

2014 Compensation of Mr. Paul Hermelin, Chairman and Chief Executive Officer

Strict application of the AFEP-MEDEF Code and “Say on Pay” principles by Capgemini

The Board of Directors decided Mr. Hermelin’s compensation for 2014 in strict application of the recommendations of the revised AFEP/MEDEF Code and “say on pay” principles, regarding the structure of compensation comprising fixed and variable components, the grant of equity instruments and supplementary pension benefits. In line with past Group practice, the Chairman and Chief Executive Officer is not entitled to termination benefits, is not covered by a non-compete clause and receives no benefits in kind. Mr. Hermelin has also waived entitlement to receive attendance fees since 2009. He informed the Board of Directors’ meeting of February 18, 2015, that he waived his employment contract as of this date in line with his commitment last year.

The Compensation Committee and Board of Directors ensured the appropriateness of the Chairman and Chief Executive Officer’s compensation compared with sector practice in technology, either nationally or internationally as well as in French companies of a comparable size. As compensation publication practice varies significantly between the countries and legal structures of competitors, CAC 40 companies represent the most relevant benchmark and the compensation of Mr. Hermelin, CEO of Capgemini for more than 13 years, is close to the median compensation for CAC 40 companies.

Based on these elements, The Board has set the 2014 compensation of Paul Hermelin as described below.

2014 compensation

Mr. Hermelin’s total compensation for 2014 was set at €2,620,652, i.e. 108.3% of the total theoretical compensation, comprising fixed compensation of €1,452,000 and variable compensation of €1,168,652.

As indicated on the announcement of the 2013 results, the amount of Mr. Hermelin’s compensation was approved by the Board meeting of February 19, 2014, which decided to keep it unchanged, following his fixed compensation increase by 10% decided for 2013 as the scope of Mr. Hermelin’s responsibilities had been extended. This fixed compensation is paid in 12 monthly instalments and represents, as does that of all key managers of the Group, 60% of the total theoretical compensation if objectives are achieved.

Therefore, variable compensation represents 40% of this total theoretical amount. This theoretical variable component is in turn split into two parts: the first part, called V1, tied to Group consolidated results and a second part, called V2, based on individual objectives set by the Board of Directors which are either quantified or measurable.

V1 – Economic and financial objectives

The economic and financial objectives underlying the V1 component for 2014 are measured against budgeted indicators set by the Board and concerned revenues, operating margin, pre-tax net profits and free-cash flow for the period, with weightings of 20% or 30%, and achievement rates of between 100% and 121.5% for an overall weighted result of 106.4%. After applying the Group historical formula which accelerates up or down the weighted economic performance, the final payout applied to the V1 has been set at 121.5%.

V2 – Individual objectives

Individual objectives fall into three separate categories relating to specific achievements in the following domains: governance, key indicators driving profitable growth and strengthening Group leadership and talents. Each category has been subject to an overall detailed analysis and subsequently to a global assessment of these objectives.

With regards to the role of Chairman and the organization of governance, the Board of Directors noted the following positive changes following the implementation of numerous recommendations based on the self assessment of the Board's activities performed at the end of 2013:

- the appointment of a lead independent director;
- a new allocation of duties between the Committees;
- increased Board female representation and a decrease in the average age of its members;
- invitation accorded to the Secretary of the Group's European Works Council on a permanent basis to attend meetings of the Board and the Compensation Committee, which he has accepted.

With regards to the sustainable performance of the Group, the Board highlighted:

- the Board took account of the results presented in the Group 2015 strategic transformation management report, a quantitative tool comprising 9 key transformation indicators (portfolio evolution, industrialization and offshore leverage, and innovation) approved by the Board of Directors in its 3-year plan and comprising annualized targets which were in line with the budget approved by the Board;
- the Group's results and the fact that all indicators were in line with or exceeded guidance presented to the market at the beginning of 2014;
- on going optimization of the Group balance sheet financial structure;
- the success of the third International Group Share Ownership Plan.

In regard to talent management, the Board took account of the record recruitment of external Vice-Presidents candidates and in particular the recruitment of a Group Talent Officer, the volume of newly promoted Vice-Presidents with an increase in the percentage of women promoted to this grade.

Overall, for these two components of Mr. Hermelin's variable compensation, the Board of Directors approved the recommendation of the Compensation Committee of an attainment rate of the variable compensation of 120.7% with 121.5% for the V1 and 120% for the V2.

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Mr. Hermelin's 2014 total compensation therefore breaks down as follows:

Compensation component	Reminder 2013 actual	Theoretical amount	% Attainment	Actual 2014 amount
Fixed	€1,452,000	€1,452,000	N/A	€1,452,000
Variable V1		484 000 €	121.46%	587 852 €
Variable V2		484 000 €	120.00%	580 800 €
Variable	€1,150,900	€968,000	120.73%	€1,168,652
Total	€2,602,900	€2,420,000	108.29%	€2,620,652

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In addition, it is recalled that the Board of Directors' meeting of July 30, 2014 granted 50,000 performance shares to Mr. Hermelin, representing 3.6% of the total amount granted within the approved resolution. These share grants are subject to the internal and external performance conditions adopted by the Combined Shareholders' Meeting of May 24, 2013. Mr. Hermelin will also be required to hold one third of vested shares until he is no longer a corporate officer.

The 2014 Registration Document, the Management Report and the Report presenting the resolution on the compensation of the executive corporate officer to be submitted to the Combined Shareholders' Meeting of May 6, 2015, will contain a detailed presentation and the determination of Mr. Hermelin's compensation for 2014.

2015 Compensation

Given the increase in Mr. Hermelin's compensation decided in 2013, the Committee – in accordance with the recommendations of the AFEP-MEDEF Code – considered it was not appropriate to increase his theoretical compensation in 2015. The Board of Directors followed the recommendation of the Committee and informed Mr. Hermelin of its decision, which he accepted.

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