515
*o/w to Paul Hermelin**	*n/a*	*0*	*42,000*	*0*	*35,000*	*28,000*
*o/w to Thierry Delaporte**						*16,500*
*o/w to Aiman Ezzat**						*16,500*
Vesting date-France	03/01/2018	03/01/2018	08/01/2019	n/a	10/05/2020	10/03/2021
Vesting date-outside France	08/01/2019	03/01/2020	08/01/2020	08/01/2020	10/05/2021	10/03/2022
End of holding period-France	03/01/2021	03/01/2020	08/01/2021	n/a	10/05/2022	10/03/2023
End of holding period-outside France	08/01/2019	03/01/2020	08/01/2020	08/01/2020	10/05/2021	10/03/2022
Share price at grant date *(in euros)*	87.6	71.61	83.78	94.2	100.25	112.35

* Complete historical information on performance shares granted is provided on Note 12 of the Consolidated Financial Statements.

Historical information concerning stock options granted to the ten employees (non-executive corporate officers)

Stock options granted by Capgemini SE. to the ten employees (non-executive corporate officers) having received the greatest number of shares and the number of shares vested to the ten employees (non-executive corporate officers) having thus subscribed for the greatest number of shares are as follows:

Stock options granted to/exerciced by the ten employees (non-executive corporate officers) having received the greatest number of shares	Total number of stock options granted/exercised	Weighted average price	Plan number
Options granted during the year by Capgemini SE. to the ten employees of all eligible companies having received the greatest number of shares	None	n/a	None
Options exercised (held previously on Capgemini SE.) by the ten Group employees having exercised the greatest number of shares	None	n/a	None

Performance shares granted by Capgemini SE. to the ten employees (non-executive corporate officers) having received the greatest number of shares and the number of performance shares vested to the ten employees (non-executive corporate officers) holding the greatest number of vested shares are as follows:

Performance shares granted/vested to the ten employees (non-executive corporate officers) having received the greatest number of shares	Total number of shares vested/ granted	Plan number
Performance shares granted during the year by Capgemini SE. to the ten employees of all eligible companies having received the greatest number of shares	89,500	11th Performance share plan
Performance shares (held previously on Capgemini SE.) to the ten Group employees holding the greatest number of vested shares	117,770	5rd & 6th Performance share plans

3

Risks and Internal Control

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3.1 Internal control and risk management systems

This Section was drafted jointly by several Group stakeholders. The departments that play a key role in identifying and controlling major risks include particularly the Internal Audit, Ethics & Compliance, Finance, Insurance, Legal, Human Resources and Security & Mobility Departments.

In accordance with the Law of July 3, 2008, this Section was reviewed and approved by the Board of Directors on February 13, 2019, following a review by the Audit & Risk Committee.

3.1.1 Definition of the internal control and risk management systems

a) Framework

The Group builds on the reference framework and the application guidance published initially in January 2007 and updated on July 22, 2010 by the French Financial Markets Authority (AMF).

The risk management and internal control systems contribute in a complementary manner to controlling the activities of the Group and satisfy objectives that are also complementary.

b) Objectives of the internal control and risk management frameworks

The Group's internal control and risk management frameworks seek to create and protect the Group's value, assets and reputation, and identify and measure the major risks to which the Group is exposed, anticipate and foresee changes in these risks and finally implement risk prevention and transfer measures.

In this context, Capgemini group has defined and implemented a control system that seeks to ensure:

- compliance of all management acts with relevant laws and regulations;
- compliance with the **Group's seven core values** and guidelines set by the Board of Directors and/or Group Management;
- application by the subsidiaries of instructions communicated;
- the smooth functioning of the Group's internal control processes safeguarding assets; and
- the reliability of accounting and financial information.

c) Scope of the internal control and risk management frameworks

Capgemini group ensures the implementation of risk management and internal control systems within its subsidiaries. In 2018, such systems covered all consolidated subsidiaries and Group businesses.

Acquired companies are integrated progressively into the internal control and risk management system. All material Group subsidiaries are currently integrated into the general system presented in this report.

d) Limitations

While contributing to the improved efficiency of its operational support functions, the optimal use of resources and good risk control, this system does not however offer an absolute guarantee of the control of all possible risks imaginable, no more than it can – irrespective of the skills of the employees performing the controls – guarantee alone the attainment by the Group of all objectives set.

e) Organization of the internal control and risk management frameworks

Group values

Since its creation, Capgemini has placed significant importance on compliance with the values and principles which guide and inspire its actions and, in particular, our business practices. These seven core values, defined by the Group's founder Mr. Serge Kampf, are honesty, boldness, trust, freedom, fun, modesty and team spirit. They represent the Group's fundamental DNA and justify its reputation as an ethical and responsible company. In this respect, Capgemini has, for several years, been rated one of the "World's Most Ethical Companies" by the Ethisphere Institute.

The ethics system founded on the Group's values and the Code of Business Ethics has been supplemented by several policies. This system seeks to:

- develop within new recruits an ethical culture promoting integrity of behavior;
- raise awareness of compliance with international and national laws and regulations;
- highlight initiatives aimed at strengthening the system to prevent and avoid infractions, non-compliance and negligence in these areas.

General internal control and risk management principles

Group Management has distributed a set of rules and procedures known as the Blue Book. Compliance with the Blue Book is mandatory for all Group employees. The Blue Book sets out and comments Capgemini's seven core values, sketches out the overall security framework within which the Group's activities must be conducted, and, finally, describes the desired behaviors and specifies the prohibitions applicable in each of the Group's main functions.

These principles ensure consistent, efficient and accountable decision-making. They concern:

- the delegation of decision-making powers and authorization; the decision-making process applied within the Group is based on rules governing the delegation of powers complying with the principle of subsidiarity and corresponding to the three levels of Capgemini's organization:
  - the Business Unit, for all issues that fall within its remit,
  - provisions common to the Strategic Business Unit (SBU) and to the Global Business Line (GBL) for all issues concerning several Business Units and Business Lines under its authority,

- the Group (Office of the CEO, Group Executive Board, Group Executive Committee, central functions, etc.) where a decision concerns a wider scope than the Strategic Business Unit and for all transactions that must be decided at Group level due to their nature (acquisitions, divestments, etc.) and/or transactions with financial impacts in excess of well-defined materiality thresholds.

This process has been formalized in an authorization matrix which requires both prior consultation and the provision of sufficient information to the parties involved. Recommendations submitted to the final decision-maker must include the views of all interested parties as well as an assessment of the advantages and drawbacks of each of the possible solutions.

— the framework of general policies and procedures; the Blue Book defines the governance and organization of the Group and the main principles and basic guidelines underpinning the Group's internal control procedures, and sets out the Group's requirements in each of the following areas:
  - Group key principles,
  - Group organization and governance,
  - authorization and approval processes,
  - sales and production rules and guidelines,
  - risk management, pricing, contracting and legal rules, in the client contract pre-sale phase,
  - financial management, merger, acquisition, and insurance rules and guidelines,
  - human resources policies,
  - marketing and communications, knowledge management and Group IT,
  - procurement policies, including ethical requirements and supplier selection,
  - environmental and community policies.

This set of rules and procedures, which has force of law within the Group, reminds employees of their obligations in this area and inventories the tools and methods which help them control risks identified in the exercise of the Group's businesses.

The rules and procedures were updated in 2016 to reflect the development of the Group's business activities and changes in its environment.

Risk management and internal control stakeholders

From 2016, the Group developed a risk management framework administered by a Risk Committee and involving various parties operating at different levels of the organization. These key players are presented below for each of the three lines of defense.

These rules and procedures are updated periodically to reflect the development of the Group's business activities and changes in its environment.

Governance bodies

The Audit & Risk Committee

The Capgemini SE Board's Audit & Risk Committee is responsible for monitoring the efficiency of risk management and internal control systems.

The Audit & Risk Committee is therefore required to review all systems implemented by Group Management. These reviews cover:

— the overall consistency of the framework;
— verification that the major risks faced by the Group are identified and monitored;
— presentation of new or emerging risks.

Group Management and the Risk Committee

Group Management has delegated to a Risk Committee, created in 2016, the definition and implementation of the various activities relating to the risk management process within the Group. The Risk Committee, chaired by the Group Chief Financial Officer, is responsible for the effective implementation of a risk management and internal control system within the Group. It reports to the Audit & Risk Committee on all issues concerning these systems.

The Risk Committee brings together the main members of Group Management with key players in the risk management process within the Group. At least two meetings are held annually to discuss the following main issues:

— monitoring of the implementation of risk management and internal control systems within the Group;

— identification and prioritizing of risks; the Risk Committee validates the mapping of the Group's critical risks;

— monitoring of plans defined and implemented for critical risks;

— the potential review of new or emerging risks communicated by the various Business Units.

The Risk Committee is also responsible for:

— proposing to the Board of Directors the Group's acceptable risk level;

— monitoring changes in the Group's main risks;

— selecting the critical risks to be covered by short-term action plans;

— monitoring these action plans in conjunction with the critical risk owners, as designated by the Risk Committee;

— approving and implementing the risk management and internal control policies.

At an operating level, the Risk Committee builds on the actions of the Insurance Director, who is responsible for coordinating Group risk management and who supports the risk management activities of the Risk Committee, and the managers of the various Business Units and functional departments.

In this respect, the risk management coordinator:

— makes methodology tools and approaches available to the various management bodies;

— coordinates all risk management activities within the Group;

— centralizes and consolidates all work and particularly work performed by the various critical risk owners;

— encourages the sharing of good practices within the Group.

The risk management and internal control system comes from the interaction between the Risk Committee and other stakeholders, including Internal Audit, the Insurance Department and the functional departments with risk expertise, as well as the operating departments that are responsible for day-to-day risk management in their specific areas.

1st line of defense: from management to employees

Operations and Business Unit management supplement and adapt the Blue Book drafted by Group Management, by drawing up detailed internal control procedures which comply with the relevant laws, regulations and customary practices in the country where they operate, in order to exercise control more effectively over risks specific to their local market and culture.

Operations and Business Unit management duties include the identification and control of risks relating to their own environment, in compliance with the rules and procedures implemented and communicated by the Group functional departments.

2nd line of defense: function departments with risk expertise

The various Group functional departments assist the Risk Committee with the identification and prioritizing of risks. Each department defines and rolls out risk control systems in its activity sector and ensures, in particular, the consistency of actions undertaken in the Business Units with these guidelines. It assists all Group entities by facilitating the sharing of risk management and internal control best practices.

3rd line of defense: Internal Audit

In accordance with professional standards governing this activity, the internal audit function independently assesses the effectiveness of internal control and risk management procedures given that, irrespective of how well they are drafted and how stringently they are applied, these procedures can only provide reasonable assurance – and not an absolute guarantee – against all risks.

Internal Audit is therefore tasked with:

- reviewing the internal control procedures implemented in the Strategic Business Units and their component legal entities to ensure that they comply with the general principles and rules laid down by the Group and with certain specific procedures enabling the elimination or mitigation of the risks to which they are exposed locally;
- auditing the Group's major contracts considered to present significant risk; Internal Audit uses one or more technical experts (Group Delivery Auditors), who are selected from among a list of Group accredited professionals according to their skills (and also their complete independence from the unit being audited).

For over 30 years, the Capgemini group has had a central Internal Audit function. Its Director reports directly to the Chairman and Chief Executive Officer, guaranteeing the internal audit function is independent of the functions and Business Units audited. The internal audit team comprises 32 auditors, representing 8 different nationalities and covering 90% of the languages spoken locally in the Group. This significant internationalization of the internal audit team reflects the desire to accompany the expansion of the Group into new regions of the world; the Internal Audit Department also has a Bombay desk with 17 auditors including 4 technical experts specializing in the review of IT projects.

Each Business Unit is audited in line with a bi-annual program covering the entire Group: The Chairman and Chief Executive Officer has the power to modify this program in the event of an emergency (delays and irregularities, major divergence from budgetary commitments, etc.). At the request of the Chairman and Chief Executive Officer, the Internal Audit Department may also perform special assignments to review specific situations.

In 2018, the Internal Audit Department conducted 52 audits of units belonging to all Group Strategic Business Units.

Each audit involved an average of 38 man-days in the field and concluded with the issue of an action plan that management of the unit audited undertook to implement as quickly as possible in order to improve or correct the points identified by the audit. Internal Audit uses a tool covering the entire Group that enables it to monitor in real-time the implementation of recommendations following the audit, focusing particularly on priority actions;

The Internal Audit Director presents twice annually to the Capgemini SE Board's Audit & Risk Committee, a comprehensive report on the department's work, particularly regarding internal control efficiency and risk management in the preparation and processing of financial and accounting information.

3.1.2 Implementation of risk management and internal control objectives for the preparation and processing of financial and accounting information

These procedures ensure the application of and compliance with accounting and financial rules defined by the Group relating to budgets and forecasts, operational reporting, consolidation, financial control and financial communications.

a) Financial and accounting structure

The Group's financial functions are integrated into the operating structure, that is, both Business Units and countries. They have access to common resources encompassing accounting rules and procedures, information and management systems and shared service centers.

Each Business Unit has a dedicated financial controller (reporting to the corresponding Strategic Business Unit's financial controller) who is responsible for ensuring that the results of its activities are accurately reported in the accounts in accordance with Group accounting rules and methods. The financial controller verifies that services are correctly billed and paid, checks profit estimates for ongoing projects and assesses their accounting impact, and attests to the quality of the information contained in the financial reports and accounting packages used as the basis for preparing the Group's consolidated financial statements. The Strategic Business Unit financial controllers, whose main responsibility is to ensure that high-quality financial and accounting information is reported to the parent company on a timely basis, report to the Group Chief Financial Officer in order to safeguard the independence required when preparing accounting results. Financial control is, therefore, decentralized.

The countries and geographic areas have a Legal Financial Director, whose duties and responsibilities include rolling-out Group systems and procedures in the country, helping maintain an effective internal control environment, ensuring that all financial staff in the country or region are well-versed in the Group's accounting policies and methods, checking compliance with local taxation and statutory reporting requirements, liaising with shared service centers and the Statutory auditors, setting accounts closing and financial reporting timetables, signing off on the consolidation packages of the subsidiaries under his or her authority, signing the representation letter, jointly with the head of the Business Unit, and bringing any and all matters that he or she sees fit to the attention of the Chief Financial Officer.

All financial staff are required to apply the Group's accounting procedures and policies contained in the TransFORM manual, which sets out:

- the strict rules of internal control;
- what information must be reported, when, and how often;
- management rules and procedures;

- accounting policies, rules and methods;
- performance measures.

In addition, the Group has a single integrated management system (GFS). The application as a whole migrated to the publisher's latest version on January 1,2015 and its roll-out in the Group's subsidiaries continued during 2018. The desired uniformity of management systems is therefore a step closer, strengthening the control environment.

Finally, the shared service centers pool the accounting processing resources of the Group's subsidiaries. The main centers are located in Cracow (Poland) and Kolkata (India). These various centers are consolidated within a globalized structure.

b) Budgets, forecasts, reporting and consolidation

In order to exercise effective control over their operations, the Group requires Business Units to submit weekly, monthly, quarterly, half-yearly and annual reports of all budget, forecast, operational and accounting information required for the general management of the Group as follows:

- budget and forecasting process; budgets form the basic building blocks in the management control process. They are debated and negotiated at length between the different Group Business Unit managers and their superiors, with each budgetary item decided based on past performance, the Group's chosen strategic priorities and available information concerning expected market trends. Group Management sets quantified targets for each geographic area, Strategic Business Unit and their component Business Units. The budget preparation process is a key moment in the relationship between the different levels of the Group's management and makes it possible to substantially link the variable portion of the compensation paid to Business Unit managers to the attainment of the budgetary targets of their Business Unit and the next level Business Unit to which they belong. A forecast operating income statement (for the current month, the following six months and the full year) is prepared monthly by each Business Unit manager. Variances from budget are analyzed so that any corrective action plans that may be needed can be drawn up as quickly as possible;
- operational reporting process; information reporting is structured by geographic area and business. This allows revenues and costs to be analyzed on a monthly basis both by type and function, and performance measures to be updated and compared with budget (A/B), the latest forecasts (A/F) and prior-year figures (A/A). A monthly management report is prepared for each Strategic Business Unit jointly by the manager and financial controller, and is submitted to Group Management for review. This report gives a detailed breakdown of actual performance, forecasts for the following six months and actions taken in the event of material variances between actual and budget figures. Reconciliations are performed systematically to ensure that financial information derived from the operational reporting system is consistent with the consolidated financial information provided by the legal entities within the Group;
- consolidation process; at each yearly or half-yearly closing, the scope of consolidation is updated at Group level by the Finance Department and validated by the Legal Department. Written instructions are issued providing the schedule for period-end tasks (particularly the reconciliation of inter-company transaction balances), highlighting current accounting issues requiring specific attention, and describing the control procedures applied during the preparation of the consolidated financial statements. Each yearly and half-yearly closing is preceded by a hard-close phase based on the accounts closed at November 30 and May 31, respectively.

The consolidation process is based on accounting packages by geographic area, which must be signed off by the person responsible for preparing them. Income statements, balance sheets and other key management indicators required for subsequent analysis are stored in a single database maintained at Group level. Access to this information system is strictly controlled.

During each annual closing period, the Finance Department sends out a questionnaire to all subsidiaries covering the application of general internal control principles and procedures relating to the processing of reported financial and accounting information. These questionnaires are analyzed for any irregularities and corrective measures devised where appropriate.

c) Financial information

Financial information and its communication are subject to specific controls at half-year and annual period ends. These include:

- a systematic review carried out with the assistance of the Legal Department of all material operations and transactions occurring during the period;
- a procedure to identify, collate and report off-balance sheet commitments and any other information liable to have significant repercussions on the financial position of the Group or one of its subsidiaries at the period-end;
- a review of the tax position of each of the Group's legal entities;
- a review of the value of intangible assets;
- a detailed analysis of the statement of cash flows.

The controls described above and carried out by the Finance Department are supplemented by the work of two independent bodies tasked with carrying out checks on the internal control environment and verifying the quality of the financial statements: the internal auditors and the Statutory auditors:

- **Internal Audit**; based on a program covering the Group's Business Units, drawn up in agreement with the Chairman and Chief Executive Officer (to who it reports directly), Internal Audit is responsible for carrying out controls to ensure that procedures relating to the safeguarding of assets, the valuation of work-in-progress, the actual amount of trade accounts receivable, and the proper recognition of liabilities, are applied in each Business Unit in accordance with the rules and methods established by the Group. Internal Audit is required to pay special attention to revenue recognition methods and to controlling the percentage of completion of projects, so as to ensure that these are accounted for on the basis of rigorous, up-to-date technical assessments. The Internal Audit brief also includes a review of the procedures and controls in place within the Business Unit to ensure the security and validity of transactions and accounting entries;
- **The Statutory auditors**; who it need merely be noted here, carry out an ongoing review of internal control procedures with an impact on the preparation and quality of the financial statements as part of their audit engagement.

Communicating financial information is subject to rigorous internal control, with a particular focus on three key media used to report financial information:

- the Half-Year Financial Report, the Annual Report and the Registration Document;
- financial press releases;
- analyst and investor meetings.

The financial reports and Registration Document comprise all the information that must be provided pursuant to legal and regulatory requirements and are drawn up under the responsibility of the Finance Department.

Financial press releases are only published further to formal validation of the Board of Directors or the Chairman and Chief Executive Officer. Financial press releases are published outside the trading hours of the Paris Stock Exchange, except in exceptional circumstances.

Analyst and investor meetings are subject to specific preparation, and their content is presented to the Board of Directors prior to such meetings. This preparatory work is then used as a framework for comments and explanations provided by the Chairman and Chief Executive Officer, the Chief Financial Officer, or employees in charge of investor relations during the meetings.

3.1.3 Compliance

The Ethics & Compliance Department is directly responsible for the ethics and compliance programs and the ethics phase of due diligence assignments on companies that the Group is considering acquiring. These reviews (ethical due diligence) involve an examination, from an ethical stance, of all the activities of the target company in order to ensure, in particular, their compatibility with expectations and ethics controls defined by the Capgemini group.

Finally, the Ethics & Compliance and Internal Audit Departments may, at any moment, draw up a special report for presentation to the Chairman and Chief Executive Officer on any matter they consider should be brought to his attention and inform the Audit and Risk Committee and/or the Ethics & Governance Committee where significant deviations have been identified.

The Group Board of Directors of Capgemini launched the Ethics & Compliance Program in 2009 to further strengthen the ethical culture that has been a core part of the Group since its creation. As part of this program, the Group set up a global network of Ethics & Compliance Officers, and launched a Code of Business Ethics, Group Anti-Corruption Policy and Group Competition Laws policy to reassert our values in every country in which we operate. All employees are expected to comply with the principles embedded in these three fundamental documents, and to complete an online training course (e-learning) on each of them.

In addition to demonstrating the Group's deep-rooted values and strong ethical culture, the Ethics & Compliance Program is a key factor in attracting, developing and engaging employees by nurturing a strong ethical culture.

Creating an ethical environment also strengthens our reputation, contributes to develop new business and positions the Group as a "Leader for Leaders", in line with our strategy.

Ethics & Compliance organization

The managers of the Group's operating units (SBUs/BUs) are accountable for ethics and compliance in their respective units. They are also responsible for driving the Ethics & Compliance program in line with local legislation, regulations and procedures.

The Chief Ethics & Compliance Officer (CECO) is responsible for the Ethics & Compliance program across the entire Group.

The Chief Ethics & Compliance Officer is presenting once a year to the Ethics & Governance Committee of the Board a report on the actions done relating to Ethics. This Committee reviews the program and its achievements (in particular, the Code of Business Ethics, the Group policy relating to compliance with laws and the Group anti-corruption policy).

General Counsels also serve as Ethics & Compliance Officers (GC-ECO) in their jurisdictions. They ensure implementation of the Ethics & Compliance program within their regions and liaise with the CECO (see Section 4.2).

Group principles, guidelines and policies: The Blue Book

In our decentralized organization, it is essential to have a set of common guidelines, procedures and policies that govern our daily operations. The Company confidential Blue Book, created in 1989, is the reference document for the whole organization enabling each employee, business unit and service to work effectively within a common framework worldwide (see Section 3.1.1).

3.1.4 Measures implemented as part of constant improvements to risk management and internal control systems

a) Focus on the main measures implemented in 2018

During 2018, the Group implemented and continued to deploy a number of measures aimed at rolling-out and standardizing processes and procedures within the Group. These strengthened the Group's internal control environment and improved risk management within Capgemini. Among these measures, the following may be highlighted:

- validation of the Group's risk management policy and framework by the Audit and Risk Committee;
- update of the Group risk mapping including the identification and assessment of critical risks;
- monitoring of actions plans by individuals in positions exposed to critical risks and their validation by the Group Risk Committee;
- continued formal documentation of a Group crisis management plan, to optimize governance and notably reduce exposure to reputation risk;
- roll-out of the Group IT network access control tool, extended to cover functional applications and integrating segregation of duty control rules;
- roll-out of an audit program of internal and external risks at Group operating sites, in partnership with an external consultant, covering damage to assets and the environment and health and safety issues;
- improvement of the talent strategic review management system, to facilitate the implementation of action plans focusing on management teams of the main units and the formal documentation of succession plans;
- continued roll-out of a global application for personnel management and the implementation of a new performance management information system;
- implementation of an information and training program for all employees on the General Data Protection Regulation (GDPR);
- roll-out of an integrated compensation management process to provide a common decision-making tool for these issues;
- roll-out of a new people safety tool to provide uniform monitoring and metrics across the Group;

— roll-out of purchasing management applications in new countries;
— globalization of the supplier referencing process;
— appraisal of strategic supplier performance and definition of the necessary progress plans.

b) Constant improvement measures in 2019

The risk management process will continue to be rolled out in 2019 based on the most recent risk mapping updated at the end of 2018. Close attention will be paid to the consistency of the internal audit plan (3rd line of defense) with the actions implemented to reduce critical risks.

As part of measures to improve risk management and internal control systems, in 2019 the Group will also:

— communicate within Capgemini and explain the Group's risk management policy;
— continue to monitor and improve critical risk action plans;
— roll-out a Group employee data management tool to provide uniform monitoring and metrics across the Group;
— implement a "source to contract" process management application across the entire Purchasing structure;
— assess supplier risk by integrating it into the referencing process and monitoring changes in the related indicators.

3.2 Risk analysis

3.2.1 Critical risks

The analysis of the risks to which the Group's activities are exposed is an integral part of the Group's various decision-making processes, whether for short-term annual plans or mid-term strategic plans.

In this context, the Group has implemented a systematic and dynamic risk management process in order to ensure the proper conduct of business and the attainment of the various strategic objectives, structured around four key stages – identification, prioritizing, processing and steering.

The Group has an up-to-date overview of its key risk exposures and has defined a specific risk strategy for each risk considered critical.

The different risks are presented by type and decreasing order of criticality:

— strategy and market risks;
— operational risks;
— security risks;
— legal and regulatory risks;
— human resource risks;
— financial risks;
— reputation risks.

a) Identification of risks

Capgemini group updated the mapping of its major risks at the end of 2018, during which it assessed the risks likely to have a significant negative impact on its activity, financial position or results. The risks presented below are the result of this analysis work. Only critical risks relating to non-financial exposures, are detailed hereafter.

It remains possible that changes in economic conditions or the legal environment could give rise to certain risks not currently identified as material that could impact the results of the Group, its objectives, reputation or the share price.

b) Strategy and market risks

Market downturn

Risk factors

The Group's growth and financial results may be adversely affected by a general downturn in the IT services and related consulting sector or in one of Capgemini's other key client business segments.

A shake-up resulting in a change of ownership at one of Capgemini's clients or a decision not to renew a long-term contract may have a negative effect on revenue streams and require cost-cutting or headcount reduction measures in the Business Units affected.

The general economic context and more precisely restrictions affecting public bodies in the various countries subject to budgetary efforts, may weigh on the Group's revenues and operating margin. A continued slowdown in the activity of certain economic sectors in which our clients operate would also limit their ability to invest and accordingly impact the results of the Group.

Conversely, a period of slowdown in one or more key Group markets could offer opportunities, if financial institutions in the widest sense decide to increase cost cutting programs by investing in digitizing their key processes.

Finally, and more generally, a major crisis impacting the financial markets or unfavorable trends in macro-economic indicators could potentially restrict the Group's ability to attain its objectives and continue its development.

The possibility of a business downturn, whether global or regional, increases with geopolitical tension in different areas of the world (*e.g.* protectionist measures). In this respect, the situations in the United Kingdom and Spain following recent voting results, could have a negative impact on the European or global economy and market conditions. Brexit could contribute to instability in the financial markets and the international foreign exchange markets, with notably increased volatility in the pound sterling or euro. Brexit without an agreement that is satisfactory for all parties could, furthermore, generate legal uncertainties and potentially changes to UK laws and regulations, as the country decides which European Union laws to copy or replace. Each of these impacts, as well as other impacts not anticipated by the Group, could have a negative impact on its activities, operating performance, financial position and cash flow generation.

Risk management systems

The Group monitors and anticipates, as far as possible, macroeconomic developments at a global level, by closely monitoring the quality of the clients in the markets where it operates, as well as analyzing the potential impacts of these changes on its own businesses and those of its clients.

While a substantial proportion of the Group's operations depends on its clients' investment capacity, the fact that the Group is organized around medium-sized Business Units close to their target market allows for rapid responsiveness to changes in the business environment.

The Group regularly monitors Brexit developments and the Catalan crisis, so as to take appropriate measures to mitigate these risks based on decisions taken by the relevant countries and the European Union.

Country risks, political violence and natural disasters

Risk factors

Capgemini has permanent operations in approximately 40 countries. The bulk of its revenues are generated in Europe and North America, which are relatively economically and politically stable. Its *Rightshore®* production model involves transferring a portion of the Group's production of part of its services to sites or countries other than those in which the services are used or in which the Group's clients are located and particularly India (which alone accounts for over 50% of the Group headcount), Poland, China, Guatemala, Morocco and other Asian and Latin America countries.

This operating method may increase the risk of business interruption at a given production site following a natural disaster, the likely occurrence of which rises with climate change, or due to an incident making it difficult or impossible to access telecommunication networks. Political violence in a country or region, or a geopolitical crisis simultaneously impacting several Business Units could be a source of risk for the Group's performance and reputation.

Risk management systems

The Group has implemented rigorous monitoring of its major clients with the aim of identifying, as early as possible, the faintest of signals from the markets where it operates and more directly from its clients, certain of which are more exposed than others to geopolitical risks.

In addition, the use of a large number of production sites across the globe reduces business interruption risk by favoring backup solutions. Production systems and services provided by the Group to its subsidiaries are duplicated and covered by back-up plans that are tested periodically.

Telecommunications networks used by the Group are duplicated in cases where "Rightshored" production resources are deployed. In the event of a breakdown in the preferred (fastest) communications network between Europe and India, service continuity is ensured by tried and tested alternative routes. For example, in the same way as other Group entities, the Group's Indian subsidiary has set-up a Business Continuity Management (BCM) structure, that ensures service continuity using ISO 22301 compliant measures. This has allowed it to launch the ISO 22301 certification process. Certification has already been obtained by the majority of Indian centers and is being prepared for the remaining ones. 21 Indian sites have been certified ISO 22301 in 2018.

Where required by specific contracts, a business continuity plan is prepared by selecting appropriate measures according to the criticality of the service. Reviews and simulations are performed to test the efficiency of these plans. Certain entities have heightened security requirements reflecting specific client needs and they are consequently certified ISO 27001 compliant by an independent agency.

Finally, Capgemini has implemented an audit program of internal and external risks at its operating sites, in partnership with an external consultant, covering environmental, health and safety issues. This program is being roll-out progressively, focusing initially on the Group's main sites: Audit recommendations are then monitored by the integrated site management team. 50 sites have been audited since 2017, of which 30 sites in 2018.

Failure to adapt services portfolio

Risk factors

The adaptation of Capgemini's service portfolio to market changes and disruptions could be too slow. Nonetheless, major technological changes such as the digitalization of key processes, blockchain, big data and artificial intelligence, offer real opportunities for the Group.

Difficulties in understanding both technological changes (*e.g.* infrastructure business and the cloud) and client expectations (*e.g.* digital marketing), could impact the relevance of our global service offerings and restrict access to high growth markets, potentially leading to lost opportunities and ultimately impacting financial results.

Risk management systems

By adapting and renewing the service offerings, a specific focus is placed by the Group on incorporating technological developments. The Group implements several processes to assess these technological developments and integrate the most relevant into its client service offerings. In certain cases, these technologies and the related expertise are acquired through external growth transactions.

Partnerships are also forged with universities, schools, research centers, start-ups and independent experts.

In addition, training programs are rolled-out within the Group to guarantee perfect knowledge of these technologies and respond to our clients' needs.

Finally, as part of the roll-out of the LEAD project, aimed at optimizing the Group's organization and governance, the global business lines were tasked with defining and steering the service offerings. This new structure will provide the Group with the agility necessary to incorporate changes in client and market expectations and adapt our service offering accordingly.

c) Operational risks

Loss and lack of competitiveness

Risk factors

In a highly competitive environment, constantly adapting production capacity to changes in the order backlog (type and complexity of projects, location of projects, client requests for increasingly short engagement completion periods) is a major challenge for a service group such as ours. If we take longer than our competitors to implement these adjustments, or we do so under less favorable conditions, our financial results could be impacted.

In this context, the Group pays close attention to various identified risk factors, an increase in which could limit the Group's ability to adapt its production tool. Identified factors include limitations currently imposed by certain countries, including the United States, on the location of certain resources in its territory, as well as regulatory changes in certain countries, notably concerning compensation issues. Technological developments could make it more difficult to secure specialist resources, increasing the cost of these rare profiles.

More generally, the Group could be unable to control changes in its cost base, materially impacting the overall profitability of its operations.

Risk management systems

The definition of a good productivity level for our production centers is a major issue for the Group. Several initiatives, processes and structures exist within the Group to meet this challenge, at both human resource and systems levels.

In terms of governance and organization, the LEAD project places greater responsibility on managers to know their markets and clients, enabling them to adapt their production capacity more rapidly to changing situations.

At the process level, technology plays a key role in the Group's ability to increase industrialization of certain low added-value tasks. To this end, initiatives concerning the main production centers (India, Poland, etc.) were recently deployed to increase production capacity automation and agility.

Major delivery service failure

Risk factors

Despite the formal review and approval procedure for all contractual commitments given by the Group to its clients (see Main contractual risks/commitments, page 121), suppliers and sub-contractors, difficulties with respect to project performance and/or project costs may be underestimated at the outset. This may result in cost overruns not covered by additional revenues, especially in the case of fixed-price contracts, or reduced revenues without any corresponding reduction in expense in the case of certain outsourcing contracts where there is a commitment to provide a certain level of service.

Despite the stringent control procedures that the Group applies in the project performance phase, it is impossible to guarantee that all risks have been contained and controlled. In particular, human error, omissions, and infringement of internal or external regulations or legislation that are not, or cannot be identified in time, may cause damage for which Capgemini is held liable and/or may tarnish its reputation.

Risk management systems

The Group has developed a range of methods, organized and documented in its DELIVER methodology, in order to ensure the high-quality performance of client projects. Project managers receive specific training to develop their expertise and obtain certification levels consistent with the complexity of projects entrusted to them. The Group continues its active policy of external certification of its Business Units (CMM, ISO, etc.).

Project performance monitoring satisfies the management and control procedures defined by the Group, with projects classified as "complex" subject to more specific controls. Internal Audit also verifies the application of project management and control procedures. At the initiative of the Production/Methods and Support Department, specialist teams of expert's audit projects considered high-risk or facing performance difficulties.

The Group has devised a formal process to identify and control risks associated with the delivery of projects ordered by clients, from pre-sale to acceptance and payment by the client of the last invoice for the project. In a simplified approach, this process differentiates between:

1. Pre-sale risk control

The decision to commit the Group to commercial opportunities meeting pre-defined criteria concerning size and complexity, especially in Outsourcing (long-term commitments, sometimes involving transfers of assets, staff and the related obligations) is the sole responsibility of the Group Review Board. For particularly complex projects, a review of solutions may be carried out during the final pre-sale phase in order to bring any potential risks relating to the performance of these projects to the Group Review Board's attention.

In addition, the risk analysis is performed using a reporting tool that consolidates at Group level all commercial opportunities and their monitoring. It also involves the operational validation, during the sales process, of the main technical, financial and legal characteristics of the contract.

2. Production and quality control

The Group has approved policies for monitoring the proper performance of contracts that are applied throughout the life of the project to ensure that it runs smoothly.

The main policies include a clear definition of the roles and responsibilities of each individual, throughout the entire production process, regarding performance (use of Group production methodologies, access to the expertise available in the applications development centers), supervision (monthly inventory of all risky projects), client relationship management, billing, estimation of costs to completion, joint oversight arrangements with the client, or, where applicable, independent technical audits conducted by the Production/Methods and Support Department to complement the upstream independent technical audits carried out by the Business Units.

In addition, the Group conducts specific reviews (known as "flying squads") of projects in difficulty or potentially presenting a higher level of risk.

3. Business control

Depending on its size, each Business Unit has one or more project financial controllers whose role is to:

- monitor the financial aspects of each project and primarily the related production costs compared to the budget initially approved. Progress reports and management indicators are built into the monitoring process, which relies mainly on the periodic analysis of estimated costs to completion and their accounting impact;
- permanently control compliance with contractual commitments – particularly billing and payment milestones.

d) Security risks

Cyber risks

Risk factors

New technologies (Cloud computing, mobility and "Bring Your Own Device", connected things and artificial intelligence, etc.) and new practices (social networks, Software-as-a-Service – SaaS, DevOps, etc.) inevitably expose the Group to new risks.

Malicious parties are highly active and present on social media: they challenge and impact the security of our IT systems and those of our clients and any cybersecurity failures could have an extremely negative impact on our reputation. Human error is also possible, as is employee non-compliance with Group rules.

Risks relating to all kinds of cyber criminality could lead to the loss or disclosure of data, delays in the delivery of our projects, service interruptions at our clients, or additional costs that could impact the reputation or financial health of the Group.

The information systems underlying the publication of the Group's consolidated financial statements also present a specific risk in view of the strict reporting deadlines.

Risk management systems

The Group has implemented business continuity procedures in the event of a disruption to IT services. The main management IT systems are covered by back-up plans in different data centers. The Group is highly vigilant about internal communication network security and protects its networks *via* security rules meeting international standards, proactive controls and tests, a cyberattack detection center operating continuously and specific technical equipment such as firewalls used 24/7 (firewalls, anti-malware, access controls, etc.). We have defined a security policy founded on numerous international standards and procedures (our operating sites are certified ISO 27001). This security policy and the back-up plans are validated, updated and audited periodically.

A mandatory awareness-raising and training program has been introduced to ensure common rules and discipline are respected across the Group.

For some projects or clients, enhanced systems and network protection are provided on a contractually agreed basis.

In addition, a large number of our clients have been identified as operators of vital importance by their national authorities. Certain clients are or will also be identified as operators of essential services (OES) under Directive 2016/1148 of July 6, 2016, also known as the NIS (network information security) Directive. The security of their information systems must therefore be approved by the national authorities and our Group, as a major sub-contractor, must also comply with these regulations.

The Group continuously ensures the security of its systems and their compliance with contractual commitments and any applicable legislative and regulatory provisions. It works to implement, with stakeholders, any necessary preventive/protection and detection/reaction measures.

To this end, the Group's Cybersecurity Department is tasked with anticipating, preventing and mitigating cyber risks impacting internal information systems and projects conducted for our clients. The defined strategy seeks to manage three types of risk: internal and external threats, external infrastructure vulnerabilities visible from the internet and compliance with laws and regulations governing security (*e.g.* NIS) and data protection (*e.g.* GDPR).

This dedicated structure is headed by the Group Chief Technology Officer (member of the Group Executive Board).

The Department manages this risk exposure through three sub-units dealing with governance-related issues (organization, guidance and policy, awareness-raising and communication), the definition of architectures and technology standards and security operations (threat management and detection of cyberattacks). The Group's Cybersecurity community has three categories of stakeholder:

- the Group Cybersecurity Officer and his team, who oversee the above three areas;
- the Chief Information Systems Security Officers in the Business Units, who are responsible for the deployment of the strategy and policies in the service offering, client projects and internal information systems;
- the Cybersecurity Officers in the Business Units in each county where the Group operates, who support the Business Units and liaise with local authorities.

The aim of this program is to become a benchmark for our clients, thereby strengthening the Group's credibility on Digital and cybersecurity issues.

Personal security and occupational safety risks

Risk factors

The Capgemini group operates in countries able to offer satisfactory guarantees in terms of individual security. Nonetheless, for certain clients, employee may travel to countries that are geopolitically unstable or to dangerous regions where there is a risk to their physical integrity.

Furthermore, sudden catastrophic events (natural disasters, terrorist attacks, popular uprisings, etc.) could occur anywhere in the world, placing the safety of individuals at Group sites, on client premises or in transit, in danger.

Risk management systems

The Group has implemented several measures at an operating level to limit the impact and occurrence of risks to individual safety.

Accordingly, work on client engagements in certain countries classified as "at risk" is subject to approval by the Group Review Board. Rules and procedures have been drawn up for "at risk" territories in which the Group conducts engagements in order to satisfy the demands of its major clients.

All employees working in a foreign country receive specific training to raise awareness of specific situations to be taken into account during the foreign assignment.

All employee trips to high-risk countries are closely monitored and compliance with the various clearly defined protocols and communiques is verified.

The Group also monitors access security to its building and those of its clients.

In addition, specific contracts have been agreed with organizations specialized in managing these risks to assess independently the risk exposure in each country. Accordingly, some countries are subject to strict travel bans. The risk is reassessed continuously based on the geopolitical position and warning systems are used to inform employees of country risks.

Finally, a dedicated worldwide insurance program provides assistance to all employees covering their security, medical emergencies and potential repatriation (see Section 3.3 Insurance).

For more information on the Group's Health and Safety at work policies, please refer to Section 4.1.1.4 of this Registration Document.

e) Legal risks

Data protection failure

Risk factors

The Group must comply with various international and local regulations regarding data privacy protection. With the increase in projects to digitize the key businesses of our clients, those clients are seeking increasingly strong guarantees from the Group covering the risk of failure to protect data. This is exacerbated by increased regulatory pressure in this area, not only due to the entry into effect of the European data protection regulation in May 2018, but also due to the adoption of similar legislation by numerous countries outside the European Union.

The Group could be held liable in the event of non-compliance with applicable data protection rules or the voluntary or involuntary disclosure of all or part of personal data belonging to a client or third-party. Data privacy protection authorities could also impose financial penalties, exposing the Group to financial and reputation risk.

Risk management systems

The Group has implemented a range of policies and procedures to ensure compliance with applicable data protection regulations. The Group notably adopted the Binding Corporate Rules (BCR) validated in 2016 by all European data protection authorities and updated in 2018 to comply with the new European regulation 2016/679. The Group's overall policy is founded on the commitments given by Capgemini in the BCR. These commitments are broken down into procedures and guidelines to ensure their implementation. The Group thereby ensures that any personal data processing, performed either on its own behalf or that of its clients, incorporates data protection restrictions. Similarly, during acquisitions or on the launch of a new business line, the Group performs a focused due diligence review of the target or an analysis of the activity as well as of applicable regulations.

A data protection structure was also set-up to ensure the distribution of the program throughout the Group. The Group Data Protection Officer heads a network of local Data Protection Officers. Data Protection Champions are also appointed to represent the Global Business Lines and Group functions. This network ensures that the various data protection obligations are respected across the Group.

Finally, for a compliance program to be effective, employees must be properly trained in data protection issues and challenges. We are therefore rolling out a general training program for all employees and more specific programs for each of the Group functions.

Major contract exposures and liabilities (pre-sale and service delivery)

Risk factors

Contractual risks may notably arise when the Group's liability for failing to fulfill certain obligations is unlimited, or any limits on liability are disproportionate, on the acceptance of financial guarantees, when there is no liability protection clause in relation to services affecting health and safety or the environment, and when the rights of third parties are not respected.

The Group has entered into and signed numerous contacts and is not therefore immune from litigation and legal action. The significant proportion of projects to digitize clients' key businesses exposes the Group to new data privacy protection and security risks (see Data privacy protection failure, Section 4.2.2 of this Registration Document).

Risk management systems

The Group has established a Contract Clause Negotiating Guide, which identifies clauses exposing the Group to risk and requires information to be reported to the Legal Department and its approval in the event of derogation from accepted standard positions. Criteria determining when it is necessary to report to the Group Review Board have also been defined for contracts identified by the Group as presenting a high level of risk due to their size or complexity.

The Business Risk Management department is responsible for the risk assessment process for contracts for the most complex projects. Throughout the contract term, it regularly assesses the risks identified during the bid response phase and oversees implementation of the action plans defined. In this context, the Group Review Board is the only entity authorized to approve derogatory clauses following a thorough review of the potential impacts.

A procedure has been implemented for reporting information to the Group Legal Department on actual and potential litigation and other disputes and government inquiries. The local Legal Departments also regularly inform the Group Legal Department of any threats of this nature.

There are no governmental, legal or arbitration proceedings, including any proceedings of which the Group is aware, that are pending or liable to arise, which are likely to have or have had in the last 12 months a material impact on the Group's financial position or profitability other than those that are recognized in the financial statements or disclosed in the notes thereto (see Note 25 to the consolidated financial statements).

Adverse changes and/or non-compliance with laws and regulations

Risk factors

The Group is a multinational company operating in several countries and providing services to clients who, in turn, operate around the world and are subject to numerous and constantly changing laws and regulations. These mainly include, for example, anti-corruption laws, import and export controls, anti-trust laws, data protection regulations, sanctions, immigration rules (the Group's ability to relocate resources abroad to serve projects), safety obligations and employment legislation, or any other changes to taxation (*e.g.* transfer pricing).

The sheer diversity of local laws and regulations applicable and the constant changes therein, exposes the Group to a risk of infringement of such laws and regulations by under-informed employees especially those working in countries that have a different culture to their own – and to the risk of indiscretion or fraud committed by employees. As stringent as they may be, the legal precautions taken by the Group both at a contractual and an operational level to protect its activities or to ensure adherence by employees to internal rules can only provide reasonable assurance and never an absolute guarantee against such risks.

Risk management systems

The Group has a Legal Department with an established presence in the main geographic areas. Its role is to monitor changes in legislation relevant to the Group's activities and provide training in the main legal issues.

The Group has also adopted a Code of Business Ethics and an anti-trust policy and calls on a network of Legal Counsels who double-up as Ethics & Compliance Officers and participate in identifying risks and train and monitor employees in order to guarantee compliance.

In addition, drawing on employee commitment to the Group's values, first among which honesty and trust, on a global risk management and mapping system at Group level and on the countries that have developed specific systems in response to local legislative requirements, Capgemini continues to implement measures and procedures to prevent and detect, in France and elsewhere, acts of corruption or influence peddling. In particular, it has introduced an awareness-raising and training program, a code of conduct, an internal whistle-blowing system and third-party assessment procedures in order to satisfy the requirements of French Law no. 2016-1691, known as the "Sapin 2" Law.

Group Management has published a Code of Business Ethics and oversees its application, to reduce as far as possible the potential impact on the Group's reputation.

For more information on the Group's ethical risk management policy, please refer to Section 4.2 of this Registration Document.

f) Human resources risks

Failure to attract, develop and retain and/or loss of key talents and executives

Risk factors

The vast majority of the Group's value is founded on its human capital and its ability to attract, train and retain employees with the technical expertise necessary to the performance of the projects on which they work. In particular, this requires a strong reputation in the employment market and ensuring fair appraisal and promotion procedures as well as the professional development of our employees.

The development of new services based on mastering new technologies (cloud, digitalization, artificial intelligence, etc.) in a highly competitive environment, can create tension in the talent market for certain profiles or expertise.

The loss of talent or a team could also follow accidental events, after an acquisition or a change in Group or entity management.

Similarly, the Group could be affected by the accidental and/or unexpected departure of experienced managers, impacting the governance of certain activities or the operational management of projects conducted for the Group's strategic clients.

Figures concerning, in particular, the attrition rate, the utilization rate, changes in headcount, career management, the development of expertise, building employee loyalty and the level of employee commitment are presented in Section 4.1.1 of this Registration Document.

Risk management systems

The Group pays close attention to internal communication, diversity, equal opportunity and good working conditions and to the quality of its human resource management and employee commitment. Accordingly, an internal survey is conducted very regularly aimed at measuring commitment and expectations among the Group's employees. This survey is an appraisal tool and action plans are established based on identified results.

Furthermore, our human resources management information system rolled-out globally by the Group Human Resources Department ensures the comprehensive management of all processes concerning the management of high-performing individuals and enabling a uniform approach to monitoring performance, compensation packages, the career plans of our employees, the management of international mobility and succession plans, in a manner consistent with the strategic objectives of the Group and the interests of our clients.

The Group has implemented several measures at an operating level to limit the impact and occurrence of risks to individual safety..

For more information on the Group's human resources policy, please refer to Section 4.1.1 of this Registration Document.

Collective actions

Risk analysis

The Group operates in countries with their own employment regulations. Certain projects may require the Group to integrate client resources and/or reallocate resources to other projects, as part of measures to constantly adapt its organization and resources to meet client needs. Under certain conditions, these adjustments could generate collective actions of varying scales, impacting the performance of certain projects over a given period.

An industrial dispute or strike could lead to a stoppage or reduction in activity and the Group's reputation and results could be adversely affected.

Risk management systems

The Capgemini group International Works Council covers not only European countries but also includes representatives of the main countries outside Europe (India, United States and Brazil). The Group's key managers regularly attend meetings to present changes in the Group and the main challenges facing it and discuss them with employee representatives in an open manner and an environment of mutual understanding.

Finally, as part of our "People Matter, Results Count" policy, we take account of:

- the motivation and career path of our employees;
- the implementation of varied and attractive career plans;
- the development of our employees through development and training programs;
- the respect and promotion of a good work-life balance.

In addition, local subsidiary management is responsible on an on-going basis for the quality of social dialogue and exchanges regularly with any employee representative bodies and/or takes account of employee aspirations in the relevant countries through other measures.

The Human Resources corporate function assists local HR managers manage specific situations as required and the Group is moving to align employee benefits across the world.

For more information on the Group's social dialogue policy, please refer to Section 4.2.2.2 of this Registration Document.

Unethical behavior and misconduct

Risk analysis

The values of trust and honesty are historically embedded in the Group's culture and are part of its intangible fundamental values. The Group therefore constantly monitors employee compliance with these ethical values.

Despite all the measures implemented and constantly updated, the Group is not immune to inappropriate behavior by employees and managers, in areas of human rights, commercial practices, harassment and discrimination. These actions could cause lasting damage to the Group's reputation.

Risk management systems

Capgemini communicates regularly on the Group's values and its "zero tolerance" policy towards unethical behavior. Frequent training sessions are held to raise the awareness of all employees and managers of appropriate behavior in the company and also at our clients.

The Group adopted a Code of Business Ethics and these ethical compliance rules are stated in the Group's Code of Conduct, which it communicates on specifically internally. Furthermore, in the majority of countries where we operate, these expected behavior rules are accompanied by disciplinary measures that could be applied in the event of proven misconduct.

The Group Compliance Department has also introduced a whistle-blowing procedure for employees and parties outside the Group to report any behavior considered unethical. These reports are investigated by the Group Ethics and Compliance Department.

For more information on the Group's ethical risk management policy, please refer to Section 4.2 of this Registration Document.

g) Financial risks

Liquidity risk

Risk analysis

Liquidity risk for the Group could correspond to a temporary or permanent inability to fulfill all or part of its commitments in respect of its financial liabilities (including in particular borrowings and accounts and notes payable) or the inability to find new sources of financing in order to maintain the balance between revenue and expenditure, continue its activities and undertake the necessary investments for its development.

Financial liabilities whose early repayment could expose the Group to liquidity risk mainly consist of outstanding bonds issued by Capgemini SE and some commitments in respect of employee liabilities.

Risk management systems

The majority of Group financing is borne by the parent company and, as such, implementation of the finance policy is largely centralized. The Group adopts a prudent finance policy based primarily on:

- prudent use of debt leveraging, coupled with limited use of any clauses that could lead to early repayment of borrowings;
- the maintenance of an adequate level of liquidity at all times;
- the active management of financial liability maturities, aimed at limiting the concentration of borrowing maturities;
- using diverse sources of financing, allowing the Group to reduce its reliance on certain categories of lenders.

In this context, the Company undertook a specific review of its liquidity risk and considers it is able to meet future scheduled payments (see Note 22 to the consolidated financial statements).

Foreign currency risk

Risk factors

The Group is exposed to two types of currency risk that could impact earnings and equity: risks arising in connection with the consolidation process on the translation of the accounts of consolidated subsidiaries whose functional currency is not the euro, and currency risks arising on operating and financial cash flows which are not denominated in the entities' functional currency.

The significant use of offshore production centers in India, but also in Poland, China and Latin America, exposes Capgemini to currency risk with respect to some of its production costs. Capgemini SE is also exposed to the risk of exchange rate fluctuations in respect of inter-company financing transactions and fees paid to the Group by subsidiaries whose functional currency is not the euro (see Note 23 to the consolidated financial statements).

Risk management systems

The Group implements a policy aimed at mitigating and managing foreign currency risk:

- production cost risks primarily concern internal flows with India and Poland. A hedging policy is defined by the Group. Its implementation is mainly centralized at Capgemini SE level and primarily involves forward purchases and sales of currency;
- financial flows exchanged as part of inter-company financing activities are primarily centralized within Capgemini SE and are mainly hedged (primarily using forward purchases and sales of currency);
- royalty flows payable to Capgemini SE by subsidiaries whose functional currency is not the euro are also generally hedged.

Counterparty and credit risk

Risk factors

Capgemini group is exposed to credit and counterparty risk in respect to its asset financial instruments, which depend particularly on the debtor's ability to fulfill all or part of its commitments (see Note 20 and Note 23 to the consolidated financial statements).

Financial assets which could expose the Group to credit or counterparty risk mainly relate to financial investments and accounts receivable. The hedging agreements entered into with financial institutions pursuant to its policy for managing currency and interest rate risks also expose the Group to credit and counterparty risk (see Note 23 to the consolidated financial statements).

Risk management systems

The investment policy authorizes the investment of cash surpluses in money market mutual funds (FCP and SICAV) satisfying the "monetary" classification criteria defined by the French Financial Markets Authority (AMF) and other types of investment (negotiable debt securities, term deposits, capitalization contracts) immediately available or with investment periods, potentially renewable, not exceeding 3 months, issued by companies or financial institutions with a good credit rating (minimum A2/P2 or equivalent). The Group also applies maximum concentration per counterparty rules.

The Group abides by similar risk quality/minimum rating and diversification rules when selecting counterparties for foreign currency and interest rate management hedging contracts.

Equity risk

Risk factors

For the Group, equity risk would consist of unfavorable movements in the stock market value of listed companies in which the Group holds investments.

However, the Group does not hold any shares for financial investment purposes and does not have any interests in listed companies. However, under its share buyback program, it may purchase, hold, sell or present its own shares or enter into derivatives in its own shares (see Note 12 to the consolidated financial statements).

Risk management systems

The Cash surplus investment policy defined by the Group Finance Department and documented in the internal manual (TransForm), prohibits all equity investments. The proper application of this policy is regularly controlled by internal and external auditors.

With a few exceptions, the Group holds the entire share capital of its subsidiaries and does not hold any listed equity investments.

Capgemini has a share buyback program authorized by its Shareholders' Meeting. In this context, the Board of Directors decides (with the power of sub-delegation) the implementation of the share buyback program. The value of these treasury shares is deducted directly from Group equity and fluctuations in the Capgemini share price do not impact its results.

Interest rate risk

Risk factors

The Group's Income Statement could be impacted by interest rate risk if unfavorable movements in interest rates had a negative impact on future net finance costs and financial flows of the Group.

The Group's exposure to interest rate risk must also be considered in light of its cash position. The liquidity at its disposal is generally invested at floating rates, while the Group's debt – primarily comprising bond issues – is nearly entirely at fixed rates (see Note 23 to the consolidated financial statements).

Risk management systems

As part of its financing policy, the Group seeks to restrict interest rate risk by opting for fixed rates for a large part of its debt.

The Group favors investments offering a high level of security and generally floating-rates and as such accepts – in the event of a fall in interest rates – the risk of a drop in returns from the investment of cash surpluses (and as such an increase in the finance cost differential).

Risks relating to employee liabilities

Risk factors

Capgemini's consolidated financial statements may be impacted by provisions for pensions and other post-employment benefits covering defined benefit plans, which are also subject to volatility. Furthermore, the Group could be faced with calls for funds to make-up pension fund shortfalls, over a short or long-time period, potentially deteriorating its financial position.

The main factors of volatility risk are fluctuations in interest rates and more generally the financial markets, as well as inflation rates and life expectancy.

The plan assets of the main schemes whose risks have not been transferred to the insurance market are managed by the trustees of each fund and invested in different asset classes (including equities). They are subject to market risk, as well as the performance of the management policy defined by the trustees, implementation of which can in certain cases by delegated. Under these conditions, plan assets may be less than the present value of pension obligations, reflecting a funding shortfall or deficit. Changes over time in assets and/or liabilities are not necessarily in the same direction and are eminently volatile and can increase or decrease the funding asset/liability or the resulting deficit. Nonetheless, the potential economic impact of these changes must be assessed over the mid- and long-term in line with the timeframe of the Group's pension and other post-employment benefit commitments (see Note 24 to the consolidated financial statements).

Risk management systems

The Group strives to maintain a governance structure and management resources appropriate to the risk profile of its main pension funds. The investment strategy for these pension funds, encompassing the management of assets and liabilities, is reviewed and monitored periodically. It seeks, in particular, to reduce volatility and make-up any shortfalls over a period consistent with the average duration of employee liabilities, through contributions and the return on plan assets. Increased life expectancy is taken into account as and when it is recognized by actuaries.

Group commitments to fund pension and other post-employment benefit shortfalls comply with local regulations.

Certain risks are transferred to the insurance market.

h) Reputation risks

Crisis management failure and reputation risk

Risk factors

Intense media coverage of any difficulties encountered, especially performance issues on major or sensitive projects, information system security breaches and/or failure to protect data privacy with the disclosure, voluntary or not, of confidential information, could result in crisis management and negatively impact the Group's image and credibility in the eyes of its clients and third parties generally, and by extension, its ability to maintain or develop certain activities.

When dealing with third parties and clients, the behavior of an employee may be inconsistent with our principles, and particularly our values of honesty and trust and could present a danger to the Company if contrary to personal or professional ethics, compliance rules or legislation, even where this behavior is strictly forbidden by the Group.

A breach of individual security within Capgemini group would damage the Group's reputation.

Employees could make negative comments on social media (Twitter, Facebook, etc.) on Capgemini's performance, service offers or human resource policy, thereby tarnishing the Group's reputation.

Risk management systems

The risk management systems set out below mainly encompass risks relating to employee safety, project performance, information systems and service continuity and significantly reduce the Group's exposure to reputation risk.

Compliance with clear principles of business ethics is firmly embedded in Capgemini's culture, honesty being one of the Group's seven core values.

From this point of view, the Code of Business Ethics represents the continuation and formal documentation of cultural reflexes already firmly embedded in Capgemini. The Group has historically defined and deployed a specific policy dealing with the prevention of corruption, that was updated in 2018 on the implementation of the Sapin 2 law, and another policy covering anti-trust legislation. All new recruits are asked to undertake to comply with the principles explained in these two policies and follow an e-learning training course thereon. An organizational structure rolled-out in each country comprising an Ethics and Compliance Officer, monitors the implementation of the Ethics & Compliance Program covering all Group entities.

The Group decided many years ago to only employ individuals and have commercial relations in those countries satisfying a certain number of criteria concerning business ethics and legal and physical security in the conduct of business.

Since 2011, the Group has implemented a solution for measuring and monitoring conversations on Group brands on social media. Internal social media are also monitored in order to best respond to employee comments. Finally, in order to strengthen governance rules covering the activities of Group employees on internal and external social media, a social media code of conduct was also drafted and is freely available on the Group's website.

Listed on the Paris Stock Exchange and a global leader in its business sector, the Group is frequently called upon by the media and the financial community to provide information on its activities. Therefore, to control and limit risks to its reputation, only persons duly authorized by Group Management are permitted to speak on behalf of the Group.

Finally, the Group deploys a comprehensive crisis management plan to reduce its exposure to reputation risk in the event of a major crisis.

3.2.2 Corporate & Social Responsibility Materiality Assessment

Materiality Review

Our success depends on our ability to work constructively with our stakeholders, to improve outcomes for all. We rely on the knowledge and insight that stakeholders can bring to support robust business decisions. Engaging in ongoing dialog with our stakeholders helps us to provide the services our clients need, and act as a responsible business.

In 2018, we continued to build upon the stakeholder engagement process we have been evolving over the last few years, most notably with the development of a new materiality assessment. In line with IIRC Integrated Reporting Framework, we consider economic, social, environmental and governance topics to be "material" if they have, or may have, an effect on our ability to create or protect value. This is determined by considering their effect on our strategy, governance, performance or prospects. A materiality review helps organizations to identify and prioritize the topics that matter and ensure these are built into decision-making, strategy and governance, as well as bringing focus and relevance to reporting.

We took five key steps to evolve our materiality review in 2018:

1. we reviewed and expanded our list of potentially material topics developed in 2017, through a process of analyzing industry and reporting guidelines (including IIRC, GRI and SASB), conducting media and peer reviews and assessing our potential to impact the UN Sustainable Development Goals and targets. We also evaluated the alignment of these topics and definitions with our Group Risk Management approach including risk mapping;
2. the findings of this process were validated with an expert Steering Committee, made up of senior executives representative Group's leadership, with clear definitions agreed for each topic;
3. we gathered external stakeholder perspectives on these topics through interviews with key stakeholder groups (clients, investors & analysts, business partners, NGOs & charity partners), with a focus on understanding their views on the importance and prioritization of topics in their relationship with Capgemini;
4. we gathered internal stakeholder perspectives from the Steering Committee and a sample of employee representative of the Group's demographics, through surveys and questionnaires, with a particular focus on assessing the potential impact of each topic on Capgemini's ability to create and protect value;
5. the findings from this process have been validated and taken forward by the Steering Committee, and are an important input both for this report and the Group Integrated Report.

In addition to the critical risks described in the Chapter 3, the following material topics are covered in the Chapter 4.

CSR Axes	Material topics (from 2018 materiality assessment)	Description	References
People & diversity	People Engagement	Providing an engaging working environment, where people are empowered to share their views and engaged in purposeful work	**4.1.1**
	Diversity & inclusive environment	Diversity encompasses different cultural identities, ethnic and social origins, sexual orientation, ideologies and lifestyles, as well as gender equality. Inclusion means building a workplace culture where everyone can feel valued, included and empowered	**4.1.1**
Digital inclusion	Digital inclusion and contribution to local development	Programs to develop access, adoption and application of technology to a broad audience and help societies address the impact of the digital revolution. Contributing to development of local communities, including through employment, socio-economic reach, knowledge transfer and education, philanthropy, volunteering and fundraising	**4.2.1**
Environmental sustainability	Climate Change	Climate change strategy & resilience: including minimizing carbon impacts and building resilience to adapt to climate change	**4.3.1**
	Environmental management	Managing and minimizing environmental impacts, including those from energy use, business travel, waste (particularly e-waste) and water	**4.3.1**
	Helping clients deliver their sustainability objectives	Services that support clients in their own sustainability programs	**4.3.1**
Duty of care	Responsible procurement	Ensuring suppliers comply with social, ethical and environmental standards, including protecting human rights and preventing modern slavery	**4.3**

3.3 Insurance

The Group risk management and insurance policy encompasses the identification, assessment, prevention, protection and transfer of all or part of the risks relating to individuals, its assets and equipment under the Group's responsibility. The Group's strategy for transferring risks to the insurance and reinsurance market is to adjust insurance coverage to reflect the estimated maximum exposure to each of the Group's major risks: the maximum replacement value of assets to be insured, or in the case of liability insurance, an estimate of its own risks and reasonably foreseeable third party risks in its business sector, taking account of local insurance obligations, legislation and specific risks in each country and the emergence of new risks, as well as changes in major exposure particularly under contacts signed with clients. Deductibles and retentions are set so as to encourage Business Unit managers to commit to risk prevention and protection and seek out-of-court settlement of claims, without exposing the Group as a whole to significant financial risk.

The Group Insurance Department reports to the Group Finance Department and is responsible for the design, placement and monitoring of all non-life insurance policies. The management and coordination of employee benefits insurance is overseen by a joint governance body representing the Finance/Insurance Department and the Group Human Resources Department.

Commercial general liability and professional indemnity

This insurance program, which is key for clients, is designed, taken out and managed centrally at Group level. Capgemini SE and all subsidiaries in which it has a stake of 50% or more (direct or indirect control), are insured by a worldwide integrated Group insurance program covering the financial consequences of their commercial general liability and professional indemnity, *i.e.*, any damage caused to third parties within the course of our usual business activities, anywhere in the world. This insurance program is structured in layers contracted with highly reputable leading insurance companies.

The terms and conditions of this program, including coverage limits, are periodically reviewed and adjusted to reflect changes in risk exposure, due particularly to legislation, the Group's activities, new countries where Capgemini operates, claims and changes in client contracts, as well as changes in the worldwide insurance and reinsurance markets.

The primary layer of this program (€20 million) is reinsured through a consolidated reinsurance captive subsidiary and has been in operation for several years.

Property damage and business interruption

The Group has set-up an integrated property damage and business interruption insurance program covering all of its subsidiaries worldwide. Its real estate policy is to rent rather than to buy its business premises. It owns little property, except in India where high growth and the large number of employees justify owning real estate.

Capgemini's business premises are located in a wide variety of countries, and the Group operates at multiple sites in most of them. The Group has slightly over 384 sites with an average surface area of 5,334 square meters. Some of the Group's consultants work off-site at client premises. This geographical dispersion limits risk, in particular the risk of loss due to business interruption that might arise from an incident at a site. The Group's largest site, which is located in India, employs nearly 11,000 people in a number of different buildings. Client and supply shortage risk is assessed and insured to the extent possible, based on knowledge of the materiality of the risk and the available offering in the insurance market.

Employee benefits and mobility insurance

The Group uses specialist companies to train and assist its employees throughout the world. Risks concerning medical emergencies, personal security, assistance and repatriation of employees working outside their home countries, is managed centrally at Group level *via* global insurance policies.

Employee benefits insurance programs (death and disability, healthcare, medical costs, life and pensions, etc.) are tied to the different benefits received by employees and are generally managed by the Human Resources Departments in each country. The Group Insurance and Human Resources Departments are jointly responsible for the management and international coordination of these programs. Decision are made jointly by the Group and the countries in compliance with the governance structure. The main objectives are (i) to comply with local insurance obligations, (ii) to comply with local legislation, (iii) to develop, standardize and improve current coverage, in accordance with the different regulations in the relevant countries and coverage standards integrating best local practice and the Group's businesses, while optimizing alternative risk transfer/financing mechanisms.

Other risks

Crime and fidelity coverage (especially for information systems) is managed centrally at Group level *via* a global insurance program. Other risks – including motor vehicle, transport of goods, and employer liability for workplace accidents – are insured locally using insurance policies that reflect local regulations.

Pollution risks are low in an intellectual services business, and Capgemini is not specifically insured against these risks in any country in which it operates. Some risks are excluded from coverage or restricted under the general conditions imposed by the insurance and reinsurance market.

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The statement on non-financial performance (*Déclaration de performance extra-financière*) was reviewed and approved by the Board on February 13, 2019, after a first review by the Audit & Risk Committee on February 11, 2019.

Strategy presentation

Firmly grounded on the Group's 50-years old values, our commitment to Social Responsibility has been both a guiding principle and an area for continuous improvement and renewal as we grow and consolidate our business in a broad geographical space.

As a provider of consultancy, technology and Digital services, Capgemini group's Corporate Social Responsibility runs across key areas where our activity has a clear and direct impact: creating a diverse and inclusive work environment, thus enabling our people to fully develop professionally and bring the best value to our clients, reducing our impact on the environment and helping clients to reduce their impact, and contributing to the development of the societies in which we operate with our specific capabilities and skills.

Our approach is aligned with and respects all national and international laws and regulations, such as the principles of the 1948 Universal Declaration of Human Rights (where we refuse the use of forced and child labor), the fundamental conventions on labor standards of the International Labor Organization and the OECD guidelines for multinational enterprises. These principles guide all our national and international commitments on Social Responsibility.

As explained in Section 1.3.1, our CSR strategy is an integral part of the Group's strategy and is based on three pillars: diversity, digital inclusion and environmental responsibility. CSR is an essential part of our strategy towards employees. It refers to the societal impacts that the Group's activities have on society and the actions we take and – depending on the nature of the impacts – to their development or reduction.

Our Human Resources strategy is complementary with our CSR Strategy and is aligned to the Group's strategy, and to all safety, law-abiding and compliance requirements. Group Human Resources empowers each and all our employees to fulfill their potential and grow professionally and personally by developing their skills-set and achieve sustainable performance in the most effective manners. Corporate Social Responsibility is an essential part of our People Strategy and refers to the societal impacts the Group's activities entail and the actions we initiate and – depending on the nature of impacts – to either develop, expand or reduce them.

Strategy implementation

To translate our CSR plan into reality, and demonstrate an active involvement at all levels, we encourage all colleagues to be involved in individual and collective actions, promote diverse teams' contributions and spread best practices across our global network.

For our CSR strategy to be successful, we need to significantly increase the level of communication and awareness in an aligned and coordinated manner, both internally and externally.

Apart from the usual routes, one effective channel this year has been through multiple Les Fontaines Events, where many courses have enclosed a CSR component and/or been dedicated to the subject, thus reaching 300 Employees per event throughout the year.

We are designing a concerted and ongoing *Architects of Positive Futures* engaging Communication campaign to leverage best practices and initiatives, present and value role-models and call for renewed action and engagement.

Diversity

It is a core component of the CSR strategy and defines the principles to build a culture of inclusion to attract and develop Talent from diverse backgrounds, nationality, disability, ages, religion, gender and sexual orientation.

Confronted with talent shortages and fierce market competition to attract them, and in a world where diversity of thought is key to innovation and creativity, **creating a diverse Talent pool and an inclusive environment is a driver for performance**.

While Diversity goes way beyond gender, we tackle gender as a Group issue given the scale of the challenge. Other diversity such as ethnicity, LGBTQ, etc and better integration of disabled employees into our workforce are better handled locally, with best practices shared across the Group.

In 2018 the female 32% target of the workforce was nearly achieved, while we have onboarded 24% of female in the vice president population through promotions and external hiring.

Strategy levers

Pursuing the efforts, our 3-year plan focuses on three areas:

1. Increasing the overall representation of **diversity**;
2. Improving **diversity of leadership**;
3. Driving **effective inclusion**.

Digital inclusion

Our world is being reshaped rapidly by automation and digital revolution and we are facing a huge digital divide and discontinuity that is fundamentally impacting every sphere of our society: access to health, education, continuous learning, finance, labor market…

The Digital transformations have direct effects on People marginalization like under skilled Employees, repetitive job holders, the elderly, rural areas populations, poverty and low development zones, and adding minority groups such as refugees or people in war zones…

All of them are far away from the new world and need counter-exclusion measures. While Automation is destroying some existing jobs, it is also creating many new jobs.

But people lack the necessary skills to fill these new jobs, so there is a growing polarization of labor-market opportunities between high and low-skill jobs, increased unemployment and under-employment especially among young people and mass scale migration to urban areas.

Capgemini – as a leading Technology transformation Company – plays a big role in Automation revolution but also recognizes its responsibility towards mitigating its negative impacts on society.

Capgemini commits to make digital an opportunity through its Digital Inclusion program.

Strategy levers

Championing the digital culture:

- use our network and skillsets and mobilise our employees to focus our work in the community and design positive impacts;
- encourage managers to participate in thought leadership in the market.

Reducing the digital divide:

- help marginalised populations to be connected to the "e" world;
- train and reskill target disadvantaged populations in digital to gain employment, remain relevant and re-integrate in the new world of work.

Environmental sustainability

Over the past decade, environmental concerns have climbed up the global agenda, with climate change and its related impacts featuring in the World Economic Forum's top five Global Risks every year since 2011. As a provider of technology, consulting and digital transformation services supporting several of the world's largest companies, we recognise that we have the opportunity to help our clients respond to to environmental threats such as climate change and natural resource depletion.

Strategy levers

Our environmental sustainability strategy is about reducing our own environmental impacts (driven by ambitious science-based targets), building business resilience to climate change and supporting our clients with their sustainability challenges.

Methodology

Following the transposition in France of the European directive 2014/95/UE of 22 October 2014 with regards to the disclosure of social and environmental information (19 July 2017), Capgemini must release in its 2018 management report its first non-financial information statement. This statement includes the information on how the Company takes into account the social and environmental consequences of its activities, including information on the consequences of its activity on human rights compliance, anti-bribery and the fight against tax evasion.

The non-financial information to be disclosed are described as follows:

- the **Company's business model**;
- the **main non-financial risks related to the Company's activity or the use of its products and services**;
- the **policies implemented to handle those risks** (including due diligence procedures if applicable);
- the **actions implemented during the year and the results of these policies, including performance indicators**.

Focus on risk analysis and material topics approach

To ensure the exhaustivity of our risk analysis, a cross analysis has been performed between the current Group risk mapping and the updated materiality assessment to identify non-financial material risks and topics.

As a result, 15 non-financial material topics have been acknowledged to be disclosed in the DPEF.

The methodology used to structure our non-financial information report is described in detail in dedicated section 4.5.

4.1 Social, societal and environmental Policies and Results

4.1.1 People and diversity

4.1.1.1 Boost our People Engagement

Our aim is to provide an engaging working environment, where people are empowered to share their views and engaged in purposeful work.

Capgemini fosters a policy of **continuous people development** to ensure our **talents' capabilities and employability** are constantly maintained at par with Market and Business requirements. It builds on a variety of notions and continuous practices around performance and feedback discussions, **listening and learning options** to ensure each and all employees are followed and supported. It also continuously proposes a set of **engagement opportunities** – aligned to various grades and roles – to ensure all can contribute to areas of interest beyond their client's commitments.

Continuous performance management

The **performance management system** is an ongoing process taking place throughout the year through a continuous cycle of discussions, based on regularly adapted objectives, which leverage employees' strengths, and focus on the value created and their contributions to the business.

The implementation of a **continuous performance management** system involving continuous feedback and multiannual performance reviews, will move from a five-levels scale with yearly performance assessment reviews to a three-levels scale with multiannual reviews enabling in particular to:

- better differentiate between one's **contribution** (performance achievements) made to the business (*i.e.* assessing the past) and value (potential development) one can bring to the business in the future;
- keep ensuring **fairness of treatment** based on concrete facts and evidence on a more frequent basis:
  - the contribution is based on the level of completion on the set of objectives defined, which may vary by entity, role, maturity and grade in line with business requirements, individual's capacity and role purpose and expectations towards the organization,
  - the **value** towards the business requirements and the role held is defined based on a combination of skills, know-how, energy and engagement to drive career development and associated actions and management care.

Continuous employee listening

Employee engagement is our **first performance driver** and a key lever for attracting and retaining our talents. To ensure our employees are interested, motivated and engaged in what they do, we need to keep a **close contact and take the measure of their interest, comfort and happiness at work**.

Providing feedback opportunities to employees – collectively and individually – is thus crucial to adjust and adapt our management and human resources strategies, policies and practices. We wish therefore to build more frequent employee feedbacks' insights and results. We are now moving towards **continuous employee engagement feedbacks**, to ensure the Group constantly adapts towards better employees and clients' services, thus increasing their level of commitment and satisfaction:

- "**Pulse**" is a Continuous Employee Listening Program that aims at managing and measuring Employee Engagement at scale, from a Group Employee Survey occurring once a year to a continuous listening logic, piloted over 2018:
  - 8 pilots implemented in 2018 covering *circa* 9,000 employees across the Group,
  - as of February 2019, the deployment involves over 50,000 employees in about 20 different countries and Strategic Business Units and Global Business Lines (including 20,000 employees in India),
  - over the second part of 2019 we aim at deploying "Pulse" to the rest of the workforce after a review of initial results by the Group Executive Board.

Continuous learning

Moving away from a stable and structured business and technology world towards more agile, innovative and fast-paced disruptive contexts, our **capacity to equip and develop our employees and partners skills** is an instrumental piece of our performance. We need to build a **continuous learning solutions environment**, leveraging best curated content, hard and soft skills capabilities and combined experience and assets to match our clients and employee's requirements.

We enable the design and implementation of the most relevant Learning & Development (L&D) solutions portfolio to answer our employer promise and our business agenda:

- Group Learning & Development manages the learning strategy focusing on **Group transversal professional community's development requirements** (*i.e.* Engagement Managers, Architects, Sales/Offers Portfolio Leaders, Account Managers, etc.), technology upskilling, transversal Talent development, Talent acceleration for managers, Directors and Vice-Presidents (grades D-E-F) and leadership development. Beyond learning programs, this translates into Group learning mobilization events including Business Priority Weeks and Talent Weeks;
- SBUs and GBLs (and their Business Units) define their annual Learning & Development needs and priorities articulated through **Business requirements**;
- then Group Learning & Development structures the learning needs and priorities into three distinct categories:
  1. **Group mutualized learning priorities** which are defined, built and delivered by Group Learning & Development and deployed through the Learning & Development ecosystem (*see below*),
  2. **Mutualized learning priorities** – which are common to at least two SBU and GBL – are defined, built and delivered by the related SBU and GBL Learning & Development teams and final learning solutions are shared with the Learning & Development ecosystem,
  3. **Local learning priorities** which are defined, built and delivered by regional Learning & Development teams, which organize the training design & delivery in line with Group Learning & Development guidelines and ways of working. The final learning solutions are also shared with the entire Learning & Development ecosystem;
- these learning priorities are validated by the **Group Learning & Development Board** – gathering Group and business leadership members – to **review and validate annual Learning & Development priorities and budget structure and commitments**. Learning provided by Group Learning & Development fosters two priorities for employees' **continuous learning** approach:

- set the conditions for **continuous employability development**, through hard and soft skills programs, combining digital and face-to-face delivery and aligned to the professional community they belong to, their current and future role and grade requirements,
- develop and deliver a wider **Executive Leadership Education & Learning** portfolio to support leadership development and progression and build the leaders we need.

Entities and people managers must ensure mandatory learning is undertaken by employees and learning days are duly recorded, which may relate to:

— professional communities & roles requirements;
— certification milestones by grade, level and progression requirements;
— specific SBU and GBL training plans maintaining employability development and evolution needs.

Results and KPIs of learning policies

— Total learning hours:
  - 2017 Results: 8.7 million hours,
  - 2018 Results: 8.8 million hours;

— Average learning hours per employee (headcount still present as of 31/12/2018):
  - 2018 Results: 40.5 hours/employee.

Talent acceleration & high-potentials development

Leadership Development Programs are designed to enable each employee per grade to improve and progress on their leadership capabilities, with explicit requirements as of a certain grade. Vice president employees are assessed once a year – during their performance review – on their leadership behaviors and capabilities. We provide a set of **Talent Acceleration programs** – per grade – to boost the progression of specific profiles and accelerate their career. We also provide a set of **High-Potential leadership development programs** – per grade – to equip and align practices and behaviors on the expected leadership capabilities.

Conditions of eligibility and enrollment are updated each year, and current cohorts as well as alumni's benefit from special Talent monitoring and support throughout their progression in the Group.

"Promote first, Hire second"

Internal candidates with potential from all Talent pools must be considered for evolution casting options **before** recruiting external candidates. Publishing the open position on the *Internal Job Board* (where available and/or advertising the options to potential candidates) and reviewing diverse candidates with the Strategic Business Unit and Global Business Line Human Resources Talent teams is a **standard requirement**.

Results and KPIs

— Compliance with **Group Performance Management System**: Number of consultants and senior consultants (Grades A & B) onboarded in the new Performance Management System:
  - 2017 Results: 600,
  - 2018 Results: 9,000 (pilot phase),
  - 2019 Target: above 75% and full deployment in 2020;

— **Progressive implementation of the "Continuous Listening – Feedback – Learning" policies**: KPI to be adapted based on implementation plan over H1 2019;

— **Learning Portfolio & Talent acceleration programs for high-potentials profiles:**
  - Number of specific profiles employees enrolled in these programs with a closer career follow-up:
    - 2017 Results: 799,
    - 2018 Results: 907.

4.1.1.2 Talent attraction, retention and development

Attracting, developing and retaining high performing people is an absolute must.

Talent being more than a combination of aptitudes, our employees contribute to the Group's success through their knowledge, passion and engagement. Satisfying our Clients' transformations requires a great diversity of Talents, based on long-term development and a capacity to mobilize the best assets where and when we need them.

To source, access and retain the most skilled, relevant and expert Talent pools matching our business requirements, we build standards and best practices, and make **Talent growth** a managerial principle. Every team member is provided an environment to **develop skills and competencies**, collaborate with diverse professionals, and contribute to the Group's business goals through varied assignments and client relationships, share knowledge, and enjoy a rewarding career. In addition, we strive to build a consistent **employee experience** identifying our **people's aspirations and needs** answered by relevant global or local Talent development solutions.

Policies

This ambition is translated through several pillars among which:

Group Talent Branding

It drives the implementation of **Group Talent Branding** for recruitment campaigns, encouragement of **referrals** and delivery of the **employer promise** across entities, geographies and levels (*i.e.* "Promote first – Hire second" policy, internal promotions are priority and recruitment come as a complement).

Given the scope and volume of recruitment we conduct, a multi-channel approach is expected:

— Group defines the Talent Branding content, concept and rules with Group Marketing and Communication Department;

— recruitment campaigns and advertising must be approved by SBU and GBL, aligned to Group standards;

— the Group Talent Branding is to be used globally and locally for all recruitment actions. These activities are coordinated by the human resources of the local operational units and local marketing and communication teams and may leverage the experience and support from Group human resources recruitment team.

Employee On-Boarding

— All entities develop employees' on-boarding programs (training, formal events, etc.), aligned to Group guidelines and equipment requirements.

— Every new employee has a documented review before the end of their probation period, or within their first six months.

— When hiring a Vice-President, business managers must follow the Group human resources Vice-President hiring process:
  - any vice president recruitment approval needs the endorsement of the GEC (Group Executive Committee) member in charge and the approval of the entity's Chief Human Resources Officer (CHRO),

- all final candidates for vice president grade and their package must be **approved by Capgemini group Chief Human Resources Officer**,
- for all vice president hires, an **external assessment is mandatory** and must be different than the one possibly performed by the recruitment organization.

Workforce & Pyramid Management

— All individual and collective pyramid management decisions and actions are a business and a management prerogative;

— they must be based on people and talent pools analytics, local market trends and employees' mobility, attrition figures, which lead to recommendations and action plans.

Results and KPIs

— **Talent attractiveness**: Number of people hired across the Group (external hires):
- 2017 Results: 52,299,
- 2018 Results √: 61,752;

— **Implementation of local initiatives preventing unwanted employee attrition**: Employee Attrition Rate:
- 2017 Results: 18.9%,
- 2018 Results √: 22%.

4.1.1.3 Diversity

Corporate Social Responsibility is an essential part of our People Strategy and refers to the societal impacts the Group's activities entail and the actions we initiate and – depending on the nature of impacts – to either develop, expand or reduce them.

Diversity is a core component of our CSR strategy and defines the principles to build a culture of inclusion to attract and develop Talent from diverse backgrounds, specifying that diversity encompasses different cultural identities, ethnic and social origins, sexual orientation, ideologies and lifestyles, as well as gender equality. Inclusion means building a workplace culture where everyone can feel valued, included and empowered.

Through the Diversity activities portfolio, we improve our Employer Promise and Employee Engagement by becoming ***Architects of Positive Futures***.

Our CSR strategy aims at reaching **Diversity** by leveraging a global work environment where diverse profiles and inclusive practices are instrumental to our collective performance.

Our 3-year plan focuses on three areas, with relevant objectives and KPIs by entity and geography.

1. Increasing the overall **volume of diversity;**
2. Improving **diversity of leadership**;
3. Driving **effective inclusion**.

Our Talents are our most valuable assets. Capgemini's success, brand identity and client experience are determined by the talented people who work for the Group.

We believe that People perform better when they are empowered to be their authentic self at work and feel included and welcomed in the work environment. **Our differences are a source of creativity, innovation and inspiration**. Cultivating an inclusive environment and ensuring that every voice of Capgemini is heard and considered maximizes our capability to win and deliver business and makes Capgemini a **welcoming place to work**.

Confronted with talent shortage and fierce market competition to attract them, and in a world where diversity of thought is key to innovation and creativity, **creating a diverse Talent pool and an inclusive environment is a driver for performance**.

Policies

Embracing Diversity equips us to reflect today's global marketplace in the communities where we operate, enables us to generate new ideas and anticipate market trends as Thought Leaders in our chosen markets, and supports us in better understanding the challenges of our clients, partners and suppliers.

Our **Group Global Charter for Diversity & Inclusion** sets out the Group's commitment to be applied and enforced in all entities and at all levels. All Business Units and Employees are expected to always comply with this Charter.

While Diversity goes way beyond gender, we tackle gender diversity as a Group issue given the scale of the challenge. Other types of diversity such as ethnicity, LGBTQ and better integration of disabled employees into our workforce are handled locally, with best practices shared across the Group. Pursuing our efforts, we set relevant objectives and KPIs.

Results & KPIs

Improvement of gender balance in entities and leadership teams

— **Proportion of women in executive leaders**, at Groupe level:
- 2018 Results: 14%,
- 2019 Target: 16%;

— **Proportion of women in Vice-President inflow** (including internal promotions and external hires):
- 2017 Results: 18.4%,
- 2018 Results: 24%,
- 2019 Target: 25%;

— **Proportion of women in the workforce**:
- 2017 Results: 31.4%,
- 2018 Results√: 31.9%,
- 2019 Target: 32.5%.

Disability and inclusion in the workplace

People with a disability, visible or invisible, bring great value and a unique, specific perspective to our business, while reflecting the diversity and variety of the society we live in.

We comply with national and international legal and labor requirements on this topic (*e.g.* quotas of people with disability to be recruited in countries such as France, the Netherlands…) and recruit these individuals convinced that their presence contributes to more diverse and effective teams. In 2017, we joined the International Labour Organization's "Global Business and Disability Network", a network of multinational enterprises, employers' organizations, business networks and disabled persons' organizations who share the conviction that people with disabilities have talents and skills that can enhance virtually any business, thus committing to further fostering inclusion of disability in the workplace following national standards and international best practice, and to share our expertise in IT to improve disabled people's quality of life.

Key achievements in 2018 are:

In **France**, since 2006, we have been engaged in affirmative action designed to promote the inclusion of disabled people within the Group. In 2018, in order to comply with National Legislation, we signed a fifth successive agreement with the State Authorities and all the Unions whose main feature is a strong commitment to employing disabled people. This program is run by "Mission Handicap" within Capgemini and covers five main areas:

- recruiting and integrating disabled people;
- keeping disabled people in work;
- training to improve skills and employability;
- raising awareness and communicating in order to fight against stereotypes and improve understanding;
- outsourcing to special firms called "*ateliers protégés*-sheltered workshops": another way to employ disabled people involves outsourcing with some companies in France who are specifically and legally organized to employ mainly disabled people. In projects, we also offer clients to outsource to selected "sheltered workshops" partners' to help them employ disabled people who are excluded from the job market.

At the end of 2018, we employed 486 disabled people in France, equivalent to 3% of our workforce, twice the rate of our competitors (1.5% which is the national average in our field) and our target is to employ 50 additional disabled people this year.

At last, within the "Handi-accueuillante" norm (NF X50-783), aimed at increasing the employment rate of disabled people by improving their autonomy at work, we take into account the needs of handicapped employees through their daily activities and processes with a special focus on digital accessibility for visually impaired employees.

In **India**, we are committed to equality of opportunity and inclusion of persons with disabilities by ensuring dignity at work and a barrier free environment translating into the following key initiatives each supported by action plans:

- providing accessible infrastructure, IT systems and reasonable accommodation;
- implementing a non-discriminatory recruitment process, training and HR policies;
- promoting inclusion in society and building an inclusive organization.

In **UK**, Capgemini UK has signed the Time To Change Employer Pledge: committing to continue building a working environment where employees feel able to talk openly and honestly about mental health – and know where to go when seeking help.

- 115 Mental Health Champions mobilized across the UK in 2018 – a community of approachable team members you can trust to speak to about any mental health concerns you may be facing, and who can signpost you to support;
- in 2018, we were re-accredited as a Disability Confident Employer by the UK government, which recognizes our commitment to supporting team members with disabilities;
- our commitment to supporting our people's mental health has been recognized by Mind, who awarded us Silver in their 2017/18 Workplace Wellbeing Index.

In **Spain**, a personalized support for people with disabilities was implemented in 2018, an ad-hoc training course was developed and several agreements are in place with Foundations or Associations to encourage the hiring of people with disabilities.

Capgemini Poland is recognized as a leader on disability inclusion in Poland in our sector and works with a partner foundation (MOFFIN). In 2018 an open platform for people with disabilities was developed to bring them closer to business.

In **North America**, equal employment opportunity and affirmative action plans are in place for individuals with disabilities, Vietnam-era and special disabled and other covered veterans in all our US offices.

A disability is defined as anything preventing or limiting someone to participate to corporate, social life due to a long term or definitive reduction of his/her mental or physical capabilities. These figures reflect both voluntary and legal declarations depending on countries and their respective disability disclosure laws and policies.

In 2018 the Group employed 1508 persons with disabilities including 486 persons in France, 403 in UK and 353 in India (with 182 additional people in 2018 who have voluntary self-proclaimed their disability). The coverage for this data is 80%.

Measures against discrimination

In all the countries where we operate, the Group not only complies with local labor legislation and international labor regulations but also with our own Charter championing diversity and inclusion. By virtue of our commitment to the principles of the fundamental conventions on the labor standards of the International Labor organization and the Principles of the 1948 Universal Declaration of Human Rights including the UN Guiding Principles on Business and Human Rights, we are committed to:

- recruiting and retaining talented individuals from different backgrounds;
- showing that individuals are treated with respect and fairly;
- ensuring our working environment is free from all forms of harassment or abuse;
- encouraging our people to keep a good balance between work and private life;
- supporting the health and well-being of our employees; and
- offering a sound and fair working environment where our people can develop and flourish.

Capgemini will not tolerate any form of professional discrimination in the workplace. Discrimination can take two forms, direct and indirect. Direct discrimination occurs when someone is treated less favorably, for example on grounds of their gender, race, age, disability, religion or sexual orientation. Indirect discrimination occurs when a condition or rule is applied which disqualifies a large proportion of one group from an activity and there is no genuine reason for imposing that condition.

A "grievance escalation process" is in place in all countries where the Group is present. This process enables the escalation of any complaint from our employees who feel discriminated against in any form. Each claim is investigated fully, and disciplinary actions can be taken if discrimination is proven.

4.1.1.4 Health, safety & wellbeing

Occupational health, safety and wellbeing for employees and contractors includes travel security, mental health and ensuring work-life balance.

Policies & Results

Health and Safety in the workplace

Health and Safety in the workplace is an important feature of human resources and facilities management. Even though the Group's businesses do not involve high-risk activities, Health and Safety responsibilities are taken very seriously and the Company has therefore established specific programs and measures. As a minimum, we comply with all local Health and Safety legal requirements across the Group. All our entities have Health and Safety policies in place, governed by Health and Safety Committees (HSCs) in certain countries.

Our Health and Safety policies are the basis for providing information, guidelines and training, covering:

- Health and Safety in the work place, including handling of accidents, providing first aid, emergency procedures and safe handling, use and disposal of hazardous substances and Personal and Protective Equipment (PPE);
- guidelines for Capgemini employees working on client sites and for business travel;
- initiatives on improving working conditions, including work-life-balance programs, employee-manager relationships, physical and psychological wellbeing;
- sickness, disability and rehabilitation.

The Health and Safety policies are further cemented in specific procedures and handbooks. These are provided to all employees and starts at the onboarding process. Mandatory trainings/e-learnings are taken regularly by employees, with the support of the local Learning and Development teams. Guidelines, instructions and supplies for activities and situations affecting the day-to-day Health and Safety, such as emergency instructions and first-aid activities are clearly visible and available in most of our offices. The offices of most of our business units are also regularly audited on Health and Safety aspects including working conditions, humidity and lighting levels, temperature, air conditioning, minimal space per employee, etc.

Health and Safety on external premises

As a significant part of our employees work on client, subcontractor or other non-Capgemini sites, we require that adequate facilities, training and access to safety information is provided and we cooperate with clients and subcontractors in some instances to ensure Health and Safety in the workplace.

We also ensure our employees observe and cooperate with all applicable client rules regarding Health and Safety and emergency procedures while on assignment.

Health and Safety for Travel and risky countries

Significant business impact can be caused by crises, *e.g.* terrorist attacks, transport accidents, climate disasters, or health crises (Zika or Ebola…). Those major unpredictable crises threaten to harm employees, causing duty of care risk, reputation risk or other personal liabilities.

The following policies haves been implemented to prevent the risk and mitigate its impact:

- specific approval procedure for travel to "medium/high" risk countries with strict rules (Snapshot process);
- obligation for employees to provide their mobile phone number with international calls function activated;
- tracking all bookings to know where and when employees are traveling with a tool enabling to contact employees 24/7 through mail, SMS or voice;
- geo localization application available for employees who want to;
- security training for all travelers;
- BTA (Business Travel Insurance) covering all emergencies worldwide;
- 24/7 call center for emergencies.

For more information on this risk factor and management please refer to Section 3.2 of the document.

Health and Safety for travel and risky countries KPI and results

- Compliance with Snapshot process (% of travelers having complied with snapshot process):
  - 2017 Results: 98%,
  - 2018 Results: 93%,
  - 2019 Target: > 95%;
- Security/Safety training compliance (% of travelers having performed training):
  - 2017 Results:
    - 46% for Low risk,
    - 98% for Medium/high risk;
  - 2018 Results:
    - 19% for Low risk,
    - 96% for Medium/High risk.

Wellbeing

Next to ensuring a healthy and safe workplace, we strive to improve the general health and wellbeing of our employees. Various e-learning modules on Health and Safety matters are available to our employees including a module called Well Being Essentials which addresses topics such as health challenges, work-life balance, healthy eating, fitness, grief and loss, etc. In cooperation with external parties such as health insurers and healthcare providers, we also run various initiatives to enhance health and wellbeing and prevent diseases.

We consider both the prevention and the recovery and rehabilitation stages a shared responsibility of the employee and Capgemini. In that respect, we strive to minimize the impact of the sickness and disability by following a smooth and efficient process through cooperation with external parties in the healthcare domain. Specific initiatives are developed to improve the health and wellbeing of sick employees and to enable a quicker return to work, in the best possible conditions.

Capgemini being an IT services provider, employees do not face specific health or safety challenges. In every location, we strive to improve the work environment to make it comfortable and adapted to our type of work. In 2017, the facilities management central team and some local offices have started revamping the sites. The aim is to modernize the environment, make it more appealing but also more comfortable and equipped with the services that make for a pleasant, facilitating environment for employees to carry out their tasks under favorable conditions.

Awareness is growing on topics such as stress at work and mental health, and some countries have spearheaded initiatives in these areas in particular in our two biggest countries. Since India and France have been taking the lead on Health, Safety and Wellbeing topics, launched initiatives in these two countries are described below. Our ambition is to define and implement a global program based on best practices and successful actions across the Group.

4.1.1.4.1 Focus on India

Creating a safe work environment is critical to the success of India business and is one of the best ways to retain staff and maximize productivity. The OHS (Occupational Health & Safety) program at Capgemini India encompasses a wide network of stakeholders: people, suppliers and clients. The organization, certified OHSAS 18001, is in the process of migrating to the new standard ISO-45001:2018.

Health & Safety

Capgemini India's H&S policy was defined along with Governance Board, that the HSE (Health Safety and Environment) team reports to on a half yearly basis. It includes a standardized medical service for all locations (doctor, paramedic and full-time ambulance on site). Ergonomic awareness sessions are available for all employees and rescue team members have received emergency training on advanced first aid services by experts in the industry. A hazard identification and risk assessment exercise is done every year, resulting in the risks being prioritized and the necessary corrective actions being taken. Appropriate control measures are adopted, with defined and frequent monitoring, when a specific hazard is identified.

India's H&S policy intends to:

- assign adequate resources to ensure continual improvement in Occupational Health and Safety performance;
- identify and comply with the relevant legal and other Occupational Health and Safety requirements;
- identify hazards and assess the risks, enabling suitable controls to be implemented to avoid those risks or to ensure it is as low as reasonably practicable;
- identify opportunities to improve OH&S performance and the OH&S management system on a risk basis;
- identify appropriate Occupational Health and Safety objectives and targets for periodic performance reviews;
- communicate and inform all employees, visitors and contractors of their obligations to take reasonable care for the safety and health of themselves and others;
- provide guidance, training and awareness to support employees to ensure a safe workplace;
- develop measures and processes to focus on the prevention of occupational-related accidents, injuries, illnesses as well as near misses;
- engage with employees on issues they face with regard to Occupational Health and Safety through an effective feedback system and by providing access to medical services and wellness programs;
- communicate the policy to all persons working under the control of the organization and ensure it is made available to the interested parties upon request;
- provide a robust incident management system covering all functional areas and ensuring that incidents are investigated and that appropriate corrective actions are implemented to avoid future occurrences.

Wellbeing

India's overarching framework of OHS covers all the functional areas of employee wellbeing services from transport, food & beverage, onsite clinics, physical security, customer and visitor safety.

Physical wellness policies include:

- **fitness activities** with cycles for campus, mobility online, onsite fitness centers and fitness program facilitated through an application – 1,800 employees enrolled and a 7-minute exercise routine developed for employees to avoid work life ergonomic issues;
- **wellness** with yoga camps introduced, wellness consulting, medical camps for all employees pan India.

Apart from physical wellbeing, there is an established employee assistance program being run in the organization which offers counseling on an array of topics ranging from stress management to work life balance.

Mental Wellness policies include:

- webinars on various topics, bay connects to de-stigmatize mental health and spot psychoanalysis of employee stress levels and unlimited phone counselling.

Health, Safety & wellbeing policies results for India

Results of policies implemented in India are:

- established emergency response teams in all India offices;
- trained employees on ergonomics to encourage proactive wellness;
- an established comprehensive wellness program providing a workplace environment that positively impacts health and mood.

Health, Safety & wellbeing KPIs for India

- Utilization of Employee Assistance Program:
  - 2017 Results 0.25%,
  - 2018 Results: 0.4%,
  - 2019 Target: 1%;
- ensure transition to ISO45001 from current OHSAS 18001.

4.1.1.4.2 Focus on France

With 25 Health and Safety Committees, Capgemini France has a strong partnership with employee representatives and unions ensuring compliance with norms and agreements and working for improving effective implementation every year. Since March 2017, a Complementary Alert Mechanism (*Dispositif Complémentaire d'Alerte*, DCA) has been set up to:

- support employees suffering from any kind of stress or pain generated in any way by their work conditions and find a solution. Every employee will be able to raise an alert and obtain support and resolution of the issue;
- lead collective regular diagnostics based on alerts raised in order to conduct targeted and effective preventive actions, and thus better anticipate and deal with the causes of stress and pain at work.

A new Health at work agreement was signed with the social partners in 2017, and the roll out has been conducted with their participation and support through dedicated Steering Committees.

Some of the initiatives are detailed as follows:

- a **medical teleconsultation service** is available 24 hour a day, 7 days a week, at any place;

- an **additional alert system** provides a listening and support system to any employee suffering of his working conditions. It's also a health prevention approach;
- employees can benefit from **teleworking** for up to 3 days a week. This system constitutes a health preventive action and brings a better work life balance;
- **right to Disconnect**: All employees are informed of their right to disconnect and trained through a specific E Learning on how to efficiently deal with digital communication tools;
- in order to have a full picture, Capgemini France has deployed in **2018 a survey on the quality of life at work** which useful insights allowing the definition of specific action plans for 2019.

Health, Safety & wellbeing Results and KPIs for France

- **Quality of life survey**: Employee stress rate, measured in the Quality of life survey participation survey
  - 2018 Results: 29.4% participation rate, with following results:
    - 54% of employees with low stress,
    - 25.3% of employees with high level of stress but no specific problem generated;
- **Additional alert system**: Effectiveness of the additional alert system:
  - 2017 Results: 66 files handled (since March 2017),
  - 2018 Results: 38 files handled;
- **Teleworking use rate by employees**:
  - 2017 Results: 2,710 employees *i.e.* 11,43% of Capgemini workforce,
  - 2018 Results: 3,087 employees use teleworking, *i.e.* 12.44% of Capgemini France workforce;
- **Health Program**: 100% of employees have health and welfare coverage.

2019 Targets for France

- **Quality of life survey**: Define action plans adapted to each perimeter and deal with specific alert points identified by the survey;
- **Additional alert system**: Preserve the device and the quality of support for employees;
- **Teleworking**: Maintain the number of employees using teleworking;
- **Health Program**: Install a medical teleconsultation booth in 2019 at the Lille and Issy les Moulineaux sites.

4.1.1.5 Additional Information

At the heart of our business culture lies our most important asset – our employees. As a responsible employer, we care about the people that choose to work for us, and we aim to nurture and environment in which they can deliver their best and thrive.

Our priority is thus to ensure well-being at work, professional development, an open and welcoming environment that respects and fosters diversity, empowering employees to excel in what they do.

2018, another year of organic growth in employees

The Group workforce exceeded the symbolic threshold of 200,000 employees at the start of 2018, just over 7 years after crossing the 100,000-employee threshold in September 2010. Employee growth remained strong in 2018 at +5.8%, driven by organic growth and acquisitions during the year. 2018 closed with a headcount of over 211,000 employees. The average headcount is calculated by adding the opening headcount average and the 12-month headcount divided by 13.

Total headcount

	Average headcount		End-of-year headcount √	
Year	Number	Change	Number	Change
2015	177,722	29.0%	180,639	25.8%
2016	185,593	4.4%	193,077	6.9%
2017	196,755	6.0%	199,698	3.4%
2018	**204,904**	**4.1%**	**211,313**	**5.8%**

The above headcount data at December 31, 2018 encompasses the whole Group scope (coverage 100%).

The acquisition of IGATE in 2015 combined with strong organic growth, notably in Asia-Pacific, significantly impacted the geographical distribution of Group employees.

Breakdown of workforce by geography

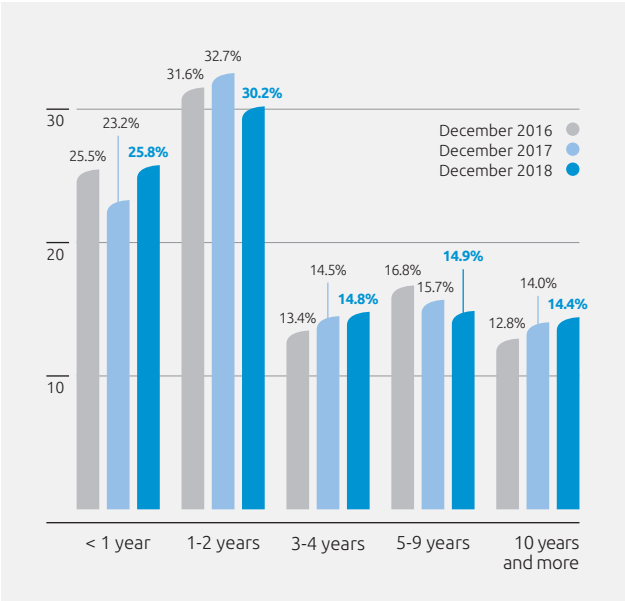
	December 31, 2016		December 31, 2017		December 31, 2018	
	Headcount	%	Headcount	%	Headcount √	%
North America	16,895	8.8%	17,112	8.6%	17,582	8.3%
United Kingdom and Ireland	9,025	4.7%	7,977	4.0%	8,338	4.0%
Nordic countries	4,067	2.1%	4,247	2.1%	4,573	2.2%
Benelux	8,037	4.2%	8,011	4.0%	8,143	3.9%
Germany and Central Europe	12,464	6.4%	13,970	7.0%	15,306	7.2%
France and Morocco	24,504	12.7%	25,446	12.8%	26,470	12.5%
Southern Europe	8,075	4.2%	8,629	4.3%	9,284	4.4%
Asia-Pacific	101,422	52.5%	106,292	53.2%	113,349	53.6%
Latin America	8,589	4.4%	8,014	4.0%	8,268	3.9%
TOTAL	**193,077**	**100%**	**199,698**	**100%**	**211,313**	**100%**

The APAC region headcount increased by 9 points in 2015 with the acquisition of IGATE, which is primarily present in India. It has kept growing and exceeded the 100,000-employee threshold in December 2016. It closed 2018 at 113,349 employees, following further growth in 2018 (+0.4 points in the Group breakdown). India now accounts for 50.9% of total Group employees.

Germany and Central Europe, the Nordic countries and Southern Europe also recorded strong growth in 2018 and the headcount of all geographic areas increased over the year.

Breakdown of workforce by length of service: 2016-2018 evolution

The coverage ratio for the above data is 99.1% of the year-end headcount.



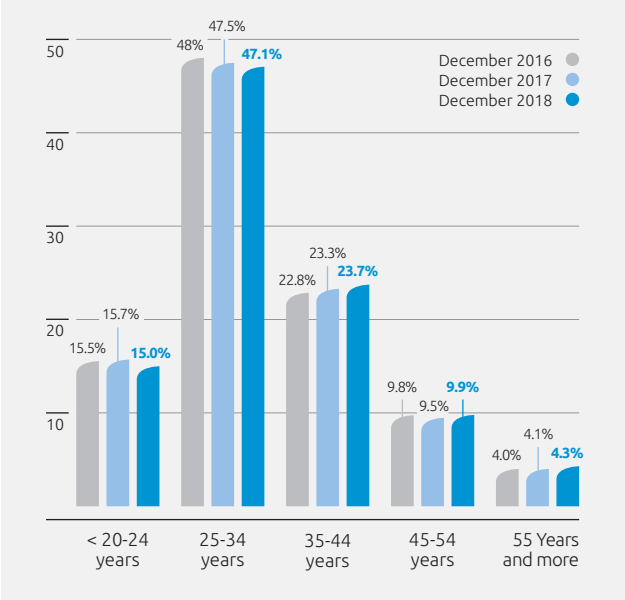
Trends in the average length of service reflect the Group's recruitment dynamics in recent years: the number of recruits exceeded 61,000 in 2018, a new record high for the Group after 52,000 in 2017 and 53,700 in 2016 (previous record). This explains the high (56%) percentage of people with less than three years seniority.

In 2018, the average length of service in the Group remained stable at 4.7 years. This average varies according to the geographical area: it is up slightly to 3.2 years in Asia-Pacific, driven by India (where most recruitments are located), compared with 9.5 years in the Benelux countries (-1.5 years), 7.6 years in the UK (stable) and 7.5 years in France (-0.3 years).

In the case of acquisitions, length of service is calculated based on the hiring date by the acquired company, and not the date of integration into Capgemini.

Breakdown of workforce by age √: 2016-2018 evolution

The coverage for the data below is 99.1% of the year-end headcount.



The average age of employees increased slightly in 2018 to 33.4 years (+0.2 year *vs.* 2017), partly due to acquisitions. In India, the average age of employees is slightly below 30 years, however, the significant percentage of young graduates recruited (over 37% in total) enabled the average age to be held stable. The percentage of employees aged under 35 years is down slightly at 62.2% (-1 point).

Average age is lowest, below 30 years, in Guatemala, India, China, Morocco, the Philippines and Romania, while the United Kingdom, Switzerland, Finland, Canada, Denmark and the Netherlands post an average age of 40 years or slightly over.

External Hires

Hires are people on-boarded into Capgemini's payroll through the usual recruiting cycle during the period and accounted for in headcount (recruitment through acquisitions/big deals is excluded). The recruitment coverage rate is 100%.

	External hires √	Acquisitions
2015	46,181	30,265
2016	53,784	1,462
2017	52,299	1,394
2018	**61,752**	**2,984**

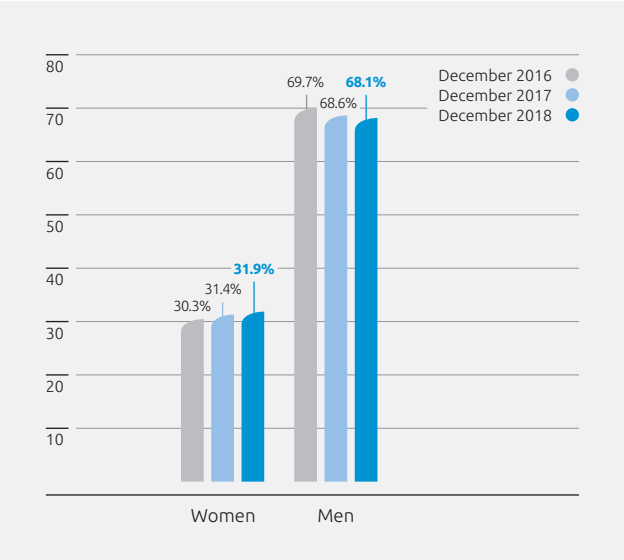
Non-European countries played a decisive role in our recruitment dynamic, representing 73% of all recruitments in 2018. India saw its net headcount grow organically and through acquisition by more than 6,600 people in 2018, representing 57% of Group net headcount growth.

Attrition rate

In an overall positive economic environment for our business sector, the employee attrition rate (the percentage of voluntary departures) increased by 3.1 points to 22% (18.9% in 2017), to reach 22% √, representing 45,200 voluntary departures. The attrition rate was higher in Asia-Pacific, the United States, Poland, Romania and India (where the IT Services market is more dynamic) than in Continental Europe. The voluntary attrition rate is constantly monitored to ensure it is consistent with sector trends and enables appropriate measures to be implemented based on the needs of each business and region.

Breakdown of workforce by gender: 2016-2018 evolution √

The coverage for the data below is 99.1% of the year-end headcount.



The percentage of women in Capgemini's workforce continued to rise steadily, reaching 31.9% in 2018, an increase of 0.5 points on 31.4% in 2017. This follows a 3-point improvement over the past three years, reflecting the inclusion of diversity as one of the three pillars of our CSR Strategy.

Female representation differs across the Group, depending on the type of activity (it is higher in Business Services and lower in Infrastructure) and the geographic area (above Group average in Central Europe, Asia-Pacific and Latin America, but only 20.3% in Benelux despite a 1.2 point increase).

Overall, the gender breakdown mirrors, for the most part, the information technology sector, which tends to attract engineering graduates, who are predominantly male in most geographies. The business and geographical breakdown sheds light on the Group's gender balance.

Female presence in the workforce is driven by three types of business: Financial Services, Consulting and Business Process Outsourcing.

On hiring, the percentage of women recruited is slightly higher than the Group average at 34.9% (coverage rate of 96.2%), an effort to be sustained to further improve gender balance. However, moving up in the pyramid, there is a clear progressive decline in female presence, requiring sustained action to increase the percentage of women. This is currently 43.6% at early grades, falling to 14.9% at Vice-President level.

On retention, women account for 32.3% of voluntary departures, which is close to the overall percentage of women in the Group's headcount (31.9%). This nonetheless represents a voluntary attrition rate for women slightly higher than that for men, and this is particularly the case in English-speaking countries and Central Europe. In addition, the percentage of women is increasing in some geographies such as India (+0.5 points to 33.1%), which contributes significantly to improving the Group's gender balance given the size of the Indian workforce.

The countries where Business Process Outsourcing has a strong presence also bring a significant proportion of women into the Group. Women make-up close to or above 50% of the workforce in Poland, China and Guatemala.

Conversely, the percentage of women is less than 25% in ten countries covering 5% of the workforce in scope (the percentage of the workforce in this category has fallen significantly by 7 points), and notably Benelux.

Women in executive positions

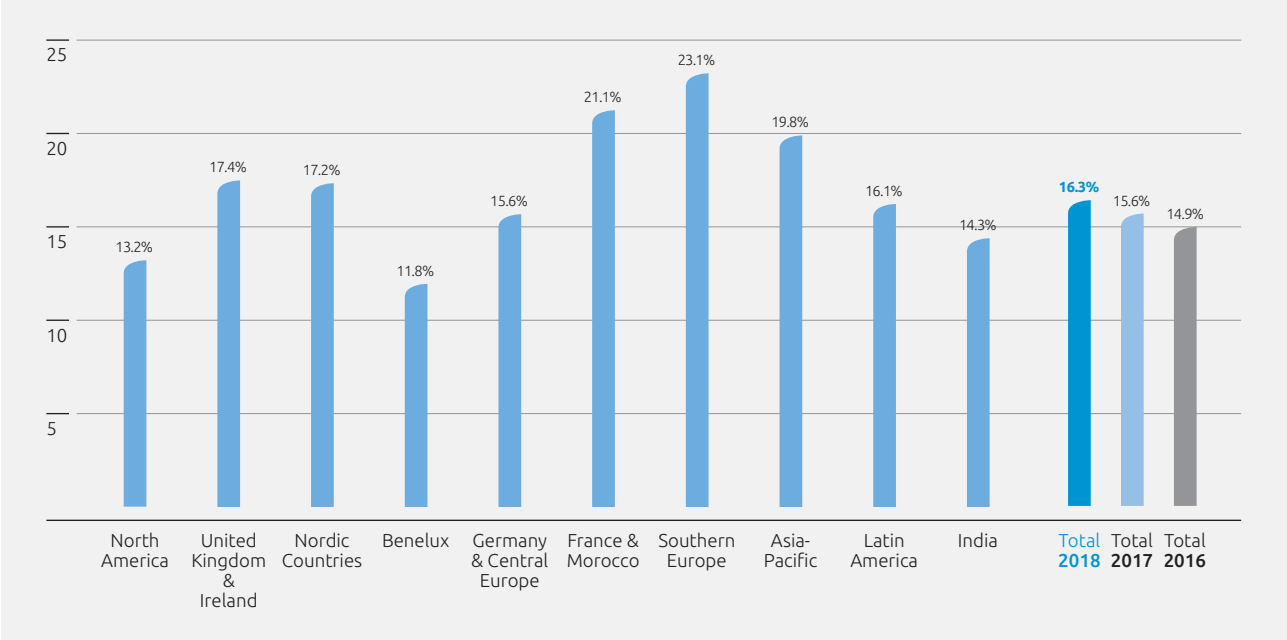
On development, the Group is focusing on fostering women in leadership. The promotion rate during the mid-2018 round of promotions (internal promotions only) was therefore 28.4%, the highest rate ever attained and above the 25% target set for 2018-2020. This rate is also up considerably in 2017, when 21.3% of individuals promoted Vice-President were women (internal promotions only).

More generally, the number of women in management positions increased in 2018 despite the observed trends in the gender balance of the workforce. The percentage of women is highest in Mediterranean counties. The percentage of women in management positions nonetheless remains lower than the total percentage of women in the Group's workforce. Continued growth of the headcount in countries with a low percentage of women in the talent pool and engineering-trained graduates impacts heavily on the overall women in workforce ratio.

We have a clear picture of gender balance in the talent pool provided by the strategic talent reviews undertaken throughout the Group and ranging from CEO and COO-led reviews of the leadership teams to Business Unit level reviews identifying top talents at all levels and grades. All Business Units are required to identify and sustain a gender balanced management talent pool and pipeline.

To support these efforts, local management training courses, mentoring by senior executives, and increased exposure and visibility are provided to women identified as top talents, thereby advancing women's presence in the Vice-President community.

Proportion of women in executive positions by geography



4.1.2 Digital Inclusion

As a leading technology transformation company, Capgemini contributes to the Development of local communities, including through employment, socio-economic reach, knowledge transfer and education, philanthropy, volunteering and fundraising and plays a big role in the automation and digital revolution but recognizes its responsibility towards mitigating its negative impacts on society such as marginalization of under skilled employees, the elderly, rural populations in low development zones, minority groups such as refugees or people in war zones…

Policies

Therefore, Capgemini is committed to make automation and digital an opportunity through its Digital Inclusion program which aims at spreading digital culture components to improve citizenship experience and reduce the digital divide in our society. We will deliver this by:

Championning the digital culture

We will capitalize on the digital transformations happening in our society to drive Digital Inclusion. We will push active communication to the market, participate in think tanks and join conversations around the topic. We aim to leverage advocacy mission to position ourselves as the champion of Digital Inclusion:

- use our network and skillsets and mobilise our Employees to focus our work in the Community and design positive impacts;
- encourage Managers to participate in thought leadership in the market;
- roundtable on digital divide: "Access to digital is key for employability and reducing exclusion. Capgemini is mobilizing its employees on digital inclusion," CEO Paul Hermelin said at a discussion organized by French newspaper "Challenges" in December 2018;
- Tech for Good: Paul Hermelin joined a group of CEOs to meet French President Emmanuel Macron and discuss how technology can be used for social good around three topics – education, labor and diversity.

Reducing the digital divide

- **Help marginalised populations to be connected to the "e" world**: we will help older generations and marginalized people stay connected to the fast "e" world. We will pool our expertise and resources to train and help target groups remain autonomous with regard to public and daily services (health, administration, education, etc). We encourage our colleagues to participate in Digital Inclusion projects to help the Group reach its goal. A qualitative example would be a project where senior citizens are trained to use digital tools.
- Train and reskill target disadvantaged populations in digital to gain employment, remain relevant and re-integrate in the new world of work.
- **Train and reskill people in digital to (re)build employability:** we will provide the youth who are NEET (not in education, employment or training), the codes of new professional environments and create pathways to employability. We will involve employees to deliver/coach digital soft skills sessions to disadvantaged populations besides launching a Digital Academy Hub with multiple digital programs for the target group. We will also focus on building global partnerships with key players and our clients to design and deliver digital training portfolio.
- **Provide codes to digital society to the youth:** we want to expose the youth to digital skills and mindset, and push them to consider more opportunities in digital. With the help of employee engagement, we will maintain a strong focus on training sessions for children and teenagers. To help future generations bridge the digital divide, we will provide Digital Best Practices Toolkit and train teachers to expose the youth to the codes of a digital society.

Our Digital Academy:

Group

We signed a global partnership with Simplon – a social business which trains excluded or disadvantaged youth for free in Digital skills to enable them to find employment.

India

Digital Academies in Pune & Mumbai: launching two Digital Academies in India in 2019 to train 100 people in digital skills. The aspiration is to hire as many trainees as possible and connect the rest to available jobs in the IT sector.

France

- **Web development training for youth in Sarcelles**: twenty-five youth from disadvantaged backgrounds were trained in web development for a professional integration. After the training, five of them were hired by FS France and the rest were helped to find jobs. The project was implemented in partnership with Simplon.
- **Grande École du Numerique**: Grande École du Numerique (GEN) is a group of private and public organizations, aiming to train people who are currently unemployed. Capgemini has been involved with GEN for more than two years. The aim is to recruit 400 learners from GEN-labelled courses in 2019.

UK

Code Your Future: in 2018, a coding academy was launched in partnership with Code Your Future to train an initial group of 25 disadvantaged students (20 refugees and 5 students from the Prince's Trust) over 6 months, the aspiration being to hire at least 10 of the graduates and help identify opportunities for all the participants through Capgemini's clients and partner networks.

North America

Year Up: this project was made possible through a partnership between FS, NA and Year Up to provide internships to 10 disadvantaged students with the aim of hiring most of them within Capgemini FS, NA, and help the other participants identify suitable opportunities through client and partner networks.

Employee engagement/volunteering

We mobilize our employees and encourage them to share their knowledge and skills, not only deliver but also sustain the desired outcomes of our CSR initiatives. For Capgemini, volunteering is also a business imperative as it improves employee engagement and job satisfaction, helps attract and retain talent and develops the skill sets of our employees.

Everyone working across our Group is an ambassador for driving sustainable change through awareness, knowledge and commitment to personal action. We empower and facilitate our employees to donate their time and skills for social or environmental issues, and to use our digital expertise for a positive impact.

Group charitable donations

In cases where the Group wishes to create a positive impact on the communities in which it operates and where its employees live, it works with national and international organizations on community projects. However, to avoid a donation being used to camouflage a bribe, we ensure that it is compliant with our Group Charitable donations rules.

Results & KPIs

We aim at promoting Digital Inclusion to all colleagues, enabling them to align our social impact initiatives and leverage the positive impacts with clients and partners. A clear Digital Inclusion strategy was established and circulated Group wide to assist CSR teams across countries to align **80% of their social impact initiatives to Digital Inclusion by 2020**:

- **alignment of Social Impact projects towards Digital Inclusion**: this KPI is an overall alignment target and each country shall measure their alignment by checking the number of projects where a digital inclusion action has been supported as a percentage of total number of social/community impact projects and the percentage of total CSR (social/community) budget or CSR spending allocated towards Digital Inclusion Projects:
  - 2018 Results: 64% (50% target),
  - 2019 Target: 70% of Digital Inclusion impactful initiatives (80% for 2020);
- **number of graduates for Digital Academy**: a set of clear guidelines/ principles have been drafted to define what constitutes a Digital Academy to help CSR teams build academies in their local communities to train and reskill disadvantaged people in relevant digital skills:
  - 2018 Results: 150 employees graduated from the Digital Academy,
  - 2019 Target: Double the number of graduates;
- **employee engagement/volunteering**: we aim to progressively extend the Volunteering platform existing in India to the whole Group to enable our employees to browse volunteering opportunities and engage around CSR. We also aim to develop a corresponding Volunteering policy that will facilitate our employees to be more engaged and impactful in their actions.

4.1.3 Environmental Sustainability

Our environmental sustainability strategy is about reducing our own environmental impacts against ambitious targets, building business resilience to climate change and supporting our clients with their sustainability challenges.

4.1.3.1 Climate Change

Climate change strategy & resilience: including minimizing carbon impacts and building resilience to adapt to climate change.

The 2018 Special Report on Global Warming of 1.5°C is arguably the most urgent warning from the IPCC to date of the need to accelerate the global response to climate change. Capgemini has three central tenets to its climate change strategy:

1. Through our robust environmental management program (covered in more detail in 4.1.3.2), we measure, manage and reduce our own carbon emissions, with a particular focus on energy and travel, our largest emission sources.
2. We build business **resilience to climate change**, with a robust Climate Change Risk Assessment process, which uses scientific research to identify the top climate hazards facing each country and prioritize developing mitigation strategies where they are needed most.
3. Recognizing that the greatest contribution we can make to addressing climate change is through the **services we deliver to our clients**, we have an ambitious program to help our clients save 10 million tonnes CO_2e by 2030 (covered in more detail in 4.1.3.3).

Policies & Targets

Carbon Accounting

Our climate change strategy is underpinned by a comprehensive data set about our carbon impacts, with around 10 million data points collected and analyzed each year. We use this huge data set to enable a very granular view of greenhouse gas emissions and to help us pinpoint opportunities to reduce emissions. For Capgemini, having a single global system managed by one team helps ensure our data is relevant, comprehensive, consistent, and complete, with a measurement approach that is aligned with the Greenhouse Gas Protocol Corporate Standard.

Carbon Reduction

We are committed to cutting our carbon emissions, with a target which focuses on decoupling our development as a business from our total greenhouse gas emissions:

To reduce our total carbon footprint per employee by 20% by 2020 and by 30% by 2030 (compared to a 2015 baseline).

This headline target is underpinned by a focus on reducing our major emission sources including office energy use, business travel and data center energy use. We were one of the first companies in our sector have our targets validated by the Science Based Target initiative (SBTi). The SBTi confirms that our long-term goals are consistent with the global commitments agreed at the COP21 climate change conference in Paris.

Building Resilience to Climate Change

Our Climate Change Risk Assessment (CCRA) process uses scientific research to identify the top climate hazards facing each country. We assess the exposure of our people, assets, offices and national infrastructure to these hazards and then model the likely impacts on our business. By assessing areas of greatest risk, we are able to prioritize developing mitigation strategies and action plans where they are needed most.

Climate Change KPIs

- in 2018, we measured and monitored our carbon impacts in **30 countries covering 99% of operations by headcount** (with the remaining 1% estimated);
- we have reduced our carbon emissions per employee by **20% since 2015**, reaching our 2020 target two years ahead of schedule.

Climate Change Results

Carbon Accounting

We are committed to continuously improving the quality of our data collection and analysis and using these insights to inform our strategic decisions. This includes, for example, gradually increasing the coverage of our reporting to reach the high level of 99% coverage of our operations we are currently at (with the remaining 1% estimated), as well as adding new emission sources to our inventory. In 2018, we added operations for Capgemini Portugal to our reporting and enhanced the way our travel data is gathered in various countries, incorporating a couple of few new data sources that had not previously been available and reviewing the way we analyse and extrapolate data. In addition, we developed a new set of interactive dashboards, giving sustainability teams across the Group a more engaging and dynamic way to track their impacts.

Carbon Reduction

We were delighted to reach our 2020 target two years ahead of schedule, with a 20.4% reduction in greenhouse gas (GHG) emissions per employee achieved since 2015 (from 3.06 tonnes CO_2e per head to 2.44 tonnes of CO_2e per head√). This reflects the fact that we have continued to reduce our GHG emissions, even whilst our business and our headcount have grown (revenue up by 5.2% in 2018 compared to 2017 and our average headcount up by 15.2% since 2015). In 2018, our total greenhouse gas emissions were 499,960 tonnes CO2e√ which represents a 2.8% reduction since 2017 and an 8.3% reduction since 2015. The drivers for the early achievement of our target are discussed in more detail in Section 4.1.3.2 but key to our progress has been a 10.1% reduction in travel emissions per head and a 33.7% reduction in energy emissions per head. Progress has been particularly strong across our largest regions including India, North America, UK and Netherlands and examples of environmental initiatives in these countries are given in Section 4.1.3.2.

Total Carbon Emissions Per Head by Region

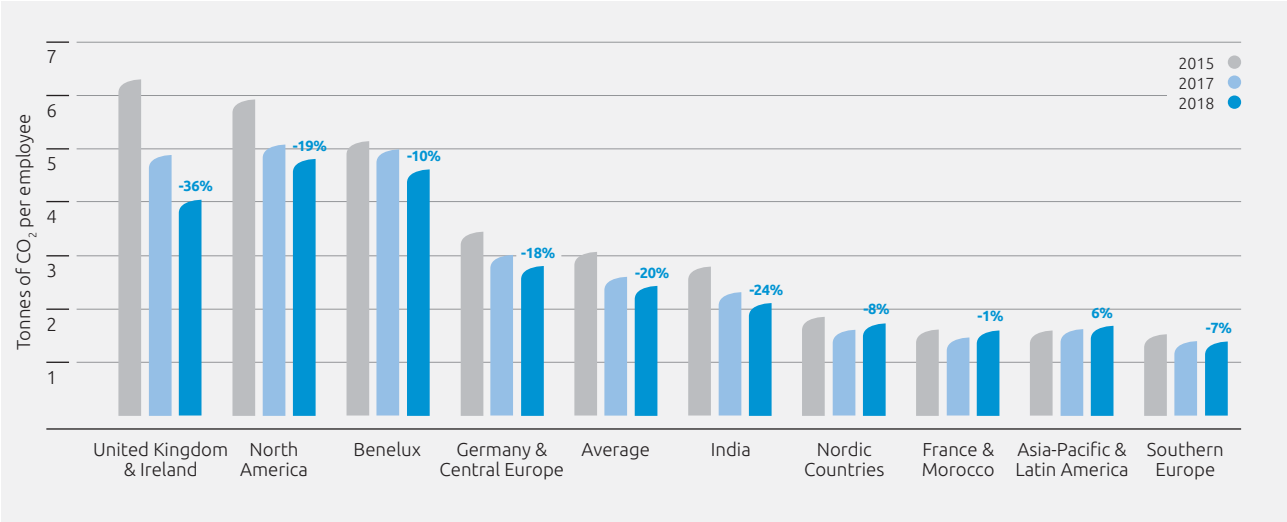


Table: breakdown of carbon emissions

	Metric		Unit	2015 Total	2017 Total	2018 Total	Change vs 2015
TARGET	To reduce our carbon footprint per employee by 20% by 2020 and 30% by 2030		**T CO_2e per employee**	**3.06**	**2.61**	**2.44 √**	**-20.4%**
Carbon Emissions by Scope (Location Based)	Scope 1	Office Energy	T CO_2e	5,985	5,525	5,826	-2.7%
		Data Center Energy	T CO_2e	239	169	105	-55.9%
		F gas	T CO_2e	1,488	983	2,110	41.8%
		TOTAL Scope 1	T CO_2e	**7,712**	**6,677**	**8,041**	**4.3%**
	Scope 2	Office Energy	T CO_2e	152,350	139,396	129,529	-15.0%
		Data Center Energy	T CO_2e	48,435	35,721	25,238	-47.9%
		TOTAL Scope 2	T CO_2e	**200,784**	**175,117**	**154,767**	**-22.9%**
	Scope 3	Business Travel	T CO_2e	301,897	297,040	312,849 √	3.6%
		Office T&D losses	T CO_2e	29,026	31,077	20,804	-28.3%
		Data Center T&D losses	T CO_2e	3,621	2,691	1,612	-55.5%
		Water	T CO_2e	1,663	1,390	1,480	-11.0%
		Waste	T CO_2e	404	572	405	0.3%
		TOTAL Scope 3	T CO_2e	**336,612**	**332,771**	**337,150**	**0.2%**
		TOTAL EMISSIONS	T CO_2e	**545,108**	**514,565**	**499,958 √**	**-8.3%**
Market-Based Emissions	Scope 2 only	Market-Based Emissions	T CO_2e	162,152	138,043	127,914	-21.1%

Notes

- Data identified in these tables by a √ has been reviewed by KPMG with a reasonable level of assurance.
- Data for 2015 and 2017 differs from that reported in previous years' reports for the following key reasons:
  - an increase the scope of reporting in 2018 to include new entities (Capgemini Portugal), sub-entities (Financial Services in Capgemini North America) and new emission sources (taxi data in China and car lease data in France) – where these changes are significant we have recalculated previous years data,
  - some data corrections and updates have been applied, for example where actual invoices have been received these have replaced estimates – of particular note, estimated electricity usage for France has been replaced with actual data where available.
- "Scope" is a reporting term from Greenhouse Gas Protocol, which is used in carbon accounting to categorize emissions reported according to the level of control a company has over an emissions source.
- With the exception of electricity emissions, all emission sources have been calculated using the emission factors recommended by DEFRA: https://www.gov.uk/measuring-and-reporting-environmentalimpacts-guidance-for-businesses
- Electricity emissions have been calculated in the main body of the table above in line with the GHG Protocol's "location-based" approach. Regional electricity emission factors have been applied for the UK (DEFRA 2018) and the US (eGrid). For all other countries, emission factors from International Energy Agency (IEA) have been applied to calculate Scope 2 location-based emissions.
- As recommended by the GHG Protocol, emissions of Fluorinated Gas (F-gas) not covered by the Kyoto Protocol such as chlorofluocarbons (CFCs) are not reported as Scope 1 emissions and are therefore not included above. These F-gas emissions are, however, captured with a value of 1,123 tonnes CO_2e for 2018.
- "T&D losses" refers to electricity transmission and distribution grid losses *i.e.* the energy loss that occurs in transmitting the electricity from the generation source to our facilities. From 2018 onwards, the emissions for T&D losses are calculated using emission factors provided by IEA (in previous year's equivalent emission factors were provided by DEFRA).
- The "Market-based emissions" given in the final row are a recalculation of Scope 2 emissions using the GHG Protocol's market-based approach. Where possible, market-based emissions have been calculated using supplier-specific emission factors. Where these are not available we have used a residual fuel mix factor, sourced for from RE-DISS for countries in Europe and from green-e.org for US and Canada. For a few smaller entities, we have assumed an emission factor of 0 for electricity purchased on renewable energy tariffs. In locations where neither supplier-based nor residual fuel mix factors are available we have used a location-based emission factor.
- Due to the timing of the reporting, full data for Q4 2018 was not always available and therefore 8.9% of emissions data and 12.5% of energy data has been estimated using appropriate extrapolation methods. In addition, where data is not available (for example, in the case landlords or suppliers not providing accurate data), estimation methods are deployed. This estimation includes notably the following:
  - approximately 4% of emissions data is estimated – this includes, for example, data which has been extrapolated where a data set is known to be incomplete (for example, we know that a certain proportion of employees do not book through the travel agents) or it includes estimating energy usage of one facility based on energy usage per floor area of a similar facility,

- for approximately 12% of emissions data, we do not receive actual usage data but we do receive relevant cost data, enabling us to estimate the energy usage using the cost data.

— Note that the waste emissions factor for landfilled waste has significantly increased since 2015, which why our waste emissions have not reduced, even though our total waste generation has (see Waste and Water table in Section 4.1.3.2).

Building Resilience to Climate Change

To date we have carried out a country level Climate Change Risk Assessment in the UK, India, Sweden and the Netherlands (which combined cover 59% of operations by headcount), with a robust process which involved taking the following five key steps in each country:

Climate Change Risk Assessment (CCRA)

Research

We use scientific research (including climate-related scenarios) to identify the relevant climatic hazards – this helps us understand the exposure of assets in each country, as well as at a company level.

Assess Impact

We assess at an asset level the direct and indirect impacts of these hazards on Capgemini operations. This gives us an ability to prioritize mitigation steps based on our best understanding of these impacts.

Assess control measures

We evaluate current control measures with key stakeholders from across the business, to ensure these are sufficient and to identify opportunities for improvement and adaptation.

Review

The findings are presented to a country board, who are responsible for deciding what steps are needed to control or mitigate climate-related risks and capitalize on opportunities.

Improvement

An implementation action plan is developed and the progress against it is monitored. The findings also feed into a global review and help to inform business continuity planning (detailed in Section 3.2.3.5).

2019 Targets

Having achieved our 2020 carbon target ahead of schedule, we will continue to drive progress against our long-term Science-Based target to reduce our carbon emissions per employee by 30% by 2030 compared to 2015 baseline.

4.1.3.2 Environmental Management

Managing and minimizing environmental impacts, including those from energy use, business travel, waste and water.

Detailed Description & Program Overview

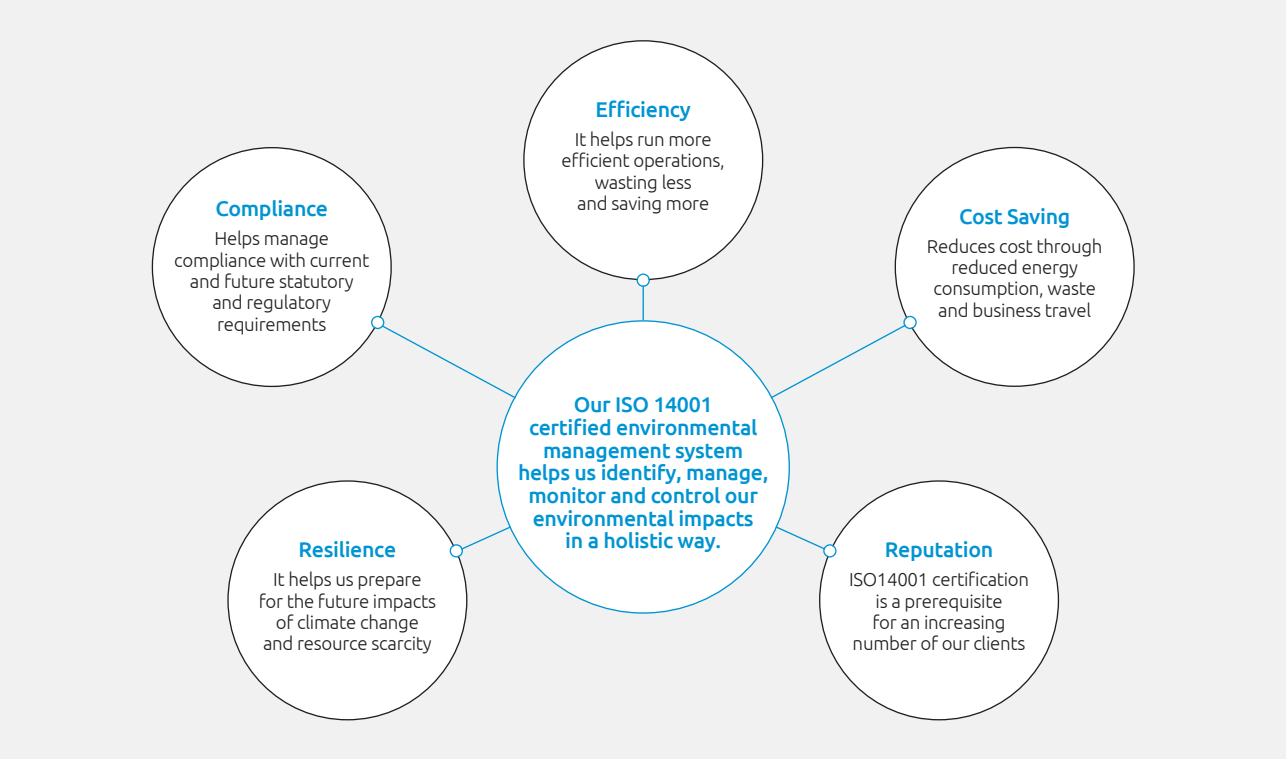
As a global company operating in over 40 countries around the world, we need to ensure we have rigorous procedures in place to manage our environmental impacts and respond to an increasingly complex legislative landscape. We have a robust Environmental Management System (EMS) to help each Capgemini entity to identify and manage its environmental impacts, as well as act to reduce these impacts and ensure we meet Group-wide targets. We are committed to driving efficiency and innovation across our business operations, focusing on our most material environmental impact areas – travel, energy use and waste.

Environmental Management Policies

Capgemini group Environmental Policy

The Group Environmental Policy, signed by CEO Paul Hermelin, sets out the measures required by all Capgemini entities in support of our Global Environmental Sustainability program. It reinforces our commitment to the continual improvement of environmental performance across our global operations. The policy can be found at: https://www.capgemini.com/resources/group-environmental-policy

Benefits of an Environmental Management System



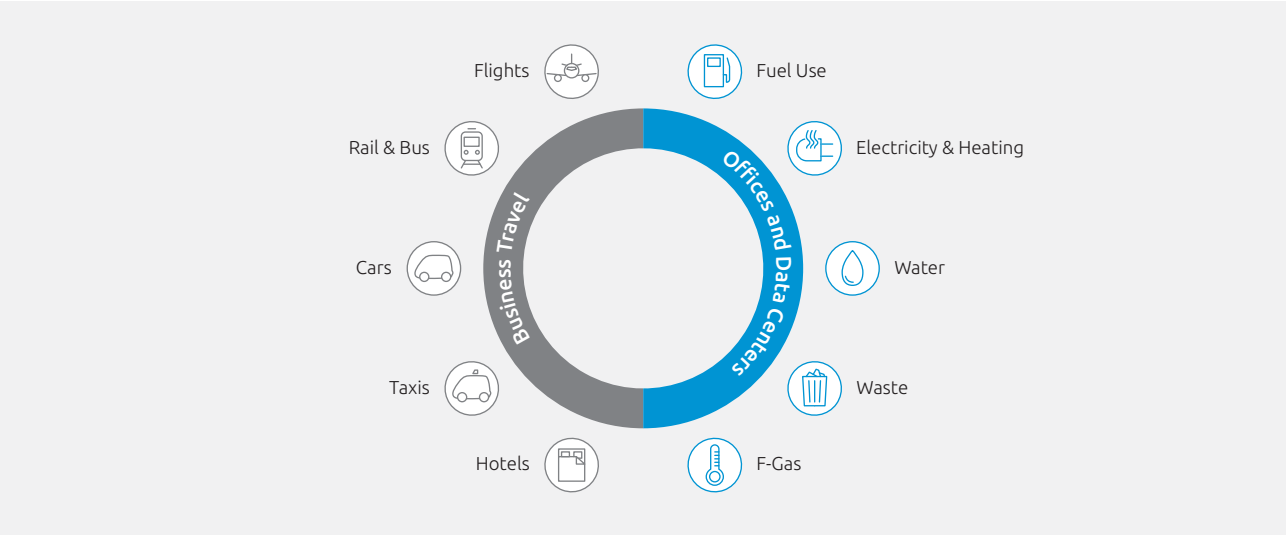
Environmental Management System

Our Environmental Management System is more than a way of monitoring legal compliance and meeting stakeholder expectations, it is a framework for transforming our environmental performance as a business.

Our Global Sustainability Center of Excellence, a team of environmental experts, leads the way in ensuring we manage all of our environmental risks and impacts effectively, and remain compliant with all legal and regulatory requirements.

Key Environmental Impacts

Capgemini's material operational environmental impacts result from our use of energy (in both offices and data centers), our business-related travel and from the disposal of office waste. These impact areas are core to our Environmental Policy and Group strategy. Smaller impact areas such as from water supply and treatment and fugitive air-conditioning emissions are measured and reported on an ongoing basis and prioritized at a country level where appropriate. Other environmental impacts, such as those on biodiversity, land use, noise pollution and the sourcing of raw materials, while regularly reviewed, are not currently considered significantly material to our operations and consequently are not discussed further in this report.



Environmental Management KPIs Results for 2018

a) 87% of our operations by headcount are now covered by ISO 14001 environmental management certification.

b) Our total energy use reduced by 17.3% since 2015, driven by a 6.4% reduction in office energy usage and a 36.8% reduction in data center energy usage.

c) Business travel emissions per employee have reduced by 10% since 2015.

a) Advancing our Environmental Management System

Capgemini group has a global ISO 14001 certificate for its Environmental Management System (EMS), the culmination of several years' effort developing a global approach to environmental management. During 2018 Capgemini operations in Italy, Australia and China achieved ISO 14001 certification for the first time, joining our global certificate.

The global ISO 14001 certificate now covers 13 countries, 211 facilities and operations associated with 170,157 people. A further four countries have retained individual ISO 14001 certificates covering all or part of their operations, meaning that across the Group 86.9% of our operations by headcount are now ISO 14001 certified. We are committed to increasing this coverage further, with a target to ensure all Capgemini entities with a headcount of over 1,000 people are ISO 14001 certified by the end of 2020.

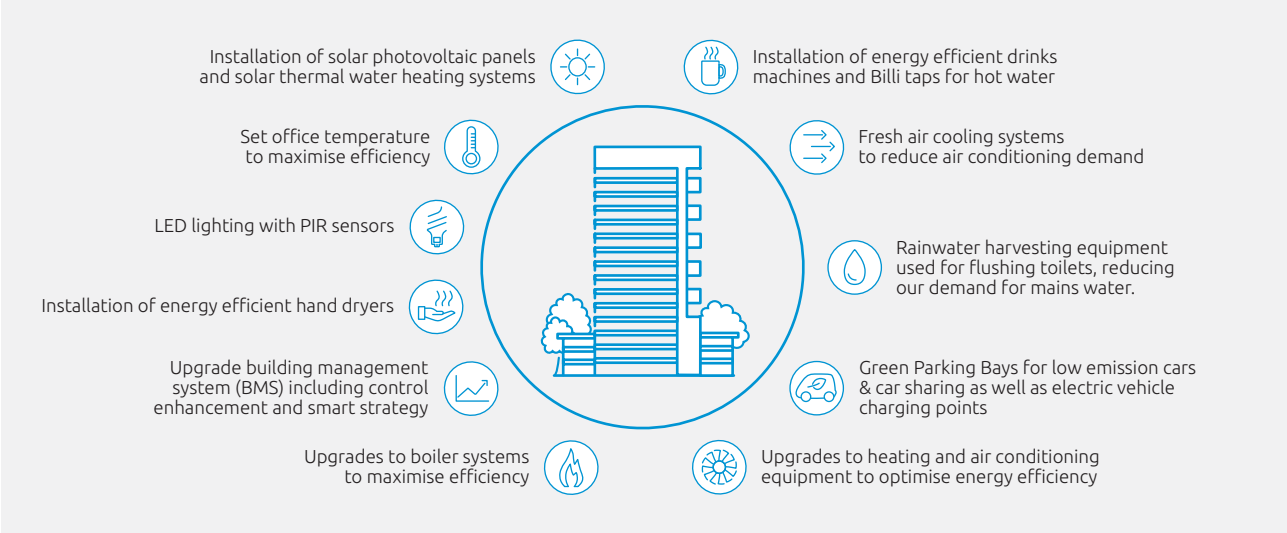
Reducing our Key Environmental Impacts

b) Reducing our Energy Usage

We consider energy efficiency in all aspects of our office and data center operations, from the smart management of lighting, heating, and cooling systems, to efficient use to space, to promoting behavior change initiatives to encourage our people to save energy on-site. As a result of this continued focus, we have reduced total energy use by 17.3% since 2015, with a 6.4% reduction in office energy use and a 36.8% reduction in data center energy use.

We are committed to creating sustainable and energy efficient workplaces which are good for our people and the environment. Across our estate, we are embracing a range of energy efficiency measures to reduce energy and water use, embrace new technology and prompt employees into action, with examples given in the diagram below.

Examples of the types of environmental initiatives undertaken across our global estate



In India, we take a holistic approach to reducing energy, water and material use, with environmental design and efficient operational use leading to eight large sites achieving LEED Platinum and IGCB Platinum certification. In Lille in France, 2018 saw us open one of our most sustainable offices yet. 80% of the construction is from wood and half of the site is covered by glass maximizing the use of natural lighting. The site has received BEPOS (Positive Energy) certification which means that the building creates more energy than it consumes.

Across the Group, we continue to invest in renewable energy, with large solar PV arrays installed across five offices in India (as well as a small solar array the UK). Solar panels installed across roofs, walkways and car ports generated over 5,100 MWh in 2018, enough to power over 4,600 Indian homes. In addition, several Capgemini entities including India, Brazil, Portugal, Switzerland, The Netherlands, Sweden, the UK, Norway, Belgium, Germany and Finland continue to purchase a large amount of electricity from renewable energy sources, with 24% of our total electricity use coming from renewable energy sources in 2018.

Energy use

	Metric	Unit	2015 Total	2017 Total	2018 Total	Change vs 2015
Office	Natural Gas	MWh	16,951	15,178	14,693	-13.3%
	Diesel & LPG	MWh	10,435	10,002	11,761	12.7%
	Renewable Electricity	MWh	42,899	40,670	41,442	-3.4%
	Other Electricity	MWh	216,855	207,181	200,924	-7.3%
	District Heating	MWh	6,126	5,443	5,794	-5.4%
	Office Cooling	MWh	1,641	1,653	1,439	-12.3%
	Total Office Energy Usage	MWh	**294,906**	**280,128**	**276,053 √**	**-6.4%**
	% Office Electricity from renewables	*%*	*16.5%*	*16.4%*	*17.1%*	*0.6%*
Data Center	Natural Gas	MWh	355	32	32	-90.9%
	Diesel	MWh	639	591	359	-43.8%
	Renewable Electricity	MWh	72,979	49,406	40,636	-44.3%
	Other Electricity	MWh	90,687	81,787	63,070	-30.5%
	Total Data Center Energy Use	MWh	164,660	131,816	104,097	-36.8%
	% DC Electricity from renewables	*%*	*44.6%*	*37.7%*	*39.2%*	*-5.4%*
TOTAL ENERGY	**TOTAL ENERGY USE**	MWh	**459,567**	**411,945**	**380,150 √**	**-17.3%**
	% of Total Electricity from renewables	*%*	***27.4%***	***23.8%***	***23.7%***	***-3.7%***

Notes

1. Data identified in these tables by a √ mark has been reviewed by KPMG with a reasonable level of assurance.
2. "Renewable Electricity" includes all renewable electricity purchased on renewable energy tariffs or through renewable energy certificates as well as a small amount of electricity generated on-site in India and the UK using solar photovoltaic panels. "Other electricity" includes purchased electricity generated from other sources such as nuclear or fossil fuels.
3. Given the nature of our business, many of Capgemini's offices have large server rooms. These are not considered to be data centers but their presence should be taken into consideration when comparing the energy usage of our offices against those in other sectors.
4. Due to the lack of reliable data from the energy supplier, 61% of the office energy data for France for Q1-Q3 2018 has been estimated based on 2018 actual data. This estimated data accounts for approximately 4.2% of total Group energy use, 5.8% of total office energy use and 0.4% of total GHG emissions.

c) Smarter with Our Travel

The travel we undertake as a business contributes to over half of our greenhouse gas emissions, as well as being a source of pollutants (such as NO_X and diesel particulates). Whilst the mobility of our people is essential to meet the needs of our global client base, we are committed to embracing smart and sustainable travel. Since 2015, we have achieved a 10.1% reduction in travel emissions per employee and this remains an important focus area in driving progress against our carbon targets.

Examples of sustainable travel initiatives introduced across Capgemini

Virtual Collaboration

We have invested in collaboration technologies including Microsoft Surface Hubs, Skype Video technology and Office365 to enable effective virtual collaboration from any location.

Video Conference

Meeting rooms are equipped with technology for holding video conferences.

Electric Cars

Electric vehicle charging points are installed across many key offices. In France and the Netherlands, electric pool cars are available for employees to use for short trips.

Rail Travel

We make it easier to travel by rail, such as with ticket printing facilities in the UK and incentives such as free evening and weekend rail travel in the Netherlands.

Reducing car emissions

Across the Group, we have various initiatives to reduce the impacts of car travel, such car sharing apps in India and a car lease system in he Netherlands which rewards fuel efficient driving.

Cycle to work

Cycle to work incentives are in place including reimbursement for cycle mileage and financial support with buying a bicycle.

The most effective way of reducing our travel-related emissions is to avoid travelling where possible. Our ability to work and collaborate virtually is essential with today's digital age and flexible workforce. Ensuring our people can seamlessly and securely connect with clients and colleagues from any device, in any location, is critical for continuing to reduce our carbon footprint and delivering a digitally enabled workplace. We have made significant investments in online collaboration technologies across the Group and encourage our people to embrace new ways of connecting virtually, without compromising on the value we gain from spending time face-to-face with our clients.

In the UK, a working group was established in 2018 with representatives from Sustainability, IT and Facilities to advance our virtual collaboration journey. This group has established a proof of concept for a 'Virtual Collaboration Hub' – a dedicated space within our offices which enables our people to collaborate on documents and digital whiteboards across multiple locations in real-time whilst on a video call. This pilot phase has proven very popular across the business, with plans in place to scale up throughout 2019.

For Capgemini Netherlands, a comprehensive mobility program continues to drive reductions in business travel emissions, with a 2.3% reduction achieved in 2018, helping to deliver an overall reduction of 20.7% since 2015. The program focusses on incentivizing employees to make more sustainable choices, with key elements including:

- a flexible mobility budget to give employees more freedom and control over their travel decisions;
- a bonus malus lease arrangement and mobility dashboard (tracked through telematics) – to incentivize employees to choose more fuel efficient, low carbon lease cars and reward them for fuel efficient driving;
- free rail travel (including evenings and weekends) for employees with a mobility budget;
- a range of financial incentives offered both for purchase and business use of bicycles;
- provision of eBikes at the Utrecht and Amsterdam offices.

Business Travel

	Metric	Unit	2015 Total	2017 Total	2018 Total	Change vs 2015
Travel by Source	Air Emissions	T CO_2e	190,515	178,366	202,630	6.4%
	Car Emissions	T CO_2e	66,281	62,833	59,023	-10.9%
	Hotel Emissions	T CO_2e	31,645	40,910	35,388	11.8%
	Rail Emissions	T CO_2e	5,922	6,931	6,612	11.7%
	Taxi Emissions	T CO_2e	6,421	6,640	7,347	14.4%
	Other Travel Emissions	T CO_2e	1,114	1,360	1,849	66.0%
	Total Travel emissions	T CO_2e	**301,897**	**297,040**	**312,849 √**	**3.6%**
Travel per head	**Total Travel emissions per head**	T CO_2e/ employee	**1.70**	**1.51**	**1.52**	**-10.1%**

Notes

1. Data identified in these tables by a √ mark has been reviewed by KPMG with a reasonable level of assurance.
2. "Other travel" includes travel from other modes of transport including bus travel, tram travel and private motorbike.
3. Where mileage data is not available this has been estimated by taking the cost data within that country and applying the average cost per mile ratio from other data within that country or region.

Waste Management

Managing our waste effectively is important in terms of minimizing our use of finite natural resources, as well as being a tangible, impactful way of demonstrating our environmental commitments to our people.

We have reduced the total amount of waste we generate by 20% since 2015, a positive outcome given our workforce increased by 15% over the same period. In addition, we increased recycling rates, with 36% of our waste being diverted from landfill in 2018 compared to only 28% in 2015.

We remain committed to both minimizing the waste we generate and increasing recycling and reuse. However, the most efficient way of reducing the environmental impacts from waste is not to generate waste in the first place. The concept of "circular economy" is the idea of effectively "closing the loop" – maintaining products and materials in a cyclical use phase so that waste is effectively designed out of the system.

We have applied the principles of the circular economy in numerous ways, from our innovative e-waste partnership with Nodixia in France to reuse laptops and mobile phones, to localized initiatives such as swapping disposable cups with reusable ones or replacing paper towels for high-efficiency hand driers. We also look for opportunities to partner with charities and universities to reuse stationary, furniture and IT equipment.

On World Environment Day in 2018, we challenged our people to 'Rethink Waste' by encouraging them to consider the steps they can take to remove avoidable waste from their working day. We asked people to post a personal pledge on social media using #stopbuyingwaste. The campaign was successful, with over 800 people globally sharing the actions they were taking. In the UK, the campaign led to a 7% reduction in amount of waste brought into our offices, which is the equivalent of every office-based employee reducing their personal consumption by one water bottle, two coffee cups, five pieces of paper and one lunch paper bag.

Waste and Water

	Metric	Unit	2015 Total	2017 Total	2018 Total	Change vs 2015
Waste by Disposal Method	Waste to Landfill	Tonnes	3,759	2,979	2,650	-29.5%
	Waste Recycled	Tonnes	1,332	1,388	1,042	-21.8%
	Waste to Energy	Tonnes	115	112	102	-11.7%
	Waste Anaerobic Digestion[1]	Tonnes	N/A	167	366	N/A
Total Waste	**Total Waste**	Tonnes	**5,206**	**4,645**	**4,160**	**-20.1%**
	% of Waste Diverted from landfill	*%*	*27.8%*	*35.9%*	*36.3%*	*8.5%*
Water Use	**Total Water Use**	Cubic meters	**1,580,219**	**1,321,735**	**1,407,229**	**-10.9%**

Notes

1. The availability of accurate waste and water data varies considerably across the Group, depending on the type of site, the type of lease and local waste arrangements. Where actual data is not available, it has been estimated using relevant estimation methods. We conducted a review of estimation approaches for waste and water in 2018, which has resulted in increased scope of reporting and data corrections for all years.
2. [1] We began collecting data on waste disposed by anaerobic digestion in 2016, hence no figure is provided for 2015.

2019 Targets

- We will continue to roll out ISO 14001 certification, with a target to ensure all Capgemini entities with a headcount of over 1,000 people are ISO 14001 certified by the end of 2020.
- We will continue to advance our energy, travel and waste reduction programs, in order to drive progress against our headline Science-Based target to reduce our carbon emissions per employee by 30% by 2030.

4.1.3.3 Helping Clients Deliver their Sustainability Objectives

Services that support clients in their own sustainability programs.

Description

Around the world, organizations are seeking to become more resource efficient and minimize their environmental impacts. We recognize the greatest positive sustainability impact we can have is through helping our clients meet their sustainability challenges. We have set a new target to help our clients save 10 million tonnes of CO_2e by 2030 by leveraging the combined innovation and capabilities of the Group. Working with our clients to deliver sustainable services is a real opportunity for Capgemini to demonstrate leadership in the industry and support the transition to a low-carbon economy.

We firmly believe that technology is one of the key levers we have to meet the mounting challenges posed by climate change. The fourth industrial revolution, driven by technologies such as artificial intelligence, machine learning and the Internet of Things, is set to transform how humanity manages its environmental impacts. These technologies possess the capability, if applied correctly, to rapidly decarbonize the global economy. According to the Global e-Sustainability Initiative, a leading resource on best practices for achieving integrated social and environmental sustainability, the ICT sector has the potential to cut global greenhouses gas emissions by 9.7 times that which itself produces. As a global leader in consulting, technology services and digital transformation, Capgemini is in a significant position to leverage its capabilities and expertise to enable clients to address their most pressing sustainability challenges.

Policies

Business Development and Account Planning

We continually scan the Capgemini group to identify our most impactful services and work with our account teams to develop and define the sustainability benefits of our offerings. To formalize this process, we have introduced a sustainability element to our annual account planning framework. This will enable our teams to understand their clients' sustainability programs and identify ways in which we can engage our clients on this topic.

Sustainability Ambassadors Network

We have developed a network of Sustainability Ambassadors, delivery experts who understand their clients and technologies and have a passion for sustainability. This network helps to identify opportunities to engage our clients on sustainability and leverage our technology services for good **Employee Engagement**:

In order to help our clients deliver their sustainability objectives, we need to ignite the interest of our people and enable them to take action. We achieve this through a continual stream of employee engagement activities, including training events, webinars, online courses and employee communications. These initiatives aim to inspire our people to support clients with their sustainability challenges and provide the knowledge, skills and tools required to do so.

Measuring our impact

In order to identify carbon savings and measure the collective impact of our clients' services we have developed a number of measurement tools:

- Service Carbon Impact Calculator

We have developed a carbon calculator to help understand the carbon savings our services provide our clients. This calculator can be used to provide carbon savings to supplement our business case and differentiate us in the market, as well as drive informed Carbon Conversations with the client.

- Energy Consumption Model

The Energy Consumption Model is a highly detailed model for understanding the true lifecycle cost of IT estate transformation from an energy and carbon perspective. It takes into account the energy consumption of IT hardware, from servers and networks through to end user devices and embodied carbon during device manufacture to understand the net environmental impact of IT estate rationalization, refreshment and transformation.

KPIs Results for 2018

We have set a long-term target which is to help our clients save 10 million tonnes of CO_2e by 2030 by leveraging the combined innovation and capabilities of the Group. However, we do not yet have progress to report on this one as this year was the first year the project started.

We have however set short term target :

- 2018 Results: In year one (2018), an indicator focused on identifying services and engaging employees:
  - six focus areas have been established for our client sustainability program – with 30 client services with a positive carbon benefit identified,
  - over 1,500 employees engaged in client sustainability learning and development program;
- 2019 Target: new KPIs are being developed as the KPI for 2018 corresponds to early stage activity of the initiative.

Embedding sustainability into our services:

Since announcing our new ambition, we have been developing a deeper understanding of the carbon benefits of our services. Throughout 2018, we have identified over 30 services that can help our clients reduce their environmental impacts; from optimizing the use of existing technology to leveraging data and insights to drive sustainable performance. Here are some of the real-life examples of the ways our services help clients reduce their environmental impacts:

1. **innovating to design sustainable solutions**. For example, using artificial intelligence to analyze and optimize energy consumption patterns in a water utility company;
2. **creating sustainable business models**. For example, centralizing a retail company's stock procurement model to reduce the emissions from transporting goods and waste from uncoordinated purchasing plans;
3. **leveraging data and insights to drive sustainable performance**. For example, visualizing a manufacturer's energy consumption and carbon emission data to enable identification of opportunities to reduce impacts;
4. **providing managed services that increase efficiency**. For example, our energy savings as a service product has helped cut a utility company's energy consumption by 20% *per annum*;

5. **optimizing assets to reduce emissions and consumption**. For example, installing transport management systems helps optimize client's fleets and logistics, reducing fuel consumption, costs and carbon emissions;
6. **providing platforms that enable sustainable technologies**. For example, helping energy utilities worldwide implement smart metering and grid technologies enables them to better manage supply and demand, and integrate renewable energy generation into their energy mix.

Engaging our employees

We have accelerated our approach to employee engagement focusing on engaging senior leaders and future leaders. Working with the Capgemini University team in Les Fontaines, we made environmental sustainability the theme for three key event weeks, reaching over 1,000 of our leaders and client facing teams. We are also integrating sustainability into the curriculum of our formal talent programs setting the cohorts specific sustainability themed business challenges to solve. In addition, we launched a new internal website providing our people access to the information, knowledge and resources they need to engage with their clients on the topic of sustainability.

2019 Focus

We will continue to advance against our new target to help our clients save 10 million tonnes of CO_2e by 2030, with three core areas of focus :

1) Evolving our Portfolio

We will be embedding the sustainability benefits into Capgemini's portfolio offerings and identifying how they can influence a sustainable outcome.

2) Evolving our Client Centricity

Working within our key geographies we will be engaging our executives and clients to evolve our focus on our client's sustainability challenges and aspirations. We have developed a Sustainability Matrix (SuMa) to define the sustainability challenges faced at a sector level and the opportunities to leverage and introduce IT solutions to support them.

3) Evolving our Knowledge

We will continue to demystify sustainability, helping our people, clients and suppliers to understand the sustainability impacts of the decisions they make, alongside how IT can be leveraged to maximize a positive sustainability benefit.

4.1.3.4 Political risk and natural disaster

For this Section please refer to Section 3.2.b of the document.

4.2 Ethics & Compliance Policies & Results

4.2.1 Compliance

For this Section please refer to Section 3.2 of the document.

Capgemini first launched its Group Ethics & Compliance program in 2009, followed by the Group Anti-Corruption Policy and an anti-corruption training and whistle-blowing system around 2011. The adoption of the "Sapin II" law in France has strengthened the framework of the fight against corruption and raised the standard, now making it a legal obligation to adopt an anti-corruption compliance plan covering 8 pillars: (1) an anti-bribery policy, (2) a mandatory system for reporting policy violations, (3) a regularly updated map of corruption risks; (4) mandatory due diligence procedures for clients, first-tier suppliers and intermediaries, (5) accounting controls to detect and prevent corruption, (6) corruption risk training for managers and most exposed employees, (7) disciplinary actions against employees for breaches of the policy and (8) mandatory internal corruption monitoring and assessment system. Moreover, this obligation applies not only to the parent company but to all of our consolidated affiliates world-wide.

In addition to the already existing anti-corruption related action plans, in 2018, the Group compared the French Anti-corruption Agency's published recommendations on each of the eight pillars of the Sapin II Law to our anti-corruption program and developed a roadmap to bring each pillar of the program to continually higher standards as part of our continuous improvement plan. As per past practices, the Group measures completion of anti-corruption training and awareness by all employees world-wide as a key performance indicator of anti-corruption awareness. 94% of our employees have followed our corruption e-learning.

Capgemini has, for several years, engaged in a regular risk-mapping exercise at Group level regarding overall risk assessments, including the risks associated with laws generally, which includes the identification, prevention and control of corruption risks. In 2018 the Group continued working on a detailed Group-level anti-corruption risk mapping.

In 2018, Capgemini also revised the English and French versions of the Anti-Corruption policy (see Section 4.2.2 for more information on SpeakUp and 2.1.2 for more information on our Conflict of Interest policy). This revised version was presented to the French and UK Workers Councils and integrated into the Règlement Intérieur in France. It is publicly available on the Capgemini internet site: https://www.capgemini.com/wp-content/uploads/2018/11/Capgemini_Group_Anti-corruption_Policy_En.pdf.

Sapin II legal requirements and high-level action plan were also presented to the International Workers Committee and to the Ethics & Governance Committee of the Board of Directors in 2018.

4.2.2 Human Rights

Human rights protection applies for employees and promotion of human rights in the supply chain, including freedom of expression; freedom of association; fight against child labour and forced labour.

Commitment to Human Rights

Capgemini's commitment to Human rights is deeply rooted in its values and culture since its creation in 1967. The Group has conducted its business on an ethical foundation, encouraging and enabling its employees and suppliers to operate within the same principled framework.

As a responsible and ethical company, we comply with the Principles of the 1948 Universal Declaration of Human Rights and the fundamental conventions of the International Labour Organization (ILO) refusing the use of forced labor and child labor.

This commitment is further embodied by the signature of the UN Global Compact in 2004. Accordingly, we support and comply with the ten principles in the areas of environment, human rights, labor rights, and the fight against corruption. Our Ethics & Compliance principles and program, our CSR strategy and all the Group's policies (Human resources, Procurement…) reflect this commitment and provide guidance on their effective application in every aspect of our activity, in every country in which we operate.

In our decentralized organization, every legal entity has an obligation to comply with these same principles as well as with local legislation, translating the Group's commitment into concrete local policies and actions that further improve human rights within our sphere of activity.

4.2.2.1 Ethics

Material topic definition

Remaining true to our values and behaving ethically within our internal corporate culture and in all aspects of our business interactions.

Detailed description

Capgemini's founder, Serge Kampf, believed that sound ethics and integrity are the foundation of a profitable and sustainable business. From the outset, our belief in a certain way of doing business and our commitment to our 7 core Values has set us apart. Our team is located worldwide, but we share a common culture based on honesty, trust, and respect for each other's backgrounds and contributions to our joint enterprise. Being a values-based organization has guided our behavior throughout the many evolutions our Group has seen, whilst allowing us the freedom needed to adapt to our fast-evolving marketplace and the boldness we need to lead. In addition to complying with our principles and rules, our values-based culture eases adequate decision making, and creates agile behaviors well fitted to unanticipated events that arise in complex situations. It relies on the ability of our team members to do the right thing. This ethical framework now connects all the Group employees in more than 40 countries.

Policies

Since 2010, we have structured a formal Ethics program to strengthen our competitive advantage further. It aims to create awareness among employees, enabling them to make better decisions based on honesty and integrity, with 5 levers:

Our Policies: our Code of Business Ethics helps all team members understand how to behave and act in the right way, so no one is left with doubt or unanswered questions. It is complemented by more detailed Group policies for anti-corruption, conflicts of interest and competition laws, focused on ensuring that appropriate levels of control are put in place.

Our SpeakUp helpline: launched in 2018, as a significant enhancement to our previous Raising Concern Procedure, it is a voluntary, confidential web and phone-based intake system, operated by an independent service provider, and provided by Capgemini to its employees. It is available for employees to raise concerns on actions or behaviors not aligned with our 7 Values or our Code of Business Ethics and related company policies, not compliant with law and that may significantly affect vital interests of Capgemini and its affiliates.

Our Ethical survey, which measures annually the pulse of our ethical organizational culture with all our employees.

Our training program, composed of:

- 3 mandatory e-learning courses (on Our Code of Business Ethics, Group Anti-Corruption Policy and Group Competition Law Policy);
- Ethics Street: scenario-based modules, on six different ethics topics, featuring short engaging videos with a main character in tricky ethical situations;
- Ethics Cafe, featuring short thought-provoking awareness videos on a range of workplace-related ethical situations.

Our internal communication program, built globally at Group level and deployed locally in each country, with recurring events such as the Ethics week, the Values Day or the monthly newsletter Think Ethics targeting our team leaders.

KPIs Results for 2018

Capgemini has been recognized as one of the 2018 World's Most Ethical Companies by the Ethisphere Institute, consecutively for the last six years. This year, only three honorees, including us, belong to the Consulting industry, a commendation of our ethical business practices.

The Group Ethics team conducted an **ethical culture survey** in January 2018. More than 10,000 employees from 40 countries participated. 21 questions were raised around our ethical culture, policies, behaviors and whistleblowing helpline. It confirmed notably a very strong level of awareness of Capgemini's Code of Business Ethics (97%), which 83% found easy to understand and follow. While 70% participants agreed that Capgemini lives up to its 7 values, a good 81% felt that Capgemini values resonate well with their personal values.

We improved year on year on **training coverage** for our 3 mandatory e-learning courses:

- Code of Business Ethics: 197,000 current employees (94% ratio, +5pts against 2017);
- Anti-corruption Policy: 197,000 current employees (94% ratio, +4pts against 2017);
- Competition Laws Policy: 190,000 (90%, +5pts against 2017).

We launched in 2018 the **worldwide roll-out of SpeakUp** and achieved a coverage of 82% by year-end 2018. The internal roll-out will be achieved by H1 2019. It will be extended in 2019 to our external stakeholders, notably our customers, suppliers and business partners. In addition to being first of all a significant improvement in terms of solution offered to our employees to report ethical concerns or raise questions, this system also enables us to add several new indicators to measure our ethical organizational culture and identify trends.

Data privacy

Data privacy policies are described under Section 3.2. We have defined KPIs which results will be communicated in 2019, and in particular regarding:

- the percentage of VPs following data protection training program;
- the percentage of total employees following data protection training.

4.2.2.2 Other initiatives (Work In Progress)

Diversity & equal opportunity

The Company's CSR and equality policy ensures social diversity and equal treatment.

Regarding professional equality and social responsibility policy, they are based on the principles of non-discrimination and equal treatment. These principles are reflected in numerous provisions within the Company of a professional equality referent.

Surveys

Evolution from traditional Group employee surveys to a state of the art pulse survey process.

Pulse is a continuous employee listening program that aims at managing and measuring Employee Engagement at scale (see Section 4.1.1.1).

There are also specific surveys led at country level, such as in France on wellbeing in December 2018 (reference to Section 4.1.1.4.2).

Social dialog at Group level: International Works Council (IWC)

Employee dialog is instrumental to the success of the Group, accompanying its business development strategy in a world where performance and delivery to our customers make the difference. Employees are at the heart of our business success. In that respect, Employee Relations are a powerful engine to move ahead while accompanying change safely. It is structured at each level of the organization, both local and global.

The International Works Council (IWC) was first implemented in 2001 ahead of European regulations and then extended to other regions of the Group. Its mission is to bring employee interests directly to the attention of the Group Management and to be informed directly by the Group Management of its plans for the Company, and their impact on employees.

The IWC aspires to:

- be an advisory body to Group Management on employee matters;
- exercise positive influence;
- contribute to cooperation among individual employees and the different parts of the Group in the different countries in which we operate;
- contribute to make Capgemini an inspiring environment for all.

The representative of the Group Management is the Chair of the IWC, who acts in conformity with the Group decisions and strategies.

IWC has a maximum of 60 members in total. The statutory members of the IWC are delegated by the countries participating in the European Agreement. Any other delegated members are designated guest members. A guest member may represent a country or a minority group.

The employees are represented by country delegates and by a permanent standing body called IWC Bureau. The Bureau is composed of eight delegates: four representing the top four European countries, and four elected by voting country representatives. Only country members have voting rights and invited countries are only allowed to accompany the process.

The CEO attends the IWC Meeting at least once a year, and the Group Executive Board (GEB) members are regularly invited to attend the meetings for open discussions with IWC members.

Since 2016, two directors representing the Employees have been appointed to the Board, ahead of the prevailing legislation. One Board member was designated by the French unions and the second was elected by the IWC noting that the latter was already invited by the Chairman and CEO of the Company since 2015 to sit at the Board and in the Compensation Committee.

Labor relations and social dialogue at local level

Country employees' representatives and works councils are strategic partners in all organizational and operational transformations. This comes to life operationally in the countries, where unions, works councils and social representatives lead a continuous dialog with Capgemini business leadership and HR. Labor agreements signed in partnership contribute a better, safer, healthier work environment for all employees.

In 2018, there were 65 newly signed labor agreements in 8 countries, covering 58% of total headcount. The scope covered by the agreements vary from country to country depending on local legislation and encompass a wide array of topics ranging from employee compensation and benefits to equal pay and diversity in the workplace.

Capgemini acknowledges that collective and enterprise agreements are an opportunity to materialize a healthy and transparent social dialog, and concrete advancements in labor conditions and work environment that benefit the Company by increasing wellbeing at work, employees' satisfaction and engagement.

Some examples of our labor agreements are:

- in France, there were 11 agreements signed in 2018 encompassing compensation and benefits (including savings and retirement schemes), Health and Safety, ESOP employee shareholding program, right to "déconnection", organizational evolutions, among others;
- in UK, there is a Works Council for each BU and an overarching national council, which includes union seats. Where required by law, Capgemini bargains on pay for union members and has framework agreements with four unions. 9 specific collective bargaining agreements are in place for groups of employees inherited through Transfer of Undertakings (Protection of Employment) regulations (TUPE);
- in the Netherlands, 9 collective agreements were signed on harmonization of salary systems and people management processes;
- in Spain, a Stand by and seniority agreements;
- in Germany, 17 agreements were signed encompassing compensation, organizational evolutions, part time retirement or technical implementations among others;
- in India: there are currently no labor agreements signed for Capgemini India, the IT sector having a very low level of unionizing at the moment. However, Capgemini India provides a quality work environment and is committed to continuous improvement through its policies and standards, *e.g.* Health and Safety, nondiscrimination and diversity, prevention of sexual harassment, grievance procedure…

Specific focus on UK

Since 2015, Capgemini UK is taking steps to ensure that slavery and human trafficking are not taking place in its organization and supply chains, thus complying with the "Modern Slavery Act" legislation in the UK and strengthening our commitment to human rights not only within Capgemini, but across the supply chain. A transparency statement was issued, available to all stakeholders on the website.

https://www.capgemini.com/gb-en/wp-content/uploads/sites/3/2017/06/Tranparency-Statement-with-Signature-Latest-9-7-18.pdf

It states that Capgemini UK has a zero-tolerance approach to bribery, corruption and human rights abuse, and does not accept that it is necessary for serious human rights abuses such as forced and compulsory labor, slavery, servitude and human trafficking to be part of today's modern businesses and supply chains.

For this purpose, a sustainable compliance tool has been implemented in August 2016 and 5 000 suppliers have been assessed. Among them, 300 suppliers have been deactivated.

Capgemini UK is committed to its employees, clients and suppliers to taking appropriate steps to eradicate modern slavery in the business and the supply chain. A risk mitigation plan is in place to ensure continuous improvement.

4.3 Duty of Care

Since 2017, the French law no. 2017-399 known as the "Duty of care law" (or "corporate duty of vigilance law") sets an obligation for French companies which employ more than 5,000 employees worldwide to establish and implement a vigilance plan setting out the reasonable measures taken to identify and prevent serious violations of human rights and fundamental freedoms, and the Health and Safety of persons and the environment, resulting from their activities, the activities of companies they control and the activities of sub-contractors and suppliers.

This Section summarizes Capgemini's vigilance plan and its implementation in the following areas: responsible procurement, human rights, Health and Safety of individuals and the environment. The material topics already covered by the Report on non-financial performance (that is, human rights, Health and Safety of individuals and the environment) are detailed in the corresponding Sections (see Sections CSR Strategy at the beginning of Chapter 4 and 4.2 Ethics). The methodology adopted for those material topics is aligned with the Group risk mapping and the materiality assessment, described in Section 4.1.5.2.

4.3.1 Our approach

Capgemini updated the mapping of its major risks at the end of 2018, during which it assessed the risks likely to have a significant negative impact on its activity, financial position or results.

In 2017, the Group completed a first risk assessment and mapping of our supply chain identifying the countries and areas that pose the greatest risk.

We worked closely with the Risk & Insurance, Ethics & Compliance and CSR functions:

- using the Group's risk management approach for robustness and consistency;
- using external indicators on human rights (by independent civil society organizations) to assess risk by country;
- using internal expertise in the Procurement teams, notably Category managers to identify high-risk categories;
- focusing on the high-risk categories with high spend to prioritize;

This assessment and mapping of the Group's supply chain will be updated regularly.

In addition, the Board of Directors launched an Ethics & Compliance program in 2009, built on a Code of Business Ethics, specific policies, a whistle-blowing procedure and a specific structure headed by a manager reporting directly to the Chairman and Chief Executive Officer. One of the Specialized Board committees, the Ethics & Governance Committee, is responsible for ensuring the strict application of our ethics principles and, in particular, monitoring the vigilance plan. This Committee met for this purpose on December 14, 2018 and will report to the Board of Directors' meeting on February 13, 2019, which will consider for approval the management report referring to this vigilance plan.

In 2018, several actions were defined and carried out to implement the vigilance plan in the areas of responsible procurement, human rights, the Health and Safety of individuals, and the environment.

4.3.2 Our actions in 2018

4.3.2.1 Responsible procurement

Our supply chain supports both the delivery of our services to clients and our day-to-day business operations. In these activities we uphold our own ethical principles and meet the standards of our clients. For more than ten years, we have had a Purchase Order Mandatory policy and a central purchasing system (*Global Purchasing System, GPS*) which provides us with a clear view of our procurement activity.

Capgemini's Procurement function operates in accordance with the Blue Book requirements, including Capgemini values, our Ethics & Compliance policies, and our CSR policies. It complies with all relevant international and national laws and regulations (see Section 3.1.1 Definition of the internal control and risk management systems).

Capgemini currently has more than 15,000 active suppliers and subcontractors in its global system. We recognize that such a vast supply chain, spreading across several continents, may raise a number of issues and pose some level of risk.

We therefore remain vigilant in defending human rights and protecting the environment.

Our commitment to supplier relationship is reflected in the comprehensive set of guidelines on the selection and management of suppliers and their ethics.

In response to our duty of care, Capgemini has implemented several tailored measures.

Our Supplier Standards of Conduct

In 2015, Capgemini developed and implemented its Supplier Standards of Conduct (SSC).

Since 2016, we have put in place a group-wide supplier management process. This facilitates the adoption of the SSC approach by new suppliers to the Capgemini group and is implemented in all our operating countries.

The "Capgemini Supplier Standards of Conduct & Compliance Management Requirements" document is available on our website at https://www.capgemini.com/resources/capgemini-supplier-standards-of-conduct-compliance-management-requirements

The Supplier Standards of Conduct lists our requirements regarding Ethics & Compliance, Social Responsibility and sustainability and presents our Purchase Order Mandatory policy.

Furthermore, our suppliers have the possibility to notify us of any known or suspected improper behavior in their dealings with Capgemini or by Capgemini employees or agents through a dedicated channel (see Section 3.2.1).

In 2018, 7% of purchase volumes were covered by the signature of the Supplier Standards of Conduct. The extension of this coverage to all strategic suppliers is now a priority and the target for 2019 is 10%.

Supplier Relationship Management program

To develop a strong supply base and to drive the relationship with our key suppliers and business partners, Capgemini's procurement function launched a Supplier Relationship Management (SRM) program in 2015.

The ultimate objective is to increase the value delivered to Capgemini clients by leveraging the capabilities of our top suppliers through the implementation of best in class relationship management. We benefit also from a reduction in supply risk exposure, as the capabilities and environment of suppliers are assessed within this program. Capgemini group Procurement evaluates all aspects of the suppliers' relationship based on "TQRDCE" criteria (Time, Quality, Responsiveness, Delivery, Cost, Environment).

During 2017, Capgemini continued to roll out its new Relationship Management approach to our top suppliers globally, and locally to our high spend & business critical suppliers. This approach allows us to engage in an objective way with our key suppliers, to monitor performance, discuss performance improvement and maintain a close dialog about future requirements and intentions.

In 2018, we held more than 20 senior executive level meetings to discuss the respective supplier performance assessments and define tailored action plans.

Supplier Relationship Management is one of the core activities of procurement and probably the one with utmost long-term impact. As we go one step above transactional activity, management of the supplier relationship enables the total cost of ownership to be taken into account, roadmaps to be aligned, operational performance to be ensured and risks managed, while promoting co-innovation. For this, there is no better way than aligning our organizations, having clear communication matrices, performing regular reviews covering all aspects of our relationship and performance and, last but not least, building trust and executive relationships rewarding alignment, cooperation and problem solving in a win-win spirit.

Experience has shown that successful and positive Supplier Relationship Management is valued by our partners and suppliers.

Finally, crisis resolution, deal making, and decisive moves are facilitated by SRM bringing facts and evidence to be built upon, as well as trusted & streamlined communication channels.

In 2018, the performance assessment covered 96 suppliers and the target for 2019 is more than hundred.

CSR assessment tool

Since 2009, Capgemini UK assesses UK supplier compliance with environmental and ethical principles.

In 2016, this assessment system was adapted to meet the requirements of the Modern Slavery Act. The aim is to confirm, each year, the supplier's commitment to complying with the principles set out in this act.

More than 5,000 suppliers have already been assessed and 300 were identified as not complying with these principles; these suppliers are now excluded from the list of Capgemini authorized suppliers.

In 2018, 21.5% of purchase volumes were covered by this assessment; a target of 25% has been set for 2019.

Capgemini Netherlands similarly implemented a comparable solution, complying with new local legislation imposing, in particular, a duty of care regarding child labor.

4.3.2.2 Human rights

Capgemini's commitment to human rights is deeply rooted in its values and culture since its creation in 1967. Promoting human rights, encompasses freedom of expression, freedom of association and a ban on child and forced labor. Within the Group's seven values defined by its founder, Mr. Serge Kampf, freedom is part of the Group's fundamental DNA.

In 2018, as in previous years, Capgemini was recognized as one of the most ethical companies worldwide (World's Most Ethical Companies®" label, awarded by Ethisphere Institute) (see Section 4.2 Ethics).

In addition, in its procurement activities, the Group focuses also on environmental issues, social impacts, human rights, and the fight against corruption. Therefore, in application of our Supplier Standards of Conduct, we undertake to work only with suppliers whose professional practices are ethical and respect human rights (see Section 4.3.2.1 Responsible procurement).

4.3.2.3 Health and Safety of individuals

The Group standards that apply to all our employees are implemented and guaranteed by our local policies in all the countries where we operate (see Section 4.1.1 Employees).

We also expect our suppliers and subcontractors to respect the same standards that apply in the countries where we work with them, as stated in our Supplier Standards of Conduct (see Section 4.3.2.1 Responsible procurement).

4.3.2.4 Environment

For environmental risks, the Group has a Group Environmental Management System (ISO 14001:2015 certified) that identifies and manages environmental risks in accordance with international and national regulations and our Group environmental objectives and targets.

This includes managing risks within our supply chain. Account is taken of incidents and emergencies relating to the environment – and notably regarding suppliers – in accordance with Group Environmental Management System procedures.

We expanded our risk management procedures in 2017 to include a Climate Change Risk Assessment. In 2018, this was progressively rolled out to all Capgemini countries as part of the regular management system (see Section 4.1.3 Environmental sustainability).

4.3.3 Going forward

The definition and effective implementation of the vigilance plan is a long-term undertaking that will take several years. We have already implemented a number of concrete measures and we will pursue and further our efforts for continuous improvement.

On the supply chain and preserving human rights, we will seek to improve our vigilance plan, building on best practice developed by Capgemini UK within the Modern Slavery Act framework. The potential roll-out of the CSR assessment tool to the rest of the Group – in addition to the United Kingdom and the Netherlands – may be studied in 2019.

On the environment, training sessions will be organized in 2019 with the Environmental Management System teams, to extend the Climate Change Risk Assessment process to five new countries (Poland, Germany, Italy, Chine and Australia).

Finally, in 2019, we will prioritize the definition and implementation of a sustainable governance system focusing on issues surrounding our duty of care. These issues are the prerequisite for the effective coordination and monitoring of initiatives and action plans.

4.4 Other topic

4.4.1 Fighting tax evasion

We are a global leader in consulting, technology services and digital transformation, operating in more than 40 jurisdictions and competing in an ever-changing industry.

We are exposed to tax risks because of both our global operations and the complexity and occasional absence of clarity of international and domestic tax rules. We strive to carefully consider all of the factors present within this operating environment to ensure that the right tax decisions are made, even where and when some uncertainty exists.

We operate within well established and publicized core values, which include honesty and trust, as well as a strong internal Code of Ethics and we are internationally recognized as doing so. In 2018, Capgemini was named one of the World's Most Ethical Companies® by the Ethisphere Institute for the 6th consecutive year, one of the three honorees in the Consulting Services industry, underscoring its commitment to leading with integrity and prioritizing ethical business practices.

This Group wide commitment to ethical behavior directly translates into the management of the Group's tax affairs, as follows:

1) Capgemini does not engage in tax evasion or in any other practices which would be contrary to the Group's framework of ethics and business values;
2) the Group aims to implement an appropriate and reasonable tax approach when supporting our business, consistently across the Group;
3) Capgemini does not participate in aggressive tax planning and transaction structuring for the purpose of tax avoidance or in ways that are inconsistent with its organization and its operations. It recognizes income and pays taxes in the countries where the activities are undertaken, reflecting the reality of the value generated by its operations, and is committed to applying arm's length pricing for our cross border internal transactions. Capgemini does not operate through artificial or opaque structures. It continuously revisits its corporate legal chart to make sure it is in line with the operational needs;
4) Capgemini's approach to tax planning is therefore limited to taking advantage of available tax measures and reliefs based on an honest and objective analysis and in full compliance with the law;
5) these principles also apply to our relationship with the tax authorities as Capgemini's tax practices are regularly assessed and audited. Capgemini is engaged in a collaborative, open and courteous relationship with the tax authorities in all jurisdictions. Capgemini is committed to responding within the required timeframe to all correspondence requests from the tax authorities, complying with all filing requirements and paying the right amount of taxes at the right time;
6) in the complex tax environment where Capgemini operates, an experienced in-house tax function aims to provide the business with the appropriate guidance, education and awareness. The Capgemini tax function is composed of a global network of tax practitioners located in our main geographies who behave as subject matter experts to promote sensitivity to tax matters and good governance around tax decisions. Regular interaction with stakeholders coupled with the promotion of the tax function ensures that tax risks are identified in a timely manner and any appropriate mitigating action is undertaken when making business decisions;
7) Capgemini recognizes that using external tax advisors adds value, particularly when providing advice regarding new legislation and interpretation of case law. All advice provided is reviewed by the tax function to ensure any resultant action is in line with our tax principles.

The above-mentioned principles apply consistently across the whole group, in all jurisdictions and to all kinds of taxes due by the group entities.

4.5 Methodology and scope for non-financial information

4.5.1 Alignment with French law requirements on *Déclaration de performance extra-financière*

4.5.1.1 Law requirements

Following the transposition in France of the European directive 2014/95/UE of 22 October 2014 with regards to the disclosure of social and environmental information (19 July 2017), Capgemini must release in its 2018 management report its first non-financial information statement. This statement includes the information on how the company takes into account the social, societal and environmental consequences of its activities, including information on the consequences of its activity on human rights compliance, anti-bribery and the fight against tax evasion.

DPEF applies to the following companies:

— listed companies on the regulated market whose turnover is superior to EUR 40 Million or the total balance sheet is superior to Euro 20 Million and whose average number of permanent employees during the exercise is superior to 500;

— non-listed companies whose total balance sheet or the turnover without tax is superior to Euro 100 Million and the number of employees is superior to 500.

As a listed company, Capgemini must disclose in the 2018 report the information on how the company takes into account the social and environmental consequences of its activities, including information on the consequences of its activity on human rights, on the fight against corruption, and on the fight against tax evasion. The non-financial information to be disclosed are described as follows:

a) the **company's business model**, including main resources, main activities, main realizations, strategy;

b) the **main non-financial risks related to the company's activity or the use of its products and services**;

c) the **policies implemented to handle those risks** (including due diligence procedures if applicable);

d) the **actions implemented during the year and the results of these policies, including performance indicators**.

We have positioned the different Sections of the reports as follows:

a) **Capgemini's business model** is described in the Executive Summary of the Registration Document. It higlights our value creation model and resources. For more information, please refer to the Section 1.1.3 for our four main activities description, 1.1.4 for our offers description, Section 1.2 dealing with our market, our competitive environment, our relations with strategic partners and dialogue with stakeholders and to Section 1.3 for a deeper overview of our business strategy;

b) **the presentation of the main risks** relating the the activity of the Company are presented in two parts:

- **Section 3.2.1**: Presentation of the Group critical risks to be disclosed in the non-financial information reporting;
- **Section 3.2.2**: Presentation of Corporate & Social Responsibility materiality assessment;
- **Chapter 4**: Details of each material topic (non-financial reporting).
  We define material topic as follows: in line with the Framework published by the IIRC, key topics are economic, social and environmental issues that have an effect on the organization's ability to create value. This is determined by considering their effect on the organization's strategy, governance, performance or prospects.

We present our non-financial risks relating to our business model in a dual manner because we have decided to identify our material risks and topics to be included in this non-financial information statement by leveraging on two existing risk and materiality assessment methodologies at Group level. Indeed, **in order to ensure the exhaustivity of our risk analysis, we have performed a cross analysis between the Group risk mapping** (see Section 3.2) **and the materiality assessment of this year** to identify non-financial material risks and topics. The Group materiality assessment aims at identifying **economic, social, environmental and governance material topics** taking into account internal and external stakeholders. In 2014, we carried out our first materiality analysis. In 2018, we completed our materiality assessment. We gathered insights from a global panel of stakeholders, which drove a strategic dialogue between internal and external viewpoints and strengthen our materiality analysis. We represented Capgemini's full ecosystem and prioritized our stakeholders by our level of engagement with them. By questioning senior managers representatives of the Group's leadership, we identified and selected the relevant issues having an impact on our ability to create long-term value (see Section 3.2.2 for more details on materiality assessment methodology).

We thus identified **15 extra-financial material topics to be reported on in the frame of this new regulation**, and then matched these topics with corresponding Group critical risks when existing and overlapping. Those material topics are aligned with our Corporate & Social Responsibility & Human Resources strategies presented at the introduction of this Chapter. For each material topic, we detail the policies implemented to mitigate the related risks or missed opportunities, and the results of policies with relating key performance indicators. The materiality assessment and Group critical risk mapping methodologies are detailed in Chapter 3.

c) **Presentation of policies implemented**

- **Section 3.2**: Policies implemented for Group critical risks,
- **Chapter 4**: Policies implemented for Group material CSR and human resources topics;

d) **Results of policies and performance indicators**

- **Section 3.2**: Results of policies for Group critical risks,
- **Chapter 4**: Results of policies and key performance indicators for Group material CSR and human resources topics.

4.5.1.2 Group critical risks and material topics included in the DPEF

The table below presents the non-financial material topics and Group critical risks related to our business model and ecosystem and where it is reported on in the document. This table mentions the parts where those topics are described.

Strategic risks & opportunities	Material topics *(from 2018 materiality assessment)*	Related Group critical Risk	References	DPEF category (IES)	DPEF subcategory (IES)
People & diversity	People engagement	Non-critical risk	**4.1.1**	**Social**	Employment Work organisation Social
	Talent attraction, retention & development	Failure to attract, develop and retain and/or loss of talents and key executives	**3.2** **4.1.1**	**Social**	Employment
	Diversity & inclusive environment	Non-critical risk	**4.1.1**	**Social**	Equal treatment
	Health, safety & wellbeing	Individual safety risk	**3.2** **4.1.1**	**Social**	Health & Safety
Digital inclusion	Digital inclusion & contribution to local development	Non-critical risk	**4.1.2**	**Societal**	Societal engagements
Environmental sustainability	Climate Change	Non-critical risk	**4.1.3**	**Environmental**	Climate change
	Environmental management	Non-critical risk	**4.1.3**	**Environmental**	Environmental general policy
	Helping clients deliver their sustainability objectives	Non-critical risk	**4.1.3**	**Environmental**	Environmental general policy
	Political risk & natural disaster	Country / political risk & natural disasters (India)	**3.2**	**Environmental**	Climate change
Compliance & Ethics	Data privacy	Data protection failure	**3.2** **4.2**	**Societal**	Data protection failure
	Compliance	Non-compliance with / adverse change in laws & regulations	**3.2** **4.2**	**Anti-bribery**	Bribery
	Value & Ethics	Unethical behavior / misconduct, Collective Actions	**3.2** **4.2**	**Societal**	Fair practices Human Rights
	Human Rights	Non-critical risk	**4.2**	**Human Rights**	Human Rights
Duty of care	Responsible procurement	Non-critical risk	**4.3**	**Societal**	Subcontractors and suppliers
Tax evasion	Fight against tax evasion	Non-critical risk	**4.4**	**Tax**	Tax evasion

4.5.1.3 Non-material topics

The following topics mentioned in the law are deemed non-material regarding our business model and activities and thus are not reported in this report:

- fighting against food insecurity;
- food waste;
- animal condition and wellbeing;
- responsible, sustainable and fair food.

4.5.2 Methodology and scope of non-financial performance indicators

We decided to present the key performance indicators for each material topic according to following structure:

- indicator results for 2017 (except for new KPI);
- indicator results for 2018.

For any significant variance between 2017 and 2018, explanations are provided.

Consistency checks and trend analysis are performed regularly to ensure the quality of data and in case of doubt or inaccuracies, corresponding data are excluded. The coverage rate indicated for each indicator reported in the content of the report and summarized below (4.5.2) only includes data deemed relevant and appropriate, even though the intention is to ensure a full coverage. Whenever an explanation on methodology is necessary, the paragraph below provides it.

1. Focus on HR and labor indicators

The Group's HR and labor data are provided by two sources for general management and reporting purposes:

- the Group financial reporting tool, which provides data reported monthly or quarterly using common indicators, such as total permanent headcount (permanent and fixed-term contracts including non-actively working, excluding temporary agencies staff, individual freelancers, independent workers, subcontractors, trainees) and movements (hires/ acquisitions/departures/ attrition rate) as of December 31, 2018. The scope of this data is Group-wide and therefore there is a match between the sustainability reporting and the financial reporting;
- an internal Business Intelligence (BI) tool, which is interfaced with most local human resources systems. It provides monthly statistics on seniority, age range, gender and grade, whenever legal. 95% of Group employee's data are consolidated within this tool; A few countries are not interfaced yet due to either very stringent regulations on data privacy (Germany) or time required to get agreement and to build the appropriate interfaces, in particular for acquired companies.

Regarding the diversity indicators:

- the proportion of women in Executive Leaders (4.1.1.3) represents the proportion of Group Position Holders being women, *i.e.* the important positions at Group level;
- the proportion of women in Executive position (4.1.1.5) represents the % of women in director and vice president positions (Grades E & F).

2. Focus on learning and development indicators

For learning and development, the Group has implemented a system accessible to all employees, MyLearning. The system encompasses the full learning catalog (on site and virtual courses, webcasts, videos…). It enables monitoring and tracking of the training delivered.

Hours of training tracked by the business units *via* MyLearning system are calculated on the basis of the predefined duration of each training session (and not on the time effectively spent by employees on the training).

As of 2017, all learning not tracked in the system is not reported on any longer. The reason for this is that tracked hours represent more than 96% of all formal learning in MyLearning, and we aim for a 100%. Reporting only on system-tracked hours allow us to have full visibility down to the individual learning activity and secures an auditable trail.

3. Focus on digital inclusion indicators

Digital inclusion projects

Below are criteria for projects falling under digital inclusion:

- definition: Any initiative aimed at reducing the societal digital divide by equipping disadvantaged populations to integrate in the new world order shaped by automation and digital revolution is a Digital Inclusion project. For any initiative to be classified as a Digital Inclusion project, it must impact at least 5 beneficiaries;
- beneficiaries: The beneficiaries of a Digital Inclusion Project can be:
  - people who do not have any access to digital tools and excluded by their lack of technological knowledge and skills *e.g.* the elderly, young school/college drop outs, ex-offenders, disabled, migrants, homeless, etc.,
  - disadvantaged youth who are NEET (not in education, employment or training), people struggling with long term unemployment and those in transition such as refugees, etc.,
  - individuals who need to be reskilled as they have lost their livelihood as a result of automation;
- objectives: An initiative will have to support either of the following objectives to be classified as digital inclusion project by the Group:
  - help marginalized populations to be connected to the "e" world: facilitating disadvantaged or marginalized individuals with digital means and/or training to use technology to be more autonomous regarding public and daily services (health, administration, education, etc.),
  - inspire youth towards digital and more opportunities in STEM (Science, Technology, Engineering, and Math streams): enabling younger generations to develop digital skills, thereby inspiring them to consider more opportunities in digital and STEM careers,
  - train and reskill in digital to facilitate employment: specialized training or reskilling of disadvantaged populations in market relevant digital skills with the aim of finding sustainable employment in the new world of work. This category of projects focused on enabling employment will qualify as a Digital Academy project and will have to follow the Digital Academy Principles,

- possibility to have one project having both digital inclusion and non-digital inclusion initiatives. If the project focus is equal to or more than 50% towards digital inclusion, then it should count as digital inclusion project, otherwise is it deemed as non-digital inclusion;

— social/community impact projects: Any project with the aim of bringing a sustainable social and environmental impact in local communities will be called a social/community impact project. Projects supported/sponsored by the Diversity and/or Environmental Sustainability Pillars will not be counted under this category of projects;

— society/community spend: This entails any resources allocated to external CSR partner organizations for the delivery of a social/community impact project (as defined above). This will not include any internal costs towards dedicated teams working on CSR projects or employees taking office time to volunteer.

Implementation of social impact projects in the context of digital inclusion

To measure the alignment to digital inclusion at the end of 2018, we have focused on the number of digital inclusion initiatives as a percentage of the total number of social/community impact initiatives. Also, we have taken into consideration 7 key countries covering 82% of our headcount at the end of December 2018 (India, France, United Kindgom, United States, Germany, Netherlands and Spain) and their social impact initiatives to determine their progress towards the 50% alignment goal.

Extrapolation method: As the focus was on top 7 countries covering 82% of the headcount (we considered headcount at the end of 2018 and average headcount for 2018 for computation of % of the headcount and both methods gave us the same results), we are at 79% alignment on digital inclusion globally at the end of 2018. Extrapolating this for the entire Group, *i.e.* for 100% of our headcount, the overall alignment towards Digital Inclusion is 64%.

4. Focus on Environmental Sustainability indicators

— We measure and track our **environmental impact** through our global carbon accounting program. This process is facilitated by a web-based carbon accounting tool through which we gather 10 million data points every year, enabling us to analyze our data to a very granular level. Data on our key environmental impacts (energy usage, travel, F-gas, waste and water) is collected from 30 countries representing 99% of Group headcount, with estimated data for the remaining 1% of our operations. One central team manage the data processing and validation, to ensure consistent, high quality and accurate carbon data is available across the Group. Our Greenhouse Gas (GHG) emissions are calculated following the methodology outlined by the Greenhouse Gas Protocol Corporate Reporting and Accounting Standard, using an operational control approach.

— Our Group-wide commitment to improving our environmental performance is underpinned by a set of environmental targets, which are measured against a 2015 baseline. Our headline target focuses on carbon reduction, with a commitment to decoupling our development as a business from our greenhouse gas emissions. The number of people delivering our services is perhaps the most significant factor in determining our emissions and therefore our headline target focuses on reducing our total greenhouse gas emissions per employee. This target is supported by a focus on reducing our energy usage, business travel emissions and waste generated.

— We are committed to continuously improving the quality of our data collection and analysis and using these insights to inform our strategic decisions. This includes, for example, gradually increasing the coverage of our reporting to reach the high level of 99% coverage of our operations we are currently at (with the remaining 1% estimated), as well as adding new emission sources to our inventory. In 2018, we added operations for Capgemini Portugal to our reporting and enhanced the way our travel data is gathered in various countries, incorporating a few new data sources that had not previously been available and reviewing the way we analyze and extrapolate data. In addition, we developed a new set of interactive dashboards, giving sustainability teams across the Group a more engaging and dynamic way to track their impacts.

Non-financial performance indicators correspondence table

Material topics	KPIS	2017 Value	2018 Value	Comment on KPI results (2017 VS 2018)
People Engagement	Number of consultants and senior consultants onboarded in the new Performance Management System	600	9000	Program launched in France in 2017, scope enlarged in July 2018
	Progressive implementation of the "Continuous Listening – Feedback – Learning" policies – KPI to be adapted	Non applicable (new KPI)	Non applicable (new KPI)	To be deployed in July 2019
	Learning Portfolio & Talent acceleration programs for high-potentials profiles: Numbers of specific profiles employees enrolled in these programs with a closer career follow-up	799	907	
	Average learning hours per employee	Non applicable (new KPI)	40.5	
Talent attraction, retention & development	Number of people hired across the Group (external hires)	52,299	61,752	
	Implementation of local initiatives preventing unwanted employee attrition: Employee Attrition Rate	18.9%	22%	
Diversity & inclusive environment	Proportion of women in Executive Leadership	Non applicable (new KPI)	14%	
	Proportion of women in vice president inflow (internal promotions and external hires for VP positions)	18.4%	24%	
	Proportion of women in the workforce	31.4%	31.9%	
	Disabled people: % of disabled people in workforce	France: 483 India: 162	France: 486 India: 353 Total: 1544	
Health, safety & wellbeing	Health and Safety for Travel and risky countries: % of travelers having complied with snapshot process	98%	93% (as of September 2018)	After the various attacks and serious incidents in 2015 and 2016, employees were keen to comply with rules and processes.
	Health and Safety for Travel and risky countries: % of travelers having performed training Security/ Safety compliance	46% for Low risk 98% for Medium/ high risk	19% for Low risk 96% for Medium/ High risk	In 2017 they were almost no serious events. Hence in 2018 we experienced a significant decrease in the safety trainings to low risk countries.
Health, Safety & wellbeing KPIs for India	Utilization of Employee Assistance Program	0.25%	0.4%	
	Ensure transition to ISO45001 from current OHSAS 18001	Non applicable (new KPI)	Non applicable (new KPI)	
	Employee stress rate, measured in the Quality of life survey participation	Non applicable (new KPI)	29.4% participation rate 54% of employees with low stress 25.3% of employees with high level of stress (without problems generated)	

Material topics	KPIS	2017 Value	2018 Value	Comment on KPI results (2017 VS 2018)
Health, Safety & wellbeing KPIs for France	Effectiveness of the additional alert system	66 files have been handled (from March to December 2017).	38 files	The alert system was put in place on March 1, 2017.
	Teleworking use rate by employees	2,710 employees *i.e.* 11.43% of Capgemini France workforce	3,087 employees *i.e.* 12.44% of Capgemini France workforce	
	Health Program: health and welfare coverage %	100% of employees	100% of employees	
Additional HR information	Average total headcounts	196,755	204,904	
	Workforce years of seniority average	4.7 years	4.7 years	
	Workforce age average	33.2	33.4	
	External Hire	52,299	61,752	
	Turnover Rate (voluntary departures)	18.9%	22%	
	Workforce breakdown by gender: % of women in the workforce	31.4%	31.9%	
	% of women in management position	15.6%	16.3%	
Digital Inclusion and Contribution to local development	Alignment of Social Impact projects towards Digital Inclusion	Non applicable (new KPI)	64% achieved	
	Number of graduates for Digital Academy	Non applicable (new KPI)	150 employees	
	Employee engagement/ volunteering % of headcount engaged in volunteering activities	Non applicable (new KPI)	Non applicable (new KPI)	
Climate Change	Reduction of carbon emissions per employee compared to 2015 baseline	15%	20%	Key to our progress has been a 10.1% reduction in travel emissions per head and a 33.7% reduction in energy emissions per head. Progress particularly strong across our largest regions including India, North America, UK and Netherlands.
Environmental Management	% of operations by headcounts covered by ISO 14001 environmental management certification	82%	87%	Capgemini operations in Italy, Australia and China achieved ISO 14001 certification for the first time.
	Total energy use reduction compared to 2015 baseline	10%	17%	6.4% reduction in office energy use and a 36.8% reduction in data center energy use since 2015.
	Business travel emissions per employee compared to 2015 baseline	11%	10%	Travel emissions per employee increased by 1.2% vs 2017, largely driven by an increase in air emissions.
	Total waste generated reduction since 2015	11%	20%	Positive outcome given our workforce increased by 15% since 2015.

Material topics	KPIS	2017 Value	2018 Value	Comment on KPI results (2017 VS 2018)
Helping Clients Deliver their Sustainability Objectives	Six focus areas have been established for our client sustainability program – with 30 client services with a positive carbon benefit identified.	Non applicable (KPI for 2018 only)	30 client services with a positive carbon benefit identified	Non applicable
	Employees engaged in client sustainability learning and development program	Non applicable (KPI for 2018 only)	Over 1,500	Non applicable
Compliance	Completion of anti-corruption training and awareness by all employees	90%	94%	
Ethics & Human Rights	Training coverage for our 3 mandatory e-learning courses :			
	– Code of Business Ethics	89%	197,000 current employees (94%)	Year-over-year improvement thanks to increased communication
	– Anti-corruption policy	90%	197,000 current employees (94%)	
	– Competition Laws Policy	85%	190,000 current employees (90%)	
Ethics & Human Rights	SpeakUp coverage	Non applicable	82%	Internal roll-out will be achieved by H1 2019. It will be extended in 2019 to our external stakeholders.

4.6 External Report on the *Déclaration de performance extra-financière*

Report by one of the Statutory auditors, appointed as an independent third party, on the consolidated non-financial performance statement in the Management Report

For the year ended 31 December 2018

To the Shareholders,

In our capacity as Statutory Auditor, appointed as an independent third party, of Capgemini S.E., certified by the French Accreditation Committee (*Comité Français d'Accréditation* or COFRAC) under number 3-1049 [1], we hereby report to you on the consolidated non-financial performance statement for the year ended December 31st 2018, (hereinafter the "Statement"), included in the Group Management Report, in accordance with the legal and regulatory provisions of Articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the Company

It is the Board of Directors' responsibility to prepare a Statement in accordance with legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of policies applied to mitigate these risks and the outcomes of those policies, including key performance indicators.

The Statement has been prepared applying the procedures of the Company (hereinafter the "Guidelines"), the most significant aspects of which are presented in the Statement (or available on the website or upon request at the Company's headquarters).

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory auditors. Moreover, we have implemented a quality control system that includes documented policies and procedures to ensure compliance with applicable ethical rules, professional standards, laws and regulations.

Statutory Auditor's responsibility

On the basis of our work, it is our responsibility to express a limited assurance opinion about whether:

- the Statement complies with the provisions of Article R. 225-105 of the French Commercial Code (*Code de commerce*);
- the information provided (hereinafter the "Information") is fairly presented in accordance with Article R. 225-105-I (3) and II of the French Commercial Code (*Code de commerce*) concerning policy outcomes, including key performance indicators and actions relating to the main risks.

It is our responsibility to express, at the request of the Company and outside of the scope of accreditation, reasonable assurance that information selected [2] by the Company and identified with the symbol √ in Chapter 4 "Our commitment to Social Responsibility" of the Management Report has been prepared, in all material respects, in accordance with the Guidelines.

However, it is not our responsibility to express an opinion on:

- the Company's compliance with any other applicable legal and regulatory provisions, relating, in particular, to the duty of care requirement and the fight against corruption and tax evasion;
- the compliance of products and services with applicable regulatory provisions.

Nature and scope of our work

We performed our work described below in compliance with Article A.225-1 *et seq.* of the French Commercial Code (*Code de commerce*), defining the conditions under which the independent third party performs its engagement, with the professional guidance issued by the French Institute of Statutory auditors (*Compagnie nationale des commissaires aux comptes* or CNCC) relating to this engagement, and with ISAE 3000 (International standard on assurance engagements other than audits or reviews of historical financial information).

We conducted work to form an opinion on the Statement's compliance with legal and regulatory provisions and the fair presentation of the Information therein:

- we gained an understanding of the activity of all companies in the consolidation scope, of the Entity's exposure to the main social and environmental risks relating to the business activity and, if applicable, of its effects on respect for human rights and the fight against corruption and tax evasion, including any related policies and their outcomes;
- we assessed the appropriateness of the Guidelines in terms of their relevance, completeness, reliability, neutrality and clarity, by taking into consideration, where relevant, the sector's best practices;
- we verified that the Statement covers every category of information required under Article L. 225-102-1, Paragraph III concerning social and environmental matters as well as respect for human rights and the fight against corruption and tax evasion;
- we verified that the Statement presents the business model and the main risks relating to the activity of all companies in the consolidation scope, including – if relevant and proportionate – risks due to its business relationships, products or services, in accordance with the disclosures required under Article R. 225-105-I, and policies, due diligence procedures and outcomes, including key performance indicators;
- we verified that the Statement presents the disclosures required under article R. 225-105-II if they are relevant given the main risks or policies presented;
- we obtained an understanding of the process for identifying, prioritizing and validating the main risks;
- we enquired about the existence of internal control and risk management procedures implemented by the company;

(1) Scope available at www.cofrac.fr.
(2) Total headcount, Workforce broken down by geographical area, age and gender, Number of external hires, Employee attrition rate, Total learning hours, Average learning hours per employee. Office energy consumption, Total energy consumption, Greenhouse gas emissions related to business travel, Total greenhouse gas emissions, Total greenhouse gas emissions per employee.

- we verified that the Statement covers all companies in the consolidation scope in accordance with Article L. 233-16 within the limits specified in the Statement;
- we assessed the data collection process implemented by the entity to ensure the completeness and fair presentation of the policy outcomes and key performance indicators that must be mentioned in the Statement;
- for key performance indicators and the other quantitative outcomes [1] that we considered the most important, we set up:
  - analytical procedures to verify that data collected are correctly consolidated and that any changes to the data are consistent,
  - tests of details based on sampling to verify that definitions and procedures are correctly applied and to reconcile data with supporting documents. The work was carried out with a selection of entities contributing [2] to the reported data and represents between 40% and 78% of consolidated data of key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the due diligence procedures that we deemed the most important [3] (organization, policies, actions, qualitative outcomes);
- we assessed the overall consistency of the Statement based on our understanding of the Company.

We believe that the sampling methods and sample sizes we have used, based on our professional judgment, are sufficient to provide a basis for our limited assurance opinion. A higher level of assurance would have required us to carry out more extensive procedures.

Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the Statement cannot be totally eliminated.

Means and resources

Our work drew on the skills of five individuals. To assist us in conducting our work, we called on our firm's sustainable development and Corporate Social Responsibility specialists. We conducted around ten interviews with the individuals responsible for preparing the Statement, particularly from general management, Administration and Finance, Risk Management, Human Resources and Environment.

Opinion

Based on our work, and given the scope of our responsibilities, we have no material misstatements to report that would call into question the Statement's compliance with the applicable regulatory provisions, or the fair presentation of the information, taken as a whole, in accordance with the Guidelines.

Reasonable assurance on a selection of CSR information

Nature and scope of our work

With regard to the information selected by the Company and identified with the symbol √, we conducted the same procedures as those described in the paragraph "Nature and scope of our work" (for the most important Information). However, these procedures were more in-depth, particularly regarding the number of tests.

Consequently, the selected sample represents between 52% and 78% of information identified with the symbol √.

We believe that these procedures enable us to express reasonable assurance regarding the information selected by the Company and identified with the symbol √.

Conclusion

In our opinion, the information selected by the Company and identified with the symbol √ has been prepared, in all material respects, in accordance with the Guidelines.

Paris-La Défense, February 22, 2019

KPMG S.A.

Philippe Arnaud	Stéphanie Ortega	Frédéric Quélin
Partner	Partner	Partner
Sustainability Services		

(1) Total headcount, Workforce broken down by geographical area, age and gender, Number of external hires, Employee attrition rate, Total learning hours, Average learning hours per employee, Proportion of women in executive positions, Office energy consumption, Total energy consumption, Greenhouse gas emissions related to business travel, Total greenhouse gas emissions, Total greenhouse gas emissions per employee, Alignment of Social Impact projects towards Digital Inclusion.
(2) India, Morocco, France, China, North America.
(3) Measures to promote people engagement, People development programs, Measures to promote diversity and inclusion, Results of the Security and Safety programs, Management of environmental risks, Organization regarding social dialogue, Anti-corruption measures and policies, Measures to promote ethical behaviors, Personal data protection procedures, Digital Inclusion programs and achievements.

5

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5.1 Analysis of Capgemini group consolidated results

5.1.1 General comments on the Group's activity in 2018

The Group delivered a strong performance in 2018, combining a strengthened growth profile with a further improvement in its operating margin and cash flow generation. This attests to the success of the transformation launched by the Group in recent years, towards a balanced profitable growth model wich combines strong sector expertise, global production capabilities and cutting-edge Digital services.

In 2018, the Group generated revenues of €13,197 million, up 5.4% compared with 2017. Growth is 8.1% at constant exchange rates, significantly above the 6% to 7% target communicated at the beginning of the year. Organic growth (*i.e.* excluding the impact of currency fluctuations and changes in Group scope) was 6.2%.

This momentum continues to be supported by Digital & Cloud activities, which grew over 20% at constant exchange rates and now account for around 45% of the Group.

For 2018, operating margin was €1,597 million, or 12.1% of revenues, an increase of 7% or 20 basis points year-on-year, in line with annual objectives. This further improvement demonstrates the Group's ability to combine investments in its talents and portfolio of sector offerings with profitable growth. It also reflects a stronger gross margin, particularly in the second-half of the year. Geographically, continental Europe and the Asia-Pacific and Latin America region are the main contributors to this performance.

Other operating income and expenses rose as expected, to represent a net expense of €346 million compared with €310 million in 2017. This comes notably from higher intangible asset amortization charges and the mechanical increase in the share grant expense linked to Capgemini share price evolution over the past few years. In contrast, restructuring costs are down in 2018 (from €131 million in 2017 to €122 million) and this should continue in 2019, settling at around €80 million.

Operating profit totaled €1,251 million, or 9.5% of revenues, compared with €1,183 million, or 9.4% of revenues, in 2017.

The net financial expense is €80 million, slightly up on €72 million last year. The income tax expense is up from €303 million to €447 million this year. The effective tax rate (ETR) increased primarily because, as anticipated, since 2018 the Group does not recognize any new deferred tax assets in the U.S. In addition, the Group recorded a €53 million expense related to the transitional impact of the U.S. tax reform. Adjusted for this expense, the ETR increased from 27.3% in 2017 to 33.7%.

Net profit (Group share) amounted to €730 million for 2018, down on €820 million for 2017, due to the higher tax expense. Basic earnings per share for fiscal year 2018 are €4.37 and diluted earnings per share are €4.25. The Group defines Normalized earnings per share as basic earnings per share adjusted for the items recognized in "Other operating income and expense", net of tax. Normalized earnings per share are €5.74, or €6.06 adjusted for the transitional tax expense, a level close to that reported in 2017 (-3%).

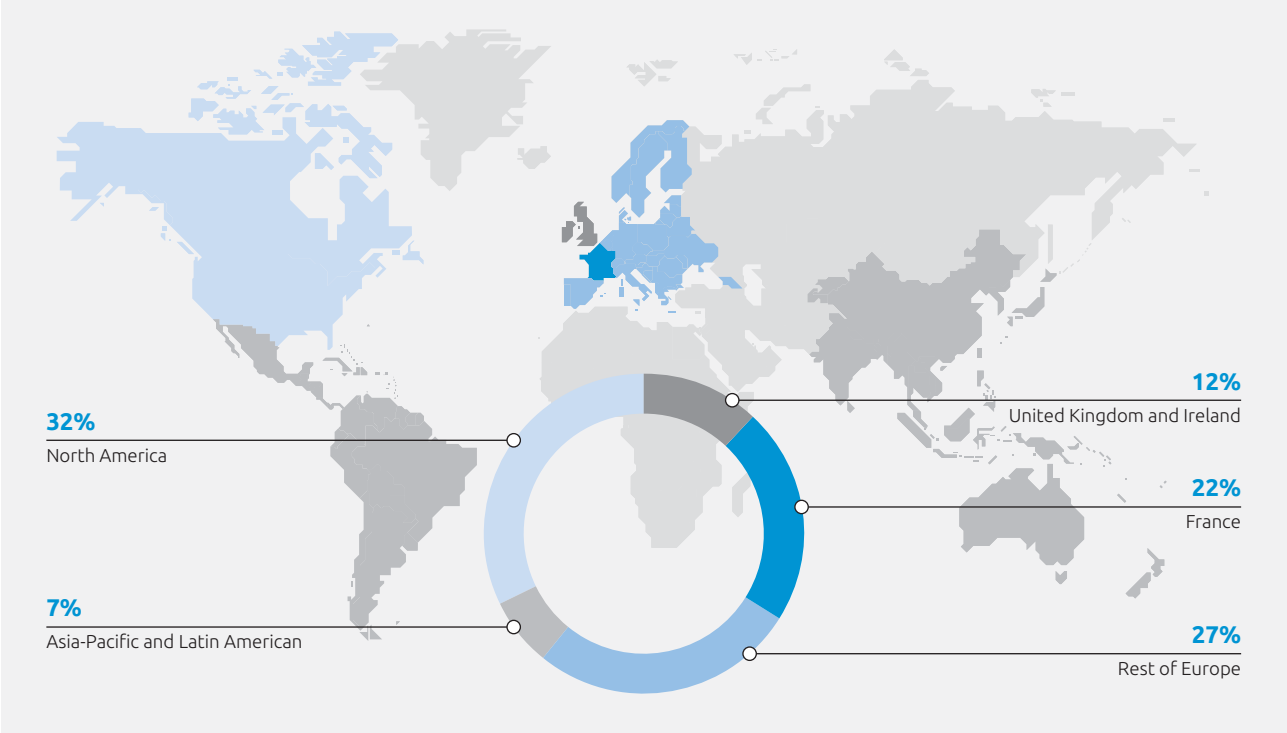
Group cash flow from operations remained stable at €1,536 million (€1,532 million in 2017). Income tax payments totaled €205 million, compared with €139 million in 2017. In 2018, the Group benefited from a €65 million improvement in its working capital requirement thanks to a 2-day decrease in DSO (Days Sales Outstanding). Net cash from operating activities therefore increased €66 million year-on-year to €1,396 million. Capital expenditures, net of disposals, are broadly stable year-on-year at €229 million, representing 1.7% of revenues. Interest paid and received resulted in a cash outflow of €7 million, compared with €24 million in 2017. Organic free cash flow generated by the Group is therefore up €80 million year-on-year to €1,160 million, exceeding the €1 billion objective set at the beginning of the year.

In 2018, Capgemini spent a net amount of €461 million on acquisitions and paid €284 million in dividends. Finally, the Group allocated €464 million to share buybacks, under the multi-year program and to neutralize the dilution resulting from the 5th employee share ownership plan (which led to a net capital increase of €230 million).

Overall, the balance sheet structure remained broadly unchanged in 2018. At December 31, 2018, the Group had €2,004 million in cash and cash equivalents (net of bank overdrafts), compared with €1,988 million a year earlier. After accounting for borrowings of €3,357 million, cash management assets and derivative instruments, Group net debt is €1,184 million at the end of 2018, comparable to the previous year end (€1,209 million).

Moreover, in April 2018, the Group performed a partial repurchase of the bond issue maturing in 2020 and issued new bonds maturing in 2024 and 2028, extending the average maturity of its bond debt with no significant impact on its future cash coupon. In July, the Group also repaid at maturity a €500 million bond issued in 2015.

Operations by major region



North America (32% of Group revenues) was the most dynamic region of the Group in 2018 with a 14.4% increase in revenue at constant exchange rates to €4,230 million. This growth was spurred by investments and acquisitions in Digital. It was mainly driven by the Consumer Goods & Retail, Financial Services and Manufacturing sectors while only the Energy & Utilities sector remained lackluster. The operating margin is largely stable year-on-year (-0.05 point), at 13.6%.

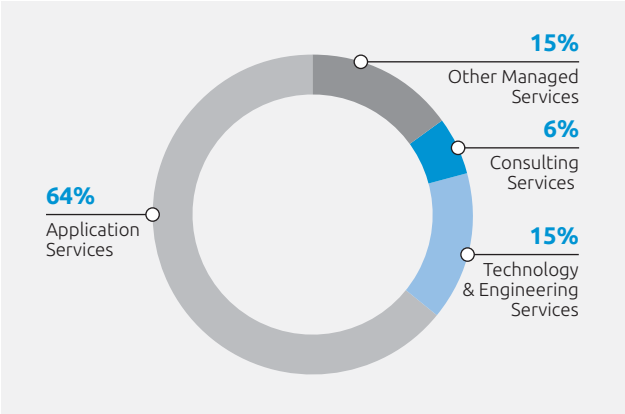
Revenues were stable in the **United Kingdom and Ireland** (12% of Group revenues), increasing +0.1% at constant exchange rates to €1,565 million. The Group nonetheless enjoyed a return to growth in the second-half, in line with the plan set at the beginning of the year. Fueled by demand in the Financial Services and Energy & Utilities sectors, the private sector reported positive growth while the public sector revenues declined, despite a clear rebound at the end of the year. As expected with the changes in business mix and the impact from currencies, the operating margin contracted, from 16.1% a year earlier to 12.6%.

France (22% of Group revenues) grew 6.4% to €2,848 million, with Digital and Cloud driving strong momentum in Application Services. All major sectors contributed to this growth, which even reached double-digits in the Consumer Goods & Retail and Energy & Utilities sectors. The operating margin improved 110 basis points year-on-year to 11.1% of revenues.

The **Rest of Europe** region (27% of Group revenues) reported revenue growth across all major countries, increasing 6.9% overall at constant exchange rates to €3,605 million. Germany and Scandinavia were the main drivers, with growth rates nearing double-digits. Momentum was strong in all sectors – except Telecoms, which declined across Europe – growing between 5% and 10%. Operating margin rose 80 basis points to 13.0% for the year.

The **Asia-Pacific and Latin American** region (7% of Group revenues) reported growth of 6.0% at constant exchange rates to €949 million. Asia-Pacific benefited this year from an acceleration in the Manufacturing sector, while Latin America delivered both a return to growth and profitability in 2018. Overall, the region's operating margin therefore improved significantly, from 10.1% in 2017 to 12.8% this year.

Results by business



Consulting Services (6% of Group revenues) reported growth of 37.4% at constant exchange rates. This reflects not only the key contribution of acquisitions in the reference period but also strong activity in the main regions. Digital transformation demand was particularly buoyant in the Financial Services, Manufacturing and Retail sectors. The Group now benefits from the launch of "Capgemini Invent", which combines its recognized expertise in the fields of strategy, technology, data science and creative design to support decision-makers in their transformation and digital innovation projects. The operating margin stands at 12.9% of revenues, up 160 basis points year-on-year.

Technology & Engineering Services (15% of Group revenues) grew 5.0% at constant exchange rates. Momentum was strong across all Group regions and particularly North America and the United Kingdom. The operating margin is 13.2% slightly down from 13.8% in 2017.

Application Services (64% of Group revenues) posted revenue growth of 10.1% at constant exchange rates, fueled by customer demand for Digital and Cloud. This reflects the strong alignment between the Group's offerings and the new needs of clients. France, North America and the Rest of Europe reported the strongest momentum in 2018. The operating margin rate is 13.6%, up 50 basis points.

Other Managed Services (15% of Group revenues) declined 4.2% at constant exchange rates, mainly impacted by a slowdown in Business Process Outsourcing. In Infrastructure services, the first-half of the year was marked by a contraction in the UK public sector. In the second half of the year, strong growth in cloud integration and orchestration services contained to a large extent the decline in Infrastructure services. Operating margin for Other Managed Services is 8.7% compared with 9.7% in 2017.

Results by business

Revenues *(in millions of euros)*	2017	2018
Consulting Services	583	785
Technology & Engineering Services	1,905	1,974
Application Services	7,828	8,393
Other Managed Services	2,209	2,045
TOTAL GROUP	**12,525**	**13,197**

Operating margin *(as a % of revenues)*	2017	2018
Consulting Services	11.3%	12.9%
Technology & Engineering Services	13.8%	13.2%
Application Services	13.1%	13.6%
Other Managed Services	9.7%	8.7%
TOTAL GROUP	**11.9%**	**12.1%**

The following table presents the utilization rates measuring the percentage of work time, excluding vacation, of production employees.

Utilization rate	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Consulting Services	71%	72%	69%	72%	72%	73%	67%	71%
Application Services	81%	81%	82%	83%	81%	82%	83%	82%
Technology & Engineering Services	82%	84%	85%	84%	83%	85%	84%	84%

Headcount

At December 31, 2018, the total Group headcount is 211,313 employees, compared with 199,698 employees one year earlier. This 11,615 net increase (5.8%) reflects:

- 64,736 additions; and
- 53,121 departures (including 45,256 resignations), representing a weighted attrition rate of 22.0% (compared with 18.9% in 2017).

Order book

Bookings totaled €13,393 million during the year, up +9% at constant exchange rates on 2017, with a book-to-bill ratio of 101% over the period.

Significant events of 2018

At a governance level, the Group made the following appointments:

- Ms. Carole Ferrand was appointed Group Chief Financial Officer from June 1, 2018, after resigning from her duties as Director and member of the Audit & Risk Committee, which she had exercised since May 2016. She joined the Group Executive Board and reports to Mr. Paul Hermelin, Chairman and Chief Executive Officer. Ms. Carole Ferrand replaces Mr. Aiman Ezzat, who is Chief Operating Officer alongside Mr. Thierry Delaporte since January 1, 2018;
- Ms. Laura Desmond was co-opted as a new Director with effect from January 1, 2019. Ms. Laura Desmond brings to the Capgemini SE Board of Directors her vast experience in the data analytics, digital strategy and contents fields, acquired as a senior executive and Director of key industry players serving leading clients. This appointment reflects the Board's ambition to continue the international diversification of its composition, while strengthening its sector expertise and enriching the diversity of its profiles.

At a financial level, Capgemini capitalized on attractive market conditions in 2018 to proactively manage its debt repayment schedule through the following transactions:

- a €1.1 billion bond issue comprising two senior tranches:
  - a €600 million tranche maturing in 6 and a half years (2024 tranche), paying a coupon of 1.00%,
  - a €500 million tranche maturing in 10 years (2028 tranche), paying a coupon of 1.75%;
- the partial buyback of Capgemini bonds maturing in July 2020 with a nominal value of €574 million, swapped for the newly issued 2024 tranche bonds. The swapped bonds were then canceled reducing the nominal amount of outstanding 2020 bonds to €676 million, from €1.250 billion on issue;
- the redemption in full of the 2018 bonds maturing on July 2, 2018, in the nominal amount of €500 million.

Following these transactions, the financial rating agency, Standard & Poor's, confirmed Capgemini's long-term credit rating at BBB, with a positive outlook.

The fifth employee share ownership plan (November) aimed at associating employees with the Group's development and performance was highly successful, with a subscription rate of 191%. This new employee share ownership plan (ESOP) will help maintain employee share ownership at over 5% of the share capital. The dilutive effect of the capital increase was neutralized by share purchases under the share buyback agreement. In reducing the share capital by 0.7% (1.2 million shares) over 2018, Capgemini confirmed its ability to associate employees with the Group's development and performance while delivering an attractive return to shareholders. This net reduction in the number of shares outstanding was achieved through several share buybacks during the year.

During its traditional Capital Markets Day in October, Capgemini reiterated its mid-term objective of attaining an operating margin rate of between 12.5% and 13.0% and organic growth of between 5.0% and 7.0%. The Group notably set out during this seminar, its key development factors:

- its offerings portfolio management strategy: through its constant innovation policy, targeted investments and an ecosystem of leading technology partners, the Group continually adapts its offering portfolio to position its businesses in the most dynamic market segments. Salesforce, which became in a few years the undisputed leader in CRM (Customer Relationship Management) solutions, notably exposed the major role that Capgemini is playing in its steady growth: the Group thus became its fastest growing global partner over the last two years. Accordingly, the Group also launched in September 2018 Capgemini Invent, a new business line combining its multi-disciplinary capabilities and expertise needed to design, create and trial new digital solutions and business models of the future;
- a firmly client-focused approach: by combining its reputed vertical expertise with a unified commercial approach and tailored sector offerings, the Group is mobilizing its business resources to become and remain the strategic partner of its clients' digital transformation of their operating activities.

These themes were highlighted by a number of leading players:

- a German premium car manufacturer disclosed the key role played by Capgemini in the roll-out of its digital ecosystem for connected vehicles and the numerous mutual growth opportunities generated by this alliance through the development of new client services;
- a UK utilities group and major player in water distribution, also exposed the importance of its work with Capgemini when designing and implementing innovative asset management and customer experience solutions. Using powerful data analytics tools and the largest telemetry system in Europe, this operator was able to optimize the real time performance of its distribution network and improve its reactivity to weather events;
- finally, a European automobile sector leader highlighted the role of true strategic partner played by Capgemini in its digital transformation, notably through the management of its application developments and the integration of Salesforce as a global CRM tool, followed by SAP S/4 Hana for the Finance and Purchasing functions. It now aims to roll-out end-to-end solutions at the heart of its operating activities.

In 2018, Capgemini also continued its targeted acquisition strategy. The Group strengthened its digital transformation consulting business in North America with the acquisition of LiquidHub in February. Drawing on its in-depth sector knowledge and considerable customer experience expertise, LiquidHub has developed a suite of marketing, sales and commercial solutions covering the entire customer lifecycle. This acquisition therefore strengthens Capgemini's ability to design innovative customer experiences. Based in the United States, LiquidHub's customer base includes major brands, notably in the Financial Services, health and life sciences sectors.

The Group also completed a number of acquisitions in Europe in the Digital services sector, with the acquisition of Adaptive Lab (United Kingdom), June 21 (France) and Doing (Italy). Finally, Capgemini entered into an agreement in June to acquire the US company, Leidos Cyber, a leader in private sector corporate security. The completion of this transaction remains contingent on its approval by antitrust authorities and the Committee of Foreign Investment in the United States (CFIUS).

The expertise and resources integrated through these acquisitions contributed to Capgemini's Digital momentum in 2018. In particular, the attention paid to developing commercial synergies with LiquidHub, following its integration into the Group, quickly resulted in many emblematic projects, including:

- the development of the digital strategy for launching new products for a global pharmaceutical group;
- the creation of a digital workspace for an international asset management company;
- the design and deployment of a set of digital tools to revitalize certain business lines of an American Fortune 500 insurance group;
- finally, for a Japanese car manufacturer, one of the world's giants in the sector, the design of a single portal to support all the operations of its distribution network in North America.

Last year's acquisitions also continued to generate contract opportunities. For example, Capgemini combined its knowledge of the Oil & Gas sector with Idean's design and digital strategy expertise to convince a Top 10 player to select the Group for the design and implementation of its digital transformation plan. Similarly, Itelios was selected by a global cosmetics leader and Lyons CG was selected

by a high-end US food group, to help them improve their Digital Customer Experience.

More generally, Capgemini enjoyed strong demand for its tailored sector solutions in the main vertical segments in 2018:

- in the Retail & Consumer Goods sector:
  - Capgemini helped a French group specializing in high-end ready-to wear fashion and accessories migrate its financial applications to the Cloud,
  - the Group developed a tool to build customer loyalty for a major food retail player, based on Comarch sector-specific software tools and Salesforce Service Cloud and Marketing Cloud solutions,
  - Capgemini also coordinated a number of partners on behalf of a major European airport operator, for the roll-out of a passenger facial recognition solution aimed at improving customer satisfaction and security;
- in the Manufacturing sector:
  - the Group helped a global leading aircraft manufacture to develop and deploy innovative onboard connectivity software solutions (Electronic Flight Bag),
  - Capgemini developed an IoT-based industrial tool for an international oil-industry service provider, for the real time monitoring of the operation and performance of workshop machines,
  - the Group was selected by a global healthcare player to implement a client experience digital solution based on the Salesforce product range,
  - finally, Capgemini signed a multi-year contract with a global leader in farming industry products for the digital management of its human capital;
- in the Financial Services & Insurance sector:
  - Capgemini was selected by an international reinsurance sector player to deliver integration services based on the latest generation SAP Hana database,
  - a major Canadian bank committed to improving its client services and their rapid roll-out through process automation, selected the Group to help steer the transformation of its retail and private banking activities under a multi-year contract,
  - finally, a major European insurance provider and a long-term client, signed a new six-year contract for the delivery of a hybrid Cloud solution as part of the transformation of an operating application. This solution will be supported by a Capgemini service center;
- in the Energy and Utilities sector:
  - a European energy supplier awarded Capgemini a new multi-year contract to develop their digital client experience and deliver new innovative solutions, such as domestic energy efficiency smart solutions,
  - the Group assisted the digital transformation of a major energy operator in Asia-Pacific, in preparation of the opening of a local energy market, and of a global leader in fertilizers, by delivering application management services and outsourcing its IT infrastructure,
  - finally, Dassault Systèmes and Capgemini signed a long-term partnership agreement with EDF for the digital transformation of its nuclear engineering. The partnership aims to support EDF in the digitalization of its plant engineering projects, with a view to strengthening the performance and overall competitiveness of nuclear power.

Finally, Capgemini's technical and sector expertise was recognized by several prizes and distinctions awarded throughout 2018 and particularly:

- by independent bodies:
  - the Group was positioned as a Leader by Gartner in its Magic Quadrant for Customer Relations Management (January) Data and Analytics Service Providers, Worldwide 2018 and SAP Application Services, Worldwide 2018 (March),
  - Capgemini was named a leader by Everest Group for digital banking services and risk management and compliance services (January),
  - the Group was positioned as a leader by NelsonHall for GDPR and digital banking services (June), as well as for managed security services (September),
  - Capgemini received six Brandon Hall Group excellence awards for its innovative apprenticeship programs (February);
- by Group technological partners:
  - Capgemini received two Strategic Partner Awards at the 2018 Citrix Summit (February),
  - the Group was awarded the SAP® Pinnacle 2018 award in the "Customer Choice Partner of the Year – Large Enterprises" category (May),
  - Capgemini received the 2018 Microsoft Country Partner of the Year award for France (July).

For the sixth year running, the Group was also recognized as one of the world's most ethical companies by Ethisphere Institute.

5.1.2 Comments on the Capgemini group consolidated financial statements and outlook for 2019

Consolidated Income Statement

Consolidated revenues total €13,197 million for the year ended December 31, 2018, compared with €12,525 million in 2017 (restated for retrospective application of IFRS 15, see Note 1 – Accounting basis), up 5.4% on published figures and up 8.1% at constant exchange rates.

Operating expenses total €11,600 million, compared with €11,032 million in 2017 (restated for retrospective application of IFRS 15, see Note 1 – Accounting basis).

An analysis of costs by nature highlights a €145 million increase in personnel costs (1.8%) to €8,147 million for 2018. Personnel costs represent 61.7% of revenues compared with 63.9% in 2017. The average headcount rose 4.1% in 2018 to 204,904, compared with 196,755 in 2017. Offshore employees represent 58% of the total Group headcount in 2018.

An analysis of costs by function reveals:

- the cost of services rendered is €9,627 million, or 72.9% of revenues, down 0.1 point on 2017. The gross margin is 27.1% of revenues in 2018, compared with 27.0% in 2017;
- selling costs total €1,043 million, or 7.9% of revenues;
- general and administrative expenses total €930 million (7.1% of revenues).

The **operating margin** is therefore €1,597 million in 2018, compared with €1,493 million in 2017, representing a margin rate of 12.1% (11.9% in 2017).

Other operating income and expense increased from a net expense of €310 million in 2017 to €346 million in 2018, due to an increase in the amortization of intangible assets due to recent acquisitions and in the performance share grant expense as a result of the increase in the Capgemini SE share price.

Operating profit is €1,251 million (9.5% of revenues), compared with €1,183 million in 2017 (9.4% of revenues).

The **net financial expense** is €80 million, compared with €72 million in 2017. This evolution is mainly due to currency hedges on inter-company financial transactions.

The **income tax expense** is €447 million, compared with €303 million in 2017. The effective tax rate is 38.2% in 2018 compared with 27.3% in 2017. The change in the effective tax rate is explained, on one hand, by the non-recognition of deferred tax assets in the United States due to the full recognition of all US tax-loss carried forwards at December 31, 2017 and, on the other hand, by the impact of a tax expense of €53 million due to the transitional impact of the US tax reform. Before taking into account this tax charge, the effective income tax rate would be 33.7%.

Profit for the year attributable to owners of the Company is €730 million in 2018, compared with €820 million in 2017. Normalized earnings per share are therefore €6.06 based on an average of 167,088,363 ordinary shares outstanding in 2018, excluding the tax expense of €53 million due to the transitional impact of the US tax reform, compared with €6.22 based on an average of 168,057,561 ordinary shares outstanding in 2017.

Consolidated Statement of Financial Position

Equity attributable to owners of the Company totaled €7,480 million at December 31, 2018, up €524 million on December 31, 2017. This increase was mainly due to:

- a €730 million profit for the year;
- a €237 million of positive impact in other comprehensive income;
- a €322 million of incentive and employee share ownership instruments and particularly the impact of the €230 million share capital increase under the ESOP 2018 international employee share ownership plan partially offset by the payment to shareholders of a dividend of €284 million and the elimination of treasury shares for €483 million.

Non-current assets totaled €10,344 million at December 31, 2018, up €490 million on December 31, 2017. This was mainly due to a €601 million increase in goodwill following €392 million recognized on acquisitions during the year and positive translation adjustments to goodwill principally denominated in US dollar of €209 million.

Non-current liabilities totaled €4,789 million at December 31, 2018 up €302 million on December 31, 2017. This variation is notably due to the €500 million bond issue maturing on April 18, 2028 in the context of the refinancing of the €500 million bond issue maturing on July 2, 2018, and partially offset by the decrease of the provisions for pensions and other post-employment benefit for €185 million.

Trade receivables and contract assets totaled €3,279 million at December 31, 2018, compared with €3,170 million at December 31, 2017. Trade receivables and contract assets excluding capitalized costs on projects totaled €2,323 million at December 31, 2018 (€2,276 million at December 31, 2017).

Accounts and notes payable mainly consist of trade payables and related accounts, personnel costs and accrued taxes other than income tax and totaled €2,944 million at December 31, 2018, compared with €2,837 million at December 31, 2017.

Consolidated net debt totaled €1,184 million at December 31, 2018 compared with €1,209 million at December 31, 2017. This €25 million decrease on December 31, 2017 is mainly due to the generation of organic free cash flow during the year of €1,160 million and the €230 million share capital increase under the ESOP 2018 international share ownership plan, partially offset by:

- the payment to shareholders of a dividend of €284 million;
- cash outflows and inflows on business combinations, net of cash and cash equivalents acquired, of €461 million;
- cash outflows of €483 million in respect of transactions in Capgemini SE shares.

Application of IFRS 16 at January 1, 2019 and adaptation of alternative performance measures

With the entry into effect of the new lease standard, IFRS 16, on **January 1, 2019**, the Group must apply a new accounting treatment to all its **leases** (primarily real estate leases), similar in substance to that currently applied to **finance leases**. Essentially, the Group will have to:

- in its **balance sheet**: recognize, at January 1, 2019, all lease obligations as a debt in liabilities and the corresponding right-of-use in assets. This will represent between €750 and €850 million (including the €80 million already recognized in respect of finance leases);
- in its **Income Statement**: recognize, instead of a lease expense, the depreciation of the right-of-use asset over the lease term in operating expenses and the corresponding interest in finance costs;
- in **cash flows**: recognize the cash outflows as repayments of the lease debt rather than a rental payment.

The Group does not believe this new accounting treatment modifies the operating nature of the majority of its leases. Accordingly, to ensure the Group's performance measures continue to best reflect its operating performance, as the distinction between different lease types disappears with the introduction of IFRS 16, the Group will consider all repayments of lease debt as operating items **going forward**. Accordingly:

- **organic free cash flow** will include repayments of the lease debt (including for finance leases, previously excluded as recognized in repayments of borrowings, of approximately €50 million in 2018);
- Group **net debt** will exclude all lease debt (including that relating to finance leases of approximately €80 million at the end of 2018).

Elsewhere, the impact of application of IFRS 16 on the 2019 Income Statement should be generally neutral for the main performance measures, whose definitions remain unchanged (estimates based on the 2018 accounts):

- **operating margin**: slightly positive impact, in the range of 5 basis points;
- **net profit** (Group share): slightly negative impact, in the range of €5 million; and
- **normalized earnings per share**: slightly negative impact, in the range of €0.03 per share.

Outlook for 2019

The following outlook takes into account the impact of the application of IFRS 16 from January 1, 2019 on the operating margin (around +5 basis points) and on the organic free cash flow definition (around -€50 million), as detailed in the previous section.

For 2019, the Group targets revenue growth at constant exchange rates of 5.5% to 8.0%, improved profitability with an operating margin of 12.3% to 12.6% and stronger organic free cash flow – on a comparable basis – of over €1.1 billion.

5.2 Consolidated accounts

5.2.1 Consolidated Income Statement

		2017 restated [1]		2018	
(in millions of euros)	Notes	**Amount**	**%**	**Amount**	**%**
Revenues	4 - 6	**12,525**	**100**	**13,197**	**100**
Cost of services rendered		(9,141)	(73.0)	(9,627)	(72.9)
Selling expenses		(1,019)	(8.1)	(1,043)	(7.9)
General and administrative expenses		(872)	(7.0)	(930)	(7.1)
Operating expenses	7	**(11,032)**	**(88.1)**	**(11,600)**	**(87.9)**
Operating margin*		**1,493**	**11.9**	**1,597**	**12.1**
Other operating income and expense	8	(310)	(2.5)	(346)	(2.6)
Operating profit		**1,183**	**9.4**	**1,251**	**9.5**
Net finance costs	9	(18)	(0.1)	(12)	(0.1)
Other financial income and expense	9	(54)	(0.4)	(68)	(0.5)
Net financial expense		**(72)**	**(0.5)**	**(80)**	**(0.6)**
Income tax income (expense)	10	**(303)**	**(2.4)**	**(447)**	**(3.4)**
PROFIT FOR THE YEAR		**808**	**6.5**	**724**	**5.5**
Attributable to:					
Owners of the Company		*820*	*6.6*	*730*	*5.5*
Non-controlling interests		*(12)*	*(0.1)*	*(6)*	-
EARNINGS PER SHARE					
Average number of shares outstanding during the year		168,057,561		167,088,363	
Basic earnings per share *(in euros)*	11	**4.88**		**4.37**	
Diluted average number of shares outstanding		172,082,122		171,697,335	
Diluted earnings per share *(in euros)*	11	**4.76**		**4.25**	

(1) 2017 figures have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 – Accounting basis.
* Operating margin, an alternative performance measure monitored by the Group, is defined in Note 3 – Alternative performance measures.

5.2.2 Consolidated statement of comprehensive income

(in millions of euros)	2017 restated [3]	2018
Actuarial gains and losses on defined benefit pension plans, net of tax [1]	110	114
Remeasurement of hedging derivatives, net of tax [2]	(61)	(53)
Translation adjustments [2]	(780)	177
OTHER ITEMS OF COMPREHENSIVE INCOME	**(731)**	**238**
Profit for the year (reminder)	808	724
Total comprehensive income for the period:	77	962
Attributable to:		
Owners of the Company	*88*	*967*
Non-controlling interests	*(11)*	*(5)*

(1) Other items of comprehensive income that will not be reclassified subsequently to profit or loss.
(2) Other items of comprehensive income that may be reclassified subsequently to profit or loss.
(3) 2017 figures have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 – Accounting basis.

5.2.3 Consolidated statement of financial position

(in millions of euros)	Notes	January 1, 2017 restated [1]	December 31, 2017 restated [1]	December 31, 2018
Goodwill	13 - 15	7,176	6,830	7,431
Intangible assets	13	813	681	697
Property, plant and equipment	14	754	749	785
Deferred taxes	16	1,473	1,283	1,128
Other non-current assets	18	374	311	303
Total non-current assets		**10,590**	**9,854**	**10,344**
Contract costs	19	93	99	92
Contract assets	19	961	1,029	1,123
Trade receivables	19	1,969	2,042	2,064
Current tax receivables		132	107	94
Other current assets	20	627	657	592
Cash management assets	21	157	168	183
Cash and cash equivalents	21	1,879	1,988	2,006
Total current assets		**5,818**	**6,090**	**6,154**
TOTAL ASSETS		**16,408**	**15,944**	**16,498**

(in millions of euros)	Notes	January 1, 2017 restated [1]	December 31, 2017 restated [1]	December 31, 2018
Share capital		1,373	1,348	1,338
Additional paid-in capital		3,453	3,169	2,979
Retained earnings and other reserves		1,525	1,619	2,433
Profit for the year		921	820	730
Equity (attributable to owners of the Company)		**7,272**	**6,956**	**7,480**
Non-controlling interests		13	4	(1)
Total equity		**7,285**	**6,960**	**7,479**
Long-term borrowings	21	3,287	2,783	3,274
Deferred taxes	16	227	172	180
Provisions for pensions and other post-employment benefits	24	1,374	1,196	1,011
Non-current provisions	25	26	25	19
Other non-current liabilities	26	292	311	305
Total non-current liabilities		**5,206**	**4,487**	**4,789**
Short-term borrowings and bank overdrafts	21	125	589	83
Accounts and notes payable	27	2,818	2,837	2,944
Contract liabilities	19	686	795	864
Current provisions	25	104	88	91
Current tax liabilities		109	107	141
Other current liabilities	26	75	81	107
Total current liabilities		**3,917**	**4,497**	**4,230**
TOTAL EQUITY AND LIABILITIES		**16,408**	**15,944**	**16,498**

(1) 2017 figures have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 – Accounting basis.

5.2.4 Consolidated statement of cash flows

(in millions of euros)	Notes	2017 restated [1]	2018
Profit for the year attributable to owners of the Company		**820**	**730**
Non-controlling interests		(12)	(6)
Depreciation, amortization and impairment of fixed assets		301	302
Change in provisions		(9)	(39)
Losses on disposals of assets		15	16
Expenses relating to share grants		64	84
Net finance costs	9	18	12
Income tax expense/(income)	10	303	447
Unrealized gains on changes in fair value and other		32	(10)
Cash flows from operations before net finance costs and income tax (A)		**1,532**	**1,536**
Income tax paid (B)		**(139)**	**(205)**
Change in trade receivables, contract assets net of liabilities and contract costs		(125)	32
Change in accounts and notes payable		55	25
Change in other receivables/payables		7	8
Change in operating working capital (C)		**(63)**	**65**
NET CASH FROM OPERATING ACTIVITIES (D=A+B+C)		**1,330**	**1,396**
Acquisitions of property, plant and equipment and intangible assets	13 - 14	(241)	(236)
Proceeds from disposals of property, plant and equipment and intangible assets		15	7
Acquisitions of property, plant and equipment and intangible assets, net of disposals		**(226)**	**(229)**
Cash inflows (outflows) on business combinations net of cash and cash equivalents acquired		(238)	(461)
Cash outflows in respect of cash management assets		(16)	(18)
Other cash inflows (outflows), net		(54)	(20)
Net cash outflows from other investing activities		**(308)**	**(499)**
NET CASH USED IN INVESTING ACTIVITIES (E)		**(534)**	**(728)**
Proceeds from issues of share capital		320	230
Dividends paid		(262)	(284)
Net payments relating to transactions in Capgemini SE shares		(531)	(483)
Proceeds from borrowings		7	525
Repayments of borrowings		(97)	(592)
Interest paid		(86)	(56)
Interest received		62	49
NET CASH USED IN FINANCING ACTIVITIES (F)		**(587)**	**(611)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (G=D+E+F)		**209**	**57**
Effect of exchange rate movements on cash and cash equivalents (H)		(91)	(41)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (I)	**21**	**1,870**	**1,988**
CASH AND CASH EQUIVALENTS AT END OF YEAR (G+H+I)	**21**	**1,988**	**2,004**

(1) 2017 figures have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 – Accounting basis.

5.2.5 Consolidated statement of changes in equity

(in millions of euros)	Number of shares	Share capital	Additional paid-in capital	Treasury shares	Consolidated retained earnings and other reserves	Total income and expense recognized in equity: Translation adjustments	Total income and expense recognized in equity: Other	Equity (attributable to owners of the Company)	Non-controlling interests	Total equity
At January 1, 2017 [1]	**171,564,265**	**1,373**	**3,453**	**(247)**	**3,228**	**417**	**(952)**	**7,272**	**13**	**7,285**
Dividends paid out for 2016	-	-	-	-	(262)	-	-	(262)	-	(262)
Incentive instruments and employee share ownership	3,600,000	28	292	91	(18)	-	-	393	-	393
Elimination of treasury shares [2]	-	-	-	(534)	1	-	-	(533)	-	(533)
Share capital reduction by cancellation of treasury shares	(6,680,523)	(53)	(576)	629	-	-	-	-	-	-
Transactions with minority shareholders	-	-	-	-	(2)	-	-	(2)	2	-
Transactions with shareholders	**(3,080,523)**	**(25)**	**(284)**	**186**	**(281)**	**-**	**-**	**(404)**	**2**	**(402)**
Income and expense recognized in equity	**-**	**-**	**-**	**-**	**-**	**(781)**	**49**	**(732)**	**1**	**(731)**
Profit for the year	**-**	**-**	**-**	**-**	**820**	**-**	**-**	**820**	**(12)**	**808**
At December 31, 2017 [1]	**168,483,742**	**1,348**	**3,169**	**(61)**	**3,767**	**(364)**	**(903)**	**6,956**	**4**	**6,960**
Impact of first-time application of IFRS 9 [3]	-	-	-	-	(6)	-	6	-	-	-
At January 1, 2018, including impact of IFRS 9	**168,483,742**	**1,348**	**3,169**	**(61)**	**3,761**	**(364)**	**(897)**	**6,956**	**4**	**6,960**
Dividends paid out for 2017	-	-	-	-	(284)	-	-	(284)	-	(284)
Incentive instruments and employee share ownership	2,833,291	23	207	64	28	-	-	322	-	322
Elimination of treasury shares [4]	-	-	-	(483)	2	-	-	(481)	-	(481)
Share capital reduction by cancellation of treasury shares	(4,023,303)	(33)	(397)	430	-	-	-	-	-	-
Transactions with shareholders	**(1,190,012)**	**(10)**	**(190)**	**11**	**(254)**	**-**	**-**	**(443)**	**-**	**(443)**
Income and expense recognized in equity	**-**	**-**	**-**	**-**	**-**	**176**	**61**	**237**	**1**	**238**
Profit for the year	**-**	**-**	**-**	**-**	**730**	**-**	**-**	**730**	**(6)**	**724**
AT DECEMBER 31, 2018	**167,293,730**	**1,338**	**2,979**	**(50)**	**4,237**	**(188)**	**(836)**	**7,480**	**(1)**	**7,479**

(1) Figures at January 1, 2017 and December 31, 2017 have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 – Accounting basis.
(2) Including -€360 million in respect of the share buyback agreement implemented prior to the share capital increase performed under the ESOP 2017 international employee share ownership plan (see Note 12 – Equity).
(3) Equity at January 1, 2018 has been restated for the retrospective application of IFRS 9, Financial instruments; see Note 1 – Accounting basis.
(4) Including -€264 million in respect of the share purchased agreement implemented prior to the share capital increase under the ESOP 2018 international employee share ownership plan (see Note 12 – Equity).

5.2.6 Notes to the consolidated financial statements for the year ended December 31, 2018

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Note 1 Accounting basis

The consolidated financial statements for the year ended December 31, 2018 and the notes thereto were adopted by the Board of Directors on February 13, 2019. The consolidated financial statements will be approved by the Combined Shareholders' Meeting, scheduled for May 23, 2019.

A) IFRS standards-base

Pursuant to European Commission Regulation no. 1606/2002 of July 19, 2002, the 2018 consolidated financial statements have been prepared in accordance with international accounting standards (IFRS, International Financial Reporting Standards) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU).

The Group also takes account of the positions adopted by Syntec Numérique, an organization representing major consulting and computer services companies in France, regarding the application of certain IFRSs.

The main accounting policies are presented at the beginning of each note to the consolidated financial statements.

B) New standards and interpretations applicable in 2018

a) New standards, amendments and interpretations of mandatory effect at January 1, 2018

The accounting policies applied by the Capgemini group are unchanged on those applied for the preparation of the 2017 consolidated financial statements, with the exception of standards, amendments and interpretations that entered into mandatory effect on January 1, 2018 and that have an impact for the Group, as presented below.

b) Transition note on the application of IFRS 15, Revenue from contracts with customers

IFRS 15 on revenue recognition was adopted by the Group at January 1, 2018, applying the full retrospective method with restatement of 2017 comparative figures and recognition of the aggregate impact in equity at January 1, 2017.

On implementing the full retrospective method, the Group applied a number of practical expedients authorized by IFRS 15 paragraph C5 (a) and (b). Accordingly, completed contracts:

- that ended before January 1, 2017;
- and/or included variable consideration;

were not restated for revenue recognition purposes.

The Group's revenue recognition accounting policies are presented in Note 6.

As part of its operational activities, the Group can be required to resell hardware, software and services purchased from third-party suppliers to its customers. IFRS 15 amends the principles and indicators determining whether the Group should present these transactions in the Income Statement as a "principal", on a gross basis (with recognition of purchases in operating expenses) or as an "agent", on a net basis (recognition of revenues equal to amounts invoiced to the customer net of amounts invoiced by the supplier). Pursuant to IFRS 15, the Group considers it acts as a "principal" when it obtains control of the hardware, software or services before transferring them to the customer. Based on contract analyses conducted on implementation of IFRS 15, certain transactions are presented from now on a net basis, generating a reduction in consolidated revenues of €267 million in fiscal year 2017.

Except for the principal/agent distinction and the increased disclosures required in the financial statements, the application of IFRS15 does not have a material impact on the Group's Consolidated Statement of Financial Position and Consolidated Income Statement.

Adjustments recorded in the accounts on the retrospective application of IFRS 15 for each period are presented below.

b.1) Income Statement

	2017 reported		IFRS 15 adjustments		2017 restated	
(in millions of euros)	Amount	%	Amount	%	Amount	%
Revenues	**12,792**	**100**	**(267)**	**-**	**12,525**	**100**
Operating margin*	**1,493**	**11.7**	**-**	**0.2**	**1,493**	**11.9**
Operating profit	**1,183**	**9.2**	**-**	**0.2**	**1,183**	**9.4**
Net financial expense	**(72)**	**(0.5)**	**-**	**-**	**(72)**	**(0.5)**
Income tax income (expense)	**(303)**	**(2.4)**	**-**	**-**	**(303)**	**(2.4)**
PROFIT FOR THE YEAR	**808**	**6.3**	**-**	**0.2**	**808**	**6.5**
Attributable to:						
Owners of the Company	*820*	*6.4*	*-*	*0.2*	*820*	*6.6*
Non-controlling interests	*(12)*	*(0.1)*	*-*	*-*	*(12)*	*(0.1)*
EARNINGS PER SHARE						
Average number of shares outstanding during the period	168,057,561		-		168,057,561	
Basic earnings per share *(in euros)*	**4.88**		**-**		**4.88**	
Diluted average number of shares outstanding	172,082,122		-		172,082,122	
Diluted earnings per share *(in euros)*	**4.76**		**-**		**4.76**	

* Operating margin, an alternative performance measure monitored by the Group, is defined in Note 3 – Alternative performance measures.

b.2) Consolidated Statement of Financial Position

The Group also modified the presentation of certain amounts in the Consolidated Statement of Financial Position to reflect IFRS 15 terminology:

- contract costs were previously presented in trade receivables and related accounts (€99 million at December 31, 2017);
- contract assets were previously presented in trade receivables and related accounts (€1,124 million at December 31, 2017 reported);
- contract liabilities and advances from customers were already presented separately in the Consolidated Statement of Financial Position in "Advances from customers and billed in advance". Only the name of the account heading was changed to "Contract liabilities" on the application of IFRS 15.

Finally, IFRS 15 requires the presentation of contract assets and liabilities on a net basis for each contract and no longer for each project as was previously the case. The Group therefore restated the reported comparative periods as follows:

At January 1, 2017

(in millions of euros)	January 1, 2017 reported	Separate presentation of contract costs, contract assets/ liabilities and trade receivables	Presentation of assets and liabilities net per contract	Total IFRS 15 restatements	January 1, 2017 restated
Total non-current assets	**10,590**	**-**	**-**	**-**	**10,590**
Contract costs	-	93	-	93	93
Contract assets	-	1,012	(51)	961	961
Trade receivables	-	1,969	-	1,969	1,969
Trade receivables and related accounts	3,074	(3,074)	-	(3,074)	-
Total current assets	**5,869**	**-**	**(51)**	**(51)**	**5,818**
TOTAL ASSETS	**16,459**	**-**	**(51)**	**(51)**	**16,408**

(in millions of euros)	January 1, 2017 reported	Separate presentation of contract costs, contract assets/ liabilities and trade receivables	Presentation of assets and liabilities net per contract	Total IFRS 15 restatements	January 1, 2017 restated
Total equity	**7,285**	**-**	**-**	**-**	**7,285**
Total non-current liabilities	**5,206**	**-**	**-**	**-**	**5,206**
Contract liabilities	737	-	(51)	(51)	686
Total current liabilities	**3,968**	**-**	**(51)**	**(51)**	**3,917**
TOTAL EQUITY AND LIABILITIES	**16,459**	**-**	**(51)**	**(51)**	**16,408**

At December 31, 2017

(in millions of euros)	December 31, 2017 reported	Separate presentation of contract costs, contract assets/ liabilities and trade receivables	Presentation of assets and liabilities net per contract	Total IFRS 15 restatements	December 31, 2017 restated
Total non-current assets	**9,854**	**-**	**-**	**-**	**9,854**
Contract costs	-	99	-	99	99
Contract assets	-	1,124	(95)	1,029	1,029
Trade receivables	-	2,042	-	2,042	2,042
Trade receivables and related accounts	3,265	(3,265)	-	(3,265)	-
Total current assets	**6,185**	**-**	**(95)**	**(95)**	**6,090**
TOTAL ASSETS	**16,039**	**-**	**(95)**	**(95)**	**15,944**

(in millions of euros)	December 31, 2017 reported	Separate presentation of contract costs, contract assets/ liabilities and trade receivables	Presentation of assets and liabilities net per contract	Total IFRS 15 restatements	December 31, 2017 restated
Total equity	**6,960**	**-**	**-**	**-**	**6,960**
Total non-current liabilities	**4,487**	**-**	**-**	**-**	**4,487**
Contract liabilities	890	-	(95)	(95)	795
Total current liabilities	**4,592**	**-**	**(95)**	**(95)**	**4,497**
TOTAL EQUITY AND LIABILITIES	**16,039**	**-**	**(95)**	**(95)**	**15,944**

b.3) Consolidated Statement of Cash Flows and Consolidated Statement of Comprehensive Income

The application of IFRS 15 had no impact on the Consolidated Statement of Cash Flows and the Consolidated Statement of Comprehensive Income.

c) IFRS 9, Financial instruments

The Group adopted IFRS 9 at January 1, 2018, without restating fiscal year 2017 comparative figures. The application of this new standard did not have a material impact on opening equity at January 1, 2018.

IFRS 9 primarily amended IAS 39 in three phases:

- phase 1: classification and measurement of financial instruments;
- phase 2: impairment of financial assets; and
- phase 3: hedge accounting, excluding macro-hedging.

Retrospective application of phase 1 "Classification and measurement of financial instruments" did not have a material impact on the Group's accounting methods for the measurement of financial assets and liabilities held at January 1, 2018.

Implementation of the new phase "Impairment of financial assets" which replaces the IAS 39 "incurred losses" model with the "expected credit losses" model, did not have any impact for the Group.

Application of the "hedge accounting" phase required the retrospective restatement of the time value of currency options and, accordingly, the recognition at January 1, 2018, in a separate component of comprehensive income, of changes in the time value of currency options identified in hedging relationships classified as cash flow hedges in the positive amount of €6 million (net of tax impact). Other than the accounting treatment of the time value of options, the prospective application of phase 3 had no impact on the Group's accounting methods for the recognition of hedging transactions and derivative financial instruments managed by the Group.

d) Other new standards not yet in effect at January 1, 2018 and not adopted early

Capgemini group will apply IFRS 16 from January 1, 2019, with an impact on the Consolidated Statement of Financial Position and the Consolidated Income Statement.

This new standard replaces the standard IAS 17, Leases and the interpretations IFRIC 4, Determining whether an arrangement contains a lease, SIC 15, Operating Leases – Incentives and SIC 27, Evaluating the substance of transactions involving the legal form of a lease. IFRS 16 introduces a single lessee accounting model for all leases.

Pursuant to this standard, the Group, as lessee, will:

- recognize a right-of-use asset, representing its right to use the underlying asset and a lease liability, representing its obligation to make future lease payments, in the Consolidated Statement of Financial Position;
- record amortization on the right-of-use asset and interest on the lease liability in place of the operating lease expenses previously recorded.

In 2018, the Group identified the leases concerned (real estate, computer hardware and company car leases) and undertook an initial analysis of the potential impacts of application of IFRS 16 on the consolidated financial statements.

The Group has elected to adopt the modified retrospective transition approach. At January 1, 2019, the Group will therefore recognize a right-of-use asset and corresponding lease liability of the same amount, equal to the present value of future lease payments during the enforceable contractual period, without restating the 2018 Consolidated Income Statement or equity at January 1, 2018. For certain major real estate leases, the Group has elected to determine the value of the right-of-use asset retrospectively, by recalculating the historical value of the asset at inception of the lease and applying amortization to December 31, 2018 to obtain the net carrying amount of the right-of-use asset at January 1, 2019.

The Group has also elected to apply the two capitalization exemptions proposed by the standard for leases with a term of 12 months or less and/or leases of assets with an individual value when new of less than US$5,000, with the exception of IT hardware.

In addition, for certain underlying asset categories (notably the automobile fleet), the Group has elected not to separate non-lease components and to recognize the entire contract as a single lease component.

Finally, in accordance with the option proposed by the standard, finance leases already recognized in the Consolidated Statement of Financial Position pursuant to IAS 17 at December 31, 2018, will be reclassified in right-of-use assets and lease liabilities at January 1, 2019.

Accordingly, the main expected impact at January 1, 2019 would be the recognition of right-of-use assets and related lease liabilities in respect of these leases in the estimated amount of between €750 and 850 million. This amount may however change following completion of the review of key assumptions underlying the calculation of the liability.

C) Use of estimates

The preparation of consolidated financial statements involves the use of estimates and assumptions which may have an impact on the reported values of assets and liabilities at the period end or on certain items of either net profit or the income and expenses recognized directly in equity for the year. Estimates are based on economic data and assumptions which are likely to vary over time and interpretations of local regulation when necessary. As such, these estimates are subject to a degree of uncertainty and mainly concern revenue recognition on fixed-price contracts accounted for on a percentage-of-completion basis, provisions, recognition of deferred tax assets, measurement of the recoverable amount of intangible assets, provisions for pensions and other post-employment benefits, the fair value of derivatives and the calculation of the tax expense, notably in the context of the US tax reform.

Note 2 Consolidation principles and Group structure

Consolidation methods

The accounts of companies directly or indirectly controlled by the parent company are fully consolidated. The parent company is deemed to exercise control over an entity when it has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Investments in associates over whose management the parent company directly or indirectly exercises significant influence, without however exercising full or joint control, are accounted for by the equity method. This method consists of recording the Group's share in profit for the year of the associate in the Income Statement. The Group's share in net assets of the associate is recorded under "other non-current assets" in the Consolidated Statement of Financial Position.

Details of the scope of consolidation are provided in Note 32 – List of the main consolidated companies by country.

All consolidated companies prepared their accounts to December 31, 2018 in accordance with the accounting policies adopted by the Group.

Inter-company transactions are eliminated on consolidation, as well as inter-company profits.

The Group does not control any special purpose entities that have not been consolidated.

Foreign currency translation

The consolidated accounts presented in these consolidated financial statements have been prepared in euros.

The Consolidated Statements of Financial Position of subsidiaries denominated in foreign currencies are translated into euros at year-end rates of exchange with the exception of equity accounts, which are carried at their historical values. Income statements denominated in foreign currencies are translated into euros at the average rates of exchange for the year. However, for certain material transactions, it may be relevant to use a specific rate of exchange. Differences arising from translation at these different rates are recognized directly in equity under "Translation reserves" and have no impact on the Income Statement.

Exchange differences arising on monetary items which form an integral part of the net investment in foreign subsidiaries are recognized in equity under "Translation reserves".

Exchange differences on receivables and payables denominated in a foreign currency are recorded in operating income or expense or financial income or expense, depending on the type of transaction concerned.

The exchange rates used to translate the financial statements of the Group's main subsidiaries into euros are as follows:

	Average rate		Closing rate	
	2017	2018	2017	2018
Australian dollar	0.67970	**0.63308**	0.65164	**0.61652**
Brazilian real	0.27831	**0.23279**	0.25171	**0.22502**
Canadian dollar	0.68334	**0.65372**	0.66494	**0.64082**
Chinese renminbi yuan	0.13122	**0.12812**	0.12813	**0.12698**
Indian rupee	0.01362	**0.01239**	0.01305	**0.01254**
Norwegian krone	0.10728	**0.10417**	0.10162	**0.10052**
Polish zloty	0.23497	**0.23475**	0.23941	**0.23248**
Pound sterling	1.14188	**1.13034**	1.12710	**1.11791**
Swedish krona	0.10379	**0.09753**	0.10159	**0.09752**
US dollar	0.88730	**0.84716**	0.83382	**0.87336**

Business combinations

Business combinations are accounted for using the acquisition method. Under this method, the identifiable assets acquired and liabilities assumed are recognized at fair value at the acquisition date and may be adjusted during the 12 months following this date.

Exchange gains and losses on inter-company transactions

The results and financial position of a foreign subsidiary are included in the Group's consolidated financial statements after the elimination of inter-company balances and transactions. However, a foreign exchange gain or loss arising on an inter-company monetary asset or liability (*e.g.* an inter-company receivable denominated in a currency different from the functional currency of the subsidiary) cannot be eliminated. Such foreign exchange gains and losses are recognized in the Income Statement or in Income and expense recognized directly in equity, if the underlying forms an integral part of the net investment in the foreign operation (*e.g.* a loan with no fixed maturity).

The fair values of hedging instruments relating to inter-company operating transactions performed as part of the centralized management of currency risk in the parent company are eliminated.

The Group acquired the following entities in 2018:

- LiquidHub Inc. in March 2018. This US company and its subsidiaries are experts in digital customer engagement and specialize in creating innovative customer experiences. The acquisition strengthens Capgemini's digital transformation consulting capabilities in North America and accelerates its portfolio shift in the region;
- Adaptative Lab Limited in June 2018, a digital design studio in the United Kingdom. This acquisition will enable Capgemini to meet growing demand from Group customers for end-to-end Digital services, notably in the United Kingdom;
- Doing group in October 2018, a full service digital agency based in Italy. This acquisition further expands Capgemini's Digital services capabilities in Italy;
- June 21 in October 2018, a consulting firm specializing in digital marketing. June 21 reinforces, notably in France, Capgemini Invent, the Group's recently launched digital consulting, innovation and transformation Global Business Line.

The fair value remeasurement of the assets and liabilities of these companies and the calculation and determination of goodwill pursuant to IFRS 3 is ongoing and will be finalized within 12 months of the acquisition dates.

Furthermore, in the fourth quarter, the Group acquired a 20% stake in Azqore, Indosuez Wealth Management's subsidiary specializing in technology outsourcing services and banking transactions for the wealth management sector.

Note 3 Alternative performance measures

The alternative performance measures monitored by the Group are defined as follows:

- **organic growth**, or like-for-like growth, in revenues is the growth rate calculated at constant Group scope and exchange rates. The Group scope and exchange rates used are those for the published period;
- **growth at constant exchange rates** in revenues is the growth rate calculated at exchange rates used for the published period;
- **operating margin** is equal to revenues less operating expenses. It is calculated before "Other operating income and expense" which include amortization of intangible assets recognized in business combinations, the charge resulting from the deferred recognition of the fair value of shares granted to employees (including social security contributions and employer contributions), and non-recurring revenues and expenses, notably impairment of goodwill, negative goodwill, capital gains or losses on disposals of consolidated companies or businesses, restructuring costs incurred under a detailed formal plan approved by the Group's management, the cost of acquiring and integrating companies acquired by the Group, including earn-outs comprising conditions of presence, and the effects of curtailments, settlements and transfers of defined benefit pension plans;
- **normalized earnings per share** are calculated by dividing normalized profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares. Normalized net profit or loss is equal to profit for the period attributable to owners of the Company corrected for the impact of items recognized in "Other operating income and expense" (see Note 8 – Other operating income and expense), net of tax calculated using the effective tax rate;
- **net debt** (or net cash and cash equivalents) comprises (i) cash and cash equivalents, as presented in the Consolidated Statement of Cash Flows (consisting of short-term investments and cash at bank) less bank overdrafts, (ii) cash management assets (assets presented separately in the Consolidated Statement of Financial Position due to their characteristics), less (iii) short- and long-term borrowings. Account is also taken of the impact of hedging instruments when these relate to borrowings and own shares;
- **organic free cash flow** calculated based on items in the Statement of Cash Flows is equal to cash flow from operations less acquisitions of property, plant, equipment and intangible assets (net of disposals) and adjusted for flows relating to the net interest cost.

Note 4 Operating segments

Group Management analyzes and measures activity performance:

- in the geographic areas where the Group is present;
- in the different businesses (Consulting Services, Technology and Engineering Services, Application Services, and Other Managed Services).

The geographic analysis enables management to monitor the performance:

- of commercial development: it focuses on trends in major contracts and clients in Group markets across all its businesses. This monitoring seeks to coordinate the service offering of the different businesses in the countries, given their considerable interaction and to measure the services rendered. These analyses are performed by Group Management within the Coordination Committee of the geographic area, which brings together the business managers operating in a given area;
- at operational and financial level: management of treasury and support services, the operating investment and financing policies and the acquisition policy are decided and implemented by geographic area.

The business analysis enables the transversal management and monitoring of resources and service production during the fiscal year in the strategic units, primarily business-focused and therefore the roll-out of uniform expertise and know-how in all countries and regions.

Accordingly, the Group presents segment reporting for the five geographic areas where it is located.

Costs relating to operations and incurred by Group holding companies on behalf of geographic areas and businesses are allocated to the relevant segments either directly or on the basis of an allocation key. Items not allocated correspond to headquarter expenses.

Inter-segment transactions are carried out on an arm's length basis.

The performance of operating segments is measured based on the operating margin*. This indicator enables the measurement and comparison of the operating performance of operating segments, irrespective of whether their business results from internal or external growth.

The operating margin* realized by the main offshore production centers (India, Poland and China) is reallocated to the geographic areas managing the contracts to enable a better understanding of the performance of these areas.

* Operating margin, an alternative performance measure monitored by the Group, is defined in Note 3 – Alternative performance measures.

Segment reporting by geographic area

The Group communicates segment information for five geographic areas: North America, France, United Kingdom and Ireland, the Rest of Europe and Asia-Pacific and Latin America.

Segment reporting is supplemented by information on revenues and operating margin for each of the Group's four businesses.

Analysis of the income statement by geographic area

2018 *(in millions of euros)*	North America	France	United Kingdom and Ireland	Rest of Europe	Asia-Pacific and Latin America	HQ expenses	Elimina-tions	Total
Revenues								
– external	4,230	2,848	1,565	3,605	949	-	-	13,197
– inter-geographic area	123	221	181	312	1,504	-	(2,341)	-
TOTAL REVENUES	**4,353**	**3,069**	**1,746**	**3,917**	**2,453**	**-**	**(2,341)**	**13,197**
OPERATING MARGIN*	**576**	**317**	**198**	**468**	**122**	**(84)**	**-**	**1,597**
% of revenues	*13.6*	*11.1*	*12.6*	*13.0*	*12.8*	-	-	*12.1*
OPERATING PROFIT	**455**	**222**	**166**	**416**	**76**	**(84)**	**-**	**1,251**

2017 restated [1] *(in millions of euros)*	North America	France	United Kingdom and Ireland	Rest of Europe	Asia-Pacific and Latin America	HQ expenses	Elimina-tions	Total
Revenues								
– external	3,872	2,676	1,580	3,415	982	-	-	12,525
– inter-geographic area	114	197	182	274	1,463	-	(2,230)	-
TOTAL REVENUES	**3,986**	**2,873**	**1,762**	**3,689**	**2,445**	**-**	**(2,230)**	**12,525**
OPERATING MARGIN*	**529**	**267**	**254**	**418**	**99**	**(74)**	**-**	**1,493**
% of revenues	*13.7*	*10.0*	*16.1*	*12.2*	*10.1*	-	-	*11.9*
OPERATING PROFIT	**412**	**211**	**215**	**353**	**66**	**(74)**	**-**	**1,183**

(1) 2017 figures have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 – Accounting basis.
* Operating margin, an alternative performance measure monitored by the Group, is defined in Note 3 – Alternative performance measures.

Segment reporting by business

Segment reporting by business is presented according to the following classification:

- Consulting Services, which help to enhance the performance of organizations based on in-depth knowledge of client industries and processes;
- Technology & Engineering Services, which provide assistance and support to internal IT and engineering teams at client premises;
- Application Services, which devise, develop, implement and maintain IT applications covering, within the Group, system integration and application maintenance activities;
- Other Managed Services, which integrate, manage and/or develop either fully or partially, client IT Infrastructure systems (or those of a group of clients), transaction services and on-demand services and/or business activities (Business Process Outsourcing, BPO).

Breakdown of revenues by business

	2017 restated [1]		2018	
(in millions of euros)	Amount	%	Amount	%
Consulting Services	583	5	785	6
Technology & Engineering Services	1,905	15	1,974	15
Application Services	7,828	62	8,393	64
Other Managed Services	2,209	18	2,045	15
REVENUES	**12,525**	**100**	**13,197**	**100**

(1) 2017 figures have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 – Accounting basis.

Breakdown of operating margin* by business

	2017 restated [1]		2018	
(in millions of euros)	Amount	%	Amount	%
Consulting Services	66	11.3	101	12.9
Technology & Engineering Services	262	13.8	261	13.2
Application Services	1,024	13.1	1,140	13.6
Other Managed Services	215	9.7	179	8.7
Headquarter expenses	(74)	-	(84)	-
OPERATING MARGIN*	**1,493**	**11.9**	**1,597**	**12.1**

(1) 2017 figures have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 – Accounting basis.
* Operating margin, an alternative performance measure monitored by the Group, is defined in Note 3 – Alternative performance measures.

Note 5 Consolidated income statement

Income and expenses are presented in the Consolidated Income Statement by function. Operating expenses are broken down into the cost of services rendered (corresponding to costs incurred for the execution of client projects), selling expenses, and general and administrative expenses.

These three captions represent operating expenses which are deducted from revenues to obtain operating margin*, one of the main Group business performance indicators.

Operating profit is obtained by deducting other operating income and expenses from operating margin.

Other operating income and expenses include amortization of intangible assets recognized in business combinations, the charge resulting from the deferred recognition of the fair value of shares granted to employees (including social security contributions and employer contributions), and non-recurring revenues and expenses, notably impairment of goodwill, negative goodwill, capital gains or losses on disposals of consolidated companies or businesses, restructuring costs incurred under a detailed formal plan approved by the Group's management, the cost of acquiring and integrating companies acquired by the Group, including earn-outs comprising conditions of presence and the effects of curtailments, settlements and transfers of defined benefit pension plans.

Profit for the year attributable to owners of the Company is then obtained by taking into account the following items:

- net finance costs, including net interest on borrowings calculated using the effective interest rate, less income from cash, cash equivalents and cash management assets;
- other financial income and expense, which primarily correspond to the impact of remeasuring financial instruments to fair value when these relate to items of a financial nature, disposal gains and losses and the impairment of investments in non-consolidated companies, net interest costs on defined benefit pension plans, exchange gains and losses on financial items, and other financial income and expense on miscellaneous financial assets and liabilities calculated using the effective interest rate;
- current and deferred income tax expense;
- share of profit of associates;
- share of non-controlling interests.

* Operating margin, an alternative performance measure monitored by the Group, is defined in Note 3 – Alternative performance measures.

Note 6 Revenues

The method for recognizing revenues and costs depends on the nature of the services rendered:

Deliverable-based contracts

Deliverable-based contracts typically include fixed price projects, for example, system integration or design and development of customized IT systems and related processes. Contract terms typically range from 6 months to 2 years. Contract prices might be subject to incentives and penalties, based on achievement of specified performance targets or level of benefits delivered to the customer.

For deliverable-based contracts, revenue is generally recognized over time, because at least one of the following condition is met: (i) the Group's performance enhances an asset that the customer controls as the Group performs or (ii) the Group builds an asset that has no alternative use (*e.g.* it is customer-specific) and the Group has an enforceable right to payment for performance to date in case of termination by the customer. The Group applies the "cost-to-cost" method to measure progress to completion. The percentage of completion is based on costs incurred to date relative to the total estimate of cost at completion of the contract. Estimates of total contract costs are revised when new elements arise. Change in estimates of cost at completion and related percentage of completion are recorded in the Income Statement as catch-up adjustments in the period in which the elements giving rise to the revision are known.

The related costs on deliverable-based contracts are expensed as incurred.

The Group earns contractually the right to bill upon achievement of specified milestones or upon customer acceptance of work performed. The difference between cumulative billings and cumulative revenue recognized is reflected in the balance sheet as Contract assets (revenue in excess of billings) or Contract liabilities (billings in excess of revenue).

Resources-based contracts

Revenue from Resources-based contracts is recognized as the Group earns the right to bill the customer as the amount invoiced corresponds directly to the value to the customer of the performance completed to date. Each performance obligation is satisfied over time as the client continuously receives and consumes the benefits of the services. The Services are priced based on the number of hours spent on the contract. The amount to be billed is representative of the value of the service delivered to the customer and therefore, applying the right-to-bill practical expedient, revenue is recognized over time based on the hours spent.

The related costs on resources-based contracts are expensed as incurred.

Services-based contracts

Services-based contracts include infrastructure management, application management and Business Services activities. Contract terms typically range from 3 to 5 years. Fees are billable on a monthly basis, based on a fixed-price per work unit consumed, or based on monthly fixed fees subject to adjustment mechanisms for volume changes or scope changes. Contracts generally provide for service-level penalties.

Recurring services are generally considered to be one single performance obligation, comprised of a series of distinct daily units of service satisfied over time. Contract modifications are recorded on a prospective basis. Revenue on services-based contracts is recognized as rights to bill arise, except in specific cases where invoicing terms do not reflect the value to the customer of services rendered to date relative to the value of the remaining services (for example, in case of significant front-loaded or backloaded fees or discounts). Service-level penalties or bonuses, if any, are accrued in full the period when the performance targets are failed or achieved, as appropriate.

Upfront fees received from customers, if any, are deferred and recognized over the service period, even if non-refundable. Upfront amounts payable to customers, if in excess of the fair value of assets transferred from customer, are capitalized (presented in Contract assets) and amortized over the contractual period, as a deduction to revenue.

Resale activities

As part of its operational activities, the Group may resell hardware equipment, software licenses, maintenance and services purchased from third-party suppliers. When the asset or service is distinct from the other services provided by the Group, the Group needs to assess whether it is acting as an agent or a principal in the purchase and resale transaction. The Group acts as a "principal" when it obtains control of the hardware, software or services before transferring them to the customer. In such case, the transaction is presented on a gross basis in the Income Statement (amounts charged by suppliers are presented in operating expenses). If the Group acts as an "agent", the transaction is recorded on a net basis (amounts charged by suppliers are recorded as a deduction to revenue). For example, transactions are recorded on a net basis when the Group does not have the primary responsibility for the fulfilment of the contract and does not bear inventory and customer acceptance risk.

Multi-deliverable contracts

These contracts are long-term complex contracts with multiple phases which may include design, transition, transformation, build and service delivery (run).

The Group may be required to perform initial transition or transformation activities under certain recurring service contacts. Initial set-up activities, mainly transition phases, necessary to enable the ongoing services, are not considered to be performance obligations. Any amount received in connection with those activities are deferred and recognized in revenue over the contractual service period. The other activities performed during the initial phase like design, transformation and build are treated as a separate performance obligation if they transfer to the customer the control of an asset or if the customer can benefit from those initial activities independently from the ongoing service. In such cases, the corresponding revenues are generally recognized over time.

When multiple Performance Obligations are identified within a single contract, the Group allocates the total contract price to the Performance Obligations based on their relative Standalone Selling Price ("SSP"). In the absence of directly observable prices for similar services sold separately to similar customers, SSPs are estimated, based on expected costs plus a margin rate commensurate with the nature and risk of the service.

Variable remuneration

Estimates of incentives, penalties, and any other variable revenues are included in the transaction price, but only to the extent that it is highly probable that the subsequent resolution of the price contingency will not result in a significant reversal of the cumulative revenue previously recognized. To make such an estimate, the Group considers the specific facts and circumstances of the contract and its experience with similar contracts. Changes in estimates of variable consideration are recorded as cumulative catch-up adjustments to revenue.

Costs to obtain and fulfill contracts

Sales commission incurred to obtain multi-year service contracts are capitalized and amortized over the contract period. Commissions are not capitalized if the amortization period is one year or less.

Costs incurred prior to the signature of an enforceable contract are capitalized only if they are directly attributable to the design or set-up phase of a specifically identified contract, if the signature of the contract is probable, and if the costs are expected to be recoverable from the contract.

Costs incurred to fulfill a contract are expensed as incurred, with the exception of certain initial set-up costs, such as transition and transformation costs that do not represent a separate performance obligation, which are capitalized if they create a resource that the Group will use to perform the promised service.

Reimbursements received from customers are recognized as revenue, as costs are incurred.

A provision for onerous contracts is recorded if the unavoidable costs of fulfilling the contract exceed the related benefits.

Balance sheet presentation

Contract assets are presented separately from trade receivables. Contract assets reflect revenue recognized for which the corresponding rights to receive consideration are contingent upon something else other than the passage of time, such as the Group's future performance, achievement of billing milestones, or customer acceptance. When customer contract assets are no longer contingent, except for the passage of time, they convert into trade receivables. The majority of contract assets relate to deliverable-based contracts (see above).

Contract liabilities represent consideration received or receivable in advance of performance. Contract assets and liabilities are presented on a net basis for each individual contract.

Financing components

If the expected time lag between revenue recognition and customer payments is greater than 12 months, the Group assesses, if a financing facility has been accorded or received by the client, and if the impact is significant, the financial component is recorded separately from revenues.

The turnover variation is as follows:

(in millions of euros)	2018	Variation on published figures	Variation at constant exchange rates*	2017 restated [1]
North America	4,230	9.2%	14.4%	3,872
France	2,848	6.4%	6.4%	2,676
United Kingdom and Ireland	1,565	-0.9%	0.1%	1,580
Rest of Europe	3,605	5.6%	6.9%	3,415
Asia-Pacific and Latin America	949	-3.3%	6.0%	982
REVENUES	**13,197**	**5.4%**	**8.1%**	**12,525**

(1) 2017 figures have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 – Accounting basis.
* Growth at constant exchange rates, alternative performance measure monitored by the Group, is defined in Note 3 – Alternative performance measures.

The firm bookings taken in 2018 were €13,393 million.

Note 7 Operating expenses by nature

(in millions of euros)	2017 restated [1] Amount	2017 restated [1] % of revenues	2018 Amount	2018 % of revenues
Personnel expenses	8,002	63.9%	8,147	61.7%
Travel expenses	516	4.1%	535	4.0%
	8,518	**68.0%**	**8,682**	**65.7%**
Purchases and sub-contracting expenses	1,838	14.7%	2,237	17.0%
Rent and local taxes	357	2.9%	366	2.8%
Other charges to depreciation, amortization and provisions and proceeds from asset disposals	319	2.5%	315	2.4%
OPERATING EXPENSES	**11,032**	**88.1%**	**11,600**	**87.9%**

(1) 2017 figures have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 – Accounting basis.

Breakdown of personnel costs

(in millions of euros)	Note	2017 restated [1]	2018
Wages and salaries		6,499	6,588
Payroll taxes		1,434	1,500
Pension costs related to defined benefit pension plans and other post-employment benefit expenses	24	69	59
PERSONNEL EXPENSES		**8,002**	**8,147**

(1) 2017 figures have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 – Accounting basis.

Note 8 Other operating income and expense

(in millions of euros)	Notes	2017 restated	2018
Amortization of intangible assets recognized in business combinations	13	(65)	(75)
Expense relating to share grants	12	(71)	(91)
Restructuring costs		(131)	(122)
Integration costs for companies acquired		(29)	(25)
Acquisition costs		(9)	(13)
Other operating expenses		(8)	(29)
Total operating expenses		**(313)**	**(355)**
Other operating income		3	9
Total operating income		**3**	**9**
OTHER OPERATING INCOME AND EXPENSE		**(310)**	**(346)**

Amortization of intangible assets recognized in business combinations

Amortization of intangible assets recognized in business combinations mainly concerns Customer Relationships (see Note 13 – Goodwill and intangible assets).

Expense relating to share grants

The expense relating to share grants is €91 million, compared with €71 million in 2017. This increase mainly reflects the full-year impact of 2017 plans approved by the Board of Directors on July 26, 2017 and October 5, 2017, the implementation of the new 2018 plan approved by the Board of Directors on October 3, 2018, as well as the increased cost of social security contributions for the new plans. This increase also reflects the progressive increase in the Capgemini SE share price over the past five years (see Note 12 – Equity).

Restructuring costs

Fiscal year 2018 restructuring costs primarily concern workforce reduction measures in the amount of €70 million (€94 million in 2017) and the streamlining of real estate and production assets in the amount of €40 million (€31 million in 2017).

Integration costs for companies acquired

Integration costs for companies acquired total €25 million, including €14 million in respect of acquisitions during the fiscal year.

Note 9 Net financial expense

(in millions of euros)	Note	2017 restated	2018
Income from cash, cash equivalents and cash management assets		37	49
Net interest on borrowings		(52)	(58)
Net finance costs at the nominal interest rate		**(15)**	**(9)**
Impact of amortized cost on borrowings		(3)	(3)
Net finance costs at the effective interest rate		**(18)**	**(12)**
Net interest cost on defined benefit pension plans	24	(34)	(27)
Exchange gains (losses) on financial transactions		(51)	(13)
Gains (losses) on derivative instruments		36	(19)
Other		(5)	(9)
Other financial income and expense		**(54)**	**(68)**
o/w financial income		*105*	*39*
o/w financial expenses		*(159)*	*(107)*
NET FINANCIAL EXPENSE		**(72)**	**(80)**

Net finance costs

"Net interest on borrowings" (€58 million) and the "Impact of amortized cost on borrowings" (€3 million) total €61 million in 2018 and mainly comprise:

- coupons on 2015 bond issues of €41 million, plus an amortized cost accounting impact of €2 million;
- coupons on the 2016 bond issue of €2 million, plus an amortized cost accounting impact of €1 million;
- coupons on 2018 bond issues of €11 million; the amortized cost accounting impact is negligible due to the exceptional positive impact of €4 million on the accounting recognition of the bond swap in April 2018.

Other financial income and expenses

Exchange losses on financial transactions and losses on derivative instruments primarily concern inter-company loans and borrowings denominated in foreign currencies as well as their related hedging arrangements.

Note 10 Income tax expense

The income tax expense is the sum of the current tax expense and the deferred tax expense. It is recognized in Income Statement, except where it relates to a business combination or items recognized in equity or in income and expense recognized in equity.

Current income taxes

The current income tax expense is the estimated amount of tax payable (or receivable) in respect of the taxable profit (or loss) for a period and any adjustment to the current tax amount in respect of prior periods. The tax payable (or receivable) is calculated using tax rates that have been enacted or substantively enacted at the year-end.

Deferred taxes

Deferred taxes are recognized to take account of temporary differences between the carrying amounts of certain assets and liabilities and their tax basis. See Note 16 – Deferred tax.

The income tax expense for fiscal year 2018 breaks down as follows:

(in millions of euros)	Note	2017 restated	2018
Current income taxes		(261)	(290)
Deferred taxes	16	(42)	(157)
INCOME TAX (EXPENSE)/INCOME		**(303)**	**(447)**

The difference between the French standard rate of income tax and the Group effective tax rate can be analyzed as follows:

	2017 restated		2018	
(in millions of euros)	**Amount**	**%**	**Amount**	**%**
Profit before tax	**1,111**		**1,171**	
Standard tax rate in France *(%)*	**34.43**		**34.43**	
Tax expense at the standard rate	**(382)**	**34.43**	**(403)**	**34.43**
Difference in tax rates between countries	22	(2.0)	50	(4.3)
Impact of:				
Deferred tax assets not recognized on temporary differences and tax loss carry-forwards arising in the period	(23)	2.1	(16)	1.4
Net recognition of deferred tax assets on temporary differences and tax loss carry-forwards arising prior to January 1	133	(12.0)	7	(0.6)
Remeasurement of deferred tax assets on US tax loss carry-forwards	299	(26.9)		
Impact of the change in the US federal tax rate	(295)	26.6		
Utilization of previously unrecognized tax loss carry-forwards	5	(0.4)	4	(0.3)
Prior year adjustments	1	(0.1)	3	(0.2)
Taxes not based on taxable profit	(53)	4.7	(43)	3.6
Permanent differences and other items	(10)	0.9	4	(0.3)
Income tax expense and effective tax rate excluding tax expense due to the transitional impact of the US tax reform	**(303)**	**27.3**	**(394)**	**33.7**
Tax expense due to the transitional impact of the US tax reform	-	-	(53)	4.5
Income tax expense and effective tax rate after tax expense due to the transitional impact of the US tax reform	**(303)**	**27.3**	**(447)**	**38.2**

In 2018, the "Taxes not based on taxable profit" primarily consists of:

- in France: the Corporate Value-Added Contribution (*Cotisation sur la Valeur Ajoutée des Entreprises*, CVAE);
- in the United States, certain State taxes and the "Transition Tax on Foreign Earnings";
- in Italy, the regional tax on productive activities (IRAP).

The tax expense of €53 million in 2018 due to the transitional impact of the US tax reform, based on current market interpretations of the related texts, comprises:

- the Base Erosion and Anti-abuse Tax (BEAT): this alternative tax is applicable from 2018. The tax rate is 5% in 2018, 10% from tax year 2019. The tax base is distinct from the corporate income tax base and includes certain payments to non-US Group entities, normally deductible for tax purposes. The resulting tax amount is compared with the standard income tax expense calculated at the standard rate after allocating tax loss carry-forwards, and the higher of the two amounts is payable;
- the tax on Global Intangible Low-Taxed Income (GILTI): inclusion in the taxable profits of US companies earnings, of the taxable profits of foreign subsidiaries in excess of a 10% of the fiscal value of the tangible assets of those subsidiaries. The federal tax rate is 21%. Except the entire offset of available tax losses carried forward, a 50% deduction is applied to the tax base and foreign tax credits deduction is possible.

As a reminder, tax loss carry-forwards in the United States are now fully recognized in the Group consolidated financial statements since December 31, 2017.

Note 11 Earnings per share

Earnings per share, diluted earnings per share and normalized earnings per share are measured as follows:

- **basic earnings per share** are calculated by dividing profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares. The weighted average number of ordinary shares outstanding is calculated based on the number of ordinary shares outstanding at the beginning of the period, after deduction of treasury shares, adjusted on a time apportioned basis for shares bought back or issued during the period;
- **diluted earnings per share** are calculated by dividing profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year as used to calculate basic earnings per share, both items being adjusted on a time-apportioned basis for the effects of all potentially dilutive financial instruments corresponding to (i) bonds redeemable in cash and/or in new and/or existing shares, (ii) performance shares and (iii) free share grants;
- **normalized earnings per share** are calculated by dividing normalized profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding, excluding treasury shares held during the period. Normalized net profit or loss is equal to profit for the year attributable to owners of the Company corrected for the impact of items recognized in "Other operating income and expense" (see Note 8, Other operating income and expense), net of tax calculated using the effective tax rate.

Basic earnings per share

	2017 restated	2018
Profit for the year attributable to owners of the Company *(in millions of euros)*	820	730
Weighted average number of ordinary shares outstanding	168,057,561	167,088,363
BASIC EARNINGS PER SHARE *(in euros)*	**4.88**	**4.37**

Diluted earnings per share

Diluted earnings per share are calculated by assuming conversion into ordinary shares of all dilutive instruments outstanding during the year. The average share price in 2018 was €107.18.

In 2018, instruments considered dilutive for the purpose of calculating diluted earnings per share include:

- shares delivered in August 2018 to non-French employees under the 2014 performance share plan representing a weighted average of 398,792 shares;
- shares delivered in March 2018 to French employees and shares to be delivered in August 2019 for the non-French section, under the 2015 performance share plan, representing a weighted average of 650,675 shares. Since December 31, 2017, the only remaining condition applicable to these shares is the presence of the beneficiaries in the Group at the scheduled delivery date;
- shares delivered in March 2018 to French employees and shares available for grant under the share plan, the terms of which were approved by the Board of Directors on February 17, 2016, representing a weighted average of 131,500 shares and whose related presence conditions will be assessed in March 2020;
- shares available for grant under the performance share plan, the terms of which were approved by the Board of Directors on July 26, 2016, representing a weighted average of 1,538,625 shares and whose related performance conditions will be definitely assessed in August 2019;
- shares available for grant under the share plan, the terms of which were approved by the Board of Directors on July 26, 2017, representing a weighted average of 62,924 shares and whose related presence conditions will be definitely assessed in August 2020;
- shares available for grant under the performance share plan, the terms of which were approved by the Board of Directors on October 5, 2017, representing a weighted average of 1,481,700 shares and whose related performance conditions will be definitely assessed in October 2020;
- shares available for grant under the performance share plan, the terms of which were approved by the Board of Directors on October 3, 2018, representing a weighted average of 344,756 shares and whose related performance conditions will be definitely assessed in October 2021.

(in millions of euros)	2017 restated	2018
Profit for the year attributable to owners of the Company	**820**	**730**
Diluted profit for the year attributable to owners of the Company	**820**	**730**
Weighted average number of ordinary shares outstanding	168,057,561	167,088,363
Adjusted for:		
Performance shares and free shares available for exercise	4,024,561	4,608,972
Weighted average number of ordinary shares outstanding (diluted)	**172,082,122**	**171,697,335**
DILUTED EARNINGS PER SHARE *(in euros)*	**4.76**	**4.25**

Normalized earnings per share

(in millions of euros)	2017 restated	2018
Profit for the year attributable to owners of the Company	**820**	**730**
Other operating income and expenses, net of tax calculated at the effective tax rate	226	229
Normalized profit for the year attributable to owners of the Company	**1,046**	**959**
Weighted average number of ordinary shares outstanding	168,057,561	167,088,363
NORMALIZED EARNINGS PER SHARE *(in euros)*	**6.22**	**5.74**

In fiscal year 2018, the Group recognized an income tax expense of €53 million in respect of the transitional impact of the US tax reform, reducing normalized earnings per share by €0.32. Excluding this income tax charge, 2018 normalized earnings per share would have been €6.06:

(in millions of euros)	2017 restated	2018
NORMALIZED EARNINGS PER SHARE *(in euros)*	**6.22**	**5.74**
Tax expense due to the transitional impact of the US tax reform	-	53
Weighted average number of ordinary shares outstanding	168,057,561	167,088,363
Impact of the tax expense due to the transitional impact of the US tax reform	-	0.32
NORMALIZED EARNINGS PER SHARE – EXCL. THE IMPACT OF THE TAX EXPENSE DUE TO THE TRANSITIONAL IMPACT OF THE US TAX REFORM *(in euros)*	**6.22**	**6.06**

Note 12 Equity

Incentive instruments and employee share ownership

a) Instruments granted to employees

Shares subject to performance and presence conditions

Performance shares are granted to a certain number of Group employees, subject to performance (internal and external) and presence conditions. Share grants become definitive after a vesting period of at least three years since July 2016 or four years, depending on the tax residence of the beneficiary.

The shares are measured at fair value, corresponding to the value of the benefit granted to the employee at the grant date.

The fair value of shares subject to external performance conditions is calculated using the "Monte Carlo" model, which incorporates assumptions concerning the share price at the grant date, implicit share price volatility, the risk-free interest rate, the expected dividend yield and market performance conditions.

The fair value of shares subject to internal performance and/or presence conditions is calculated using a model in compliance with IFRS 2, which incorporates assumptions concerning the share price at the grant date, share transfer restrictions, the risk-free interest rate and the expected dividend yield.

The expense recognized also takes into account staff attrition rates for eligible employee categories, which are reviewed each year and internal performance conditions (non-market conditions).

This amount is recognized in "Other operating income and expense" in the Income Statement on a straight-line basis over the vesting period, with a corresponding adjustment to equity.

b) Instruments proposed to employees

Employee savings plan

Leveraged employee share ownership plans offering the possibility to subscribe for shares at a discounted preferential rate have been set up by the Group. When determining the IFRS 2 expense measuring the benefit granted to employees, the Group adjusts the amount of the discount granted to employees on the subscription price based on the following two items:

— the cost of the non-transferability of shares granted to employees during a period of five years. This cost is measured taking account of the five-year lock-in period. It corresponds to the cost of a two-stage strategy under which the market participant enters into a forward sale effective at the end of the five-year lock-in period and simultaneously borrows the amount necessary to buy a share available for immediate transfer. This borrowing is financed with the proceeds from the forward sale of the share and the dividends received during the lock-in period. This cost is calculated based on the following assumptions:
  - the subscription price is set by the Chairman and Chief Executive Officer pursuant to the powers delegated by the Board of Directors. This subscription price is equal to the average Capgemini SE share price, weighted for volumes, during the twenty trading days preceding the decision of the Chairman and Chief Executive Officer, to which a discount is applied,
  - the grant date is the date at which employees are fully informed of the specific characteristics and terms and conditions of the offer and particularly the subscription price,
  - the loan rate granted to employees and used to determine the cost of the non-transferability of shares, is the rate at which a bank would grant a consumer loan repayable on maturity without allocation, to a private individual with an average risk profile, for a term corresponding to the term of the plan;

— the opportunity gain reflecting the possibility granted to employees to benefit from market terms and conditions identical to those of the Group.

In certain countries where the set-up of a leveraged plan through an Employee Savings Mutual Fund (*fonds commun de placement entreprise*) or directly in the name of the employee is not possible, the employee share ownership plan (ESOP) includes a Stock Appreciation Rights (SAR) mechanism. The benefit offered by the Group corresponds to the amount of the discount on the share subscription price.

Treasury shares

Capgemini SE shares held by the Company or by any consolidated companies are shown as a deduction from equity, at cost. Any proceeds from sales of treasury shares are taken directly to equity, net of the tax effect, such that the gain or loss on the sale, net of tax, does not impact the Income Statement for the period.

Derivative instruments on own shares

When derivative instruments on own shares satisfy IAS 32 classification criteria for recognition in equity, they are initially recognized in equity in the amount of the consideration received or paid. Subsequent changes in fair value are not recognized in the financial statements, other than the related tax effect.

Where these instruments do not satisfy the aforementioned criteria, the derivative instruments on own shares are recognized in assets or liabilities at fair value. Changes in fair value are recognized in profit or loss. The fair value remeasurement of these instruments at the year-end is recognized based on external valuations.

Incentive instruments and employee share ownership

A) Stock option plans

The Group no longer grants stock options since the plan authorized in 2005. The last grant under this plan was performed in June 2008.

B) Performance share plans

The Combined Shareholders' Meetings of May 23, 2013, May 6, 2015, May 18, 2016, May 10, 2017 and then May 23, 2018 authorized the Board of Directors to grant shares to a certain number of Group employees, on one or several occasions and within a maximum period of 18 months, subject to performance and/or presence conditions. On July 30, 2014, July 29, 2015, February 17, 2016, July 26, 2016, July 26, 2017, October 5, 2017 and October 3, 2018, the Board of Directors approved the terms and conditions and the list of beneficiaries of these seven plans.

The main features of these plans are set out in the table below:

	July 2014 Plan
Maximum number of shares that may be granted	1,590,639 shares
% of share capital at the date of the Board of Directors' decision	1%
Total number of shares granted	1,290,500 [1]
Date of Board of Directors' decision	July 30, 2014
Performance assessment dates	Three years for the internal performance condition and two years for the external performance condition
Vesting period	2 years as from the grant date (France) or 4 years as from the grant date (other countries)
Mandatory lock-in period effective as from the vesting date (France only)	4 years
Main market conditions at the grant date	
Volatility	*26.33%*
Risk-free interest rate	*0.34% – 0.81%*
Expected dividend rate	*2.31%*
Other conditions	
Performance conditions	*Yes (see below)*
Employee presence within the Group at the vesting date	*Yes*
Pricing model used to calculate the fair value of shares	Monte Carlo for performance shares with external (market) conditions
Range of fair values *(in euros)*	
Free shares (per share and in euros)	*n/a*
Performance shares (per share and in euros)	*26.46 – 48.26*
Of which corporate officers	*29.32*
Number of shares at December 31, 2017	
that may vest under the plan in respect of shares previously granted, subject to conditions (performance and presence)	697,500
Of which corporate officers	-
Change during the period	
Number of shares subject to performance and/or presence conditions granted during the year	-
Of which corporate officers	-
Number of shares forfeited or canceled during the year	24,250
Number of shares vested during the year	673,250
Number of shares at December 31, 2018	
that may vest under the plan in respect of shares previously granted, subject to conditions (presence only)	-
Weighted average number of shares	398,792
Share price at the grant date *(in euros)*	53.35

	July 2015 Plan	February 2016 Plan
Maximum number of shares that may be granted	1,721,759 shares	1,721,815 shares
% of share capital at the date of the Board of Directors' decision	1%	1%
Total number of shares granted	1,068,550 (1)	180,500 (5)
Date of Board of Directors' decision	July 29, 2015	February 17, 2016
Performance assessment dates	Three years for the two conditions	Presence condition only
Vesting period	2 years and 7 months as from the grant date (France) or 4 years as from the grant date (other countries)	2 years as from the grant date (France) or 4 years as from the grant date (other countries)
Mandatory lock-in period effective as from the vesting date (France only)	3 years	2 years
Main market conditions at the grant date		
Volatility	*24.54%*	*n/a*
Risk-free interest rate	*0.10% – 0.55%*	*0.15% – 0.03%*
Expected dividend rate	*1.60%*	*1.60%*
Other conditions		
Performance conditions	*Yes (see below)*	*n/a*
Employee presence within the Group at the vesting date	*Yes*	
Pricing model used to calculate the fair value of shares	Monte Carlo for performance shares with external (market) conditions	n/a
Range of fair values *(in euros)*		
Free shares (per share and in euros)	*n/a*	*55.45 – 57.59*
Performance shares (per share and in euros)	*61.73 – 82.18*	*n/a*
Of which corporate officers	*56.66*	-
Number of shares at December 31, 2017		
that may vest under the plan in respect of shares previously granted, subject to conditions (performance and/or presence)	955,598	144,050
Of which corporate officers	*40,000 (1)*	-
Change during the period		
Number of shares subject to performance and/or presence conditions granted during the year	-	-
Of which corporate officers	-	-
Number of shares forfeited or canceled during the year	36,015	18,100
Number of shares vested during the year	326,291 (3)	7,000 (6)
Number of shares at December 31, 2018		
that may vest under the plan in respect of shares previously granted, subject to conditions (performance and/or presence)	593,292 (2)	118,950 (4)
Weighted average number of shares	650,675	131,500
Share price at the grant date *(in euros)*	87.60	71.61

	July 2016 Plan
Maximum number of shares that may be granted	1,721,815 shares
% of share capital at the date of the Board of Directors' decision	1%
Total number of shares granted	1,663,500 [1]
Date of Board of Directors' decision	July 26, 2016
Performance assessment dates	Three years for the two conditions
Vesting period	3 years and a week as from the grant date (France) or 4 years as from the grant date (other countries)
Mandatory lock-in period effective as from the vesting date (France only)	2 years
Main market conditions at the grant date	
Volatility	*26.35%*
Risk-free interest rate	*0.2% – 0.17%*
Expected dividend rate	*1.60%*
Other conditions	
Performance conditions	*Yes (see below)*
Employee presence within the Group at the vesting date	*Yes*
Pricing model used to calculate the fair value of shares	Monte Carlo for performance shares with external (market) conditions
Range of fair values *(in euros)*	
Free shares (per share and in euros)	*n/a*
Performance shares (per share and in euros)	*54.02 – 77.1*
Of which corporate officers	*52.68*
Number of shares at December 31, 2017	
that may vest under the plan in respect of shares previously granted, subject to conditions (performance and/or presence)	1,575,050
Of which corporate officers	*42,000* [1]
Change during the period	
Number of shares subject to performance and/or presence conditions granted during the year	-
Of which corporate officers	-
Number of shares forfeited or canceled during the year	72,850
Number of shares vested during the year	-
Number of shares at December 31, 2018	
that may vest under the plan in respect of shares previously granted, subject to conditions (performance and/or presence)	1,502,200 [7]
Weighted average number of shares	1,538,625
Share price at the grant date *(in euros)*	83.78

	July 2017 Plan	October 2017 Plan
Maximum number of shares that may be granted	1,691,496 shares	1,691,496 shares
% of share capital at the date of the Board of Directors' decision	1%	1%
Total number of shares granted	63,597 [8]	1,522,500 [10]
Date of Board of Directors' decision	July 26, 2017	October 5, 2017
Performance assessment dates	Presence condition only	Three years for the two conditions
Vesting period	3 years and 1 week as from the grant date (other countries)	3 years as from the grant date (France) or 4 years as from the grant date (other countries)
Mandatory lock-in period effective as from the vesting date (France only)	n/a	2 years
Main market conditions at the grant date		
Volatility	*n/a*	*25.65%*
Risk-free interest rate	*-0.25%/- 0.04%*	*-0.17%/+ 0.90%*
Expected dividend rate	*1.60%*	*1.60%*
Other conditions		
Performance conditions	*n/a*	*Yes (see below)*
Employee presence within the Group at the vesting date	*Yes*	
Pricing model used to calculate the fair value of shares	n/a	Monte Carlo for performance shares with external (market) conditions
Range of fair values *(in euros)*		
Free shares (per share and in euros)	*89.05*	*86.98 – 93.25*
Performance shares (per share and in euros)	*n/a*	*62.02 – 93.25*
Of which corporate officers	-	*66.38*
Number of shares at December 31, 2017		
that may vest under the plan in respect of shares previously granted, subject to conditions (performance and/or presence)	63,597	1,505,200
Of which corporate officers	-	*35,000* [1]
Change during the period		
Number of shares subject to performance and/or presence conditions granted during the year	-	-
Of which corporate officers	-	-
Number of shares forfeited or canceled during the year	1,346	47,000
Number of shares vested during the year	-	-
Number of shares at December 31, 2018		
that may vest under the plan in respect of shares previously granted, subject to conditions (performance and/or presence)	62,251 [8]	1,458,200 [9]
Weighted average number of shares	62,924	1,481,700
Share price at the grant date *(in euros)*	94.20	100.25

	October 2018 Plan
Maximum number of shares that may be granted	1,688,170 shares
% of share capital at the date of the Board of Directors' decision	1%
Total number of shares granted	1,384,530 (11)
Date of Board of Directors' decision	October 3, 2018
Performance assessment dates	Three years for the two conditions
Vesting period	3 years as from the grant date (France) or 4 years as from the grant date (other countries)
Mandatory lock-in period effective as from the vesting date (France only)	2 years
Main market conditions at the grant date	
Volatility	*23.29%*
Risk-free interest rate	*-0.109%/0.2429%*
Expected dividend rate	*1.60%*
Other conditions	
Performance conditions	*Yes (see below)*
Employee presence within the Group at the vesting date	*Yes*
Pricing model used to calculate the fair value of shares	Monte Carlo for performance shares with external (market) conditions
Range of fair values *(in euros)*	
Free shares (per share and in euros)	*96.86 – 104.92*
Performance shares (per share and in euros)	*63.95 – 104.92*
Of which corporate officers	*80.32*
Number of shares at December 31, 2017	
that may vest under the plan in respect of shares previously granted, subject to conditions (performance and/or presence)	-
Of which corporate officers	-
Change during the period	
Number of shares subject to performance and/or presence conditions granted during the year	1,384,530
Of which corporate officers	*61,000 (1)*
Number of shares forfeited or canceled during the year	11,015
Number of shares vested during the year	-
Number of shares at December 31, 2018	
that may vest under the plan in respect of shares previously granted, subject to conditions (performance and/or presence)	1,373,515 (12)
Weighted average number of shares	344,756
Share price at the grant date *(in euros)*	112.35

(1) Grant subject to performance conditions only.
(2) In respect of the "foreign" plan only; these amounts include a 4% discount on the external performance condition as the performance of the Capgemini SE share compared with the basket of comparable securities and the CAC40 index is between 109 and 110% of the average performance of the basket.
(3) In respect of the "French" plan only; these amounts include a 4% discount on the external performance condition as the performance of the Capgemini SE share compared with the basket of comparable securities and the CAC40 index is between 109 and 110% of the average performance of the basket.
(4) In respect of the "foreign" plan only.
(5) Grant subject to presence conditions only for beneficiaries employed by IGATE, acquired on July 1, 2015.
(6) In respect of the "French" plan only.
(7) Of which 433,050 shares in respect of the "French" plan and 1,069,150 shares in respect of the "foreign" plan.
(8) Grant subject to presence conditions only for beneficiaries employed by Idean, acquired in February 2017.
(9) Of which 447,600 shares in respect of the "French" plan and 1,010,600 shares in respect of the "foreign" plan.
(10) Grant subject to performance conditions only, except for 19,150 shares subject to presence conditions only.
(11) Grant subject to performance conditions only, except for 124,955 shares subject to presence conditions only.
(12) Of which 408,850 shares in respect of the "French" plan and 964,665 shares in respect of the "foreign" plan.

a) Shares vested under the 2014, 2015 and February 2016 plans

The assessment of performance conditions under the 2014 plan led to the grant of shares representing 100% of the initial allocation. Satisfaction of the presence condition at the end of July 2018 therefore led to the vesting on August 1, 2018 of 673,250 shares to beneficiaries not tax resident in France.

The assessment of performance conditions under the 2015 plan concluded the internal performance condition was 100% attained and the external performance condition was 96% attained. Satisfaction of the presence condition at the end of February 2018 led to the vesting of 326,291 shares on March 1, 2018.

The assessment of the presence conditions under February 2016 plan led to the vesting of 7,000 shares on March 1, 2018 under the February 2016 plan.

b) Performance conditions of plans

In accordance with the AMF recommendation of December 8, 2009 regarding the inclusion of an internal and external performance condition when granting performance shares, the Board of Directors decided from the 2010 plan to add an internal condition to the external condition initially planned.

The following internal and external performance conditions apply:

Under the 2012 to 2017 plans, the external performance condition accounts for 50% of the grant calculation as does the internal performance condition.

External performance condition

The terms of the external performance condition were tightened for the 2016 to 2018 plans, compared with the preceding plans under which shares began to vest from a Capgemini SE share performance of at least 90% of the basket.

Accordingly, since 2016, under these plans:

- no shares are granted if the performance of the Capgemini SE share during the period in question is less than the performance of the basket of securities over the same period;
- the number of shares ultimately granted:
  - is equal to 50% of the number of shares initially allocated if the relative performance of the Capgemini SE share is at least equal to 100% of the basket,
  - is equal to 100% of the number of shares initially allocated if the relative performance of the Capgemini SE share is higher than or equal to 110% of the basket,
  - varies on a straight-line basis between 50% and 100% of the initial allocation, based on a pre-defined schedule, where the relative performance of the Capgemini SE share is between 100% and 110% of the basket.

The composition of the benchmark basket changed as follows:

- 2014, 2015 and 2016 Plans: Accenture/CSC/Atos/Tieto/CAC 40 index/CGI Group/Infosys/Sopra/Cognizant. Listing of the CSC security was ceased on April 1, 2017 and it was therefore replaced in the basket by the Euro Stoxx 600 Technology index since April 1,2017 and for 2015 and 2016 plans;
- 2017 and 2018 Plans: the basket comprises the following companies: Accenture/Indra/Atos/Tieto/CGI Group/Infosys/Sopra Steria/Cognizant and two indices, the CAC 40 index and the Euro Stoxx 600 Technology index.

The fair value of shares subject to external performance conditions is adjusted for a discount calculated in accordance with the Monte Carlo model, together with a discount for non-transferability for the shares granted in France.

Internal performance condition

The internal performance condition is based on the generation of organic free cash flow [1] (OFCF) over a three-year period encompassing fiscal years 2015 to 2017 for the 2015 plan, fiscal years 2016 to 2018 for the 2016 plan, fiscal years 2017 to 2019 for the 2017 plan and fiscal years 2018 to 2020 for the 2018 plan. Accordingly:

- no shares will be granted in respect of the internal performance condition if the cumulative increase in organic free cash flow over the reference period is less than €1,750 million for the 2015 plan, €2,400 million for the 2016 plan, €2,900 million for the 2017 plan and €3,000 million for the 2018 plan;
- 100% of the initial internal allocation will be granted if organic free cash flow is equal to or exceeds €2,000 million for the 2015 plan, €2,700 million for the 2016 plan, €3,200 million for the 2017 plan and €3,250 million for the 2018 plan.

The fair value of shares subject to internal performance conditions is calculated assuming 100% realization and will be adjusted where necessary in line with effective realization of this condition. A discount for non-transferability is also applied for the shares granted in France.

Inclusion of a new CSR performance condition in 2018

The Board of Directors' meeting of March 13, 2018 wished to align the performance conditions with the Group's strategic priorities by proposing the inclusion of a performance condition based on diversity and sustainable development objectives reflecting the Group's corporate, social and environmental responsibility strategy.

(1) Organic free cash flow, an alternative performance measure monitored by the Group, is defined in Note 3 – Alternative performance measures and Note 22 – Cash flows.

Overview of performance conditions applicable to beneficiaries

Performance condition	Weighting applied for managers*	Weighting applied for other beneficiaries	Percentage of the grant determined by each performance condition
Market condition: Performance of the Capgemini SE share over a three-year period	35%	15%	0% if < 100% of the average performance of the basket 50% to 100% between 100% and 110% of the average performance of the basket over the reference period
Financial condition: organic free cash flow for the three-year cumulative period from January 1, 2018 to December 31, 2020	50%	70%	0% if < €3,000 million 30% to 100% between €3,000 and €3,250 million over the reference period
CSR condition comprising two objectives:			
Diversity: increase in the number of female Vice Presidents over a three-year period	7.5%	7.5%	0% if the % of women becoming Vice-President through external recruitment or internal promotion is < 20% 30% to 100% if this percentage is between 20% and 25% over the reference period
Reduction in the carbon footprint in 2020 compared with 2015	7.5%	7.5%	0% if < 20% reduction in greenhouse gas emissions/person 40% to 100% if the reduction in greenhouse gas emissions/person in 2020 is between 20% and 22% compared with reference emissions in 2015

* Executive Corporate Officers (Chairman and Chief Executive Officer and Chief Operating Officers), members of the general management team and key executive managers of the Group.

C) International employee share ownership plan – ESOP 2014

The Group set up an employee share ownership plan (ESOP 2014) in the second-half of 2014. On December 18, 2014, the Group issued 5,000,000 new shares reserved for employees with a par value of €8, representing a share capital increase of €229 million net of issue costs. The total cost of this employee share ownership plan in 2014 was €1.1 million, attributable to the Stock Appreciation Rights (SAR) mechanism for employees in countries where the set-up of an Employee Savings Mutual Fund (*fonds commun de placement entreprise*, FCPE) was not possible or relevant.

D) International employee share ownership plan – ESOP 2017

The Group set up an employee share ownership plan (ESOP 2017) in the second-half of 2017. On December 18, 2017, the Group issued 3,600,000 new shares reserved for employees with a par value of €8, representing a share capital increase of €320 million net of issue costs. The total cost of this employee share ownership plan in 2017 was €2.2 million, attributable to the Stock Appreciation Rights (SAR) mechanism for employees in countries where the set-up of an Employee Savings Mutual Fund (*fonds commun de placement entreprise*, FCPE) was not possible or relevant.

E) International employee share ownership plan – ESOP 2018

Pursuant to the 24th and 25th resolutions adopted by the Combined Shareholders' Meeting of May 23, 2018, the Group set up an employee share ownership plan (ESOP 2018) in the second-half of 2018. Nearly 200,000 Group employees in 24 countries, representing approximately 98% of the Group headcount, were invited to subscribe for Capgemini SE shares. Under the plan, a minimum length of service of three months was required at November 15, 2018, acquired consecutively or not since January 1, 2017 to qualify as a candidate for subscription. This leveraged plan offered employees the possibility of subscribing at a discounted preferential rate and, *via* a bank which secured and supplemented the investment so that the total amount invested represented ten times the personal contribution of the employee, potentially generating a greater capital gain than would have been the case had it been calculated based solely on the employee's personal contribution. In return, the employee waives a portion of any increase in the price of shares subscribed on his behalf, as well as dividends and other financial rights that could be paid on these shares throughout the entire term of the plan. In addition, the shares will be unavailable for a period of five years (except for cases of early release covered by plan rules in accordance with applicable legislation).

This employee share ownership plan (ESOP 2018) includes a 12.5% discount. Under the delegation of authority granted by the Board of Directors, the subscription price was set at € 92.28 by the Chairman and Chief Executive Officer on November 12, 2018. This price corresponds to the daily average Capgemini SE share price, weighted for volumes, over the twenty stock market trading days preceding the Chairman and Chief Executive Officer's decision, less a 12.5% discount.

On December 18, 2018, the Group issued 2,500,000 new shares reserved for employees with a par value of €8, representing a share capital increase of €230 million net of issue costs. Due to the high over-subscription rate for the ESOP 2018 and the applicable reduction rules favoring the largest number of employees, Messrs. Paul Hermelin, Aiman Ezzat and Thierry Delaporte subscribed for shares in the amount of €10,782.74, €10,366.53 and €4,284.99, respectively, through the Capgemini Employee Savings Mutual Fund (FCPE).

In those countries where the leverage through an FCPE or directly in the employee's name has been possible, the IFRS 2 expense is nil, as the cost of non-transferability to the participant is greater than the total discount at the date of grant plus the opportunity gain. The IFRS 2 expense of €1.3 million is attributable to the Stock Appreciation Rights (SAR) mechanism for employees in countries where the introduction of a leveraged plan through an FCPE or directly in the employee's name is not possible or relevant.

Finally, it should also be noted that a decrease of 0.5 points in the employee financing rate would not impact the IFRS 2 expense, as the non-transferability cost would remain greater than the total discount at the grant date. This similarly applies to an increase of 0.5 points in the retail rate/institutional rate volatility difference, as the cost of non-transferability would still be greater than the total discount at the date of grant plus the opportunity gain.

The table below presents the main features of the ESOP 2018 employee share ownership plan, the amounts subscribed and the pricing assumptions (excluding SAR):

	2018
Plan features	
Grant date	November 12, 2018
Plan maturity (in years)	5
Base price *(in euros)*	105.46
Subscription price *(in euros)*	92.28
Par value discount *(in %)*	12.5%
Share price at the grant date *(in euros)*	106.70
(a) Total discount at the grant date *(in %)*	13.51%
Amount subscribed by employees *(in millions of euros)*	23.1
Total amount subscribed *(in millions of euros)*	230.7
Total number of shares subscribed	2,500,000
Pricing assumptions	
Employee financing rate	4.15%
5-year risk-free interest rate	0.33%
Repo and reverse repo rates	0.40%
Retail rate/Institutional rate volatility difference	5.08%
(b) Cost to the participant of non-transferability *(in %)*	17.97%
(c) Opportunity gain *(in %)*	2.13%
Total cost for the Group *(in %)* (a-b+c) (1)	-

(1) The expense is nil as the cost to the participant of non-transferability is greater than the total discount at the date of grant plus the opportunity gain.

Pursuant to the share purchase agreement signed on September 24, 2018 with an investment services provider, which is also the institution managing the ESOP 2018 employee share ownership plan, Capgemini SE purchased 2,500,000 of its own shares for a consideration of €264 million to neutralize the dilution related to this plan. All of these shares were canceled at the same time as the share capital increase on December 18, 2018.

Impact of incentive instruments and employee share ownership plans

The following table gives the expense recognized in "Other operating income and expense" (including payroll taxes and employer contributions) for incentive instruments and employee share ownership plans and the residual amount to be amortized in future periods:

		2017 restated		2018	
(in millions of euros)	Note	Expense of the period	Residual amount to be amortized in future periods	Expense of the period	Residual amount to be amortized in future periods
EXPENSE ON INCENTIVE INSTRUMENTS AND EMPLOYEE SHARE OWNERSHIP PLANS	8	**71**	**217**	**91**	**242**

F) Employee incentive instruments – IGATE

The main features of this plan are set out in the table below:

	2015 Plan
Vesting period	One, two or three years for the market condition and three years for the internal condition
Number of Performance Units at December 31, 2017 that may vest under the plan in respect of Performance Units previously granted subject to performance and presence conditions	41,872
Number of Performance Units subject to performance and presence conditions granted during the year	-
Number of Performance Units forfeited or cancelled during the year	17,835
Number of Performance Units vested during the year	7,345
Number of Performance Units at December 31, 2018 that may vest under the plan in respect of Performance Units previously granted subject to performance and presence conditions	16,692
Main market conditions at the grant date	
Risk-free interest rate	*0.35%*
Expected dividend rate	*1.60%*
Fair value in euros *(per unit)*	€56.30

On July 1, 2015, in the context of the IGATE acquisition, Capgemini exchanged IGATE Performance Share Awards (PSA) held by beneficiaries for Capgemini Performance Units (PUs):

- the number of PUs granted was calculated by multiplying the number of IGATE PSAs outstanding by the following ratio:

$$\frac{\text{US\$ 48 (unit purchase price of IGATE shares paid by Capgemini)}}{\text{€78.37 (closing price of the Capgemini SE on April 24, 2015)} \times \text{1.0824 (€/US\$ exchange rate on April 24, 2015)}}$$

- this calculation is equivalent to adjusting the number of PSAs by the exchange parity of the IGATE and Capgemini SE shares in US$ on April 24, 2015;
- the vesting of PUs is subject to the attainment of internal and market performance conditions and the presence of the beneficiary in the Group at the vesting date:
  - the internal performance condition consists of a cumulative organic free cash flow (OFCF) [1] objective for the period 2015 to 2017, as presented in the audited, published Statements of Cash Flows for fiscal years 2015, 2016 and 2017, with the maximum number of units vesting for an aggregate amount of €2 billion,
  - the market performance condition is based on the ability of the Capgemini SE share to outperform a reference basket comprising the CAC40 index and the following listed companies in equal weighting: Accenture, CSC, Atos, Tieto, CGI Group, Infosys, Sopra and Cognizant;
- the vesting schedule is as follows:
  - 25% of PUs on July 1, 2016, subject to presence and market performance conditions,
  - 25% of PUs on July 1, 2017, subject to presence and market performance conditions,
  - 25% of PUs on July 1, 2018, subject to presence and market performance conditions,
  - 25% of PUs on July 1, 2019, subject to presence and internal performance conditions;
- in addition, PUs vesting in the first three years are subject to a final adjustment clause tied to the change in the Capgemini SE share price between the vesting dates and July 1, 2019.

The external condition was only satisfied 54% at the first vesting date, resulting in the vesting of 15,400 PUs and the cancellation of 13,118 PUs for this first tranche.

The external condition was only satisfied 44% at the second vesting date, resulting in the vesting of 9,212 PUs and the cancellation of 34,471 PUs for this second tranche, including the impact of failure to satisfy the presence condition.

The external condition was only satisfied 44% at the third vesting date, resulting in the vesting of 7,345 PUs and the cancellation of 17,835 PUs for this third tranche, including the impact of failure to satisfy the presence condition.

Treasury shares and management of share capital and market risks

The Group does not hold any shares for financial investment purposes and does not have any interests in listed companies.

At December 31, 2018, treasury shares were deducted from consolidated equity in the amount of €50 million. These consist of (i) 205,000 shares purchased under the share buyback program and (ii) 298,242 shares held under the liquidity agreement (the associated liquidity line is €2 million) and the contractual holding system for key employees of American activities.

In view of the small number of treasury shares held, the Group is not therefore exposed to significant equity risk. Finally, as the value of treasury shares is deducted from equity, changes in the share price do not impact the Consolidated Income Statement.

The Group's capital management strategy is designed to maintain a strong capital base in view of supporting the continued development of its business activities and delivering a return to shareholders, while adopting a prudent approach to debt. At December 31, 2018,

(1) Organic free cash flow, an alternative performance measure monitored by the Group, is defined in Note 3 – Alternative performance measures and Note 22 – Cash flows.

the Group had net debt[1] of €1,184 million (compared with €1,209 million at December 31, 2017). In order to best manage the structure of its capital, the Group can notably issue new shares, buy back its own shares, adjust the dividend paid to shareholders or enter into derivative instruments on its own shares.

Currency risk and translation gains and losses on the accounts of subsidiaries with a functional currency other than the euro

Regarding risks arising on the translation of the foreign currency accounts of consolidated subsidiaries, in 2018 the Group's consolidated financial statements are particularly impacted by fluctuations in the US dollar, generating a positive impact on foreign exchange translation reserves as a result of the appreciation of the US dollar against the euro and in the Indian rupee, generating a negative impact on foreign exchange translation reserves resulting from the depreciation of the Indian rupee against the euro.

The Group does not hedge risks arising on the translation of the foreign currency accounts of consolidated subsidiaries whose functional currency is not the euro. The main exchange rates used for the preparation of the financial statements are presented in Note 2 – Consolidation principles and Group structure.

Note 13 Goodwill and intangible assets

Goodwill

Goodwill is equal to the excess of the acquisition price (plus, where applicable, non-controlling interests) over the net amount recognized in respect of identifiable assets acquired and liabilities assumed. Where an acquisition confers control with remaining non-controlling interests (acquisition of less than 100%), the Group elects either to recognize goodwill on the full amount of revalued net assets, including the share attributable to non-controlling interests (full goodwill method) or on the share in revalued net assets effectively acquired only (partial goodwill method). This choice is made for each individual transaction.

Goodwill balances are allocated to the different cash-generating units (as defined in Note 15 – Cash-generating units and asset impairment tests) based on the value in use contributed to each unit.

When a business combination with non-controlling interests provides for the grant of a put option to these non-controlling interests, an operating liability is recognized in the Consolidated Statement of Financial Position in the amount of the estimated exercise price of the put option granted to non-controlling interests, through a reduction in equity. Changes in this put option resulting from any changes in estimates or the unwinding of the discount are also recognized through equity. Any additional acquisitions of non-controlling interests are considered a transaction with shareholders and, as such, identifiable assets are not remeasured and no additional goodwill is recognized.

When the cost of a business combination is less than the fair value of the assets acquired and liabilities assumed, the negative goodwill is recognized immediately in the Income Statement in "Other operating income and expense".

Acquisition-related costs are expensed in the Income Statement in "Other operating income and expense" in the year incurred.

Goodwill is not amortized but tested for impairment at least annually, or more frequently when events or changes in circumstances indicate that it may be impaired.

Customer relationships

On certain business combinations, where the nature of the customer portfolio held by the acquired entity and the nature of the business performed should enable the acquired entity to continue commercial relations with its customers as a result of efforts to build customer loyalty, customer relationships are valued in intangible assets and amortized over the estimated term of contracts held in portfolio at the acquisition date.

Licenses and software

Computer software and user rights acquired on an unrestricted ownership basis, as well as software and solutions developed internally and which have a positive, lasting and quantifiable effect on future results, are capitalized and amortized over three to five years.

The capitalized costs of software and solutions developed internally are costs that relate directly to their production, *i.e.* the salary costs of the staff that developed the relevant software.

(1) Net debt, an alternative performance measure monitored by the Group, is defined in Note 21 – Net debt/net cash and cash equivalents.

(in millions of euros)	Goodwill	Customer relationships	Licenses and software [2]	Other intangible assets [2]	Total
GROSS					
At January 1, 2017 [2]	**7,279**	**835**	**439**	**314**	**8,867**
Translation adjustments	(621)	(91)	(14)	(10)	(736)
Acquisitions/Increase	-	-	26	-	26
Internal developments	-	-	26	13	39
Disposals/Decrease	-	(2)	(6)	(1)	(9)
Business combinations	267	15	1	1	284
Other movements	-	(3)	(9)	(43)	(55)
At December 31, 2017 [2]	**6,925**	**754**	**463**	**274**	**8,416**
Translation adjustments	205	31	(2)	(4)	230
Acquisitions/Increase	-	-	42	-	42
Internal developments	-	-	-	12	12
Disposals/Decrease	-	-	(34)	(5)	(39)
Business combinations	392	70	2	9	473
Other movements	-	(20)	10	(9)	(19)
AT DECEMBER 31, 2018	**7,522**	**835**	**481**	**277**	**9,115**
ACCUMULATED AMORTIZATION AND IMPAIRMENT [1]					
At January 1, 2017 [2]	**103**	**288**	**326**	**161**	**878**
Translation adjustments	(8)	(29)	(11)	(2)	(50)
Charges and provisions	-	64	45	16	125
Reversals	-	(2)	(6)	-	(8)
Business combinations	-	-	1	-	1
Other movements	-	(3)	(6)	(32)	(41)
At December 31, 2017 [2]	**95**	**318**	**349**	**143**	**905**
Translation adjustments	(4)	8	(2)	-	2
Charges and provisions	-	67	52	17	136
Reversals	-	-	(33)	(4)	(37)
Business combinations	-	-	2	-	2
Other movements	-	(21)	6	(6)	(21)
AT DECEMBER 31, 2018	**91**	**372**	**374**	**150**	**987**
NET					
At December 31, 2017 [2]	**6,830**	**436**	**114**	**131**	**7,511**
AT DECEMBER 31, 2018	**7,431**	**463**	**107**	**127**	**8,128**

(1) Goodwill is subject to impairment only.
(2) Certain amounts were transferred from "Licenses and software" to "Other intangible assets" at January 1, 2017 in line with the fiscal year 2018 presentation. These reclassifications had no impact on net profit or net cash flows.

The amounts shown in "Business combinations" for Goodwill and Customer relationships come mainly from the acquisition of LiquidHub,Inc acquired during 2018 (see Note 2 – Consolidation principles and Group structure).

Intangible assets by geographic area

	December 31, 2017		December 31, 2018	
(en millions d'euros)	Net carrying amount	Acquisitions during the period	Net carrying amount	Acquisitions during the period
North America	329	7	367	4
France	98	38	91	32
United Kingdom and Ireland	83	9	82	12
Rest of Europe	25	5	22	2
Asia-Pacific and Latin America	146	6	135	4
INTANGIBLE ASSETS	**681**	**65**	**697**	**54**

Note 14 Property, plant and equipment (PP&E)

Property, plant and equipment

The carrying amount of property, plant and equipment is recorded in assets in the Consolidated Statement of Financial Position and corresponds to the historical cost of these items, less accumulated depreciation and any impairment. No items of property, plant and equipment have been revalued. Buildings owned by the Group are measured based on the components approach.

Subsequent expenditure increasing the future economic benefits associated with assets (costs of replacing and/or bringing assets into compliance) is capitalized and depreciated over the remaining useful lives of the relevant assets. Ongoing maintenance costs are expensed as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the relevant assets. It is calculated based on acquisition cost less any residual value.

Property, plant and equipment are depreciated over the following estimated useful lives:

Buildings	20 to 40 years
Fixtures and fittings	10 years
Computer equipment	3 to 5 years
Office furniture and equipment	5 to 10 years
Vehicles	5 years
Other equipment	5 years

Residual values and estimated useful lives are reviewed at each period end.

The sale of property, plant and equipment gives rise to disposal gains and losses corresponding to the difference between the selling price and the net carrying amount of the relevant asset.

Finance leases

Leases that do not transfer to the Group substantially all the risks and rewards incidental to ownership are classified as operating leases, and give rise to lease payments expensed as incurred over the lease term.

However, when the Group assumes substantially all of the risks and rewards incidental to ownership, the lease is classified as a finance lease and is recognized as an asset at the lower of the fair value of the leased asset and the present value of future minimum lease payments. The related obligation is recorded in liabilities within borrowings. The asset is depreciated over the period during which it is expected to be used by the Group and the obligation is amortized over the lease term. Deferred tax is recognized as appropriate.

(in millions of euros)	Land, buildings and fixtures and fittings	Computer equipment	Other PP&E	Total
GROSS				
At January 1, 2017	**946**	**748**	**279**	**1,973**
Translation adjustments	(39)	(26)	(16)	(81)
Acquisitions/Increase	103	97	20	220
Disposals/Decrease	(14)	(74)	(8)	(96)
Business combinations	2	6	1	9
Other movements	(39)	(7)	38	(8)
At December 31, 2017	**959**	**744**	**314**	**2,017**
Translation adjustments	(16)	(6)	(7)	(29)
Acquisitions/Increase	75	99	52	226
Disposals/Decrease	(88)	(147)	(20)	(255)
Business combinations	3	5	3	11
Other movements	6	(15)	-	(9)
AT DECEMBER 31, 2018	**939**	**680**	**342**	**1,961**
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
At January 1, 2017	**457**	**566**	**196**	**1,219**
Translation adjustments	(14)	(20)	(11)	(45)
Charges and provisions	48	97	31	176
Reversals	(13)	(58)	(7)	(78)
Business combinations	1	4	1	6
Other movements	(21)	(8)	19	(10)
At December 31, 2017	**458**	**581**	**229**	**1,268**
Translation adjustments	(4)	(4)	(5)	(13)
Charges and provisions	49	88	29	166
Reversals	(87)	(141)	(18)	(246)
Business combinations	1	4	2	7
Other movements	3	(8)	(1)	(6)
AT DECEMBER 31, 2018	**420**	**520**	**236**	**1,176**
NET				
At December 31, 2017	**501**	**163**	**85**	**749**
AT DECEMBER 31, 2018	**519**	**160**	**106**	**785**

Property, plant and equipment purchased under finance lease

Net *(in millions of euros)*	2017	2018
At January 1	**107**	**101**
Translation adjustments	(3)	-
Acquisitions/Increase	44	35
Disposals/Decrease	(1)	(1)
Charges and provisions	(46)	(44)
Business combinations	-	1
Other movements	-	(21)
AT DECEMBER 31	**101**	**71**

Property, plant and equipment by geographic area

(in millions of euros)	31 décembre 2017 Net carrying amount	31 décembre 2017 Acquisitions of the period [1]	31 décembre 2018 Net carrying amount	31 décembre 2018 Acquisitions of the period [1]
North America	44	26	52	25
France	154	37	167	49
United Kingdom and Ireland	39	20	30	7
Rest of Europe	87	33	88	42
Asia-Pacific and Latin America	425	104	448	103
PROPERTY, PLANT AND EQUIPMENT	**749**	**220**	**785**	**226**

(1) Total acquisitions of property, plant and equipment differ from the figure reported in the Statement of Cash Flows, which excludes acquisitions of assets held under finance leases.

Note 15 Cash-generating units and asset impairment tests

Cash-generating units

The cash-generating units identified by the Group represent the nine geographic areas detailed below.

Asset impairment tests

Intangible assets and property, plant and equipment with a definite useful life are tested for impairment when there is an indication at the period end that their recoverable amount may be less than their carrying amount. Goodwill and assets with an indefinite useful life are tested for impairment at least once a year.

The impairment test consists of assessing the recoverable amount of each asset or group of assets generating cash flows that are separate from the cash flows generated by other assets or groups of assets (cash-generating units or CGU).

The recoverable amount is defined as the higher of the fair value less costs to sell of the cash-generating unit and its value in use:

- fair value is the amount obtainable in an arm's length transaction and is determined with reference to the price in a binding agreement or the market price in recent and comparable transactions;
- value in use is based on the discounted future cash flows to be derived from these cash-generating units.

The value in use of each cash-generating unit is measured using the discounted future cash flow method, based on the various assumptions in the three-year strategic plan extrapolated over a period of five years, including growth and profitability rates considered reasonable. Long-term growth rates and discount rates are determined taking account of the specific characteristics of each of the Group's geographic areas. Discount rates reflect the weighted average cost of capital, calculated notably based on market data and a sample of sector companies. When the recoverable amount of a cash-generating unit is less than its carrying amount, the impairment loss is deducted from goodwill to the extent possible and charged under "Other operating income and expenses".

Goodwill per cash-generating unit

The allocation of goodwill to cash-generating units breaks down as follows:

(in millions of euros)	December 31, 2017 Gross value	December 31, 2017 Impairment	December 31, 2017 Net carrying amount	December 31, 2018 Gross value	December 31, 2018 Impairment	December 31, 2018 Net carrying amount
North America	2,129	(7)	2,122	2,581	(8)	2,573
France	1,431	(1)	1,430	1,479	(1)	1,478
United Kingdom and Ireland	928	-	928	968	-	968
Benelux	964	(12)	952	977	(12)	965
Southern Europe	121	-	121	144	-	144
Nordic countries	296	-	296	301	-	301
Germany and Central Europe	393	(31)	362	402	(31)	371
Asia-Pacific	514	-	514	535	-	535
Latin America	149	(44)	105	135	(39)	96
GOODWILL	**6,925**	**(95)**	**6,830**	**7,522**	**(91)**	**7,431**

The increase of Goodwill gross value comes mainly from the acquisitions realized during 2018 (see Note 2 – Consolidation principles and Group structure).

Goodwill was tested for impairment at December 31, 2018 in line with the Group valuation procedure for such assets.

The main assumptions used were as follows:

	December 31, 2018	
	Long-term growth rate	Discount rate
North America	3.0%	7.7%
Latin America	6.0%	12.4%
United Kingdom and Ireland	2.8%	7.0%
Continental Europe	2.5%	6.5%
Asia-Pacific	4.5%	13.1%

No impairment losses were recognized at December 31, 2018 as a result of these impairment tests.

Furthermore, an analysis of the calculation's sensitivity to a combined change in the following key assumptions:

- +/- 2 points in the revenue growth rate for the first five years;
- +/- 1 point in the operating margin rate* for the first five years;
- +/- 0.5 points in the discount rate;
- +/- 0.5 points in the long-term growth rate;

did not identify any recoverable amounts below the carrying amount for any cash-generating units.

Note 16 Deferred taxes

Deferred taxes are:

- recorded to take account of temporary differences between the carrying amounts of certain assets and liabilities and their tax basis;
- recognized in income or expenses in the Income Statement, in income and expense recognized in equity, or directly in equity in the period, depending on the underlying to which they relate;
- measured taking account of known changes in tax rates (and tax regulations) enacted or substantively enacted at the year-end. Adjustments for changes in tax rates to deferred taxes previously recognized in the Income Statement, in income and expense recognized in equity or directly in equity are recognized in the Income Statement, in income and expense recognized in equity or directly in equity, respectively, in the period in which these changes become effective.

Deferred tax assets are recognized when it is probable that taxable profits will be available against which the recognized tax asset can be utilized. The carrying amount of deferred tax assets is reviewed at each period end. This amount is reduced to the extent that it is no longer probable that additional taxable profit will be available against which to offset all or part of the deferred tax assets to be utilized. Conversely, the carrying amount of deferred tax assets will be increased when it becomes probable that future taxable profit will be available in the long-term against which to offset tax losses not yet recognized. The probability of recovering deferred tax assets is primarily assessed based on a 10-year plan, weighted for the probability of future taxable profits being reported.

The main deferred tax assets and liabilities are offset if, and only if, the subsidiaries have a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred taxes relate to income taxes levied by the same taxation authority.

(1) Operating margin, an alternative performance measure monitored by the Group, is defined in Note 3 – Alternative performance measures.

Recognized deferred tax assets

Deferred tax assets and movements therein break down as follows:

(in millions of euros)	Note	Tax loss carry-forwards	Temporary differences on amortizable goodwill	Provisions for pensions and other post-employment benefits	Other deductible temporary differences	Total deferred tax assets
At January 1, 2017		**892**	**169**	**281**	**131**	**1,473**
Business combinations		1	-	-	(3)	(2)
Translation adjustments		(77)	(10)	(9)	(9)	(105)
Deferred tax recognized in the Income Statement	10	(63)	(39)	-	38	(64)
Deferred tax recorded in income and expense recognized in equity		18	-	(17)	-	1
Other movements, including offset with deferred tax liabilities		(8)	(2)	(9)	(1)	(20)
At December 31, 2017		**763**	**118**	**246**	**156**	**1,283**
Business combinations		-	-	-	3	3
Translation adjustments		23	(6)	(3)	(4)	10
Deferred tax recognized in the Income Statement	10	(187)	(25)	(10)	74	(148)
Deferred tax recorded in income and expense recognized in equity		15	-	(13)	2	4
Other movements, including offset with deferred tax liabilities		(2)	(2)	1	(21)	(24)
AT DECEMBER 31, 2018		**612**	**85**	**221**	**210**	**1,128**

Recognized tax loss carry-forwards total €612 million at December 31, 2018 (€763 million at December 31, 2017) and primarily concern the United States in the amount of €464 million (US$ 532 million) and France in the amount of €123 million.

As a reminder, tax loss carry-forwards in the United States are now fully recognized in the Group consolidated financial statements since December 31, 2017.

Unrecognized deferred tax assets

At December 31 *(in millions of euros)*	2017	2018
Deferred tax on tax loss carry-forwards	228	196
Deferred tax on other temporary differences	6	10
UNRECOGNIZED DEFERRED TAX ASSETS	**234**	**206**

Expiry dates of tax loss carry-forwards (taxable base)

	2017		2018	
At December 31 *(in millions of euros)*	Amount	%	Amount	%
Between 1 and 5 years	41	1	39	1
Between 6 and 10 years	1,256	35	1,031	35
Between 11 and 15 years	835	24	794	27
Beyond 15 years (definite expiry date)	112	3	44	1
Carried forward indefinitely	1,337	37	1,082	36
TAX LOSS CARRY-FORWARDS *(taxable base)*	**3,581**	**100**	**2,990**	**100**
o/w recognized tax losses	*2,856*	*80*	*2,325*	*78*

Deferred tax liabilities

Deferred tax liabilities and movements therein break down as follows:

(in millions of euros)	Note	Tax-deductible goodwill amortization	Customer relationships	Other taxable temporary differences	Total deferred tax liabilities
At January 1, 2017		**67**	**58**	**102**	**227**
Business combinations		-	2	-	2
Translation adjustments		(5)	(7)	(4)	(16)
Deferred tax recognized in the Income Statement	10	(10)	(7)	(5)	(22)
Deferred tax recorded in income and expense recognized in equity		-	-	1	1
Other movements, including offset with deferred tax assets		(2)	-	(18)	(20)
At December 31, 2017		**50**	**46**	**76**	**172**
Business combinations		-	20	-	20
Translation adjustments		1	2	(2)	1
Deferred tax recognized in the Income Statement	10	3	(6)	12	9
Deferred tax recorded in income and expense recognized in equity		-	-	-	-
Other movements, including offset with deferred tax assets		(2)	(19)	(1)	(22)
AT DECEMBER 31, 2018		**52**	**43**	**85**	**180**

Note 17 Financial instruments

Financial instruments consist of:

- financial assets, including other non-current assets, trade receivables, other current assets, cash management assets and cash and cash equivalents;
- financial liabilities, including long- and short-term borrowings and bank overdrafts, accounts and notes payable and other current and non-current liabilities;
- derivative instruments.

a) Recognition of financial instruments

Financial instruments (assets and liabilities) are initially recognized in the Consolidated Statement of Financial Position at their initial fair value.

IFRS 9 provisions regarding the classification and measurement of financial assets are based on the Group's management model and the contractual terms of financial assets. Depending on their classification in the Consolidated Statement of Financial Position, financial assets and liabilities are subsequently measured at fair value through profit or loss, fair value through other comprehensive income or amortized cost.

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss if held for trading.

Amortized cost corresponds to the initial carrying amount (net of transaction costs), plus interest calculated using the effective interest rate, less cash outflows (coupon interest payments and repayments of principal and redemption premiums where applicable). Accrued interest (income and expense) is not recorded on the basis of the financial instrument's nominal interest rate, but on the basis of its effective interest rate. An expected credit loss is recognized on financial assets measured at amortized cost. Any loss in value is recognized in the Income Statement.

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial instruments are recognized at inception and on subsequent dates in accordance with the methods described below. These methods draw on the following interest rate definitions:

- the coupon interest rate or coupon, which is the nominal interest rate on borrowings;
- the effective interest rate, which is the rate that exactly discounts the estimated cash flows through the expected term of the instrument, or, where appropriate, a shorter period to the net carrying amount of the financial asset or liability at initial recognition. The effective interest rate takes into account all fees paid or received, transaction costs, and, where applicable, premiums to be paid and received;
- the market interest rate, which reflects the effective interest rate recalculated at the measurement date based on current market parameters.

Financial instruments (assets and liabilities) are derecognized when the related risks and rewards of ownership have been transferred, and when the Group no longer exercises control over the instruments.

b) Derivative instruments

Derivative instruments mainly comprise forward foreign exchange purchase and sale contracts (in the form of tunnels, where applicable) and interest rate swaps.

When operating or financial cash flow hedges are eligible for hedge accounting, changes in the fair value of the hedging instruments are recognized firstly in "Income and expense recognized in equity" and subsequently taken to operating profit or net financial expense when the hedged item itself impacts the Income Statement.

All changes in the value of hedging costs (time value of foreign exchange options and forward element of foreign exchange forward contracts) are recognized in a separate component of comprehensive income and released to profit or loss when then the hedged flow is realized.

Other derivative instruments are measured at fair value, with changes in fair value, estimated based on market rates or data provided by bank counterparties, recognized in the Income Statement at the reporting date.

c) Fair value measurement

Fair value measurement methods for financial and non-financial assets and liabilities as defined above are classified according to the following three fair value levels:

- level 1: fair values measured based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;
- level 2: fair values measured using inputs other than quoted prices in active markets, that are observable either directly (*i.e.* as prices) or indirectly (*i.e.* derived from prices);
- level 3: fair values of assets or liabilities measured using inputs that are not based on observable market data (unobservable inputs).

As far as possible, the Group applies Level 1 measurement methods.

Financial instrument classification and fair value hierarchy

The following table presents the net carrying amount of financial assets and liabilities and the fair value of financial instruments broken down according to the three classification levels defined above (except for financial instruments where the net carrying amount represents a reasonable approximation of fair value).

		Net carrying amount			Fair value		
December 31, 2018 *(in millions of euros)*	Notes	**Hedge accounting**	**Fair value through profit or loss**	**Amortized cost**	**Level 1**	**Level 2**	**Level 3**
FINANCIAL ASSETS							
Shares in non-consolidated companies	18		1				1
Long-term deposits, receivables and other investments	18			120			
Other non-current assets	18			117			
Current and non-current asset derivative instruments	18 - 20	94				94	
Trade receivables and related accounts	19			3,279			
Other current assets	20			518			
Cash management assets	21		183		183		
Cash and cash equivalents	21		2,006		2,006		
FINANCIAL LIABILITIES							
Bonds	21			3,259			
Obligations under finance leases	21			80			
Draw-downs on bank and similar facilities and other borrowings, net	21			16			
Liabilities related to acquisitions of consolidated companies (1)	26		106				106
Other current and non-current liabilities	26			166			
Current and non-current liability derivative instruments	26	36				36	
Accounts and notes payable	27			2,944			
Bank overdrafts	21			2			

(1) Excluding €104 million of put options granted to Caixa Participacões and EMC as the fair value variations are shown in equity.

Note 18 Other non-current assets

At December 31 *(in millions of euros)*	Notes	**2017 restated**	**2018**
Long-term deposits, receivables and other investments		124	120
Shares in associates		4	45
Derivative instruments	23	53	20
Non-current tax receivables		72	79
Other		58	39
OTHER NON-CURRENT ASSETS	22	**311**	**303**

Long-term deposits, receivables and other investments consist mainly of "*aides à la construction*" (building aid program) loans and security deposits and guarantees relating to leases.

Shares in associates consist of the Group's investment in Azqore (see Note 2 – Consolidation principles and Group structure).

Derivative instruments primarily consist of the fair value of derivative instruments contracted as part of the centralized management of currency risk in the amount of €19 million (current portion of €74 million, see Note 20 – Other current assets).

At December 31, 2018, "Non-current tax receivables" include research tax credit receivables and competitiveness and employment tax credit receivables in France in the amount of €38 million (€54 million at December 31, 2017).

Note 19 Trade receivables, contract assets and contract costs

At December 31 *(in millions of euros)*	Note	2017 restated [1]	2018
Trade receivables		2,066	2,082
Provisions for doubtful accounts		(24)	(18)
Contract assets		1,029	1,123
Trade receivables and contract assets excluding contract costs	22	**3,071**	**3,187**
Contract costs	22	99	92
TRADE RECEIVABLES, CONTRACT ASSETS AND CONTRACT COSTS		**3,170**	**3,279**

(1) 2017 figures have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 – Accounting basis.

Total trade receivables and contract assets net of contract liabilities can be analyzed as follows in number of days' annual revenue:

At December 31 *(in millions of euros)*	Note	2017 restated [1]	2018
Trade receivables and contract assets excluding contract costs	22	3,071	3,187
Contract liabilities	22	(795)	(864)
TRADE RECEIVABLE AND CONTRACT ASSETS NET OF CONTRACT LIABILITIES		**2,276**	**2,323**
In number of days' annual revenue [1]		65	63

(1) 2017 figures have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 – Accounting basis.

Changes in contract assets and liabilities in fiscal year 2018 are due to the following usual factors:

- timing differences between revenue recognition, billing and collection, leading to the recognition of trade receivables and contract assets (sales invoice accruals);
- the receipt of advances from customers, leading to the recognition of contract liabilities (advances from customers and billed in advance).

Client payments terms and conditions comply with local regulations in the countries where we operate and, where applicable, standard commercial practice and payment schedules defined contractually.

At December 31, 2018, receivables totaling €103 million were assigned with transfer of credit risk as defined by IFRS 9 to financial institutions (€99 million at December 31, 2017) and were therefore derecognized in the Statement of Financial Position at December 31, 2018.

Aged analysis of accounts receivable

The low bad debt ratio reflects the fact that most invoices are only issued after the client has validated the services provided.

At end-2018, past due balances total €402 million (€411 million at December 31, 2017) and represent 19.4% of trade receivables less provisions for doubtful accounts (20.1% in 2017). The breakdown is as follows:

(in millions of euros)	< 30 days	> 30 days and < 90 days	> 90 days
Net trade receivables	**240**	**97**	**65**
As a % of trade receivables, net of provisions for doubtful accounts	11.6%	4.7%	3.1%

Past due balances concern customer accounts which are individually analyzed and monitored.

Credit risk

The Group's three largest clients contribute around 7% of Group revenues (compared with 7% in 2017). The Group's five largest clients contribute around 10% of Group revenues (compared with 10% in 2017). The top ten clients collectively account for 15% of Group revenues. The solvency of these major clients and the sheer diversity of the other smaller clients help limit credit risk. The economic environment could impact the business activities of the Group's clients, as well as the amounts receivable from these clients. However, the Group does not consider that any of its clients, business sectors or geographic areas present a significant credit risk that could materially impact the financial position of the Group as a whole.

An analysis of credit risk pursuant to IFRS 9 provisions did not identify any material impact.

Note 20 Other current assets

At December 31 *(in millions of euros)*	Notes	2017 restated	2018
Social security and tax-related receivables, other than income tax		259	246
Prepaid expenses		212	226
Derivative instruments	23	121	74
Other		65	46
OTHER CURRENT ASSETS	22	**657**	**592**

At December 31, 2018, Social security and tax-related receivables, other than income tax include research tax credit receivables and competitiveness and employment tax credit receivables in France in the amount of €125 million (€107 million at December 31, 2017), after recognition of research tax credit income and competitiveness and employment tax credit income in France deducted from operating expenses of €58 million (€60 million in 2017).

Note 21 Net debt/net cash and cash equivalents

Cash and cash equivalents presented in the Consolidated Statement of Cash Flows consist of short-term investments and cash at bank less bank overdrafts.

Net debt or net cash and cash equivalents comprise cash and cash equivalents as defined above, and cash management assets (assets presented separately in the Consolidated Statement of Financial Position due to their characteristics), less short- and long-term borrowings. Account is also taken of the impact of hedging instruments when these relate to borrowings and own shares.

(in millions of euros)	2017 restated	2018
Short-term investments	1,497	1,476
Cash at bank	491	530
Bank overdrafts	-	(2)
Cash and cash equivalents	**1,988**	**2,004**
Cash management assets	**168**	**183**
Bonds	(2,739)	(3,233)
Obligations under finance leases	(43)	(41)
Draw-downs on bank and similar facilities and other borrowings	(1)	-
Long-term borrowings	**(2,783)**	**(3,274)**
Bonds	(525)	(26)
Obligations under finance leases	(44)	(39)
Draw-downs on bank and similar facilities and other borrowings, net	(20)	(16)
Short-term borrowings	**(589)**	**(81)**
Borrowings	**(3,372)**	**(3,355)**
Derivative instruments	7	(16)
NET DEBT*	**(1,209)**	**(1,184)**

* Net debt/net cash and cash equivalents, an alternative performance measure monitored by the Group, is defined in Note 3 – Alternative performance measures.

Short-term investments

At December 31, 2018, short-term investments mainly consist of mutual fund units, negotiable debt securities and term bank deposits, paying interest at standard market rates.

Cash management assets

Cash management assets consist of capitalization contracts with insurance companies which may be cancelled by Capgemini SE at any time without penalty, as well as marketable securities held by certain Group companies which do not meet all the monetary UCITS classification criteria defined by ESMA (European Securities and Markets Authority) for money market mutual funds, particularly with regards to the average maturity of the portfolio. These funds may, however, be redeemed at any time without penalty.

Borrowings

A) Bonds

a) July 1, 2015 Bond issues

On June 24, 2015, Capgemini SE performed a "triple tranche" bond issue for a total nominal amount of €2,750 million and with a settlement/delivery date of July 1, 2015:

- 2015 Bond issue (July 2018):
  this tranche has a nominal amount of €500 million, comprising 5,000 bonds with a unit value of €100,000 each. The bonds mature on July 2, 2018 and pay a floating coupon of 3 month Euribor + 85pb, revised quarterly (issue price 100%). The bond issue was redeemed by the Group at maturity on July 2, 2018;
- 2015 Bond issue (July 2020):
  this tranche has a nominal amount of €1,250 million, comprising 12,500 bonds with a unit value of €100,000 each. The bonds mature on July 1, 2020 and pay an annual coupon of 1.75% (issue price 99.853%). The Group performed a partial bond swap in April 2018 (see below "April 2018 Bond issues");
- 2015 Bond issue (July 2023):
  this tranche has a nominal amount of €1,000 million, comprising 10,000 bonds with a unit value of €100,000 each. The bonds mature on July 1, 2023 and pay an annual coupon of 2.50% (issue price 99.857%).

The July 2020 and July 2023 tranches are callable by Capgemini SE, subject to certain conditions set out in the issue prospectus and particularly concerning the minimum redemption price.

These three bond issues are also subject to standard early redemption, early repayment and *pari passu* clauses.

The terms and conditions of these three tranches were set out in the prospectus approved by the AMF on June 29, 2015 under reference number no.15-318.

b) 2016 Bond issue

On November 3, 2016, Capgemini SE placed a €500 million bond issue comprising 5,000 bonds with a unit value of €100,000 each and with a settlement/delivery date of November 9, 2016.

The bonds mature on November 9, 2021 and pay an annual coupon of 0.50% (issue price 99.769%). The bond issue is callable before this date by Capgemini SE, subject to certain conditions set out in the issue prospectus and particularly concerning the minimum redemption price.

The bond issue is also subject to standard early redemption, early repayment and *pari passu* clauses.

The terms and conditions of the bond issue were set out in the prospectus approved by the AMF on November 7, 2016 under reference number no.16-518.

c) April 2018 Bond issues

On April 3, 2018, Capgemini SE performed a dual tranche bond issue for a total amount of €1,100 million, with a settlement/delivery date of April 18, 2018.

- 2024 Bond issue:
  this tranche has a nominal amount of €600 million, comprising 6,000 bonds with a unit value of €100,000 each. The bonds mature on October 18, 2024 and pay an annual coupon of 1.00% (issue price 99.377%).

This tranche was fully subscribed by a bank in a debt swap transaction. In exchange for the new securities issued, the bank presented July 2020 bonds with a nominal value of €574.4 million acquired directly on the market through a Tender Offer.

This bond swap was recognized as a modification to a borrowing with the same counterparty, without any substantial change to the terms of the debt. Accordingly, at the swap date, the amortized cost of the modified debt in the balance sheet (the 2024 bond) represents the present value of future cash flows from this debt discounted at the effective interest rate of the original debt (the 2020 bond), after the add-back of transaction costs, of €564 million. The difference between the amortized cost of the original debt and the amortized cost of the modified debt is recognized in profit or loss (See Note 9 – Net financial expense).

- 2028 Bond issue:
  this tranche has a nominal amount of €500 million, comprising 5,000 bonds with a unit value of €100,000 each. The bonds mature on April 18, 2028 and pay an annual coupon of 1.75% (issue price 99.755%).

These two bond issues are callable before their respective maturity dates by Capgemini SE, subject to certain conditions set out in the issue prospectus and particularly concerning the minimum redemption price.

These bond issues are also subject to standard early redemption, early repayment and *pari passu* clauses.

The terms and conditions of these tranches were set out in the prospectus approved by the AMF on April 10, 2018 under reference number no.18-126.

Impact of bonds on the financial statements

						2018
			2015 BOND ISSUES	2016 BOND ISSUE		2018 BOND ISSUE
At December 31 *(in millions of euros)*	(July 2018)	(July 2020)	(July 2023)		(October 2024)	(April 2028)
Equity component	n/a	n/a	n/a	n/a	n/a	n/a
Option component in respect of the embedded conversion option	n/a	n/a	n/a	n/a	n/a	n/a
Debt component at amortized cost, including accrued interest	-	680	1,010	498	569	502
Effective interest rate	0.6%	1.9%	2.6%	0.6%	2.0%	1.8%
Interest expense recognized in the Income Statement for the period	1	16	26	3	8	7
Nominal interest rate	0.5%	1.8%	2.5%	0.5%	1.0%	1.8%
Nominal interest expense (coupon)	1	15	25	2	4	7

				2017
			2015 BOND ISSUE	2016 BOND ISSUE
At December 31 *(in millions of euros)*	(July 2018)	(July 2020)	(July 2023)	
Equity component	n/a	n/a	n/a	n/a
Option component in respect of the embedded conversion option	n/a	n/a	n/a	n/a
Debt component at amortized cost, including accrued interest	500	1,258	1,008	498
Effective interest rate	0.6%	1.9%	2.6%	0.6%
Interest expense recognized in the Income Statement for the period	4	23	26	2
Nominal interest rate	0.5%	1.8%	2.5%	0.5%
Nominal interest expense (coupon)	3	22	25	2

Fair value of bonds

					2018
		2015 BOND ISSUES	2016 BOND ISSUES		2018 BOND ISSUES
At December 31 *(in millions of euros)*	(July 2020)	(July 2023)		(October 2024)	(April 2028)
Fair value	695	1,083	503	592	496
Market rate	0.4%	0.9%	0.3%	1.3%	2.0%

				2017
			2015 BOND ISSUE	2016 BOND ISSUE
At December 31 *(in millions of euros)*	(July 2018)	(July 2020)	(July 2023)	
Fair value	502	1,309	1,112	505
Market rate	0.1%	0.2%	0.7%	0.3%

B) Breakdown of borrowings by currency

	At December 31, 2017			At December 31, 2018		
(in millions of euros)	Euro	Other currencies	Total	Euro	Other currencies	Total
2015 Bond issue – July 2018	500	-	500	-	-	-
2015 Bond issue – July 2020	1,258	-	1,258	680	-	680
2015 Bond issue – July 2023	1,008	-	1,008	1,010	-	1,010
2016 Bond issue	498	-	498	498	-	498
2018 Bond issue – October 2024				569	-	569
2018 Bond issue – April 2028				502	-	502
Draw-downs on bank and similar facilities and other borrowings, net	1	20	21	1	15	16
Obligations under finance leases	51	36	87	43	37	80
Bank overdrafts	-	-	-	-	2	2
BORROWINGS	**3,316**	**56**	**3,372**	**3,303**	**54**	**3,357**

Obligations under finance leases in other currencies than the euro are mainly denominated in pound sterling in the amount of €20 million (€22 million at December 31, 2017) and in US dollars in the amount of €12 million (€9 million at December 31, 2017).

C) Syndicated credit facility negotiated by Capgemini SE

On July 30, 2014, the Group signed with a syndicate of 18 banks a €750 million multi-currency credit facility, maturing on July 30, 2019, with two one-year extension options, exercisable (subject to the approval of the banks) at the end of the first and second years, respectively, extending the maturity of the new facility by a maximum of two additional years. Following the exercise of the second one-year extension option, the maturity of this credit facility was extended to July 27, 2021.

The initial margin on this credit facility was 0.45% (excluding the fee on drawn amounts which varies according to the portion of the facility drawn). This margin may be adjusted upwards or downwards according to the credit rating of Capgemini SE. The facility is also subject to a fee on undrawn amounts equal to 35% of the margin. The margin currently applicable is 0.45% and the fee on undrawn amounts is 0.1575%.

An upgrade or downgrade in Capgemini SE's credit rating would have no impact on the availability of this credit facility. The other main terms and conditions of the credit facility, in particular with respect to certain financial ratios, are detailed in Note 29 – Off-balance sheet commitments.

This credit facility had not been drawn at December 31, 2018.

Net debt/net cash and cash equivalents and liquidity risk

Bond issues are the main borrowings that could expose the Group to liquidity risk in the event of repayment.

To manage the liquidity risk that could arise from these borrowings becoming due and payable, at the contractual due date or early, the Group has implemented a conservative financing policy mainly based on:

- prudent use of debt leveraging, coupled with limited use of any clauses that could lead to early repayment of borrowings;
- maintaining an adequate level of available funds at all times;
- actively managing borrowing due dates in order to limit the concentration of maturities;
- using diverse sources of financing, allowing the Group to reduce its reliance on certain categories of lenders.

Net debt/net cash and cash equivalents and credit risk

Financial assets which could expose the Group to a credit or counterparty risk mainly consist of financial investments: in accordance with Group policy, cash balances are not invested in equity-linked products, but in (i) negotiable debt securities (certificates of deposit), (ii) term deposits, (iii) capitalization contracts or (iv) short-term money market mutual funds, subject to minimum credit rating and diversification rules.

At December 31, 2018, short-term investments totaled €1,476 million and comprise mainly (i) money market mutual fund units meeting the criteria defined by ESMA (European Securities and Markets Authority) for classification in the "monetary category"; and (ii) negotiable debt securities and term deposits maturing within three months or immediately available, issued by highly rated companies or financial institutions (minimum rating of A2/P2 or equivalent). Consequently, these short-term investments do not expose the Group to any material credit risk.

Net debt by maturity at redemption value

The amounts indicated below correspond to the undiscounted value of future contractual cash flows. Future cash flows relating to the outstanding bond issues were estimated based on contractual nominal interest rates and assuming the bonds would be redeemed in full at maturity. The contractual cash flows associated with "Obligations under finance leases" represent contractual repayments of the liability.

At December 31, 2018 *(in millions of euros)*	**Contractual maturity**	**Carrying amount**	**Contractual cash flows**	**Less than 1 year**	**1 to 2 years**	**2 to 5 years**	**Beyond 5 years**
Cash and cash equivalents	**2019**	**2,004**	**2,004**	**2,004**	**-**	**-**	**-**
Cash management assets	**2019**	**183**	**183**	**183**	**-**	**-**	**-**
2015 Bond issue – July 2020	2020	(680)	(700)	(12)	(688)	-	-
2015 Bond issue – July 2023	2023	(1,010)	(1,125)	(25)	(25)	(1,075)	-
2016 Bond issue	2021	(498)	(509)	(3)	(3)	(503)	-
2018 Bond issue – October 2024	2024	(569)	(636)	(6)	(6)	(18)	(606)
2018 Bond issue – April 2028	2028	(502)	(588)	(9)	(9)	(26)	(544)
Obligations under finance leases	2019 to 2023	(80)	(82)	(40)	(26)	(16)	-
Draw-downs on bank and similar facilities and other borrowings, net	2019	(16)	(16)	(16)	-	-	-
Borrowings		**(3,355)**	**(3,656)**	**(111)**	**(757)**	**(1,638)**	**(1,150)**
Derivative instruments on borrowings		(16)					
NET DEBT		**(1,184)**	**(1,469)**	**2,076**	**(757)**	**(1,638)**	**(1,150)**

Note 22 Cash flows

The Consolidated Statement of Cash Flows analyzes the year-on-year change in cash flows from operating, investing and financing activities.

Foreign currency cash flows are translated into euros at the average exchange rate for the year. Exchange gains or losses resulting from the translation of cash flows relating to foreign currency assets and liabilities at the year-end exchange rate are shown in "Effect of exchange rate movements on cash and cash equivalents" in the Statement of Cash Flows.

At December 31, 2018, cash and cash equivalents totaled €2,004 million (see Note 21 – Net debt/net cash and cash equivalents), up €16 million on December 31, 2017 (€1,988 million). Excluding the impact of exchange rate fluctuations on cash and cash equivalents of negative €41 million, this increase is €57 million. Cash flow impacts are shown in the Consolidated Statement of Cash Flows.

Net cash from operating activities

In 2018, net cash from operating activities totaled €1,396 million (compared with €1,330 million in 2017) and resulted from:

- cash flows from operations before net finance costs and income tax in the amount of €1,536 million;
- payment of current income taxes in the amount of €205 million;
- a decrease in working capital requirements, generating a positive cash impact of €65 million.

Changes in working capital requirements (WCR) and the reconciliation with the Consolidated Statement of Financial Position are as follows:

		Working capital requirement components (Consolidated Statement of Financial Position)					Neutralization of items with no cash impact			Statement of Cash Flows items
(in millions of euros)	Notes	December 31, 2017 restated [1]	December 31, 2018	Net impact	Non working capital items [2]	Impact of WCR items	Net profit impact	Foreign exchange impact	Reclassifications [3] and changes in Group structure	Amount
Trade receivables and contract assets, excl. contract costs	19	3,071	3,187	(116)	2	(114)	-	11	72	(31)
Contract costs	19	99	92	7	2	9	-	2	-	11
Contract liabilities	19	(795)	(864)	69	-	69	-	-	(17)	52
Change in trade receivables, contract assets, contract liabilities and contract costs				**(40)**	**4**	**(36)**	**-**	**13**	**55**	**32**
Accounts and notes payable (trade payables)	27	(1,124)	(1,172)	48	(9)	39	-	(1)	(13)	25
Changes in trade payables				**48**	**(9)**	**39**	**-**	**(1)**	**(13)**	**25**
Other non-current assets	18	311	303	8	11	19	-	-	(21)	(2)
Other current assets	20	657	592	65	(106)	(41)	(3)	(5)	12	(37)
Accounts and notes payable (excluding trade payables)	27	(1,713)	(1,772)	59	(1)	58	-	4	(21)	41
Other current and non-current liabilities	26	(392)	(412)	20	(22)	(2)	(1)	5	4	6
Change in other receivables/payables				**152**	**(118)**	**34**	**(4)**	**4**	**(26)**	**8**
CHANGE IN OPERATING WORKING CAPITAL						**37**	**(4)**	**16**	**16**	**65**

(1) 2017 figures have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 – Accounting basis.
(2) Non-working capital items comprise cash flows relating to investing and financing activities, payment of the income tax expense and non-cash items.
(3) The Reclassifications heading mainly includes changes relating to the current and non-current reclassification of certain accounts and notes receivable and payable and changes in the position of certain tax and employee-related receivables and payables in assets or liabilities.

Net cash used in investing activities

The main components of net cash used in investing activities of €728 million (compared with €534 million in 2017) reflect:

- cash outflows of €184 million relating to acquisitions of property, plant and equipment, net of disposals, primarily due to purchases of computer hardware for customer projects or the partial renewal of IT installations and the renovation, extension and refurbishment of office space;
- cash outflows of €45 million relating to acquisitions of intangible assets, net of disposals, mainly involving software for customer projects or for internal use and internally generated intangible assets (see Note 13 – Goodwill and intangible assets);
- cash inflows and outflows on business combinations net of cash and cash equivalents acquired of €461 million.

Net cash from financing activities

Net cash outflows as a result of financing activities totaled €611 million (compared with cash inflows of €587 million in 2017) and mainly comprised:

- cash outflows of €483 million for the buyback of own shares;
- payment of the 2017 dividend of €284 million;
- cash outflows of €52 million to reimburse obligations under finance leases;
- the redemption on maturity of the 2015 bond issue in July 2018 for €500 million;

offset by:

- the €230 million share capital increase following the issue of new shares under the international employee share ownership plan (see Note 12 E – Equity);
- cash inflows of €496 million following the 2018 bond issue maturing 2028.

Organic free cash flow

Organic free cash flow calculated based on items in the Statement of Cash Flows is equal to cash flow from operations less acquisitions of property, plant, equipment and intangible assets (net of disposals) and adjusted for flows relating to the net interest cost.

At December 31 *(in millions of euros)*	**2017 restated**	**2018**
Cash flows from operations	**1,330**	**1,396**
Acquisitions of property, plant and equipment and intangible assets	(241)	(236)
Proceeds from disposals of property, plant and equipment and intangible assets	15	7
Acquisitions of property, plant, equipment and intangible assets (net of disposals)	**(226)**	**(229)**
Interest paid	(86)	(56)
Interest received	62	49
Net interest cost	**(24)**	**(7)**
ORGANIC FREE CASH FLOW	**1,080**	**1,160**

Note 23 Currency, interest rate and counterparty risk management

Currency risk management

A) Exposure to currency risk and currency risk management policy

a) Currency risk and hedging operating transactions

The significant use of offshore production centers located in India, Poland, China and Latin America, exposes the Group to currency risk with respect to some of its production costs.

The Group implements a policy aimed at minimizing and managing these currency risks, due in the majority to internal flows with India in respect of production costs denominated in Indian rupee. The hedging policy and the management of operational currency risk is centralized at parent company level. Currency risk is managed primarily based on periodic reporting by subsidiaries of their exposure to currency risk over principally the coming 1 to 3 years. On this basis, the parent company acting as an internal bank, grants internal currency guarantees to subsidiaries and enters into currency hedges with its bank counterparties, primarily through forward purchase and sale foreign exchange contracts.

These hedging transactions are recorded in accordance with cash flow hedge accounting rules.

The Group determines the existence of an economic link between the hedging instrument and the hedged item based on the currency, amount and timing of their respective cash flows.

b) Currency risk and hedging financial transactions

The Group is exposed to the risk of exchange rate fluctuations in respect of:

- inter-company financing transactions, mainly within the parent company, these flows generally being hedged (in particular using forward purchase and sale foreign exchange contracts);
- fees paid to the parent company by subsidiaries whose functional currency is not the euro.

c) Sensitivity of revenues and the operating margin [1] to fluctuations in the main currencies

A 10% fluctuation in the US dollar-euro exchange rate would trigger a corresponding 3.0% change in revenues and a 2.4% change in the operating margin [1] amount. Similarly, a 10% fluctuation in the pound sterling-euro exchange rate would trigger a corresponding 1.2% change in revenues and a 1.0% change in the operating margin [1] amount.

B) Hedging derivatives

Amounts hedged at December 31, 2018 using forward purchase and sale foreign exchange contracts, mainly concern the parent company and the centralized management of currency risk on operating transactions and inter-company financing transactions.

At December 31, 2018, the euro-equivalent nominal value of foreign exchange derivatives (forward purchase and sale foreign exchange contracts and options) breaks down by transaction type and maturity as follows:

(in millions of euros)	< 6 months	> 6 months and < 12 months	> 12 months	Total
Operating transactions	**1,683**	**1,479**	**901**	**4,063**
o/w – fair value hedge	*461*	-	-	*461*
– cash flow hedge	*1,222*	*1,479*	*901*	*3,602*
Financial transactions	**977**	**-**	**-**	**977**
o/w – fair value hedge	*977*	-	-	*977*
TOTAL	**2,660**	**1,479**	**901**	**5,040**

Hedges contracted in respect of operating transactions mainly comprise forward purchase and sale foreign exchange contracts maturing between 2019 and 2021 with an aggregate euro-equivalent value at closing exchange rates of €4,063 million (€4,535 million at December 31, 2017). The hedges were chiefly taken out in respect of transactions in Indian rupee (INR 181,393 million), US dollars (USD 1,282 million) and Polish zloty (PLN 1,188 million).

The maturities of the hedges range from 1 to 36 months and the main counterparty is Capgemini SE for a euro-equivalent value of €4,012 million.

Hedges contracted in respect of financial transactions concern Capgemini SE in the amount of €977 million at December 31, 2018. They mainly concern inter-company loans for €961 million (€546 million at December 31, 2017), primarily denominated in US dollar.

The Group's overall exposure to currency risk on assets/liabilities primarily concerns the Group's internal financing activity and is on the major currencies as follows:

	At December 31, 2018			
(in millions of euros)	US dollar	Indian rupee	Other currencies	Total
Assets	1,065	2	188	1,255
Liabilities	(81)	(193)	(231)	(505)
Net exposure in the Consolidated Statement of Financial Position				**750**
Hedging derivatives				(899)
NET EXPOSURE				**(149)**

	At December 31, 2017				
(in millions of euros)	US dollar	Swedish krona	Indian rupee	Other currencies	Total
Assets	604	5	-	246	855
Liabilities	(64)	(36)	(191)	(230)	(521)
Net exposure in the Consolidated Statement of Financial Position					**334**
Hedging derivatives					(372)
NET EXPOSURE					**(38)**

(1) Operating margin, an alternative performance measure monitored by the Group, is defined in Note 3 – Alternative performance measures.

C) Fair value of hedging derivatives

Hedging derivatives are recorded in the following accounts:

At December 31 *(in millions of euros)*	Notes	**2017 restated**	**2018**
Other non-current assets	18	53	20
Other current assets	20	121	74
Other current and non-current liabilities	26	(18)	(36)
Fair value of hedging derivatives, net		**156**	**58**
Relating to: – operating transactions		*149*	*74*
– financial transactions		*7*	*(16)*

The main hedging derivatives notably comprise the fair value of derivative instruments contracted as part of the centralized management of currency risk recorded in "other non-current assets" in the amount of €19 million, in "other current assets" in the amount of €74 million, in "other non-current liabilities" in the amount of €3 million and in "other current liabilities" in the amount of €16 million.

The change in the period in derivative instruments hedging operating and financial transactions recorded in income and expense recognized in equity breaks down as follows:

(in millions of euros)	**2018**
Hedging derivatives recorded in income and expense recognized in equity at January 1	**117**
Amounts reclassified to net profit in respect of transactions performed	(7)
Fair value of derivative instruments hedging future transactions	(73)
HEDGING DERIVATIVES RECORDED IN INCOME AND EXPENSE RECOGNIZED IN EQUITY AT DECEMBER 31	**37**

No hedging relationship was discontinued during the fiscal year. The equity balance consists only of the fair value of existing hedging instruments.

Interest rate risk management

A) Interest rate risk management policy

The Group's exposure to interest rate risk should be analyzed in light of its cash position: at December 31, 2018, the Group had €2,189 million in liquidity, with short-term investments mainly at floating rates (or failing this, at fixed rates for periods of less than or equal to 3 months), and €3,355 million in gross indebtedness principally at fixed rates (99.8%) (see Note 21 – Net debt/net cash and cash equivalents). The high proportion of fixed-rate borrowings is due to the weight of fixed-rate bond issues in gross indebtedness.

B) Exposure to Interest rate risk: sensitivity analysis

As 99.8% of Group borrowings were at fixed rates in 2018, any increase or decrease in interest rates would have had a negligible impact on the Group's net finance costs.

Based on average levels of floating-rate short-term investments, cash management assets and borrowings at floating rates, a 100-basis point rise in interest rates would have had a positive impact of around €11 million on the Group's net finance costs in 2018. Conversely, a 100-basis point fall in interest rates would have had an estimated €11 million negative impact on the Group's net finance costs.

Counterparty risk management

In addition, in line with its policies for managing currency and interest rate risks as described above, the Group also enters into hedging agreements with leading financial institutions. Accordingly, counterparty risk can be deemed not material. At December 31, 2018, the Group's main counterparties for managing currency and interest rate risk are Barclays, BNP Paribas, CA CIB, Citibank, Commerzbank, HSBC, ING, JP Morgan, Morgan Stanley, Natixis, Royal Bank of Scotland, Santander, and Société Générale.

Note 24 Provisions for pensions and other post-employment benefits

Defined contribution plans

Defined contribution plans are funded by contributions paid by employees and Group companies to the organizations responsible for managing the plans. The Group's obligations are limited to the payment of such contributions which are expensed as incurred. The Group's obligation under these plans is recorded in "Accounts and notes payable". Defined contribution plans are operated in most European countries (France, the United Kingdom, the Netherlands, Germany and Central Europe, Nordic countries, Italy and Spain), in the United States and in the Asia-Pacific area.

Defined benefit pension plans

Defined benefit pension plans consist of either:

- unfunded plans, where benefits are paid directly by the Group and the related obligation is covered by a provision corresponding to the present value of future benefit payments. Estimates are based on regularly reviewed internal and external assumptions. These unfunded plans correspond mainly to retirement termination payments and healthcare assistance plans;
- funded plans, where the benefit obligation is covered by external funds. Group contributions to these external funds are made in accordance with the specific regulations in force in each country.

Obligations under these plans are determined by independent actuaries using the projected unit credit method. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each of these units is valued separately in order to obtain the amount of the Group's final obligation.

The resulting obligation is discounted by reference to market yields on high quality corporate bonds, denominated in the payment currency of benefits and consistent with forecast cash outflows of the post-employment benefit obligation.

For funded plans, only the estimated funding deficit is covered by a provision.

Current and past service costs – corresponding to an increase in the obligation – are recorded within "Operating expenses" of the period.

Gains or losses on the curtailment, settlement or transfer of defined benefit pension plans are recognized in "Other operating income" or "Other operating expense."

The impact of discounting defined benefit obligations as well as the expected return on plan assets is recorded net in "Other financial expense" or "Other financial income."

Actuarial gains and losses correspond to the effect of changes in actuarial assumptions and experience adjustments (*i.e.* differences between projected actuarial assumptions and actual data) on the amount of the benefit obligation or the value of plan assets. They are recognized in full in "Income and expense recognized in equity" in the year in which they arise (with the related tax effect).

Breakdown of provisions for pensions and other post-employment benefits

Provisions for pensions and other post-employment benefits comprise obligations under funded defined benefit plans (particularly in the United Kingdom and Canada) and obligations primarily relating to retirement termination payments (particularly in France, Germany, Sweden and India).

Provision for pensions and other post-employment benefits by main countries

	Obligation		Plan assets		Net provision in the Consolidated Statement of Financial Position	
At December 31 *(in millions of euros)*	**2017 restated**	**2018**	**2017 restated**	**2018**	**2017 restated**	**2018**
United Kingdom	3,490	3,118	(2,886)	(2,674)	604	444
Canada	716	663	(479)	(453)	237	210
France	263	267	(20)	(30)	243	237
Germany	99	99	(56)	(58)	43	41
Sweden	31	30	(10)	(10)	21	20
India	59	63	(48)	(48)	11	15
Other	154	226	(117)	(182)	37	44
PRESENT VALUE OF THE BENEFIT OBLIGATION AT DECEMBER 31	**4,812**	**4,466**	**(3,616)**	**(3,455)**	**1,196**	**1,011**

Movements in provisions for pensions and other post-employment benefits during the last two fiscal years were as follows:

		Obligation		Plan assets		Net provision in the Consolidated Statement of Financial Position	
(in millions of euros)	Notes	2017 restated	2018	2017 restated	2018	2017 restated	2018
PRESENT VALUE OF THE BENEFIT OBLIGATION AT JANUARY 1		**4,869**	**4,812**	**(3,495)**	**(3,616)**	**1,374**	**1,196**
Expense for the period recognized in the Income Statement		**201**	**172**	**(98)**	**(93)**	**103**	**79**
Service cost	8	69	59	-	-	69	59
Curtailments, settlements and plan transfers		-	(7)	-	-	-	(7)
Interest cost	10	132	120	(98)	(93)	34	27
Impact on income and expense recognized in equity		**54**	**(340)**	**(189)**	**208**	**(135)**	**(132)**
Change in actuarial gains and losses		54	(340)	-	-	54	(340)
Impact of changes in financial assumptions		*204*	*(246)*	-	-	*204*	*(246)*
Impact of changes in demographic assumptions		*(114)*	*(132)*	-	-	*(114)*	*(132)*
Experience adjustments		*(36)*	*38*	-	-	*(36)*	*38*
Return on plan assets [1]		-	-	(189)	208	(189)	208
Other		**(312)**	**(178)**	**166**	**46**	**(146)**	**(132)**
Contributions paid by employees		7	6	(7)	(6)	-	-
Benefits paid to employees		(158)	(183)	147	160	(11)	(23)
Contributions paid		-	-	(94)	(89)	(94)	(89)
Translation adjustments		(188)	(47)	144	36	(44)	(11)
Business combinations		-	2	-	-	-	2
Other movements		27	44	(24)	(55)	3	(11)
PRESENT VALUE OF THE BENEFIT OBLIGATION AT DECEMBER 31		**4,812**	**4,466**	**(3,616)**	**(3,455)**	**1,196**	**1,011**

(1) After deduction of financial income on plan assets recognized in the Income Statement and calculated using the discount rate.

Analysis of the change in provisions for pensions and other post-employment benefits by main country

A) United Kingdom

In the United Kingdom, post-employment benefits primarily consist of defined contribution pension plans.

A very small number of employees accrue pensionable service within a defined benefit pension plan.

In addition certain former and current employees accrue deferred benefits in defined benefit pension plans. The plans are administered within trusts which are legally separate from the employer and are governed by a trustee Board comprising independent trustees and representatives of the employer.

The defined benefit pension plans provide pensions and lump sums to members on retirement and to their dependents on death. Members who leave service before retirement are entitled to a deferred pension.

Employees covered by defined benefit pension plans break down as follows:

- 132 current employees accruing pensionable service (617 at December 31, 2017);
- 7,115 former and current employees not accruing pensionable service (7,583 at December 31, 2017);
- 3,344 retirees (2,972 at December 31, 2017).

The plans are subject to the supervision of the UK Pension Regulator; the funding schedules for these plans are determined by an independent actuary as part of actuarial valuations usually carried out every three years. Capgemini UK Plc., the employer, gives firm commitments to the trustees regarding the funding of any deficits identified, over an agreed period.

The responsibility to fund these plans lies with the employer. The defined benefit pension plans expose the Group to the increase in liabilities that could result from changes in the life expectancy of members, fluctuations in interest and inflation rates and, more generally, a downturn in financial markets.

The average maturity of pension plans in the United Kingdom is 22 years.

In accordance with local regulations, the non-renewal of certain client contracts in full or in part could require Capgemini UK Plc. to bring forward the funding of any deficits in respect of the employees concerned.

	Obligation		Plan assets		Net provision in the Consolidated Statement of Financial Position	
(in millions of euros)	2017 restated	2018	2017 restated	2018	2017 restated	2018
PRESENT VALUE OF THE BENEFIT OBLIGATION AT JANUARY 1	**3,633**	**3,490**	**(2,787)**	**(2,886)**	**846**	**604**
Expense for the period recognized in the Income Statement	**106**	**93**	**(72)**	**(69)**	**34**	**24**
Service cost	12	5	-	-	12	5
Curtailments, settlements and plan transfers	-	4	-	-	-	4
Interest cost	94	84	(72)	(69)	22	15
Impact on income and expense recognized in equity	**(18)**	**(299)**	**(174)**	**182**	**(192)**	**(117)**
Change in actuarial gains and losses	(18)	(299)	-	-	(18)	(299)
Impact of changes in financial assumptions	*151*	*(207)*	-	-	*151*	*(207)*
Impact of changes in demographic assumptions	*(139)*	*(132)*	-	-	*(139)*	*(132)*
Experience adjustments	*(30)*	*40*	-	-	*(30)*	*40*
Return on plan assets [1]	-	-	(174)	182	(174)	182
Other	**(231)**	**(166)**	**147**	**99**	**(84)**	**(67)**
Contributions paid by employees	1	-	(1)	-	-	-
Benefits paid to employees	(105)	(133)	105	133	-	-
Contributions paid	-	-	(58)	(56)	(58)	(56)
Translation adjustments	(127)	(25)	101	22	(26)	(3)
Other movements	-	(8)	-	-	-	(8)
PRESENT VALUE OF THE BENEFIT OBLIGATION AT DECEMBER 31	**3,490**	**3,118**	**(2,886)**	**(2,674)**	**604**	**444**

(1) After deduction of financial income on plan assets recognized in the Income Statement and calculated using the discount rate.

a) Main actuarial assumptions

Discount rate, salary inflation rate and inflation rate

(in %)	At December 31, 2017	At December 31, 2018
Discount rate	2.4	2.8
Salary inflation rate	2.3 – 3.1	2.3 – 3.1
Inflation rate	3.1	3.1

In 2018, the benchmark indexes used to calculate discount rates were similar to those used in previous years.

Mortality tables used are those commonly used in the United Kingdom.

b) Plan assets

(in millions of euros)	2017		2018	
Shares	1,516	52%	1,508	56%
Bonds and hedging assets	1,322	46%	1,061	40%
Other	48	2%	105	4%
TOTAL	**2,886**	**100%**	**2,674**	**100%**

Shares correspond to investments in equities or diversified growth investments, the majority of which in developed country markets.

Bonds and hedging assets consist of bonds invested in liquid markets. A portion of these investments seeks to partially hedge interest rate risk on the plan liabilities; this matching portfolio consists of UK government bonds (GILT), owned directly or borrowed *via* sale and repurchase agreements.

c) Sensitivity analysis

	Impact on the obligation at December 31, 2018	
(in millions of euros)	Rate increase	Rate decrease
Increase/decrease of 50 basis points in the discount rate	(283)	304
Increase/decrease of 50 basis points in the inflation rate	200	(215)
Increase/decrease of 50 basis points in the mortality rate	(47)	35

d) Contributions

Contributions to defined benefit pension funds in the United Kingdom in respect of 2019 are estimated at €56 million, including the funding of pension plan deficits over the period defined with the trustees as part of the regular actuarial valuations.

B) Canada

In Canada, defined post-employment benefits consist of defined benefit pension plans and other pension and similar plans. The plan assets are held in trust separately from the employer's assets. Nonetheless, the responsibility to fund the plans lies with the employer. The plans expose the Group to the increase in liabilities that could result from changes in the life expectancy of members, fluctuations in interest and inflation rates and, more generally, a downturn in financial markets.

The average maturity of pension plans in Canada is 20 years.

The plans are subject to regular actuarial valuations performed at least every three years. In accordance with local regulations, the non-renewal of certain client contracts in full or in part could require the Canadian entities to bring forward the funding of any deficits in respect of the employees concerned.

In Canada, employees covered by defined benefit pension plans break down as follows:

- 888 current employees accruing pensionable service (927 at December 31, 2017);
- 86 former and current employees not accruing pensionable service (88 at December 31, 2017);
- 384 retirees (348 at December 31, 2017).

(in millions of euros)	Obligation 2017 restated	Obligation 2018	Plan assets 2017 restated	Plan assets 2018	Net provision in the Consolidated Statement of Financial Position 2017 restated	Net provision in the Consolidated Statement of Financial Position 2018
PRESENT VALUE OF THE BENEFIT OBLIGATION AT JANUARY 1	**674**	**716**	**(484)**	**(479)**	**190**	**237**
Expense for the period recognized in the Income Statement	**49**	**31**	**(18)**	**(16)**	**31**	**15**
Service cost	25	20	-	-	25	20
Curtailments, settlements and plan transfers	-	(12)	-	-	-	(12)
Interest cost	24	23	(18)	(16)	6	7
Impact on income and expense recognized in equity	**55**	**(40)**	**(9)**	**20**	**46**	**(20)**
Change in actuarial gains and losses	55	(40)	-	-	55	(40)
Impact of changes in financial assumptions	*57*	*(40)*	-	-	*57*	*(40)*
Impact of changes in demographic assumptions	*(2)*	*3*	-	-	*(2)*	*3*
Experience adjustments	-	*(3)*	-	-	-	*(3)*
Return on plan assets [1]	-	-	(9)	20	(9)	20
Other	**(62)**	**(44)**	**32**	**22**	**(30)**	**(22)**
Contributions paid by employees	4	4	(4)	(4)	-	-
Benefits paid to employees	(26)	(23)	23	22	(3)	(1)
Contributions paid	-	-	(15)	(12)	(15)	(12)
Translation adjustments	(40)	(25)	28	16	(12)	(9)
Other movements	-	-	-	-	-	-
PRESENT VALUE OF THE BENEFIT OBLIGATION AT DECEMBER 31	**716**	**663**	**(479)**	**(453)**	**237**	**210**

(1) After deduction of financial income on plan assets recognized in the Income Statement and calculated using the discount rate.

a) Main actuarial assumptions

Discount rate, salary inflation rate and inflation rate

(in %)	At December 31, 2017	At December 31, 2018
Discount rate	3.4	3.7
Salary inflation rate	2.3	2.3
Inflation rate	2.0	2.0

In 2018, the benchmark indexes used to calculate discount rates were similar to those used in previous years.

Mortality tables used are those commonly used in Canada.

b) Plan assets

(in millions of euros)	2017		2018	
Shares	271	57%	229	50%
Bonds and hedging assets	198	41%	221	49%
Other	10	2%	3	1%
TOTAL	**479**	**100%**	**453**	**100%**

Shares correspond to investments in equities or diversified growth investments, the majority of which in developed country markets.

Bonds primarily comprise Canadian government bonds. A portion of these investments seeks to partially hedge interest rate risk on the plan liabilities; this matching portfolio consists of Canadian government bonds, owned directly or borrowed *via* sale and repurchase agreements.

c) Sensitivity analysis

(in millions of euros)	Impact on the obligation at December 31, 2018	
	Rate increase	**Rate decrease**
Increase/decrease of 50 basis points in the discount rate	(57)	65
Increase/decrease of 50 basis points in the inflation rate	43	(36)
Increase/decrease of 50 basis points in the mortality rate	(1)	4

d) Future contributions

Contributions to the Canadian defined benefit pension funds in respect of 2019 are estimated at €17 million, including the funding of pension plan deficits defined as part of the regular actuarial valuations.

Note 25 Current and non-current provisions

A provision is recognized in the Consolidated Statement of Financial Position at the year-end if, and only if, (i) the Group has a present obligation (legal or constructive) as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation. Provisions are discounted when the impact of the time value of money is material.

Movements in current and non-current provisions break down as follows:

(in millions of euros)	2017 restated	2018
At January 1	**130**	**113**
Charge	55	45
Reversals (utilization of provisions)	(46)	(38)
Reversals (surplus provisions)	(14)	(12)
Other	(12)	2
At December 31	**113**	**110**

At December 31, 2018, current provisions (€91 million) and non-current provisions (€19 million) concern risks relating to projects and contracts of €97 million (€96 million at December 31, 2017) and risks of €13 million (€17 million at December 31, 2017) mainly to labor disputes.

Note 26 Other current and non-current liabilities

At December 31 *(in millions of euros)*	Notes	2017 restated	2018
Special employee profit-sharing reserve		34	40
Derivative instruments	23	18	36
Liabilities related to acquisitions of consolidated companies		201	218
Non-current tax liabilities		43	29
Other		96	89
OTHER CURRENT AND NON-CURRENT LIABILITIES	22	**392**	**412**

Liabilities related to acquisitions of consolidated companies consist for €104 million of put options granted to Caixa Participacões and EMC in 2012 and 2013 on their investments in Capgemini Brasil S.A. (formerly CPM Braxis) and earn-outs granted at the time of certain acquisitions.

Note 27 Accounts and notes payable

At December 31 *(in millions of euros)*	Note	2017 restated	2018
Trade payables		1,124	1,172
Accrued taxes other than income tax		409	389
Personnel costs		1,291	1,352
Other		13	31
ACCOUNTS AND NOTES PAYABLE	22	**2,837**	**2,944**

Note 28 Number of employees

Average number of employees by geographic area

	2017		2018	
	Employees	%	Employees	%
North America	17,377	9	17,702	8
France	24,489	13	25,630	13
United Kingdom and Ireland	8,561	4	8,443	4
Benelux	7,970	4	8,054	4
Southern Europe	8,349	4	8,967	4
Nordic countries	4,173	2	4,437	2
Germany and Central Europe	13,245	7	14,620	7
Asia-Pacific and Latin America	112,445	57	116,903	58
Not allocated	146	-	148	-
AVERAGE NUMBER OF EMPLOYEES	**196,755**	**100**	**204,904**	**100**

Number of employees at december 31 by geographic area

	2017		2018	
	Employees	%	Employees	%
North America	17,209	9	17,684	9
France	25,299	13	26,318	12
United Kingdom and Ireland	8,217	4	8,635	4
Benelux	8,011	4	8,143	4
Southern Europe	8,629	4	9,284	4
Nordic countries	4,247	2	4,573	2
Germany and Central Europe	13,970	7	15,306	7
Asia-Pacific and Latin America	113,968	57	121,218	58
Not allocated	148	-	152	-
NUMBER OF EMPLOYEES AT DECEMBER 31	**199,698**	**100**	**211,313**	**100**

Note 29 Off-balance sheet commitments

Off-balance sheet commitments relating to group operating activities

A) Commitments given on client contracts

The Group has provided performance and/or financial guarantees for some major contracts. The clients concerned represented approximately 8% of Group revenues in 2018.

In addition, certain clients enjoy:

- limited financial guarantees issued by the Group and totaling €1,686 million at December 31, 2018 (€1,719 million at December 31, 2017);
- bank guarantees borne by the Group and totaling €131 million at December 31, 2018 (€170 million at December 31, 2017).

B) Commitments given on non-cancellable leases

Commitments given on non-cancellable leases break down by maturity as follows:

(in millions of euros)	Computer equipment	Offices	Vehicles and other non-cancellable leases	Total
Y+1	5	170	57	232
Y+2	3	140	35	178
Y+3	2	115	18	135
Y+4	-	94	6	100
Y+5	-	68	-	68
Y+6 and beyond	-	123	-	123
AT DECEMBER 31, 2018	**10**	**710**	**116**	**836**
At December 31, 2017	**14**	**676**	**117**	**807**

Lease payments recognized in the Income Statement in 2018 totaled €346 million (€339 million in 2017).

C) Other commitments given

Other commitments given total €15 million at December 31, 2018 (€30 million at December 31, 2017) and mainly comprise firm purchase commitments relating to goods or services in France.

Furthermore, the Group signed an agreement for the acquisition of Leidos Cyber, Leidos' cybersecurity branch for private sector companies in June 2018.

D) Other commitments received

Other commitments received total €44 million at December 31, 2018 (€118 million at December 31, 2017) and primarily comprise commitments received following the purchase of shares held by certain minority shareholders of Capgemini Brasil S.A. for an amount of €34 million.

Off-balance sheet commitments relating to group financing

A) Bonds

Capgemini SE has committed to standard obligations in respect of the outstanding bond issues detailed in Note 21 – Net debt/net cash and cash equivalents, and particularly to maintain *pari passu* status with all other marketable bonds that may be issued by the Company.

B) Syndicated credit facility obtained by Capgemini SE and not drawn to date

Capgemini SE has agreed to comply with the following financial ratios (as defined in IFRS) in respect of the credit facility disclosed in Note 21 – Net debt/net cash and cash equivalents:

- the consolidated net debt [1] to consolidated equity ratio must be less than 1 at all times;
- the interest coverage ratio (the extent to which consolidated net finance costs are covered by consolidated operating margin) [1] must be equal to or greater than 3 at December 31 and June 30 of each year (based on the 12 months then ended).

At December 31, 2018 and 2017, the Group complied with these financial ratios.

The credit facility agreement also includes covenants restricting Capgemini SE's ability to carry out certain operations. These covenants also apply to Group subsidiaries. They include restrictions primarily relating to pledging assets as collateral, asset sales, mergers and similar transactions. Capgemini SE also committed to standard obligations, including an agreement to maintain *pari passu* status.

C) Borrowings secured by assets

Some borrowings are secured by assets recorded in the Consolidated Statement of Financial Position. At December 31, 2018, these related to finance leases in the amount of €80 million and other borrowings in the amount of €1 million.

Contingent liabilities

During 2018 and in previous fiscal years, certain Group companies underwent tax audits leading in some cases to tax reassessments. A number of proposed adjustments have been challenged and litigation and pre-litigation proceedings were in progress at the period end. In general, no provisions have been set aside for these disputes in the consolidated financial statements in so far as Capgemini can justify its positions and considers the likelihood of winning the disputes to be high. This is particularly the case, in France, for research tax credits for the period 2008 to 2013, in respect of which the tax authorities have rejected the portion concerning private clients in certain companies registered for the research tax credit.

(1) The alternative performance measures monitored by the Group (operating margin and net debt) are defined in Note 3 – Alternative performance measures, and broken down in Note 21 – Net debt/net cash and cash equivalents.

Note 30 Related-party transactions

Associates

Associates are equity-accounted companies over which the Group exercises significant influence. Transactions with these associates in 2018 were performed at arm's length and were of immaterial volume.

Other related-parties

In 2018, no material transactions were carried out with:

- shareholders holding significant voting rights in the share capital of Capgemini SE;
- members of management, including directors;
- entities controlled or jointly controlled by a member of key management personnel, or over which he/she has significant influence or holds significant voting rights.

Moreover, it is worth noting that Caixa Participacões, a minority shareholder, is also one of Capgemini Brasil S.A.'s main clients, accounting for approximately 6% of its revenues.

Group management compensation

The table below provides a breakdown of the 2017 and 2018 compensation of members of management bodies present at each year-end (25 members in 2018 and 22 in 2017) and directors (compensation, attendance fees and fees).

(in thousands of euros)	2017	2018
Short-term benefits excluding employer payroll taxes [1]	21,943	23,367
o/w attendance fees paid to salaried directors	*196*	*188*
o/w attendance fees paid to non-salaried directors [2] [3]	*1,004*	*831*
Short-term benefits: employer payroll taxes	5,144	8,501
Post-employment benefits [4]	1,258	2,319
Share-based payment [5]	8,722	11,829

(1) Including gross wages and salaries, bonuses, profit-sharing, attendance fees, fees and benefits in kind.
(2) Note that Paul Hermelin has waived receipt of his attendance fees since 2011.
(3) 16 directors in 2017 and 17 during 2018.
(4) Primarily the annualized expense in respect of retirement termination payments pursuant to contract and/or a collective bargaining agreement.
(5) Deferred recognition of the annualized expense relating to the grant of performance shares.

Note 31 Subsequent events

At the Shareholders' Meeting, the Board of Directors will recommend a dividend payout to Capgemini SE shareholders of €1.70 per share in respect of 2018. A dividend of €1.70 per share was paid in respect of fiscal year 2017.

Note 32 List of the main consolidated companies by country

Capgemini SE is the parent company of what is generally known as "the Capgemini group" comprising 141 companies. The main consolidated companies at December 31, 2018 are listed below.

Country	List of the main companies consolidated at December 31, 2018	% interest	Consolidation Method [1]
ARGENTINA	Capgemini Argentina S.A.	100.00%	FC
AUSTRALIA	Capgemini Australia Pty Limited	100.00%	FC
AUSTRIA	Capgemini Consulting Österreich AG	100.00%	FC
BELGIUM	Capgemini Belgium N.V./S.A.	100.00%	FC
BRAZIL	Capgemini Business Services Brasil – Assessoria Empresarial Ltda.	100.00%	FC
	Capgemini Brasil S.A.	78.61%	FC
	CPM Braxis Tecnologia, Ltda.	78.61%	FC
CANADA	Capgemini Canada Inc.	100.00%	FC
	Capgemini Solutions Canada Inc.	100.00%	FC
	Inergi LP	100.00%	FC
	New Horizon System Solutions LP	100.00%	FC
	Société en Commandite Capgemini Québec	100.00%	FC
CHINA	Capgemini (China) Co., Ltd.	100.00%	FC
	Capgemini Business Services (China) Ltd.	100.00%	FC
	Capgemini Hong Kong Ltd.	100.00%	FC
DENMARK	Capgemini Danmark A/S	100.00%	FC
FINLAND	Capgemini Finland Oy	100.00%	FC
	Sogeti Finland Oy	100.00%	FC
FRANCE	Capgemini SE	Parent company	
	Capgemini Consulting S.A.S.	100.00%	FC
	Capgemini France S.A.S.	100.00%	FC
	Capgemini Gouvieux S.A.S.	100.00%	FC
	Capgemini Latin America S.A.S.	100.00%	FC
	Capgemini Service S.A.S.	100.00%	FC
	Capgemini Technology Services S.A.S.	100.00%	FC
	Prosodie S.A.S.	100.00%	FC
	Itelios S.A.S.	100.00%	FC
	Sogeti France S.A.S.	100.00%	FC
	Sogeti High Tech S.A.S.	100.00%	FC
GERMANY	Capgemini Deutschland GmbH	100.00%	FC
	Capgemini Deutschland Holding GmbH	100.00%	FC
	Capgemini Outsourcing Services GmbH	100.00%	FC
	Sogeti Deutschland GmbH	100.00%	FC
GUATEMALA	Capgemini Business Services Guatemala S.A.	100.00%	FC
INDIA	Capgemini Technology Services India Limited	99.77%	FC
	LiquidHub Analytics Private Limited	100.00%	FC
IRELAND	Capgemini Ireland Limited	100.00%	FC
ITALY	Capgemini BS S.r.l.	100.00%	FC
	Capgemini Italia S.p.A.	100.00%	FC
JAPAN	Capgemini Japan K.K.	100.00%	FC
LUXEMBOURG	Capgemini Reinsurance International S.A.	100.00%	FC
	Sogeti Luxembourg S.A.	100.00%	FC
MALAYSIA	Capgemini Services MalaysiaSdn. Bhd.	100.00%	FC

Country	List of the main companies consolidated at December 31, 2018	% interest	Consolidation Method [1]
MEXICO	Capgemini México S. de R.L. de C.V.	100.00%	FC
MOROCCO	Capgemini Technology Services Maroc SA	100.00%	FC
NETHERLANDS	Capgemini Educational Services B.V.	100.00%	FC
	Capgemini N.V.	100.00%	FC
	Capgemini Nederland B.V.	100.00%	FC
	Sogeti Nederland B.V.	100.00%	FC
NORWAY	Capgemini Norge AS	100.00%	FC
POLAND	Capgemini Polska Sp. z.o.o.	100.00%	FC
PORTUGAL	Capgemini Portugal, Serviços de Consultoria e Informática, S.A.	100.00%	FC
SINGAPORE	Capgemini Asia Pacific Pte. Ltd.	100.00%	FC
	Capgemini Singapore Pte. Ltd.	100.00%	FC
SPAIN	Capgemini España S.L.	100.00%	FC
	Prosodie Ibérica S.L.	100.00%	FC
	Sogeti España S.L.	100.00%	FC
SWEDEN	Capgemini AB	100.00%	FC
	Capgemini Sverige AB	100.00%	FC
	Sogeti Sverige AB	100.00%	FC
SWITZERLAND	Capgemini Suisse S.A.	100.00%	FC
UNITED KINGDOM	Capgemini Financial Services UK Limited	100.00%	FC
	Capgemini UK plc	100.00%	FC
	CGS Holdings Limited	100.00%	FC
	IGATE Computer Systems (UK) Limited	100.00%	FC
	Sogeti UK Limited	100.00%	FC
UNITED STATES	Capgemini America, Inc.	100.00%	FC
	Capgemini Government Solutions LLC	100.00%	FC
	Capgemini North America, Inc.	100.00%	FC
	Capgemini Technologies LLC	100.00%	FC
	CHCS Services, Inc.	100.00%	FC
	Annik Inc.	100.00%	FC

(1) FC = Full consolidation.

Note 33 Audit fees

Statutory audit fees for fiscal year 2018 break down as follows:

	KPMG		PwC	
(in millions of euros) (excl. VAT)	2018	2017	2018	2017
Certification of the accounts	3.3	3.2	3.4	3.0
– Capgemini SE	0.4	0.5	0.4	0.5
– Fully-consolidated subsidiaries	2.9	2.7	3.0	2.5
Non-audit services [1]	1.6	1.8	0.8	1.3
TOTAL	**4.9**	**5.0**	**4.2**	**4.3**

(1) The majority of these fees concern assignments performed at the request of our clients pursuant to ISA 34-02 and concern the audit of applications and/or processes outsourced to the Group.

5.2.7 Statutory auditors' report on the consolidated financial statements

This is a translation into English of the Statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2018

To the Annual General Meeting of Capgemini SE,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Capgemini SE for the year ended 31 December 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1st January 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No 537/2014 or in the French Code of Ethics (*Code de déontologie*) for Statutory auditors.

Emphasis of Matter

Without qualifying our conclusion, we draw your attention to Note 1B "New Standards and interpretations applicable in 2018" to the consolidated financial statements, which describes the impact of the application as of January 1, 2018 of IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial Instruments".

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Recognition of revenue and costs related to long-term service contracts

Risks identified

Capgemini is present in the professional IT services market and notably provides long-term services.

As described in Note 6 to the consolidated financial statements, the method used to recognize revenue and costs related to long-term contracts depends on the nature of the services rendered, as follows:

- revenue from deliverable-based contracts is recognized over time by using the "cost-to-cost" method to measure progress to completion. The percentage of completion is based on costs incurred to date relative to the total estimate of cost at completion of the contract;
- revenue from Resources-based contracts is recognized as the Group earns the right to bill the customer as the amount invoiced corresponds directly to the value to the customer of the performance completed to date;
- revenue on services-based contracts is recognized as rights to bill arise, except in specific cases where invoicing terms do not reflect the value to the customer of services rendered to date relative to the value of the remaining services (for example, in case of significant front-loaded or back-loaded fees or discounts);
- revenue on multi-deliverable contracts should be recognized applying the appropriate method as specified above, depending on the performance obligations identified.

Costs incurred to fulfill the contracts are expensed as incurred with the exception of certain initial set-up costs, such as transition and transformation costs that do not represent a separate performance obligation, which are capitalized if they create a resource that the Group will use to perform the promised service.

A provision for onerous contract is recorded if the unavoidable costs of fulfilling the contract exceed the related benefits.

The amount of revenue and the costs to be recognized for the period, and of any provisions for loss at completion at the closing date, depends upon the Group's ability to:

- identify all the performance obligations in the long-term multi-service contracts and determine their related accounting treatment;
- measure the costs incurred for deliverable-based contracts or the total services rendered for resources-based and services-based contracts;
- estimate the costs to be incurred till the end of the contract.

Considering the judgments and estimates made by the management to determine how revenue and related costs should be recognized, notably in the context of the first application of the new revenue standard, IFRS 15, we deemed the recognition of revenue and costs related to long-term service contracts to be a key matter in our audit.

Our audit approach

We gained an understanding of the process related to recognizing various revenue flows.

Our approach took into account the information systems used in recognizing revenue and related costs by testing, with the assistance of our IT specialists, the effectiveness of the automatic controls for systems impacting revenue recognition.

Our work notably involved:

- assessing internal control procedures, identifying the most manual or automatic relevant controls for our audit and testing their design and operational efficiency;
- based on a sample of contracts:
  - assessing the performance obligations identified within the context of the contract,
  - assessing the method used to recognize revenue and related costs for each identified performance obligations,
  - comparing the accounting data against the operational monitoring of projects and assessing the reasonableness of the estimates used, particularly as regards to measuring costs to be incurred till the end of the contract;
- carrying out analytical audit procedures, and notably analyzing material changes in revenue and margin from one period to another;
- assessing the appropriateness of the information provided in the notes to the consolidated financial statements.

Measurement of Goodwill

Risks identified

As part of its business development, the Group makes targeted acquisitions and recognizes goodwill as an asset in the consolidated financial statements.

Goodwill corresponds to the difference between the purchase price and the net amount of identifiable assets acquired and liabilities assumed. Goodwill is allocated to the various cash generating units (CGU) based on the value in use of each CGU.

At least once a year, Management ensures that the net carrying amount of goodwill recognized as an asset, amounting to €7,431 million at 31 December 2018, is not greater than the recoverable amount. Indeed, an adverse change in the business activities to which goodwill has been allocated, due to internal or external factors such as the financial and economic environment in markets where Capgemini operates, may have a significant adverse effect on the recoverable amount of goodwill and require the recognition of impairment. In such a case, it is necessary to reassess the relevance of the assumptions used to determine the recoverable amounts and the reasonableness and consistency of the criteria used in the calculation.

The impairment testing methods and details of the assumptions made are described in Note 15 of the notes to the consolidated financial statements. The recoverable amount is determined based on value in use, which is calculated based on the present value of the estimated future cash flows expected to arise from the asset group comprising each cash generating unit.

We believe that the measurement of goodwill is a key audit matter, due to the significant amount of goodwill reported in the financial statements and its sensitivity to the assumptions made by Management.

Our audit approach

Our work entailed:

- assessing the appropriateness of the method used to identify cash generating units (CGU);
- gaining an understanding of and assessing the impairment testing process implemented by Management;
- assessing the appropriateness of the model used to calculate value in use;
- analysing the consistency of cash flow forecasts with Management's latest estimates presented to the Board of Directors as part of the budget process;
- comparing the cash flow forecasts for financial years 2019 to 2021 with the business plans used for prior year impairment testing;
- comparing 2018 earnings forecasts used for prior year impairment testing with actual results;
- interviewing the financial and operational staff responsible for the geographic areas representing cash generating units to analyse the main assumptions used in the 3 year strategic plan and cross-check the assumptions with the explanations obtained;
- assessing the methods used to calculate the discount rate applied to the estimated cash flows expected, as well as the long-term growth rate used to project the latest prior year expected cash flows to infinity; comparing these rates with market data and external sources and recalculating the rates based on our own data sources;
- assessing sensitivity testing of value in use to a change in the main assumptions used by Management;
- assessing the appropriateness of the financial information provided in Note 15 of the notes to the consolidated financial statements.

Our firms' valuation specialists were involved in this work.

Recoverability of deferred tax assets recognized on tax loss carry-forwards

Risks identified

As of December 31, 2018, the following items were recorded in the consolidated financial statements: €1,128 million in respect of deferred tax assets, including €612 million related to deferred tax assets on tax loss carryforwards, of which €464 million in the United States, and €180 million in deferred tax liabilities. Deferred tax assets are only recognized when it is probable that the company will have future taxable profits sufficient to recover them. Unrecognized deferred tax assets on tax loss carryforwards amounted to €196 million in the financial statements for the year ended December 31, 2018.

As stated in the Note 16 to the consolidated financial statements for the year ended 31 December 2018, the Group's ability to recognize deferred tax assets relating to tax loss carryforwards is assessed by management at the end of each reporting period, taking into account forecasts of future taxable profits. The probability of recovering deferred tax assets is primarily assessed based on a ten-year business plan, taking into account the probability of generating future taxable profits as well as an assessment by the Group and local finance departments of the company's ability to meet the goals set out in its business plan in light of the risks identified at the end of the reporting period in the jurisdiction concerned.

We deemed the recognition of deferred tax assets relating to tax loss carryforwards to be a key matter in our audit due to their sensitivity to the assumptions used by management when it comes to recognizing these assets and to the materiality of their amounts.

Our audit approach

Our work consisted in assessing the Group's ability to recognize deferred tax assets on tax loss carryforwards, primarily in view of:

- existing deferred tax liabilities in the same tax jurisdiction that may be used to offset existing tax loss carryforwards prior to their expiry date; and
- future taxable profits for each tax jurisdiction that may be used to absorb previous tax losses.

We assessed the appropriateness of the model adopted by management to identify the existing tax loss carryforwards to be used, whether through deferred tax liabilities or future taxable profits.

To assess future taxable profits, we measured the reliability of the preparation process for the ten-year business plan, which the Group used as a basis to recognize its deferred tax assets, by:

- analysing the consistency of cash flow forecasts with Management's latest estimates presented to the Board of Directors as part of the budget process;
- comparing forecasted profit and loss from prior periods with that of actual profit and loss for the periods concerned;
- checking that the operating margin and long-term growth rates used in impairment testing accurately reflected those used in the measurement of deferred taxes;
- conducting a critical review of the assumptions used by management to prepare taxable profit and loss forecasts for the period beyond the three-year strategic plan approved by the Board of Directors, and beyond. The review primarily focused on the assumptions' consistency with the long-term growth rates used and the information gathered during our meetings with members of management.

We also considered the impact of the US tax reform on the measurement of the US deferred tax assets and liabilities as at 31 December 2018.

Our firms' tax specialists were involved in this work.

Tax Audit

Risks identified

The Group is present in a large number of tax jurisdictions. The tax authorities in the countries in which the Group operates regularly ask questions relating to the Group's position on subjects relating to its ordinary business.

Tax audits may lead to re-assessments and disputes with the tax authorities. Estimates of risk relating to tax disputes are reviewed regularly for each subsidiary and by the Group's Tax Department, with the assistance of external counsel for the most significant and complex disputes.

As stated in Note 29 to the Group's consolidated financial statements for the year ended 31 December 2018, these reassessments have not been accrued in the financial statements, as the Group has justified its position and believes that it is probable that it will prevail. This is the case, for instance in France, for the research tax credit for financial years 2008 to 2013. For some companies that have received approval for the research tax credit, the part relating to private customers has been rejected by the tax authorities.

We believe that tax risk is a key audit matter due to the Group's exposure to tax issues related to its presence worldwide, to the research tax credit for financial years 2008 to 2013 in connection with the specific characteristics of its business sector, and the level of judgment required by Management in estimating risk and the amounts recognized.

Our audit approach

Through discussions with Management, we have gained an understanding of the procedures implemented by the Group to identify uncertain tax positions and, where appropriate, provision for tax risk.

In addition, we have assessed the judgments made by Management to measure the probability of tax payable and the amount of potential exposures, and the reasonableness of the estimates made for providing tax risk.

We focused in particular on the effect of changes in local tax regulations and ongoing disputes with local tax authorities.

To assess whether tax disputes have been correctly accounted for, with the assistance of our tax experts we:

- conducted interviews with the Group's Tax Department and with local Tax Departments to assess the current status of investigations and reassessment notices received from the tax authorities, and monitor the status of ongoing claims, disputes and pre-litigation proceedings;
- consulted the decisions and recent correspondence between the Group's companies and local tax authorities, along with the correspondence between the companies concerned and their legal counsel, when required;
- performed a critical review of Management's estimates and positions and the opinions of external advisors;
- analyzed the responses from the company's external advisors to our requests for information;
- verified that the latest developments have been taken into account in estimating the risks and provisions recognized in the balance sheet.

Provisions for pensions and other post-employment benefits

Risks identified

As stated in the Note 24 to the consolidated financial statements for the year ended 31 December 2018, the Group contributes to several post-employment defined benefit plans. The main pension plans in the United Kingdom, Canada and France represent an actuarial value of cumulative benefit obligations of €4,048 million out of a total of €4,466 million at 31 December 2018. Given that these benefit obligations are hedged, particularly in the United Kingdom and Canada, by dedicated assets with a fair value of €3,455 million, the net benefit obligation totaled €1,011 million at 31 December 2018.

Calculating pension plan assets and liabilities as well as actuarial costs for the period requires the judgment of management to determine which assumptions should be used, such as discount and inflation rates, salary inflation, staff turnover and life expectancy, etc. Any changes in these key assumptions can have a material impact on how the recognized net benefit obligation is determined and on the Group's results. Accordingly, management solicits external actuaries to assist in determining these assumptions.

In light of the amount the benefit obligation represents and the dedicated assets used to hedge it, as well as the judgment of management in determining actuarial assumptions and their resulting sensitivity, the obligations resulting from the defined benefit plans were deemed to be a key matter in our audit.

Our audit approach

We were informed of the procedures implemented by the Group for measuring post-employment net benefit obligations resulting from defined benefit plans.

With the support of our actuaries, our work involved:

- assessing the reasonableness of the assumptions regarding discount and inflation rates in light of current market conditions;
- assessing assumptions as regards salary inflation and demographic data in order to measure their consistency with the specific nature of each plan and, where applicable, the relevant national and sector references;
- confirming, based on sampling techniques, that individual data and the actuarial and statistical assumptions used by external actuaries to calculate the benefit obligation have been correctly transcribed;
- verifying the accuracy of the calculations prepared by external actuaries;
- assessing the reasonableness of the assumptions used to measure the dedicated assets.

Verification of the Information Pertaining to the Group Presented in the Management Report

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement provided for by article L. 225- 102- 1 of the French Commercial Code (*Code de commerce*) is included in the Management Report, it being specified that, in accordance with the provisions of article L. 823- 10 of said Code, we have verified neither the fair presentation nor the consistency with the financial statements of the information contained in this statement which has to be subject to a report by an independent third party.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory auditors

We were appointed as Statutory auditors of Capgemini SE by the Annual General Meeting held on 25 April 2002 for KPMG audit and on 24 May 1996 for PricewaterhouseCoopers audit.

As at 31 December 2018, KPMG audit and PricewaterhouseCoopers audit were in the 17th year and 23rd year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved the Board of Directors.

Statutory auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The Statutory auditors

Neuilly-sur-Seine, 22 February 2019

PricewaterhouseCoopers Audit

Françoise Garnier
Partner

Richard Béjot
Partner

Paris-La Défense, 22 February 2019

KPMG Audit
Division of KPMG S.A.

Frédéric Quélin
Partner

Stéphanie Ortega
Partner

5.3 Comments on the Capgemini SE financial statements

5.3.1 Income statement

The Company reported **operating income** for the year ended December 31, 2018 of €380 million (including €310 million in royalties received from subsidiaries) compared with €393 million last year (including €300 million in royalties).

Operating profit is €241 million, compared with €255 million in 2017.

Net finance income totaled €307 million (compared with €2,472 million in 2017) and reflects the difference between:

- income of €629 million, mainly comprising foreign exchange gains on the pooling of currency risk at Group level (€245 million), dividends received from subsidiaries (€230 million), reversals of provisions for equity interests (€101 million), particularly in Italy, Austria and Poland, income from loans granted to subsidiaries (€26 million) and reversals of provisions for foreign exchange losses (€22 million);
- expenses of €321 million, mainly comprising foreign exchange losses on the pooling of currency risk at Group level (€225 million), charges to provisions for equity interests (€29 million), charges to provisions for foreign exchange losses (€4 million), as well as interest on bond issues (€58 million).

This €2,165 million decrease in net finance income year-on-year was mainly due to the movement in provisions for equity interests.

The **net non-recurring expense** of €24 million (compared with net non-recurring income of €5 million in 2017) is due to the cost of the partial redemption of the 2015 bond issue, maturing July 1, 2020.

After an **income tax expense** of €20 million (compared with €13 million in 2017), notably reflecting the income tax expense of the French tax consolidation group, the Company reported a **net profit** of €504 million.

5.3.2 Balance sheet

Net investments rose from €17,460 million last year to €18,045 million at December 31, 2018. This €585 million increase is mainly attributable to:

- a €389 million increase in amounts receivable from controlled entities, mainly corresponding to a new loan to a US subsidiary;
- net reversals of provisions for equity interests of €72 million.

Shareholders' equity is €13,866 million, up €20 million on last year. This increase essentially reflects the difference between:

- net profit for 2018 (€504 million);
- the €230 million share capital increase for cash reserved for employees (ESOP 2018);
- the share capital reduction by cancellation of 4,023,303 Capgemini SE shares purchased under the share buyback program authorized by the Combined Shareholders' Meetings of May 10, 2017 and May 23, 2018 in the amount of €429 thousand; and
- the June 6, 2018 dividend payment of €1.70 per share on the 167,272,270 shares making up the Company's share capital at June 6, 2018 (after neutralization of the 1,544,763 treasury shares held by the Company), representing a total payment of €284 million.

Borrowings totaled €4,931 million at December 31, 2018, up €348 million compared with December 31, 2017. This increase was mainly due to:

- the €289 million increase in bank overdrafts on the accounts included in the Group's cash pooling arrangement (Cash pooling international), for which the Company acts as the centralizing agent, offset in full by an opposite position of the same amount in the cash and cash equivalents of the Company;
- the €32 million increase in outstanding inter-company loans;
- the €26 million increase in bond issues.

In addition to the above, the following information is required by law:

External accounts payable of Capgemini SE total €1,095 thousand, €923 thousand of which are not yet due. Group accounts payable total €5.7 million, none of which are due.

Inter-company accounts receivable total €32,399 thousand, including €204 thousand past due. Past due accounts receivable represent 0.05% of revenues.

5.3.3 Appropriation of earnings

During its meeting of February 13, 2019, the Board of Directors decided to recommend to the next Ordinary Shareholders' Meeting, the following appropriation of net profit for the year:

Net profit for the year	€503,817,574.88
Allocation to the legal reserve	€0.00
i.e. a balance of	€503,817,574.88
Retained earnings of previous years	€5,489,022,394.11
i.e. Distributable earnings at December 31, 2018 of	€5,992,839,968.99
This amount will be allocated to:	
– payment of a dividend of €1.70 per share (1)	€284,362,859.00
– retained earnings for the balance	€5.708,440,627.99
Giving a total of:	€5.992.839.968.99

(1) The total amount of the distribution is calculated based on the number of shares ranking for dividends at December 31, 2018 and could therefore change if this number varies between January 1, 2019 and the ex-dividend date.

This dividend of €1.70 on each of the 167,293,730 shares bearing dividend rights on January 1, 2019, will be eligible for the 40% tax rebate referred to in Article 158.3.2° of the French Tax Code (*Code général des impôts*) for private individuals tax-resident in France who opt for taxation at the progressive income tax scale. Where this option is not made, the dividend will fall within the application scope of the flat-rate income tax advance payment mechanism introduced by the 2018 Finance Act and will no longer be eligible for this 40% rebate.

The ex-dividend date will be June 7, 2019 and the dividend will be payable from June 5, 2019. If, at the time of payment of the dividend, the number of treasury shares held by the Company has changed compared to that held on December 31, 2018, the fraction of the dividend relating to this variation will either increase or reduce retained earnings.

Pursuant to Article 243 bis of the French Tax Code, it is recalled that the following amounts were paid in respect of the past three fiscal years:

	Dividend distribution (1) *(in euros)*	**Distributed income (2)** *(in euros)*	**Dividend per share** *(in euros)*
Fiscal year 2017	286,422,361.40	284,362,859.00	1.70
Fiscal year 2016	261,229,107.40	261,683,477.50	1.55
Fiscal year 2015	231,221,780.55	228,749,429.70	1.35

(1) Theoretical values calculated based on the number of shares bearing dividend rights on December 31 each year.
(2) Amounts effectively paid after adjusting the number of shares bearing dividend rights for any change in the number of treasury shares, the issuance of new shares and/or the cancellation of existing shares between January 1 and the ex-dividend date. In fiscal years 2015 and 2016, these amounts were fully eligible for the 40% tax rebate referred to in Article 158.3.2° of the French Tax Code (*Code général des impôts*). In fiscal year 2017, the distributions were eligible for this rebate when the beneficiary was tax-resident in France and had opted for taxation at the progressive income tax scale.

5.3.4 Share capital and ownership structure

At December 31, 2018, the share capital amounted to €1,338,349,840 (compared with €1,347,869,936 at December 31, 2017), divided into 167,293,730 fully paid-up shares with a par value of €8 each.

Share capital transactions during 2018 were as follows:

- issue of 333,291 new shares under a performance share plan;
- reduction in the number of shares following the completion on December 18, 2018 of a share capital increase under the 5th international share ownership plan (ESOP 2018), involving the issue of 2,500,000 shares and the cancellation of 4,023,303 treasury shares bought back under the share buyback agreement aimed at neutralizing the dilution related to the ESOP 2018 and the multi-year share buyback program.

Pursuant to Article L. 233-13 of the French Commercial Code, the Board of Directors informs shareholders that, based on notifications received, three shareholders held more than 5% of the Company's share capital and voting rights at the year-end:

- Société Générale, which disclosed it held 5.79% of the Company's share capital and voting rights at December 19, 2017 in the last legal threshold crossing disclosure received in 2018, comprising 945,886 shares and voting rights held directly and 8,805,937 shares and voting rights deemed held by "equivalence" [(1)];
- BlackRock Inc., a US company acting on behalf of clients and managed funds, which disclosed it held 5.01% of the Company's share capital and voting rights at February 6, 2018 on behalf of said clients and managed funds in the last legal threshold crossing disclosure received in 2018;
- Amundi Asset Management, which disclosed, by way of regularization on January 15, 2019, that it held 5.09% of the Company's share capital and voting rights on December 18, 2018, on behalf of the Capgemini ESOP FCPE (Employee Savings Mutual Fund) which it manages.

As far as the Company is aware, no other shareholder holds directly or indirectly, alone or in concert, over 5% of the share capital or voting rights.

Finally, shares held by members of the Board of Directors represent 0.20% of the Company's share capital at December 31, 2018.

(1) Following the repeal of the so-called "trading" exception due to the enactment into French law of the revised Transparency Directive 2013/50/EU by Order no. 2015-1576 of December 3, 2015, service providers must include in their threshold crossing disclosures certain agreements or financial instruments deemed to have an economic effect similar to the ownership of shares, irrespective of whether they are settled in shares or cash (e.g. forward purchases with physical settlement).

5.4 2018 financial statements

5.4.1 Balance Sheet at December 31, 2017 and 2018

	12/31/2017	12/31/2018		
ASSETS *(in thousands of euros)*	**Net**	**Gross**	**Depreciation, amortization and provisions**	**Net**
Intangible assets				
Trademarks, patents and similar rights	4,887	41,013	(37,418)	3,595
Property, plant and equipment	**224**	**224**	**-**	**224**
Financial fixed assets				
Equity interests	16,864,529	17,732,319	(689,147)	17,043,172
Receivable from controlled entities [1]	592,369	981,516	-	981,516
Other financial fixed assets [1]	3,338	20,916	(108)	20,807
Non-current assets	**17,465,347**	**18,775,988**	**(726,674)**	**18,049,314**
Bought-in goods	4	5	-	5
Accounts and notes receivable [1]	-	71	(71)	-
Other receivables [1]	119,072	116,096	-	116,096
Receivable from related and associated companies [1]	140,679	140,006	-	140,006
Marketable securities	861,304	663,854	(4,965)	658,889
Cash and cash equivalents	897,427	1,221,521	-	1,221,521
Current assets	**2,018,486**	**2,141,554**	**(5,037)**	**2,136,517**
Prepaid expenses [1]	2,833	6,279	-	6,279
Deferred charges	8,910	10,408	-	10,408
Unrealized foreign exchange losses	22,043	3,523	-	3,523
Other assets	**33,786**	**20,210**	**-**	**20,210**
TOTAL ASSETS	**19,517,618**	**20,937,752**	**(731,711)**	**20,206,041**
[1] of which due within one year	*290,738*	*734,437*	-	*734,329*

SHAREHOLDERS' EQUITY AND LIABILITIES *(in thousands of euros)*	12/31/2017	12/31/2018
Share capital (fully paid-up)	1,347,870	1,338,350
Additional paid-in capital	6,011,037	5,821,124
Legal reserve	137,745	137,745
Other reserves	559,573	559,573
Retained earnings	3,054,663	5,489,022
Profit for the year	2,718,722	503,818
Tax-driven provisions	15,948	15,954
Shareholders' equity	**13,845,558**	**13,865,586**
Provisions for contingencies and losses	**22,043**	**3,523**
Bond issues	3,250,000	3,275,600
Bank loans and borrowings [2]	704,164	995,138
Payable to controlled entities [2]	628,702	660,288
Borrowings [2]	**4,582,866**	**4,931,026**
Accounts and notes payable [2]	3,343	31,932
Tax and social security liabilities [2]	4,632	2,273
Payable to related and associated companies [2]	890,594	1,182,469
Other payables [2]	1,570	1,099
Unrealized foreign exchange gains	167,013	188,134
Other liabilities	**1,067,152**	**1,405,907**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**19,517,618**	**20,206,041**
[2] of which due within one year	*2,532,150*	*2,655,355*

5.4.2 Income Statement for the years ended December 31, 2017 and 2018

(in thousands of euros)	2017	2018
Royalties	299,627	310,135
Reversals of depreciation, amortization and provisions, expense transfers	-	5,738
Other income	93,189	63,875
Total operating income	**392,816**	**379,748**
Other purchases and external charges	37,075	63,409
Taxes, duties and other levies	4,606	4,595
Depreciation and amortization	4,604	5,574
Other expenses	91,769	65,014
Total operating expenses	**138,055**	**138,591**
OPERATING PROFIT	**254,761**	**241,156**
Investment income [1]	83,370	229,800
Income from other marketable securities and amounts receivable on non-current assets [1]	29,924	25,838
Other interest income and similar income [1]	12,439	5,049
Reversals of provisions	2,404,151	123,092
Foreign exchange gains	323,463	245,006
Net proceeds on disposals of marketable securities	568	-
Total financial income	**2,853,915**	**628,785**
Depreciation, amortization and provisions relating to financial items	63,048	37,649
Interest and similar expenses [2]	72,117	57,753
Foreign exchange losses	246,035	225,118
Expenses on disposals of marketable securities	388	925
Total financial expenses	**381,588**	**321,444**
NET FINANCE INCOME (EXPENSE)	**2,472,327**	**307,341**
RECURRING PROFIT BEFORE TAX	**2,727,087**	**548,497**
Non-recurring income from operations	2,224	2
Non-recurring income from capital transactions	2,544	1,150
Total non-recurring income	**4,767**	**1,152**
Non-recurring expenses on operations	111	24,294
Non-recurring expenses on capital transactions	-	1,184
Charges to provisions	-	7
Total non-recurring expenses	**111**	**25,485**
NET NON-RECURRING INCOME (EXPENSE)	**4,656**	**(24,333)**
Income tax expense	**(13,021)**	**(20,347)**
PROFIT FOR THE YEAR	**2,718,722**	**503,818**
[1] of which income concerning related companies	*116,273*	*256,857*
[2] of which interest concerning related companies	*7,591*	*1,839*

5.4.3 Notes to the financial statements

I – Accounting policies

The annual financial statements for the year ended December 31, 2018 are prepared and presented in accordance with Regulations no. 2014-03, no. 2015-05, no. 2015-06 and no. 2016-07 issued by the French Accounting Standards Authority (*Autorité des normes comptables*, ANC). They are also prepared in accordance with the principles of prudence and accruals, and assuming that the Company is able to continue as a going concern.

Items in the financial statements are generally measured using the historical cost method. The Company's main accounting policies are described below:

Intangible assets

Computer software and user rights acquired on an unrestricted ownership basis, as well as software developed for internal use which has a positive, lasting and quantifiable effect on future results, are capitalized and amortized over a maximum period of three years. At the year-end, the value of computer software and user rights is compared to their value in use for the Company.

Financial fixed assets

The gross value of equity interests and other long-term investments carried in the balance sheet comprises their acquisition cost, including any transaction fees. A provision for impairment is set aside when the value in use falls below the acquisition cost. The value in use is calculated based on either the present value of discounted future cash flows adjusted for net debt and deferred tax, where applicable, the Company's share in net assets, or in certain cases, with reference to the market value of comparable transactions.

Treasury shares

Treasury shares held by Capgemini SE as part of the liquidity agreement are recorded on the balance sheet within long-term investments at the lower of cost and net realizable value. Realizable value is the average market price for Capgemini SE shares in December. Other treasury shares held for other objectives of the share buyback program are recorded in listed shares.

Marketable securities

Marketable securities are shown on the balance sheet at the lower of cost and net realizable value. The realizable value of listed securities is based on the average share price in December. The realizable value of unlisted securities is based on their net asset value. At the year-end, accrued interest receivable or interest received in advance on certificates of deposit and commercial paper is recognized in accrued income or prepaid income, respectively.

Capitalization contracts subscribed by the Company are also included in marketable securities.

Foreign currency transactions

Receivables, payables and cash and cash equivalents denominated in foreign currencies are translated into euros at the year-end exchange rate or at the hedging rate. Any differences resulting from the translation of foreign currency receivables and payables at these rates are included in the balance sheet under "Unrealized foreign exchange gains/losses". A provision for foreign exchange losses is set aside to cover any unrealized losses.

Receivables and payables

Receivables are measured at their nominal amount, and a provision for impairment set aside when their net realizable value falls below their net carrying amount. Unbilled payables are recognized excluding VAT.

Financial instruments

Currency and interest rate positions are taken using financial instruments presenting minimum counterparty risk listed on organized markets or over-the-counter. Gains and losses on financial instruments used in hedging transactions are recognized to match the gains and losses arising on the hedged items. Forward financial instruments, and options on own shares, are initially recognized in the balance sheet at acquisition cost and subsequently remeasured to fair value. Where there is indication of impairment, a provision for financial risk is set aside in accordance with the principle of prudence.

Centralized foreign currency hedging transactions are recognized in accordance with hedge accounting rules. Unhedged transactions are recognized in isolated open positions. Any unrealized losses are provided. In addition the impact of hedging on inter-company loans and receivables is spread over the hedge term.

Tax consolidation

The Company and French subsidiaries at least 95% owned by the Group have elected to file consolidated tax returns pursuant to Article 223 A of the French General Tax Code. Any tax savings realized by the tax consolidation group, primarily on account of tax losses incurred by consolidated entities, are treated as a gain for the Company in the period in which they arise.

II – Notes to the Capgemini SE Balance Sheet and Income Statement

1. Non-current assets

(in thousands of euros)	Gross value (January 1)	Increase	Decrease	Gross value (December 31)
Intangible assets				
Trademarks, patents and similar rights	40,971	42	-	41,013
Sub-total	**40,971**	**42**	**-**	**41,013**
Property, plant and equipment	**224**	**-**		**224**
Sub-total	**224**	**-**	**-**	**224**
Financial fixed assets				
Equity interests	17,625,668	106,701	(50)	17,732,319
Receivable from controlled entities	592,369	487,140	(97,993)	981,516
Other financial fixed assets	3,338	594,773	(577,195)	20,916
Sub-total	**18,221,375**	**1,188,613**	**(675,238)**	**18,734,751**
TOTAL NON-CURRENT ASSETS	**18,262,569**	**1,188,656**	**(675,238)**	**18,775,988**

Equity interests

Equity interests comprise shares in the Company's subsidiaries. The main change during the year reflects share capital increases in Europe.

Receivable from controlled entities

Amounts receivable from controlled entities consist of loans granted by the Company to subsidiaries primarily in North America (€861,571 thousand), Europe (€46,896 thousand), the Asia-Pacific region (€40,412 thousand) and Latin America (€14,270 thousand).

The main changes in this heading reflect:

- loans granted to subsidiaries in the United States (€457,382 thousand), the Asia-Pacific region (€15,983 thousand) and Latin America (€12,107 thousand);
- the repayment of loans granted to Latin American subsidiaries (€71,224 thousand).

Other financial fixed assets

This account mainly comprises treasury shares held under the liquidity agreement. This agreement relates to the share buyback program approved by the Combined Shareholders' Meeting of May 23, 2018. Accordingly, a total of 1,585,947 shares were acquired and 1,397,520 shares were sold between January 1, 2018 and December 31, 2018. At December 31, 2018, Capgemini SE held 217,358 treasury shares (28,931 at December 31, 2017), valued at €20,404 thousand.

In 2018, the Company continued to purchase treasury shares, buying 4,331,810 shares (€465,163 thousand, including transaction fees). During the year, 673,250 shares were presented to beneficiaries of performance shares and 4,023,303 shares were canceled.

2. Depreciation, amortization and provisions for non-current assets

(in thousands of euros)	Depreciation, amortization and provisions (January 1)	Charge	Reversal	Depreciation, amortization and provisions (December 31)
Intangible assets				
Amortization of trademarks, patents and similar rights	36,084	1,334	-	37,418
Financial fixed assets				
Provisions for equity interests	761,139	29,052	(101,044)	689,147
Provisions for receivable from controlled entities	-	108	-	108
TOTAL DEPRECIATION, AMORTIZATION AND PROVISIONS	**797,223**	**30,494**	**(101,044)**	**726,674**

Reversals of provisions for equity interests totaled €101,044 thousand and concerned Italian, Austrian and Portuguese subsidiaries. The €29,052 thousand charge to provisions mainly concerns a French subsidiary holding investments in Latin America.

3. Marketable securities

Marketable securities break down as follows at December 31, 2018:

(in thousands of euros)	Nominal value	Net asset value	Carrying amount
Listed securities			
Investment funds (FCP & SICAV)	483,805	483,759	483,759
Treasury shares	24,122	19,203	19,203
Unlisted securities			
Term deposits	60,000	60,000	60,000
Other marketable securities			
Capitalization contracts	95,927	95,927	95,927
TOTAL	**663,854**	**658,889**	**658,889**

Other marketable securities comprise three capitalization fund contracts subscribed in July 2010, August 2010 and November 2014 with leading insurance companies in Europe for €80,000 thousand.

The residual balance represents capitalized interest at December 31, 2018.

4. Maturity of receivables at year-end

(in thousands of euros)	Gross amount	One year or less	More than one year
Non-current assets			
Receivable from controlled entities	981,516	464,238	517,278
Other financial fixed assets	20,916	20,416	500
Current assets			
Income tax receivable	115,009	107,450	7,559
VAT receivable	1,087	1,087	-
Receivable from related companies	140,006	140,006	-
Prepaid expenses	6,279	1,348	4,931
TOTAL	**1,264,813**	**734,545**	**530,267**

Prepaid expenses mainly comprise prepaid interest on the 2015, 2016 and 2018 bond issues.

5. Deferred charges

(in thousands of euros)	Amount at January 1	Increase	Amortization & decrease	Amount at December 31
Loan issuance fees	8,910	5,738	(4,240)	10,408
TOTAL	**8,910**	**5,738**	**(4,240)**	**10,408**

Loan issuance fees include fees on the syndicated credit facility, as well as fees on two 2015 bond issues, a 2016 bond issue and two 2018 bond issues. They are amortized on a straight-line basis over the term of the debt.

In 2014, Capgemini SE refinanced its multi-currency credit facility with a group of 18 banks for an amount of €750 million. In July 2016, a one-year extension request was accepted by all banks, extending the maturity of this credit facility to July 27, 2021.

6. Share capital and additional paid-in capital

(in thousands of euros)	Number of shares	Share capital	Additional paid-in capital
At December 31, 2017 (par value of €8)	**168,483,742**	**1,347,870**	**6,011,037**
+ Share capital increase for cash reserved for employees	2,500,000	20,000	210,700
+ Share capital increase through the grant of peformance shares	333,291	2,666	(2,666)
– Share capital reduction by cancellation of shares	(4,023,303)	(32,186)	(397,125)
– Share issue costs, net of tax	-	-	(822)
At December 31, 2018 (par value of €8)	**167,293,730**	**1,338,350**	**5,821,124**

Share capital increase reserved for employees, share issue costs

Pursuant to the 24th and 25th resolutions adopted by the Combined Shareholders' Meeting of May 23, 2018, the Group set up an employee share ownership plan (ESOP 2018) in the second half of 2018. Nearly 200,000 Group employees in 24 countries, representing approximately 98% of the Group headcount, were invited to subscribe for Capgemini SE shares. Under the plan, a minimum length of service of three months was required at November 15, 2018, acquired consecutively or not since January 1, 2017 to qualify as a candidate for subscription. This leveraged plan offered employees the possibility of subscribing at a discounted preferential rate and, *via* a bank which secured and supplemented the investment so that the total amount invested represented ten times the personal contribution of the employee, potentially generating a greater capital gain than would have been the case had it been calculated based solely on the employee's personal contribution. In return, the employee waives a portion of any increase in the price of shares subscribed on his behalf, as well as dividends and other financial rights that could be paid on these shares throughout the entire term of the plan. In addition, the shares will be unavailable for a period of five years (except for cases of early release covered by plan rules in accordance with applicable legislation).

This employee share ownership plan (ESOP 2018) includes a 12.5% discount. Under the delegation of authority granted by the Board of Directors, the subscription price was set at €92.28 by the Chairman and Chief Executive Officer on November 12, 2018. This price corresponds to the daily average Capgemini SE share price, weighted for volumes, over the twenty stock market trading days preceding the Chairman and Chief Executive Officer's decision, less a 12.5% discount.

On December 18, 2018, the Group issued 2,500,000 new shares reserved for employees with a par value of €8, representing a share capital increase of €230 million net of issue costs.

Share capital increase through the grant of performance shares

333,291 new Capgemini SE shares were created on March 1, 2018 for the grant of performance shares under the July, 2015 and February, 2016 grant plans for Capgemini SE shares subject to performance and presence conditions. The related share capital increase was €2,666 thousand.

Share capital reduction by cancellation of shares purchased

During the year, the Board of Directors, using the delegation of authority granted for a period of 26 months by the 15th ordinary resolution adopted by the Combined Shareholders' Meeting of May 23, 2018, decided to reduce the share capital by €32,186 thousand by canceling 4,023,303 Capgemini SE shares purchased under the share buyback program authorized by the Combined Shareholders' Meetings of May 10, 2017 and May 23, 2018. The difference between the purchase cost of these 4,023,303 shares and their par value of €397,125 thousand was deducted from additional paid-in capital.

7. Share subscription plans

The Group no longer grants stock options since the plan authorized in 2005. The last grant under this plan was performed in June 2008.

8. Performance share plans

The Combined Shareholders' Meetings of May 23, 2013, May 6, 2015, May 18, 2016, May 10, 2017 and then May 23, 2018, authorized the Board of Directors to grant shares to a certain number of Group employees, on one or several occasions and within a maximum period of 18 months, subject to performance and/or presence conditions. On July 30, 2014, July 29, 2015, February 17, 2016, July 26, 2016, July 26, 2017, October 5, 2017 and October 3, 2018, the Board of Directors approved the terms and conditions and the list of beneficiaries of these seven plans.

The main features of these plans are set out in the tables below:

	July 2014 Plan
Maximum number of shares that may be granted	1,590,639 shares
% of share capital at the date of the Board of Directors' decision	1%
Total number of shares granted	1,290,500 (1)
Date of Board of Directors' decision	July 30, 2014
Performance assessment dates	Three years for the internal performance condition and two years for the external performance condition
Vesting period	2 years as from the grant date (France) or 4 years as from the grant date (other countries)
Mandatory lock-in period effective as from the vesting date (France only)	4 years
Main market conditions at the grant date	
Volatility	*26.33%*
Risk-free interest rate	*0.34% – 0.81%*
Expected dividend rate	*2.31%*
Other conditions	
Performance conditions	*Yes (see below)*
Employee presence within the Group at the vesting date	*Yes*
Pricing model used to calculate the fair value of shares	Monte Carlo for performance shares with external (market) conditions
Range of fair values *(in euros)*	
Free shares (per share and in euros)	*n/a*
Performance shares (per share and in euros)	*26.46 – 48.26*
Of which corporate officers	*29.32*
Number of shares at December 31, 2017	
that may vest under the plan in respect of shares previously granted, subject to conditions (performance and presence)	697,500
Of which corporate officers	-
Change during the period	
Number of shares subject to performance and/or presence conditions granted during the year	-
Of which corporate officers	-
Number of shares forfeited or canceled during the year	*24,250*
Number of shares vested during the year	*673,250*
Number of shares at December 31, 2018	
that may vest under the plan in respect of shares previously granted, subject to conditions (presence only)	-
Weighted average number of shares	398,792
Share price at the grant date *(in euros)*	53.35

	July 2015 Plan	February 2016 Plan
Maximum number of shares that may be granted	1,721,759 shares	1,721,815 shares
% of share capital at the date of the Board of Directors' decision	1%	1%
Total number of shares granted	1,068,550 (1)	180,550 (5)
Date of Board of Directors' decision	July 29, 2015	February 17, 2016
Performance assessment dates	Three years for the two conditions	Presence condition only
Vesting period	2 years and 7 months as from the grant date (France) or 4 years as from the grant date (other countries)	2 years as from the grant date (France) or 4 years as from the grant date (other countries)
Mandatory lock-in period effective as from the vesting date (France only)	3 years	2 years
Main market conditions at the grant date		
Volatility	*24.54%*	*n/a*
Risk-free interest rate	*0.10% – 0.55%*	*0.15% – 0.03%*
Expected dividend rate	*1.60%*	*1.60%*
Other conditions		
Performance conditions	*Yes (see below)*	*n/a*
Employee presence within the Group at the vesting date	*Yes*	*Yes*
Pricing model used to calculate the fair value of shares	Monte Carlo for performance shares with external (market) conditions	n/a
Range of fair values *(in euros)*		
Free shares (per share and in euros)	*n/a*	*55.45 – 57.59*
Performance shares (per share and in euros)	*61.73 – 82.18*	*n/a*
Of which corporate officers	*56.66*	-
Number of shares at December 31, 2017		
that may vest under the plan in respect of shares previously granted, subject to conditions (performance and/or presence)	955,598	144,050
Of which corporate officers	*40,000 (1)*	-
Change during the period		
Number of shares subject to performance and/or presence conditions granted during the year	-	-
Of which corporate officers	-	-
Number of shares forfeited or canceled during the year	*36,015*	*18,100*
Number of shares vested during the year	*326,291 (3)*	*7,000 (6)*
Number of shares at December 31, 2018		
that may vest under the plan in respect of shares previously granted, subject to conditions (performance and/or presence)	593,292 (2)	118,950 (4)
Weighted average number of shares	650,675 (2)	131,500 (2)
Share price at the grant date *(in euros)*	87.60	71.61

	July 2016 Plan
Maximum number of shares that may be granted	1,721,815 shares
% of share capital at the date of the Board of Directors' decision	1%
Total number of shares granted	1,663,500 [1]
Date of Board of Directors' decision	July 26, 2016
Performance assessment dates	Three years for the two years for the two conditions
Vesting period	3 years and a week as from the grant date (France) or 4 years as from the grant date (other countries)
Mandatory lock-in period effective as from the vesting date (France only)	2 years
Main market conditions at the grant date	
Volatility	*26.35%*
Risk-free interest rate	*0.2% – 0.17%*
Expected dividend rate	*1.60%*
Other conditions	
Performance conditions	*Yes (see below)*
Employee presence within the Group at the vesting date	*Yes*
Pricing model used to calculate the fair value of shares	Monte Carlo for performance shares with external (market) conditions
Range of fair values *(in euros)*	
Free shares (per share and in euros)	*n/a*
Performance shares (per share and in euros)	*54.02 – 77.1*
Of which corporate officers	*52.68*
Number of shares at December 31, 2017	
that may vest under the plan in respect of shares previously granted, subject to conditions (performance and/or presence)	1,575,050
Of which corporate officers	*42,000* [1]
Change during the period	
Number of shares subject to performance and/or presence conditions granted during the year	-
Of which corporate officers	-
Number of shares forfeited or canceled during the year	*72,850*
Number of shares vested during the year	-
Number of shares at December 31, 2018	
that may vest under the plan in respect of shares previously granted, subject to conditions (performance and/or presence)	1,502,200 [7]
Weighted average number of shares	1,538,625
Share price at the grant date *(in euros)*	83.78

	July 2017 Plan	October 2017 Plan
Maximum number of shares that may be granted	1,691,496 shares	1,691,496 shares
% of share capital at the date of the Board of Directors' decision	1%	1%
Total number of shares granted	63,597 (8)	1,522,500 (10)
Date of Board of Directors' decision	July 26, 2017	October 5, 2017
Performance assessment dates	Presence condition only	Three years for the two conditions
Vesting period	3 years and 1 week as from the grant date (other countries)	3 years as from the grant date (France) or 4 years as from the grant date (other countries)
Mandatory lock-in period effective as from the vesting date (France only)	n/a	2 years
Main market conditions at the grant date		
Volatility	*n/a*	*25.65%*
Risk-free interest rate	*-0.25% / - 0.04%*	*-0.17% / + 0.90%*
Expected dividend rate	*1.60%*	*1.60%*
Other conditions		
Performance conditions	*n/a*	*Yes (see below)*
Employee presence within the Group at the vesting date	*Yes*	*Yes*
Pricing model used to calculate the fair value of shares	n/a	Monte Carlo for performance shares with external (market) conditions
Range of fair values *(in euros)*		
Free shares (per share and in euros)	*89.05*	*86.98 – 93.25*
Performance shares (per share and in euros)	*n/a*	*62.02 – 93.25*
Of which corporate officers	-	*66.38*
Number of shares at December 31, 2017		
that may vest under the plan in respect of shares previously granted, subject to conditions (performance and/or presence)	63,597	1,505,200
Of which corporate officers	-	*35,000 (1)*
Change during the period		
Number of shares subject to performance and/or presence conditions granted during the year	-	-
Of which corporate officers	-	-
Number of shares forfeited or canceled during the year	*1,346*	*47,000*
Number of shares vested during the year	-	-
Number of shares at December 31, 2018		
that may vest under the plan in respect of shares previously granted, subject to conditions (performance and/or presence)	62,251 (8)	1,458,200 (9)
Weighted average number of shares	62,924	1,481,700
Share price at the grant date *(in euros)*	94.20	100.25

	October 2018 Plan
Maximum number of shares that may be granted	1,688,170 shares
% of share capital at the date of the Board of Directors' decision	1%
Total number of shares granted	1,384,530 (11)
Date of Board of Directors' decision	October 3, 2018
Performance assessment dates	Three years for the two conditions
Vesting period	3 years as from the grant date (France) or 4 years as from the grant date (other countries)
Mandatory lock-in period effective as from the vesting date (France only)	2 years
Main market conditions at the grant date	
Volatility	*23.29%*
Risk-free interest rate	*-0.109% / 0.2429%*
Expected dividend rate	*1.60%*
Other conditions	
Performance conditions	*Yes (see below)*
Employee presence within the Group at the vesting date	*Yes*
Pricing model used to calculate the fair value of shares	Monte Carlo for performance shares with external (market) conditions
Range of fair values *(in euros)*	
Free shares (per share and in euros)	*96.86 – 104.92*
Performance shares (per share and in euros)	*63.95 – 104.92*
Of which corporate officers	*80.32*
Number of shares at December 31, 2017	
that may vest under the plan in respect of shares previously granted, subject to conditions (performance and/or presence)	-
Of which corporate officers	-
Change during the period	
Number of shares subject to performance and/or presence conditions granted during the year	1,384,530
Of which corporate officers	*61,000 (1)*
Number of shares forfeited or canceled during the year	*11,015*
Number of shares vested during the year	-
Number of shares at December 31, 2018	
that may vest under the plan in respect of shares previously granted, subject to conditions (performance and/or presence)	1,373,515 (12)
Weighted average number of shares	344,756
Share price at the grant date *(in euros)*	112.35

(1) Grant subject to performance conditions only.
(2) In respect of the "foreign" plan only: these amounts include a 4% discount on the external performance condition as the performance of the Capgemini SE share compared with the basket of comparable securities and the CAC 40 index is between 109 and 110% of the average performance of the basket.
(3) In respect of the "French plan only: these amounts include a 4% discount on the external performance condition as the performance of the Capgemini SE share compared with the basket of comparable securities and the CAC 40 index is between 109 and 110% of the average performance of the basket.
(4) In respect of the "foreign" plan only.
(5) Grant subject to presence conditions only for beneficiaries employed by IGATE, acquired on July 1, 2015.
(6) In respect of the French plan only.
(7) Of which 433,050 shares in respect of the French plan and 1,069,150 shares in respect of the foreign plan.
(8) Grant subject to presence conditions only for beneficiaries employed by Idean, acquired in February 2017.
(9) Of which 447,600 shares in respect of the French plan and 1,010,600 shares in respect of the foreign plan.
(10) Grant subject to performance conditions only, except for 19,150 shares subject to presence conditions only.
(11) Grant subject to performance conditions only, except for 124,955 shares subject to presence conditions only.
(12) Of which 408,850 shares in respect of the French plan and 964,665 shares in respect of the foreign plan.

a) Shares vested under the 2014, 2015 and February 2016 plans

The assessment of performance conditions under the 2014 plan led to the grant of shares representing 100% of the initial allocation. Satisfaction of the presence condition at the end of July 2018 therefore led to the vesting on August 1, 2018 of 673,250 shares to beneficiaries not tax resident in France.

The assessment of performance conditions under the 2015 plan concluded the internal performance condition was 100% attained and the external performance condition was 96% attained. Satisfaction of the presence condition at the end of February 2018 led to the vesting of 326,291 shares on March 1, 2018 under the French plan.

The assessment of the presence condition under the February 2016 plan led to the vesting on March 1, 2018 of 7,000 shares under the French section of this plan.

b) Performance conditions of the plans

In accordance with the AMF recommendation of December 8, 2009 regarding the inclusion of an internal and external performance condition when granting performance shares, the Board of Directors decided as from the 2010 plan to add an internal condition to the external condition initially planned.

The following internal and external performance conditions apply:

Under the 2012 to 2017 plans, the external performance condition accounts for 50% of the grant calculation as does the internal performance condition.

External performance condition:

The terms of the external performance condition were tightened for the 2016 to 2018 plans, compared with the preceding plans under which shares began to vest from a Capgemini SE share performance of at least 90% of the basket.

Accordingly, since 2016, under these plans:

- no shares are granted if the performance of the Capgemini SE share during the period in question is less than the performance of the basket of securities over the same period;
- the number of shares ultimately granted:
  - is equal to 50% of the number of shares initially allocated if the performance of the Cap Gemini S.A. share is at least equal to 100% of the basket,
  - is equal to 100% of the number of shares initially allocated if the relative performance of the Cap Gemini S.A. share is higher than or equal to 110% of the basket,
  - varies on a straight-line basis between 50% and 100% of the initial allocation, based on a pre-defined schedule, where the performance of the Capgemini SE share is between 100% and 110% of the basket.

The composition of the benchmark basket changed as follows:

- 2014, 2015 and 2016 Plans: Accenture/CSC/Atos/Tieto/CAC 40 index/CGI Group/Infosys/Sopra/Cognizant. Listing of the CSC security was ceased on April 1, 2017 and it was therefore replaced in the basket by the Euro Stoxx 600 Technology index from this date for the 2015 and 2016 plans;
- For the 2017 and 2018 plans, the basket comprises the following companies: Accenture/Indra/Atos/Tieto/CGI Group/Infosys/Sopra Steria/Cognizant and two indices, the CAC 40 index and the Euro Stoxx 600 Technology index.

The fair value of shares subject to external performance conditions is adjusted for a discount calculated in accordance with the Monte Carlo model, together with a discount for non-transferability for the shares granted in France.

Internal performance condition:

The internal performance condition is based on the generation of organic free cash flow (OFCF) over a three-year period encompassing fiscal years 2015 to 2017 for the 2015 plan, fiscal years 2016 to 2018 for the 2016 plan, fiscal years 2017 to 2019 for the 2017 plan and fiscal years 2018 to 2020 for the 2018 plan. Accordingly:

- no shares will be granted in respect of the internal performance condition if the cumulative increase in organic free cash flow over the reference period is less than €1,750 million for the 2015 plan, €2,400 million for the 2016 plan, €2,900 million for the 2017 plan and €3,000 million for the 2018 plan;
- 100% of the initial internal allocation will be granted if organic free cash flow is equal to or exceeds €2,000 million for the 2015 plan, €2,700 million for the 2016 plan, €3,200 million for the 2017 plan and €3,250 million for the 2018 plan.

The fair value of shares subject to internal performance conditions is calculated assuming 100% realization and will be adjusted where necessary in line with effective realization of this condition. A discount for non-transferability is also applied for the shares granted in France.

Inclusion of a new CSR performance condition in 2018

The Board of Directors' meeting of March 13, 2018 wished to align the performance conditions with the Group's strategic priorities by proposing the inclusion of a performance condition based on diversity and sustainable development objectives reflecting the Group's corporate, social and environmental responsibility strategy.

Summary of performance conditions applicable to beneficiaries

Performance condition	Weighting applied for managers*	Weighting applied for other beneficiaries	Percentage of the grant determined by each performance condition
Market condition: Performance of the Capgemini SE share over a three-year period	35%	15%	0% if < 100% of the average performance of the basket 50% to 100% between 100% and 110% of the average performance of the basket over the reference period
Financial condition: organic free cash flow for the three-year cumulative period from January 1, 2018 to December 31, 2020	50%	70%	0% if < €3,000 million 30% to 100% between €3,000 million and €3,250 million over the reference period
CSR condition comprising two objectives:			
Diversity: increase in the number of women in the Vice-President inflow population over a three-year period (2018-2020)	7.5%	7.5%	0% if the % of women in the Vice-President inflow population through external recruitment or internal promotion is < 20% 30% to 100% for an increase to between 20% and 25% over the reference period
Reduction in the carbon footprint in 2020 compared with 2015	7.5%	7.5%	0% if < 20% reduction in greenhouse gas emissions/person 40% to 100% if the reduction in greenhouse gas emissions/person in 2020 is between 20% and 22% compared with reference emissions in 2015

* Corporate executive officers (Chairman and Chief Executive Officer and Chief Operating Officers), members of the general management team and key executive managers of the Group.

9. Change in shareholders' equity

(in thousands of euros)	01/01/2018	Appropiation of net profit for 2017	Other movements	12/31/2018
Share capital	1,347,870	-	(9,520)	1,338,350
Additional paid-in capital	6,011,037	-	(189,913)	5,821,124
Legal reserve	137,745	-	-	137,745
Other reserves	559,573	-	-	559,573
Retained earnings	3,054,663	2,434,359		5,489,022
Dividends paid	-	284,363	(284,363)	-
Profit for the year	2,718,722	(2,718,722)	503,818	503,818
Tax-driven provisions	15,948	-	7	15,954
TOTAL	**13,845,558**	**0**	**20,028**	**13,865,586**

The appropriation of the net profit for 2017 led to the distribution on June 6, 2018 of a dividend of €1.70 on each of the 167,272,270 shares ranking for dividends, for a total of €284,363 thousand. The amount not paid out on the 1,544,763 shares held by the Company on June 6, 2018 of €2,626 thousand was appropriated to retained earnings.

Other movements mainly concern:

- the share capital increase of €20,000 thousand following the issue of 2.5 million new shares reserved for employees (ESOP 2018);
- the increase in additional paid-in capital of €210,700 thousand pursuant to the aforementioned transaction, net of post-tax share issue costs of €822 thousand;
- the share capital reduction by cancellation of 4,023,303 Capgemini SE shares purchased under the share buyback program authorized by the Combined Shareholders' Meetings of May 10, 2017 and May 23th, 2018 in the amount of €32,186 thousand;
- the decrease in additional paid-in capital of €397,125 thousand pursuant to this cancellation;
- 2018 net profit for the year of €503,818 thousand.

10. Provisions for contingencies and losses

(in thousands of euros)	At January 1	Dotations de Charge	Reversal (utilized)	At December 31
Provisions for contingencies and losses				
– for foreign exchange losses	22,043	3,523	22,043	3,523
TOTAL	**22,043**	**3,523**	**22,043**	**3,523**

The application of ANC Regulation no. 2015-05 on forward financial instruments and hedging transactions led to the recognition at December 31, 2018 of a provision for foreign exchange losses of €3,519 thousand.

11. Bond issues

(in thousands of euros)	December 31, 2017	December 31, 2018
2015-2018 Bond issue	500,000	-
2015-2020 Bond issue	1,250,000	675,600
2015-2023 Bond issue	1,000,000	1,000,000
2016-2021 Bond issue	500,000	500,000
2018-2024 Bond issue	-	600,000
2018-2028 Bond issue	-	500,000
TOTAL	**3,250,000**	**3,275,600**

a) July 1, 2015 bond issues

On June 24, 2015, Capgemini SE performed a "triple tranche" bond issue for a total nominal amount of €2,750 million and with a settlement/delivery date of July 1, 2015:

— **2015 Bond issue (July 2018):**

The nominal amount of this tranche is €500 million, comprising 5,000 bonds with a unit value of €100,000 each. The bonds mature on July 2, 2018 and pay a floating coupon of 3 month Euribor +85 pb, revised quarterly (issue price 100%). The bond issue was redeemed by the Group at maturity on July 2, 2018.

— **2015 Bond issue (July 2020):**

The nominal amount of this tranche is €1,250 million, comprising 12,500 bonds with a unit value of €100,000 each. The bonds mature on July 1, 2020 and pay an annual coupon of 1.75% (issue price 99.853%). The Group performed a partial bond swap in April 2018 (see below "April 2018 Bond issues").

— **2015 Bond issue (July 2023):**

The nominal amount of this tranche is €1,000 million, comprising 10,000 bonds with a unit value of €100,000 each. The bonds mature on July 1, 2023 and pay an annual coupon of 2.50% (issue price 99.857%).

The July 2020 and July 2023 tranches are callable by Capgemini SE, subject to certain conditions set out in the issue prospectus and particularly concerning the minimum redemption price.

These three bond issues are also subject to standard early redemption, early repayment and *pari passu* clauses.

The terms and conditions of these three tranches were set out in the prospectus approved by the AMF on June 29, 2015 under reference number n° 15318.

b) 2016 Bond issue

On November 3, 2016, Capgemini SE placed a €500 million bond issue comprising 5,000 bonds with a unit value of €100,000 each and with a settlement/delivery date of November 9, 2016.

The bonds mature on November 9, 2021 and pay an annual coupon of 0.50% (issue price 99.769%). The bond issue is callable before this date by Capgemini SE, subject to certain conditions set out in the issue prospectus and particularly concerning the minimum redemption price.

The bond issue is also subject to standard early redemption, early repayment and *pari passu* clauses.

The terms and conditions of this issue were set out in the prospectus approved by the AMF on November 7, 2016 under reference number n° 16-518.

c) April 2018 bond issues

On April 3, 2018, Capgemini SE performed a dual tranche bond issue for a total amount of €1,100 million, with a settlement/delivery date of April 18, 2018.

— **2024 Bond issue:**

This tranche has a nominal amount of €600 million, comprising 6,000 bonds with a unit value of €100,000 each. The bonds mature on October 18, 2024 and pay an annual coupon of 1.00% (issue price 99.377%).

This tranche was fully subscribed by a bank in a debt swap transaction. In exchange for the new securities issued, the bank presented 2015 bonds (July 2020) with a nominal value of €574.4 million acquired directly on the market through a Tender Offer.

— **2028 Bond issue:**

The nominal amount of this tranche is €500 million, comprising 5,000 bonds with a unit value of €100,000 each. The bonds mature on April 18, 2028 and pay an annual coupon of 1.75% (issue price 99.755%).

These two bond issues are callable before their respective maturity dates by Capgemini SE, subject to certain conditions set out in the issue prospectus and particularly concerning the minimum redemption price.

These bond issues are also subject to standard early redemption, early repayment and *pari passu* clauses.

The terms and conditions of these tranches were set out in the prospectus approved by the AMF on April 10, 2018 under reference number no.18-126.

12. Bank loans and borrowings

Bank loans and borrowings total €995,138 thousand and comprise (i) the balances on certain euro and foreign currency bank accounts used in connection with the Group's worldwide cash pooling arrangements in the amount of 965,050 thousand, offset in the amount of €974,589 thousand by opposite balances presented in cash and cash equivalents of the Company and (ii) accrued interest on bond issues of €26,243 thousand (iii) liability derivatives of €3,519 thousand and (iv) bank overdrafts of €111 thousand.

Syndicated credit facility negotiated by Capgemini SE

On July 30, 2014, the Group signed with a syndicate of 18 banks a €750 million multi-currency credit facility, maturing on July 30, 2019, with two one-year extension options, exercisable (subject to the approval of the banks) at the end of the first and second years, respectively, extending the maturity of the new facility by a maximum of two additional years. Following the exercise of the second one-year extension option, the maturity of this credit facility was extended to July 27, 2021.

The initial margin on this credit facility was 0.45% (excluding the fee on drawn amounts which varies according to the portion of the facility drawn). This margin may be adjusted upwards or downwards according to the credit rating of Capgemini SE. The facility is also subject to a fee on undrawn amounts equal to 35% of the margin. The margin currently applicable is 0.45% and the fee on undrawn amounts is 0.1575%.

An upgrade or downgrade in Capgemini SE's credit rating would have no impact on the availability of this credit facility.

Capgemini SE has agreed to comply with the following financial ratios (as defined in IFRS) in respect of this credit facility:

- the consolidated net debt to consolidated equity ratio must be less than 1 at all times;
- the interest coverage ratio (the extent to which consolidated net finance costs are covered by consolidated operating margin) must be equal to or greater than 3 at December 31 and June 30 of each year (based on the 12 months then ended).

The credit facility agreement also includes covenants restricting Capgemini SE's ability to carry out certain operations. These covenants also apply to Group subsidiaries. They include restrictions primarily relating to pledging assets as collateral, asset sales, mergers and similar transactions. Capgemini SE also committed to standard obligations, including an agreement to maintain *pari passu* status.

At December 31, 2018, this credit facility had not yet been drawn.

13. Maturity of payables at the year end

(in thousands of euros)	Gross amount	One year or less	More than one year
Bond issues			
– 2015-2020 Bond issue	675,600	-	675,600
– 2015-2023 Bond issue	1,000,000	-	1,000,000
– 2016-2021 Bond issue	500,000	-	500,000
– 2018-2024 Bond issue	600,000	-	600,000
– 2018-2028 Bond issue	500,000	-	500,000
Sub-total	**3,275,600**	**-**	**3,275,600**
Bank loans and borrowings			
– Bank overdrafts	111	111	-
– Bank overdrafts (Group cash pooling arrangement)	965,050	965,050	-
– Accrued interest and commission	26,458	26,458	-
– Cash instruments	3,519	2,422	1,097
Sub-total	**995,138**	**994,041**	**1,097**
Group loans and borrowings			
– Loans	328,545	291,345	37,200
– Group investments	331,743	331,743	-
– Other payables (1)	1,182,469	1,031,320	151,149
Sub-total	**1,842,757**	**1,654,408**	**188,349**
Accounts and notes payable	**31,932**	**3,535**	**28,396**
Tax and social security liabilities	**2,273**	**2,273**	**-**
Other payables	**1,099**	**1,099**	**-**
TOTAL	**6,148,798**	**2,655,355**	**3,493,443**

(1) Other Group payables mainly consist of subsidiary current account balances under the Group's worldwide cash pooling arrangement of €974,589 thousand and subsidiary current accounts for tax consolidation purposes of €202,156 thousand.

14. Accrued income and charges

Accrued charges reported in the balance sheet break down as follows:

(in thousands of euros)	Amount
Borrowings	
– Accrued interest payable	26,458
Other liabilities	
– Accounts and notes payable	2,441
– Tax and social security liabilities	260
TOTAL	**29,159**

Accrued interest payable mainly comprises interest on bond issues of €26,243 thousand.

Accrued income reported in the balance sheet break down as follows:

(in thousands of euros)	Amount
Cash and cash equivalents	
– Accrued interest receivable	155
TOTAL	**155**

15. Unrealized foreign exchange gains and losses on foreign currency receivables and payables and on cash instruments

(in thousands of euros)	Reported in assets	Reported in liabilities	Provision for foreign exchange losses
On cash instruments	3,519	188,103	3,519
On other receivables/payables	4	31	4
TOTAL	**3,523**	**188,134**	**3,523**

The application of ANC Regulation no. 2015-05 on forward financial instruments and hedging transactions resulted in the recognition at December 31, 2018 of the value of asset and liability derivative instruments and unrealized foreign exchange differences on the corresponding cash instruments. Asset derivatives and unrealized foreign exchange liabilities total €188,103 thousand and liability derivatives and unrealized foreign exchange assets total €3,519 thousand. Derivatives assets and liabilities are recorded in the balance sheet in cash and cash equivalents.

16. Net financial expense

(in thousands of euros)	**Amount**
Provisions for financial items	
Charge	(37,649)
Reversal	123,092
Sub-total	**85,443**
Dividends received	229,800
Sub-total	**229,800**
Other financial income and expense	
Net income from short-term investments	1,453
Other investment income (capitalization contracts)	1,598
Revenue from loans, current accounts and Group cash pooling arrangements	27,729
Net foreign exchange gains (losses)	19,888
Interest on borrowings, current accounts and Group cash pooling arrangements	(2,110)
Interest on bond issues	(55,623)
Net expenses on investment funds (FCP & SICAV)	(925)
Other	87
Sub-total	**(7,903)**
NET FINANCE INCOME (EXPENSE)	**307,341**

Provision reversals of €123,092 thousand mainly comprise reversals of provisions for equity interests in European subsidiaries in the amount of €101,044 thousand and a reversal of the provision for financial risks in the amount of €22,043 thousand.

The Company received dividends of €229,800 thousand from subsidiaries in 2018.

17. Net non-recurring income (expense)

(in thousands of euros)	**Amount**
Net proceeds on disposals of treasury shares under the liquidity agreement	29
Sub-total	**29**
Accelerated depreciation	(7)
Net expense on disposals of treasury shares under the liquidity agreement	(11)
Net carrying of amount of asset items sold	(50)
Deficit on bond redemption	(24,205)
Other	(89)
Sub-total	**(24,362)**
NET NON-RECURRING INCOME (EXPENSE)	**(24,333)**

18. Income tax expense

In France, Capgemini SE is the parent company of a French tax consolidation group comprising 17 companies. In 2018, Capgemini SE recognized a total tax expense of €20,347 thousand, including notably an expense of €24,354 thousand in respect of the tax consolidation.

In the absence of tax consolidation, Capgemini SE would have recognized a theoretical income tax expense of €42,810 thousand. Tax losses carried forward by Capgemini SE totaled €395,097 thousand as of December 31, 2018.

Breakdown of the income tax expense

(in thousands of euros)	2018 Net profit before tax	2018 Income tax expense
– Recurring profit before tax	548,497	(178,791)
– Net non-recurring income (expense)	(24,333)	7,932
– Accounting profit for the year before tax	524,164	(170,860)
– Tax differences	(260,499)	84,914
– Tax credits		
Apprenticeship/family/corporate sponsorship tax credits		
Research tax credit		
– Offset of tax losses carried forward	(132,333)	43,136
– Tax consolidation of subsidiaries	-	22,464
INCOME TAX EXPENSE		**(20,347)**

(in thousands of euros)	Amount
Impact of tax-driven valuations	
Profit for the year	503,818
Income tax expense (net)	20,347
Profit for the year before tax	524,164
Change in tax-driven provisions:	
– Accelerated depreciation	(7)
PROFIT EXCLUDING TAX-DRIVEN VALUATIONS (BEFORE TAX)	**524,158**

Change in deferred tax liabilities

Deferred tax on temporary differences *(in thousands of euros)*	Prior year amount	Prior year amount
Non-deductible provisions		
– Organic sales tax	70	76
Provisions for contingencies and losses		
– Provision for foreign exchange losses	22,043	3,523
Unrealized foreign exchange gains	167,013	188,134
Unrealized foreign exchange losses	(22,043)	(3,519)
Remeasurement differences on receivables and payables and fair value measurement of derivatives	(474)	(1,331)
TOTAL	**166,608**	**186,883**
Tax rate for temporary differences	34.43%	34.43%
DEFERRED TAX	**57,363**	**64,344**
Deferred tax assets		
– Tax losses carried forward	525,518	395,097
Tax rate for temporary differences	34.43%	34.43%
DEFERRED TAX	**180,936**	**136,032**

III – Other information

19. Off-balance sheet commitments

a) Commitments given in favor of subsidiaries

Guarantees, deposits and comfort letters granted by Capgemini SE to its subsidiaries at December 31, 2018 break down as follows:

(in thousands of euros)	**Amount**
– Financial items	69,644
– Operating items	1,230,119
– Tax and other items	19,240
TOTAL	**1,319,003**

Guarantees, deposits and comfort letters granted to subsidiaries in respect of financial items provide them with access to local cash facilities in the form of credit lines. Total draw-downs on these credit lines at December 31, 2018 amounted to €6,964 thousand.

b) Other commitments

The Group has provided performance and/or financial guarantees for a number of major contracts. The clients concerned represented approximately 8% of Group revenue in 2018.

Capgemini SE, together with all of its subsidiaries and any entities which it directly or indirectly owns more than 50%, are insured for the financial implications of any civil or professional liability claims that may be filed against them as a result of their activities. The insurance is part of a worldwide program comprising a number of policies taken out with leading insurance companies. The terms and conditions of this insurance program (including maximum coverage) are regularly reviewed and adjusted to reflect changes in revenues, business activities and risk profiles.

c) Financial instruments

Currency hedges/Derivative instruments

At December 31, 2018, the values of external currency derivative instruments negotiated in respect of foreign currency denominated internal financing arrangements (loans granted by the Company to its subsidiaries), primarily break down as follows:

- a euro/Swiss franc currency swap with a positive value of €69 thousand for a nominal amount of CHF21 million (€18 million);
- euro/US dollar currency swaps with a net positive value of €10,228 thousand for a nominal amount of US$1,018 million (€889 million);
- a euro/Mexican pesos currency swap with a negative value of €257 thousand for a nominal amount of MXN170 million (€8 million);
- a euro/Japanese yen currency swap with a negative value of €191 thousand for a nominal amount of JPY601 million (€5 million);
- a euro/Singapore dollar currency swap with a negative value of €45 thousand for a nominal amount of SGD21 million (€13 million).

At December 31, 2018, external currency derivatives hedging brand royalties invoiced to subsidiaries had a negative value of €26 thousand and mainly concerned the pound sterling, Chinese yuan and Australian dollar.

20. Related companies

(in thousands of euros)	**Total**	**Related companies**
Balance sheet items		
– Equity interests	17,732,319	17,732,319
– Receivable from controlled entities	981,516	981,516
– Payable to controlled entities	660,288	660,288
– Related and associated companies		
receivable	140,006	140,006
payable	1,182,469	1,182,469
Income Statement items		
– Investment income	229,800	229,800
– Income on Group loans	25,838	25,838
– Other interest and similar income	5,049	1,219
– Interest and similar expenses	57,753	1,839

21. Consolidating company

Capgemini SE is the consolidating company for the Capgemini group.

22. Subsequent events

At the Combined Shareholders' Meeting, the Board of Directors will recommend a dividend payment of €1.70 per share in respect of 2018.

23. Remuneration of members of the Board of Directors

Attendance fees paid to directors in 2018 totaled €1,293,990 (or €958,533 after deduction of 12.8% withholding tax for beneficiaries not tax-resident in France and the single 30% flat-rate deduction for beneficiaries tax-resident in France).

24. Audit fees

(in thousands of euros)	KPMG	PWC
Statutory audit of the consolidated and separate financial statements	360	420
Non-audit services [1]	40	40
TOTAL	**400**	**460**

(1) These services main concern procedures relating to the bond issues.

5.4.4 Subsidiaries and investments

(in millions of euros)	Capital	Other shareholders' equity (including net income for the year)	% interest	Number of shares owned	Book value of shares Gross	Book value of shares Net	Loans & advances granted	Guarantees given	2018 Revenue	Dividends
Subsidiaries										
Capgemini North America Inc	1	2,372	100.00%	982,000	9,132	9,132	858	-	-	-
CGS HOLDINGS Ltd	593	1	100.00%	558,777,061	721	721	-	-	-	-
Gemini Consulting Holding Ltd	0	8	100.00%	1,083	23	23	-	-	-	-
Capgemini Oldco Ltd	12	24	100.00%	1,033,938,857	801	801	-	-	-	-
Capgemini AB (Suède)	3	303	100.00%	25,861	387	387	-	8	28	-
Capgemini NV (Benelux)	2	237	100.00%	21,582,376	1,467	1,467	-	-	-	100
Capgemini Business Services BV	19	(12)	100.00%	42,227	41	41	-	-	-	-
Capgemini Deutschland Holding GmbH	129	63	95.59%	-	629	629	31	-	-	-
Capgemini Consulting Österreich AG	0	10	100.00%	64,999	60	60	-	-	23	1
Capgemini Suisse AG	0	2	100.00%	500	73	73	18	75	102	-
Capgemini Polska Sp Z.o.o (Pologne)	4	41	100.00%	129,160	25	25	-	-	264	18
Capgemini Magyarorszag Kft	0	1	100.00%	1	2	2	-	-	9	-
Capgemini Czech Republic s r o	1	1	98.77%	21,255	8	8	2	-	8	-
Capgemini France S.A.S.	89	799	100.00%	5,713,954	1,324	1,324	-	-	6	41
Capgemini Technology Services Maroc S.A.	3	10	99.99%	329,996	3	3	-	-	45	3
Sogeti S.A.S.	261	462	100.00%	52,106,876	754	754	-	-	-	63
Capgemini Italia S.p.A.	18	29	100.00%	3,575,000	543	543	10	17	305	-
Capgemini España S.L. (Sociedad Unipersonal)	43	(1)	85.73%	371,784	340	272	-	5	246	-
Capgemini Portugal, Serviços de Consultoria e Informatica, SA	8	6	100.00%	1,698,842	44	34	-	-	31	-
Capgemini Business Services Guatemala S.A.	1	16	99.80%	12,900,034	1	1	-	-	30	2
Capgemini Argentina S.A.	2	0	0.15%	126,369	0	0	-	-	9	-
Capgemini Asia Pacific Pte. Ltd.	186	(16)	100.00%	278,083,711	309	309	-	10	0	-
Capgemini Australia Pty Ltd	126	(99)	100.00%	1,575,512	182	182	12	-	208	-
Capgemini Technology Services India Limited	7	1,527	11.99%	7,090,662	25	25	-	-	1,682	-
Capgemini Service S.A.S	8	9	100.00%	8,000,000	164	17	-	-	0	-
S.C.I. Paris Étoile	0	5	99.99%	9,999	48	31	-	-	3	2
Immobilière les Fontaines S.A.R.L	3	9	99.90%	1,004,628	52	52	-	-	4	-
Capgemini Gouvieux S.A.S.	3	(1)	100.00%	210,000	3	3	-	-	18	-
Capgemini Latin America S.A.S	513	(421)	100.00%	51,324,750	522	76	-	-	-	-
Capgemini Reinsurance International S.A.	20	20	100.00%	10,000	5	5	-	-	8	-
Other French compagnies	nm	nm	nm	nm	0	0	-	nm	nm	-

Investments

As of December 31, 2018, other investments held by Capgemini SE are not material

5.4.5 Statutory auditors' report on the financial statements

This is a translation into English of the Statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended 31 December 2018

To the Annual General Meeting of Capgemini SE,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Capgemini SE for the year ended 31 December 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory auditors'Responsibilities for the Audit of the Financial Statements* Section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1st January 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No 537/2014 or in the French Code of Ethics *(Code de déontologie)* for Statutory auditors.

Justification of Assessments – Key Audit Matter

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matter relating to risks of material misstatement that, in our professional judgment, was of most significance in our audit of the financial statements of the current period, as well as how we addressed this risk.

This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Measurement of investments in subsidiaries in Capgemini SE

Risks identified

At 31 December 2018, equity investments reported in the balance sheet amount to €17,043 million. Equity investments are recognized at their acquisition-date cost and may be written down based on their value in use.

As stated in the Note "Accounting policies – Financial Assets" to the financial statements, a depreciation is accounted for should the value in use of the equity investments is lower than its carrying amount. The value in use of equity investments is estimated by Management, either using discounted future cash flows adjusted of net cash/debt and deferred taxes, or using the proportionate share of consolidated net equity, or in some rare cases, based on the market value of comparable transactions.

The measurement of the value in use requires judgment by Management in terms of the inputs chosen, which may correspond to historical or forward-looking information.

Management ensures at year end that the carrying amount of the equity investments is not higher than their value in use. An adverse change in the activities related to these investments, due to internal or external factors related to the financial and economic environment in the markets where Capgemini operates, may significantly affect the value in use of the equity investments and require the recognition of an impairment. Such change would require reassessing the relevance of the assumptions used to determine value in use and the reasonableness and consistency of the calculation criteria.

We believe that measurement of the value of equity investments is a key audit matter given the significant amount of equity investments reported in the financial statements and their sensitivity to assumptions made by Management.

Our audit approach

Our work included:

- gaining an understanding of and assessing the impairment testing process implemented by Management;
- when value in use of equity investments is assessed using the discounted cash flow method:
  - assessing that the model used to calculate value in use is appropriate,
  - analysing the consistency of cash flow forecasts with the latest estimates by Management presented to the Board of Directors during the budget process,
  - comparing cash flow forecasts for financial years 2019 to 2021 with the business plans used for prior year impairment testing,
  - comparing the 2018 earnings forecasts used for prior year impairment testing with actual results,
  - interviewing financial and operational managers to analyse the main assumptions used in the business plans and cross-check the assumptions with the explanations obtained,
  - assessing the methods used to calculate the discount rate applied to estimated future cash flows and the latest long-term growth rate used to project cash flows to infinity, for the latest financial year estimates; comparing these rates with market data or external sources and recalculating the rates based on our own data sources,
  - comparing net cash/debt with underlying data used to prepare the company's consolidated financial statements;
- when value in use of equity investments is measured based on the proportionate share of consolidated net equity or based on the market value of comparable transactions:
  - assessing the appropriateness of the valuation method used,
  - assessing the documentation used to measure value in use,
  - assessing the appropriateness of the financial information provided in the notes to the annual financial statements.

Our firms' valuation specialists were involved in this work.

Specific verification

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information provided in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest that the information relating to payment terms referred to in article D. 441-4 of the French Commercial Code (*Code de commerce*) is fairly presented and consistent with the financial statements.

Report on Corporate Governance

We confirm the existence in the Report on Corporate Governance of the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code *(Code de commerce)* relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory auditors

We were appointed as Statutory auditors of Capgemini SE by the Annual General Meeting held on 25 April 2002 for KPMG audit and on 24 May 1996 for PricewaterhouseCoopers audit.

As at 31 December 2018, KPMG audit and PricewaterhouseCoopers audit were in the 17th year and 23rd year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(Code de déontologie)* for Statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The Statutory auditors

Neuilly-sur-Seine and Paris-La Défense, 21 March 2019

PricewaterhouseCoopers Audit		**KPMG Audit** ***Division of KPMG S.A.***	
Françoise Garnier Partner	Richard Béjot Partner	Frédéric Quélin Partner	Stéphanie Ortega Partner

5.4.6 Statutory auditors' special report on related party agreements and commitments

This is a free translation into English of the Statutory auditors' special report on related party agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Shareholders' Meeting held to approve the financial statements for the year ended 31 December 2018

In our capacity as Statutory auditors of Capgemini SE, we hereby report to you on related party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of, as well as the reasons provided for, the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of article R. 225-31 of the French Commercial Code *(Code de commerce)*, it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R. 225-31 of the French Commercial Code in relation to the performance during the year of agreements and commitments already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements and commitments submitted for the approval of the Shareholders' Meeting

We hereby inform you that we have not been advised of any agreement or commitment authorized during the year to be submitted to the approval of the Shareholders' Meeting pursuant to Article L. 225-38 of the French Commercial Code.

Agreements and commitments already approved by the Shareholders' Meeting

Agreements and commitments approved in previous years but not implemented during the year

We were informed that the following agreements and commitments, approved by the General Meeting in previous years, remained in force during the year ended 31 December 2018 but not implemented.

— Supplementary collective pension plan of Paul Hermelin, Chief Executive Officer

Type of agreement:

A supplementary collective defined benefit pension plan was set up by the Company for certain senior executives regarded as having made a significant and lasting contribution to the development of the Capgemini group. Paul Hermelin was listed as a beneficiary of this plan by decision of the Shareholders' Meeting of 26 April 2007.

Purpose and terms and conditions:

On 13 December 2006, the Board of Directors authorised the establishment of a supplementary collective defined benefit pension plan for certain senior executives, enabling them to receive, at retirement, a maximum supplementary pension of 40% of their benchmark remuneration. The total pension collected by the beneficiary may not exceed 50% of this benchmark remuneration, which is itself limited to 60 times the maximum annual salary limit defined by French Social Security.

On 29 July 2015, the Board of Directors decided to freeze Paul Hermelin's rights under this supplementary pension plan with effect from 31 October 2015, without consideration, thus leading to a change in the rules in the Company's favour.

On 5 December 2018, the Board of Directors noted that the agreement was submitted for review.

Paul Hermelin received no compensation under this agreement in 2018.

Agreements and commitments authorised during the year

Furthermore, we were informed that the following agreements and commitments, already approved by the General Meeting on 23 May 2018 upon Statutory auditors' special report dated 26 February 2018, were not implemented during the year ended 31 December 2018.

— Severance pay for Chief Operating Officers Thierry Delaporte and Aiman Ezzat

Type and purpose of agreement:

The agreement sets out the severance pay entitlement of Thierry Delaporte and Aiman Ezzat in the event of their departure from their position as Chief Operating Officer.

Terms and conditions:

The severance pay will depend on the percentage of fulfilment of the financial performance objectives applicable to the Chief Operating Officer in question for the V1 variable portion of his remuneration calculated for each of the three complete financial years preceding the termination of his duties as Chief Operating Officer, based on a weighting of 40% for the financial year immediately preceding the termination and 30% for each of the remaining two years. Since the V1 part of the variable remuneration is subject to performance criteria, the severance pay will be conditional upon the fulfilment of these same criteria.

In accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors set an upper limit on the aggregate amount that may be paid out to the Chief Operating Officer with respect to (i) the final calculated amount of severance pay, (ii) the compensation paid under the collective bargaining agreement in the event of termination of the employment contract, and (iii) any compensation that may be paid under a non-competition agreement. This amount is limited to twice the theoretical annual compensation (fixed plus variable) applicable on the date of termination of service.

No severance pay would be paid if the Chief Operating Officer leaves of his own accord, if he changes roles within the Group, if he is able to take retirement at very short notice or if he leaves as a result of serious or gross misconduct.

Pursuant to article L. 225-42-1 of the French Commercial Code, these appointments are to be submitted for approval to the Shareholders' Meeting on 23 May 2018, subject to two conditions precedent, namely (i) the adoption of the compensation policy for the Chief Operating Officers by the Shareholders' Meeting of 23 May 2018, and (ii) the re-appointment of Thierry Delaporte and Aiman Ezzat as Chief Operating Officers by the Board of Directors at the meeting to be held following the Shareholders' Meeting of 23 May 2018. The two conditions precedent were lifted on May 23, 2019.

On 5 December 2018, the Board of Directors noted that the agreement was submitted for review.

— Non-competition obligations concerning Chief Operating Officers Thierry Delaporte and Aiman Ezzat

Type of agreement:

The agreement provides for a non-competition obligation applicable to Thierry Delaporte and Aiman Ezzat, in exchange for which they may be entitled to a compensation payment.

Terms and conditions:

Subject to compliance with the non-competition obligation for a period of 12 months as from the date of termination of their employment contract further to the termination of their corporate office, the two Chief Operating Officers may be entitled to a compensation payment equal to half of their maximum theoretical gross compensation (fixed plus variable) applicable on the date of termination of their corporate office.

The Board of Directors reserves the right to decide to release the Chief Operating Officers from the noncompetition obligation and thus to waive payment of the non-competition compensation payment.

In accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors set an upper limit on the aggregate amount that may be paid out to the Chief Operating Officer with respect to (i) the final calculated amount of severance pay, (ii) the compensation paid under the collective bargaining agreement in the event of termination of the employment contract, and (iii) any compensation that may be paid under a non-competition agreement. This amount is limited to twice the theoretical annual compensation (fixed plus variable) applicable on the date of termination of service.

Pursuant to article L. 225-42-1 of the French Commercial Code, these appointments are to be submitted for approval to the Shareholders' Meeting on 23 May 2018, subject to two conditions precedent, namely (i) the adoption of the compensation policy for the Chief Operating Officers by the Shareholders' Meeting of 23 May 2018, and (ii) the re-appointment of Thierry Delaporte and Aiman Ezzat as Chief Operating Officers by the Board of Directors at the meeting to be held following the Shareholders' Meeting of 23 May 2018. The two conditions precedent were lifted on May 23, 2019.

On 5 December 2018, the Board of Directors noted that the agreement was submitted for review.

The Statutory auditors

Neuilly-sur-Seine, 21 March 2019

PricewaterhouseCoopers Audit

Françoise Garnier
Partner

Richard Béjot
Partner

Paris-La Défense, 21 March 2019

KPMG Audit
Division of KPMG S.A.

Frédéric Quélin
Partner

Stéphanie Ortega
Partner

5.5 Other Financial and accounting information

5.5.1 Five-year financial summary

(in thousand of euros)	2014	2015	2016	2017	2018
I – SHARE CAPITAL AT YEAR-END					
Share capital	1,308,744	1,377,452	1,372,514	1,347,870	1,338,350
Number of common shares outstanding	163,592,949	172,181,500	171,564,265	168,483,742	167,293,730
Maximum number of future shares to be created:					
– through exercise of equity warrants	6,412,285	3,980,902	4,809,100	4,940,995	5,108,408
– through conversion fo convertible bonds	5,958,587	5,958,587	-	-	-
II – OPERATIONS AND RESULTS OF THE CURRENT YEAR					
Operating revenue	248,316	311,679	303,956	392,816	379,748
Operating revenue and financial revenue	1,480,875	2,165,823	1,501,074	3,246,731	1,008,533
Income before taxes, amortization and provisions	284,241	224,791	236,553	395,244	444,302
Income tax	33,555	29,532	8,434	13,021	20,347
Net income/(losses)	1,161,201	1,156,947	950,196	2,718,722	503,818
Distributed income	198,381	228,749	261,683	284,363	284,399*
III – EARNINGS PER SHARE *(in euros)*					
Earnings after taxes, but before amortization and provisions	1.53	1.13	1.33	2.27	2.53
Net earnings	7.10	6.72	5.54	16.14	3.01
Dividend per share	1.20	1.35	1.55	1.70	1.70
IV – EMPLOYEE DATA					
Average number of employee during the year					
Total payroll		Capgemini SE does not have any employees			
Total benefits					

* Subject to approval by the Combined Shareholders' Meeting of May 23, 2019.

6

Capgemini and its shareholders

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6.1 Capgemini share capital

6.1.1 Share capital (amount, table of movements and delegations of authority)

Share capital amount

At December 31, 2018, the Company's share capital amounted to €1,338,349,840, divided into 167,293,730 fully paid-up ordinary shares with a par value of €8 each.

Shares may be held in either registered or bearer form, at the shareholder's discretion.

Changes in the Company's share capital over the past five years

	Number of shares	Share capital *(in euros)*	Additional paid-in capital *(in euros)*
AT DECEMBER 31, 2014	**163,592,949**	**1,308,743,592**	**5,851,791,323**
Share capital increase:			
– Shares issued by private placement	6,700,000	53,600,000	452,250,000
– Shares issued after the vesting of free shares	6	48	0
– Shares issued following the exercise of BSAAR warrants	1,888,545	15,108,360	49,102,170
– Issue costs for shares, net of taxes	-	-	(5,922,837)
Allocation to the legal reserve	**-**	**-**	**(6,833,742)**
AT DECEMBER 31, 2015	**172,181,500**	**1,377,452,000**	**6,340,386,914**
Share capital reduction:			
– Cancellation of treasury shares	(617,235)	(4,937,880)	(45,191,920)
AT DECEMBER 31, 2016	**171,564,265**	**1,372,514,120**	**6,295,194,994**
Share capital increase:			
– Shares issued reserved for employees	3,600,000	28,800,000	293,004,000
– Issue costs for shares, net of taxes			(933,063)
Share capital reduction:			
– Cancellation of treasury shares	(6,680,523)	(53,444,184)	(576,228,867)
AT DECEMBER 31, 2017	**168,483,742**	**1,347,869,936**	**6,011,037,063**
Share capital increase:			
– Shares issued reserved for employees	2,500,000	20,000,000	210,700,000
– Issue costs for shares, net of taxes			(822,277)
– Shares issued after the vesting of free shares	333,291	2,666,328	(2,666,328)
Share capital reduction:			
– Cancellation of treasury shares	(4,023,303)	(32,186,424)	(397,124,640)
AT DECEMBER 31, 2018	**167,293,730**	**1,338,349,840**	**5,821,123,818**

6.1.2 Financial authorizations

Authorizations granted by the Shareholders' Meeting to the Board of Directors to increase share capital

The following table summarizes (pursuant, to Article L. 225-37-4 3° of the French Commercial Code) authorizations still in effect and those that have expired since the last Shareholders' Meeting.

Purpose of the authorization	Maximum amount [1] [2] *(in euros)*	Authorization date and resolution number	Expiry date	Used during 2018
a) Purchase by the Company of its own shares under a share buyback program [3]	10% of share capital	05/23/2018 (14th)	11/23/2019	4,331,810 shares were purchased under the share buyback program (excluding the liquidity contract) at an average price of €107.04 Under the liquidity contract: a) 1,585,947 shares purchased at an average price of €104.32 b) 1,397,520 shares sold at an average price of €105.80 c) at 12/31/2018, the liquidity account balance comprised 217,358 shares and approximately €2 million in cash.
b) Cancellation of treasury shares	10% of share capital per 12-month period	05/23/2018 (15th)	07/23/2020	4,023,303 shares with a value of €429,311,063.80 were canceled by decision of the Board of Directors on 12/05/2018
c) Share capital increase by capitalizing additional paid-in capital, reserves, profit or other eligible amounts	€1.5 billion (par value)	05/23/2018 (16th)	07/23/2020	This authorization was not used in 2018
d) Share capital increase by issuing shares and/or securities granting access to the share capital, or granting a right to allocation of debt instruments, **with retention of PSR** (pre-emptive subscription rights)	€540 million (par value) €9.3 billion (issue amount)	05/23/2018 (17th)	07/23/2020	This authorization was not used in 2018
e) Share capital increase by issuing shares and/or securities granting access to the share capital, or granting a right to allocation of debt instruments, **with cancellation of PSR, by public offering**	134 million (par value) €3.1 billion (issue amount)	05/23/2018 (18th)	07/23/2020	This authorization was not used in 2018
f) Share capital increase by issuing shares and/or securities granting access to the share capital, or granting a right to allocation of debt instruments, **with cancellation of PSR, by private placement**	€134 million (par value) €3.1 billion (issue amount)	05/23/2018 (19th)	07/23/2020	This authorization was not used in 2018
g) Setting the issue price of shares in the context of a share capital increase **with cancellation of PSR**	€134 million (par value) €3.1 billion (issue amount) 10% of share capital per 12-month period	05/23/2018 (20th)	07/23/2020	This authorization was not used in 2018
h) Increase of the number of shares to be issued in the event of a share capital increase **with or without PSR** in the context of resolutions (d) to (f) (*Greenshoe*)	Within the limit of the ceiling applicable to the initial increase	05/23/2018 (21st)	07/23/2020	This authorization was not used in 2018

Purpose of the authorization	Maximum amount [1] [2] *(in euros)*	Authorization date and resolution number	Expiry date	Used during 2018
i) Share capital increase by issuing shares and/or securities granting access to the share capital in consideration for contributions in kind	€134 million (par value) €3.1 billion (issue amount) 10% of share capital	05/23/2018 (22nd)	07/23/2020	This authorization was not used in 2018
j) Grant of performance shares	1% of share capital	05/23/2018 (23rd)	11/23/2019	1,384,530 performance shares (€11,076,240 million par value) were granted to 1,693 beneficiaries by decision of the Board of Directors on 10/03/2018
k) Share capital increase by issuing shares and/or securities granting access to the share capital **with cancellation of PSR**, reserved for members of Group savings plans	€24 million (par value) [2]	05/23/2018 (24th)	11/23/2019	2,398,286 shares were issued pursuant to this 24th resolution within the context of the 2018 employee savings plan, representing a par value amount of €19,186,288
l) Share capital increase by issuing shares and/or securities granting access to the share capital **with cancellation of PSR**, in favor of employees of certain non-French subsidiaries	€12 million (par value) [2]	05/23/2018 (25th)	11/23/2019	101,714 shares were issued pursuant to this 25th resolution within the context of the 2018 employee savings plan, representing a par value amount of €813,712

(1) Recap of overall limits: a maximum par value amount of €540 million and a maximum issue amount of €9.3 billion for all issues with and without pre-emptive subscription rights; issues performed pursuant to j), k) and l) above are not included in these general limits.
(2) Total share capital increases decided pursuant to k) and l) are subject to a maximum par value amount of €24 million.
(3) Shares purchased in the course of 2018 but prior to the Ordinary Shareholders' Meeting of May 23, 2018 were acquired pursuant to the 11th resolution of the Shareholder's Meeting of May 10, 2017.

Use of authorizations during 2018

Pursuant to the authorization granted by the Ordinary Shareholders' Meeting of May 23, 2018 in the fourteenth resolution, 4,331,810 shares were purchased under the share buyback program (excluding the liquidity contract) at an average price of €107.04. Under the liquidity contract, 1,585,947 shares were purchased at an average price of €104.32 and 1,397,520 shares were sold at an average price of €105.80. At December 31, 2018, the liquidity account balance comprises 217,358 shares and approximately €2 million in cash.

In addition, pursuant to the powers conferred on it by the Extraordinary Shareholders' Meeting of May 23, 2018 in the fifteenth resolution, the Board of Directors, in its meeting of December 5, 2018, canceled 4,023,303 shares with a value of €429,311,063.80.

Pursuant to the authorization granted by the Extraordinary Shareholders' Meeting of May 23, 2018 in the twenty-third resolution, the Board of Directors decided, on October 3, 2018, to award 124,955 shares subject to a presence condition to 480 beneficiaries, and 1,259,575 performance shares to 1,213 beneficiaries (employees and corporate officers of French and foreign subsidiaries and members of the Executive Committee including the Chairman and Chief Executive Officer and the Chief Operating Officers).

Finally, the Board of Directors, by decision on July 26, 2018, made use of the twenty-fourth and twenty-fifth resolutions adopted by the Extraordinary Shareholders' Meeting of May 23, 2018, to increase the share capital of the Company in favor of employees by issuing 2,500,000 new shares under the fifth employee savings plan. The share capital increase, representing a par value amount of €20,000,000, was completed on December 18, 2018.

Renewal of authorizations at the 2019 Shareholders' Meeting

The outstanding authorizations described in a) j), k) and l) above, concerning the share buyback, grant of performance shares and employee savings plan, will be submitted for renewal at the Shareholders' Meeting of May 23, 2019.

For further details, please refer to Chapter 7 of this Registration Document.

6.1.3 Other share equivalents outstanding

There are no other securities granting access to the share capital outstanding at December 31, 2018.

6.1.4 Employee shareholders

Share subscription or purchase plans

Capgemini no longer grants stock options. The last stock option plan expired in June 2013.

Performance shares grant

Performance shares grant in 2018

The Extraordinary Shareholders' Meeting of May 23, 2018 authorized the Board of Directors, in its twenty-third resolution, to grant performance shares to employees and corporate officers of the Company and its French and non-French subsidiaries, during a period of 18 months commencing May 23, 2018. The number of shares granted (existing and to be issued) could not exceed 1% of the share capital at the date of the Board of Directors' decision to grant such shares (this maximum number of shares being referred to hereafter by the letter "N"). Up to a maximum of 10% of "N", these performance shares could be granted to Executive Corporate Officers of the Company, it being specified that the portion of shares to be held by them until the end of their term of office is set by the Board of Directors. By exception, and for an amount not exceeding 15% of "N", shares could be granted to employees of the Company and its French and non-French subsidiaries, excluding members of the general management team (the "Executive Committee"), without performance conditions.

Pursuant to this authorization, the Board of Directors' Meeting of October 3, 2018 decided the issue of 1,384,530 performance shares to 1,668 managers and employees of the Group, 22 members of the Executive Committee (excluding Executive Corporate Officers) and to Messrs. Paul Hermelin, Thierry Delaporte and Aiman Ezzat.

The external performance condition is based on the comparative performance of the Capgemini share against the average performance of a basket of comparable companies or indexes over a minimum of three years.

Since the performance share grant of 2012, the internal performance condition for all performance share plans is based on organic free cash flow generation over a three-year period, reflecting the Board of Directors' desire to prioritize long-term goals in the context of these grants.

A Corporate Social and Environmental Responsibility performance condition was added for the first time this year. It is founded on two indicators: a diversity indicator and an environmental performance indicator.

Accordingly, the total number of shares that will vest to beneficiaries at the end of the vesting period will be equal to:

- a number of shares equal to 35% (for Executive Corporate Officers, the Group Executive Committee and key managers) or 15% (for other beneficiaries) of the number indicated in the grant notification multiplied by the percentage achievement of the chosen external performance target: performance of the Capgemini share compared with the average performance measured over an identical three year period of a basket of securities and indexes containing (i) shares of eight listed companies operating in the same sector as the Group in a minimum of five countries in which the Group is firmly established (Accenture/Indra/Atos/Tieto/Sopra Steria/CGI Group/Infosys and Cognizant) and (ii) the CAC 40 index (no shares will be granted if the relative performance of the Capgemini shares is less than 100% of the average performance of the basket);
- a number of shares equal to 50% (for Executive Corporate Officers, the Group Executive Committee and key managers) or 70% (for other beneficiaries) of the number indicated in the grant notification multiplied by the percentage achievement of the chosen internal performance target: published and audited organic free cash flow for the three years from 2018 to 2020 compared with a minimum objective of €3,000 million; the maximum number of shares will vest for organic free cash flow generation of €3,250 million or more;
- and finally, a number of shares equal to 15% of the number indicated in the grant notification multiplied by the percentage achievement of the corporate social and environmental responsibility performance target: increase over a three-year period in the percentage of women in the Group's Vice-President inflow population, with a minimum objective of 20% and a maximum grant from 25% and a reduction in greenhouse gas emissions/employee of at least 20% by 2020 compared with 2015, with a maximum grant from 22% or more.

The vesting period was set by the Board of Directors at three years for beneficiaries tax-resident in France and four years for beneficiaries not tax-resident in France. In addition, a two years minimum holding period for vested shares following the vesting period was set for beneficiaries tax-resident in France. Furthermore, the Chairman and Chief Executive Officer is required to hold the shares vested until the end of his term of office in the amount of 50% of shares vested, if the number of shares held by him, valued at the share price at the vesting date, is less than two years' theoretical salary. 33% of vested shares must be held if the valuation of shares held is between two years' theoretical salary and four years' theoretical salary and 5% of vested shares must be held if this valuation exceeds four years' theoretical salary.

The Chief Operating Officers are required to hold the shares vested until the end of their terms of office as Chief Operating Officer in the amount of 50% of shares vested, if the number of shares held by them, valued at the share price at the vesting date, is less than one years' theoretical salary. 33% of vested shares must be held if the valuation of shares held is between one years' theoretical salary and two years' theoretical salary and 5% of vested shares must be held if this valuation exceeds two years' theoretical salary.

Out of a total of 1,384,530 shares, 124,955 shares (9.02%) were granted without performance conditions. No Group Executive Committee members benefited from this grant.

In accordance with the recommendations of the AFEP-MEDEF Code, performance share grants will be undertaken at the same calendar periods and will be decided by either the Board of Directors' Meeting held at the end of July or at the following meeting generally held at the beginning of October.

Vesting of performance shares in 2018

On July 30, 2014, pursuant to the authorization granted by the Extraordinary Shareholders' Meeting of May 23, 2013, the Board of Directors granted 1,290,500 shares subject to performance and presence conditions.

The performance shares were granted subject to a vesting period of two years for beneficiaries tax-resident in France and four years for beneficiaries not tax-resident in France. The grant therefore vested to beneficiaries not tax-resident in France on August 1, 2018.

This grant was subject to internal and external performance conditions. These conditions were detailed in the resolution presented to and adopted by the Combined Shareholders' Meeting which authorized the Board of Directors to grant performance shares.

The internal performance condition concerned organic free cash flow generated over the three-year period, 2013, 2014 and 2015.

The external performance condition was assessed based on the performance of the Capgemini share compared with a basket of comparable companies in our business sector in at least five different countries, as follows: Accenture, Atos, CSC, CGI Group, Cognizant, Infosys, Sopra and Tieto and the CAC40 index. No shares vest under this plan in respect of the external performance condition, if the relative performance of the Capgemini share is less than 90% of the average performance of the basket over a two-year period, while 30% of shares vest if this performance is equal to that of the basket and 50% of shares vest if this performance is 110% or more of that of the basket.

The internal and external performance conditions for this plan were satisfied in full, enabling the vesting of 390,750 shares to beneficiaries tax-resident in France in August 2016 and of 673,250 shares to beneficiaries not tax-resident in France in August 2018 (1,000 shares were granted in advance to a beneficiary not tax-resident in France following a death).

Of the initial grant of 1,065.000 shares, the final percentage of shares vested was 82.5% (1,290,500 shares).

On July 29, 2015, pursuant to the authorization granted by the Extraordinary Shareholders' Meeting of May 6, 2015, the Board of Directors granted 1,068,550 shares subject to performance and presence conditions.

The performance shares were granted subject to a vesting period of two years and seven months for beneficiaries tax-resident in France and four years for beneficiaries not tax-resident in France. The grant therefore vested for beneficiaries tax-resident in France on March 1, 2018.

This grant was subject to internal and external performance conditions. These conditions were detailed in the resolution presented to and adopted by the Combined Shareholders' Meeting which authorized the Board of Directors to grant performance shares.

The internal performance condition concerned organic free cash flow generated over the three-year period, 2015, 2016 and 2017.

The external performance condition was assessed based on the performance of the Capgemini share compared with a basket of comparable companies in our business sector in at least five different countries, as follows: Accenture, Atos, CSC, CGI Group, Cognizant, Infosys, Sopra and Tieto and the CAC40 index. No shares vest under this plan in respect of the external performance condition, if the relative performance of the Capgemini share is less than 90% of the average performance of the basket over a two-year period, while 30% of shares vest if this performance is equal to that of the basket and 50% of shares vest if this performance is 110% or more of that of the basket.

The internal and external performance conditions for this plan were satisfied 100% and 96%, respectively. The relative performance of the Capgemini SE share compared with that of the basket of comparable companies over a three-year period was between 109 and 110%, leading to a grant rate of 96% for the external performance condition in accordance with the plan rules. 326,291 shares therefore vested to beneficiaries tax-resident in France in March 2018 and must be held by beneficiaries for a period of three years until March 2021. 39,200 shares vested to the Chairman and Chief Executive Officer under this plan.

On February 17, 2016, pursuant to the authorization granted by the Extraordinary Shareholders' Meeting of May 6, 2015, the Board of Directors granted 180,500 shares subject to presence conditions only, following the acquisition of IGATE mid-2015, which could not be taken into account in the grant decided by the Board of Directors on July 29, 2015.

These shares subject to presence conditions were granted with a vesting period of two years and two weeks for beneficiaries tax-resident in France and four years for beneficiaries not tax-resident in France. The grant therefore vested for beneficiaries tax-resident in France on March 1, 2018.

This grant was subject to the effective presence of beneficiaries in the Group at the vesting date. Based on this condition, 7,000 shares vested in March 2018 to beneficiaries tax-resident in France. They are required to hold the vested shares for a period of two years until March 2020.

International employee shareholding system

As part of the employee incentive policy and in order to align employee interests with those of shareholders and also stabilize the Company's share capital, the Group wishes to make the Company's share capital accessible to a large number of employees, in particular through employee share ownership plans. First put in place in 2009, it is envisaged that such employee share ownership operations may now be offered to Group employees on an annual basis, while ultimately aiming to maintain employee share ownership at around 5% to 7% of the Company's share capital.

The Combined Shareholders' Meetings of May 7, 2014 and May 10, 2017 authorized the Board of Directors to issue a maximum of 6 million shares by way of a share capital increase reserved for employees and corporate officers of the Company and its French and non-French subsidiaries who are members of the Capgemini group Company Savings Plan. The Combined Shareholders' Meeting of May 23, 2018 authorized the Board of Directors to issue a maximum of 3 million shares by way of a share capital increase reserved for employees and corporate officers of the Company and its French and non-French subsidiaries who are members of the Capgemini group Company Savings Plan.

The international employee shareholding transaction performed in 2014 was fully subscribed in the amount of 5 million shares, directly and indirectly *via* an Employee Savings Mutual Fund (FCPE), by Group employees from 20 countries.

The international employee shareholding transaction performed in 2017, and authorized by the Board of Directors, was fully subscribed in the amount of 3.6 million shares, directly and indirectly *via* an Employee Savings Mutual Fund (FCPE), by Group employees from 21 countries.

The international employee shareholding transaction performed in 2018, and authorized by the Board of Directors, was fully subscribed in the amount of 2.5 million shares, directly and indirectly *via* an Employee Savings Mutual Fund (FCPE), by Group employees from 24 countries.

Overall and pursuant to the provisions of Article L. 225-102 of the French Commercial Code, the Board of Directors informs you that employees and corporate officers of the Company (and related companies) together held 6,1% of the Company's share capital at December 31, 2018.

6.1.5 Potential dilution resulting from the exercise of all securities granting access to the Company's share capital

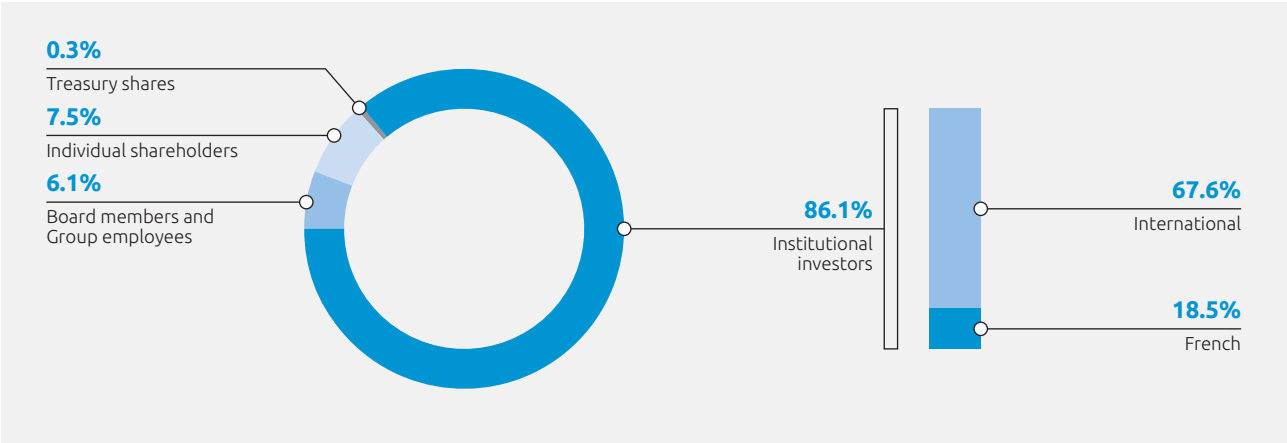
At December 31, 2018, the potential dilution represented by performance and free share grants plans was 3.1%.

6.2 Capgemini and the stock market

At December 31, 2018, Capgemini SE's share capital comprised 167,293,730 shares (ISIN code: FR0000125338). Capgemini SE shares are listed on the "Euronext Paris" market (compartment A) and are eligible for the SRD deferred settlement system of the Paris Stock Exchange. Capgemini SE shares are included in the CAC 40 and the Euronext 100 indexes and the Dow Jones STOXX and Dow Jones Euro Stoxx European indexes.

Between January 1 and December 31, 2018, Capgemini recorded a 12.2% fall in its share price, to end the year at €86.80. Capgemini has a stock market capitalization of €14.6 billion at December 31, 2018, compared with €16.7 billion at December 31, 2017.

Capgemini share ownership structure at the end of December 2018

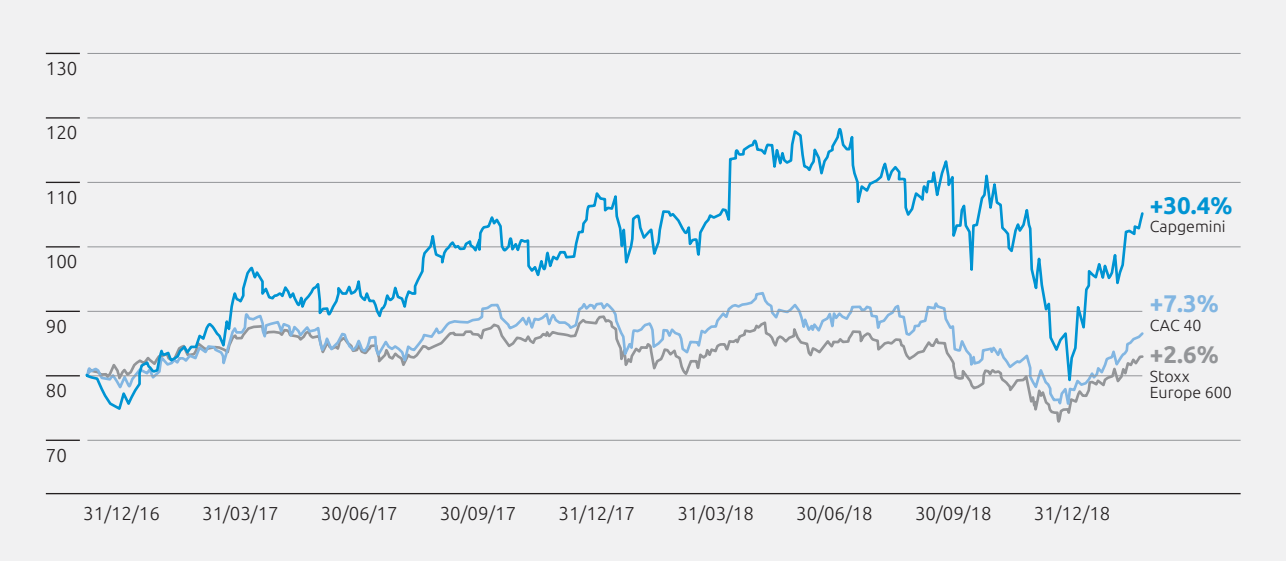


2019 provisional financial calendar

2019 first-quarter revenues:	April 25, 2019
2019 first-half results:	July 30, 2019
2019 third-quarter revenues:	October 24, 2019
2019 annual results:	February 13, 2020

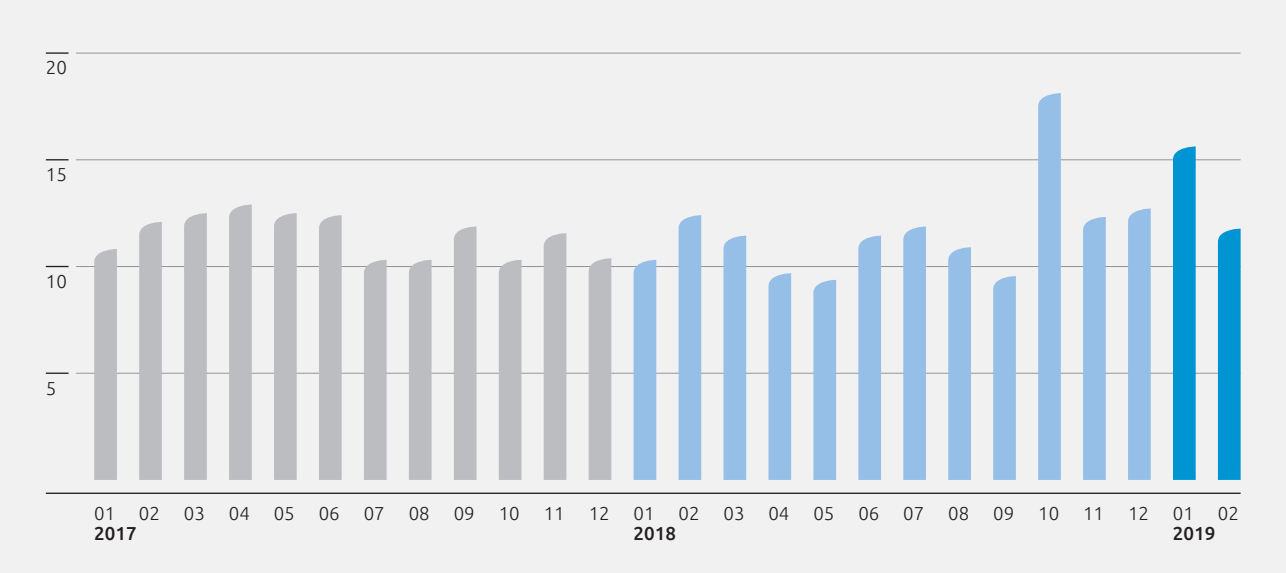
This provisional calendar is provided for information purposes only and may subsequently be amended.

Share performance – from December 31, 2016 to February 28, 2019 *(in euros)*



Source: Bloomberg.

Monthly trading volumes on NYSE Euronext Paris – from January 2017 to February 2019 *(in millions of shares)*



Source: Bloomberg.

Share price and trading volumes

The following table represents trading in the Company's shares on NYSE Euronext Paris over the past 24 months:

		Share price *(in euros)*			Trading volume		
					Number of shares		
Month	**Number of trading days**	**High**	**Average**	**Low**	**Total**	**Average** *(Daily)*	**Value** *(in millions of euros)*
March 2017	23	86.76	83.75	80.21	12,457,476	541,629	1,043.3
April 2017	18	93.79	88.79	84.84	12,910,025	717,224	1,146.3
May 2017	22	97.33	93.90	91.16	12,551,655	570,530	1,178.6
June 2017	22	95.09	92.29	89.32	12,369,298	562,241	1,141.5
July 2017	21	97.49	92.55	89.14	10,341,860	492,470	957.1
August 2017	23	94.23	91.85	88.13	10,131,716	440,509	930.6
September 2017	21	102.30	98.02	91.79	11,891,868	566,279	1,165.7
October 2017	22	105.10	100.94	99.07	10,225,714	464,805	1,032.2
November 2017	22	105.80	100.91	96.60	11,481,053	521,866	1,158.6
December 2017	19	99.63	97.71	94.95	10,379,774	546,304	1,014.2
January 2018	22	108.80	105.15	97.72	10,252,502	466,023	1,078.0
February 2018	20	108.85	102.34	97.38	12,369,694	618,485	1,265.9
March 2018	21	106.50	103.23	98.72	11,358,430	540,878	1,172.5
April 2018	20	114.25	105.46	98.20	9,704,421	485,221	1,023.4
May 2018	22	116.95	114.88	112.40	9,349,354	424,971	1,074.1
June 2018	21	118.85	114.80	111.60	11,306,273	538,394	1,297.9
July 2018	22	119.80	114.44	107.90	11,746,758	533,944	1,344.2
August 2018	23	113.80	110.27	106.80	10,805,692	469,813	1,191.6
September 2018	20	111.75	108.45	104.50	9,542,188	477,109	1,034.9
October 2018	23	114.05	104.79	95.40	18,085,343	786,319	1,895.2
November 2018	22	111.65	105.04	97.80	12,279,353	558,152	1,289.8
December 2018	19	107.35	93.63	83.88	12,707,577	668,820	1,189.8
January 2019	22	98.36	91.27	79.80	15,552,659	706,939	1,419.6
February 2019	20	105.90	100.05	94.10	11,620,272	581,014	1,162.6

Source: Euronext.

Dividend payment policy

The Group has a historic dividend distribution policy that ensures a balance between the investments required for its development and the distribution of profits to shareholders. The payout ratio is approximately 35%. This ratio is defined as: dividend per share/net profit (Group share) per share, based on the number of shares outstanding at December 31. Where exceptional items have been recognized, in particular non-cash items, net profit (Group share) may be restated for these items before applying the payout ratio.

A dividend payment of €1.70 per share is proposed for fiscal year 2018, the same amount as the fiscal year 2017.

Based on 167,293,730 shares outstanding at December 31, 2018, the total Capgemini dividend distribution in respect of fiscal year 2018 would be €284 million. The effective dividend distribution will depend on the number of treasury shares held at the ex-dividend date and any shares issued or canceled prior to this date.

Dividends payout

			Dividend distribution		
Year ended December 31	**Dividend per share** *(in euros)*	**Number of shares** *(at December 31)*	**In millions of euros**	**% of net profit**	**Ex-dividend date**
2012	1.00	161,700,362	162	44%	June 3, 2013
2013	1.10	160,317,818	176	40%	May 16, 2014
2014	1.20	163,592,949	196	34%	May 18, 2015
2015	1.35	172,181,500	232	36%	May 30, 2016
2016	1.55	171,564,265	266	36%	May 22, 2017
2017	1.70	168,483,742	286	35%	June 4, 2018
2018*	1.70	167,293,730	284	36%	June 5, 2019

* Recommended dividend submitted to the Annual Shareholders' Meeting of May 23, 2019.

6.3 Current share ownership

At December 31, 2018, the share capital amounted to €1,338,349,840 (compared with €1,347,869,936 at December 31, 2017), divided into 167,293,730 fully paid-up shares with a par value of €8 each.

Share capital transactions during 2018 were as follows:

- issue of 333,291 new shares under a performance share plan;
- reduction in the number of shares following the completion on December 18, 2018 of a share capital increase under the 5th international share ownership plan (ESOP 2018) involving the issue of 2,500,000 shares and the cancellation of 4,023,303 treasury shares bought back under the share buyback agreement aimed at neutralizing the dilution related to the ESOP 2018 and the multi-year share buyback program.

The following table presents the ownership structure at December 31, 2018. No shares carry double voting rights.

Breakdown of share ownership in the past three years

	At 12/31/2016			At 12/31/17			At 12/31/18		
	Number of shares	% share capital	% voting rights	Number of shares	% share capital	% voting rights	Number of shares	% share capital	% voting rights
Board members and Group employees	**9,356,859**	**5.5**	**5.5**	**8,032,616**	**4.8**	**4.8**	**10,152,444**	**6.1**	**6.1**
Paul Hermelin	297,048	0.2	0.2	282,048	0.2	0.2	301,248	0.2	0.2
Employee shareholders	9,059,811	5.3	5.3	7,750,568	4.6	4.6	9,851,196	5.9	5.9
Treasury shares	**3,029,357**	**1.8**	**1.8**	**599,324**	**0.4**	**0.4**	**422,358**	**0.3**	**0.3**
Own shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Public	**159,178,049**	**92.8**	**92.8**	**159,851,802**	**94.8**	**94.8**	**156,718,928**	**93.6**	**93.6**
Individual shareholders [1] (bearer + registered)	15,367,915	8.9	8.9	18,835,216	11.2	11.2	12,565,368	7.5	7.5
Institutional shareholders	143,810,134	83.8	83.8	141,016,586	83.6	83.6	144,153,560	86.1	86.1
TOTAL	**171,564,265**	**100**	**100**	**168,483,742**	**100**	**100**	**167,293,730**	**100**	**100**

(1) May include shares held by employees outside the employee share ownership plan.

Each share carries entitlement to one vote irrespective of whether the share is held in registered or bearer form.

It is also stated that at December 31, 2018, Capgemini SE held 422,358 treasury shares (including 217,358 shares resulting from execution of the liquidity contract at December 31, 2018) and, in addition, that the Company does not hold any "own shares".

Based on a study of identifiable bearer shares carried out at December 21, 2018, the Company has 841 identifiable holders of bearer shares holding more than 500 shares.

In addition, 15,931 shareholders held shares in registered form at December 31, 2018.

Finally, shares held by members of the Board of Directors represent 0.20% of the Company's share capital at December 31, 2018.

Shareholders holding more than 5% of the share capital and voting rights at December 31, 2018

Pursuant to Article L. 233-13 of the French Commercial Code (*Code de commerce)*, the Board of Directors informs shareholders that, based on notifications received and filed with the *Autorité des marchés financiers*, three shareholders held more than 5% of the Company's share capital and voting rights at the year-end.

BlackRock Inc., a US company acting on behalf of clients and managed funds, disclosed holding 5.01% of the Company's share capital and voting rights at February 6, 2018 on behalf of said clients and managed funds in the last legal threshold crossing disclosure received.

Société Générale, disclosed holding 5.79% of the Company's share capital and voting rights at December 19, 2017 in the last legal threshold crossing disclosure received, comprising only 945,886 shares and voting rights held directly, the remainder, ie: 8,805,937 shares and voting rights representing 5.23% of the share capital and voting rights, deemed held by "equivalence" in connection with its trading activity [(1)].

Finally, Amundi Asset Management, disclosed, by way of regularization on January 15, 2019, holding 5.09% of the Company's share capital and voting rights on December 18, 2018, on behalf of the Capgemini ESOP FCPE (the Capgemini Employee Savings Mutual Fund set up for international employee shareholding transactions) which it manages.

As far as the Company is aware, no other shareholder holds directly or indirectly, alone or in concert, over 5% of the share capital or voting rights.

Threshold crossing disclosures received in 2018

In 2018, the Company was notified that the following legal thresholds had been crossed:

The US company, BlackRock Inc., acting on behalf of clients and managed funds, disclosed the following threshold crossings:

- on January 26, 2018, it disclosed it had reduced its interest below the 5% threshold and held 4.95% of Capgemini SE's share capital and voting rights following a decrease in the number of shares held as collateral;
- on February 1, 2018, it disclosed it had increased its interest above the 5% threshold and held 5.04% of Capgemini SE's share capital and voting rights following the purchase of shares and an increase in the number of shares held as collateral;
- on February 2, 2018, it disclosed it had reduced its interest below the 5% threshold and held 4.99% of Capgemini SE's share capital and voting rights following the sale of shares and a decrease in the number of shares held as collateral;
- on February 6, 2018, it disclosed it had raised its interest above the 5% threshold and held 5.01% of Capgemini SE's share capital and voting rights following the purchase of shares.

On January 15, 2019, Amundi Asset Management, acting on behalf of the Capgemini ESOP FCPE (the Capgemini Employee Savings Mutual Fund set up for international employee shareholding transactions) which it manages, disclosed, by way of regularization, that it had increased its interest above the 5% threshold on December 18, 2018 and held 5.09% of Capgemini SE's share capital and voting rights.

Finally, in accordance with the Company's bylaws, Société Générale reported various threshold crossings pursuant to the bylaws in 2018, the ultimate disclosure on November 22, 2018 indicating it had reduced its interest below the threshold of 6% of Capgemini SE's share capital and voting rights.

It is recalled that Article 10 of Capgemini SE's bylaws was amended by the Combined Shareholders' Meeting of May 10, 2017 and that a shareholder is now required to disclose the crossing, through an increase or a decrease, of each threshold of 1% of the Company's share capital or voting rights, from the lower threshold of 5% to the threshold triggering a mandatory public offer in accordance with prevailing regulations. The obligation to disclose the crossing of thresholds below 5% was removed. Interests of between 1% and 5% (exclusive) of the share capital or voting rights may now be acquired without any disclosure obligations.

Shareholders' agreements

There are no shareholder agreements or pacts in force.

(1) Following the repeal of the so-called "trading" exception due to the enactment into French law of the revised Transparency Directive 2013/50/EU by Order no. 2015-1576 of December 3, 2015, service providers must include in their threshold crossing disclosures certain agreements or financial instruments deemed to have an economic effect similar to the ownership of shares, irrespective of whether they are settled in shares or cash (e.g. forward purchases with physical settlement).

6.4 Share buyback program

6.4.1 Authorization to buy back the Company's shares

The Ordinary Shareholders' Meeting of May 23, 2018 renewed the authorization granted to the Company to buy back its shares. This authorization was used in 2018 in connection with the liquidity contract (entered into with Kepler Cheuvreux) and more generally as part of the continued purchase by the Company of its own shares.

The liquidity contract seeks to improve the liquidity of the Capgemini share and to allow regular quotations. In 2018, a total of 1,585,947 shares were purchased on behalf of Capgemini SE, at an average price of €104.32 per share, representing 0.95% of the share capital at December 31, 2018. During the same period, 1,397,520 Capgemini SE shares were sold at an average price of €105.80 per share, representing 0.84% of the share capital at December 31, 2018. At the year-end, the liquidity account balance comprised 217,358 treasury shares (0.13% of the share capital) and approximately €2 million in cash.

In addition, the Company continued to purchase its own shares in 2018. Excluding the liquidity contract, the Company held 205,000 of its own shares at December 31, 2018, following the various transactions described below:

- purchase of 4,331,810 shares representing 2.59% of the share capital at December 31, 2018, at an average price of €107.04 per share;
- transfer of 673,900 shares to employees under the free share grant plan;
- cancellation of 4,023,303 shares.

Trading fees (excluding VAT) and the financial transaction tax totaled €1,505,342 in 2018.

At December 31, 2018, excluding the liquidity contract, all 205,000 treasury shares held, representing 0.12% of the Company's share capital, were allocated to the grant or sale of shares to employees and/or corporate officers.

Lastly, no treasury shares were reallocated between the various objectives in 2017.

6.4.2 Description of the share buy-back program to be authorized by the Shareholders' Meeting on May 23, 2019

Pursuant to Articles 241-1 *et seq.* of the *Autorité des marchés financiers* (AMF – the French Financial Market Authority) general regulations, the purpose of this program description is to describe the objectives and the terms of the share buy-back program subject to the authorization of the Combined Shareholders' Meeting on May 23, 2019.

Legal framework – date of the Shareholders' Meeting called to authorize the share buy-back program

This share buy-back program takes place within the legal framework of Articles L. 225-209 *et seq.* of the French Commercial Code, and within the scope of European regulation no. 2273/2003 of December 22, 2003 implementing Directive 2003/6/EC of January 28, 2003, referred to as the "Market Abuse" directive, or any other European regulation that may be substituted for it.

The May 23, 2019 Shareholders' Meeting will be asked to authorize the implementation of this share buy-back program.

Finally, pursuant to the provisions of Article 241-2 II of the AMF general regulations, any change in the information contained in this program description listed in paragraphs 3, 4 and 5 of section I of Article 241-2 will be, as soon as practicable, made available to the general public, in accordance with the provisions of Article 221-3 of the AMF general regulations, notably by making it available on the Company's website: www.capgemini.com.

Breakdown by objective of held shares

The 1,871,397 own shares held at March 1, 2019 are allocated to the following objectives:

- 68,166 shares for managing the secondary market or maintaining the liquidity of the Capgemini SE share by way of a liquidity contract signed with Kepler Cheuvreux on October 3, 2016;
- 1,105,000 shares for allocation or sale of shares to employees and/or corporate officers;
- 698,231 for cancellation.

Objectives of the share buy-back program and allocation of shares purchased

Capgemini's intention is to make use of the possibility to acquire its own shares, with the following objectives:

- the allocation or sale of shares to employees and/or corporate officers (on the terms and by the methods provided by law), in particular with a view to the allocation of free shares pursuant to the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code, the allocation or sale of shares to employees under the French statutory profit-sharing scheme or the implementation of any Company or Group savings plan (or similar plan) on the terms provided by law, in particular Articles L. 3332-1 *et seq.* of the French Labor Code (*Code du travail*), and generally, honoring all obligations relating to share option programs or other share allocations to employees or corporate officers of the Company or a related company, or to permit the hedging of a structured employee shareholding plan by a bank, or entity controlled by a bank within the meaning of Article L. 233-3 of the French Commercial Code, acting at the Company's request; or
- the delivery of shares on the exercise of rights attached to securities granting access to the share capital by redemption, conversion, exchange, presentation of a warrant or any other means; or
- the cancellation of some or all of the shares purchased; or
- the delivery of shares (in exchange, as payment, or otherwise) in connection with acquisitions, mergers, demergers or asset-for-share exchanges; or
- the management of the secondary market or maintenance of the liquidity of the Capgemini share by an investment services provider under a liquidity contract that complies with market practices accepted by the *Autorité des marchés financiers* (AMF – the French Financial Markets Authority).

This program is also intended to enable the implementation of any market practice that may be permitted by the AMF and more generally the carrying out of any transaction that complies with prevailing regulations.

Proportion of share capital, number of shares and purchase price

- Maximum percentage of the share capital and maximum number of shares of Capgemini that may be purchased: purchases of the Company's own shares may be made such that, at the date of each purchase, the total number of shares acquired by the Company since the beginning of the buyback program (including the shares subject to the current purchase) does not exceed 10% of the shares comprising the Company's share capital at that date [1] (including transactions impacting the share capital and performed after the May 23, 2019 Shareholders' Meeting), it being stipulated that (i) the number of shares purchased with a view to their retention or presentation in a merger, demerger or asset-for-share exchange transaction may not exceed 5% of the Company's share capital; and (ii) where the shares are repurchased to improve liquidity on the terms set out in the AMF general regulations, the number of shares taken into account in calculating the above 10% limit will be the number of shares purchased minus the number of shares resold during the authorization period. For illustrative purposes, at March 1, 2019, based on the total number of shares comprising the share capital and considering that the Company holds 1,871,397 of its own shares at that date, representing 1.12% of its share capital, a maximum of 14,857,976 shares may be purchased, representing 8.88% of the share capital at March 1, 2019, unless the Company sells or cancels own shares currently held.
- Maximum purchase price: €150 per share (or the equivalent at the same date in any other currency). It should be noted that (i) this price could be adjusted in the event of a change in the par value of the share, a share capital increase by capitalizing reserves, a free share allocation, a stock split or reverse stock split, a distribution of reserves or any other assets, a share capital redemption, or any other transaction impacting share capital and (ii) the total amount of purchases may not exceed €2,500 million.

Implementation and duration of the share buy-back program

- Implementation of the program: Acquisitions, sales and transfers of shares may be performed at any time other than during the period of a public offer for the Company's shares, subject to the limits authorized by prevailing laws and regulations, on one or more occasions and by any means, and particularly on regulated markets, *via* a multilateral trading facility or systematic internalizer or over the counter, including by block purchases or sales, by public offer for cash or shares or using options or other forward financial instruments traded on regulated markets, *via* a multilateral trading facility or systematic internalizer or over the counter, either directly or through an investment services provider, or in any other manner (with no limit on the portion of the share buyback program carried out by each of these means).
- Share buy-back program duration and schedule: eighteen months as from the date of adoption of the 12th resolution by the May 23, 2019 Combined Shareholders' Meeting, *i.e.*, up to November 23, 2020. Pursuant to Article 225-209 of the French Commercial Code, the aggregate number of shares which may be canceled in any given period of twenty-four months shall not exceed 10% of the Company's share capital (adjusted for any transactions performed after the May 23, 2019, Combined Shareholders' Meeting).

(1) For illustrative purposes, based on the total number of shares issued and outstanding at March 1, 2019, 16,729,373 shares.

7

Report of the Board of Directors and draft resolutions to be presented at the Combined Shareholders' Meeting of May 23, 2019

7.1 Resolutions presented at the ordinary Shareholders' Meeting 288

7.2 Resolutions presented at the extraordinary Shareholders' Meeting 295

7.3 Supplementary report of the Board of Directors on the issuance of shares under the Capgemini group "ESOP 2018" employee shareholding plan 305

7.4 Statutory auditors' report 309

This report presents the proposed resolutions submitted to the Combined Shareholders' Meeting by the Board of Directors. It consists of this introduction and the overview statements preceding the resolutions. The objective of this report is to draw your attention to the important points in the draft resolutions, in accordance with prevailing laws and regulations and with best Corporate Governance practice recommended for companies listed in Paris. It does not purport to be comprehensive and does not replace a careful reading of the draft resolutions prior to voting.

An overview of the financial position, activities and results of the Company and its Group during the last fiscal year and other information required by prevailing law and regulations are also presented in the Management Report on fiscal year 2018 included in the 2018 Registration Document (available at www.capgemini.com), to which you are invited to refer.

7.1 Resolutions presented at the ordinary Shareholders' Meeting

PRESENTATION OF THE 1st AND 2nd RESOLUTIONS

APPROVAL OF THE FINANCIAL STATEMENTS

Overview

In these two resolutions, we ask you to approve the Company financial statements and the consolidated financial statements of Capgemini for the year ended December 31, 2018 as follows:

- the Company financial statements of Capgemini SE showing a net profit of €503,817,574.88;
- the consolidated financial statements of Capgemini showing net profit for the Group of €730 million.

FIRST RESOLUTION

Approval of the 2018 Company financial statements

The Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings and after having read the Board of Directors' and the Statutory auditors' reports, approves the Company financial statements for the year ended December 31, 2018, showing net profit for the year of €503,817,574.88, as presented, and the transactions recorded therein and summarized in these reports.

SECOND RESOLUTION

Approval of the 2018 consolidated financial statements

The Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings and after having read the Board of Directors' and the Statutory auditors' reports, approves the consolidated financial statements for the year ended December 31, 2018, showing net profit for the Group of €730 million, as presented, and the transactions recorded therein and summarized in these reports.

PRESENTATION OF THE 3rd RESOLUTION

APPROPRIATION OF EARNINGS AND SETTING OF THE DIVIDEND

Overview

The third resolution relates to the appropriation of earnings for the year ended 2018 and the setting of the dividend.

It is proposed that the dividend be set at €1.70 per share, representing a total distribution of €284,399,341 based on the number of shares ranking for dividends at December 31, 2018.

In line with the Group's historic dividend distribution policy that ensures a balance between the investments required for its long-term development and the redistribution of profits to shareholders, the payout ratio for the year ended December 31, 2018, excluding non-recurring income or tax expenses, would be 36%.

Residual distributable profits for the year, *i.e.* €5,708,440,627.99, shall be added to retained earnings.

For individual beneficiaries who are tax-resident in France, the dividend is fully eligible for the 40% tax rebate referred to in Article 158.3.2° of the French Tax Code (*Code général des impôts*) where an express, global and irrevocable election is made for taxation under the progressive scale of personal income tax. Where this option is not made, the dividend will fall within the application scope of the flat-rate income tax advance payment mechanism introduced by the 2018 Finance Act and will no longer be eligible for this 40% rebate.

Taking account of the recommendations of certain investors, and so as not to encourage security lending/borrowing transactions around the date of the Shareholders' Meeting, the Board of Directors proposes an ex-dividend date of June 5, 2019 and a dividend payment date starting from June 7, 2019.

THIRD RESOLUTION

Appropriation of earnings and setting of the dividend

The Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings, approves the recommendations of the Board of Directors to appropriate the net profit for the year ended December 31, 2018 as follows:

Net profit for the year	€503,817,574.88
No funding of the legal reserve as already fully funded	
***i.e.* a balance of:**	**€503,817,574.88**
Retained earnings of previous years:	€5,489,022,394.11
***i.e.* distributable earnings:**	**€5,992,839,968.99**
allocated to:	
payment of a dividend of €1.70 per share:	€284,399,341.00 (1)
retained earnings for the balance:	€5,708,440,627.99
giving a total of:	**€5,992,839,968.99**

(1) The total amount of the distribution is calculated based on the number of shares ranking for dividends at December 31, 2018 and could therefore change if this number varies between January 1, 2019 and the ex-dividend date.

It should be noted that the dividend, set at €1.70 for each of the shares bearing dividend rights on January 1, 2019, will be fully eligible for the 40% tax rebate referred to in Article 158.3.2° of the French Tax Code (*Code général des impôts*) where an express, global and irrevocable election is made for taxation under the progressive scale of personal income tax.

The ex-dividend date will be June 5, 2019 and the dividend will be payable from June 7, 2019. If, at the time of payment of the dividend, the number of treasury shares held by the Company has changed compared to that held on December 31, 2018, the fraction of the dividend relating to this variation will either increase or reduce retained earnings.

Pursuant to Article 243 bis of the French Tax Code, it is recalled that the following amounts were paid in respect of the past three fiscal years:

	Dividend distribution (1) *(in euros)*	Distributed income (2) *(in euros)*	Dividend per share *(in euros)*
Fiscal year 2017	286,422,361.40	284,362,859.00	1.70
Fiscal year 2016	261,229,107.40	261,683,477.50	1.55
Fiscal year 2015	231,221,780.55	228,749,429.70	1.35

(1) Theoretical values calculated based on the number of shares bearing dividend rights on December 31 each year.
(2) Amounts effectively paid after adjusting the number of shares bearing dividend rights for any change in the number of treasury shares, the issuance of new shares and/or the cancellation of existing shares between January 1 and the ex-dividend date. The amounts distributed for 2015 and 2016 fiscal years were fully eligible for the 40% tax rebate referred to in Article 158.3.2° of the French Tax Code (*Code général des impôts*). Results relating to the 2017 fiscal year were only eligible for the 40% tax rebate if the French tax beneficiary had opted for taxation under the progressive scale.

PRESENTATION OF THE 4th RESOLUTION

REGULATED AGREEMENTS AND COMMITMENTS – SPECIAL REPORT OF THE STATUTORY AUDITORS

Overview

In this resolution, we ask you to take due note that no new agreements were authorized during 2018.

As indicated in the Statutory auditors' special report, the registration of Mr. Paul Hermelin as beneficiary of a supplementary pension scheme, which was previously approved by shareholders at the Combined Shareholders' Meeting of April 10, 2007, is the only agreement authorized in previous years with continuing effect during 2018.

As a reminder, the Board of Directors decided on July 29, 2015 to freeze the rights of Mr. Paul Hermelin pursuant to the supplementary pension plan, with effect as of October 30, 2015, generating a favorable movement in the Company's commitment to Mr. Paul Hermelin. This plan was closed to potential new beneficiaries with effect on the same date.

During 2018, Mr. Paul Hermelin did not receive any compensation pursuant to this agreement.

The Board of Directors also reminds shareholders that the regulated commitments in favor of Messrs. Thierry Delaporte and Aiman Ezzat, Chief Operating Officers, authorized by the Board of Directors on December 6, 2017, were subject to two conditions precedent: (i) the approval of the compensation policy for the Chief Operating Officers by the Shareholders' Meeting of May 23, 2018, and (ii) the re-appointment of the Chief Operating Officers by the Board of Directors at the meeting to be held following this Shareholders' Meeting. These conditions precedent have been lifted on May 23, 2018. These regulated commitments have also been approved by the Shareholders' Meeting of May 23, 2018.

Pursuant to Article L. 225-40-1 of the French Commercial Code, the Board of Directors performed an annual review of this agreement and the regulated commitments.

FOURTH RESOLUTION

Regulated agreements and commitments – Special report of the Statutory auditors

The Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings and after having read the Statutory auditors' special report on regulated agreements governed by Article L. 225-38 *et seq.* of the French Commercial Code, approves the said special report and takes due note that no new related-party agreements or commitments, which had not previously been approved by the shareholders, were authorized during the year ended December 31, 2018.

PRESENTATION OF THE 5th, 6th AND 7th RESOLUTIONS

APPROVAL OF THE COMPONENTS OF COMPENSATION AND ALL TYPES OF BENEFIT IN KIND PAID OR GRANTED IN RESPECT OF FISCAL YEAR 2018 TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER AND THE CHIEF OPERATING OFFICERS

Overview

Pursuant to Article L. 225-100 II of the French Commercial Code and provisions introduced by the law on transparency, the fight against corruption and the modernization of the economy (the so-called Sapin II Law), shareholders are now called to express their opinion on the fixed, variable and exceptional components of total compensation and all types of benefit in kind paid or granted in respect of the previous fiscal year to Executive Corporate Officers.

It is recalled that the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of total compensation and all types of benefit in kind granted to the Chairman and Chief Executive Officer and the Chief Operating Officers, in respect of their duties, were approved by shareholders at the Shareholders' Meeting of May 23, 2018 (5th and 6th resolutions).

On the Compensation Committee's recommendation, the Board of Directors, at its meeting of March 20, 2019, approved the fixed, variable and exceptional components of total compensation and all types of benefit in kind, paid or granted to the Chairman and Chief Executive Officer and the Chief Operating Officers.

The tables summarizing all the components of the Chairman and Chief Executive Officer and the Chief Operating Officers, submitted to shareholder vote pursuant to the 5th, 6th and 7th resolutions, are presented in the Board of Directors' report on Corporate Governance, in Section 2.4.2 of this 2018 Registration Document, paragraph "2018 compensation of the Executive Corporate Officers".

FIFTH RESOLUTION

Approval of fixed, variable and exceptional components of total compensation and all types of benefit in kind paid or granted in respect of fiscal year 2018 to Mr. Paul Hermelin, Chairman and Chief Executive Officer

The Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings, and after having read the Board of Directors' report, approves, as presented, the fixed, variable and exceptional components of total compensation and all types of benefit in kind paid or granted in respect of fiscal year 2018 to Mr. Paul Hermelin, Chairman and Chief Executive Officer.

SIXTH RESOLUTION

Approval of fixed, variable and exceptional components of total compensation and all types of benefit in kind paid or granted in respect of fiscal year 2018 to Mr. Thierry Delaporte, Chief Operating Officer

The Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings, and after having read the Board of Directors' report, approves, as presented, the fixed, variable and exceptional components of total compensation and all types of benefit in kind paid or granted in respect of fiscal year 2018 to Mr. Thierry Delaporte, Chief Operating Officer.

SEVENTH RESOLUTION

Approval of fixed, variable and exceptional components of total compensation and all types of benefit in kind paid or granted in respect of fiscal year 2018 to Mr. Aiman Ezzat, Chief Operating Officer

The Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings, and after having read the Board of Directors' report, approves, as presented, the fixed, variable and exceptional components of total compensation and all types of benefit in kind paid or granted in respect of fiscal year 2018 to Mr. Aiman Ezzat, Chief Operating Officer.

PRESENTATION OF THE 8th AND 9th RESOLUTIONS

APPROVAL OF THE COMPENSATION POLICY FOR THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER AND THE CHIEF OPERATING OFFICERS

Overview

Shareholders are asked to approve the compensation policy of corporate officers, pursuant to the provisions of Article L. 225-37-2 of the French Commercial Code, introduced by the so-called Sapin 2 law on transparency, the fight against corruption and the modernization of the economy.

The principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of total compensation and all types of benefit in kind granted to the Chairman and Chief Executive Officer and the Chief Operating Officers as well as the compensation policy applicable to such officers for 2019, were approved by the Board of Directors on March 20, 2019 on the recommendation of the Compensation Committee. They are detailed in the Board of Directors' report on Corporate Governance, presented in Section 2.4.1 of this 2018 Registration Document.

EIGHTH RESOLUTION

Approval of the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of total compensation and all types of benefit in kind granted to the Chairman and Chief Executive Officer

The Combined Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings and after having read the Board of Directors' report, approves the principles and criteria for determining, allocating and granting the fixed, variable and exceptional components of total compensation and all types of benefit in kind that may be granted by virtue of his duties to the Chairman and Chief Executive Officer, as detailed in this report.

NINTH RESOLUTION

Approval of the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of total compensation and all types of benefit in kind granted to the Chief Operating Officers

The Combined Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings and after having read the Board of Directors' report, approves the principles and criteria for determining, allocating and granting the fixed, variable and exceptional components of total compensation and all types of benefit in kind that may be granted by virtue of their duties to the Chief Operating Officers, as detailed in this report.

PRESENTATION OF THE 10th AND 11th RESOLUTIONS

RATIFICATION OF THE CO-OPTATION OF A DIRECTOR – APPOINTMENT OF A DIRECTOR

Overview

The Board of Directors of Capgemini SE, meeting on March 20, 2019 under the chairmanship of Mr. Paul Hermelin, Chairman and Chief Executive Officer, and on the report of the Ethics and Governance Committee, deliberated on the evolution of the composition of the Board of Directors at the coming Shareholders' Meeting of May 23, 2019.

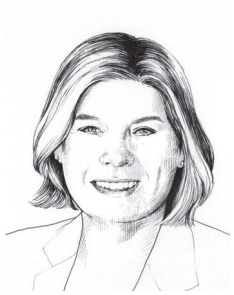
In line with its ambition to further the internationalization of its composition, deepen its industry expertise and enrich the diversity of its profiles, the Board of Directors decided to propose the appointment of Ms. Xiaoqun Clever as a member of the Board of Directors for a term of four years at the 2019 Shareholders' Meeting.

Ms. Xiaoqun Clever is a German citizen. She has acquired solid experience in the field of digital transformation and use of data over the course of a successful career in the software and data industries. In addition, she will bring to the Board of Directors of Capgemini SE her excellent knowledge of the Asian and Central European markets, a valuable asset for the Group's future development in these key geographies. The Board has indicated that Ms. Xiaoqun Clever would be considered independent pursuant to the criteria of the AFEP-MEDEF Code to which the Company refers.

The Board of Directors will also submit for Shareholders' approval the ratification of the co-optation of Ms. Laura Desmond who was provisionally appointed as a director from January 1st, 2019, by the Board of Directors on December 5th, 2018, to serve the remainder of Carole Ferrand's[1] mandate. Her term of office will therefore expire in 2020 at the Annual Shareholders' Meeting convened to approve the 2019 statutory accounts. The Board has indicated that Ms. Laura Desmond would be considered independent pursuant to the criteria of the AFEP-MEDEF Code to which the Company refers.

Assuming the adoption of these resolutions by the Shareholders' Meeting of May 23, 2019, the Board of Directors would count 14 directors, including two directors representing employees, with 82% of Independent Directors (excluding directors representing employees and employee shareholders), 29% of international profiles, and 50% of female directors (the two directors representing employees are not taken into account in calculating this percentage).

(1) As a reminder Carole Ferrand stepped down from the Board on May 28th, 2018.



LAURA DESMOND

Independent Director
Member of the Strategy & CSR Committee

Date of birth:
March 5, 1965

Nationality:
American

Business Address:
Eagle Vista Partners
330 North Wabash
Chicago, Illinois 60611,
USA

First appointment:
2019 (co-optation)

Expiry of term of office:
2020
(General Meeting approving the 2019 financial statements)

Number of shares held at 2019/03/20:
1,000

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Ms. Laura Desmond is a US citizen and lives in Chicago. She holds a B.B.A. in Marketing from the University of Iowa.

Ms. Laura Desmond was Chief Executive Officer of Starcom MediaVest Group's (SMG) Latin America Group, a global marketing and media services company which is part of Publicis Group from 2000 to 2002. From 2003 to 2007, she was Chief Executive Officer of MediaVest, based in New York. She was Chief Executive Officer of SMG – The Americas from 2007 to 2008, where she managed a network spanning the United States, Canada and Latin America. From 2008 to December 2016, she was the Global Chief Executive Officer of SMG. She was the Chief Revenue Officer of Publicis Group from December 2016 to December 2017.

Ms. Laura Desmond has been a member of the Board of Directors of Adobe Systems (since 2012) and Syniverse Technologies (since 2016) and also Lead Independent Director of DoubleVerify (since 2017). She is also Founder and Chief Executive Officer of Eagle Vista Partners, a strategic advisory and investment firm focused on marketing and digital technology, based in Chicago.

Ms. Laura Desmond was co-opted by the Board of Directors of Capgemini SE with effect from January 1, 2019. She has been a member of the Strategy and Investment Committee (renamed Strategy & CSR Committee in March 2019) since this date. She brings to the Board her wealth of experience in digital strategy, data analytics and content, developed as a seasoned executive and Director at key industry players servicing leading clients.

Principal office:
Ms. Laura Desmond has been Founder and Chief Executive Officer of Eagle Vista Partners since March 2017.

OFFICES HELD IN 2018 OR CURRENT OFFICES AT DECEMBER 31, 2018

Founder and Chief Executive Officer of:
- EAGLE VISTA PARTNERS (since March 2017)

Lead Independent Director of:
- DOUBLE VERIFIY (since 2017)

Director of:
- SYNIVERSE TECHNOLOGIES (since 2016)
- ADOBE SYSTEMS* (since 2012)

OTHER OFFICES HELD DURING THE LAST FIVE YEARS (OFFICES EXPIRED)

Chairman of:
- ADVERTISING COUNCIL (until 2015)

* *Listed company.*

XIAOQUN CLEVER

Independent Director

Date of birth:
June 11, 1970

Nationality:
German

Business Address:
Capgemini SE
11 rue de Tilsitt
75017 Paris

First appointment:
2019

Expiry of term of office:
2023
(General Meeting approving the 2022 financial statements)

Number of shares held at 2019/03/20:
0

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Ms. Xiaoqun Clever holds an Executive MBA from the University of West Florida and a diploma in Computer Science and International Marketing from the Karlsruhe Institute of Technology (Germany). She also studied Computer Science & Technology at the University TsingHua of Beijing (China).

Ms. Xiaoqun Clever has over 20 years of experience as a technology manager. Born in China, she has held various senior management positions in international corporations. Among others, she has spent sixteen years at SAP SE in various positions, including Chief Operating Officer, Technology & Innovation (from 2006 to 2009), Senior Vice-President, Design & New Applications (from 2009 to 2012) and Executive Vice-President & President of Labs in China (from 2012 to 2013). From 2014 to 2015, she was Chief Technology Officer of ProSiebenSat.1 Media SE, a German media company. She was also Chief Technology & Data Officer and member of the Group Executive Board at Ringier AG, an international media group based in Zurich, Switzerland (from January 2016 to February 2019).

Ms. Xiaoqun Clever has been a member of the Supervisory Board of Allianz Elementar Versicherungs AG and Allianz Elementar Lebensverischerungs AG (since 2015) as well as Maxingvest SE (since 2017).

Ms. Xiaoqun Clever is a German citizen. She has acquired solid experience in the field of digital transformation and use of data over the course of a successful career in the software and data industries. In addition, she will bring to the Board of Directors of Capgemini SE her excellent knowledge of the Asian and Central European markets, a valuable asset for the Group's future development in these key geographies.

Principal office:
Independent Director

OFFICES HELD IN 2018 OR CURRENT OFFICES AT DECEMBER 31, 2018

Member of the Supervisory Board of:
- MAXINGVEST SE (Germany) (since 2017)
- ALLIANZ ELEMENTAR VERSICHERUNGS AG (Austria) (since January 2015)
- ALLIANZ ELEMENTAR LEBENSVERSICHERUNGS AG (Austria) (since January 2015)

OTHER OFFICES HELD DURING THE LAST FIVE YEARS (OFFICES EXPIRED)

N/A

TENTH RESOLUTION

Ratification of the co-optation of Ms. Laura Desmond as a director

At the recommendation of the Board of Directors, the Combined Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings, ratifies the co-optation by the Board of Directors on December 5, 2018 of Ms. Laura Desmond as a director, effective January 1st, 2019, to replace Ms. Carole Ferrand, resigning, for the remainder of her predecessor's term of office. Her term of office will therefore expire at the close of the Ordinary Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2019.

ELEVENTH RESOLUTION

Appointment of Ms. Xiaoqun Clever as a director

At the recommendation of the Board of Directors, the Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings, appoints Ms. Xiaoqun Clever as a director for a period of four years. This term of office will expire at the close of the Ordinary Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2022.

PRESENTATION OF THE 12th RESOLUTION

SHARE BUYBACK PROGRAM

Overview

We ask you to authorize the Board of Directors to buy back shares of the Company for the objectives and in accordance with the conditions presented in the draft resolution.

Use of the authorization granted in 2018

Shareholders are reminded that last year, the Ordinary Shareholders' Meeting of May 23, 2018 renewed the authorization granted to the Company to buy back its shares under certain conditions. This authorization was used in 2018 in connection with the liquidity contract (entered into with Kepler Cheuvreux) and more generally as part of the continued purchase by the Company of its own shares.

The liquidity contract seeks to improve the liquidity of the Capgemini SE share and to allow regular quotations. In 2018 a total of 1,585,947 shares were purchased on behalf of Capgemini SE, at an average price of €104.32 per share, representing 0.95% of the share capital at December 31, 2018. During the same period, 1,397,520 Capgemini SE shares were sold at an average price of €105.80 per share, representing 0.84% of the share capital at December 31, 2018. At the year-end, the liquidity account balance comprised 217,358 treasury shares (0.13% of the share capital) and approximately €2 million in cash.

In addition, the Company continued to purchase its own shares in 2018. Excluding the liquidity contract, the Company held 205,000 of its own shares at December 31, 2018, following the various transactions described below:

- purchase of 4,331,810 shares representing 2.59% of the share capital at December 31, 2018, at an average price of €107.04 per share;
- transfer of 673,900 shares to employees under the free share grant plan;
- cancellation of 4,023,303 shares.

Trading fees (excluding VAT) and the financial transaction tax totaled €1,505,342 in 2018.

At December 31, 2018, excluding the liquidity contract, all 205,000 treasury shares held, representing 0.12% of the Company's share capital, were allocated to the grant or sale of shares to employees and/or corporate officers.

Finally, it is noted that during fiscal year 2018, treasury shares held by the Company were not reallocated between the different objectives.

Shareholders are reminded that as part of the active management of the share capital, the Board of Directors decided on December 7, 2016 to increase by €500 million the Company's multi-year share buyback program, previously approved in February 2016 and initially for €600 million. The terms of this multi-year buy-back program fall within the scope of the authorization granted by the Shareholders' Meeting of May 23, 2018 and any subsequent authorization, such as the one submitted for approval in the 12th resolution.

In addition, as part of the active management of the shareholder dilution related to the employee share ownership plan (ESOP 2018), the Board of Directors, at its meeting of July 26, 2018, authorized share buybacks, in addition to the multi-year share buyback program, for a maximum amount of €325 million and within the limit of 2.5 million shares exclusively for the purpose of canceling shares thus acquired.

Excluding the liquidity contract, shares buybacks by the Company during fiscal year 2018 were performed either under the multi-year buyback program launched in 2016, or within the framework of a specific buyback authorization related to the ESOP 2018 share ownership plan.

New authorization requested in 2019

The new resolution submitted for approval provides for the buy back by the Company of its own shares up to the statutory limit of 10% of the number of shares comprising the share capital at the date of such purchases, and a maximum number of treasury shares held after such purchases not exceeding 10% of the amount of the Company's share capital at any time. The maximum purchase price will be set at €150 per share. The acquisition, disposal and transfer transactions described above may be carried out by any means in accordance with prevailing laws and regulations – including through the use of derivative instruments or by means of a block purchase or transfer of shares – and be carried out at any time, except during public offers for the Company's shares. This authorization is granted for a limited period of 18 months.

TWELFTH RESOLUTION

Authorization of a share buyback program

The Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings, and after having read the Board of Directors' report, authorizes the Board of Directors, with the power of sub-delegation to the extent authorized by law and in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code, to purchase or arrange the purchase of the Company's shares, particularly with a view to:

- the allocation or sale of shares to employees and/or corporate officers (on the terms and by the methods provided by law), in particular with a view to the allocation of free shares pursuant to the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code, the allocation or sale of shares to employees under the French statutory profit-sharing scheme or the implementation of any company or group savings plan (or similar plan) on the terms provided by law, in particular Articles L. 3332-1 *et seq.* of the French Labor Code (*Code du travail*), and generally, honoring all obligations relating to share option programs or other share allocations to employees or corporate officers of the Company or a related company, or to permit the hedging of a structured employee shareholding plan by a bank, or entity controlled by a bank within the meaning of Article L. 233-3 of the French Commercial Code, acting at the Company's request; or
- the delivery of shares on the exercise of rights attached to securities granting access to the share capital by redemption, conversion, exchange, presentation of a warrant or any other means; or
- the cancellation of some or all of the shares purchased; or
- the delivery of shares (in exchange, as payment, or otherwise) in connection with acquisitions, mergers, demergers or asset-for-share exchanges; or

— the management of the secondary market or maintenance of the liquidity of the Capgemini SE share by an investment services provider under a liquidity contract that complies with the market practice accepted by the *Autorité des marchés financiers* (AMF – the French Financial Markets Authority).

This program is also intended to enable the implementation of any market practice that may be permitted by the AMF and more generally the carrying out of any transaction that complies with prevailing regulations. In such cases, the Company will inform its shareholders by means of a press release.

Purchases of the Company's own shares may be made such that, at the date of each purchase, the total number of shares acquired by the Company since the beginning of the buyback program (including the shares subject to the current purchase) does not exceed 10% of the shares comprising the Company's share capital at that date (including transactions impacting the share capital and performed after this Shareholders' Meeting), it being stipulated that (i) the number of shares purchased with a view to their retention or presentation in a merger, demerger or asset-for- share exchange transaction may not exceed 5% of the Company's share capital; and (ii) where the shares are repurchased to improve liquidity on the terms set out in the AMF general regulations, the number of shares taken into account in calculating the above 10% limit will be the number of shares purchased minus the number of shares resold during the authorization period.

Acquisitions, sales and transfers of shares may be performed at any time other than during the period of a public offer for the Company's shares, subject to the limits authorized by prevailing laws and regulations, on one or more occasions and by any means, and particularly on regulated markets, *via* a multilateral trading facility or systematic internalizer or over the counter, including by block purchases or sales, by public offer for cash or shares or using options or other forward financial instruments traded on regulated markets, *via* a multilateral trading facility or systematic internalizer or over the counter, either directly or through an investment services provider, or in any other manner (with no limit on the portion of the share buyback program carried out by each of these means).

The maximum purchase price of shares purchased pursuant to this resolution will be €150 per share (or the equivalent at the same date in any other currency). The Shareholders' Meeting delegates to the Board of Directors powers to adjust the aforementioned maximum purchase price in the event of a change in the par value of the share, a share capital increase by capitalizing reserves, a free share allocation, a stock split or reverse stock split, a distribution of reserves or any other assets, a share capital redemption, or any other transaction impacting share capital, to take account of the impact of such transactions on the value of the shares.

The total amount allocated to the share buyback program authorized above may not exceed €2,500 million.

The Shareholders' Meeting confers full powers on the Board of Directors, with the power of sub-delegation to the extent authorized by law, to decide and implement this authorization and if necessary to specify the conditions and determine the terms thereof, to implement the share buyback program, and in particular to place stock market orders, allocate or reallocate purchased shares to desired objectives subject to applicable legal and regulatory conditions, set any terms and conditions that may be necessary to preserve the rights of holders of securities or other rights granting access to the share capital in accordance with legal and regulatory provisions and, where applicable, any contractual terms stipulating other cases where adjustment is necessary, to make declarations to the French Financial Markets Authority or any other competent authority, to accomplish all other formalities and generally do all that is necessary.

This authorization is granted for a period of eighteen months as from the date of this Shareholders' Meeting.

It supersedes from this date, in the amount of any unused portion, the authorization granted by the 14th resolution adopted by the Combined Shareholders' Meeting of May 23, 2018.

7.2 Resolutions presented at the extraordinary Shareholders' Meeting

PRESENTATION OF THE 13th RESOLUTION

AMENDMENT OF ARTICLE 12, PARAGRAPH 2, OF THE BYLAWS

Overview

Pursuant to Article L. 225-37 of the French Commercial Code, the Charter of the Board of Directors provides that, subject to exceptions provided in the bylaws, directors who participate in Board of Directors' meetings *via* videoconference or telecommunications facilities are deemed present for the purpose of calculating the quorum and majority, except for meetings where the agenda relates to the approval of the annual financial statements (Company and consolidated) and the preparation of the Management Report and the Group Management Report.

Article 12, paragraph 2, of the Company's bylaws currently includes the following exceptions: (i) the basis of the Company's general management, (ii) the appointment, the compensation or the removal from office of the Chairman or the Chief Executive Officer, and (iii) the drafting of the reports and the resolutions submitted to the Shareholders' Meetings.

The Board of Directors therefore proposes to delete the exception contained in the bylaws relating to the drafting of the reports and the resolutions submitted to the Shareholders' Meetings in order to gain flexibility, while maintaining the other exceptions mentioned above.

Subject to the approval of this resolution, directors who participate in Board of Directors' meetings *via* videoconference or telecommunications facilities will be deemed present for the purpose of calculating the quorum and majority where the agenda relates to the approval of the drafting of the reports (other than the Management Report and the Group Management Report) and the resolutions submitted to the Shareholders' Meetings.

THIRTEENTH RESOLUTION

Amendment of Article 12, paragraph 2 of the Company's bylaws

The Combined Shareholders' Meeting, voting in accordance with quorum and majority rules for Extraordinary Shareholders' Meetings, and after having read the Board of Directors' report, resolves to amend Article 12, paragraph 2, of the Company's bylaws as follows:

(former wording)
Article 12, paragraph 2

The Charter of the Board of Directors may provide that directors who participate in Board of Directors' meetings *via* videoconference or telecommunications facilities making it possible, under the conditions provided for by the regulations, for them to be identified and guaranteeing their effective participation, shall be deemed to be present for purposes of calculating the quorum and majority. However, this provision shall not apply to meetings of the Board of Directors where the agenda relates to the appointment, the compensation or the removal from office of the Président ("Chairman") or the *Directeur Général* ("Chief Executive Officer"), the basis of the Company's general management, the closing of the annual financial statements (Company and consolidated), or the drafting of the reports and the resolutions submitted to the Shareholders' Meetings.

(new wording)
Article 12, paragraph 2

The Charter of the Board of Directors may provide that directors who participate in Board of Directors' meetings *via* videoconference or telecommunications facilities making it possible, under the conditions provided for by the regulations, for them to be identified and guaranteeing their effective participation, shall be deemed to be present for purposes of calculating the quorum and majority. However, this provision shall not apply to meetings of the Board of Directors where the agenda relates to the appointment, the compensation or the removal from office of the Président ("Chairman") or the *Directeur Général* ("Chief Executive Officer"), the basis of the Company's general management, or the closing of the annual financial statements (Company and consolidated) and the preparation of the Management Report and the Group Management Report.

PRESENTATION OF THE 14th RESOLUTION

ALLOCATION OF SHARES TO EMPLOYEES

Overview

Desirous to continue its motivation policy and involving employees and managers in the Group's development, the Board of Directors is seeking a new authorization to grant additional performance shares, existing or to be issued, subject to internal and external performance conditions, during the next 18 months, (with, in the case of shares to be issued, the waiver by shareholders of their pre-emptive subscription rights in favor of the beneficiaries of the grants) up to a maximum of 1% of the share capital.

The detailed performance conditions are presented in the draft fourteenth resolution presented to you for vote.

At the recommendation of the Compensation Committee, the Board of Directors' meeting of March 20, 2019 wished to strengthen the alignment of performance conditions with the Group's strategic priorities and, in line with what was implemented last year, maintained a performance condition reflecting the Group's corporate, social and environmental responsibility strategy.

Performance conditions applicable to performance share grants

(i) A **market performance condition** assessed based on the comparative performance of the Capgemini SE share against the average performance of a basket comprising eight comparable companies in the same business sector and from at least five countries (Accenture/Atos/Tieto/Sopra Steria/CGI Group/Indra/Infosys and Cognizant) and the CAC 40 and Euro Stoxx Technology 600 indices.

This external performance condition would determine 35% of grants to Executive Corporate Officers (Chairman and Chief Executive Officer and Chief Operating Officers), members of the general management team and key executive managers of the Group and 15% of grants to other beneficiaries.

No shares would vest in respect of the external performance condition if the relative performance of the Capgemini SE share is less than 100% of the average performance of the basket over a three-year period, while 100% of the shares would vest if this performance is 110% of that of the basket.

(ii) A **financial performance condition** measured by the amount of audited and published organic free cash flow for the three-year cumulative period from January 1, 2019 to December 31, 2021, excluding Group payments to make up the shortfall on its defined benefit pension funds.

No shares would vest in respect of this financial performance condition if the cumulative organic free cash flow for the three fiscal years is less than €3,100 million, while 100% of the shares would vest if this amount is at least €3,400 million.

This proposal takes into account the significant and continuous depreciation of the dollar against the euro, the Group's reporting currency, since beginning 2017 (whereas North America contributed 32% of the Group's revenues at December 31, 2018), the transitory impact of the recent tax laws in the US as well as the impact of the new IFRS 16 standard.

This financial performance condition would determine 50% of grants to Executive Corporate Officers (Chairman and Chief Executive Officer and Chief Operating Officers), members of the general management team and key executive managers of the Group and 70% of grants to other beneficiaries.

(iii) A **performance condition** tied to the Group's 2021 **diversity and sustainable development objectives** which would determine 15% of grants to all beneficiaries. The diversity objective is based on a target increase in the percentage of women in the Group's Vice-President inflow population over the period 2019-2021 to 25% and the sustainable development objective concerns a reduction in greenhouse gas emissions/person of 23% over the period 2015-2021 for a vesting of 100% of the shares. Each objective is equally weighted.

More information on the methodology used to measure the greenhouse gas emissions reduction objective can be found in the 2018 Registration Document, Section 4.1.3.

Furthermore, the Board of Directors decided to allow to take into account an over-performance by defining the targets which would allow 110% of the shares to vest relatively to each performance condition for all beneficiaries other than Executive Corporate Officers, while capping, in addition, at 100% of the Initial Allocation (as defined in the draft resolution below) the total percentage of shares that will ultimately vest once the overall performance conditions are determined.

Summary of performance conditions applicable to beneficiaries

Performance condition	Weighting applied for managers (1)	Weighting applied for other beneficiaries	Percentage of the grant determined by each performance condition (2)
Market condition: Performance of the Capgemini SE share over a three-year period	35%	15%	— 0% if Capgemini's share performance < 100% of the average performance of the basket — 50% if equal to 100% — 100% if equal to 110% — 110% if at least equal to 120% of the average performance of the basket (for beneficiaries other than Executive Corporate Officers)
Financial condition: Organic free cash flow for the three-year cumulative period from January 1, 2019 to December 31, 2021	50%	70%	— 0% if organic free cash flow generated over the reference period < €3,100 million — 30% if equal to €3,100 million for Executive Corporate Officers — 50% if equal to €3,100 million for executive managers (other than Executive Corporate Officers) and other beneficiaries — 100% if equal to €3,400 million for all beneficiaries — 110% if at least equal to €3,700 million (for beneficiaries other than Executive Corporate Officers)
CSR condition comprising two objectives:			
Diversity: increase in the number of women in the Vice-President inflow population over a three-year period (2019-2021)	7.5%	7.5%	— 0% if the percentage of women in the Vice-President inflow population through recruitment or internal promotion is < 22% — 30% if equal to 22% — 100% if equal to 25% — 110% if at least equal to 27% (for beneficiaries other than Executive Corporate Officers)
Reduction in the carbon footprint in 2021 compared with 2015	7.5%	7.5%	— 0% if the reduction in greenhouse gas emissions/person in 2021 compared with reference emissions is < 21% — 30% if equal to 21% — 100% if equal to 23% — 110% if at least equal to 24% (for beneficiaries other than Executive Corporate Officers)

(1) Executive Corporate Officers (Chairman and Chief Executive Officer and Chief Operating Officers), members of the general management team and key executive managers of the Group.
(2) For each performance condition: calculation of the number of shares that will ultimately vest among the different levels of performance on a straight-line basis, it being understood that the total percentage of shares that will ultimately vest after determination of all performance conditions, may under no circumstances exceed 100% of the Initial Allocation.

Other terms and conditions

As in the past three years, the minimum vesting period for shares would remain set at three years, thereby responding favorably to the request from investors. In addition, if a retention period for vested shares were fixed by your Board, it should not be less than one year. The vesting of shares is also subject to the effective presence of beneficiaries in the Company at the grant date, except in the event of death, disability or retirement.

The resolution limits to 10% the maximum number of shares that may be granted to the Chairman and Chief Executive Officer and the Chief Operating Officers, it being specified that in this case, the Board of Directors will, in accordance with applicable laws, decide the portion of shares that must be held by each individual until the end of his term of office.

The resolution also authorizes the Board of Directors to grant up to 15% of the maximum number of shares to Group employees, other than members of the general management team (the Executive Committee), without performance conditions.

In accordance with the recommendations of the AFEP-MEDEF Code, performance share grants are undertaken at the same calendar periods and are decided by either the Board of Directors' meeting held at the end of July or the following meeting.

Recap of the use of authorizations previously granted by Shareholders' Meetings

The use by the Board of Directors of previous resolutions for the grant of performance shares is presented in the Group Management Report ("Performance share grants", Section 6.1.4 of this 2018 Registration Document).

FOURTEENTH RESOLUTION

Authorization to the Board of Directors, for a period of eighteen months, to grant performance shares, existing or to be issued, to employees and corporate officers of the Company and its French and non-French subsidiaries, up to a maximum of 1% of the Company's share capital (with, in the case of shares to be issued, the waiver by shareholders of their pre-emptive subscription rights in favor of the beneficiaries of the grants)

In accordance with Articles L. 225-197-1 *et seq.* of the French Commercial Code, the Shareholders' Meeting, voting in accordance with quorum and majority rules for Extraordinary Shareholders' Meetings, having read the Board of Directors' report and the Statutory auditors' special report:

1. authorizes the Board of Directors, with the power of sub-delegation to the extent authorized by law – subject to the achievement of the performance targets defined in paragraphs 4 and 5 of this resolution and for a total number of shares not exceeding 1% of the share capital at the date of the decision (this maximum number of shares being referred to hereafter by the letter "N") – to allocate shares of the Company (existing or to be issued), to employees of the Company and employees and corporate officers of its French and non-French subsidiaries;

2. resolves that for up to a maximum of 10% of "N", these performance shares may also be allocated, in accordance with applicable laws, to the Chairman and Chief Executive Officer and the Chief Operating Officers of the Company, it being specified that in this case, the Board of Directors will, in accordance with applicable laws, decide the portion of shares that must be held by each individual until the end of his term of office;

3. resolves that these performance shares will only vest at the end of a vesting period (the "Vesting Period") of at least three years, it being stipulated that the Board of Directors may introduce, where applicable, a lock-in period following the vesting of the shares the duration of which may vary depending on the country of tax residence of the beneficiary; in those countries where a lock-in period is applied it will be of a minimum period of one year.

   However, the shares will vest before the expiry of the above periods and may be freely sold in the event of the death or incapacity of the beneficiary, corresponding to a Category 2 or 3 disability in France, as defined in Article L. 341-4 of the French Social Security Code (*Code de la sécurité sociale*);

4. resolves, subject to the powers conferred on the Board of Directors by law and this resolution, that the exact number of shares vesting to Executive Corporate Officers (Chairman and Chief Executive Officer and Chief Operating Officers), members of the general management team (Executive Committee) and key executive managers of the Group at the end of the Vesting Period, compared with the total number of shares ("Initial Allocation") indicated in the allocation notice sent to beneficiaries will be equal to:

   i. for 35%, the number of shares of the Initial Allocation, multiplied by the percentage achievement of the chosen external performance target, it being specified that:
   - the performance target to be met in order for the shares to vest will be the performance of the Capgemini SE share measured over a minimum three-year period compared to the average performance, measured over the same period, of a basket containing at least five shares of listed companies operating in the same sector as the Group in a minimum of five countries in which the Group is firmly established (France, the United States, etc.),
   - this relative performance will be measured by comparing the stock market performance of the Capgemini SE share with the average share price performance of the basket over the same period, such that:
     - no shares will vest in respect of shares subject to this external performance target, if, over the calculation reference period, the performance of the Capgemini SE share is less than 100% of the average performance of the basket measured over the same period,
     - the number of shares that will ultimately vest to Executive Corporate Officers (Chairman and Chief Executive Officer and Chief Operating Officers) will be equal to:
       - 35% of the Initial Allocation of shares if this performance is at least equal to 110%,
       - 17.5% of the Initial Allocation of shares if this performance is equal to 100%,

       the number of shares that will ultimately vest among the different performance levels being calculated on a straight-line basis,
     - the number of shares that will ultimately vest for executive managers other than Executive Corporate Officers will be equal to:
       - 38.5% of the Initial Allocation if this performance is at least equal to 120% of the average performance of the basket,
       - 35% of the Initial Allocation of shares if this performance is equal to 110%,
       - 17.5% of the Initial Allocation of shares if this performance is equal to 100%,

       the number of shares that will ultimately vest among the different performance levels being calculated on a straight-line basis, it being understood that the total percentage of shares that will ultimately vest, after determination of all performance conditions, may under no circumstances exceed 100% of the Initial Allocation;

   ii. for 50%, the number of shares of the Initial Allocation, multiplied by the percentage achievement of the chosen internal financial performance target based on organic free cash flow, it being specified that:
   - the performance target to be met in order for the shares to vest will be the amount of audited and published organic free cash flow for the three-year cumulative period from January 1, 2019 to December 31, 2021, excluding Group payments to make up the shortfall on its defined benefit pension funds, it being understood that the organic free cash flow is defined as the cash flow from operations less acquisitions (net of disposals) of intangible assets and property, plant and equipment, adjusted for flows relating to the net interest cost (as presented in the consolidated statement of cash flow),
   - no shares will vest in respect of this half of the Initial Allocation subject to this internal performance target, if the cumulative organic free cash flow for the three fiscal years is less than €3,100 million,
   - the number of shares that will ultimately vest to Executive Corporate Officers (Chairman and Chief Executive Officer and Chief Operating Officers) will be equal to:
     - 50% of the Initial Allocation of shares if this cumulative amount is at least equal to €3,400 million,
     - 15% of the Initial Allocation of shares if this cumulative amount is equal to €3,100 million euros,

     the number of shares that will ultimately vest among the different performance levels being calculated on a straight-line basis,
   - the number of shares that will ultimately vest for executive managers other than Executive Corporate Officers will be:
     - 55% of the Initial Allocation of shares if the cumulative amount of organic free cash flow over the three fiscal years is at least equal to €3,700 million,
     - 50% of the Initial Allocation of shares if this cumulative amount is equal to €3,400 million,

– 25% of the Initial Allocation of shares if this cumulative amount is equal to €3,100 million euros,

the number of shares that will ultimately vest among the different performance levels being calculated on a straight-line basis, it being understood that the total percentage of shares that will ultimately vest, after determination of all performance conditions, may under no circumstances exceed 100% of the Initial Allocation;

iii. for 15%, the number of shares of the Initial Allocation, multiplied by the percentage achievement of the chosen Corporate Social and Environmental performance target based on Group objectives, it being specified that:

- the performance target to be met in order for the shares to vest will be measured (a) 7.5% based on the increase over a period of three years in the percentage of women in the Group's Vice-Presidents inflow population, whether by external recruitment or internal promotion, published and audited at December 31, 2021 and (b) 7.5% based on the percentage reduction in greenhouse gas emissions/person published and audited over the cumulative period from January 1, 2015 to December 31, 2021,
- no shares will vest in respect of the Initial Allocation subject to this CSR performance target, if the percentage of women in the Group's Vice-President inflow population, whether through external recruitment or internal promotion, over the period January 1, 2019 to December 31, 2021, is less than 22% and if the reduction in greenhouse gas emissions/person over the period January 1, 2015 to December 31, 2021 is less than 21%,
- the number of shares that will ultimately vest to Executive Corporate Officers (Chairman and Chief Executive Officer and Chief Operating Officers) will be equal to:
  - 15% of the Initial Allocation of shares if the cumulated percentage of women in the Group's Vice-President inflow population, whether through external recruitment or internal promotion, over the period January 1, 2019 to December 31, 2021, is at least equal to 25% and if the reduction in greenhouse gas emissions/person over the period January 1, 2015 to December 31, 2021 is at least equal to 23%,
  - 4.5% of the Initial Allocation of shares if the cumulative percentage of women becoming Vice-President within the Group by external recruitment or internal promotion over the period from January 1, 2019 to December 31, 2021 is equal to 22% and if the reduction of Greenhouse Gas (GHG)/person emissions over the period from January 1, 2015 to December 31, 2021 is equal to 21%,

  the number of shares that will ultimately vest among the different performance levels being calculated on a straight-line basis,
- the number of shares that will ultimately vest for executive managers other than Executive Corporate Officers will be equal to:
  - 16.5% of the Initial Allocation of shares if the cumulated percentage of women in the Group's Vice-President inflow population, whether through external recruitment or internal promotion, over the period January 1, 2019 to December 31, 2021, is at least equal to 27% and if the reduction in greenhouse gas emissions/person over the period January 1, 2015 to December 31, 2021 is at least equal to 24%,
  - 15% of the Initial Allocation of shares if the cumulated percentage of women in the Group's Vice-President inflow population, whether through external recruitment or internal promotion, over the period January 1, 2019 to December 31, 2021, is equal to 25% and if the reduction in greenhouse gas emissions/person over the period January 1, 2015 to December 31, 2021 is at least equal to 23%,
  - 4.5% of the Initial Allocation of shares if the cumulative percentage of women becoming Vice-President within the Group by external recruitment or internal promotion over the period from January 1, 2019 to December 31, 2021 is equal to 22% and if the reduction of Greenhouse Gas (GHG)/person emissions over the period from January 1, 2015 to December 31, 2021 is equal to 21%,

  the number of shares that will ultimately vest among the different performance levels being calculated on a straight-line basis, it being understood that the total percentage of shares that will ultimately vest after determination of all performance conditions, may under no circumstances exceed 100% of the Initial Allocation;

5. resolves, subject to the powers conferred on the Board of Directors by law and this resolution, that the exact number of shares vesting to beneficiaries, other than referred to in paragraph 4 above, at the end of the Vesting Period, compared with the total number of shares indicated in the allocation notice sent to beneficiaries ("Initial Allocation") will be equal to:

i. for 15%, the number of shares of the Initial Allocation, multiplied by the percentage achievement of the chosen external performance target, it being specified that:

- the performance target to be met in order for the shares to vest will be the performance of the Capgemini SE share measured over a minimum three-year period compared to the average performance, measured over the same period, of a basket containing at least five shares of listed companies operating in the same sector as the Group in a minimum of five countries in which the Group is firmly established (France, the United States, etc.),
- no shares will vest in respect of shares subject to this external performance target, if, over the calculation reference period, the performance of the Capgemini SE share is less than 100% of the average performance of the basket of securities measured over the same period,
- this relative performance will be measured by comparing the stock market performance of the Capgemini SE share with the average share price performance of the basket over the same period, such that:
- the number of shares that will ultimately vest:
  - will be equal to 16.5% of the Initial Allocation of shares if this performance of the Capgemini SE share is at least equal to 120% of the average performance of the basket,
  - will be equal to 15% of the Initial Allocation of shares if this relative performance is equal to 110%,
  - will be equal to 7.5% of the Initial Allocation of shares if this relative performance is equal to 100%,

  the number of shares that will ultimately vest among the different performance levels being calculated on a straight-line basis, it being understood that the total percentage of shares that will ultimately vest after determination of all performance conditions, may under no circumstances exceed 100% of the Initial Allocation;

ii. for 70%, the number of shares of the Initial Allocation, multiplied by the percentage achievement of the chosen internal financial performance target, it being specified that:

- the performance target to be met in order for the shares to vest will be the amount of audited and published organic free cash flow for the three-year cumulative period from January 1, 2019 to December 31, 2021, excluding Group payments to make up the shortfall on its defined benefit pension funds, it being understood that the organic free cash flow is defined as the cash flow from operations less acquisitions (net of disposals) of intangible assets and property, plant and equipment, adjusted for flows relating to the net interest cost (as presented in the consolidated statement of cash flow),

- no shares will vest in respect of this 70% of the Initial Allocation subject to this internal performance target, if the cumulative organic free cash flow for the three fiscal years is less than €3,100 million,
- the number of shares that will ultimately vest:
  - will be equal to 77% of the Initial Allocation of shares if the cumulative amount of organic free cash flow over the three fiscal year period is at least equal to €3,700 million,
  - will be equal to 70% of the Initial Allocation of shares if this cumulative amount is equal to €3,400 million,
  - will be equal to 35% of the Initial Allocation of shares if this cumulative amount is equal to €3,100 million,

  the number of shares that will ultimately vest among the different levels of performance being calculated on a straight-line basis, it being understood that the total percentage of shares that will ultimately vest after determination of all performance conditions, may under no circumstances exceed 100% of the Initial Allocation;

iii. for 15%, the number of shares of the Initial Allocation, multiplied by the percentage achievement of the chosen Corporate Social and Environmental performance target based on Group objectives, it being specified that:

- the performance target to be met in order for the shares to vest will be measured (a) 7.5% based on the increase over a period of three years in the percentage of women in the Group's Vice-Presidents inflow population, whether by external recruitment or internal promotion, published and audited at December 31, 2021 and (b) 7.5% based on the percentage reduction in greenhouse gas emissions/person published and audited over the cumulative period from January 1, 2015 to December 31, 2021,
- no shares will vest in respect of the Initial Allocation subject to this CSR performance target, if the percentage of women in the Group's Vice-President inflow population, whether through external recruitment or internal promotion, over the period January 1, 2019 to December 31, 2021, is less than 22% and if the reduction in greenhouse gas emissions/person over the period January 1, 2015 to December 31, 2021 is less than 21%,
- the number of shares that will ultimately vest:
  - will be equal to 16.5% of the Initial Allocation, if the cumulated percentage of women in the Group's Vice-President inflow population, whether through external recruitment or internal promotion, over the period January 1, 2019 to December 31, 2021, is at least equal to 27% and if the reduction in greenhouse gas emissions/person over the period January 1, 2015 to December 31, 2021 is at least equal to 24%,
  - will be equal to 15% of the Initial Allocation, if the cumulated percentage of women in the Group's Vice-President inflow population, whether through external recruitment or internal promotion, over the period January 1, 2019 to December 31, 2021, is equal to 25% and if the reduction in greenhouse gas emissions/person over the period January 1, 2015 to December 31, 2021 is at least equal to 23%,
  - will be equal to 4.5% of the Initial Allocation, if the cumulated percentage of women in the Group's Vice-President inflow population, whether through external recruitment or internal promotion, over the period January 1, 2019 to December 31, 2021, is equal to 22% and if the reduction in greenhouse gas emissions/person over the period January 1, 2015 to December 31, 2021 is at least equal to 21%,

  the number of shares that will ultimately vest among the different levels of performance being calculated on a straight-line basis, it being understood that the total percentage of shares that will ultimately vest after determination of all performance conditions, may under no circumstances exceed 100% of the Initial Allocation;

6. resolves that by exception, and for an amount not exceeding 15% of "N", shares may be allocated to employees of the Company and its French (within the meaning, particularly, of Article L. 225-197-6, paragraph 1, of the French Commercial Code) and non-French subsidiaries, excluding members of the general management team (the Executive Committee) without performance conditions;

7. takes due note that this authorization involves the waiver by shareholders of their pre-emptive subscription rights in favor of beneficiaries of performance shares if the allocation concerns shares to be issued;

8. takes due note that the Board of Directors has, pursuant to the law, the power to amend the performance conditions set out in paragraphs 4 and 5 above by way of a duly reasoned decision made after this decision and before the share allocations;

9. gives powers to the Board of Directors to implement this authorization (with the power of sub-delegation to the extent authorized by law), and in particular to:

- set the share allocation date,
- draw up one or more list(s) of beneficiaries and the number of shares allocated to each beneficiary,
- set the share allocation terms and conditions, including with respect to performance conditions,
- determine whether the shares allocated for nil consideration are existing shares or shares to be issued and, where applicable, amend this choice before the vesting of shares,
- decide, in the event that transactions are carried out before the shares vest that affect the Company's equity, whether to adjust the number of the shares allocated in order to protect the rights of the beneficiaries and, if so, define the terms and conditions of such adjustment,
- perform, where the allocations concern shares to be issued, the necessary share capital increases by capitalization of reserves and/or additional paid-in capital of the Company when the shares ultimately vest, set the dates from which shares bear dividend rights, deduct from reserves and/or additional paid-in capital of the Company the amounts necessary to increase the legal reserve to 10% of the new share capital amount following these share capital increases and amend the bylaws accordingly,
- carry out all formalities and, more generally, to do whatever is necessary;

10. resolves that this authorization is granted for a period of eighteen months as from the date of this Shareholders' Meeting and supersedes from this date, in the amount of any unused portion, the delegation granted by the 23rd resolution adopted by the Shareholders' Meeting of May 23, 2018.

PRESENTATION OF THE 15th AND 16th RESOLUTIONS

EMPLOYEE SAVINGS PLANS

Overview

As part of the employee incentive policy and in order to align employee interests with those of shareholders and also stabilize the Company's share capital, the Board of Directors wishes to continue making the Company's share capital accessible to a large number of employees, in particular through employee share ownership plans ("ESOP"). Since 2017, such employee share ownership operations may now be offered to Group employees on an annual basis, while ultimately aiming to maintain employee share ownership at around 5% to 7% of the Company's share capital.

Use of the authorizations granted in 2018

During fiscal year 2018, the Board of Directors used the 24th and 25th resolutions adopted by the Shareholders' Meeting of May 23, 2018, by launching a fifth employee share ownership plan aimed at associating employees with the Group's development and performance. This plan was a great success, with a subscription rate of 191%. Close to 33,600 employees in the 24 participating countries subscribed to the plan, representing 16% of the Group's headcount. This new employee share ownership plan (ESOP) will help maintain employee share ownership close to 6% of the share capital.

2,500,000 new shares, *i.e.* the maximum number of shares offered, were subscribed at a unit price of €92.28, representing a total subscription of €230.7 million. The corresponding share capital increase of €20 million at par value was completed on December 18, 2018.

In order to neutralize the dilutive effect of the share capital increase, it is recalled that the Company, under the share buyback agreement implemented to neutralize the dilutive impact of the ESOP 2018 employee share ownership plan, purchased 2,500,000 shares at a unit price of €105.46 for a total amount of €263.7 million. These shares were canceled on December 18, 2018, at the same time as the share capital increase linked to the employee share ownership plan ("ESOP 2018").

New authorization requested in 2019

Shareholders are asked to renew the two authorizations by which the Shareholders' Meeting would delegate to the Board its power to increase the share capital or issue complex securities granting access to equity securities in favor of the Company's employees. This would allow the set-up of a new employee share ownership plan in the next eighteen months.

An overall ceiling of €24 million (corresponding to 3 million shares and representing approximately 1.8% of the share capital at December 31, 2018) is proposed for these two delegations.

The **15th resolution** is intended to allow the Board to carry out share capital increases up to a maximum par value amount of €24 million reserved for members of employee savings plans of the Company or the Group. This resolution requires the cancellation of pre-emptive subscription rights. The delegation would be granted for a period of eighteen months. The maximum discount authorized compared to the Reference Price (as defined in the resolution) would be 20% (or 30% in the case of a lock-up period of 10 years or more or when otherwise permitted by law).

The **16th resolution** aims to develop employee share ownership outside France, given the legal or fiscal difficulties or uncertainties that could make it difficult to implement such a plan directly or indirectly through a mutual fund in certain countries. It shall be used only in the event of use of the delegation provided in the 15th resolution, with a sub-ceiling of €12 million included in the overall ceiling of €24 million provided in the 15th resolution. As for the 15th resolution, this resolution provides for the cancellation of pre-emptive subscription rights and would be granted for a period of eighteen months. The maximum discount authorized is the same as in the 15th resolution.

At December 31, 2018, employee shareholding represented 5.9% of the Company's share capital.

The next employee share ownership plan should be implemented at the same time as or after the expiry of the plan ESOP 2014, *i.e.* by December 31, 2019, at the latest, and will make it possible to maintain employee shareholding at around 5% to 7% of the Company's share capital.

FIFTEENTH RESOLUTION

Delegation of powers to the Board of Directors, for a period of eighteen months, to issue, with cancellation of pre-emptive subscription rights, ordinary shares and/or securities granting access to the Company's share capital to members of Capgemini group employee savings plans up to a maximum par value amount of €24 million and at a price set in accordance with the provisions of the French Labor Code

The Shareholders' Meeting, voting in accordance with quorum and majority rules for Extraordinary Shareholders' Meetings, having read the Board of Directors' report and the Statutory auditors' special report and in accordance with Articles L. 225-129-1, L. 225-129-6, L. 225-138-1 and L. 228-91 *et seq.* of the French Commercial Code and Articles L. 3332-18 to L. 3332-24 of the French Labor Code:

1. delegates to the Board of Directors, with the power of sub-delegation to the extent authorized by law, the powers necessary to increase the share capital with cancellation of pre-emptive subscription rights, on one or more occasions, in France or abroad, in the proportions and at the times it sees fit, in euros or in any other currency or currency unit established by reference to more than one currency, with or without a share premium, whether for valuable consideration or without consideration, by issuing (i) shares of the Company (excluding preference shares), and/or (ii) securities governed by Articles L. 228-92 paragraph 1, L. 228-93 paragraphs 1 and 3 or L. 228-94 paragraph 2 of the French Commercial Code granting access, immediately or in the future, at any time or at fixed dates, by subscription, conversion, exchange, redemption, presentation of a warrant or any other means, to the share capital of the Company, reserved for members of one or more employee savings plans (or any other plan for whose members a share capital increase may be reserved on equivalent terms under Articles L. 3332-1 *et seq.* of the French Labor Code or any analogous law or regulation) implemented within a company or a group of French or non-French companies within the scope of the consolidated or combined financial statements of the Company pursuant to Article L. 3344-1 of the French Labor Code, it being further stipulated that this resolution may be used to implement leveraged schemes;

2. resolves to set the following limits on authorized share capital increases in the event of use by the Board of Directors of this delegation:

- the maximum par value amount of share capital increases that may be carried out under this delegation is set at €24 million or the equivalent in any other currency or currency unit established by reference to more than one currency,
- added to this ceiling will be the par value amount of any shares to be issued to preserve, in accordance with legal and regulatory provisions and, where applicable, any contractual terms stipulating other cases where adjustment is necessary, the rights of holders of securities or other rights granting access to the share capital,
- in the case of a share capital increase by capitalizing additional paid-in capital, reserves, profits or any other amounts and allocating free shares during the period of validity of this delegation, the above ceiling will be adjusted based on the ratio between the number of shares issued and outstanding before and after the transaction;

3. resolves that the issue price of the new shares or securities granting access to the share capital will be determined in accordance with the terms set out in Articles L. 3332-18 *et seq.* of the French Labor Code and will be at least equal to 80% of the Reference Price (as defined below) or 70% of the Reference Price where the lock-up period stipulated by the plan in application of Articles L. 3332-25 and L. 3332-26 of the French Labor Code is ten years or more, or when otherwise permitted by law; for the purposes of this paragraph the Reference Price refers to an average listed price of the Company's share on the Euronext Paris regulated market over the 20 trading days preceding the decision setting the subscription opening date for members of a company or group employee savings plan (or similar plan);

4. authorizes the Board of Directors to allocate, without consideration, to the beneficiaries indicated above, in addition to shares or securities granting access to the share capital, shares or securities granting access to the share capital to be issued or already issued in full or partial substitution of the discount in the Reference Price and/or as an employer's contribution, it being stipulated that the benefit resulting from this allocation may not exceed the applicable legal or regulatory limits;

5. resolves to waive in favor of the aforementioned beneficiaries the pre-emptive subscription rights of shareholders to the shares and securities issued pursuant to this delegation, said shareholders also waiving, in the event of the free allocation to such beneficiaries of shares or securities granting access to the share capital, any rights to such shares or securities granting access to the share capital, including the portion of reserves, profits, or additional paid-in capital capitalized as a result of the free allocation of securities on the basis of this resolution;

6. authorizes the Board of Directors, under the terms specified in this delegation, to sell shares as permitted under Article L. 3332-24 of the French Labor Code to members of a company or group employee savings plan (or similar plan), it being stipulated that the aggregate par value amount of shares sold at a discount to members of one or more of the employee savings plans covered by this resolution will count towards the ceilings mentioned in paragraph 2 of this resolution;

7. resolves that the Board of Directors, with the power of sub-delegation to the extent authorized by law, shall have full powers to implement this delegation, and in particular:

- decide the issue of shares and/or securities granting access, immediately or in the future, to the share capital of the Company or other companies,
- draw up in accordance with the law a list of companies from which the beneficiaries indicated above may subscribe for shares or securities granting access to the share capital thus issued and who, where applicable, may receive free allocations of shares or securities granting access to the share capital,
- decide that subscriptions may be made directly by beneficiaries belonging to a Company or Group savings plan (or similar plan), or *via* dedicated employee savings mutual funds (FCPE) or other vehicles or entities permitted under applicable laws and regulations,
- for issues of debt instruments, set all the terms and conditions of these securities (particularly their term, which may or may not be fixed, whether they are subordinated and their remuneration) and amend, during the life of these securities, the above terms and conditions, in compliance with applicable formalities,
- set the terms, where applicable, for the exercise of rights (rights to conversion, exchange or redemption, including the delivery of Company's assets such as treasury shares or securities already issued by the Company, as the case may be) attached to shares or securities granting access to share capital, and in particular set the date, which may be retroactive, from which the new shares will rank for dividend, and all other terms and conditions for the completion of the share capital increase,
- provide for the possibility of suspending the exercise of the rights attached to shares or securities giving access to the capital in accordance with the legal and regulatory provisions,
- set the amounts of issues to be made under this authorization and in particular determine the issue prices, dates, time limits, terms and conditions of subscription, payment, delivery and date of ranking for dividend of the securities (which may be retroactive), rules for pro-rating in the event of over-subscription and any other terms and conditions of the issues, subject to prevailing legal and regulatory limits,
- determine and make all adjustments to take account of the impact of transactions in the share capital or equity of the Company, in particular in the event of a change in the par value of the share, a share capital increase by capitalizing reserves, profits or additional paid-in capital, a free share allocation, a stock split or reverse stock split, a distribution of dividends, reserves, additional paid-in capital or any other assets, a share capital redemption, or any other transaction impacting share capital or equity (including in the case of a public offer for the Company's shares and/or a change in control) and set all other terms enabling the preservation, where applicable, of the rights of holders of securities or other rights granting access to the share capital (including by means of cash adjustments),
- in the event of the free allocation of shares or securities granting access to the share capital, determine the nature and number of shares or securities granting access to the share capital, as well as their terms and conditions and the number to be granted to each beneficiary, and determine the dates, time limits, and terms and conditions of allocation of such shares or securities granting access to the share capital subject to prevailing legal and regulatory limits, and in particular choose to either wholly or partially substitute the allocation of such shares or securities granting access to the share capital for the discount in the Reference Price specified above or offset the equivalent value of such shares or securities against the total amount of the employer's contribution or a combination of both options,
- duly record the completion of share capital increases and make the corresponding amendments to the bylaws,
- at its sole discretion, offset share issue costs against the related premiums and deduct from such premiums the sums necessary to increase the legal reserve,
- generally, enter into all agreements, in particular to ensure completion of the proposed issues, take all measures and decisions and accomplish all formalities for the issue, listing and financial administration of securities issued by virtue of this delegation and for the exercise of the rights attached thereto or required as a result of the share capital increases,
- decide to postpone performance of the share capital increase;

8. grants this delegation for a period of eighteen months as from the date of this Shareholders' Meeting;
9. resolves that this delegation supersedes from this date, in the amount of any unused portion, the delegation granted by the 24th resolution adopted by the Shareholders' Meeting of May 23, 2018.

SIXTEENTH RESOLUTION

Delegation of powers to the Board of Directors, for a period of eighteen months, to issue with cancellation of pre-emptive subscription rights, ordinary shares and/or securities granting access to the share capital in favor of employees of certain non-French subsidiaries at terms and conditions comparable to those offered pursuant to the preceding resolution

The Shareholders' Meeting, voting in accordance with quorum and majority rules for Extraordinary Shareholders' Meetings, having read the Board of Directors' report and the Statutory auditors' special report and in accordance with Articles L. 225-129-1, L. 225-138 and L. 228-91 *et seq.* of the French Commercial Code:

1. takes due note that in certain countries, the legal and/or tax context can make it inadvisable or difficult to implement employee shareholding schemes directly or through a mutual fund (employees and corporate officers referred to in Articles L. 3332-1 and L. 3332-2 of the French Labor Code of Capgemini group companies whose registered offices are located in one of these countries are referred to below as "non-French Employees"; the "Capgemini group" comprises the Company and the French and non-French companies related to the Company within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 *et seq.* of the French Labor Code) and that the implementation in favor of certain non-French Employees of alternative schemes to those performed pursuant to the 15th resolution submitted to this Shareholders' Meeting may be desirable;
2. delegates to the Board of Directors, with the power of sub-delegation to the extent authorized by law, its powers to increase the share capital with cancellation of pre-emptive subscription rights, on one or more occasions, in France or abroad, in the proportions and at the times it sees fit, in euros or in any other currency or currency unit established by reference to more than one currency, with or without a share premium, whether for valuable consideration or without consideration, by issuing (i) shares of the Company (excluding preference shares), and/or (ii) securities governed by Articles L. 228-92 paragraph 1, L. 228-93 paragraphs 1 and 3 or L. 228-94 paragraph 2 of the French Commercial Code granting access, immediately or in the future, at any time or at fixed dates, by subscription, conversion, exchange, redemption, presentation of a warrant or any other means, to the share capital of the Company, reserved for one of the following categories of beneficiary: (i) non-French Employees, (ii) employee share ownership UCITS or other vehicles, with or without a legal personality, invested in shares of the Company, where the holders of units or shares are non-French Employees, and/or (iii) any bank or entity controlled by a bank within the meaning of Article L. 233-3 of the French Commercial Code that has set-up at the Company's request a structured offer for non-French employees presenting an economic profile comparable to that of an employee share ownership scheme set-up pursuant to a share capital increase performed under the preceding resolution presented to this Shareholders' Meeting;
3. resolves to set the following limits on authorized share capital increases in the event of use by the Board of Directors of this delegation:
   - the maximum par value amount of share capital increases that may be carried out under this delegation is set at €12 million or the equivalent in any other currency or currency unit established by reference to more than one currency, it being stipulated that this amount will count towards the ceiling set in paragraph 2 of the 15th resolution of this Shareholders' Meeting (subject to its approval) or, as the case may be, towards any ceiling stipulated by a similar resolution that may supersede said resolution during the period of validity of this authorization,
   - added to those ceilings will be the par value amount of any shares to be issued to preserve, in accordance with legal and regulatory provisions and, where applicable, any contractual terms stipulating other cases where adjustment is necessary, the rights of holders of securities or other rights granting access to the share capital,
   - in the case of a share capital increase by capitalizing additional paid-in capital, reserves, profits or any other amounts and allocating free shares during the period of validity of this delegation, the above ceilings will be adjusted based on the ratio between the number of shares issued and outstanding before and after the transaction;
4. resolves to cancel pre-emptive subscription rights to the shares and equities that may be issued pursuant to this delegation, in favor of the aforementioned beneficiary categories;
5. resolves that this delegation of powers may only be used in the event of the use of the delegation granted pursuant to the 15th resolution and solely in order to achieve the objective set out in this resolution;
6. resolves that the issue price of new shares or securities granting access to the share capital to be issued pursuant to this delegation will be set by the Board of Directors based on the listed price of the Company's share on the Euronext Paris regulated market; this price will be at least equal to the average listed price of the Company's share over the 20 trading days preceding the decision setting the subscription opening date for a share capital increase performed pursuant to the 15th resolution, less the same discount (maximum of 20%, which may increase to 30% if the law applicable to the 15th resolution so permits);
7. resolves that the Board of Directors shall have the same powers, with the power of sub-delegation to the extent authorized by law, as those conferred on the Board of Directors by paragraph 7 of the 15th resolution (including the power to postpone performance of the share capital increase) and the power to draw up the list of beneficiaries of the cancellation of pre-emptive subscription rights within the above defined category, and the number of shares and securities granting access to the share capital to be subscribed by each beneficiary;
8. grants this delegation for a period of eighteen months as from the date of this Shareholders' Meeting;
9. resolves that this delegation supersedes from this date, in the amount of any unused portion, the delegation granted by the 25th resolution adopted by the Shareholders' Meeting of May 23, 2018.

PRESENTATION OF THE 17th RESOLUTION

POWERS TO CARRY OUT FORMALITIES

Overview

We also recommend that you confer powers to carry out the formalities required under law.

SEVENTEENTH RESOLUTION

Powers to carry out formalities

The Combined Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings, authorizes the bearer of a copy or extract of the minutes of this meeting to execute all filing, publication and other formalities required under French law.

7.3 Supplementary report of the Board of Directors on the issuance of shares under the Capgemini group "ESOP 2018" employee shareholding plan

This supplementary report is prepared in accordance with Articles L. 225-129-5 and R. 255-116 of the French Commercial Code (*Code de commerce*).

In its twenty-fourth and twenty-fifth resolutions, the Combined Shareholders' Meeting of the Company of May 23, 2018, voting in accordance with quorum and majority rules for extraordinary general meetings, granted the Board of Directors, with power of sub-delegation under the conditions provided for by law, the powers necessary for proceeding with the increase in the share capital of the Company through the issuance of shares without preferential subscription rights and reserved (i) for employees and corporate officers of the Company and of its French and foreign subsidiaries that are members of a Capgemini group company savings plan governed by Articles L. 3332-1 *et seq.* of the French Labor Code (*Code du travail*) and (ii) for a banking institution, acting at the Company's request for the implementation of a subscription formula proposed to employees and corporate officers of the companies related to the Company under the conditions set forth by Articles L. 225-180 of the French Commercial Code and L. 3344-1 of the French Labor Code and the corporate headquarters of which are located outside of France, providing an economic profile comparable to the subscription formula offered to the Group employees within the framework of the transaction carried out pursuant to the aforementioned twenty-fourth resolution, it being specified that the total number of shares issued on the basis of the twenty-fourth and twenty-fifth resolutions shall not exceed 3,000,000 (three million) shares.

At its meeting of July 26, 2018, the Board of Directors of the Company, using its power of delegation, decided on the principle of an increase of the share capital of the Company by issuing shares to beneficiaries as defined by the aforementioned twenty-fourth and twenty-fifth resolutions, approved the main features of such issuances and delegated to the Chairman & Chief Executive Officer the powers required for their implementation, notably to set the subscription dates and subscription price of the shares to be issued.

On November 12, 2018, the Chairman & Chief Executive Officer, acting pursuant to this delegation of powers by the Board of Directors, fixed the subscription dates and subscription price of the shares to be issued on the basis of the above aforementioned decisions.

1. Summary of the decisions of the governing bodies of the Company and main characteristics of the transaction

Decision of the Board of Directors

The Board of Directors, at its meeting of July 26, 2018, decided:

1. – in accordance with the twenty-fourth resolution adopted by the General Shareholders' Meeting dated May 23, 2018, on the principle of an increase of the Company's share capital reserved for eligible employees and corporate officers of the Company and the French and foreign subsidiaries of the Company, whether directly or indirectly held, that are members of a Capgemini group French company savings plan governed by Articles L. 3332-1 *et seq.* of the French Labor Code, within the limit of a maximum number of 2,500,000 (two million five hundred thousand) shares;

   – that the shares issued pursuant to this decision will bear benefit entitlement as of January 1, 2018;

   – that the subscription of the Capgemini shares can be carried out directly or *via* a French Employee Savings Mutual Fund (FCPE);

   – that employees' subscription can be carried out through a leveraged subscription formula *via* a FCPE or within the framework of an equivalent subscription mechanism in order to account for the regulatory and fiscal legislation applicable in beneficiaries' various countries of residence;

   – in accordance with article L. 225-138-1 of the French Commercial Code, that the capital increase completed on the basis of this decision can only be carried out up to the limit of the number of shares subscribed by the beneficiaries.

   Within these limits and those set forth by the twenty-fourth resolution adopted by the General Shareholders' Meeting dated May 23, 2018, the Board of Directors decided to delegate the necessary powers to the Chairman & Chief Executive Officer for the purposes of completing the capital increase as well as that of postponing its completion. To this end, the Chairman & Chief Executive Officer has been granted all powers to set the terms and conditions of the transaction and, in particular:

   – to set the opening and closing date of the subscription period, it being understood that the subscription period could be preceded by a reservation period for subscriptions;

   – to set the maximum number of shares to be issued within the limit of 2,500,000 (two million five hundred thousand) shares;

   – to set the subscription price of the shares which, in accordance with the provisions of the French Labor Code, will be equal to the average of the volume weighted average price (VWAP) of the listed prices of the Capgemini share during the 20 stock market trading days preceding the Chairman & Chief Executive Officer's decision that will set the dates of the subscription period, minus a 12.5% discount;

   – to set the terms and conditions for reducing subscriptions requested by beneficiaries of the reserved capital increase in the event that the total number of shares requested by these beneficiaries is higher than the maximum authorized amount, in accordance with the rules described in the documents approved by the *Autorité des marchés financiers* (AMF – French financial market authority);

   – to set the timeframe and the terms and conditions for payment of the new shares;

   – to acknowledge the completion of the capital increase up to the limit of the shares effectively subscribed, to adopt the report to the shareholders and to modify the bylaws in accordance with the transaction;

   – to execute the issuance of the shares thus subscribed and take useful steps to ensure their listing and financial administration services;

- if applicable, to deduct the costs of the capital increase from the amount of the bonuses associated therewith and withdraw the necessary sums from this amount to increase the legal reserve to one tenth of the new share capital;
- more generally, to carry out all transactions and execute all formalities that render themselves necessary for the completion of the capital increase;

2. - in accordance with the twenty-fifth resolution adopted by the General Shareholders' Meeting dated May 23, 2018, on the principle of an increase of the Company's capital reserved for a banking institution acting at the Company's request for the implementation of a subscription formula proposed to employees and corporate officers of the companies related to the Company under the conditions set forth by Articles L. 225-180 of the French Commercial Code and L. 3344-1 of the French Labor Code and the corporate headquarters of which are located outside of France, providing an economic profile that is comparable to the subscription formula offered to employees of the Group within the framework of the transaction carried out pursuant to paragraph 1. above, within the limit of a maximum number of 1,000,000 (one million) shares;
   - decided that the shares issued pursuant to this decision will bear benefit entitlement as of January 1, 2018;
   - decided that the total number of shares issued pursuant to paragraphs 1. and 2. above cannot exceed 2,500,000 (two million five hundred thousand) shares.

   Within these limits and those set forth by the twenty-fifth resolution adopted by the General Shareholders' Meeting dated May 23, 2018, the Board of Directors decided to delegate the necessary powers to the Chairman & Chief Executive Officer for the purposes of completing the capital increase as well as that of postponing its completion. To this end, the Chairman & Chief Executive Officer has been granted all powers to set the terms and conditions of the transaction, and, in particular:
   - to set the subscription date and subscription price of the shares, which, in accordance with the provisions of the French Labor Code, will be equal to the average of the volume weighted average price (VWAP) of the listed prices of the Capgemini share during the 20 stock market trading days preceding the date of the Chairman & Chief Executive Officer's decision that will set the opening date of the subscription to the capital increase carried out pursuant to paragraph 1. above, minus a 12.5% discount;
   - to set the number of shares to be issued to the banking institution to be named;
   - to acknowledge the completion of the capital increase, to adopt the report to the shareholders and to modify the bylaws in accordance with the transaction;
   - to execute the issuance of the shares thus subscribed and take useful steps to ensure their listing and financial administration services;
   - if applicable, to deduct the costs of the capital increase from the amount of the bonuses associated therewith and withdraw the necessary sums from this amount to increase the legal reserve to one tenth of the new share capital;
   - more generally, to carry out all transactions and execute all formalities that render themselves necessary for the completion of the capital increase.

Decision of the Chairman & Chief Executive Officer of the Company

On November 12, 2018, the Chairman & Chief Executive Officer, acting pursuant to the delegation of authority by the Board of Directors:

(i) set the dates of the subscription period for the shares to be issued in accordance with, respectively, the twenty-fourth and twenty-fifth resolutions adopted by the General Shareholders' Meeting of the Company of May 23, 2018 as follow:
   - the subscription period of Capgemini shares for Group employees enrolled in a company savings plan would be open from November 13 to 15, 2018, provided that employees who made a subscription request during the reservation period could revoke such subscription request during the subscription period whose dates are thus fixed;
   - the subscription of Capgemini shares by Spade International Employees, a simplified joint stock company (*société par actions simplifiée*) with a share capital of €50,000, headquartered at 12, Place des Etats-Unis – CS 70052 - 92547 Montrouge Cedex, and registered with the Trade and Companies Register of Nanterre under number 834 217 259, would be carried out on December 18, 2018, it being understood that issuance of shares to Spade International Employees will be carried out on the basis of the twenty-fifth resolution of the General Shareholders' Meeting dated May 23, 2018 which authorizes the capital increase of the Company in favor of a banking institution acting at the Company's request for the implementation of a subscription formula proposed to employees and corporate officers of the companies related to the Company under the conditions set forth by Articles L. 225-180 of the French Commercial Code and L. 3344-1 of the French Labor Code and the corporate headquarters of which are located outside of France, providing an economic profile comparable to the subscription formula offered to Group employees within the framework of the transaction carried out pursuant to the aforementioned twenty-fourth resolution;

(ii) set the subscription price for the shares to be issued, in accordance with, respectively, the twenty-fourth and twenty-fifth resolutions adopted by the General Shareholders' Meeting of the Company of May 23, 2018 as follow:
   - considering that the average of the volume weighted average price (VWAP) of the CAPGEMINI share, as published on the Bloomberg CAP FP EQUITY VAP website, during the 20 stock market trading days preceding the Chairman & Chief Executive Officer's decision of November 12, 2018, *i.e.* from October 15, 2018 to November 9, 2018 (inclusive), amounts to €105.46 (the "Reference Price");
   - the subscription price of shares reserved for Group employees enrolled in a company savings plan is set at €92.28 corresponding, in accordance with the twenty-fourth resolution adopted by the General Shareholders' Meeting dated May 23, 2018, and the decision of the Board of Directors dated July 26, 2018, to the Reference Price minus a 12.5% discount and rounded up to the nearest hundredth of a euro;
   - the subscription price of shares reserved for Spade International Employees is set at €92.28, corresponding, in accordance with the twenty-fifth resolution adopted by the General Shareholders' Meeting dated May 23, 2018, and the decision of the Board of Directors dated July 26, 2018, to the Reference Price minus a 12.5% discount and rounded up to the nearest hundredth of a euro.

2. Further details regarding the transaction

Framework of the transaction

In a press release dated September 24, 2018, the Company specified that this fifth international share ownership plan, proposed to approximately 98% of the employees of the Group, aims to associate all employees to the Capgemini development and performance.

The shares were subscribed to either directly or through a FCPE, in accordance with applicable regulatory and/or tax legislation in the various countries of residence of the beneficiaries of the capital increase.

Employees subscribed to Capgemini shares within the framework of a unique subscription formula called *leveraged and guaranteed*, allowing the employees to benefit from a guarantee on their investments made into this plan. In certain countries, employees will be allocated Stock Appreciation Rights ("SAR") by their employer, the amount of which will be indexed in accordance with a formula similar to the one offered under the leveraged formula; a specific subscription formula was also proposed in the United States of America to take into account the applicable regulatory and tax legislation.

Subscribers to the offer shall hold either the shares subscribed to directly, or the corresponding units of the FCPEs, for a five-year period, except in the event of an authorized early exit.

Other characteristics of the transaction

The reservation period of the shares (at an unknown price), during which the employees and corporate officers of the Capgemini group could request to subscribe, was opened from September 24 to October 11, 2018.

A subscription period, during which subscription requests made during the reservation period could be withdrawn, was opened from November 13 to 15, 2018 (inclusive), after communication to the beneficiaries of the subscription price established by the decision of the Chairman & Chief Executive Officer dated November 12, 2018.

Having taken into account all subscription requests, a reduction of the subscription requests has been made. Thus, all of the shares that may be issued within the framework of the transaction, or 2,500,000 (two million five hundred thousand) shares will be subscribed to. The number of subscribers equaled to 33,579 employees, or 17.0% of the eligible population, and similarly to the previous ESOP plans, the transaction was oversubscribed to in the amount of 191%.

The newly-issued shares will be fully assimilated with the existing ordinary shares comprising Capgemini's share capital. These shares will bear benefit entitlement as of January 1, 2018.

The request to list the newly-issued Capgemini shares to trading on the same line of Euronext Paris (ISIN code: FR0000125338) as the existing shares will be made as soon as possible following the completion of the capital increase scheduled to take place on December 18, 2018.

3. Impact of the issuance of 2,500,000 shares on the stake of holders of shares and securities, their shareholders' equity per share and the theoretical impact on the market value of the share price

3.1 Impact on shareholders' stake in the share capital of the Company

For illustrative purposes, on the basis of the share capital of the Company at June 30, 2018, or 168,817,033 shares, the impact of the issuance of new shares on the stake of a shareholder holding 1% of the share capital of the Company prior to, and not subscribing to, the issuance would be as follows:

	Shareholder stake	
	Non-diluted basis	**Diluted basis (1)**
Before issuance of the new shares resulting from the capital increase	1%	0.97%
After issuance of the new shares resulting from the capital increase	0.99%	0.96%

(1) Calculations are made assuming the delivery of the 4,496,144 performance shares granted on June 30, 2018 (assuming that all the performance conditions will be satisfied).

3.2 Impact of the issuance on the consolidated shareholders' equity per share

For illustrative purposes, the impact of the issuance on the consolidated shareholders' equity attributable to owners of the Company per share (calculations based on consolidated shareholders' equity attributable to owners of the Company at June 30, 2018, and the number of shares comprising the share capital at June 30, 2018 after deduction of treasury shares) would be as follows:

	Consolidated shareholders' equity per share	
	Non-diluted basis	**Diluted basis (1)**
Before issuance of the new shares resulting from the capital increase	€42.02	€40.92
After issuance of the new shares resulting from the capital increase	€42.77	€41.66

(1) Calculations are made assuming the delivery of the 4,496,144 performance shares granted on June 30, 2018 (assuming that all the performance conditions will be satisfied).

3.3 Impact of the issuance on the statutory shareholders' equity per share

For illustrative purposes, the impact of the issuance on the statutory shareholders' equity per share of Capgemini SE (calculations based on statutory shareholders' equity attributable to owners of Capgemini SE at June 30, 2018, and the number of shares comprising the share capital at June 30, 2018 after deduction of treasury shares) would be as follows:

	Statutory shareholders' equity per share	
	Non-diluted basis	**Diluted basis** [1]
Before issuance of the new shares resulting from the capital increase	€82.99	€80.80
After issuance of the new shares resulting from the capital increase	€83.12	€80.97

(1) Calculations are made assuming the delivery of the 4,496,144 performance shares granted on June 30, 2018 (assuming that all the performance conditions will be satisfied).

3.4 Theoretical impact on the stock market value of the Capgemini share

The theoretical impact of the issuance of 2,500,000 shares at the issuance price on the stock market valuation of the Capgemini share is calculated as follows:

Share price before the transaction = the average of the listed closing prices of the Capgemini share during the 20 stock market trading days preceding the fixing of the issuance price (calculated as the average of the closing share price between October 15 and November 9, 2018, inclusive). This price amounts to 105.46 euros.

Theoretical share price after the transaction = ((the average of the listed closing prices of the Capgemini share during the 20 stock market trading days preceding the fixing of the issuance price x the number of shares before the transaction) + (the issuance price x the number of newly-issued shares))/(the number of shares before the transaction + the number of newly-issued shares).

The issuance price of the reserved capital increase is set at 92.28 euros.

Accounting for these assumptions, the theoretical post-transaction stock market value of the Capgemini share amounts to 105.21 euros.

It is recalled that this theoretical approach is provided for illustrative purposes and does not predict future evolutions in the share price.

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This supplementary report and the Statutory auditors' report may be consulted by shareholders at the Company's head office and will be brought to the attention of shareholders at the next Shareholders' Meeting.

Signed in Paris, on December 5, 2018

The Chairman and Chief Executive Officer

Paul Hermelin

7.4 Statutory auditors' report

Statutory auditors' report on the authorization to grant free shares (existing or to be issued) to employees and corporate officers

(Combined Shareholders' Meeting of May 23, 2019 – Fourteenth resolution)

This is a free translation into English of the Statutory auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory auditors of Capgemini SE and in accordance with Article L. 225-197-1 of the French Commercial Code (*Code de commerce*), we hereby present our report on the authorization to grant free shares (existing or to be issued) to employees and corporate officers of the Company and its French and non-French subsidiaries, which is submitted to you for your approval.

The Board of Directors' report states that the grant of existing shares or shares to be issued to employees and corporate officers of Capgemini SE and its French and foreign subsidiaries, will be subject to the achievement of performance targets and limited to a maximum number of shares not exceeding 1% of the share capital as noted by the Board's meeting. It also states that the grant of shares to corporate officers of Capgemini S.E. will be limited to 10% of the aforementioned amount.

On the basis of its report, the Board of Directors proposes that you grant it the authority, for an 18-month period, to grant free existing shares or shares to be issued.

It is the Board of Directors' responsibility to prepare a report on the proposed transaction. It is our responsibility to provide you with our observations, if any, in respect of the information provided to you on the proposed transaction.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying in particular that the proposed terms and conditions described in the Board of Directors' report comply with the applicable legal provisions.

We have no matters to report on the information provided in the Board of Directors' report, with respect to the proposed authorization to grant free shares.

The Statutory auditors

Neuilly-sur-Seine, March 29, 2019

PricewaterhouseCoopers Audit

Françoise Garnier
Partner

Richard Béjot
Partner

Paris-La Défense, March 29, 2019

KPMG Audit
Division of KPMG S.A.

Frédéric Quélin
Partner

Stéphanie Ortega
Partner

Statutory auditors' report on the issue of ordinary shares or securities giving access to the share capital reserved for members of an employee savings plan

(Combined Shareholders' Meeting of May 23, 2019 – Fifteenth resolution)

This is a free translation into English of the Statutory auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory auditors of Capgemini SE and in accordance with Articles L. 228-92 and L. 225-135 *et seq.* of the French Commercial Code (*Code de commerce*), we hereby report to you on the proposed issue of ordinary shares and/or securities giving access to the share capital, with cancelation of pre-emptive subscription rights, reserved for members of a Capgemini group employee savings plan, subject to a maximum nominal amount of €24 million, which is submitted to you for your approval.

This issue is submitted to you for your approval pursuant to the provisions of Article L. 225-129-6 of the French Commercial Code and Articles L. 3332-18 *et seq.* of the French Labor Code (*Code du travail*).

On the basis of its report, the Board of Directors proposes that you grant it the authority, for a 18-month period, to set the terms and conditions of this transaction and that you waive your pre-emptive subscription rights to the ordinary shares and securities to be issued.

It is the Board of Directors' responsibility to prepare a report in accordance with Articles R. 225-113 *et seq.* of the French Commercial Code. It is our responsibility to express an opinion on the fairness of the information taken from the financial statements, on the proposed cancelation of pre-emptive subscription rights and on certain other information relating to this issue, presented in this report.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying the information disclosed in the Board of Directors' report pertaining to the transaction and the methods used to set the issue price of the securities to be issued.

Subject to a subsequent examination of the terms and conditions of the proposed issue, we have no matters to report as regards the methods used to set the issue price of the securities to be issued given in the Board of Directors' report.

Since the final terms and conditions of the issue have not been set, we do not express an opinion in this respect or, consequently, on the proposed cancelation of shareholders' pre-emptive subscription rights.

In accordance with Article R. 225-116 of the French Commercial Code, we will prepare an additional report when the Board of Directors uses this delegation in the event of the issue of shares and securities that are equity securities giving access to other equity securities and in the event of the issue of securities giving access to equity securities to be issued.

The Statutory auditors

Neuilly-sur-Seine, March 29, 2019

PricewaterhouseCoopers Audit

Françoise Garnier
Partner

Richard Béjot
Partner

Paris-La Défense, March 29, 2019

KPMG Audit
Division of KPMG S.A.

Frédéric Quélin
Partner

Stéphanie Ortega
Partner

Statutory auditors' report on the issue of ordinary shares and/or securities giving access to the share capital reserved for employees of non-french subsidiaries

(Combined Shareholders' Meeting of May 23, 2019 – Sixteenth resolution)

This is a free translation into English of the Statutory auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France

To the Shareholders,

In our capacity as Statutory auditors of Capgemini SE and in accordance with Articles L. 228-92 and L. 225-135 et seq of the French Commercial Code (*Code de commerce*), we hereby report to you on the proposed issue of ordinary shares and/or securities giving access to the share capital, with cancelation of pre-emptive subscription rights, reserved for employees of certain non-French subsidiaries of the Capgemini group, subject to a maximum nominal amount of €12 million that will be deducted from the overall limit as defined in the fifteenth resolution, which is submitted to you for your approval.

On the basis of its report, the Board of Directors proposes that you grant it the authority, for an 18-month period, to set the terms and conditions of this transaction and that you waive your pre-emptive subscription rights to the ordinary shares and securities to be issued.

It is the Board of Directors' responsibility to prepare a report in accordance with Articles R. 225-113 *et seq.* of the French Commercial Code. It is our responsibility to express an opinion on the fairness of the information taken from the financial statements, on the proposed cancelation of pre-emptive subscription rights and on certain other information relating to this issue, presented in this report.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying the information disclosed in the Board of Directors' report pertaining to the transaction and the methods used to set the issue price of the securities to be issued.

Subject to a subsequent examination of the terms and conditions of the proposed issue, we have no matters to report as regards the methods used to set the issue price of the securities to be issued given in the Board of Directors' report.

Since the final terms and conditions of the issue have not been set, we do not express an opinion in this respect or, consequently, on the proposed cancelation of shareholders' pre-emptive subscription rights.

In accordance with Article R. 225-116 of the French Commercial Code, we will prepare an additional report when the Board of Directors uses this delegation in the event of the issue of shares and securities that are equity securities giving access to other equity securities and in the event of the issue of securities giving access to equity securities to be issued.

The Statutory auditors

Neuilly-sur-Seine, March 29, 2019

PricewaterhouseCoopers Audit

Françoise Garnier
Partner

Richard Béjot
Partner

Paris-La Défense, March 29, 2019

KPMG Audit
Division of KPMG S.A.

Frédéric Quélin
Partner

Stéphanie Ortega
Partner

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8.1 Legal information

8.1.1 Corporate name and head office

Corporate name: Capgemini

To align its corporate name with that of the Group, the Company's name was changed from "Cap Gemini" to "Capgemini" on its conversion to a European company (*Societas Europaea*), by decision of the Extraordinary Shareholders' Meeting of May 10, 2017.

Head office: 11, rue de Tilsitt, 75017 Paris, France

Tel.: +33 (0)1 47 54 50 00

8.1.2 Legal form and governing law

The Company was initially incorporated as a *société anonyme* (joint stock company) and converted to a European company (*Societas Europaea*, SE) by decision of the Extraordinary Shareholders' Meeting of May 10, 2017, to enable the legal form to better reflect the Group's international and European outlook.

The Company is governed by prevailing French and European legislative and regulatory provisions and the provisions of its bylaws.

8.1.3 Date of incorporation and term

To prepare and facilitate the IPO on the Paris Stock Exchange of Cap Gemini Sogeti (incorporated in 1967) a new company, Cap Gemini, grouping together all investments representing the operating activities of the Group was incorporated on September 17, 1984. This company was registered with the Companies & Trade Registry on October 4, 1984.

The Company was set up for a period of ninety-nine years from the date of its registration with the Paris Companies & Trade Registry. It may be wound up in advance or have its term extended by decision of the Extraordinary Shareholders' Meeting.

8.1.4 Corporate purpose (Article 3 of the bylaws)

The Company's purpose is to assist companies in France and abroad in managing and developing their businesses by providing them with the benefit of its knowledge of their industry, its knowhow in the area of business process engineering and re-engineering, and its expertise in the area of information technologies.

To fulfill this purpose, the Company carries out on behalf of clients, either directly, or through its subsidiaries or affiliates[1], one or more of the following activities on a stand-alone or integrated basis:

Management consulting

Working closely with clients, the Company provides change management assistance to companies by helping them to redefine or redirect their strategy, change their product and service lines, re-engineer their structures and business processes, restore staff motivation and achieve other changes. To this end, the Company uses all the possibilities offered by the latest information technologies whenever appropriate.

Information systems development

The Company designs and installs information systems. Its services include the development of customized software, the installation of software applications available on the market or developed internally, the integration of systems incorporating hardware, communication systems, customized software, software packages and other components. The Company also supports clients' IT projects by providing consulting, project management, training and assistance services.

Outsourcing

The Company manages all or part of its clients' IT resources on their behalf. Where requested by clients, the Company may perform all or part of this service using its own hardware, telecommunications systems and other equipment.

The Company may also manage the IT-based services offered to its clients' own clientele. In addition, it may work in partnership with clients within a structure conducting all or some of these activities.

In order to fulfill its corporate purpose, the Company may decide to:

- create specialist subsidiaries or acquire interests in the capital of other companies and manage their business in exchange for a fee. Management services include the provision of technical, marketing, legal and financial assistance, promotion of a consistent image, organization of financial structures, assistance in negotiations to help these companies win new contracts, training, research and development support, etc.;
- invest and manage the Company's available funds, make cash advances, and provide any and all guarantees or collateral on behalf of subsidiaries and affiliates;
- obtain or acquire and use any and all patents and manufacturing processes and sell, contribute or license any such patents and processes.

In broader terms, the Company's purpose includes carrying out any and all commercial, industrial, securities, real estate or financial transactions related directly or indirectly to any of the above purposes or any similar or related purpose or which is likely to facilitate the fulfillment or furtherance of these purposes.

(1) Including Local Professional Services under the Sogeti tradename, representing the Group's fourth business.

8.1.5 Incorporation details and LEI

The Company is registered with the Paris Companies & Trade z Its APE business identifier is 7010Z.

The Legal Entity Identifier of the Company is 96950077L0TN7BAROX36.

8.1.6 Consultation of legal documents

Documents relating to the Company, including the bylaws, the financial statements, the reports of the Board of Directors (or the Management Board, the *Directoire*, from May 24, 1996 through May 23, 2000) to the Shareholders' Meetings, and the Statutory auditors' reports are available for consultation at the Company's head office at 11, rue de Tilsitt – 75017 Paris.

8.1.7 Fiscal year

The Company's fiscal year commences on January 1 and ends on December 31.

8.1.8 Appropriation and distribution of profits

The Shareholders' Meeting has sole discretionary powers to decide on the appropriation of distributable income, as defined by French company law. Consequently, the Shareholders' Meeting may decide to appropriate all or part of distributable income to revenue reserves, special reserves or retained earnings, or to distribute all or part of the amount to shareholders.

The Shareholders' Meeting also decides the terms and conditions of payment of dividends. In particular, shareholders may be offered a stock dividend alternative, in which case the related dividends will be paid in the form of new shares credited as fully paid, in compliance with applicable laws and regulations. The above provisions also apply to the distribution of interim dividends, subject to compliance with French company law.

In addition, the Shareholders' Meeting may decide to distribute a dividend out of distributable reserves, subject to compliance with French company law.

8.1.9 Shareholders' Meetings

The right to participate at Shareholders' Meetings is evidenced by the registration of shares in the name of the shareholder (or of the intermediary acting on his/her behalf if domiciled outside France) in the Company's share register or in the register of bearer shares held by the applicable authorized intermediary. Such registration must be recorded at 12:00 A.M. (Paris time) on the second working day preceding the Shareholders' Meeting and any related notices must be filed at one of the addresses indicated in the Notice of Meeting. In the case of bearer shares, the authorized intermediary must provide a participation certificate.

Shareholders may participate in Shareholders' Meetings in person, by proxy or by casting a remote vote in accordance with the terms and conditions set by applicable regulations.

Shareholders who have informed the Company that they wish to participate in a meeting in person, remotely or by proxy may not alter their method of participation. However, attendance at a meeting by a shareholder in person shall cancel any votes cast by proxy or remotely.

To be taken into account, remote votes or proxy forms must be received by the Company at least three days prior to the date of the meeting. If the Board of Directors so decides when convening the meeting, shareholders voting by proxy or remotely may participate in voting using any telecommunication or teletransmission means enabling their identification, including the internet, in accordance with the conditions set out in applicable regulations at the time of use. Where an electronic form is submitted, the shareholder's signature may take the form of a secure signature or a reliable identification procedure guaranteeing the link with the related action and potentially consisting of a user identification and password. Where applicable, this decision of the Board of Directors shall be communicated in the Notice of Meeting published in BALO (French Journal of Mandatory Legal Announcements).

Where a shareholder has given proxy to a third party and has also voted remotely, if there is any difference in the two votes, the remote vote will be taken into account and the proxy ignored.

Shareholders' Meetings deliberate under the conditions provided by law. Pursuant to provisions governing European companies, majority is calculated based on the number of "votes cast", which does not include votes attaching to shares where the shareholder has not taken part in the vote, has abstained, or has returned a blank or spoiled ballot paper.

8.1.10 Disclosure thresholds

The fifteenth resolution adopted by the Extraordinary Shareholders' Meeting of May 10, 2017 amended the provisions applicable to disclosure thresholds per the bylaws and Article 10 of the bylaws accordingly.

Going forward, only shareholders holding more than 5% of the Company's capital or voting rights are required to report to the Company, within a period of four stock market days, the crossing, through an increase or a decrease, of each threshold of 1% of capital or voting rights, from this lower threshold of 5% to the threshold triggering a mandatory public offer in accordance with prevailing regulations.

In the event of failure to comply with these disclosure rules, at the request of one or several shareholders with combined holdings representing at least 5% of the Company's share capital or voting rights, the undisclosed shares will be stripped of voting rights. This sanction will apply for all Shareholders' Meetings for a period of two years from the date on which the failure to disclose is rectified. This request and the decision of the Shareholders' Meeting must be recorded in the minutes of the Shareholders' Meeting.

When calculating these "thresholds per the bylaws" the same instances where shares and voting rights held by third parties are deemed equivalent to shares and voting rights held by the shareholder subject to legal disclosure requirements are applicable.

8.1.11 Shareholder identification

The Company is authorized to obtain details of identifiable holders of bearer shares.

The Extraordinary Shareholders' Meeting of April 25, 2002 added a new Article to the Company's bylaws according to which the Company may request from the share transaction clearing organization, the name, address, nationality and year of birth for an individual or the name, address and date of registration for a company, of any holders of shares and securities granting access, immediately or in the future, to shares carrying voting rights at Shareholders' Meetings. The Company may also obtain details of how many shares are held by each shareholder and any applicable restrictions on these shares.

8.1.12 Voting rights

Following the decision of the Combined Shareholders' Meeting of May 6, 2015 in its tenth resolution not to apply the provisions of Article L. 225-123 of the French Commercial Code regarding double voting rights, each share carries entitlement to one vote. This includes fully-paid shares held in registered form for at least two years by the same shareholder and bonus registered shares granted in respect of registered shares held for at least two years in the event of a share capital increase by capitalization of reserves, profits of additional paid-in capital.

8.1.13 Changes in shareholder rights

Changes in the share capital or the rights attached to shares are subject to compliance with French company law alone, as the bylaws do not contain any specific provisions in this respect.

8.1.14 Rights, privileges and restrictions relating to shares

In addition to the voting right conferred by law, each share confers entitlement to a portion of the profits and any liquidation surplus, in direct proportion to the number and par value of outstanding shares.

No preferential rights are attached to any specific class of shares or category of shareholder.

8.1.15 Provisions of the bylaws or other provisions that could delay, defer or prevent a change in control

Not applicable.

8.1.16 Factors affecting a potential takeover bid

No factors are subject to the provisions of Article L. 225-100-3 of the French Commercial Code.

8.1.17 Provisions of the bylaws governing administrative and management bodies

Appointment of directors and duration of terms of office

The Company has a Board of Directors comprised of a minimum of three and a maximum of eighteen members, who must be individuals. Directors are appointed by Shareholders' Meeting for a period of four years. Directors, other than directors representing employees or employee shareholders are appointed or reappointed on a rolling basis to ensure the staggered renewal of terms of office in as equal fractions as possible. Exceptionally, and solely for the purposes of this rolling renewal, the General Shareholders' Meeting may appoint one or more directors for a term of one, two or three years.

In addition, a director representing employee shareholders is also appointed by Shareholders' Meeting for a period of four years when, at the end of a fiscal year, the percentage of share capital held by employees of the Company and companies related to it within the meaning of Article L. 225-180 of the French Commercial Code, represents over 3% of the Company's share capital. The director representing employee shareholders is elected by Ordinary Shareholders' Meeting from a choice of two candidates nominated in accordance with the provisions of the law and the bylaws.

Pursuant to employee representation requirements on the Board of Directors in accordance with the provisions of the Rebsamen Law of August 17, 2015, the Board of Directors also includes two directors representing employees, appointed for a period of four years as follows:

- a director representing employees appointed by the union body which obtained the most votes at the first round of the elections referred to in Articles L. 2122-1 and L. 2122-4 of the French Labor Code, organized by the Company and direct or indirect subsidiaries whose registered office is located in France;
- a second director appointed by the European Group Council (known as the International Works Council in Capgemini group).

The director representing employee shareholders and the directors representing employees are not taken into account in determining the maximum number of directors pursuant to Article L. 225-17 of the French Commercial Code.

Age limit for directors

Pursuant to Article 11.4 of the bylaws, the number of directors over seventy-five (75) years of age at the end of each Shareholders' Meeting called to approve the Company financial statements, may not exceed one-third (rounded up to the nearest whole number where appropriate) of the total number of directors in office.

Age limit for the Chairman of the Board of Directors

The age limit for the exercise of the duties of Chairman of the Board of Directors is as follow:

— seventy (70) years of age when he/she also holds the position of Chief Executive Officer; and

— seventy-nine (79) years of age when he/she does not hold the position of Chief Executive Officer.

In both cases, the term of office expires at the end of the first Ordinary Shareholders' Meeting following the Chairman's birthday.

Where the functions of Chairman and those of Chief Executive Officer are separated, the functions of Chief Executive Officer expire the day of the first Ordinary Shareholders' Meeting following his/her seventieth birthday.

Minimum investment by directors in the share capital of the Company

Pursuant to Article 11.2 of the bylaws, each director must hold at least one thousand (1,000) Company shares throughout their term of office.

This obligation to hold shares is not applicable to directors representing employee shareholders and directors representing employees.

Majority rules within the Board of Directors

Decision are taken in accordance with quorum and majority rules provided by law, except for the decision regarding the two possible methods for the Company's general management. Where voting is tied, the Chairman of the Company has the casting vote.

General management

The general management of the Company is assumed by either the Chairman of the Board of Directors (who therefore holds the title of Chairman and Chief Executive Officer), or by another individual appointed by the Board of Directors, who holds the title of Chief Executive Officer. The Board of Directors chooses between these two possible methods for the Company's general management, voting with a two-thirds majority of all directors.

On April 4, 2012, at the recommendation of the Chairman at the time, Mr. Serge Kampf, the Board of Directors decided to regroup the functions of Chairman and Chief Executive Officer and appointed the Chief Executive Officer, Mr. Paul Hermelin, to the position of Chairman and Chief Executive Officer.

Messrs. Thierry Delaporte and Aiman Ezzat were appointed Chief Operating Officers with effect from January 1, 2018.

For more information, please refer to Chapter 2 of this Registration Document.

Charter and Board Special Committees

Please refer to Chapter 2 of this Registration Document.

8.2 Historical Financial Information for 2016 and 2017

In accordance with Article 28 of European regulation no. 809/2004 of April 29, 2004, the following information is incorporated by reference in this Registration Document:

— relating to the year ended December 31, 2017:

- the Management Report, consolidated financial statements and the Statutory auditors' report on the consolidated financial statements, set out in the Registration Document filed on March 23, 2018 under no. D.18-0178 (pages 353 to 354 and 172 to 246, respectively),
- the parent company financial statements of Capgemini SE (formerly Cap Gemini S.A.) and the Statutory auditors' report on the parent company financial statements set out in the Registration Document filed on March 23, 2018 under no. D.18-0178 (pages 247 to 272),
- the Statutory auditors' special report on regulated agreements and commitments, set out in the Registration Document filed on March 23, 2018 under no. D.18-0178 (page 273);

— relating to the year ended December 31, 2016:

- the Management Report, consolidated financial statements and the Statutory auditors' report on the consolidated financial statements, set out in the Registration Document filed on March 17, 2017 under no. D.17-0184 (pages 327 to 328 and 162 to 231, respectively),
- the parent company financial statements of Capgemini SE (formerly Cap Gemini S.A.) and the Statutory auditors' report on the parent company financial statements set out in the Registration Document filed on March 17, 2017 under no.D.17-0184 (pages 232 to 253),
- the Statutory auditors' special report on regulated agreements and commitments, set out in the Registration Document filed on March 17, 2017 under no. D.17-0184 (page 254).

Copies of the Registration Document are available from Capgemini SE, 11 rue de Tilsitt, 75017 Paris, on its corporate website at http:// investors.capgemini.com, and on the website of the AMF at www.amf-france.org.

8.3 Persons responsible for the information

8.3.1 Person responsible for financial information

CAROLE FERRAND
Chief Financial Officer

11, rue de Tilsitt, 75017 Paris
Tel.: +33 (0)1 47 54 50 00

8.3.2 Persons responsible for the audit of the financial statements

Principal Statutory auditors

PricewaterhouseCoopers audit

Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles.*

63, rue de Villiers, 92208 Neuilly-sur-Seine, Cedex,

represented by Ms. Françoise Garnier and Mr. Richard Béjot

First appointed at the Ordinary Shareholders' Meeting of May 24, 1996.

Current term expires at the close of the Ordinary Shareholders' Meeting held to approve the 2019 financial statements.

KPMG S.A.

Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles.*

Tour Eqho, 2 avenue Gambetta,
CS 6055, 92066 Paris-La Défense Cedex,

represented by Mr. Frédéric Quélin

First appointed at the Ordinary Shareholders' Meeting of April 25, 2002.

Current term expires at the close of the Ordinary Shareholders' Meeting held to approve the 2019 financial statements.

Substitute Statutory auditors

Mr. Jean-Christophe GEORGHIOU

63, rue de Villiers, 92208 Neuilly-sur-Seine, Cedex,

Substitute for PricewaterhouseCoopers audit,

appointed at the Ordinary Shareholders' Meeting of May 7, 2014.

Term of office expires at the close of the Ordinary Shareholders' Meeting held to approve the 2019 financial statements.

KPMG Audit I.S. SAS

Tour Eqho, 2 avenue Gambetta,
CS 6055, 92066 Paris-La Défense Cedex,

Substitute for KPMG S.A.,

appointed at the Ordinary Shareholders' Meeting of May 7, 2014.

Term of office expires at the close of the Ordinary Shareholders' Meeting held to approve the 2019 financial statements.

8.3.3 Declaration by the person responsible for the Registration Document

"I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in the 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 for 2018 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all the other companies included in the scope of consolidation, and that the information provided in the Management Report listed in chapter 9, section 9.3 gives a fair description of the material events, results and financial position of the Company and all the other companies included in the scope of consolidation, as well as a description of the main risks and contingencies with which the Company may be confronted.

I obtained a statement from the Statutory auditors at the end of their engagement affirming that they have read the whole of the Registration Document and examined the information in respect of the financial position and the historical accounts contained therein.

The statement from the Statutory auditors is not qualified and does not contain any observations."

Paris, April 2, 2019

Paul Hermelin
Chairman and Chief Executive Officer

9

Cross-reference Table

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9.2 Cross-Reference Table for the Annual Financial Report 324

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9.1 Information required under Commission Regulation (EC) no.809/2004

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N/A: not applicable.

9.2 Cross-Reference Table for the Annual Financial Report

In order to assist readers of this Registration Document, the Cross-Reference Table, hereafter, enables to identify the information which constitutes the Annual Financial Report that must be published by the listed companies in accordance with the article L. 451-1-2 of the French Monetary and Financial Code and article 222-3 on the French Financial Markets Authority's general regulations.

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3	**Management Report (within the meaning of the French Commercial Code)**	Refer to the Cross-Reference Table for the Management Report on page 325
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9.3 Cross-Reference Table for the Management Report

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N/A: not applicable.

Design and production: Agence Marc Praquin

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reports.capgemini.com/2018/en/

The Annual Report outlines Capgemini's primary activities and the major events from the previous business year. Combining interviews and analysis, it retraces the transformations that have impacted our activities and our ambitions.

The Integrated Report describes how Capgemini's strategy, governance and organization create long-term financial and extra-financial value for the Group and its stakeholders.

The Registration Document provides complete legal, economic, financial, and accounting information about our activities, together with analysis of the company's results and future prospects.

ADDITIONAL RESOURCES

Our website
capgemini.com

Investors section
investors.capgemini.com

Careers section
capgemini.com/careers/

Insights and news
capgemini.com/insights-and-news

CSR
capgemini.com/corporate-responsibility

On the cover
Thukral & Tagra
Left: **Dominus Aeris Escape 4,** 2012 (oil on canvas, 183 cm x 244 cm)
Right: **Dominus Aeris Escape 6**, 2012 (oil on canvas, 213 cm × 297 cm)
« Q » Exhibition,
Nature Morte Gallery, New Delhi