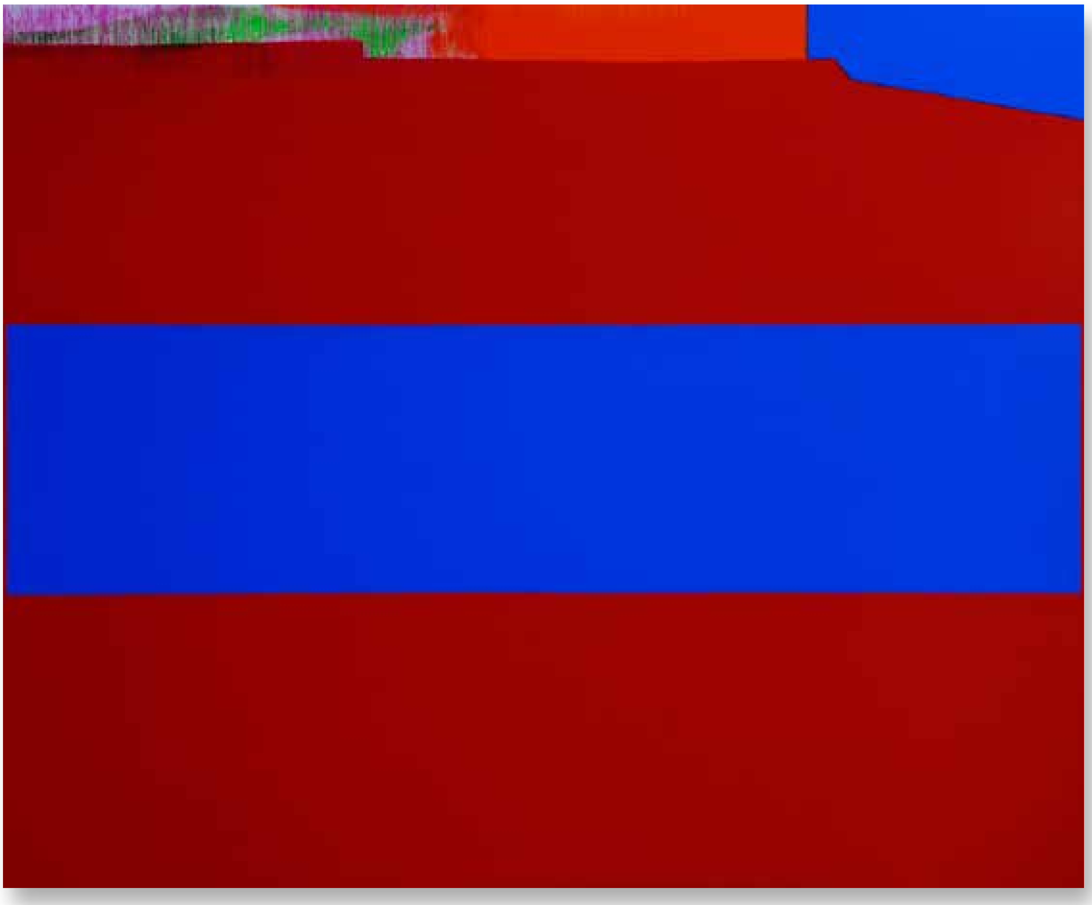
CONSULTING.TECHNOLOGY.OUTSOURCING

2016 REGISTRATION DOCUMENT
ANNUAL FINANCIAL REPORT



People matter, results count.

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The information from the Annual Financial Report is clearly identified in the table of contents by the AFR symbol AFR

2016 Registration document

Annual financial report

LIVING THE FUTURE
since 1967

With more than 190,000 people, Capgemini is present in over 40 countries. A global leader in consulting, technology and outsourcing services, the Group reported 2016 global revenues of EUR 12.5 billion. Capgemini has always been « living the future since 1967 » and will celebrate its 50th anniversary in 2017.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

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 March 17, 2017, 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.

For the fiscal year 2016

Board of Directors

Paul HERMELIN, Chairman and Chief Executive Officer

Daniel BERNARD, Lead Independent Director

Anne BOUVEROT

Yann DELABRIÈRE

Siân HERBERT-JONES

Laurence DORS

Carole FERRAND

Robert FRETEL

Phil LASKAWY

Kevin MASTERS

Xavier MUSCA

Pierre PRINGUET

Bruno ROGER

Lucia SINAPI-THOMAS

Caroline WATTEEUW-CARLISLE

Statutory Auditors

PricewaterhouseCoopers Audit
Represented by Françoise GARNIER and Richard BÉJOT

KPMG S.A.
Represented by Frédéric QUÉLIN

Financial highlights

Consolidated financial statements

in millions of euros	2012	2013	2014	2015	2016
Revenues	**10,264**	**10,092**	**10,573**	**11,915**	**12,539**
Operating expenses	(9,435)	(9,235)	(9,603)	(10,653)	(11,099)
Operating margin*	**829**	**857**	**970**	**1,262**	**1,440**
% of revenues	*8.1%*	*8.5%*	*9.2%*	*10.6%*	*11.5%*
Operating profit	**606**	**720**	**853**	**1,022**	**1,148**
% of revenues	*5.9%*	*7.1%*	*8.1%*	*8.6%*	*9.2%*
Profit for the year attributable to owners of the Company	**353**	**442**	**580**	(1) **1,124**	(2) **921**
% of revenues	*3.4%*	*4.4%*	*5.5%*	*9.4%*	*7.3%*
Earnings per share					
Average number of shares during the year	*155,795,618*	*158,147,868*	*157,855,433*	*168,452,917*	*169,450,721*
Normalized earnings per share* *(in euros)*	3.29	3.41	4.22	4.84	5.62
Dividend per share for the year *(in euros)*	1.00	1.10	1.20	1.35	(3) 1.55
Goodwill at December 31	**3,702**	**3,601**	**3,784**	**7,055**	**7,176**
Equity attributable to owners of the Company at December 31	**4,482**	**4,458**	**5,057**	**6,887**	**7,272**
(Net debt) / net cash and cash equivalents* at December 31	**872**	**678**	**1,218**	**(1,767)**	**(1,413)**
Organic free cash flow* at December 31	**496**	(4) **455**	**668**	**815**	**1,071**
Average number of employees	**121,829**	**128,126**	**137,747**	**161,268**	**185,593**
Number of employees at December 31	**125,110**	**131,430**	**143,643**	**180,639**	**193,077**

(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) Subject to approval by the Shareholders' Meeting of May 10, 2017,

(4) Before the €235 million exceptional contribution to a UK pension fund.

(*) The alternative performance measures monitored by the Group (operating margin, normalized earnings per share, net debt 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.

30%

Revenue contribution from the new *Digital & Cloud* offer

€1,071m

Organic Free cash flow

193,077

people who share the **7 values** of the Group

- HONESTY
- BOLDNESS
- TRUST
- FREEDOM
- TEAM SPIRIT
- MODESTY
- FUN

€12.5bn

global revenues

4 businesses

- Consulting Services
- Technology & Engineering Services
- Application Services
- Other Managed Services

6 sectors

- Manufacturing, Automotive & Life Sciences
- Consumer Products, Retail, Distribution & Transportation
- Energy, Utilities & Chemicals
- Financial Services
- Telecommunications, Media & Entertainment
- Public Sector

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Presentation of the Group and its activities

1.1 Group milestones and values

1967	Creation of Sogeti by Serge Kampf, on October 1, in Grenoble (France).
1970	Sogeti and OBM (Organization Bossard Michel) agree to combine IT and Consulting Services.
1971	Creation of Eurinfor, “facilities *management” company,* by Sogeti with the Cofradel group and Lyonnaise de Banque.
1973	7th “Sogeti Rencontres” in Djerba (Tunisia), the last “Rencontres” gathering to which all Group employees (440) are invited.
1974	Sogeti takes control of C.A.P. (the leading French IT services company at the time) and of Gemini Computer Systems (US).
1975	January 1 marks the official birth of the CAP GEMINI Sogeti group, which, with a headcount of 1,700, becomes Europe’s top IT services company. 9th “Rencontres” in Istanbul (Turkey), with 270 participants.
1976	The Group moves its headquarters to 17, avenue George V, Paris. The first Annual Report is published (financial year 1975).
1977	The French authorities veto the acquisition of a stake in the Group by EDS.
1978	The Group takes on the US market and sets up its first “outpost” in Washington DC (Cap Gemini Inc.).
1980	After a long tussle with SESA, the Group wins the DGT contract to produce the French electronic phonebook.
1981	The sale of SORINFOR marks the Group’s withdrawal from processing activities.
1982	Revenues exceed the one billion French franc (€150 million) mark, only half of which is generated outside France.
1984	To general surprise, Serge Kampf declares that English is to be the Group’s official language.
1985	Spectacular initial public offering of the Group’s shares on the Paris Stock Exchange (with demand 123 times the offer).
1987	The Group takes control of SESA, having held a 42% stake since 1982.
1989	The Group reports a year-end after-tax profit of 7.4%, a record not yet broken.
1990	17th “Rencontres” in Marrakesh (Morocco): the 550 participants decide on an aggressive strategy including, if necessary, joining up with an industrial group. Shortly after, the Group makes several acquisitions: SCS in Germany, Hoskyns, the European leader in outsourcing activities, and two US companies (URC and Mac Group) that will make up the Group’s consulting arm. The invasion of Kuwait triggers a global economic crisis, which lasts four years.
1991	Daimler-Benz takes a 34% stake in the holding company Sogeti (which itself controls 60% of the Group).
1992	Acquisition of Volmac in the Netherlands (3,200 employees) and Progamator in Sweden (1,600 employees). GENESIS is launched at the 18th “Rencontres,” which brings together 700 managers in Prague (Czechoslovakia). This is the Group’s first transformation program, and mobilizes up to 5,000 employees for over a year. By the year-end, Cap Gemini – after 25 years of consecutive growth – announces the first losses in its history (it will be a similar story in 1993 and 1994).
1996	Under the combined pressure of the two other major shareholders, Serge Kampf accepts the “amalgamation” of the two-tiered control of SKIP and Sogeti within the listed company Cap Gemini Sogeti.
1997	Daimler-Benz exits from the Group’s share capital. Bossard Consultants (in which the Group has held a 49% stake for more than 20 years) is integrated into the Group’s consulting arm. Celebration of the Group’s 30th birthday during a memorable evening at the Louvre Carrousel, Paris.
1998	Cap Gemini rejoins the Paris Stock Exchange’s CAC 40 index (it had been on the index from August 1988 to November 1993).
2000	Acquisition of Ernst & Young Consulting (employing more than 12,000 consultants). The Cap Gemini share price rises to its highest ever level of €368.9 euros in March, making a stock market capitalization on that day of €44.5 billion.
2002	Creation of a subsidiary specializing in local services and taking over the Sogeti name.
2003	Sogeti acquires Transiciel (7,000 employees); the Group signs a major multi-year contract with the British tax authorities and opens its first offshore production center in Mumbai, India.
2006	Launch of the I.Cube (Industrialization, Innovation, Intimacy) transformation program.
2007	Acquisition of Kanbay, a US company with a strong presence in India and specializing in Financial Services (7,000 employees). Capgemini is the main sponsor of the 6th Rugby XV World Cup. Celebratory evening at the Louvre Carrousel, Paris, to mark the Group’s 40th birthday.
2008	A number of small acquisitions, including Getronics PinkRoccade in the Netherlands.
2009	Acquisitions in Romania, Vietnam and Australia. Launch of five global service lines (Business Information Management, Application Lifecycle Services, Testing Services, Infostructure Transformation Services, Smart Energy Services).
2010	Acquisition of IBX in Sweden and CPM Braxis (5,500 employees) in Brazil. 23rd “Rencontres” in Barcelona (Spain) around the theme of “La Niaque” (fighting spirit). The Group ends the year with a headcount in excess of 100,000.
2011	Acquisition of eight companies, including Artesys, Avantias and Prosodie in France, and Praxis Technology in China. The Group restructures around six Strategic Business Units (SBUs). Launch of a new global service line (Mobile Solutions).
2012	Serge Kampf passes the torch of Chairman to Paul Hermelin during the Combined Shareholders’ Meeting of May 24, 2012.

2013	Passing away of Michel Jalabert, a Cap Gemini S.A. Board Member and one of the key figures in the Group's history since 1976, and of Odette Bernard-Colombat, the Group's longest-serving employee and Serge Kampf's personal assistant for over fifty years. 24th "Rencontres" in San Francisco: the top 450 Capgemini managers gather, joined for the first time by some of the Group's biggest technology partners, thereby confirming the Group's position as a major player in the "Champions League" of its industry. Launch of Digital Customer Experience, a new global service line.
2014	Acquisition of Euriware in France and signing of a contract with AREVA.
2015	Acquisition of IGATE in the United States: North America becomes Capgemini's largest market.
2016	Passing away of Serge Kampf on March 15, 2016, founder of the Group.
2017	The Group celebrates its 50th anniversary.

Seven values at the heart of the Group

In 1967, Serge Kampf was amongst the very first to understand the added value a services company would bring to a world where the IT market had barely emerged. He created Sogeti, which became Cap Gemini Sogeti, then Capgemini Ernst & Young, and finally Capgemini, based on several major principles that continue to guide us in everything we do today: first and foremost, an entrepreneurial spirit, followed by a passion for clients, an obsession with drawing out the best from people, a commitment to being ethically irreproachable at all times, and extremely high expectations with regards to performance. From the very beginning, he understood that our industry is based on the contribution of both men and women who work hand-in-hand and share common values that cannot be compromised upon.

Seven values permeate Capgemini's corporate fabric, from the time of their inception by Mr. Serge Kampf, founder of the Group, Honorary Chairman and Vice-Chairman of the Board of Directors, until he passed away on March 15, 2016. 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. They form 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 embodied in Capgemini's brand promise: "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.

Truly multicultural, Capgemini works on the basis of its trademark "Collaborative Business Experience™", which gives priority to the ability to listen, to be flexible, agile and creative — essential qualities to ensure the success of our clients.

1.2 Group activities

Since its foundation in 1967, the Capgemini Group has pursued one ambition: to be the first port of call to help companies and organizations in their development through a combination of innovation and competitiveness. By directly concerning ourselves with our clients' changing needs and sector-specific challenges, Capgemini continuously seek to improve our services and enhance our expertise. This ensures that we stay at the forefront of new benefits offered to companies and organizations as a result of frequent technological advances that mark the evolution of the IT sector. A twofold strategy of acquisitions and organic growth means that Capgemini **is now among our industry's most multicultural and multidisciplinary players** — with a presence in over 40 countries, four major businesses and a wide spectrum of expertise.

The **Digital revolution** has had such an impact on companies' activities that Capgemini has now become **a strategic partner for our clients**. Together, with the support of the Group's technological partners, we are working to ensure that the Cloud, Big Data and the Internet of Things serve as catalysts for agility, efficiency and productivity. Capgemini's clients are increasingly relying on us to radically transform all aspects of their business through Digital means, even to the point of reinventing their business model.

1.2.1 IGATE integration

The acquisition of US company IGATE in 2015 marked a pivotal moment in the Capgemini story. At the time of the takeover, IGATE had generated a turnover of $1.3 billion for 2014 and had 281 clients, mainly based in North America (79% of turnover). The Company had 30,000 employees in the United States, India and — to a lesser extent — Europe, Australia and China.

The acquisition was strategically important for Capgemini in a number of ways. It **considerably strengthened the Group's presence in North America**, which accounts for over 40% of the worldwide IT market. The region, which is a hotbed of innovation, has now become Capgemini's largest market. With IGATE, **the Group is improving its positioning in several key sectors** — such as Financial Services and engineering — and offering solutions to new, high-profile clients, including General Electric or a large North American bank.

The acquisition of IGATE also meant that Capgemini is able to offer our clients access to **innovative solutions:** one example is the case of ITOPS (Integrated Technology Operations), which combines business services with those linked to applications and infrastructure. Capgemini is also benefitting from IGATE's **highly effective global production model.** The Group now enjoys access to a vast network of production centers with nearly 98,000 employees, including 32 IGATE centers, most of which are located in India. Capgemini also benefited from the specific culture of IGATE, including its strong client relationships and core values, its speed of action and agility – all of which are an asset to the Group.

In 2016, we not only preserved IGATE's clientele, we also managed to expand it. As a result, IGATE's 15 largest accounts grew by more than 15%, which is higher than the Group's organic growth rate. In addition, synergies generated an extra turnover of more than €300 million. Finally, all IGATE key managers have found a position in the Group and the overall retention rate is very good.

1.2.2 Four businesses offering global solutions

- **Consulting Services** (Capgemini Consulting), which help to enhance the performance of organizations, based on in-depth knowledge of client industries and processes;
- **Technology and Engineering Services** (Sogeti), which provide assistance and support to internal IT teams within client companies;
- **Application Services**, which devise, develop, implement and maintain IT applications covering the Group's system integration and application maintenance activities;
- **Other Managed Services**, which 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).

Through its four businesses, Capgemini offers a **wide spectrum of expertise**. This enables us to respond to the majority of our clients' business challenges, particularly through our solutions for: IT infrastructure, end-to-end management of IT applications, outsourcing of IT systems for support functions, Digital engineering to underpin R&D, management of customer relationships through IT systems, procurement, strategy and transformation consulting, etc.

Over the past few years, Capgemini has offered a **portfolio of innovative products and services** to help our clients successfully make the jump into the Digital age. In 2016, the Group launched two global offerings, *Digital Manufacturing* and *Automation Drive*, an automation service line designed to help companies and organizations to achieve gains in terms of efficiency, productivity, quality and agility. On the basis of its traditional BPO offerings, the Group also offers a service line called *Business Services*, which integrates Cloud platforms with different offerings (BPO, Applications, Infrastructures). Lastly, with added impetus from the rapid development of the Internet of Things, the Group is helping clients benefit from the connectivity of their products, production tools and infrastructure.

Ongoing technological and sectoral advances are increasingly imposing fundamental change on companies and organizations. This is why Capgemini is capitalizing on the complementary nature of our businesses (consulting, design, engineering, Application Services, infrastructure) to develop **Digital transformation solutions** for all or some of our clients' activities by adopting a targeted **sectoral approach**.

1.2.3 Solutions in six major sectors

The Group's sectoral expertise ensures that we are always up to speed with the challenges facing our clients and developing solutions tailored to their specific objectives. The Group has a presence in six sectors:

- **Manufacturing, Automotive & Life Sciences**: these activities may be fertile ground for innovation, but improving competitiveness is a constant challenge. Through our outsourcing and Business Services, among others, Capgemini provides companies in these sectors with a wide array of solutions. These solutions enable companies to make significant savings on IT systems management and support functions;
- **Consumer Products, Retail, Distribution & Transportation**: companies in these sectors are facing new constraints linked to productivity and the ever-increasing pace at which their customers' expectations are changing. Capgemini provides them with the technology and expertise they need to access e-commerce platforms that combine flexibility and speed;
- **Energy, Utilities & Chemicals**: using the latest technology, the Group helps companies in these sectors to overcome the twofold challenge of constantly changing regulations and increasingly stringent environmental standards. Capgemini is the world leader in IT systems for electricity meters known as "smart meters";
- **Financial Services (Insurance & Banking)**: the Group supports the rationalization and simplification of financial institutions' applications and infrastructure (particularly within insurance and banking). Our main fields of expertise are mobility, intelligent data management, client experience improvement and regulation compliance;
- **Public Sector:** Capgemini assists administrations, companies and public agencies, as well as major local authorities, to implement their programs and plans for modernization, with an ever-growing focus on Digital;
- **Telecommunications, Media & Entertainment**: operators in this sector are faced with declining revenues from their traditional activities, competition from new players and the saturation of their networks due to the explosion of content. Having supported the sector for over thirty years, Capgemini offers access to in-depth knowledge of telecommunications and Digital content, as well as our technological expertise with regard to networks.

Capgemini has continued to consolidate a sectoral approach in order to respond to the significant need for acceleration affecting our clients in the Digital spheres. In particular, the Group has created **Expert Panels** for each sector, comprising experienced managers representing all aspects of business and every region of the world. Our aim: to closely scrutinize sectoral developments so that we always stay one step ahead of the game. In terms of our offering, Capgemini is also pursuing the development of **comprehensive products and services** covering all business needs and the entire value chain in a given sector. Thanks to the comprehensive products and services designed for the utilities and banking sectors, we offer entire platforms of preassembled technological solutions ready to be configured and adapted to the needs of each client. In this respect, the Group is particularly reliant upon the ITOPS Cloud services designed by IGATE, which combine business services with those linked to applications and infrastructure.

Lastly, at a time when clients have a pressing need to refocus their businesses around the end user, Capgemini plans to offer a more general set of tools that allow for the analysis of major ongoing trends in various sectors. For example, the Group has launched *Connected Insight*: an invaluable database covering the expectations and behaviors of consumers in the automotive sector.

1.2.4 Ecosystem of technological partners

Capgemini has always forged strategic partnerships with highprofile technological players and by now with start-ups with specialist skills. Within both long-term and recent partnerships, the Group retains independence from all partners so that we are free to select those that offer the best response to the expectations and challenges of Capgemini's clients.

In 2015, the Group deliberately increased the pace at which we forge partnerships with the most innovative players. This move saw Capgemini, for example, strengthen ties with Salesforce, AWS, Google by appointing senior managers who are assigned solely to these partners.

In 2016, Capgemini focused on continuing to strengthen its long-standing partnerships and to develop new approaches, such as the one implemented with Valeo on the Mov'InBlue project, an intelligent key technology which allows one to lock, unlock and start a vehicle using a smartphone.

The Group also continues to develop its relationships with the many start-ups that first began in 2015. In this context, our global ecosystem of technological partners working together on the Group's new approach to innovation (Applied Innovation Exchange) is also a significant asset in terms of helping clients quickly turn innovation into valuable solutions for their business.

We have a global sales and delivery network with companies whose solutions are complementary to our own. Our unique expertise, in collaboration with our alliance partners' products and services, allow us to build new and valuable business solutions for our clients. Our alliances and partnerships provide needed synergy and are crucial to our efforts to solve the toughest challenges for our clients, whether it be in new business model creation, new technology solution implementation or progression into new markets globally. Many of our alliances and partnerships are non-exclusive and can generate revenue from services we provide to implement their products as well as resale of products.

Our Global Ecosystem includes:

- AppDynamics
- AWS
- Blueprint
- Blueprism
- BMC
- CA/Niku
- Cisco
- Citrix
- Cloudera
- Computer Associates
- Dassault Systems
- Dell Technologies
- Fireeye
- Forgerock
- Fortinet
- GE Digital
- Gemalto
- Google
- Hortonworks
- HPE
- HPI
- IBM
- Informatica
- Intel
- Lenovo
- Microsoft
- NetSuite
- OpenText
- Oracle
- Palo Alto Networks
- Pega
- Pitney Bowes
- Pivotal
- PTC
- RSA
- Salesforce
- SAP
- SAS
- Schneider Electric
- Siemens
- Sitecore
- Software AG
- Talend
- Teradata
- Trend Micro
- Virtustream
- VMware
- Workday

1.2.5 193,077 men and women supporting our clients

Capgemini's approach is perfectly embodied in the brand promise, "People Matter, Results Count." The commitment and expertise Capgemini offers to our clients would not be possible without our talented team. On December 31, 2016, the Group had 193,077 employees, compared to 180,639 at the end of 2015, with 96,689 based in India. The other workforce is spread out across the five continents: 66,171 in Europe, 4,733 in Asia-Pacific, 16,895 in North America, 8,589 in Latin America and 94 in the Middle East. Capgemini represents over 120 nationalities in over 40 countries. The number of offshore employees now accounts for 56% of Capgemini's total headcount, up 2 percentage points from last year.

For further information, see section 1.5 page 17.

1.2.6 Corporate Social Responsibility: a sustained ambition built on achievements

As a company with a global footprint, we operate in several continents and more than 40 countries, each one with its own set of challenges and opportunities. From a social responsibility standpoint, these fall into four main areas:

- Values and Ethics;
- Diversity and Inclusion;
- Environmental Sustainability;
- Community Engagement.

In 2016, we made a mark in several respects, mainly: the roll out of our ambition to touch one million lives by 2020 through community engagement actions with a focus on Education & Skills, the renewal of the Group's CSR Board gathering a broader group of executives from our major business units and geographies, and the extension of environmental sustainability best practices developed regionally to be deployed globally, thus accelerating progress against our targets. The targets are aligned with the Group's commitment following the signature of the Paris Agreement on UN climate change conference in late 2015.

Our commitment to sustainability will ensure that risks related to climate change and other sustainability constraints are managed, while continuing to meet the ever-increasing expectations of both our internal and external stakeholders. This will be a priority in 2017.

Finally, building on the Group's Values and Ethics sound foundations, we raised the level of awareness of top management on the Diversity and Inclusion agenda, starting with gender balance. The gender targets set for 2018 to improve the proportion of women in top and middle management were translated into specific action plans, and emblematic initiatives were launched in several countries like France, India, the UK and North America. The Group targets and roadmap drive our efforts and show the commitment made by top management to achieve gender equality in the workplace.

NO FUTURE WITHOUT ETHICS

Ethical conduct has always been at the heart of Capgemini's values. The acceleration of our geographical expansion, multiple challenges arising from new technology and our growing number of employees around the world constantly create new ethical challenges for us.

For this reason, the Group has rolled out an ambitious program to raise awareness about these topics. In 2015 and 2016, 4,400 managers follow a new, specialized training program — an important tool to help share best practices within teams and build upon Ethics Street, which is a series of e-learning modules that everyone must complete.

Capgemini has thus been recognized for the fifth year running as one of the world's most ethical companies ("2017 World's Most Ethical Companies®" label, awarded by Ethisphere Institute).

1.2.7 A functional organization adapted to client needs

The Group is constantly seeking to better serve our clients by providing them with in-depth analyses of their market, cutting-edge technological solutions, reliable and high-quality services and an innovative approach to the challenges facing their sector. We deliver all of these services at competitive prices and within the best possible timeframes, so that we can help our clients improve their own competitiveness and agility.

To this end, the Group is organized at the global level into major operational units (Strategic Business Units, SBUs), and relies on worldwide service lines.

Operational units

The Capgemini Group is structured into eight large operational units, in order to provide the best response to client expectations and market developments:

- *Capgemini Consulting* is the brand that covers the Group's activities in the field of strategy and transformation consulting (particularly within Digital transformation);
- *Sogeti*, present in around fifteen countries, which brings to the Group's clients its network, infrastructure and local services experience and all of its technology services offer;
- *Cloud Infrastructure Services* handles the design, production, outsourcing and maintenance of clients' IT infrastructure;
- *Application Services One* and *Application Services Two* are two SBUs that encompass, as two distinct geographic entities, our systems integration and application maintenance capabilities (outside of Financial Services activities);
- *Financial Services*: this entity encompasses systems integration and application maintenance activities for clients in the financial sector;
- *Business Services* is the new entity comprising Business Process Outsourcing (BPO) services from Capgemini and IGATE, as well as ITOPS services from IGATE and multichannel transactional flows from Prosodie-Capgemini;
- *LatAm* (Latin America) encompasses the Group's operations in Latin America covering Application Services and Infrastructure Services (Argentina, Brazil, Colombia and Mexico).

Global service lines

Capgemini is constantly adapting and strengthening our catalog of products and services across different sectors and businesses. In 2015, *Cloud and Digital* became the main drivers behind our innovation and growth, boosting our entire portfolio.

In 2016, Capgemini pursued its strategy of developing these service lines, in strategic services, in order to respond to customer needs:

- the *Insights & Data* service allows companies and public or private institutions to use our tools to their full advantage, managing and analyzing vast quantities of data to facilitate decision-making processes;
- the *Cybersecurity* service allows us to ensure the security of our clients' Digital transformation. We support them as they define and implement their cybersecurity strategy, while protecting their IT and industrial systems and connected devices;
- the *Digital Customer Experience* service allows us to help companies define their Digital strategy and select the most appropriate platforms and solutions. The aim is to optimize the client experience. This service is often complemented by mobility solutions, which increase accessibility for end users across all mobile devices (smartphones, tablets, etc.);
- the *Digital Manufacturing* service allows us to support clients in the industry and energy sectors as they transition toward the complete digitization of their production tools and processes. Most notably, it relies on the Internet of Things, which offers the new advantage of being able to combine data from the IT system with data received in real time from the physical world. This service encompasses two major families of solutions: the digitalization of the management and configuration of products, factories and infrastructure, and the digitalization of industrial operations. *Digital Manufacturing* also mobilizes the Group's capabilities in terms of Digital strategy consulting, 3D simulations of complex systems and cybersecurity tailored to the industry;
- *Cloud Choice* is a complete portfolio of services from Capgemini that deliver a Cloud-first way of working for the enterprise. With our combination of advisory, applications and infrastructure services, we overcome the constraints which limit Cloud adoption, and enable a transformation from legacy to Cloud technology. This increases our clients' capacity to absorb innovation, equipping them to adapt and stay relevant in a fast-paced Digital world.

In 2016, special emphasis was also placed on Capgemini customers' need for competitiveness, with the launch of the *Automation Drive* service line. *Automation Drive* enables companies and organizations to achieve efficiencies, productivity, quality and agility at a reduced cost. This activity brings together Capgemini experts from around the world, as well as four Centers of Excellence (CoE) serving as automation platforms. It regroups Capgemini's innovative services and tools in automation, as well as the Group's expertise in Digital transformation. This activity offers companies a complete solution that integrates with any type of process and application, thus optimizing competitiveness and profitability for all their activities and operations.

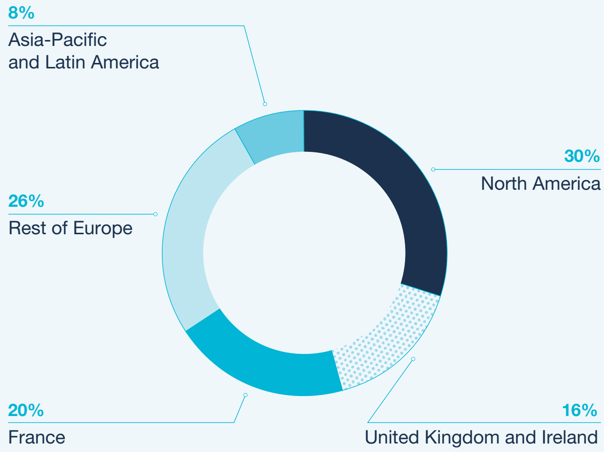
- The *Testing* offering combines the expertise of Capgemini and Sogeti to offer industrialization solutions for testing and quality assurance of software, in particular for mobile and social applications.

Rightshore®: A globalized production model

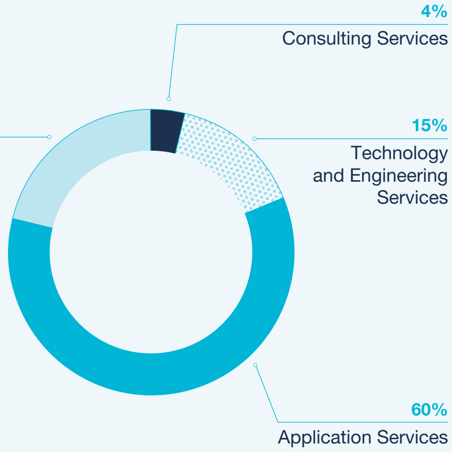
Capgemini's Rightshore® industrial model is a unique asset, enabling us to provide clients with the right resources, in the right place, at the right time. It is also a powerful catalyst for competitiveness, for both the Group and the solutions we sell to clients. The guiding principle is the ability to mobilize, at any moment, the most suitable teams and technical resources to meet the needs of our clients, no matter where they are in the world. This globalized production model is associated with increased standardization of processes, following CMMI rules (the international reference model for software production).

1.2.8 Revenue for 2016 (by region, business and sector)

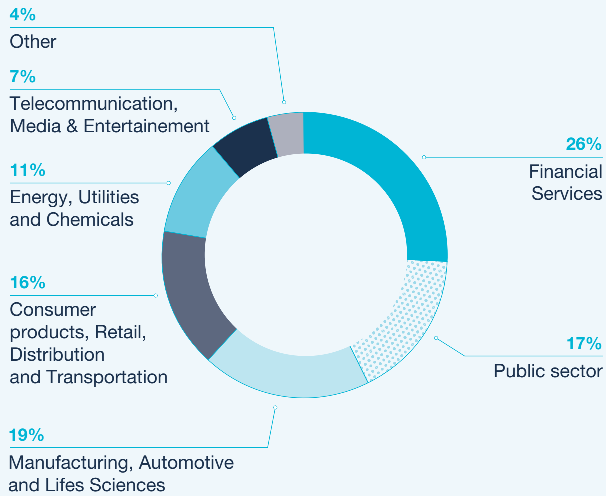
Breakdown of revenue by region



Breakdown of revenue by business



Breakdown of revenue by sector



1.3 Main Group subsidiaries and simplified organization chart

The Group performs its business activities mainly through 115 consolidated subsidiaries as listed in Note 32, “List of the main consolidated companies by country”, to the consolidated financial statements and is present in more than forty countries.

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

Cap Gemini S.A. 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 housing the Group’s international training center;

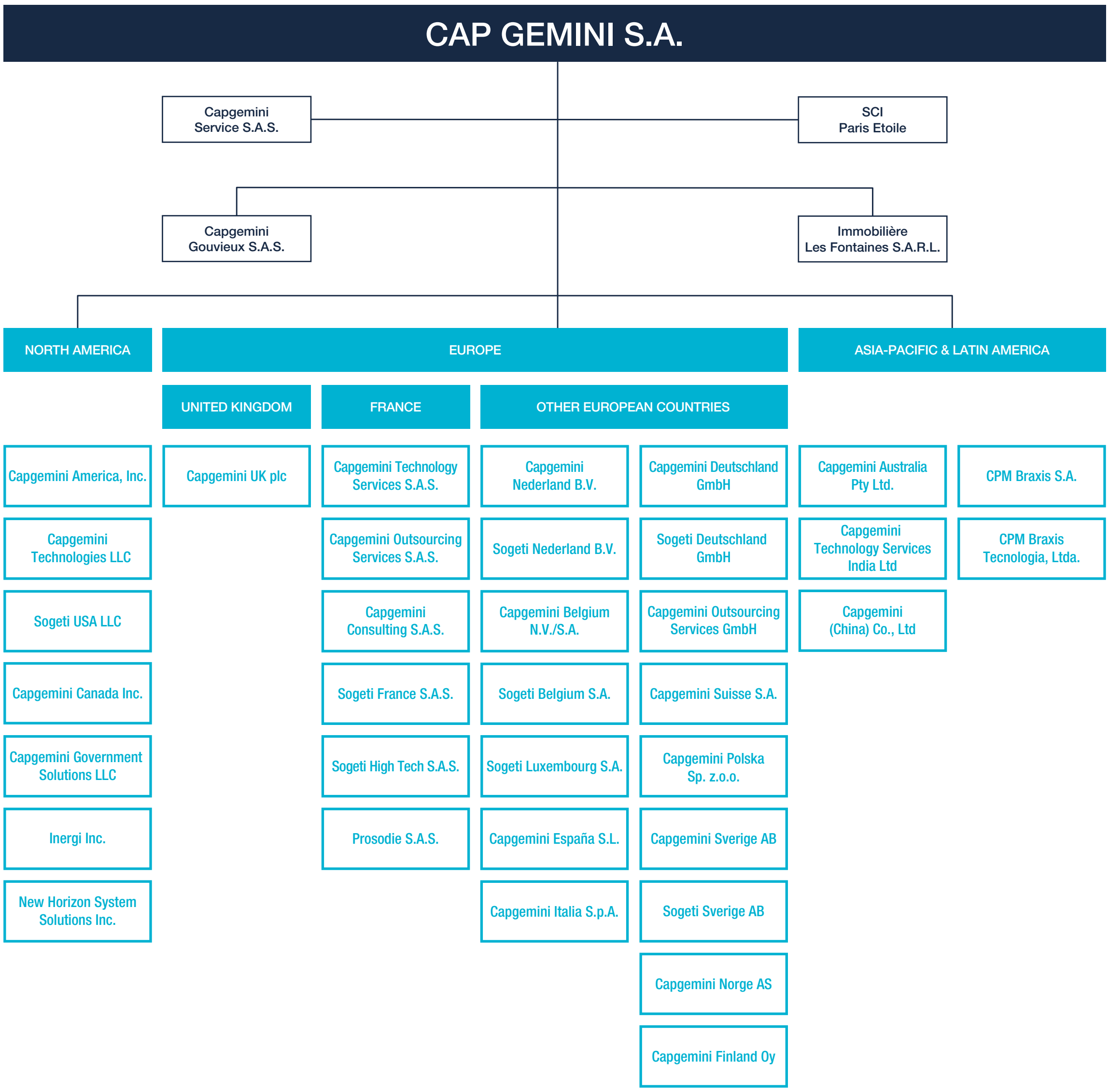
as well as operating subsidiaries held directly or indirectly *via* regional holding companies. The main operating subsidiaries are presented in the simplified organization chart below.

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 Cap Gemini S.A.’s headquarters, located at Place de l’Étoile, 75017 Paris;
- the Group’s international training center in Gouvieux, located 40 km (25 miles) north of Paris, owned by a real estate limited liability company, “Immobilière Les Fontaines”;
- and nine campus located in India.

The organization chart of the main operating subsidiaries (reporting revenues in excess of €50 million) and the Group's support and resource subsidiaries, directly or indirectly wholly-owned by Cap Gemini S.A., with the exception of CPM Braxis group (held 78.61%) and IGATE Global Solutions Ltd. (held 99.77%) is presented below.



1.4 The market and the competitive environment

Capgemini group is active in the professional IT services market as defined by Gartner*, a US market analyst. This IT services market is worth a global amount of approximately €824 billion. Capgemini is ranked sixth in this global market with 1.7% of global market share, based on this report from Gartner.

North America is the largest global market representing approximately 44% of worldwide activity (approximately €363 billion). Western Europe is the second largest market representing approximately 29% of worldwide activity (approximately €239 billion). Per the report, the Group is ranked fourth in the combined markets of North America and Western Europe and maintains its first place position in France and the Netherlands.

The combined worldwide implementation and IT outsourcing market is estimated to be worth a total of approximately €469 billion according to Gartner. Here, the Group ranks fifth in the world in combined totals and fourth in the EMEA region specifically. The market is quite cyclical, especially for local professional services, which have short cycles (and contracts), while system integration activities have somewhat longer timeframes.

Competition

Our global marketplace is rapidly evolving and we compete with a variety of organizations that offer solutions comparable to ours.

Overall, our competitors include:

- Global Players (such as Accenture);
- Advisory Service Players (such as Deloitte or PwC);
- Offshore Players (such as Cognizant or Wipro); and
- Regional and Boutique Players

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

- **Ability to Deliver** – in both individuals and products;
- **Expertise** - in technologies as well as industry sectors;
- **Innovation** – in training, services and product offerings;
- **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.

Our clients typically retain us on a non-exclusive basis.

Market trends

The IT service landscape continues to evolve rapidly. 2016 saw global trends in solutions focused on Cloud, Analytics / Cognitive Computing, Digital Transformation of client portfolios and Cybersecurity.

The market has also continued to shift rapidly in both sector and focus. Technology spending is moving to new solutions, new buyers and new engagement models. According to market reports, over 50% of IT spending in the next 5 years will come from digital and cloud; 50% of IT budgets will be controlled by business buyers; and close to €381 billion will be spent in in analytics and cognitive solutions in the coming 5 years.

In addition to the major structural change in the IT services market triggered by the spectacular development of offshore services (launched in the early 2000s by Indian service companies) as well as IT service providers being responsive to pricing pressures, service consolidation and new intellectual property (IP) development, 2016 saw the rapid development and deployment of cloud computing solutions, new markets around “Big-Data”, analytics and cognitive computing with customer use cases for the burgeoning “Internet of Things” (IoT), and the accelerated digital transformation of clients’ industry-specific portfolios. Also, overlying all of these developments, are new trends in Cybersecurity solutions and how our clients “connect” securely in their journey for new and disruptive strategies around Cloud, Cognitive Computing and Digitization.

Rapid innovation continues across all market segments with IT service providers re-focusing efforts on IP-driven solutions for client delivery and setting up digital centres of excellence to be more responsive to client needs. Also, the IT service industry saw boutique and niche vendors being acquired to fill key gaps in industry-specific portfolios such as Cloud Transformation, Digital Marketing and Design, Real-Time Analytics and Cybersecurity.

Digital Transformation for clients is moving into the mainstream. No longer is the process about small pilots or multiple “test” engagements, clients are realizing the need to move fast into the digital space and are in need of IT service firms to assist them with this new strategies and positioning. This Digital Transformation is about changing the customer experience by continuously capturing and analysing customer needs and behaviours to optimize and renew the future customer experience; understanding people and organizations to continuously monitor organizational performance, development and maturation; and reviewing operations to continuously optimize performance of assets, partners, suppliers, business processes and outputs.

(*) Gartner Report: “IT Services Market Share Report 2015” (Updated April 2016).

According to Gartner, CEOs expect 46% of revenue from digital sales and channels by 2019, up from 30% – driving the focus on digital marketing and customer experience. This also creates a new focus on marketing dependence on analytics and data. Nearly 70% of marketers expect most of their marketing decisions to be driven quantitatively (i.e., via data and analytics) in the near term.

The Cloud computing initiatives continue in full force. This phenomenon, which reflects the on-request shared use of services and infrastructures between several public users, was initiated by major players such as Amazon, Google and Microsoft. Thanks to its strong positioning in the infrastructure management field and its business process expertise, the Capgemini Group is particularly well placed to benefit from the transformation of the economic models brought about by this new way of using IT services and resources. There is and continues to be a progressive shift within delivery from traditional services and software license fees to incremental fees and "services on demand."

The next generation of data also continues to accelerate around the world, both as a result of consumers using various forms of equipment (computers, smartphones, tablets, etc.) and due to the wide range of connected sensors in use by many industries. Companies in certain sectors – the consumer goods sector, for example – are seeing the potential value to be gained from such data, and are investing substantial resources into ground-breaking projects designed to harness more of the value represented by their consumers and the "real-time" data analytics and cognitive computing solutions available.

2016 saw an upsurge in the general awareness of our clients of the challenges presented by Big Data and what opportunities it represents for their industries. We expect significant growth in demand for these services, aimed at experimenting with and implementing new technology platforms capitalizing on client interaction models as well as developing innovative new service offerings.

As with all of these new trends, there was an increase in Cybersecurity awareness across all sectors. As our clients' applications and data are moving to the cloud in increasing numbers, mobility is further embedded across the enterprise and new digitization strategies are implemented, the Capgemini Group has remained committed to helping our clients achieve better digital trust and security to unlock the benefits of new and disruptive strategies, increased productivity and reduced infrastructure and maintenance costs all while remaining protected in the digital landscape of tomorrow.

1.5 A solid performance in 2016, reflecting further maturity of the Group

Capgemini’s strong performance in 2016, and particularly its organic free cash flow generation, attests the success of the transformations carried out in recent years.As of the end of the financial year, the results show continued growth with sales revenue of €12,539 million, representing an increase of +7,9% compared to 2015. The Group also improved the operating margin, which reached 11.5%, for an increase of 90 basis points compared to 2015. In addition, the Group generated an organic free cash flow of €1,071 million, up 31% on 2015.

The synergies predicted during the acquisition of IGATE were realized in 2016. Successfully bringing the IGATE teams and clients on-board contributed considerable assets to Capgemini, all under the umbrella of a single brand. For the year as a whole, the sales revenue from the fifteen main IGATE clients increased by more than 8%. North America, the world’s largest market for IT services, cemented its place as the most important Group region in terms of revenue, accounting for 30% of overall sales revenue.

In 2016, our positions were reinforced thanks to the integration of IGATE - a true catalyst for our growth. This integration has given the Group the opportunity to strengthen its sectoral expertise in the Financial Services and Industry sectors. In 2016, IGATE also allowed us to enrich our portfolio with new reference accounts and to integrate a very strong customer culture that has further reinforced the core of our business model. Finally, IGATE has provided us with a few assets to accelerate our growth, such as P&ES (Product & Engineering Services) in Digital Manufacturing or ITOPS "as a service" platforms.

Our key account management program continued to bear fruit in 2016. These major accounts have experienced remarkable growth based on a high level of service, strong customer relationships and the provision of innovative services. Our position as a strategic partner for these clients is further strengthened.

Driven by the creation of a Corporate Competitiveness Division in 2015, the Group has improved its competitive position, largely through efforts made in the areas of industrialization and automation. Today, over 56% of Group employees work in our global production centers.

The Group has also made considerable progress in the sectors where innovation truly counts. Our *Digital and Cloud* business lines accounted for nearly 30% of overall Capgemini revenue (an increase of 29%) for 2016.

1.5.1 Rapid growth in Digital and Cloud

The strong acceleration in the *Digital and Cloud* sectors continued and increased in 2016. *Digital and Cloud* activities now account for nearly 30% of Capgemini’s total revenue and their growth exceeded 29% compared to the previous year.

In this area, clients expect a comprehensive range of services and a quick return on investment. Capgemini has the perfect combination of business lines, particularly in consulting and applications services. We have technology in our DNA, an in-depth knowledge of our clients’ business challenges and understand how to apply innovation. All of these factors mean that we are in the perfect position to harness the potential of Digital.

In fact, each year companies are increasingly viewing the Group as the partner of choice for their Digital transformation. In 2016, Capgemini Consulting was recognized by independent analyst ALM Intelligence as a “global digital expert” based on its expertise and the scope of its Digital transformation consulting capabilities.

Since 2014, the Group has launched several global service lines in the Digital sector. First, the *Digital Customer Experience* service, which helps companies define their Digital customer strategy. Then in 2015, the *Insights & Data* service, which allows clients to make sense of vast amounts of data, simplifying their decision-making processes. Finally, the *Cybersecurity* service — vital for any Digital transformation — to protect IT and industrial systems, data, their integrity, and connected devices.

In 2016, the *Digital Manufacturing* service line complemented this range of high added value services, to meet the new needs of companies. The acquisitions of Oinio in Munich and Fahrenheit 2012 in New York also strengthened our strategy and Digital transformation capabilities with solutions based around innovation, business transformation and customer experience. The expansion of the Applied Innovation Exchange, or Centers of Applied Innovation, with new openings in London, Mumbai and San Francisco also helps to make Capgemini a leader in innovation on 5 continents.

At the beginning of 2017, we also announced the acquisition in North America of Idean, a digital design company based in Palo Alto, to accelerate our digital transformation offer.

In 2017, Capgemini will accelerate the development of our Digital ranges by adding to their service lines and gradually consolidating the worldwide network of associated production centers. In the manufacturing industry, as well as in other heavily asset based industries, such as telecommunications, the convergence of the digitalization of industrial processes with the Internet of Things is creating exciting opportunities for optimization. Some examples include: a shorter product development cycle and remote asset management, as well as preventive and predictive maintenance.

We have also boosted our *Digital and Cloud* sectoral offers to better meet our client's specific needs in the Financial Services, Industry, Automotive, Consumer Products, Retail, Distribution and Transportation sectors.

While Capgemini is helping our clients to stand out from the crowd in the age of *Digital and Cloud*, **the Group also aims to differentiate itself within our industry through our methodologies, positioning, and assets:**

Insights & Data

In a world where people and things are becoming more and more connected (*via* the Internet of Things), data is the heart of the Digital revolution we are witnessing. Capgemini's vision is that the insights we draw from this data will act as the most effective driver of business competitiveness in the decades to come. In such a context, the role of the *Insights & Data* service is to provide our clients with relevant actionable insights to their business and, in particular, ensure they are delivered at the right time to the right decision centers. To this end, the Group uses three fields of expertise, making Capgemini an unconventional player in our industry: data collection, in particular data from sensors; conversion of the data into useful information, then into insights in the relevant business activity for the client; and finally, the creation of IT platforms to manage insights and data.

Digital Customer Experience

Customer experience is the catalyst for Digital transformation. In a world where new technologies drive new behaviors, it's no longer enough to rely on your products as the critical differentiator; what counts nowadays is your ability to provide a compelling, engaging customer experience. Of course, creating a high-quality customer experience and turning it into a driver for growth is complicated. It requires an extensive knowledge of a company's customer ecosystem, and necessitates a radical transformation of the organization and its IT systems. The *Digital Customer Experience* service is fully equipped to handle this complexity because it encompasses transformation consultancy, customer experience design and the integration of IT systems, which are becoming increasingly intelligent and adaptive. The service also benefits from its ability to draw on the Group's other fields of expertise (*Digital Transformation*, *Insights & Data*, *Digital Manufacturing*, *Cybersecurity*, *Cloud*) enabling companies to undergo an end-to-end transformation.

In early 2016, Capgemini announced two acquisitions that strengthened our *Digital Customer Experience* service. Based in Munich, Oinio is one of the major European players in consulting and the implementation of Cloud-based CRM solutions and Digital marketing. This is thanks to Oinio's partnership with Salesforce (one of Capgemini's technology partners and a leader in the customer relations market). The recent purchase of Fahrenheit 212 — a strategy and innovation development consultancy — also helped to strengthen Capgemini Consulting in North America.

Digital is changing the game for manufacturers. Smart, connected products, assets and operations offer the potential for productivity gains, cost savings, and improved revenue. Transforming digitally, however, demands new thinking as operations and information technology converge. Capgemini can help. Our *Digital Manufacturing* solutions focus on improving the Digital maturity of core manufacturing functions across Product Lifecycle Management (PLM), asset management, operations management, system simulation, and industrial cybersecurity. We draw on deep expertise in consulting and technology services, combined with a network of global Applied Innovation Exchanges and a strong ecosystem of partners, to ensure our industrial clients gain sustainable competitive advantage from their Digital investments.

Digital Manufacturing

Capgemini's *Digital Manufacturing* service uses all the benefits of Digital to meet two types of needs: the optimization of industrial operations management (remote management, preventive and proactive maintenance, etc.) and increasingly intelligent configurations of production processes, factories and infrastructure. The Group benefits from a unique position in these markets. As a provider of both technological and consulting expertise, we are one of the few players that bring together Operations Technology (OT) and the Company's IT systems. Through these different business lines, the Group is able to offer expertise in the mechanical and electronic design of products, as well as in the onboard telematics for data collection. Capgemini's global presence also makes us a partner of choice to support manufacturers in widespread locations, with the same quality of service. Finally, Capgemini has all the technological expertise (Cybersecurity, Connectivity, Analytics, Cloud) to help the industry to successfully make the jump into the age of the Internet of Things.

1.5.2 Cloud as a strong platform for growth

Together with Digital, Cloud services business remained a key priority for the Group in 2016.

Cloud is no longer an emerging technology: As adoption accelerates, it's becoming a ubiquitous delivery option for all kinds of IT. This is reflected in the Group's Cloud headline 'Cloud first: The new normal.

Cloud adoption continues to grow strongly across all sectors and geographies, trending towards public Cloud, especially in the most mature markets such as North America. Our clients increasingly see Cloud technologies not just as a way to modernize infrastructure and reduce costs, but as an enabler of Digital innovation, agility, scale, and reduced time to market for new services. Most of our enterprise clients are adopting an increasingly hybrid and multi-Cloud model, enabling them to move each workload to the environment which meets its requirements best. This allows performance and risk factors to be balanced while migrating the applications portfolio to the Cloud.

The Group meets the needs of enterprise customers with *Cloud Choice*, a complete portfolio of services that deliver a Cloud-first way of working for the enterprise. These range from advisory expertise in defining a Cloud strategy and roadmap, to infrastructure services that encompass many private Cloud options, and public Cloud managed services. In between come applications services including assessment and migration, development of Cloud-native applications, and SaaS implementation.

The Group offers its clients proven and industrialized approaches to migrating workloads to the Cloud, Cloud-native application development and public Cloud managed services, leveraging large teams of certified resources in our Cloud migration factories in India.

One highlight from our Cloud services engagements in 2016 was a successful go live for The Mosaic Company in the US, which transitioned its SAP environment and other critical production applications to the Azure Cloud after 18 months of planning, provisioning, remediating, and migrating. In addition to migrating core workloads, Capgemini helped to "sunset" Mosaic's datacenters.

1.5.3 Major contracts signed in 2016

In 2016, order intake rose to €13,027 million, compared to €11,538 million in 2015. The renewal or strengthening of existing engagements shows that our clients trust Capgemini to support them in their digital transformation, the creation of a new business model, or the consolidation of their operational efficiency and capacity for innovation. Here are some examples of contracts signed in 2016:

HM Revenue & Customs

Her Majesty's Revenue and Customs (HRMC) is a UK government non-ministerial department mainly in charge of collecting taxes and the money that pays for the UK's public services. HRMC recently extended its contract with Capgemini until 2020. In this context, Capgemini will transition a number of services to answer its client's need to increase control of their IT activities. Capgemini will also take part in HMRC's digital transformation as a strategic partner. This relationship builds upon 12 years of successful partnership and the delivery of services which have underpinned the collection of UK Tax.

U.K. Ministry of Defence

Capgemini was awarded a one-year contract extension to provide the UK's Ministry of Defence (MOD) a secure managed service that delivers Purchase to Pay (P2P) capability for its trading partners. The £9.17 million renewed contract builds on a relationship established in 2000.

Siemens Building Technologies

Capgemini is now teaming with the Siemens Building Technologies Division to implement a cloud based services platform featuring asset management and analytics technology. The Siemens Building Technologies Division's web-based Energy & Sustainability Navigator platform will continue to unlock the hidden potential of building data, provide transparency to support decision making processes that increase building operating efficiency, and drive cost savings for customers. Using this platform Siemens Building Technologies' customers currently save 10.5 million tons of CO_2 per year.

ME

Capgemini entered into a multi-year strategic relationship to provide Australian online bank ME with improved capability, innovation and flexibility. The five-year engagement will help the bank to build out its digital services, capitalizing on Capgemini's local and global expertise in banking and Financial Services.

General Electric Aviation

The new GE Configuration Data Exchange allows for the digital exchange of key operations, maintenance and configuration data between aviation companies. GE Aviation teamed with Capgemini to bring this project to market, leveraging its aviation experience to help accelerate adoption and business process improvements with our mutual customers.

London Hydro

Capgemini Canada will provide testing services for London Hydro's technology platforms and applications, including its Green Button initiative and Energy Data Platform (EDP), which are designed to provide customers with easy, secure access to energy usage information as well as applications to manage efficiency.

Should you need information related to major contracts signed in 2015, please refer to the 2015 Registration document

1.5.4 Innovation: helping clients to speed up integration of emerging technologies

In 2016, our Applied Innovation Exchange program (A.I.E.) expanded further to help our clients speed up their integration of technological innovations. This program includes proven methodology and tools for innovation, as well as ten innovation centers spread over four different continents*, where clients can get to know, test out, and adopt solutions developed jointly by Capgemini and our global ecosystem of technology partners. The ongoing Digital revolution is rendering most companies' current R&D models inoperable. Technological innovations are advancing at a rapid pace, and the competition among players in the Digital economy is forcing traditional organizations to adopt ever-shorter innovation cycles. This is why the AIE aims to reduce the time between the emergence of the innovation and its implementation as a concrete solution that will support the clients' business.

The Applied Innovation Exchange (AIE) relies on Capgemini's ability to both tackle the challenges of its clients' sectors, and to pick out the emerging technologies that are most suited to each specific need. In the AIE innovation centers, clients are given the opportunity to test out the most innovative technologies relating to the Internet of Things, data analysis, the Cloud, cybersecurity, and even cutting-edge computing that facilitates the Digital transformation of business IT services. The ten AIE innovation centers [1] are also networked, meaning that people in any region of the world can benefit from industry expertise developed in any center. The Munich innovation center specializes in the automotive industry, whereas the Lille center specializes in retail.

(1) In San Francisco, Mumbai, Melbourne, Munich, Utrecht, Paris, Lille, Toulouse, London and Singapore.

In 2016, three new centers were opened. The first in San Francisco, which offers a unique co-innovation capacity with renowned high-tech brands and start-ups, notably those of Silicon Valley, the other two in London and Mumbai. This process was continued by the opening of a new center in Singapore in early 2017.

1.5.5 Driving growth through Group Competitiveness

Capgemini set up a new central department in charge of managing the Group's competitiveness on January 1, 2016. Its main tasks are to reduce the production costs, improve the quality of services across the Group, and to create the Next Generation industrial platforms in order to preserve our ability to differentiate ourselves in the new disruptive market.

The Competitiveness agenda brings business value at three levels:;

- **Competitiveness Foundation**, to optimize the level of competitiveness within our own organization;
- **Competitiveness Enablers** to elevate the level of competitiveness inside our existing go-to-market Portfolio of Services;
- **Competitiveness as a Service**, to offer services and IPs to help our clients to become more competitive in their respective markets.

In 2016, we introduced three strategic programs, to fully leverage the potential of Competitiveness:

- **Global Resource Supply Chain**; optimizing the **integrated management of the Group's resources**, to ensure that our global resources are available at the right time, at the right place and at the right price, matching the demands of our clients.
- **Automation**; accelerating the **automation of services and solutions**, as an integral parts of our own delivery, and as offerings to make our clients more competitive.
- **Strategic Sourcing**; maximizing the **global procurement power of the Group**, including our external spend and supplier processes, to enable more efficient, innovative, and 'beyond price' matching by our suppliers, bringing more value to the business.

In 2016, Competeveness has proved as a powerful integration layer that touches every part of Capgemini, and in doing so, helps to excel the way we deliver results to clients at every stage of the process.

Three Group functions were brought together into a new connected value chain including Delivery, Industrialization and Procurement. In the end of 2016, the set up was completed by the onboarding of Group IT.

We are making a strong push on automation, leveraging our Automation Drive suite of services, and we have deployed automated solutions for more than 210 customers.

1.5.6 Our talent brings more agility and expertise to the Group

The needs of Capgemini's clients continued to change rapidly in 2016. To meet these requirements, the Group is always on the search for individuals who understand complex technological challenges, grasp the bigger picture, and are able to coordinate international teams.

Uncovering future talent

Capgemini uses agile recruitment methods to identify people with these new and highly sought-after profiles. Today, many Group employees have the LinkedIn Recruiter Certification, and use it on a daily basis. Furthermore, the #Gradathon project has given graduates the opportunity to share their experiences at the Company *via* Instagram, Facebook and Twitter. Similarly, the #LifeAtCapgemini and #BeTheYou campaigns were based on the same idea, but open to all employees.

Additionally, the *Innovators Race* contest continues to take place each year. In 2016, the contest was open to students from six countries, selected from the best schools and universities, as a means to highlight and reward their innovative ideas. The best ideas were selected out of thousands of participants, with the winning team winning a $25,000 prize and the opportunity to work for a few weeks at Capgemini's Applied Innovation Exchange Integrated Innovation Center in San Francisco.

In 2017, the *Innovators Race* is renewed and is targeted to start-ups. On the occasion of the 50th anniversary of the Group, this program is renamed *Innovators Race 50*. The Serge Kampf Awards celebrate the spirit of entrepreneurship in honor of Capgemini's founder, the late Serge Kampf, who created his very own start-up 50 years ago. The official awards will be presented to the winners of Capgemini's *Innovators Race 50* in June 2017, at VivaTech, a global trade show for innovative start-ups held in Paris in June 2017.

Creating agile and committed leaders

Capgemini is developing a number of initiatives to foster the talents our clients require among our existing staff. "Strategic talent reviews" were created in 2015 to identify the leaders of tomorrow. The aim is to enable top management to review potential talent. Capgemini also launched *Game Changers* in 2015, designed to inspire change within the Group and accelerate the career progression of particularly dynamic candidates. Around forty employees were chosen for their broad vision and their ability to implement game-changing ideas. These *Game Changers* came from varied entities across 13 different countries — and 41% of them were women. Over the course of a year, they attended trainings and dedicated mentoring sessions.

In 2016, emphasis was placed on geographical and functional mobility, which has become mandatory for certain career stages. A Mobility Charter has accompanied this development.

In 2016, the Group also launched a New Leadership Model – *Leading All the Way!* – to help staff excel across six dimensions:

- *Business Builder*, the ability to translate vision into initiative and create development opportunities with clients or in a market;
- *La Niaque*, the ability to stay motivated and determined;
- *People Developer,* ability to build an environment that inspires, attracts and advances the best talent, motivates individuals and teams to get them to express their full potential;
- *Profit Shaper*, the ability to generate growth and profit beyond expectations and to meet its commitments;
- *Active Connector*, the ability to encourage cooperation and innovation throughout the organization, use networks and break silos to bring together the best teams and the best expertise;
- *Agile Player*, the ability to accelerate, streamline, simplify, adapt to changes in markets and competitors' pressure.
- This new leadership model, which should enable us to better meet performance requirements, has become a priority in our People Transformation plan for 2016 and 2017. It addresses all Group employees, regardless of function, and is intended as both a tool for accelerating individual career paths and for improving collective performance.

Capgemini University: Making Digital a Priority

Capgemini University works to achieve the Group's strategic objectives and strives to help accelerate and reconcile the aims of the Group and its clients.

In 2016, the University and L&D provided over 4.15 million hours of training to more than 182,000 Group employees. More than 156 new models were created and developed, with 122 of these focusing on Group priorities.

To fulfil this role as a driver for the Group's aims, the University brings in employees in order to develop their abilities and enable the Group to achieve its full client service potential. The University's mission is therefore to provide the right setting for comprehensive learning, relying on the principles of Digital Age Learning and seeking to achieve four key objectives:

- inspiring our key populations and contributing to their professional development;
- developing and managing leadership training;
- enhancing agility and accelerating the process to augment the impact of our businesses and the value provided to our clients;
- strengthening, enhancing and developing our corporate culture.

Capgemini University strives to provide employees with the very best experience in terms of Digital technology and innovation, in hopes of increasing their desire to learn. To better meet the demands of our business and help develop our key populations, the University works to ensure that skills, certifications, communities and training opportunities all work together as part of a coherent whole.

As evidence of the extraordinary recognition it received in 2016, Capgemini University won seven awards from Brandon Hall, Skillsoft and ATD for its CyberSecurity Event, its DevOps Hackathon, and its Connect & Drive and Embark Leadership programs. It also received the prize for the "Most International Corporate University" at U-Spring, an event organized by the Leaders League group under the aegis of the French Ministry of Labor.

DIVERSITY, AN ASSET IN LINE WITH OUR VALUES DRIVING PERFORMANCE

As a global company with multicultural teams and interconnected markets, we foster diversity and active inclusion in the workplace, welcoming people from all backgrounds, origins, cultures, genders, sexual orientations, ethnicities, races, ages, or disabilities… They all contribute to the type of diversity we value the most: diversity of thought, bringing the best of our talent to clients. In 2016, Capgemini actively pursued measures aimed at improving gender balance within the Group. A key figure demonstrates this commitment: 41% of participants in the senior career acceleration program *Game Changers* were women, as were 31% in the junior program *Connect & Drive*. Technology remains a male-dominated sector and Capgemini is aware that the proportion of women in the organization is insufficient (30.3% of total workforce), particularly in management and senior leadership positions. The Group has however taken significant steps to address this challenge. In 2016, for example, one female manager has been promoted in most of the executive committees of the seven operating entities. At the same time, the *Women@Capgemini* program launched a process to certify its approach to promoting gender diversity, with pilot programs in France and the United States. Additionally, the EDGE (Economic Dividends for Gender Equality) Foundation certification will be deployed in 2017 in countries where the Group has a strong presence to assess performance in terms of salaries, recruitment, promotion, access to managerial positions, flexible working conditions and any other changes in corporate culture. We are committed to promoting social mobility by providing training and employment opportunities, partnering with local public and private agencies and specific initiatives in all the countries were we operate.

1.5.7 Honors and awards

2016 saw Capgemini receive considerable recognition from independent bodies and analysts, and also from our technology partners.

SAP Quality awards

Capgemini won two Gold awards and one Silver award at the annual SAP Quality Awards for the UK & Ireland, making it the fourth year in a row. Capgemini Italy also won a Gold award for Marcegaglia and a Silver for Fiat Leasys as SAP's implementation partner in the Business Transformation category at the 2016 SAP Quality Awards in Milan. More than 200 organizations across 16 growth market units in the EMEA submitted their nomination for the awards.

Pegasystems Partner award 2016

Capgemini received the Partner Excellence in Driving Growth Award from Pegasystems, the software company empowering the world's leading enterprises with strategic business applications.

Leader and Star Performer in Everest Group's PEAK Matrix™ Assessment

Capgemini has been recognized as a Leader and Star Performer in Everest Group's Mobility Services in Global Banking – Service Provider Landscape with PEAK Matrix™ Assessment 2016: A New Paradigm. Capgemini was recognized as a "Leader" by increasing its mobility services delivery capabilities through alliances/internal investments and achieving high marks overall in six key areas; market success, buyer satisfaction, domain expertise and innovation, scale, scope and delivery footprint.

ATD Excellence in Practice for Connect & Drive

Connect & Drive, the talent acceleration program that is part of Our University's global leadership development curriculum, won two ATD Excellence in Practice awards. The program was recognized in the Coaching & Mentoring and Integrated Talent Management categories.

EMC global partner of the year award

Capgemini won the EMC Enterprise Content Division (ECD) global partner of the year award at EMC World 2016. The award recognizes a number of highly innovative and successful implementations of ECD technology.

Paris EUROPLACE Corporate Governance award

At the Paris EUROPLACE International Forum – a two-day event bringing together global financial leaders and over 1,200 international attendees – Capgemini won the 'Corporate Governance' category of the Annual General Meeting 2016 Awards.

Informatica award

Capgemini was presented the "GOSI Enablement Partner of the year award" at the fourth annual Informatica GOSI Connect event held in Bangalore in August 2016. The Informatica GOSI connect is a premier, global event attended by executives, sales & technology leaders and hundreds of practitioners across the entire GOSI (Global SIs) community.

Leader in software testing by NelsonHall

Capgemini was announced as a 'Leader' in the Overall NelsonHall Vendor Evaluation and Assessment Tool (NEAT) for Software Testing. Capgemini Group, including its wholly-owned subsidiary Sogeti, has also been recognized as a leading player in NelsonHall's Consultancy Focus and Transformation Focus NEAT market segments.

First prize at Predix Hackathon

After the stellar success in the GE Customer Hackathon event in the US during Q2-2016, Capgemini GE Account ADM team won first prize at the Predix hackathon in the Partner category at the GE Customer Hackathon in Bangalore.

Top company for women technologists by Anita Borg Institute

Capgemini was named as a top company for women technology professionals by the Anita Borg Institute (ABI) in its 2016 Top Companies for Women Technologists Leadership Index. ABI is a Palo Alto, California-based premier non-profit organization working for the advancement of women professionals in computing.

Silver medal in annual Trainee Awards in Sweden

Capgemini has recently won the silver medal in the annual Trainee Awards in Sweden. In Sweden's most popular overall trainee program category, Capgemini ranked second. While in the engineering and business students' preference of trainee programs we came in at third and sixth positions respectively.

Leader in Gartner's 2016 Magic Quadrant for Application Testing Services

Capgemini was recognized as a Leader in Gartner's November 2016 Magic Quadrant for Application Testing Services, Worldwide. The Capgemini Group, including its wholly-owned subsidiary Sogeti, has been recognized as a Leader for the third year in a row.

1.5.8 Capgemini publications: a 360° view of our clients' challenges

Anticipating companies' challenges, analyzing trends in their markets and understanding the impact that new technologies will have on their business are just some of our missions at Capgemini. This is why the Group compiles several dozen reports and thematic studies every year. Produced by Capgemini, often in collaboration with respected partners, these are leading publications in their field. Here is a selection of the reports and studies published in 2016.

You can find full versions of all of the Group's publications at: capgemini.com/thought-leadership.

Operational Analytics

The impact of operational analytics is not confined to improving the efficiency and performance of operational processes. Organizations have started to use these efficiency gains as the underlying basis to also improve the customer experience. Our latest survey of more than 600 executives from the US, Europe and China finds that over 70% of organizations now put more emphasis on operations than on consumer-focused processes for their analytics initiatives.

World Retail Banking Report

With the increasing prominence of Fintech firms in the industry, the World Retail Banking Report 2016 by Capgemini and Efma explores customer experience globally, customers' perception of Fintech firms and why evolving a Digital banking ecosystem is critical for banks to remain relevant and deliver superior customer experience.

Digital Telco Research

Being at the heart of the Digital economy, driving and enabling the changing consumer behaviors, telco operators are also facing the threats of challenges brought by pure Digital players. Realizing the benefits of the Digital transformation for their own business and operating model will help telco operators to outperform in customer satisfaction and revenue growth.

Rise of the Innovation Empires

Silicon Valley still remains the hub of the world's most dominant innovation "empire" – a location of a thriving innovation ecosystem where innovation centers cluster. However, as the innovation center phenomenon has continued to spread globally, a number of new 'empires' have emerged where innovation centers are flourishing.

World Wealth Report

The Industry's leading benchmark for tracking high net worth individuals (HNWIs), their wealth, and the global and economic conditions that drive change in the Wealth Management industry.

Consumer Insights

With the growth in channel data on consumers, our new research shows that consumer insights is a core part of the strategic agenda for over 80% of Consumer Product companies. Companies are using consumer insights to enhance the effectiveness of marketing campaigns, to roll out new products and refine existing ones, and obtain cost savings and efficiencies in operations.

World Quality Report

This eighth edition of the World Quality Report illustrates the impact of trends like Internet of Things, where organizations seek to disrupt with Digital at an ever faster pace when it comes to Quality Assurance (QA) and Testing function, which is increasingly required to transform into a business enabler and secure client value from Digital Transformation programs.

World Payments Report

The 2016 World Payments Report examines developments in the global payments landscape. By partnering with BNP Paribas, in this year's report, in addition to bringing insightful analysis of the global non-cash transaction environment to banks, we have provided our insights on transaction banking as well.

Asia Pacific Wealth Report

With a specific focus on Asia Pacific, this report is the Industry's leading benchmark for tracking high net worth individuals (HNWIs), their wealth, and the global and economic conditions that drive change in the Wealth Management industry.

European Energy Markets Observatory

The rapid increase in the share of renewables has destabilized the wholesale electricity markets, and as a result, their low prices challenge the health of Utilities. Utilities must therefore quickly adapt their business models to these new realities and accelerate Digital transformation efforts focused on productivity, agility and innovation, in order to grow profitable revenue streams.

World FinTech Report

FinTech disruption in Financial Services is unprecedented. This report brings to light the areas where leaders are shaping a new range of services and innovations spanning banking, payments, insurance, and wealth management.

1.6 Investment and financing policies

1.6.1 Investment policy

In 2015, Capgemini acquired IGATE (33,000 employees and revenues of $1.3 billion) for a total amount of $4 billion. With this major acquisition, North America became the first region of the Group.

In 2016, the Group focused on integrating IGATE and finalized the acquisition of two companies, a Salesforce specialist in Germany (Oinio) and a consulting firm specializing in high added value innovation in North America (Fahrenheit 212).

In 2017, the Group wishes to continue strengthening its position in North America as well as selectively in Europe, in high growth technology sectors. The development of the technology portfolio will also remain one of the priorities of the Group's external growth policy.

These acquisitions will be possible thanks to the Group's very solid financial position, which they should not compromise.

1.6.2 Financing policy and financial rating

The Cap Gemini S.A. 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 (or even a positive net cash position) including in the manner in which it finances its external growth;
- diversified financing sources adapted to the Group's financial profile: Capgemini seeks to maintain a balance between bank financing (including the syndicated credit line and the use of leasing to finance IT equipment) and market financing: three euro bond issues performed in July 2015 for €2,750 million; euro bond issue performed in November 2016 for €500 million (see Note 21 to the consolidated financial statements);
- a good level of liquidity and sustainable financial resources, which means:
  - maintaining an adequate level of available funds (€2,036 million at December 31, 2016), supplemented by a €750 million multicurrency syndicated credit facility secured on July 30, 2014 and maturing on July 27, 2021,
  - borrowings, 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 4% of total contractual cash flows.

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 as at February 28, 2017 is BBB (stable outlook).

1.7 Risk analysis

1.7.1 Identification of risks

This risk analysis section was drafted jointly by several Group stakeholders of particular note among the departments that play a key role in identifying and controlling major risks are the Internal Audit, Ethics & Compliance, Finance, Insurance, Legal, Human Resources and Security & Mobility Departments.

The overall risk management and internal control system is described in section 2.5 of this Registration Document.

When updating the mapping of its major risks, a process that was launched at the end of 2015 and finalized in the first quarter of 2016, Capgemini Group 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 work analysis.

Climate risk management systems are in section 3.

Furthermore, in accordance with the latest *Autorité des Marchés Financiers (*AMF - the French financial market authority) recommendations on the specific nature and importance of risks reported by issuers, Capgemini no longer reports on "Strategic alliance" risks, as they are considered immaterial at Group level at the time of preparation of this report.

Nonetheless, 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.

1.7.2 Risks relating to operations and the strategy

Capgemini is a service provider and consulting group, and as such, the main risks to which the Group is exposed are (i) failure to deliver the services to which it has committed; (ii) failure to deliver services within the contractual timeframe and to the required level of quality; or (iii) infringement, notably through human error, of client or third party obligations. In the course of its consulting activities, the Group has an obligation to provide information and could incur liability should it fail to do so. Furthermore, in a rapidly changing technology environment, the Group must constantly ensure it adapts to new client product and service expectations.

Economic risks

Risk factors

The Group's growth and financial results may be adversely affected by a general downturn in the IT service sector or in one of Capgemini's other key 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 our revenues. 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 in a certain number of segments.

Finally, and more generally, a major crisis impacting the financial markets or unfavorable trends in macro-economic indicators could, due to the extent of their impacts, restrict the Group's ability to attain its objectives and continue its development.

In this respect, the United Kingdom held a referendum on June 23, 2016 in which a majority voted to exit the European Union ("Brexit"). Brexit could adversely affect European or worldwide economic, market conditions and could contribute to instability in global financial and foreign exchange markets, including volatility in the value of the pound sterling or the euro. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the United Kingdom determines which European Union laws to replace or replicate. Any of these effects of Brexit, and others the Group cannot anticipate, could adversely affect the Group's business, results of operations, financial condition and cash flows.

Risk management systems

The Group monitors and anticipates, as far as possible, macroeconomic developments at 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.

The Group is going to monitor the evolution of Brexit in order to take measures to reduce this risk depending on the decisions taken by the United Kingdom and the European Union.

Competition

Risk factors

The IT consulting and services business is highly competitive. Major players, both French and international, operate with substantial resources, giving them significant scope for action, both financial and operational.

The Group's inability to understand, satisfy or anticipate the current and future needs of our clients and prospective clients by launching relevant services on the market, could impact our financial results.

Furthermore, the concentration of players in this market could offer opportunities or be prejudicial to the Group.

Risk management systems

The Group monitors strategy in its various markets in order to assess the weight, strengths and weaknesses of the main players. To monitor the competitive environment, the Development Department (mergers and acquisitions) regularly assesses potential targets that could integrate the Group in the future.

The Group also seeks continually to ensure client satisfaction in order to build long-term relationships. A satisfaction measure is kept up-to-date throughout all contract phases (see Client risk below).

External growth

Risk factors

The implementation of external growth transactions, one of the cornerstones of the Group's development strategy, can comport a number of risks. Integrating any newly-acquired company or activity, particularly in the service sector, may prove to be a longer and more difficult process than predicted. The success of an external growth transaction largely depends on the extent to which the Group is able to retain key managers and employees, maintain the client base intact, coordinate development strategy effectively, especially from an operating and commercial perspective, and dovetail and/or integrate information systems and internal procedures. Unforeseen problems can generate higher integration costs and/or lower savings or synergies than initially forecast. If a material, unidentified liability subsequently comes to light, the value of the assets acquired may turn out to be lower than their acquisition cost (see Note 2 to Capgemini's).

Risk management systems

Capgemini has a wealth of experience in acquisitions, having carried out around 50 external growth transactions since the 1970s. Entrepreneurial spirit, managerial autonomy, and the principle of subsidiarity are crucial factors in the successful integration of newly-acquired businesses. The successful integration of new businesses is also facilitated by the Group's organization along geographic regions and business lines. The Group's Legal Affairs Department is involved in the negotiation of the legal aspects of merger/acquisition projects.

An integration manager is appointed for all acquisitions. He/she is involved from early on in the acquisition process and generally from the due diligence stage and, in all events, prior to signature of the contract. He/she has substantial technical experience and the necessary authority and asserts his role as manager responsible for the implementation of appraisal systems and the regular review of management reports used to monitor the integration process and avoid any mismatch.

This integration process was notably implemented in 2015 on the acquisition of IGATE.

Reputation

Risk factors

Intense media coverage of any difficulties encountered, especially on large-scale or sensitive projects, could negatively impact the Group's image and credibility in the eyes of its clients, and by extension, its ability to maintain or develop certain activities.

When dealing with third parties and clients, the behavior of teams may be inconsistent with our principles (values, work methods, etc.) and could even present a danger to the Company if contrary to ethics or legislation.

Finally, employee internet users 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. New social media players challenge the cyber security of our internal IT systems and the systems we deliver to clients, and these cyber risks could have a negative impact on our reputation.

Risk management systems

Compliance with clear principles of business ethics is firmly embedded in Capgemini's culture. On its creation in 1967, the Group through its founder, Serge Kampf, identified seven core values which form the keystone of its identity (honesty, boldness, trust, freedom, team spirit, modesty and fun). Today, each of its managers and employees continue to refer to these values and have committed to applying them personally on a daily basis and ensuring their compliance by individuals in their Business Unit or who participate on joint projects. From this point of view, the Code of Business Ethics distributed in 2010 represents the continuation and formal documentation of cultural reflexes already firmly embedded in Capgemini. A specific policy dealing with the prevention of corruption was distributed within the Group in 2011, followed by a second in 2012 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 by 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, as well as tax compliance.

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.

Clients

Risk factors

Capgemini serves a large client base, in a wide variety of sectors and countries, limiting the risk of dependency on a given sector and/or market. The Group's biggest clients are multinationals and public bodies. The detailed list of the Group's biggest clients is strategic information and is not communicated.

The contribution of the Group's main clients to Group revenues (as a percentage of total revenues) is as follows:

	2016
Top five clients	11%
Top ten clients	16%

Risk management systems

The management of client risk is facilitated by the fact that the Group controls the international development of its activity by focusing on countries offering sufficient guarantees in terms of business ethics, the safety and security of individuals and legal security in the conduct of business.

In addition, for existing clients, the Group is exposed to standard client risks which are closely monitored:

- the risk of excessive dependence on a single client or group of clients or a single market sector; the Group has several thousand clients, which to a certain extent enables it to resist market turbulence and reduce its exposure to volatility in certain sectors. The client portfolio consists of both a large number of entities from the public sector and a large number of entities from the private sector, from a wide spread of diversified markets. Exposure to risks of commercial dependency is therefore limited;
- client insolvency; client solvency analysis upstream of the sales process helps minimize client credit risk. The solvency of these major clients, combined with the wide diversity of other smaller clients, helps reduce credit risk;
- the risk of dissatisfaction; Capgemini pays particular attention to assessing client satisfaction and has implemented a rigorous client relationship management process that it carries out throughout the project, known as OTACE (On Time and Above Client Expectations). This is a key pillar of the Group's client loyalty policy, particularly for major client accounts.

1.7.3 Operational risks

Project performance

Risk factors

Despite the formal review and approval procedure for all contractual commitments given by the Group to its clients, 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.

More generally, the Group could be unable to control changes in its cost base, materially impacting the overall profitability of its operations.

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 the Company 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 experts 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 information systems 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:

- pre-sale risk controls;
- production and quality controls during the project performance phase;
- business control.

1. Pre-sale risk control

Projects are increasingly complex, both in terms of size and technical specifications, especially in Outsourcing (long-term commitments, sometimes involving transfers of assets, staff and the related obligations). As a result, identifying and measuring the risks involved is essential at all stages of the selling process, not only for new contracts but also for extensions or renewals of existing contracts. This risk analysis is based in particular on:

- a reporting tool consolidating all commercial opportunities at Group level. Data concerning commercial opportunities is entered as and when identified, and updated throughout the sale process;

- validation, at the various organizational levels of the Group's operational structure and at the different stages of the selling process (from identification of an opportunity as investment-worthy from a Group perspective and the submission of service proposals, often in several stages, to the signature of a contract) of the main characteristics of the opportunity, in particular as regards technical, financial and legal matters.

The decision to commit the Group to commercial opportunities meeting pre-defined criteria concerning size and complexity 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 to the Group Review Board's attention any potential risks relating to the performance of these projects.

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 key features of these policies include:

- clear definition of the roles and responsibilities of each individual regarding performance and supervision throughout the entire production process, in particular as regards the choice of project leader, client relationship management, billing, estimation of costs to completion, joint oversight arrangements with the client, etc.;
- use of proprietary production methodologies in all of the Business Units;
- global access to the expertise available through Capgemini's Applications Development Centers;
- monthly Group-wide identification of all risk-sensitive projects in the performance phase, and the implementation of action plans aimed at eliminating or containing such risks;
- commissioning independent technical audits of the teams in charge of a given project to identify additional risks in cases where actual performance appears to diverge from forecasts or from commitments undertaken. These engagements are carried out by the Production/Methods and Support Department, and complement the upstream independent technical audits carried out by the Business Units as a preventative measure for operational risks.

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.

Employees

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 client projects to which it has committed. 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 loss of talent or a team could also follow an acquisition or a change in Group or entity management.

The Group pays close attention to internal communication, diversity, equal opportunity and good working conditions. Group Management has published a Code of Business Ethics and oversees its application. Nevertheless, in the event of an industrial dispute or non-compliance with local regulations and/or ethical standards, the Group's reputation and results could be adversely affected.

Figures concerning, in particular, the attrition rate, the utilization rate, changes in headcount (including in offshore countries), career management, the development of expertise, building employee loyalty and the level of employee commitment are presented in the Chapter 3 "Capgemini : People, Corporate Social Responsibility (CSR) and Business Ethics".

Risk management systems

The Group pays very close attention 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, a human resources management information system is being rolled-out globally by the Group Human Resources Department to ensure the comprehensive management of all processes concerning the management of high-performing individuals and enabling a uniform approach to monitoring performance, 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 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.

Information systems

Risk factors

New technologies (Cloud computing, "Bring your own device", etc.) and new practices (social networks, mobility, Software-as-a-Service - SaaS, etc.) inevitably expose the Group to new risks. Risks relating to cyber criminality of all kind could lead to a loss 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 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 aware of the importance of internal communication network security, and protects its networks *via* security rules meeting the highest international standards, proactive controls, a detection center operating 24/7 and specific technical equipment such as firewalls. Rules and procedures are defined in 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 and audited periodically.

For some projects or clients, enhanced systems and network protection are provided on a contractually agreed basis.

The Group also has a program that seeks to control the cyber risks for its main systems. This dedicated structure is headed by the Cyber Security and Information Protection Director (CySIP).

This program covering exposure to cyber risks comprises three subgroups dealing with governance related issues (organization, policy and communication and awareness-raising) and five operational projects (data protection, mobility management, access management, information system control and steering and strengthening infrastructures). The CySIP community includes cyber risk specialists in the following areas:

- CySIP Officers in the business units, for client project monitoring;
- Data Protection Officers responsible for the protection of personal data;
- Chief Information Security Officers responsible for the protection of internal information systems.

The aim of this program is to become a benchmark presented to our clients which helps strengthen the credibility of the Group on Digital and cybercrime issues. The Group's policy and organization for the protection of personal data were drawn-up based on rules defined by the European Commission (Biding Corporate Rules - BCR) and validated by the CNIL (French National Commission for Data Protection and Liberties), for the processing and storage of our own data and that of our clients.

Service continuity

Risk factors

Capgemini's evolving production model, Rightshore®, 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, Poland, China and other Asian and Latin America countries. The development of this model has made the Group more reliant on telecommunications networks, which may increase the risk of business interruption at a given production site due to an incident or a natural disaster, in so far as several operational units could be affected simultaneously. The use of a large number of production sites increases the range of contingency options available to the Group.

Risk management systems

Production systems and services provided by the Group to its subsidiaries are duplicated and covered by back-up plans that are tested.

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. The Group's Indian subsidiary has set up a Business Continuity Management (BCM) structure to ensure service continuity in line with the Good Practice Guidelines of the Business Continuity Institute (BCI). These measures take account of various degrees of hypothetical threats along with the related damages considering the situation and impacts on the site, urban agglomeration and possibly the country. Communication (for example e-mail) and collaborative systems are covered by a redundant architecture at two data centers ensuring service continuity, or are hosted by a supplier with systems with similar redundancy and reliability measures.

Business continuity and resumption plans in the event of a disruption to the specific IT infrastructures of a given center, client or contact, are the responsibility of the Group subsidiaries.

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 in the subsidiary entities to test the efficiency of these plans. Certain of these entities have heightened security requirements reflecting certain clients' imperatives and they are consequently certified ISO 27001 compliant by an independent agency.

Suppliers and sub-contractors

Risk factors

Capgemini is dependent upon certain suppliers, especially in its Technology Services and networks businesses. While alternative solutions exist for most software and networks, the failure of a supplier to deliver specific technology or expertise could have prejudicial consequences for certain projects.

The bankruptcy of a supplier, its takeover by a competitor (and a change in its current service offer/product range), a change in its sales model, such as the use of Cloud Computing for IT services, or a technical (fire or natural event) or human (error/negligence or malicious act) incident could generate additional risks.

Finally, the poor management of expenditure incurred with a third party, budget overruns, the use of unapproved suppliers and purchases that do not comply with equipment strategic decisions, can also generate risks.

Risk management systems

The Group has signed framework agreements and contracts with its suppliers containing clauses similar to those contained in contracts signed with its clients, in a bid to improve the management of contractual risks and acceptance risks. These framework agreements and contracts clearly stipulate obligations with respect to delivery deadlines, service level and operating tests as well as penalties for non-compliance. The Group policy defines in great detail the supplier and sub-contractor selection process and method. Over recent years, the Group has signed strategic partnership contracts with a diversified group of major suppliers in order to preserve its independence and guarantee the sustainability of its services. Furthermore, the Group has signed a certain number of strategic contracts with major and financially sound suppliers. Finally, the related risks represented by smaller suppliers and/or start-ups are analyzed and back-up plans are established in order to remedy the failures, if any.

In parallel, Capgemini has implemented a tool allowing for worldwide procurement management and monitoring. This tool, known as GPS (Global Procurement System), is used for the issue and approval of purchase orders. The procurement tool contains an approval chain that ensures the correct allocation of costs to projects and permits their control and provides specific methods for financial approval. The centralized management of data in this procurement base enables us to control and better manage Group expenditure and supplier selection. Suppliers are selected by a specialized team based on rigorous procedures using multiple criteria, several of which concern ethical standards and sustainable development.

Geopolitics

Risk factors

Capgemini has permanent operations in approximately 40 countries. The bulk of its revenues are generated in Europe and North America, which are economically and politically stable.

Nonetheless, an increasing portion of its production is based in emerging countries, and primarily India, which now represents approximately 50% of the Group’s total headcount. In addition, Capgemini is exposed to the risk of natural disasters in South East Asia and Latin America, political and social instability in some regions of India and adjoining countries, and even terrorist attacks. From an economic standpoint, our Group is exposed to the negative effects of countries with insufficiently controlled growth (industrial disputes and strikes, wage inflation, which is particularly rife in the IT sector, inadequate domestic infrastructure and higher taxes).

Sending employees to countries which are geopolitically unstable may expose the Group to risks regarding the physical safety of these employees. Economic instability and poorly controlled growth can also be a source of risk for the Company’s performance and reputation. The risk of natural disasters in certain countries where we are established, political instability and even terrorist attacks and similar risks in countries where we may be called on to work in response to client requirements, could impact the physical safety of our employees. Economic uncertainty in an unstable environment generates many other risks (galloping inflation and its impact on wages, poorly adapted infrastructures, unstable fiscal and social environment, etc.), which could impact our economic performance.

Risk management systems

The Capgemini Group restricts operations to countries able to offer satisfactory guarantees in terms of individual security. 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. 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. Furthermore, these organizations also help resolve any potential difficulties encountered by employees assigned to work in these countries and provide risk prevention training courses prior to their departure.

Strict approval criteria must be met before employees are sent to work in countries where there are no existing Group operations, and even stricter criteria apply in the event that employees are sent to countries considered “at risk”. Every employee required to work abroad receives specific training.

Finally, a dedicated international insurance program provides assistance to all employees covering their security, medical emergencies and potential repatriation (for more information please refer to the Insurance section of this document).

In addition, following the terrorist attacks in France in 2015 and 2016, the Group strengthened its security policy and its Crisis.

1.7.4 Legal risks

Capgemini Group provides a range of services to its clients who in turn operate in a variety of business sectors. All services relating to a given project are covered by contracts signed with our clients as well as our suppliers and sub-contractors (software, IT hardware, host sites, etc.) when implementing tailored solutions. Each contract is governed by specific regulations that could negatively impact our activities. Other factors such as the size and geographical locations of the Group also expose it to legal and tax risks.

Contracts

Risk factors

The acceptance of unfavorable conditions, such as unlimited liability in certain circumstances, comprises a risk. Contractual risks may notably arise when the Group's liability for failing to fulfill certain obligations is unlimited, 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.

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 Group Legal Affairs Department 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. Group Review Board is the only entity authorized to approve derogatory clauses following a thorough review of.

Compliance with legislation

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, sanctions, immigration rules, safety obligations and employment legislation.

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, an anti-corruption policy 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.

Failure to comply with regulations governing our activities

Risk factors

While the Group's activities are not generally regulated, certain of our clients' activities, particularly in the financial sector, sometimes require us to comply with regulations imposed on them, or in rare cases, make us comply with other regulations.

Due to the nature of its activities, the Group must comply with various international and local regulations regarding data privacy protection. The Group could be held liable in the event of voluntary or involuntary disclosure of all or part of personal data belonging to a client or third-party.

Even if measures are taken to limit any negative impact on our activities or our reputation of non-compliance with regulations governing our activities, failure to take account of regulations or an error in interpreting such regulations, would expose the Group to financial and reputation risks.

Risk management systems

To ensure compliance with regulations applicable to its clients, the Group analyses the related obligations, which are then monitored by teams in the Production/Methods and Support Department. This analysis also enables the identification of regulated activities and, where appropriate, any necessary authorizations to be obtained.

In March 2016, with regards to the various international and local regulations governing the protection of personal data, CNIL acting on behalf of European Union authorities on data privacy protection approved the Capgemini Binding Corporate Rules (BCR) defining the processing of personal data by the Group throughout the world, on its behalf and for its clients. A large number of our clients have been identified as operators of vital importance by their national authorities or by Europe. The security of their information systems must therefore by approved by these authorities and our Group, as a major sub-contractor, must also comply with these regulations.

Finally, during acquisitions or on the launch of a new business line, the Group performs a due diligence review of the target or an analysis of the activity as well as applicable regulations.

Litigation

Risk factors

Having developed a vast network of contractual relationships, the Group is not immune from litigation and legal action.

Nonetheless, at the date of this report, 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 Capgemini's statements).

Risk management systems

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.

1.7.5 Financial risks

The Group Finance Department is responsible for the control, monitoring and supervision of financial risks and is present in each country and each business unit.

The variety of its activities and geographic locations exposes the Group to a number of financial risks, described below, which, depending on their materiality, can have a significant impact on the results and reputation of the Group.

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 transfer its own shares or enter into derivatives on its own shares (see Note 12 to Capgemini's 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 auditors.

With a few exceptions, the Group holds the entire share capital of its subsidiaries and does not hold any listed equity investments.

Cap Gemini 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 own shares is deducted directly from Group equity and fluctuations in the Cap Gemini share price do not impact its results.

Counterparty and credit risk

Risk factors

Capgemini Group is exposed to credit and counterparty risk in respect of its asset financial instruments, which depends particularly on the debtor's ability to fulfill all or part of its commitments (see Note 19 and Note 21 to Capgemini's 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 Capgemini's 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 *Autorité des marchés financiers* (AMF, the French Financial market authority) and other types of investment (in particular, 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 local 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.

Liquidity risk

Risk factors

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) and the inability to find new sources of financing in order to maintain the balance between revenue and expenditure. Such a risk would also limit the Group's ability to finance its activities and the investment necessary for its development.

The financial liabilities whose early repayment could expose the Group to liquidity risk correspond mainly to the bonds issued respectively in July 2015 and November 2016, and to some risks related to employee liabilities.

Risk management systems

The majority of Group financing is borne by the parent company and, as such, implementation of the financial policy is largely centralized. The Group adopts a prudent financial policy based primarily on:

- prudent use of debt leverage, combined with limiting the grant of contractual provisions that could trigger the 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;
- the diversification of financing sources, to limit 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 21 to Capgemini's consolidated financial statements).

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 mainly at fixed rates (see Note 23 to Capgemini's 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).

Foreign currency risk

Risk factors

The Group is exposed to two types of currency risks 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 growing use of offshore production centers in India, but also in Poland and Latin America, exposes Capgemini to currency risk with respect to some of its production costs. Cap Gemini S.A. 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 Capgemini's 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 and its implementation which is mainly centralized at Cap Gemini level primarily involves forward purchases and sales of currency;
- financial flows exchanged as part of inter-company financing activities are primarily centralized within Cap Gemini and are mainly hedged (primarily using forward purchases and sales of currency);
- fees flows payable to Cap Gemini by subsidiaries whose functional currency is not the euro are also generally hedged.

Risks relating to employee liabilities

Risk factors

Capgemini's consolidated financial statements could be impacted by provisions for pensions and other post-employment benefits related to defined benefit plans, which are 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 in the financial markets, as well as inflation rates and life expectancy. The value of pension obligations is calculated based on actuarial assumptions and particularly interest rates, inflation rates and life expectancy.

The plan assets of 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, 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 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 Capgemini's consolidated financial statements).

Risk management systems

The Group strives to strengthen the governance and management resources of its main pension funds. The investment strategy of its main pension funds, encompassing the management of assets and liabilities, is reviewed and monitored periodically with the aim of reducing volatility. 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.

1.7.6 Insurance

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 Department and the Group Human Resources Department.

The Group risk management and insurance policy encompasses the assessment, prevention 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 the maximum replacement value of assets to be insured, or in the case of liability insurance, to an estimate of its own risks and reasonably foreseeable third party risks in its business sector, taking account of legislation and specific risks in each country and the emergence of new risks, as well as changes in major exposure under contacts signed with clients. Deductibles are set so as to encourage operational unit managers to commit to risk prevention and out-of-court settlement of claims, without exposing the Group as a whole to significant financial risk.

Commercial general liability and professional indemnity

This insurance program, which is key for clients, is designed, taken out and managed centrally at Group level. Any entity in which Cap Gemini S.A. has 50% or more ownership (direct or indirect control), is 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, everywhere 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 and changes in client contracts, as well as the evolution of the worldwide insurance and reinsurance markets.

The €20 million primary layer of this program is reinsured through a consolidated captive reinsurance 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, and consequently it owns little property. Nevertheless, India can buy premises due to its significant increase and the concentration of employees.

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 380 sites with an average surface area of 4,000 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 8,800 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, 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. The main objectives are to ensure compliance with local legislation and develop, standardize and improve current coverage, in accordance with the different regulations in the relevant countries and to optimize traditional and/or 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. All other risks - including motor vehicle, transport of goods, and employer liability for accidents at work - 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.

2

Corporate governance and Internal control

BENCHMARK CORPORATE GOVERNANCE CODE AND REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Paul Hermelin prepared the report of the Chairman of the Board of Directors on the composition of the Board and the preparation and organization of its activities and on internal control and risk management procedures implemented by the Company pursuant to:

- the provisions of Article L.225-37, paragraph 6 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 November 2016 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.* nearly 50 years ago!).

This report was approved by the Board of Directors on February 15, 2017, following its review by the Audit & Risk Committee, the Compensation Committee and the Ethics & Governance Committee.

Under the “Comply or Explain” rule provided for in Article L.225-37 of the French Commercial Code and stipulated in Article 27.1 of the AFEP-MEDEF Corporate Governance Code for listed companies revised in November 2016, the Company considers that its practices comply with the recommendations of the AFEP-MEDEF Code. However, the Company has deviated from certain provisions for the reasons explained in the table presented on page 65.

The most recent version of the AFEP-MEDEF Code updated in November 2016 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 will celebrate its 50th anniversary in 2017. It was founded 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 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 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.

Mr. Serge Kampf was particularly attentive to the drafting of the Chairman's report on corporate governance and internal control. The text which follows largely sets out the history of the Group as he wrote it.

The story of this (nearly) half-century is a relatively simple one, and can be split into four major periods:

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

Sogeti - the parent and several times grand-parent company of the current Group - 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 Cap Gemini of the two holding companies that had until then enabled him to retain majority control,
- to participate (personally in the amount of FRF300 million) in a share capital increase of FRF2.1 billion, with the balance subscribed in equal parts (FRF900 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 FRF13 billion (€2 billion), *i.e. per capita* revenues of around FRF520,000 (€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 Geoff Unwin, already considered to be the Group's number two within the Management Board.

In December 2001, after a difficult year whose disappointing results only confirmed the threat of recession hanging over the global economy, 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 our headcount in May 2000 of 16,643 consultants from Ernst & Young. Taking note of the decision made - and confirmed - by 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 (he also informed CGIP of this choice in a planning letter dated December 1999, "just in case"). This two-man team operated efficiently and in harmony for 10 years, although 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. Certain directors even observed that the very general drafting of this law could one day - for example should one or other no longer be part of this two-man team - become a source of ambiguity, confusion and possibly even conflict. 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 (accepted and even encouraged by a Board of Directors, once again very active), 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, *i.e.* a fall in *per capita* revenues to €81,000 - practically the same as 15 years previously - but a reflection of the international spread of the Group's activities and employees since 2003, accelerated by the acquisition in October 2006 of KANBAY, with its 5,000 Indian employees.

- **period four (2012 to this day): 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. The Board informed the Combined Shareholders' Meeting of May 24, 2012 of this change, which gave a standing ovation in honor of the immense contribution of Mr. Serge Kampf to the development and reputation of the Company.

Serge Kampf passed away on March 15, 2016.

Current governance structure

Chairman and Chief Executive Officer

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

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 after a long transition phase launched in 2002. The management of an increasingly international and decentralized group with an open shareholder base, assumes management and the Board of Directors are on the same page, thereby strengthening the regrouping of the duties of Chairman and Chief Executive Office.

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 and Governance and Strategy; 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.

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 Daniel Bernard. The Lead Independent Director has a number of prerogatives and specific duties. He chairs the Ethics & Governance Committee and executive sessions bringing together the directors with no relationship with the Company 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 activities of the Board of Directors and steers the recruitment process for new directors.

Accordingly, while the duties of Chief Executive Officer and Chairman of the Board of Directors have been regrouped, the Group's governance enjoys an active and independent Board of Directors with a collective approach to its organization and activities 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 is presented in Section 2.2.1 (Organization of the Board of Directors).

Group Executive Board

The creation of a Group Executive Board (GEB) to assist Mr. Paul Hermelin also contributes on an operating level to ensuring the collective management of the Company. The GEB is chaired by Mr. Paul Hermelin and comprises a limited number of Executive Committee members, and particularly the heads of the main group businesses, the Chief Financial Officer, the People Management and Transformation Director and the Director in charge of production.

The directors meet regularly with members of the Group Management Board, particularly during Committee meetings (Audit & Risk, Ethics & Governance, Compensation and Strategy & Investment), periodic business reviews and 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. *Further information on Board assessments is presented in Section 2.2.3.*

Cap Gemini's constant drive to improve governance for a number of years has also been recognized externally, with Cap Gemini receiving the Governance Prize at the 2016 Annual General Meeting Grand Prix ceremony held on July 5, 2016 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

THE BOARD OF DIRECTORS IN 2016 (1)

INDEPENDANT DIRECTORS (2)	PERCENTAGE OF MALE/FEMALE DIRECTORS (3)	AVERAGE AGE	AVERAGE TERM OF OFFICE	DIVERSITY (4)	EMPLOYEE REPRESENTATION
67%	46% FEMALE / 54% MALE	62 years old	6 years	27% FOREIGN NATIONALITY	1 DIRECTOR *representing employee shareholders*; 2 DIRECTORS *representing employees*

(1) As at December 31, 2016.

(2) The directors representing employees and employee shareholders are not taken into account in calculating this percentage, 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.

(4) Foreign or dual nationality directors conducting their main activity outside France.

The Cap Gemini Board of Directors has 15 members, including three members representing employees. 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 either by Shareholders' Meeting, 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 7.1.17.

Composition of the Board – a range of profiles and experience

Since the regrouping of the duties of Chairman of the Board of Directors and Chief Executive Officer in 2012, the composition of the Cap Gemini Board of Directors has changed significantly over time, with the replacement of more than half its members.

The Board of Directors regularly assesses its composition and the various areas of expertise and experience contributed by each of its members and identifies the direction to be taken to ensure the best possible balance with regards to international development and the human 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 male/female parity. To this end, the work of the Ethics & Governance Committee, chaired by the Lead Independent Director is invaluable.

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 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, opening up the Board to employees and reducing the average age of directors, while limiting the increase in the number of directors to the implementation of the Rebsamen Law provisions on employee representation on the Board of Directors.

The current composition of the Board together with the profile of each director is summarized in the following table. A detailed individual presentation of each director and the experience and expertise they bring to the Board is presented in Section 2.1.3 of this Registration Document.

Director	Independent Director	Attendance rate (Board)	Board Committees	First appointment	Expiry of term of office Shareholders' Meeting	Number of years on the Board
Paul HERMELIN	No	100%	Strat. & Inv.	2000	2018	16
Daniel BERNARD	Yes	100%	Eth. & Gov.(C) Strat. & Inv.	2005	2017	11
Anne BOUVEROT	Yes	83%	Strat. & Inv.	2013	2017	3
Yann DELABRIÈRE	No	100%	Audit & Risk	2004	2018	12
Laurence DORS	Yes	100%	Audit & Risk, Eth. & Gov.	2010	2018	6
Carole FERRAND	Yes	100%	Audit & Risk	2016	2020	0
Robert FRETEL	No	100%	Strat. & Inv.	2016	2020	0
Siân HERBERT-JONES	Yes	100%	Audit & Risk	2016	2020	0
Phil LASKAWY	No	100%	Audit & Risk	2002	2018	14
Kevin MASTERS	No	100%	Comp.	2016	2020	0
Xavier MUSCA	Yes	100%	Audit & Risk (C)	2014	2018	2
Pierre PRINGUET	Yes	100%	Comp. (C) Eth. & Gov.	2009	2017	7
Bruno ROGER	No	100%	Strat. & Inv. (C) Eth. & Gov.	2000	2018	16
Lucia SINAPI-THOMAS	No	100%	Comp.	2012	2020	4
Caroline WATTEEUW-CARLISLE	Yes	100%	Comp. Strat. & Inv.	2014	2018	2

(C):Committee Chairman

Director representing employees or employee shareholders	Nationality	Age	Sex	Number of offices in listed companies	Experience and expertise brought to the Company
No	French	64	M	2	Chairman & CEO of the Group
No	French	70	M	2	Governance of listed companies in France-UK / Executive positions in leading international groups / Retail / Technologies & Digital
No	French	50	F	2	Technologies & Digital (identity and security) / Experience in international organizations (USA-UK) / Consulting
No	French	66	M	2	Executive positions in leading international groups / Finance / Retail / Technologies & Digital / Manufacturing
No	French	60	F	2	Governance of listed companies / Finance / Consulting
No	French	46	F	2	Finance and audit / External growth strategy and transactions / Tecnologies & Digital / Retail
Yes	French	59	M	1	Employee perspective / Considerable knowledge of Capgemini Group and its businesses / Technologies & Digital
No	British	56	F	3	Finance and audit / External growth strategy and transactions / Executive positions in leading international groups / Services / Consulting
No	American	75	M	4	Finance and audit / Governance of listed companies in France-USA / Strategy & external growth transactions / Executive positions in leading international groups / Technologies & Digital / Consulting
Yes	British	60	M	1	Employee perspective / In-depth knowledge of the Capgemini Group and its businesses / Technologies & Digital
No	French	56	M	3	Executive positions in leading international groups / Finance and Economy / Services / Retail
No	French	66	M	4	Governance of listed companies and executive compensation / Executive positions in leading international groups / External growth strategy and transactions / Consumer goods
No	French	83	M	2	External growth strategy and transactions / Executive positions in leading international groups / Governance of listed companies / Consulting
Yes	French	52	F	3	Finance / Employee perspective / In-depth knowledge of the Capgemini Group and its businesses
No	American	64	F	1	Experience in international organizations (USA) / Technologies & Digital / Retail / Finance sector

Changes in the composition of the Board in 2016

In 2016, the Board of Directors decided to increase its financial expertise and strengthen the Audit Committee, while confirming the need to continue decreasing the average age of directors, as well as increasing the number of female directors and the diversity of profiles and cultures represented. Two new female directors with profiles and experience meeting these objectives were therefore appointed by the Combined Shareholders' Meeting of May 18, 2016: Ms. Carole Ferrand and Ms. Siân Herbert-Jones. These appointments also strengthened the independence of the Board, the Board of Directors' meeting of March 23, 2016 having confirmed that both candidates were considered independent with respect to the criteria of the AFEP-MEDEF Code.

The Combined Shareholders' Meeting of May 18, 2016 also renewed the term of office of the director representing employee shareholders and amended the Company's bylaws to enable the appointment of employee directors in accordance with the regulations now applicable to Cap Gemini. Two directors representing employees, Mr. Robert Fretel and Mr. Kevin Masters, therefore joined the Board of Directors on September 1, 2016, bringing the total number of directors to 15.

Changes in 2016

Lucia SINAPI-THOMAS	Re-appointment for a period of 4 years	Member of the Compensation Committee
Director representing employee shareholders		
Siân HERBERT-JONES	Appointment for a period of 4 years	Member of the Audit & Risk Committee
Independent Director		
Carole FERRAND	Appointment for a period of 4 years	Member of the Audit & Risk Committee
Independent Director		
Kevin MASTERS	Appointment for a period of 4 years	Member of the Compensation Committee
Director representing employees		
Robert FRETEL	Appointment for a period of 4 years	Member of the Strategy & Investment Committee
Director representing employees		

Upcoming changes in the composition of the Board

At the proposal of the Ethics & Governance Committee, the Board of Directors during its meeting of March 8, 2017 decided to propose to shareholders at the Combined Shareholders' Meeting of May 10, 2017, the renewal of the terms of office of the following three directors for a period of four years:

- Mr. Daniel Bernard

  Mr. Daniel Bernard has been a director of Cap Gemini since 2005 and Lead Independent Director since 2014 and, as such, Chairman of the Ethics & Governance Committee pursuant to the Board of Directors' Charter. He is also a member of the Strategy & Investment Committee. As the former Chairman and/or Chief Executive Officer of international groups and the current Chairman of the investment company, Provestis, 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.

  Currently an Independent Director, Mr. Daniel Bernard will exceed the threshold of 12 years as a director of the Company at the end of the Combined Shareholders' Meeting of May 10, 2017 and as such will no longer be considered independent from this date pursuant to the criteria of the AFEP-MEDEF Code to which the Company refers.

As the Company's Charter and the revised AFEP-MEDEF Code issued in November 2016 state that the Lead Independent Director must be an independent director, it was Mr. Bernard's wish that the Company could comply with these provisions from the end of the Combined Shareholders' Meeting of May 10, 2017. Mr. Daniel Bernard has therefore decided to resign his duties as Lead Independent Director and Chairman of the Ethics & Governance Committee from May 10, 2017.

The Board warmly thanks Mr. Daniel Bernard for his work since 2014, and indicated at its meeting of March 8, 2017 that it wishes to appoint Mr. Pierre Pringuet as Lead Independent Director and Chairman of the Ethics & Governance Committee following the Combined Shareholders' Meeting of May 10, 2017. An Independent Director, Mr. Pringuet has been a director of the Company since 2009. He is also a member of the Ethics & Governance Committee and Chairman of the Compensation Committee. He will vacate the Chair of the Compensation Commitee but will remain a member.

Ms. Laurence Dors will be appointed as the Chairman of the Compensation Committee. An independent director, Ms. Dors has been a director of the Company since 2010. She is currently a member of the Audit & Risk Committee and the Ethics & Governance Committee.

The Board of Directors considers that given Mr. Daniel Bernard's significant contribution to the smooth functioning of the Board since his appointment as director and then Lead Independent Director and Chairman of the Ethics & Governance Committee in 2014, his personality, his committment to the development of the Group and ensuring compliance with its values, as well as his expertise, that it would be in the Company's interests to appoint him Vice-Chairman of the Board should the Combined Shareholders' Meeting renew his term of office as director. The Chairman and Chief Executive Officer will work closely with the Vice-Chairman to prepare future developments in the Group's governance.

- Ms. Anne Bouverot

  Ms. Anne Bouverot has been a director of Cap Gemini since 2013. An Independent Director, she is also a member of the Strategy & Investment Committee. Ms. Anne Bouverot has been Chairman and Chief Executive Officer of Safran Identity & Security SAS (formerly Morpho SAS) since August 1, 2015. She 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.

- Mr. Pierre Pringuet

  Mr. Pierre Pringuet has been a director of Cap Gemini since 2009. An Independent Director, he is also Chairman of the Compensation Committee and a member of the Ethics & Governance Committee. Vice-Chairman of the Board of Directors of Pernod Ricard since August 29, 2012, Mr. Pierre Pringuet brings to the Board extensive experience in the consumer goods sector, as a senior executive of an international group, as well as his strategy and development experience, particularly in international external growth transactions. President of the *Association Française des Entreprises Privées* (AFEP) (French Association of Private Enterprises) since June 29, 2012 and a director of various listed companies, Mr. Pringuet also contributes to the Board his expertise in corporate governance and executive compensation.

A detailed individual presentation of these directors is available in Section 2.1.3 of this Registration Document.

In addition, in order to improve the staggered renewal of the terms of office of directors, particularly in anticipation of the numerous offices that will expire in 2018, the Board wished to strengthen its composition immediately by proposing to the Combined Shareholders' Meeting of May 10, 2017 the appointment of Mr. Patrick Pouyanné as a member of the Board of Directors for a period of four years.

Chairman and Chief Executive Officer of TOTAL, Mr. Pouyanné will bring to the Board his expertise in macroeconomic and geopolitical issues and his experience in managing a leading international energy group, a sector where new technologies play an essential role. The Board has indicated that Mr. Pouyanné may be considered independent pursuant to the criteria of the AFEP-MEDEF Code to which the Company refers.

A detailed individual presentation of Mr. Pouyanné is available in Chapter 6 of this Registration Document.

Assuming renewal of the terms of office of directors whose offices expire by the Combined Shareholders' Meeting of May 10, 2017 as well as the appointment of Mr. Pouyanné, the Board of Directors would have 16 directors, with 62% of independent directors (excluding directors representing employees and employee shareholders) and 43% of female directors (the two directors representing employees are not taken into account in the calculation of this percentage).

Independence of the Board of Directors

Independence criteria

The Board of Directors periodically reviews 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").

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 or financing bank:
  - 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 Cap Gemini S.A., 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 Cap Gemini S.A. Board of Directors on the date of this Registration Document is calculated based on 12 members and not the full 15 members of the Board.

Directors not classified as independent

Based on the periodic review of the personal situation of each director in light of the definition of independence adopted by the AFEP-MEDEF Corporate Governance Code, the Board considered in its meeting of February 15, 2017 that the following four directors (excluding directors representing employees and employee shareholders) could not be considered independent for the reasons given below:

Director	Reason
Paul Hermelin	Chairman and Chief Executive Officer of the Company
Yann Delabrière	Director for more than 12 years, service provider of a Group subsidiary (through MM Consulting) for which the Group represents a material share of activity
Phil Laskawy	Director for more than 12 years
Bruno Roger	Director for more than 12 years, major corporate banker of the Group

Directors classified as independent

Based on the independence criteria set out above, the Board considered in its meeting of February 15, 2017 that 8 of its 12 members, *i.e.* 66.66% could be considered independent, *i.e.*:

Daniel Bernard, Anne Bouverot, Laurence Dors, Carole Ferrand, Siân Herbert-Jones, Xavier Musca, Pierre Pringuet and Caroline Watteeuw-Carlisle.

Independence of the Board after the 2017 Combined Shareholders' Meeting

The Board took due note that Mr. Daniel Bernard will no longer be considered independent at the end of the Combined Shareholders' Meeting of May 10, 2017, subject to the renewal of his term of office by shareholders, as he will have been a director of the Company for more than 12 years. Assuming the adoption of the resolutions presented to the Combined Shareholders' Meeting and in particular the appointment of Mr. Pouyanné as member of the Board, the percentage of independent directors on the Board will therefore decrease to 62% from May 10, 2017 (*i.e.* 8 members out of 13).

Overview of the independent status of the Board of Directors

	Percentage of Independent Directors	Classification of Board members*
At the date of the 2016 Registration Document	**67%**	**Daniel Bernard, Anne Bouverot, Laurence Dors, Carole Ferrand, Siân Herbert-Jones, Xavier Musca, Pierre Pringuet and Caroline Watteeuw-Carlisle** Paul Hermelin, Yann Delabrière, Phil Laskawy, Bruno Roger
At the end of the Combined Shareholders' Meeting of May 10, 2017	**62%**	**Anne Bouverot, Laurence Dors, Carole Ferrand, Siân Herbert-Jones, Xavier Musca, Patrick Pouyanné, Pierre Pringuet and Caroline Watteeuw-Carlisle** Paul Hermelin, Daniel Bernard, Yann Delabrière, Phil Laskawy, Bruno Roger

(*) In bold: members considered independent by the Board.

Absence of conflicts of interest

Article 7.1 of the Cap Gemini 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 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, a statement of business flows between Capgemini Group and entities that are suppliers and/or clients of Capgemini Group and which have directors in common with Cap Gemini was prepared and communicated to Daniel Bernard, Lead Independent Director and Chairman of the Ethics & Governance Committee. 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.

Taking account of these results, 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.

In this respect, it was identified in October 2016 that Mr. Yann Delabrière, a director of Cap Gemini, has been appointed a Senior Advisor at Capgemini Consulting, a strategy and transformation consulting entity of the Capgemini Group. This appointment followed the end of a one-year services agreement between MM Consulting and Capgemini Consulting. Mr. Delabrière is the Chairman and CEO of MM Consulting. *Further information on compensation received under this agreement is presented in Section 2.4.3 (Attendance fees and other compensation received by corporate officers)*.

The Board of Directors considered Mr. Delabrière's assignment to be compatible with his duties as director, noting that it concerned the everyday activities of Capgemini Consulting and was governed by a service agreement entered into on an arm's length basis.

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), it being noted that:

  In a decision dated December 18, 2014, the Sanctions Commission of the French Financial Markets Authority (AMF) considered that Faurecia S.A. and Mr. Yann Delabrière, in his capacity of Chairman and Chief Executive Officer of Faurecia S.A., had failed to comply with certain obligations set out in Articles 223-1, 223-2 and 223-10-1 of the AMF General Regulations with respect to disclosures concerning the Company's objectives for 2012. Concerning Mr Yann Delabrière, based on Articles L.621-15 (paragraphs II (c) and III (c) of the French Monetary and Financial Code (Code monétaire et financier), financial penalties of €100,000, were handed down by the AMF against him; Mr. Yann Delabrière filed an appeal together with Faurecia against this decision with the Paris Court of Appeal on February 26, 2015. On June 30, 2016, the Paris Appeal Court confirmed the amount of financial penalties at €100,000 and Mr. Yann Delabrière and Faurecia S.A., appealed to the Court of Cassation, the French Supreme Court;
- 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 Cap Gemini 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 Cap Gemini (other than 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 Cap Gemini 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, 2016.

The statutory auditor's special report for the year ended December 31, 2016 highlights the continuation in 2016 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).

More detailed information can be found in the Statutory Auditors' special report on page 254 (Agreements and commitments approved in previous years but not implemented during the year).

Loans and guarantees granted to directors and managers of the Company

None.

2.1.3 Information on the members of the Board of Directors (at December 31, 2016)

Since September 1, 2016, the Cap Gemini Board of Directors has 15 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.

PAUL HERMELIN

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

Date of birth:
April 30, 1952
Nationality:
French
Business address:
Cap Gemini S.A.
11, rue de Tilsitt
75017 Paris
First appointment:
2000
Expiry of term of office:
2018
(Ordinary Shareholders' Meeting held to approve the 2017 financial statements)
Number of shares held at Dec. 31, 2016:
297,048

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Mr. Paul Hermelin is a graduate of École Polytechnique and École Nationale d'Administration (ENA). 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 Cap Gemini France. In May 2000, following the merger between Cap Gemini and Ernst & Young Consulting, he became Deputy Chief Executive 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.

He has also been a director of AXA, a global insurance and asset management company headquartered in Paris, since April 30, 2013.

Principal office:

Mr. Paul Hermelin has been Chairman and Chief Executive Officer of Cap Gemini S.A. since May 2012.

OFFICES HELD IN 2016 OR CURRENT OFFICES AT DECEMBER 31, 2016

Chairman and Chief Executive Officer of:
- CAP GEMINI S.A.* (since May 2012)

Director of:
- AXA* (since April 2013)

Other offices in Capgemini Group:

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

Chairman of the Supervisory Board of:
- CAPGEMINI N.V. (The 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. (since November 2005)
- CAPGEMINI 2015 S.A.S. (since December 2010)

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

Chief Executive Officer of:
- CAPGEMINI NORTH AMERICA, Inc. (U.S.A.) (since November 2005)

Director of:
- CGS Holdings Ltd (U.K.) (since June 1999)

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

Offices held in Capgemini Group:

Chairman of:
- CAPGEMINI 2010 S.A.S. (until September 2015)
- CAMELIA PARTICIPATIONS S.A.S. (until January 2013)

Chairman and Chief Executive Officer of:
- CAPGEMINI HOLDING INC. (U.S.A.) (until December 2013)

Chairman of the Board of Directors of:
- CAPGEMINI US LLC (U.S.A) (until July 2016)
- CAPGEMINI ENERGY GP LLC (U.S.A.) (until December 2012)

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)
- CAPGEMINI N.V. (The Netherlands) (until November 2012)

Director of:
- Capgemini Financial Services International, Inc. (U.S.A.) (until March 2016)
- IGATE Corporation (U.S.A.) (until May 2016)
- SOGETI S.A. / N.V. (until December 2013)
- CPM BRAXIS S.A. (Brazil) (until May 2013)
- CAPGEMINI AUSTRALIA Pty Ltd (until May 2014)

Member of the Supervisory Board of:
- CAPGEMINI N.V. (The Netherlands) (until November 2012)

(*) Listed company.

DANIEL BERNARD

Lead Independent Director
Chairman of the Ethics & Governance Committee
Member of the Strategy & Investment Committee

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:
2017
(Ordinary Shareholders' Meeting held to approve the 2016 financial statements)
Number of shares held at Dec. 31, 2016:
1,000

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Mr. Daniel Bernard is a graduate of HEC business school. He started his career in the retail sector, where he was Chief Executive Officer of Socam Miniprix (from 1971 to 1975) and then Director of the La Ruche Picarde Group Mammouth and Delta hypermarkets. 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 has been Chairman of the Board of Directors since 2009. He also chairs the Appointments Committee. Mr. Daniel Bernard is also President of Provestis, his own investment company, and Senior Advisor of Towerbrook Capital Partners, L.P.

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 Cap Gemini S.A. since May 12, 2005 and Lead Independent Director since March 7, 2014. He was also appointed Chairman of the Ethics & Governance Committee on the same date. He has been a member of the Strategy & Investment Committee since July 26, 2006.

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 discussion, 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 2016 OR CURRENT OFFICES AT DECEMBER 31, 2016

Director of:
- CAP GEMINI S.A.* (since May 2005)

Chairman of the Board of Directors of:
- KINGFISHER PLC* (U.K.) (since June 2009)

President of:
- PROVESTIS SAS (since June 2006)

Senior Advisor of:
- TOWERBROOK CAPITAL PARTNERS, L.P. (U.K.) (since October 2010)

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

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

Chairman of the Board of Directors of:
- 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:
Safran Identity and Security
11, boulevard Gallieni
92445 Issy-les-Moulineaux Cedex
First appointment:
2013
Expiry of term of office:
2017
(Ordinary Shareholders' Meeting held to approve the 2016 financial statements)
Number of shares held at Dec. 31, 2016:
1,000

ANNE BOUVEROT

Independent Director
Member of the Strategy & Investment Committee

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A graduate of École Normale Supérieure and of Télécom Paris, Ms. Anne Bouverot also holds a PhD in computer science (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. In August 2015, she was appointed Chairman and Chief Executive Officer of Safran Identity & Security (formerly Morpho), a world leader in security and identity solutions (biometrics and digital identity).

Ms. Anne Bouverot joined the Board of Directors of Cap Gemini S.A. on October 8, 2013 and was appointed a member of the Strategy & Investment Committee on the same date.

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 Chairman and Chief Executive Officer of Safran Identity & Security SAS (formerly Morpho SAS) since August 1, 2015.

OFFICES HELD IN 2016 OR CURRENT OFFICES AT DECEMBER 31, 2016

Director of:
- CAP GEMINI S.A.* (since October 2013)
- EDENRED* (since June 2010)

Chairman and Chief Executive Officer of:
- Safran Identity and Security SAS (formerly MORPHO S.A.S.) (since August 2015)

Other offices held in Safran Identity and Security Group:

Chairman and Chief Executive Officer of:
- MORPHO TRAK, LLC (USA) (since 2015)

Chairman of:
- MORPHO USA, INC. (U.S.A.) (since 2015)

Chairman of the Board of Directors of:
- MORPHO DETECTION INTERNATIONAL, LLC (U.S.A.) (since 2015)

Member of the Supervisory Board of:
- MORPHO CARDS GMBH (GERMANY) (since 2015)

Director of:
- MORPHO DETECTION, LLC (U.S.A.) (since 2015)

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

Director of:
- GROUPAMA S.A.* (until 2013)

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 (U.S.A.) (until July 2015)

(*) Listed company.

YANN DELABRIÈRE

Director

Chairman of the Audit Committee until December 7, 2016

Member of the Audit & Risk Committee since December 7, 2016

Date of birth:
December 19, 1950

Nationality:
French

Business address:
Faurecia
2, rue Hennape
92735 Nanterre Cedex

First appointment:
2004

Expiry of term of office:
2018
(Ordinary Shareholders' Meeting held to approve the 2017 financial statements)

Number of shares held at Dec. 31, 2016:
2,550

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Mr. Yann Delabrière is a graduate of École Normale Supérieure and École Nationale d'Administration and has a postgraduate degree in mathematics.

He began his career at the Committee of Public Accounts (*Cour des Comptes*) before working as Chief Financial Officer for the French export credit agency, COFACE (1982 to 1987) and the Printemps Group (1987 to 1990), before becoming Chief Financial Officer and member of the Executive Committee of PSA Peugeot Citroën Group (1998 to 2007). He was also Chairman and Chief Executive Officer of Banque PSA Finance.

Mr. Yann Delabrière has been a director of Faurecia since November 1996 and a member of its Strategy Committee. He was Chairman and Chief Executive Officer of Faurecia from February 2007 to June 2016 and has been Chairman of the Board of Directors since July 1, 2016.

He was also a director of Société Générale from 2012 to 2016.

Mr. Yann Delabrière has been a director of Cap Gemini S.A. since February 25, 2004. He is now a member of the Audit & Risk Committee, having chaired the Audit Committee for 10 years (2006-2016).

Mr. Yann Delabrière provides the Board of Directors with both financial expertise and his experience as an executive and director of highly international French companies. In addition to these skills, he brings considerable experience in the manufacturing sector, and particularly the automobile sector and its digital transformation.

Principal office:

Mr. Yann Delabrière has been Chairman of the Board of Directors of Faurecia since July 1, 2016.

OFFICES HELD IN 2016 OR CURRENT OFFICES AT DECEMBER 31, 2016

Director of:

- CAP GEMINI S.A.* (since February 2004)

Chairman of the Board of Directors of:

- FAURECIA* (since February 2007)

Chairman and Chief Executive Officer of:

- MM Consulting SAS (since October 2016)

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

Chief Executive Officer of:

- FAURECIA* (until June 2016)

Director of:

- SOCIÉTÉ GÉNÉRALE* (until May 2016)

(*) Listed company.

LAURENCE DORS

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

Date of birth:
March 16, 1956
Nationality:
French
Business address:
Theano Advisors
57, rue Pierre Charron
75008 Paris
First appointment:
2010
Expiry of term of office:
2018
(Ordinary Shareholders' Meeting held to approve the 2017 financial statements)
Number of shares held at Dec. 31, 2016:
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). She is the cofounder and a Senior Partner of the consulting firm Theano Advisors (formerly Anthenor Partners). 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 S.A. 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 also 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 Cap Gemini S.A. since May 27, 2010. She has been a member of the Audit & Risk Committee (formerly the Audit Committee) and the Ethics & Governance Committee since May 7, 2014.

Ms. Laurence Dors brings to the Board of Directors her considerable governance experience, 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 has been a Senior Partner of Theano Advisors (formerly Anthenor Partners) since July 2012.

OFFICES HELD IN 2016 OR CURRENT OFFICES AT DECEMBER 31, 2016

Director of:

- CAP GEMINI S.A.* (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 (since July 2012)

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.

CAROLE FERRAND

Independent Director
Member of the Audit & Risk Committee

Date of birth:
April 2, 1970
Nationality:
French
Business address:
Artémis
12, rue François 1er
75008 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, 2016:
1,000

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Ms. Carole Ferrand is a graduate of HEC business school (class of 1992). She started her career at PriceWaterhouseCoopers, where she was an auditor and later a financial advisor in the Transaction Services Division. In 2000, she joined Sony France, the French subsidiary of the consumer and professional electronics branch of the Sony Corporation Group, as Financial Director before becoming General Secretary in 2002. In 2011, she held the position of Chief Financial Officer of the Europacorp Group. Since January 2013, she has been Financing Director at Artémis Group and is in charge of strategic and financial support for certain investments.

Ms. Carole Ferrand was appointed to the Board of Directors of FNAC Group in 2013, where she is also a member of the Audit Committee.

Ms. Carole Ferrand joined the Board of Directors of Cap Gemini S.A. on May 18, 2016 and has been a member of the Audit Committee (formerly the Audit Committee) since this date. She brings to the Board her expertise in audit, finance and financial issues.

Ms. Carole Ferrand also contributes her expertise in investment strategy and external growth and her experience and knowledge of the challenges associated with rapid change in a competitive environment as well as disruption and particularly digital disruption in a wide range of environments.

Principal office:

Ms. Carole Ferrand has been Financing Director at Artémis Group since January 2013.

OFFICES HELD IN 2016 OR CURRENT OFFICES AT DECEMBER 31, 2016

Director of:
- CAP GEMINI S.A.* (since May 2016)

Financing Director of:
- ARTEMIS (since January 2013)

Honorary Chairman and Director of:
- TERRA NOVA (association created under the 1901 Act) (since December 2012)

Offices held in Artémis Group:

Director of:
- GROUPE FNAC* (since April 2013)

Director of:
- SEBDO, LE POINT (since June 2013)
- ARTEMIS 21 (since November 2013)
- ÉDITIONS TALLANDIER (since December 2014)
- PALAZZO GRASSI (since April 2016)
- COLLECTION PINAULT-PARIS (since May 2016)

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

Director and Chairman of the Board of Directors of:
- SOFICA EUROPACORP (until October 2012)

Director of:
- SOFICA HOCHE ARTOIS IMAGE (until October 2012)

(*) Listed company.

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, 2016:
10

ROBERT FRETEL

Director representing employees
Member of the Strategy & Investment Committee

BIOGRAPHY – PROFESSIONAL EXPERIENCE

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

He began his carreer 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 Credit Agricole and Caisse d'Epargne.

Mr. Robert Fretel joined Capgemini Toulouse in November 1993 and now has 23 years experience with the Group.

In addition to his operational duties, Mr. Robert Fretel has been an employee representative for 20 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 Cap Gemini S.A. on September 1, 2016 as a director representing employees. He is also a member of the Strategy & Investment Committee.

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 2016 OR CURRENT OFFICES AT DECEMBER 31, 2016

Director of:

CAP GEMINI S.A.* (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:
Cap Gemini S.A.
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, 2016:
1,000

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A British Chartered Accountant, Ms. Siân Herbert-Jones initially worked for 15 years with PricewaterhouseCoopers in its London and then Paris offices, where she was in charge of mergers and acquisitions (from 1983 to 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 S.A. (since 2011) where she chairs the Audit and Accounts Committee. She has also been a director of Bureau Veritas since May 17, 2016 and is a member of the Appointments and Compensation Committee.

Ms. Siân Herbert-Jones joined the Board of Directors of Cap Gemini S.A. on May 18, 2016 and 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 2016 OR CURRENT OFFICES AT DECEMBER 31, 2016

Director of:

- CAP GEMINI S.A.* (since May 2016)
- L'AIR LIQUIDE S.A.* (since May 2011)
- BUREAU VERITAS* (since May 2016)
- COMPAGNIE FINANCIERE AURORE INTERNATIONALE, subsidiary of the Sodexo group (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)

Others *Offices held in Sodexo Group*

Chairman of:

- ETIN S.A.S. (until February 2016)
- SOFINSOD S.A.S. (until February 2016)
- SODEXO ETINBIS S.A.S. (until February 2016)

Permanent Representative of Sofinsod S.A.S. on the Supervisory Board of:

- ONE SCA (until February 2016)

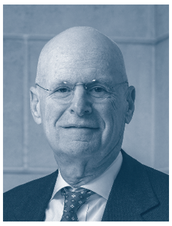
Director of:

- SODEXHO AWARD CO (until February 2016)
- SODEXO JAPAN KABUSHIKI KAISHA LTD (until February 2016)
- SODEXHO MEXICO S.A. DE CV (until February 2016)
- SODEXHO MEXICO SERVICIOS DE PERSONAL S.A. DE 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 S.A. (until February 2016)
- UNIVERSAL SODEXHO EMPRESA DE SERVICIOS Y CAMPAMENTOS S.A. (until February 2016)
- SODEXO GLOBAL SERVICES UK LTD (until February 2016)

Member of the Management Board of:

- SODEXO EN FRANCE S.A.S. (until February 2016)
- SODEXO ENTREPRISES S.A.S. (until February 2016)
- SODEXO PASS INTERNANTIONAL S.A.S. (until February 2016)
- ONE S.A.S. (until February 2016)
- ONE SCA (until February 2016)

(*) Listed company.



PHIL LASKAWY

Director

Member of the Audit & Risk Committee

Date of birth:
March 31, 1941

Nationality:
American

Address:
9 Creamer Hill
Greenwich, CT
06831
United States

First Appointment:
2002

Expiry of term of office:
2018
(General Meeting approving the 2017 financial statements)

Number of shares held at Dec. 31, 2016:
1,000

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Mr. Phil Laskawy graduated from the Wharton School of the University of Pennsylvania with a Bachelor's degree in Economics.

Mr. Laskawy served as Chairman and Chief Executive Officer of Ernst & Young (now known as EY LLP) from 1994 until his retirement in 2001, after 40 years of service with the professional services firm. Under his leadership, the firm expanded into a global leader in assurance, tax, transaction and advisory services.

In 2006 and 2007, he has served as Chairman of the International Accounting Standards Committee Foundation, which oversees the setting of accounting standards in over 100 countries. He was a member of the Independence Standards Board, created by the Securities and Exchange Commission, and the American Institute of Certified Public Accountants to review and update rules regarding auditor independence, and the 1999 Blue Ribbon Committee on Improving the Effectiveness of Corporate Audit Committees.

Mr. Phil Laskawy was appointed Chairman of Federal National Mortgage Association (Fannie Mae) in September 2008 at the commencement of Fannie Mae's conservatorship and retired from Fannie Mae's Board of Directors in March 2014.

Mr. Laskawy had previously served on the Board of Directors of General Motors Corp. until June 2013, of which he also was the Audit Committee chair.

Mr. Phil Laskawy is a member of the Board of Directors of Loews Corp (and is a member of its Audit Committee). He has been a director of Henry Schein, Inc. since 2002 and has served as its Lead Director since 2012. He also is Chairman of the nominating and Governance Committee and a member of the Audit Committee and of the Strategic Advisory Committee of Henry Schein, Inc. Mr. Phil Laskawy has served as a director of Lazard Ltd and Lazard Group LLC since July 2008 and also is Chairman of the Audit Committee and a member of the Compensation Committee of the Board of Directors of Lazard Ltd.

Mr. Phil Laskawy joined the Board of Directors of Cap Gemini in 2002 further to the acquisition by Capgemini Group of the systems integration business of Ernst and Young, of which he was Chief Executive Officer. He also is a member of the Audit & Risk Committee.

Mr. Phil Laskawy brings to the Board of Directors of Cap Gemini the outlook and experience of a highly respected individual in the economic and financial sector in the United States. He also contributes the accounting and financial expertise amassed throughout his career with Ernst and Young, his experience in the governance of listed companies in the United States, as well as in strategy and external growth operations in technological environments.

Principal office:

Non-Executive Director

OFFICES HELD IN 2016 OR CURRENT OFFICES AT DECEMBER 31, 2016

Director of:
- CAP GEMINI S.A.* (since 2002)
- HENRY SCHEIN, INC.* (USA) (since 2002)
- LAZARD LTD* (USA) (since July 2008)
- LOEWS CORPORATION* (USA) (since 2003)
- LAZARD GROUP LLC (USA) (since July 2008)

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

Chairman of the Board of:
- FANNIE MAE* (USA) (until March 2014)

Director of:
- GENERAL MOTORS CORPORATION* (USA) (until June 2013)

(*) 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
(General Meeting approving the 2019 financial statements)
Number of shares held at Dec. 31, 2016:
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 for the International Works Council (IWC), then as a member of the IWC Office, of which 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 Cap Gemini S.A. Board of Directors. He was then also a permanent guest of the Compensation Committee.

Mr. Kevin Masters was designated as director representing employees on the Cap Gemini S.A.'s Board of Directors with effect on 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 2016 OR CURRENT OFFICES AT DECEMBER 31, 2016

Director of:

CAP GEMINI S.A.* (since September 2016)

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

N/A

(*) Listed company.

XAVIER MUSCA

Independent Director
Chairman of the Audit & Risk Committee since December 7, 2016

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:
2018
(Ordinary Shareholders' Meeting held to approve the 2017 financial statements)
Number of shares held at Dec. 31, 2016:
1,000

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A graduate of Institut d'Études 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 April 2, 2009 G20 meeting in London, which was dedicated to the repair and supervision of the global financial system 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 S.A., responsible for International retail banking, Asset management and Insurance. He has been Deputy Chief Executive Officer of Crédit Agricole S.A., as effective second Executive Director of Crédit Agricole S.A. 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 Cap Gemini S.A. 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 S.A. since July 2012.

OFFICES HELD IN 2016 OR CURRENT OFFICES AT DECEMBER 31, 2016

Director of:
- CAP GEMINI S.A.* (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 S.A.*
  (Member of the Management Committee – Member of the Executive Committee)

Chairman of:
- AMUNDI S.A.* **Director** (since July 2012, renewed on 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)
- CACI (since June 2013)

Director – Member of the Compensation Committee of:
- CARIPARMA (ITALY) (since October 2015)

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

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

Deputy Secretary General and then Secretary General to the French President (until 2012)

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:
- BESPAR (until May 2014)
- BANCO ESPIRITO SANTO (until December 2014)
- CACEIS (until 2015)

(*) Listed company.

PIERRE PRINGUET

Independent Director
Chairman of the Compensation Committee
Member of the Ethics & Governance 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:
2017
(Ordinary Shareholders' Meeting held to approve the 2016 financial statements)
Number of shares held at Dec. 31, 2016:
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, Mr. Pierre Pringuet 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 Mr. Patrick Ricard from his operational duties, Mr. Pierre Pringuet 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 is Vice-Chairman of the Board of Directors of Pernod Ricard since August 29, 2012 and plays 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 President of the Association Française des Entreprises Privées (AFEP) (French Association of Private Enterprises) since June 29, 2012. In addition, he 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 holds the ranks of Knight of the Legion of Honor, Knight of the National Order of Merit and Officer of the Order of Agricultural Merit.

Mr. Pierre Pringuet joined the Board of Directors of Cap Gemini S.A. on April 30, 2009. He is Chairman of the Compensation Committee since May 7, 2014 and was appointed a member of the Ethics & Governance Committee on the same date. Mr. Pierre Pringuet brings to the Board extensive experience in the consumer goods 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:

Mr. Pierre Pringuet has been Vice-Chairman of Pernod Ricard since August 2012.

OFFICES HELD IN 2016 OR CURRENT OFFICES AT DECEMBER 31, 2016

Director of:
- CAP GEMINI S.A.* (since April 2009)
- ILIAD S.A.* (since July 2007)
- AVRIL GESTION S.A.S. (GROUPE AVRIL) (since December 2014)

Vice-Chairman of the Board of Directors of:
- PERNOD RICARD* (since August 2012)

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

Chairman of:
- AFEP (French Association of Private Enterprises) (since June 2012)
- Amicale du Corps des Mines (ACM) (since 2015)
- Fondation ParisTech (since January 2016)
- Scotch Whisky Association (since December 2014)

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

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

Chairman of:
- AgroParisTech (until December 2016)

(*) Listed company.

BRUNO ROGER

Director
Chairman of the Strategy & Investment Committee
Member of the Ethics & Governance Committee

Date of birth:
August 6, 1933
Nationality:
French
Business address:
Lazard Frères
121, boulevard Haussmann
75008 Paris
First appointment:
2000
Expiry of term of office:
2018
(Ordinary Shareholders' Meeting held to approve the 2017 financial statements)
Number of shares held at Dec. 31, 2016:
1,100

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Mr. Bruno Roger is a graduate of Institut d'Études Politiques (IEP) in Paris. He began his career with Lazard Frères in 1954. In 1973 he was appointed Manager of Lazard, followed by Managing Partner and then Chairman in 2002. He has been Managing Partner of Maison Lazard et Cie since 1976.

Mr. Bruno Roger was appointed Chairman of Lazard Frères SAS and Compagnie Financière Lazard Frères SAS in 2002. He was also Managing Partner of Lazard Partners Ltd (1984-1999) and Managing Director of Lazard Frères and Co, New York (1995-2001). He has been Chairman of the Board of Directors of Lazard Frères Banque since 2009 and Chairman of Global Investment Banking of Lazard Group since 2005. Mr. Bruno Roger is Managing Director and a member of the Executive Committee of Lazard Group.

After serving as Vice-Chairman and Chief Executive Officer of Eurafrance (1974-2001) and Chairman and Chief Executive Officer of Financière et Industrielle Gaz et Eaux, and subsequently Azeo (1990-2002), Mr. Bruno Roger was appointed Chairman of the Eurazeo Supervisory Board (following the merger of Azeo and Eurafrance) in 2002. He has been Honorary Chairman of the Supervisory Board of Eurazeo and a permanent guest of the Finance Committee since May 5, 2004.

Mr. Bruno Roger was also a member of the Supervisory Board of UAP (now Axa) (1994-2005) and Pinault-Printemps (1994-2005), and served on the Board of Directors of Saint-Gobain (1987-2005), Thomson CSF (now Thales) (1992-2002), Sofina (1989-2004), Marine Wendel (1988-2002), SFGI (1987-2001) and Sidel (1993-2001).

A philanthropist, Mr. Bruno Roger is also Chairman of the Aix-en-Provence International Music Festival, Vice-Chairman of the Amis du Quai Branly and a member of the Board of Directors of the Decorative Arts festival.

Mr. Bruno Roger holds the ranks of Grand Cross of the Legion of Honor and Commander of the Order of Arts and Letters.

He has sat on the Board of Directors of Cap Gemini S.A. since May 23, 2000. He has been Chairman of the Strategy & Investment Committee since May 7, 2014 and a member of the Ethics & Governance Committee since July 26, 2006. He brings considerable expertise in international development strategy and external growth to the Board of Directors. As a Director of Cap Gemini, the only directorship of a listed company he has wished to continue, Mr. Bruno Roger brings to the Board his proven corporate governance experience on numerous prestigious French boards of directors.

Principal office:

Mr. Bruno Roger is Chairman of Lazard Frères SAS, Compagnie Financière Lazard Frères SAS and Lazard Frères Banque.

OFFICES HELD IN 2016 OR CURRENT OFFICES AT DECEMBER 31, 2016

Director of:
- CAP GEMINI S.A.*

Chairman of:
- LAZARD FRÈRES S.A.S. (since 2002)
- COMPAGNIE FINANCIÈRE LAZARD FRÈRES S.A.S (since 2002)
- GLOBAL INVESTMENT BANKING of LAZARD FRÈRES GROUP (since 2005)

Chairman of the Board of Directors of:
- LAZARD FRÈRES BANQUE (since 2009)

Managing Partner of:
- LAZARD FRÈRES (since 2000)
- MAISON LAZARD ET CIE (since 1976)

Member of the Executive Committee and Managing Director of:
- LAZARD FRÈRES GROUP (since 2000)

Honorary Chairman of the Supervisory Board of:
- EURAZEO *(since May 2004)

Honorary Chairman of:
- LA SOCIÉTÉ FRANÇAISE DES ANALYSTES FINANCIERS

Member of the Board of Directors of:
- PARIS EUROPLACE
- ARTS DECORATIFS

Chairman of:
- AIX-EN-PROVENCE INTERNATIONAL MUSIC FESTIVAL
- FOUNDATION MARTINE AUBLET

Vice-Chairman of:
- LES AMIS DU MUSÉE DU QUAI BRANLY

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

Chairman and Chief Executive Officer of:
- LAZARD FRÈRES BANQUE

Non-voting director of:
- EURAZEO *(until 2013)

(*) Listed company.

LUCIA SINAPI-THOMAS

Director representing employee shareholders
Member of the Compensation Committee

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, 2016:
24,110

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. Ms. Lucia Sinapi-Thomas is Executive Director Business Platforms at Capgemini.

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 and Risk Committee on the same date.

Ms. Lucia Sinapi-Thomas joined the Board of Directors of Cap Gemini S.A. 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:

Ms. Lucia Sinapi Thomas has been Executive Director Business Platforms of Capgemini Group since January 2016.

OFFICES HELD IN 2016 OR CURRENT OFFICES AT DECEMBER 31, 2016

Director of:

- CAP GEMINI S.A.* (since April 2009)
- BUREAU VERITAS* (since May 2013)
- DASSAULT AVIATION* (since May 2014)

Executive Director:

- Business Platforms, Capgemini (since January 2016)

Other offices held in Capgemini Group:

Chairman of:

- CAPGEMINI EMPLOYEES WORLDWIDE S.A.S. (since June 2012)

Chairman of the Supervisory Board of:

- FCPE Capgemini

Member of the Supervisory Board of:

- FCPE ESOP CAPGEMINI

Director of:

- CAPGEMINI SOGETI 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 POLSKA Sp.z.o.o. (Poland) (since March 2016)
- CAPGEMINI BUSINESS SERVICES (Guatemala) (since April 2016)

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

Offices held in Capgemini Group:

Deputy Chief Financial Officer of:

- CAP GEMINI S.A. (until December 2015)

Director of:

- CAPGEMINI REINSURANCE INTERNATIONAL S.A. (UXEMBOURG) (until April 2016)
- EURIWARE S.A. (until July 2015)
- Sogeti SA/NV (Belgium) (until December 2013)
- CAPGEMINI MIDDLE EAST FZ LLC (Dubai) (until February 2012)

(*) Listed company.

CAROLINE WATTEEUW-CARLISLE

Independent Director
Member of the Compensation Committee
Member of the Strategy & Investment Committee

Date of birth:
February 24, 1952
Nationality:
American
Address:
6913 Wescoat Drive
Colleyville, TX 76034
United States
First appointment:
2014
Expiry of term of office:
2018
(General Meeting approving the 2017 financial statements)
Number of shares held at Dec. 31, 2016:
1,000

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Ms. Caroline Watteeuw-Carlisle graduated from the University of Gent, Belgium, in Chemical Engineering, Modeling and holds a Master of Science (MS) in Biochemical Engineering from the University of Pennsylvania (U.S.A).

Ms. Caroline Watteeuw-Carlisle started her career in 1977 working for Hoffman as a research scientist. In 1979, she joined Office of the Future & Netcube Inc. where she rose from consultant to President, a position she left in 1994 to become Managing Director, Risk Management & Financial Services Technology at the Bankers Trust Company. In 1997 she became Managing Director Information Technology at Credit Suisse, and in 2000 was Executive Vice-President and CTO at TradingEdge, the first electronic bond trading exchange. Between 2001 and 2004 she was Managing Director and Global CTO of iFormation Group, a venture capital fund representing a collaboration between The Boston Consulting Group, Goldman Sachs, and General Atlantic Partners.

She joined PepsiCo in June 2004 as CIO for North America, supporting both the Beverage and the Food Businesses. In 2007 she was promoted to Global Chief Technology Officer and SVP of Business Information Solutions of Pepsico, where she managed all infrastructure and enterprise application support systems, and technology innovations like advanced digital media and mobile platforms integrated with real-time data analytics. From October 2014 to summer 2016 she was a Technology Officer for Warburg Pincus, one of the leading global Private Equity firms, responsible for IT diligence for prospective investments, as well as providing Technology Advisory Services to Warburg's existing portfolio companies.

Ms. Caroline Watteeuw-Carlisle joined the Board of Directors of Cap Gemini S.A. on May 7, 2014. She has also been appointed as member of the Compensation Committee and of the Strategy and Investment Committee at the same date.

Born in Belgium, Ms. Caroline Watteeuw-Carlisle has spent her entire professional career in the United States as a technology officer in the financial sector and then the consumer goods sector. She has intimate knowledge of technology developments and of their digital transformation and an understanding of their impact on user companies, both on their organizations and on their relationships with clients and partners. Furthermore, Ms. Watteeuw-Carlisle's dual European and US background gives her a perfect understanding of the two regions where the Group generates 92% of its revenues.

Ms. Watteeuw-Carlisle contributes to the Group's strategic discussions through both her professional experience and personal history.

Principal Office:

Since June 2016, Ms. Caroline Watteeuw-Carlisle is EVP and Chief Technology Officer of Caliber Home Loans, located at 3701 Regents Blvd, Irving TX, USA.

OFFICES HELD IN 2016 OR CURRENT OFFICES AT DECEMBER 31, 2016

Director of:
- CAP GEMINI S.A.* (since May 2014)

EVP and Chief Technology Officer of:
- Caliber Home Loans (since June 2016)

Member of the Advisory Committee of:
- BLUE YONDER GmbH (since August 2015)

Member of the Board of Trustees of:
- NEW YORK INSTITUTE OF TECHNOLOGY (NYIT) (since January 2016)

Chief Technology Advisor of:
- BOY SCOUTS OF AMERICA (since June 2016)

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

Technology Officer of:
- WARBURG-PINCUS LLC (U.S.A) (until June 2016)

Global Chief Technology Officer and SVP Business Information Solutions of:
- PEPSICO (until September 2013)

Member of the Advisory Committees of:
- HP PRINTING MANAGED SERVICES BOARD OF ADVISORY COUNCIL (until July 2014)
- INTEL CAPITAL (until September 2013)
- ACORIO (until September 2013)
- OCULUS360 (until October 2014)

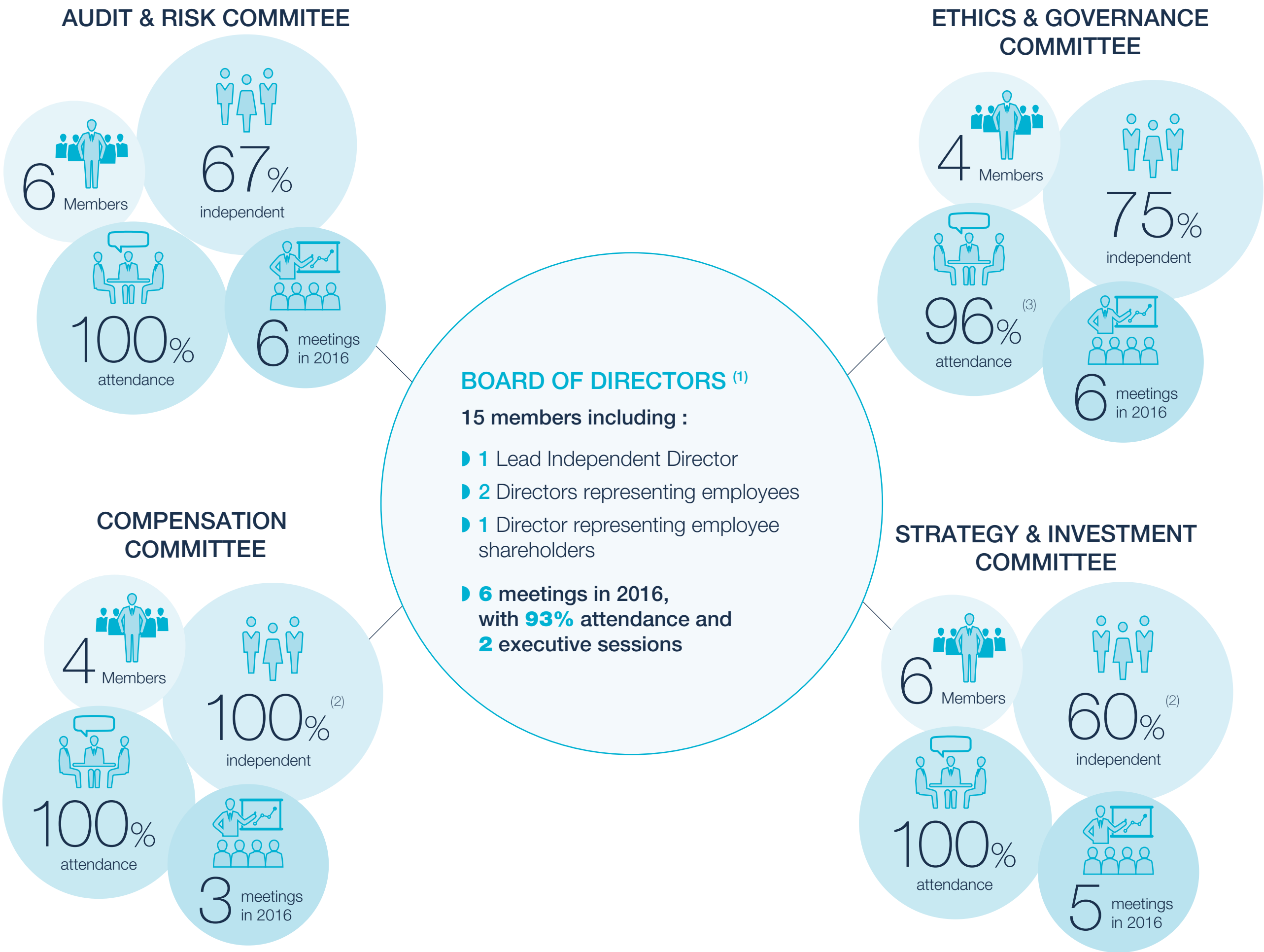
(*) Listed company.

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

The following transactions were carried out in 2016 by directors and senior managers involving the Company's shares, based on AMF disclosures, 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 Regulation (EU) no. 596/2014 of April 16, 2014:

- Mr. Paul Hermelin (Chairman and Chief Executive Officer) disclosed the following transactions:
  - exercise of 23,620 redeemable share subscription or purchase warrants (BSAAR) on March 31, 2016 at a unit price of €34 (declaration 2016DD422719),
  - sale of 6,000 redeemable share subscription or purchase warrants (BSAAR) on April 1, 2016 at a unit price of €48 (declaration 2016DD422720),
  - sale of 14,370 redeemable share subscription or purchase warrants (BSAAR) on April 4, 2016 at a unit price of €47.8765 (declaration 2016DD423070),
  - sale of 23,620 shares on April 5, 2016 at a unit price of €81.52 (declaration 2016DD424307);
- Mr. Aiman Ezzat (Chief Financial Officer) disclosed that he had sold 1,872 redeemable share subscription or purchase warrants (BSAAR) on April 5, 2016 at a unit price of €46.921 (declaration 2016DD424166).
- The following transactions performed by Mr. Serge Kampf in 2015 were also disclosed after his death:
  - sale of 49,882 shares on March 5, 2015 at a unit price of €73.0241 (declaration 2016DD432875),
  - sale of 100,000 shares on November 10, 2015 at a unit price of €80.317 (declaration 2016DD422395),
  - sale of 12,000 shares at a unit price of €84.9 and 68,000 shares at a unit price of €85.1632 on November 27, 2015 (declaration 2016DD432872).

2.2 Organization and activities of the Board of Directors



(1) *As at December 31, 2016.*
(2) *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.*
(3) *Based on the current composition of the Ethics and Governance Committee, excluding Mr. Serge Kampf who passed away on March 15, 2016.*

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 Cap Gemini and the Group it controls, to ensure that these strategies are implemented, to validate the legal and operational structure of the Group 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 193,077 [1] employees and thousands of managers across the globe.

Operating rules

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

- prepared, adopted, applied and amended where useful or necessary the **Board of Directors' Charter,** 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 & Investment Committee - and given each a clearly defined role (see Section 2.2.4);
- 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).

Under the "Comply or Explain" rule provided for in Article L.225-37 of the French Commercial Code and stipulated in Article 27.1 of the AFEP-MEDEF Corporate Governance Code for listed companies revised in November 2016, the Company considers that its practices comply with the recommendations of the AFEP-MEDEF Code. However, the Company has deviated from certain provisions for the reasons explained in the following table.

Stock options and performance shares - Calendar period

Article 24.3.3: "The Board must ensure that awards are made at the same calendar periods, e.g. after the disclosure of the financial statements for the previous financial year, and should preferably do so each year."	Cap Gemini no longer grants stock options. The Board of Directors decided to grant performance shares each year at the same calendar period at the Board meeting held at the end of July or in October, despite the fact that they are a different type of financial instrument whose value is not linked to the grant date. Exceptionally, following the acquisition of the IGATE group in 2015, Cap Gemini decided to grant free shares to certain of these employees in February 2016.

Cap Gemini 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 conflict of interest for Independent Directors.

Furthermore, following recent 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.

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, with the Compensation Committee focusing exclusively on setting executive corporate officer compensation and defining compensation policy for Group senior executives and the duties of the Ethics & Governance Committee 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

(1) At December 31, 2016.

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 in 2016 in a variety of areas, including risk monitoring and the participation of directors representing employees on the Board. The most recent amendments to the Charter were adopted on December 7, 2016.

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 Cap Gemini 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 Committees - and any amendments thereto which the Committee 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 Cap Gemini. He chairs Combined Shareholders' Meetings to which he reports on the activities and decisions of the Board.

The **Vice-Chairman** chairs meetings of the Board of Directors and Shareholders' Meetings in the absence of the Chairman.

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.

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 Cap Gemini, 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.

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.

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 performance of the Board of Directors and the specialized Committees;
- he steers the search for new candidates for the Board of Directors;
- he chairs the annual meeting of the Board of Directors convened to assess the performance of the Chairman and Chief Executive Officer and any Deputy Chief Executive Officers;
- 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 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 2016

The Lead Independent Director focused his activities on the following areas in 2016:

- he was heavily 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;
- in the context of the Ethics & Governance Committee, he led the search process for candidates upstream of the Combined Shareholders' Meeting of May 18, 2016 which appointed two new female directors;
- at the beginning of 2016, he led the internal assessment of the Board and its Specialized Committees for 2015, based on a questionnaire and individual meetings with each of the members of the Board (see Section 2.2.3);
- he also steered the 2016 assessment performed with the assistance of an external consultant in the fourth quarter of 2016 (see Section 2.2.3);
- he participated in the integration of the new directors appointed by the Combined Shareholders' Meeting of May 18, 2016 and the two directors representing employees that joined the Board in September 2016;
- he chaired the executive session of the Board in December 2016, held without the presence of the Chairman and Chief Executive Officer, which covered (i) the individual objectives of the Chairman and Chief Executive Officer for 2017 and an initial discussion of the attainment of his individual objectives for 2016 and (ii) the assessment of the Board and its Specialized Committees;
- he attended all meetings of the Board of Directors and the Ethics & Governance Committee which he chairs and the Strategy & Investment Committee, of which he is also a member;
- he also reported to shareholders of the Company on his activities and on the activities of the Board and its Specialized Committees at the Combined Shareholders' Meeting of May 18, 2016.

During the last two Board assessments, the directors expressed their full satisfaction with the role played by Mr. Daniel Bernard as Lead Independent Director, highlighting the importance of his role and activities in achieving the balance desired by the Board, in line with best governance practices.

Combined Shareholders' Meeting of May 10, 2017

Currently an Independent Director, Mr. Daniel Bernard will exceed the threshold of 12 years as a director of the Company at the end of the Combined Shareholders' Meeting of May 10, 2017 and as such will no longer be considered independent from this date pursuant to the criteria of the AFEP-MEDEF Code to which the Company refers.

As the Company's Charter and the revised AFEP-MEDEF Code issued in November 2016 state that the Lead Independent Director must be an independent director, it was Mr. Bernard's wish that the Company could comply with these provisions from the end of the Combined Shareholders' Meeting of May 10, 2017. Mr. Daniel Bernard has therefore decided to resign his duties as Lead Independent Director and Chairman of the Ethics & Governance Committee from May 10, 2017.

The Board warmly thanks Mr. Daniel Bernard for his work since 2014, and indicated at its meeting of March 8, 2017 that it wishes to appoint Mr. Pierre Pringuet as Lead Independent Director and Chairman of the Ethics & Governance Committee following the Combined Shareholders' Meeting of May 10, 2017. An Independent Director, Mr. Pringuet has been a director of the Company since 2009. He is also a member of the Ethics & Governance Committee and Chairman of the Compensation Committee. He will vacate the Chair of the Compensation Committee but will remain a member.

Ms. Laurence Dors will be appointed as the Chairman of the Compensation Committee. An independent director, Ms. Dors has been a director of the Company since 2010. She is currently a member of the Audit & Risk Committee and the Ethics & Governance Committee.

The Board of Directors considers that given Mr. Daniel Bernard's significant contribution to the smooth functioning of the Board since his appointment as director and then Lead Independent Director and Chairman of the Ethics & Governance Committee in 2014, his personality, his committment to the development of the Group and ensuring compliance with its values, as well as his expertise, that it would be in the Company's interests to appoint him Vice-Chairman of the Board should the Combined Shareholders' Meeting renew his term of office as director. The Chairman and Chief Executive Officer will work closely with the Vice-Chairman to prepare future developments in the Group's governance.

Director ethics

The Charter of the Board of Directors sets out the main obligations of the Code of Business Ethics that Cap Gemini 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 and Governance Committee or the Board of any one-off conflict of interests (or potential conflict of interests) and to refrain from voting on the related decision. Any director who has a permanent conflict of interests is required to resign from the Board.

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 Deputy General Managers 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 and 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 AMF's General Regulations, 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 on the Paris Bourse 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 on the Paris Bourse following the said public release.

7 In conformity with the Monetary and Financial Code and with the General Regulations of the Autorité des marchés financiers (AMF), each Director is required to notify the AMF and the Company by electronic means of all transactions carried out involving Cap Gemini S.A. 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 minutes of the work of the Ethics & Governance Committee (see below) describe in detail the corporate actions undertaken in 2016 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

Cap Gemini 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 General Management. New directors are also advised on the specific aspects of the Board of Directors of the Company during meetings with the Chairman and Chief Executive Officer, the Lead Independent Director 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. Finaly, the two directors representing employees who joined the Board in September 2016 received special external training at the end of 2016 and the beginning of 2017, enabling them to obtain and perfect the knowledge and techniques necessary to the exercise of their duties, in accordance with legislative provisions.

Ongoing training

Cap Gemini 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 two-yearly event bringing together, over three days, 400 of the Group's key managers and emerging talent. 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 2016, this seminar was held in San Francisco at one of the Group's innovation centers. Specializing in co-innovation with established hi tech brands and startups, the San Francisco innovation center allows organizations to immerse themselves in the understanding, experimentation and application of all aspects of emerging technologies, as well as address the business disruptions confronting them and their industries. This seminar was also an opportunity for members of the Board to meet with several of the Group's leading Cloud and Digital partners.

2.2.2 Activities of the Board of Directors in 2016

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 2016, the Board met six times, with an average attendance rate of 93%. In 2016, the Board retained the principle of an "off-premises" meeting held at the Group innovation center in San Francisco, focusing entirely on Group strategy. This meeting was held on October 3, 4 and 5, 2016.

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, during its meetings of February 17, 2016 and December 7, 2016.

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 2016 and individual attendance rates

	Board of Directors	Ethics & Governance Committee	Strategy & Investment Committee	Audit & Risk Committee	Compensation Committee
Total number of meetings	6	6	5	6	3
Average attendance rate	93%	[1] 96%	100%	100%	100%

Individual director attendance rates

	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	6	100%	-		5	100 %	-		-	
Serge KAMPF[2]	0/2	0%	0/2	0%			-		-	
Daniel BERNARD	6	100%	6	100 %	5	100 %	-		-	
Anne BOUVEROT	5	83.33%	-		5	100 %	-		-	
Yann DELABRIÈRE	6	100%	-		-		6	100 %	-	
Laurence DORS	6	100%	6	100%	-		6	100%	-	
Carole FERRAND[3]	3/3	100%	-		-		3/3	100 %	-	
Robert FRETEL[4]	2/2	100%	-		2/2	100 %	-		-	
Siân HERBERT-JONES[3]	3/3	100%	-				3/3	100 %	-	
Phil LASKAWY	6	100%	-		-		6	100 %	-	
Kevin MASTERS[4]	2/2	100%	-		-		-		1/1	100%
Xavier MUSCA	6	100%	-		-		6	100 %	-	
Pierre PRINGUET	6	100%	5	83 %	-		-		3	100%
Bruno ROGER	6	100%	6	100%	5	100%	-		-	
Lucia SINAPI-THOMAS	6	100%	-		-		-		3	100%
Caroline WATTEEUW-CARLISLE	6	100%	-		5	100%	-		3	100%

(1) Based on the current composition of the Ethics and Governance Committee, excluding Serge Kampf who passed away on March 15, 2016.

(2) Mr. Serge Kampf passed away on March 15,2016.

(3) Ms. Carole Ferrand and Ms. Siân Herbert-Jones were appointed by the Shareholders' Meeting of May 18, 2016.

(4) Mr. Robert Fretel and Mr. Kevin Masters, directors representing employees, joined the Board on September 1, 2016.

It is recalled that the Group's founder, Mr. Serge Kampf, died on March 15, 2016. Due to ill health, he was unable to travel to the Board and Committee meetings held prior to his death.

Mr. Kevin Masters, Secretary of the International Works Council, attended as a permanent guest all meetings of the Board of Directors and the Compensation Committee held prior to September 1, 2016, the date at which he took office as a director representing employees (prior to which Mr. Masters resigned from his duties as Secretary of the International Works Council in accordance with the law).

With the entry into office of two directors representing employees, including one appointed by the International Works Council, the Board noted that it was no longer necessary to invite the Secretary of the International Works Council as a permanent guest to meetings of the Board of Directors and the Compensation Committee and amended its Charter accordingly.

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 Vice-Chairman, 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 Cap Gemini 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 Cap Gemini 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 during 2016

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.

Accordingly, in addition to approving the 2015 annual financial statements and the financial statements for the first-half of 2016 and convening the Combined Shareholders' Meeting of May 18, 2016, the activities of the Board of Directors focused on:

1. Group strategy and performance

- monitoring implementation of the decisions made at the most recent Rencontres gathering in Rome in 2015 (Rencontres gathering: two-yearly event bringing together, over three days, 400 of the Group's key managers and emerging talent) and in particular the set-up and performance of the Strategic Business Units and Group functions whose scope was amended at this time;
- monitoring of Group performance and activities;
- monitoring of the integration of IGATE following its acquisition in July 2015;
- during the annual strategy seminar in October, 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 three-day period. These activities focused particularly on:
  - major technology trends, particularly in cybersecurity, the Cloud, mobile networks and new customer relationship management tools, as well as the new opportunities offered by the development of artificial intelligence,
  - the Group's Cloud positioning and its Digital strategy and goals,
  - the transformation of the Group and the enrichment and retention of talent to accompany this transformation.

2. Talent management

- monitoring of the management of the Group's key talent and its enrichment and retention;
- monitoring of changes in the composition of the Group Executive Committee.

3. The active management of the Group's balance sheet and liquid assets

- authorization of a multi-year share buyback program with a maximum amount of €600 million in February 2016, increased by €500 million by the Board of Directors on December 7, 2016;
- early redemption of all outstanding zero-coupon ORNANE bonds redeemable in cash and/or in new and/or existing shares issued on October 25, 2013 and maturing on January 1, 2019;
- share capital reduction of €4,937,880 by cancellation of shares purchased under the multi-year share buyback program.

4. Group governance

- changes in the composition of the Board of Directors and its committees, particularly with the appointment of two new female directors by the Combined Shareholders' Meeting in May 2016, the arrival of two directors representing employees in September 2016 and the change in the Chairman of the Audit Committee at the end of 2016 ;
- assessment of the Board of Directors: internal assessment of Board activities in 2015 performed by the Lead Independent Director and 2016 assessment performed by an external consultant under the supervision of the Lead Independent Director (executive session during the Board meeting on December 7, 2016) ;
- changes in the Company's bylaws enabling a staggered renewal of the terms of office of directors and the appointment of employee directors;
- overhaul of the Charter of the Audit Committee, renamed the Audit & Risk Committee and amendments to the Charter of the Board of Directors ;
- the proposed conversion of the Company to a European Company (see Section 7.1.2);
- the monitoring of dialogue between the Company and its shareholders and proxy advisors in connection with the preparation of the Combined Shareholders' Meeting;
- the monitoring of new regulations (statutory audit reform, European Market abuse regulation) and changes in the AFEP-MEDEF Code and the integration of their impact by the Company.

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

- in February 2016, the setting of his compensation for 2015 and the assessment of the attainment of 2015 variable compensation objectives and the setting of his fixed compensation and objectives for 2016 (executive session during the Board meeting of February 17, 2016);
- in December 2016, an initial assessment of the attainment of his 2016 objectives with a view to the setting of his 2016 variable compensation by the Board of Directors' meeting of February 15, 2017 (executive session during the Board meeting of December 7, 2016);
- exceptional grant on February 15, 2016 of free shares to certain employees of IGATE group purchased on July 2015;
- the grant, on July 26, 2016, of performance shares to 1,175 managers of the Group, including Paul Hermelin.

2.2.3 Assessment of the Board of Directors

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 committees was performed at the end of 2016 with the assistance of an external service provider, under the responsibility of the Lead Independent Director.

An external assessment of the activities of the Board of Directors and its committees has already been performed four times, in 2005, 2008, 2011 and 2013. Moreover, an internal review was conducted in both 2015 and 2014 by the Lead Independent Director.

2015 assessment: conclusions and actions implemented in 2016

The Lead Independent Director conducted a review of the activities of the Board of Directors and its committees in 2015 which was presented in detail in the Company's 2015 Registration Document.

The following priorities were identified:

- Executive Sessions
  - Organize at least two executive sessions a year, to be prepared by the Lead Independent Director and the Chairmen of the Committees, with the possibility to hold more sessions at the request of a director.
- Duties and activities of the Committees
  - Improve the programming of Strategy & Investment Committee meetings and the coordination of the work of this committee with that of the Board.
  - Improve the anticipation and risk monitoring activities by associating the Board of Directors and the Audit Committee.
- Identification of talent and preparation of succession plans
  - Organize meetings even more frequently with operating managers.
  - Briefings on succession plans, in particular for Group Executive Board members.
- Organization of Board of Directors' meetings
  - Hold one Board meeting every six months outside France.

As a result of this assessment, **the following changes were made in 2016** to the operation of the Board and its committees:

- two executive sessions were held and chaired by the Lead Independent Director during the year and discussed the compensation of the Chairman and Chief Executive Officer and the 2016 assessment of the activities of the Board of Directors and its committees;
- the Board's annual strategy seminar was held outside France, at the Group's innovation center in San Francisco;
- Board meetings systematically included exchanges between operating managers and Board members, both during informal discussions and presentations on operating issues;
- a project was launched, with the assistance of an external consultant, to prepare succession plans for executive managers. The conclusions will be presented to the Board in the first half of 2017;
- the risk monitoring activities of the Board and the Audit Committee were reviewed with the assistance of an external consultant, leading to an overhaul of the Charter of the Audit Committee, renamed the Audit & Risk Committee and an amendment to the Charter of the Board of Directors in this respect.

2016 Assessment: conclusions and priorities for 2017

The formal assessment of the Board and its committees conducted at the end of 2016 and covering the year in progress was performed by an external consultant under the responsibility of the Lead Independent Director, who guaranteed the confidentiality of opinions expressed, the objectivity of analyses and the consultant's ability to freely express his recommendations. This review assessed changes in the activities of the Board compared with the last external assessment carried out in 2013.

To ensure independence and avoid any conflict of interest, it was decided to appoint a firm that was not otherwise involved in the recruitment of directors on behalf of the Group. The assessment was therefore conducted by Mr. Jean-Philippe Saint-Geours, a partner with the firm Leaders Trust International, which conducted the assessments in 2011 and 2013, helping to put in context any recent changes or changes still required and facilitating open dialogue with members of the Board of Directors and management.

For the purposes of the assessment, each director was asked to complete a detailed questionnaire validated beforehand by the Lead Independent Director. The answers provided were used to prepare "interview guidelines" for meetings held with each director to obtain, with complete anonymity, their comments and suggestions.

The questions focused on the activities of the Board of Directors and its committees and enabled a self-assessment of the effective contribution of each director. A similar exercise was performed during the internal assessment of activities in 2015. The Lead Independent Director provided individual feedback on these assessments of the effective contribution of each director.

Meetings were also organized with the Group's key managers in order to assess the quality of interaction between the Board of Directors and the management team.

A summary report was presented to the Board of Directors on December 7, 2016 by the external consultant, analyzing the information gathered both through the questionnaires and the individual meetings. This report was discussed in detail during the executive session.

The assessment highlighted the continued progress in the activities of the Board and its committees since 2013 and confirmed the collective approach to the Board's work and the spirit of openness which characterizes its discussions. The improved momentum of plenary strategic meetings was noted and the move in recent years to create a closer relationship between the Board and Group management is fully appreciated.

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.

After expressing their satisfaction with the main improvements introduced in 2016 following the 2015 internal assessment, the directors set out the following priorities for 2017:

- Ongoing training for directors
  - Extend knowledge of the Group, its businesses and its competitive environment, including through sessions with external advisors.
- Strategy monitoring
  - Further explain potential acquisitions in light of the Group's strategic pillars.
  - Further improve the coordination of the work of the Strategy & Investment Committee and the Board by enriching the Committee's report to the Board and setting the agenda of the Board accordingly.
- Risk monitoring
  - Annual risks review by the Board and implement ation of the strengthened risk monitoring as planned following the overhaul of the Charter of the Audit Committee at the end of 2016 (renamed the Audit & Risk Committee as a result).
- Talents
  - Regular information on progress made in relation to talent management and particularly with respect to mobility.
- Corporate Social Responsibility
  - Regular briefings on initiatives and the results of the Group's CSR policy.

2.2.4 Role and composition of the four Specialized Board Committees

The Audit and Risk Committee

AUDIT & RISK COMMITTEE IN 2016 (1)

MEETINGS	ATTENDANCE	INDEPENDENT DIRECTORS
6	100%	67%

(1) As at December 31, 2016.

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 wish 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 AMF recommendation of July 22, 2010 and best market practice, the duties of the Audit & Risk Committee fall into three categories. Firstly, the Audit 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 Cap Gemini S.A. and the management presentation of risk exposure and material off-balance sheet commitments of the Company, as well as the accounting options adopted.

Secondly, the Audit and 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 now review the major risks to which the Group may be exposed at least once a year, in particular through a review of the risk mapping prepared 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 of 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

This committee has six directors since May 18, 2016, the date at which Ms. Carole Ferrand and Ms. Siân Herbert-Jones took office: **Mr. Yann Delabrière** (Chairman until December 7, 2016), **Ms. Laurence Dors** (Independent Director), **Ms. Carole Ferrand** (Independent Director), **Ms. Siân Herbert-Jones** (Independent Director), **Mr. Phil Laskawy** and **Mr. Xavier Musca** (Independent Director and Committee Chairman since December 7, 2016).

Mr. Xavier Musca became Chairman of the Committee on December 7, 2016, after Mr. Yann Delabrière decided to resign as Committee Chairman given the new provisions of the AFEP-MEDEF Code regarding director independence. Mr. Delabrière has undertaken to assist the Audit & Risk Committee during a transitional period running at least until the approval of the financial statements for the year ended December 31, 2016.

Through their professional careers, Audit & Risk Committee members have amassed the necessary accounting and financial expertise to perform their duties. Mr. Yann Delabrière was Chief Financial Officer of PSA Peugeot Citroën from 1990 to 2007, Ms. Carole Ferrand was Chief Financial Officer of Sony France from 2000 to 2011 and then of Europacorp Group in 2011 and 2012, Ms. Siân Herbert-Jones was Chief Financial Officer of Sodexo from 2001 to 2016 and Mr. Phil Laskawy was Chief Executive Officer of Ernst & Young from 1994 to 2001. 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. 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 six times in 2016, with an average attendance rate of 100%.

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

Yann DELABRIÈRE	100%
Laurence DORS	100%
Carole FERRAND*	100%
Siân HERBERT-JONES*	100%
Phil LASKAWY	100%
Xavier MUSCA	100%

(*) Ms. Carole Ferrand and Ms. Siân Herbert-Jones joined the Board of Directors on May 18, 2016 and attended the three committee meetings held after this date.

Committee activities in 2016

The Committee reviewed the company statutory and the Group consolidated financial statements for the year ended December 31, 2015 and the Group consolidated financial statements for the half-year ended June 30, 2016.

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

With respect to the annual financial statements, it reviewed in particular the measurement of goodwill and deferred tax assets. The Committee similarly reviewed the change in Group commitments, including pension obligations, focusing in particular on the analysis of the research tax credit in France and the monitoring of changes therein.

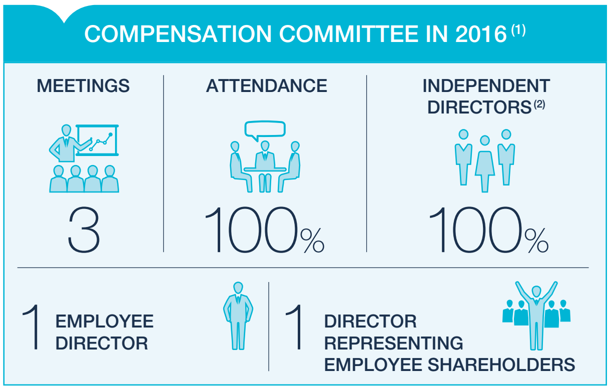
In addition, the Committee examined the situation in Brazil and its impact on Group performance.

The Committee also interviewed:

- **Mr. Philippe Christelle**, Internal Audit Director, questioning him on working methods, planning, areas of intervention, 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 and the development and roll-out of shared access and industrial procedure ;
- 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.

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

The Compensation Committee



(1) As at December 31, 2016.

(2) The directors representing employees and employee shareholders are not taken into account in calculating this percentage, 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 recently 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.

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

This Committee has four directors since September 1, 2016, the date at which Kevin Masters took office as a director: **Mr. Pierre Pringuet,** Chairman and Independent Director, **Mr. Kevin Masters** (Director representing employees), **Ms. Lucia Sinapi-Thomas** (Director representing employee shareholders) and **Ms. Caroline Watteeuw-Carlisle** (Independent Director).

Mr. Kevin Masters was invited, as Secretary of the International Works Council, to attend all meetings of the Compensation Committee held prior to September 1, 2016, the date at which he took office as a director representing employees (prior to which Mr. Masters resigned from his duties as Secretary of the International Works Council in accordance with the law).

This committee met three times in 2016, with an average attendance rate of 100%.

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

Pierre PRINGUET	100%
Kevin MASTERS*	100%
Lucia SINAPI-THOMAS	100%
Caroline WATTEEUW-CARLISLE	100%

(*) Mr. Kevin Masters joined the Board of Directors on September 1, 2016 and attended the Compensation Committee meeting held after this date.

Committee activities in 2016

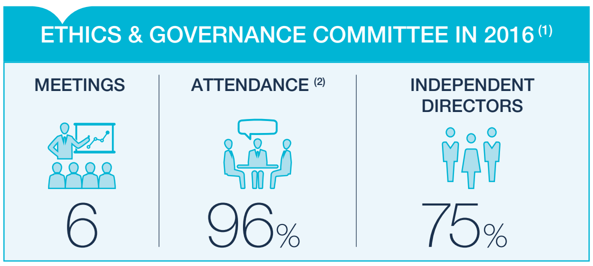
In accordance with the Committee's remit, it ensured throughout 2016 the consistency of the Group's senior executive management compensation policy. Its Chairman regularly reported on the Committee's work and presented recommendations to the Board of Directors concerning the following areas:

- the consistency of the general compensation policy of the Group and its subsidiaries;
- the compensation of the Chairman and Chief Executive Officer and that of members of the Executive Committee and the Group's key managers. These recommendations focused at the beginning of the year on:
  - an appraisal of the individual performance of each of these managers compared with objectives set at the beginning of the year,
  - calculation of the variable portion of compensation paid in the first quarter of the next year,
  - 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 studied the principle and means of granting shares to certain managers of IGATE, acquired in July 2015, subject to employment linked conditions. It drafted and communicated a list of beneficiaries and the proposed individual allocation of these shares to the Board of Directors for agreement on February 17, 2016. The Committee also studied the principle and means of granting performance shares to certain managers. It drafted and communicated a list of beneficiaries and the proposed individual allocation of these performance shares to the Board of Directors for agreement on July 26, 2016.

The Committee also reviewed a first draft of the presentation of the compensation policy of the executive corporate officer in anticipation of the so-called "Sapin II" legislation introducing an ex-ante shareholders vote on the principles and elements of such compensation.

The Ethics and Governance Committee



(1) *As at December 31, 2016.*

(2) *Based on the composition of the Committee at year-end, excluding Mr. Serge Kampf who died on March 15, 2016.*

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 Cap Gemini 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 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 (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

Since the death of Mr. Serge Kampf on March 15, 2016, this committee has four directors: **Mr. Daniel Bernard** (Independent Director) was appointed Chairman of the Committee on March 5, 2014 to replace Mr. Serge Kampf, who remained a committee member until he passed away on March 15, 2016. As Chairman of the Ethics & Governance Committee, Mr. Daniel Bernard is also the Lead Independent Director since May 7, 2014, as the Board of Directors' Charter confers the duties of Lead Independent Director on the Chairman of the Ethics & Governance Committee.

The other members of the Committee are **Ms. Laurence Dors** (Independent Director), **Mr. Pierre Pringuet** (Independent Director) and **Mr. Bruno Roger**.

This committee met six times in 2016, with an average attendance rate of 96% based on the current composition.

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

Daniel BERNARD	100%
Laurence DORS	100%
Pierre PRINGUET	83%
Bruno ROGER	100%

It is recalled that the Group's founder, Mr. Serge Kampf, died on March 15, 2016. Due to ill health, he was unable to travel to Ethics & Governance Committee meetings held prior to his death.

Committee activities in 2016

The activities of the Ethics & Governance Committee focused on the following issues in 2016:

Governance

The Ethics & Governance Committee:

- was involved in the definition of the profile and the choice of two new female directors, under the supervision of its Chairman, the Lead Independent Director, and recommended the candidacy of Ms. Sîan Herbert-Jones and Ms. Carole Ferrand to the Board of Directors, which proposed their appointment to the Combined Shareholders' Meeting of May 18, 2016;
- was briefed on the process to renew the term of office of the employee representing employee shareholders;
- debated the consequences of changes in the composition of the Board on total attendance fees;
- monitored the dialogue between the Company and its shareholders and proxy advisors in connection with the preparation of the Combined Shareholders' Meeting and prepared the governance issues presented to the Board and then to the Combined Shareholders' Meeting of May 18, 2016 (in addition to issues concerning the composition of the Board referred to above), notably with respect to changes to the bylaws concerning employee representation on the Board of Directors and the introduction of a mechanism enabling the staggered renewal of the terms of office of directors;
- debated several times the changes in and composition of the Specialized Board Committees;
- issued recommendations to the Board on changes in the Audit Committee's risk management role based on a study conducted by an external consultant and prepared the resulting amendments to the Charters of the Board of Directors and the Audit Committee, renamed the Audit & Risk Committee;
- prepared amendments to the Charter of the Board of Directors covering a range of issues in addition to risk management, including the participation of directors representing employees on the Board and amendments required by the entry into effect of new regulatory provisions;
- under the auspices of the Chairman, the Lead Independent Director, was briefed on and discussed the annual assessment of the activities of the Board and its Specialized Committees performed at the beginning of 2016 in respect of 2015;
- was briefed on and discussed the formal assessment of the Board's activities in 2016 conducted at the end of 2016 by an external consultant under the responsibility of its Chairman, the Lead Independent Director;

- deliberated the independence of directors and the absence of conflict of interest in preparation for the Registration Document;
- monitored changes in the AFEP-MEDEF Code and their impacts on the governance of the Company;
- was briefed on changes in legislative and regulatory provisions (statutory audit reform, European market abuse regulation, so-called “Sapin 2” law on transparency, the fight against corruption and the modernization of the economy) and their consequences for Cap Gemini;
- was also briefed on the conclusions and observations of the High Committee for Corporate Governance (*Haut Comité de Gouvernement d’Entreprise*, HCGE) presented in its 2016 activity report and of the French Financial Markets Authority (AMF) presented in its 2016 report on corporate governance and executive management compensation in listed companies;
- prepared the work of the Board on the proposed conversion of the Company to a European company (SE);
- launched a debate on the composition of the Board and its Specialized Committees in preparation for the Combined Shareholders’ Meeting of May 10, 2017.

Talent - Succession plans

The Ethics & Governance Committee:

- was briefed by **Mr. Hubert Giraud**, Director of People Management and Talent Development, on the Group’s talent pool and recommended that the pool of potential employees for promotion to the Group Executive Board and the Executive Committee be widened and include more women and international employees as well as former IGATE employees;
- was briefed on the launch of an assessment of the potential and prospects of around 30 high potential Group employees;
- ensured that its Chairman was ready to implement the measures necessary should the need to replace the Chairman and Chief Executive Officer arise suddenly;
- debated the director terms of office expiring at the 2018 Combined Shareholders’ Meeting, including that of the executive corporate officer.

Ethics

The Ethics & Governance Committee interviewed the Ethics, Compliance and Internal Audit Director (**Mr. Philippe Christelle**), these two functions being held by the same person since September 2015. Mr. Philippe Christelle submitted his report to the Committee presenting:

- in the first section an overview of the three Ethics & Compliance activities (training, communication and professional warning procedure). This report highlighted the Group's major efforts in e-learning, in particular to integrate former IGATE employees to the Group's Ethics & Compliance program (over 80,000 E&C e-learning sessions were followed by former IGATE employees in 2016, representing approximately 50,000 hours of training). Finally, it highlighted that Capgemini was recognized as “One of the World’s Most Ethical Companies” in 2013, 2014, 2015 and 2016 by the American Institute, Ethisphere, thereby confirming the quality of the Group's ethical responsibility culture towards our all its stakeholders;
- 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 2016 audits to help further improve compliance with Group ethical rules and principles.

The Strategy and Investment Committee

STRATEGY & INVESTMENT COMMITTEE IN 2016 (1)

5 MEETINGS	ATTENDANCE 100%
1 EMPLOYEE DIRECTOR	60% INDEPENDENT DIRECTORS (2)

(1) As at December 31, 2016.

(2) The directors representing employees are not taken into account in calculating this percentage, in accordance with the provisions of the AFEP-MEDEF Code.

Committee duties

The role of this committee is to:

- study in-depth the strategic options available to the Group to ensure its continued growth, improve its profitability and maintain its independence to enrich Board discussions;
- determine the amount of investment required to implement each of these possible strategies;
- identify and assess the alliances or acquisitions which would appear able to facilitate or accelerate the implementation of these strategies;
- finally, recommend a choice to the Board of Directors, by presenting an opinion and/or recommendations (or at least establish an order of priority).

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

From May 7, 2014 to September 1, 2016, this committee had five directors: **Mr. Bruno Roger,** Chairman, **Mr. Daniel Bernard** (Independent Director), **Mr. Paul Hermelin**, **Ms. Anne Bouverot** (Independent Director) and **Ms. Caroline Watteeuw-Carlisle** (Independent Director).

This committee now has six directors, as **Mr. Robert Fretel** joined the Strategy & Investment Committee when he became a director representing employees on September 1, 2016.

The Committee met five times in 2016, with an average attendance rate of 100%.

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

Bruno ROGER	100%
Paul HERMELIN	100%
Daniel BERNARD	100%
Anne BOUVEROT	100%
Robert FRETEL*	100%
Caroline WATTEEUW-CARLISLE	100%

(*) Mr. Robert Fretel joined the Board of Directors on September 1, 2016 and attended the two Strategy & Investment Committee meetings held after this date.

Committee activities in 2016

In a year marked by the acquisition of IGATE, the Committee spent a large part of its time monitoring the integration of this company.

It also accompanied the management team with the implementation of the transformation and development plan, systematically reviewing external growth opportunities in-depth before their presentation to the Board of Directors. In priority, it studied opportunities helping to accelerate the rotation of the Group's activity portfolio towards digital offerings, cloud migration and new service platforms.

Finally it prepared the Board's strategy meeting held in the fall, regularly reviewing working assumptions in light of market developments. As this seminar, which seeks to adapt the Group's strategy priorities, was held in San Francisco this year, it also offered an opportunity for enriching discussions with the Group's leading technology partners and to discover the Group's network of Applied Innovation Exchanges.

2.2.5 Director compensation

Total attendance fees

In compensation for the time spent participating 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 Combined 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

Attendance fees include for each director a fixed portion of €15,000, and an amount of €4,000 for each attendance at a Board meeting.

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 exclusively a fixed annual payment of €45,000 for the Lead Independent Director and Chairman of the Ethics & Governance Committee, €35,000 for the Chairman of the Audit & Risk Committee and €25,000 for the Chairmen of the Compensation Committee and the Strategy & Investment Committee.

A fixed annual fee of €45,000 was allotted to the Vice-Chairman. Mr. Serge Kampf waived his right to collect this fee in respect of 2015, like all other attendance fees since 2009.

The members of the Committees receive fees of €2,500 for each attendance at a meeting.

It was also decided to take account of the travel time of directors by awarding them additional attendance fees of €5,000 per Board or Committee meeting for directors residing outside Europe and of €2,000 for directors residing in Europe but outside France. 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.

These 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 were these "rates" to be maintained.

Attendance fees calculated and paid to directors in respect of fiscal year 2016 totaled €798,500, representing 67% of the ceiling authorized by the Combined Shareholders' Meeting.

It is recalled that Mr. Paul Hermelin voluntary waived his right to collect attendance fees as a director of Cap Gemini S.A. in respect of 2016 (as both Mr. Serge Kampf and he had done for the last seven years).

Other compensation

A breakdown of compensation paid in respect of fiscal year 2016 to the executive corporate officer, Mr. Paul Hermelin, Chairman and Chief Executive Officer, is presented in section 2.4.2. Mr. Paul Hermelin's 2017 compensation is presented on page 85 of this Registration Document.

A breakdown of attendance fees and other compensation paid to other directors in respect of 2016 is presented in the section entitled "Attendance fees and other compensation received by corporate officers" on page 91.

2.3 General organization of the Group

2.3.1 Operational structure

The operational structure of the Group combines the key principles that have guided its development since its creation. The first principle, decentralization of the operating conduct of business, seeks to ensure that operating managers act as entrepreneurs, committing to a budget and personal and collective objectives, the attainment of which decides their variable compensation. The second principle is the collective ambition to develop internationally and to lead the markets in which the Group operates. The Company must therefore set operating managers ambitious commercial and financial performance objectives and provide them with the necessary means to react rapidly to market requirements, to provide consistent responses to changes in demand and to implement the new opportunities offered by particularly rapid and abundant technological innovation. The third principle is financial performance, which enables external growth and development, ensuring the independence of the Group.

The Group organizational structure combining these principles, announced at the *Rencontres* gathering in Rome, was implemented from January 1, 2016.

It comprises Basic Business Units (BUs) of a size that allows their managers to remain in close contact with their clients and technology partners, to know their employees well and to tightly manage the projects they entrust to them.

These basic units are grouped by business covering a given market corresponding to either a geographic area or a sector or offering, known as "strategic businesses units", "domains" or "practices". This grouping by business ensures consistent economic models, the sharing of experience, the industrialization of distributed delivery processes and methods enabling the demands of international clients to be served efficiently and consistently.

There are eight Strategic Business Units (SBUs):

- five global Strategic Business Units:
  - Consulting Services,
  - Cloud Infrastructure Services, *i.e.*, the design, installation and maintenance of client IT infrastructures, whether based on own tools (*data center*) or the use of public or partially privatized capacities *(Cloud)*,
  - Business Services, grouping together B.P.O. (Business Process Outsourcing), operating solutions, inherited primarily from IGATE and Prosodie, which operates the customer relationship platforms,
  - Sogeti, present in around fifteen countries, which brings to the Group's clients its network, infrastructure and local services experience and all of its technology services offer, particularly security related,
  - Financial Services, which develops and promotes the Group Financial Services application offerings (systems integration, applicative maintenance and testing) and, in close conjunction with the Business Services and Infrastructures Services entities, leads the Group's commercial efforts in these areas with major clients in this sector;
- two systems integration and applicative maintenance Strategic Business Units (*Application Services*) in the following regions and countries:
  - AppsOne: North America, the United Kingdom and the Asia-Pacific region,
  - AppsTwo: Continental Europe;
- the Group's operations in Latin America (including the joint venture in Brazil) encompassing the Application Services and Cloud Infrastructure Services businesses.

These basic units - grouped, depending on their number, into larger business units - reflect the Group's presence in around forty countries, which are in turn grouped into eight geographic areas, [1] useful for reporting purposes and comparing performance year-on-year:

- North America;
- the United Kingdom and Ireland;
- France;
- the rest of Europe which comprises of Germany and Central European countries, Benelux, Nordic countries and Southern Europe;
- and finally the Asia-Pacific and Latin America (LatAm) region.

Alongside this organization by business and geographic area and in order to accelerate the shift of the Group's offering towards "Cloud" and "Digital" technologies, two transversal entities were created, able to mobilize technology or functional resources making them available to all Group business units and their clients:

- a Cloud Foundation Services department, mobilizing expertise in the shift to Cloud computing and particularly consulting, information systems architecture and transformation expertise;
- a Digital department, mobilizing competent technology resources across three key digital transformation pillars: (i) Insights and Data, i.e. data analysis and processing offerings (Big Data), (ii) Digital Customer Experience offerings allowing Group clients to constantly optimize their customer relationships and finally (ii) Digital Manufacturing offerings, grouping together the Group's know-how in the digitalization of industrial processes, the optimization of production assets and technologies enabling the connection of things.

The migration of the delivery system towards a distributed model combining resources located in different countries contributing together to project performance or the maintenance of information systems and the desire to satisfy client cost expectations, led to the creation of a specific department to steer improvements in the Group's competitiveness on a cross-functional basis. It brings together in a streamlined management team, the production, methods and support department, a new industrialization department tasked with reducing Group delivery costs and the procurement department. The internal IT department reports to this department since January 1, 2017.

(1) *See Note 4 to the consolidated financial statements.*

2.3.2 Group Management

Group Management, led by Paul Hermelin, is structured around two bodies:

- the Group Executive Board (GEB), whose role is to facilitate the carrying out of Group operations and take the necessary steps with respect thereto. The GEB 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 December 31, 2016, the GEB was comprised of Paul Hermelin and the following six individuals presented in alphabetical order:
  - Global functions:
    - Aiman Ezzat, Group Chief Financial Officer,
    - Hubert Giraud, Director of People Management and Talent Development,
    - Patrick Nicolet, Director of Group Competitiveness and India operating control.
  - Operations:
    - Thierry Delaporte, Financial Services Strategic Business Unit CEO and Latin America Strategic Business Unit operating control,
    - Salil Parekh, AppsOne Strategic Business Unit CEO, Sogeti and Cloud Infrastructure Services Strategic Business Units and Cloud Foundation Services operating control,
    - Olivier Sevillia, AppsTwo Strategic Business Unit CEO, Capgemini Consulting and Business Services Strategic Business Units and Digital operating control;
- the Executive Committee, whose role is to assist Group Management define broad strategies concerning the Group's operating structure, the choice of priorities, production rules and organization and the implementation conditions for human resources management. The Executive Committee meets once a month with, in addition to the Chairman and Chief Executive Officer and GEB members:
  - the Global Sales Director,
  - the Delivery Director (Production/Methods and Support),
  - the General Secretary,
  - the Marketing and Communications Director,
  - the Strategy and Development Director,
  - the Technologies and Intellectual Property Director,
  - the Head of Corporate Social and Environmental Responsibility and Commercial Coordination in the United Kingdom
  - the Heads of the above-mentioned Strategic Business Units,
  - the Head of Application Services North America Business Unit,
  - the India Operations Director,
  - the Asia-Pacific Executive Chairman.

The Executive Committee comprises a total of 21 persons.

Five 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** which examines 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 Intellectual Property Committee** which decides Group priorities and investments in this area and in particular the global roll-out of innovations resulting from local initiatives;
- **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.

Finally, in a certain number of cases where it was considered useful or necessary (and particularly in the Group's main countries), a Coordination Committee was appointed bringing together local managers of the different Group businesses and tasked with improving cooperation (particularly with respect to actions carried out individually by one or other business for the major clients appearing in a list drawn up at the beginning of the year).

2.3.3 The central departments

Group Management is assisted by the following central departments:

The Finance Department

The Finance Department is headed by Aiman Ezzat, who is responsible for:

- Group operating management control, comprising supervision of the preparation of budgets, monthly forecasts and performance monitoring as well as operational reporting and financial consolidation;
- financing and treasury;
- accounting books and records and accounting standards;
- taxation and insurance;
- financial information systems and the transformation of finance;
- financial communication and investor relations;
- real estate and real estate transformation projects.

He also heads the Group's global risk management process.

People Management and Talent Development Department

The People Management and Talent Development Department is headed by Hubert Giraud. Mr. Giraud is in charge of managing the Group's human resources policy with the principal aim of developing the skills and productivity of the Group's employees. His role is to lead local initiatives so that they reflect our on-going commitment to performance, encourage a new generation of managers and set up diversified and complementary career paths. He is responsible for modernizing and simplifying employee management tools as well as the policies rolled out in this area by the Group's subsidiaries, particularly with respect to the retention of high potential managers and their career orientation. He is assisted by the Group Talent Management Director, who is responsible for talent management, developing leadership and succession plans for our main executive managers. The Group Compensation and Benefits Director is responsible for the management of compensation policies applied in the Group, those of Group managers and related share capital incentive programs.

Competitiveness Department

The Competitiveness Department is headed by Patrick Nicolet, who is responsible for:

The Production/Methods and Support department which carries out the governance functions of risk management, compliance and production quality as well as other operating functions, as detailed below:

- the industrialization department, which is tasked with reducing delivery costs through the consolidation of processing volumes, the global organization of delivery centers and the roll-out of new delivery technologies. Action is focused in priority on automation, with notably the launch in July 2016 of the Automation Drive initiative;
- the procurement department, which over and above managing relations with all Group suppliers, contributes to arbitrating between internal developments and the use of outside service providers and the supply of resources to our engagements;
- effective January 1, 2017, the Group internal IT department manages the Group's global infrastructures and applications. A complete overhaul of the network is currently being rolled-out and will serve as a basis for the digitalization of operations.

The Production / Methods and Supports department

Headed by André Cichowlas, this department is tasked with designing and disseminating prevailing methodologies within the Group, certifying certain categories of employee (project leaders, architects, etc.) and performing audits of risk-sensitive projects conducted by specialized teams known as "flying squads". It leads and supervises the various standardization and productivity improvement programs undertaken by the Group strategic business units. The current priority is optimizing management of the work force.

Capgemini India

Srinivas Kandula is CEO of Capgemini India. He is responsible for the development and performance of delivery centers based in India that employ some 100,000 people at December 31, 2016 to serve the Group's various businesses and countries.

Mr. Kandula's main task is to bring operating performance to the levels achieved by best-in-sector companies in India.

The General Secretary

This position is occupied by Jean-Baptiste Massignon who is responsible for:

- legal affairs, which encompasses governance of the listed company Cap Gemini S.A., the management of subsidiary legal affairs and legal support to operating activities;
- the management of the control process for risks presented by certain business proposals. In this respect, he prepares the decisions presented to the aforementioned Group Review Board;
- the IT Security and Data Protection department which seeks to ensure the Group's compliance with the highest IT security standards, through the implementation of appropriate tools, training and controls;
- corporate secretarial services for Capgemini Service, the entity which provides operating and support services to Cap Gemini S.A.

The Global Sales Department

Headed by Srikanth Iyengar, this department encompasses:

- the management of client offerings and the launch of growth initiatives;
- the stimulation and promotion of Group offerings in the following sectors: Utilities / Distribution & Consumer Goods / Automobile Industry / initiatives managed centrally but entrusted, in the name and on behalf of the whole Group, to operating entities;
- the definition and standardization of sales support processes.

Technology and Intellectual Property Department

This department, run by Lanny Cohen, manages technology directors for all of the Group's businesses and coordinates the work for all proprietary solutions making up the Group's intellectual property. It conducts and develops the technological dialogue with the Group's major strategic partners and is committed to placing their innovations and the Group's solutions at the core of the Group's offering and service portfolio.

Development and Strategy Department

This department, managed by Pierre-Yves Cros, deals with all issues related to Strategy, as well as acquisitions and divestments. It is primarily tasked with fostering deliberations on strategic issues by Group Management, the Board of Directors, its Chairman and the Strategy & Investment Committee. As such, it summarizes and develops the Group's internal and external strategy. It maintains close relations with leading firms specializing in analyzing the market and trends therein. The department oversees compliance with the Group's internal transformation program and monitors, in conjunction with the Technologies Department, the emergence of innovative potential partners that could contribute to the Group's organic growth. It examines acquisitions and divestments in close conjunction with the Finance Department.

Mr. Cros is also responsible for relations with the Group's major strategic and technology partners.

The Marketing and Communications Department

Virginie Régis heads this department since January 1,2016. It is responsible for the Group's internal and external communication and is tasked with coordinating actions implemented in this area by operating subsidiaries as well as their marketing deliberations and initiatives.

The Corporate Social and Environmental Responsibility department

Ms. Christine Hodgson is in charge of the Group’s social and environmental responsibility policy which is managed by a department that she heads and a committee that she chairs comprising Group managers and employees from a wide range of backgrounds. This committee considers the challenges of protecting the environment, diversity and corporate citizenship. She reports to Hubert Giraud, Director of People Management and Talent Development, in respect of these duties. Ms. Hodgson also chairs the United Kingdom Commercial Coordination committee and reports directly to the Chairman and Chief Executive Officer in this respect.

The Ethics & Compliance and Internal Audit Department

Headed by Philippe Christelle, the Internal Audit department reports directly to the Chairman and Chief Executive Officer and is tasked with controlling the correct application by business units of Group principles and rules, particularly with respect to risk management and control. The implementation of Internal Audit recommendations by the relevant business units is systematically monitored.

Philippe Christelle also heads the Ethics & Compliance department of the Group, reporting directly to Paul Hermelin.

Advisor to the Chairman and Chief Executive Officer

Philippe Grangeon, Marketing and Communications Director until December 31, 2015, occupies the position of Advisor to the Chairman and Chief Executive Officer since January 1, 2016. He serves as Chairman of Capgemini Université and of Capgemini Gouvieux, the company which operates the Fontaines site, a place of training and meeting for Group employees and which also hosts events for non-Group clients. Philippe Grangeon also chairs the Board of Directors of Capgemini Technology Services Maroc.

2.4 Compensation of executive corporate officers

The description of the compensation policy in the section 2.4.1 below, corresponds to the report of the Board of Directors to shareholders established pursuant to the provisions of Article L225-37-2 of the Code de Commerce related to the principles and criteria of the Executive Officers compensation. It remains subject to shareholders' approval at the Combined Shareholders's meeting of May 10, 2017.

2.4.1 Chairman and Chief Executive Officer compensation policy

General Principles

The procedures for setting the compensation of the Chairman and Chief Executive Officer comply with the recommendations of the revised AFEP-MEDEF Code issued in November 2016. 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.

In addition to complying with “market” rules and in line with past Group practice, the Chairman and Chief Executive Officer does not have an employment agreement, is not entitled to termination benefits, is not covered by a non-compete clause and receives no benefits in kind. In addition, he has waived his right to receive attendance fees since fiscal year 2009.

These principles are regularly reviewed and discussed by the Compensation Committee 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 practice 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 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 in which the Company operates.

The Compensation Committee took due note of the observations issued to Cap Gemini in July 2014 by the High Committee for Corporate Governance (*Haut Comité de Gouvernement d’Entreprise*, HCGE) and of its 2015 and 2016 activity reports, as well as of the AMF 2015 and 2016 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 2015 and 2016.

When performing comparisons with French companies of comparable size and ambition, the Compensation Committee ensures that Cap Gemini’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 2016 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. 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 and **linked to Company’s performance and aligned to Group strategy**. The fixed component is determined in accordance with a major philosophy specific to the Group, which aligns the compensation structure of the Chief Executive Officer **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.

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 CSC, Accenture 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 Mr. Paul Hermelin’s 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.

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 in turn split into two parts: V1 tied to Group performance indicators and consolidated results and V2 based on the attainment of individual objectives, with 50% minimum based on quantified objectives, set by the Board of Directors. Each of these components can vary between 0% and a ceiling equal to 200% of the theoretical amount. Therefore, as a result of this system, fixed plus variable compensation may vary between 60% and 140% of annual theoretical/target compensation. **The variable component and the total compensation are therefore both capped and the variable component may not represent more than 133% of fixed compensation as indicated in the summary table below;**

- the fixed component 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 and was only reviewed in 2013 (+10%) following an extension of his responsibilities and to reflect the strong growth and international expansion of the Group and has remained unchanged since;
- 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 indicators adopted in line with the key indicators presented regularly to the market and are tied to:
  - growth through Group Revenue for 30%,
  - operating profitability through Group Operating margin for 30%,
  - cash generation through the Group Free Organic Cash Flow for 20%,
  - shareholders return through net profit for another 20% as this is the driver to assess the dividend level;
- the individual performance objectives underlying V2 compensation. The strategic and operating objectives for 2016 felt into four main categories, "Succesfull IGATE integration", "New Strategic Development", "Strategic agenda around Industrialization and account centric culture" and "HR transformation". The Board of Directors ensured the objectives were based on directly measurable items so that overall **75% of the total variable compensation was 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 V1 component varies in line with a formula applied for many decades within the Group, that accelerates actual performance upwards and downwards such that:

- 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 held to approve the financial statements of fiscal year Y. The Committee meets on several occasions before the Board of Directors' Meeting to appraise the percentage attainment by Mr. Paul Hermelin of his objectives. An executive session of the Board was held in December 2016 and another one in February 2017 to assess such performance before the Board of Directors which decides the level of attainment by Mr. Hermelin of his 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. Going forward, the variable compensation of the Chairman and Chief Executive Officer will be paid following approval by the Shareholders Meeting of the compensation elements for fiscal year Y.

Summary table of the theoretical structure of fixed and variable compensation

Theoretical compensation structure, base 100	Target	Min	Max
Gross fixed compensation	60	60	60
Annual variable compensation V1	20	0	40
Annual variable compensation V2	20	0	40
Multi-year variable compensation	0	0	0
THEORETICAL TOTAL IF OBJECTIVES ARE ATTAINED	**100**	**60**	**140**
% variable / fixed	67%	0%	133%

Cap Gemini 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 conditions**. Mr. Paul Hermelin received performance shares in 2009, 2012, 2013, 2014, 2015 and 2016 but was not granted any shares in 2010 or 2011;
- the performance conditions are ambitious, as demonstrated by the first two share grants in 2009 and 2010, where the vesting rates were only 50% and 68.5%, respectively, 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 year period;
- the number 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 18, 2016 and maximum of 5% for an Executive Director alone). The performance shares granted to Mr. Paul Hermelin in 2014 and 2015 represented 3.14% and 2.32% respectively of the total amount authorized by the Combined Shareholders Meeting for the corresponding periods and 3.58% and 3.2% of the total amount granted to all beneficiaries within these resolutions. These percentages were 2.44% and 2.52% respectively for 2016. Since 2009 and over eight performance share grants, the average percentages are 2.19% and 2.99% respectively;

- the IFRS value of shares granted targets not to exceed around 100% of the theoretical yearly cash compensation for a given year, and over the last 3 years this value has ranged from 60% to 93% of the theoretical cash compensation;
- Mr. Paul Hermelin is 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 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 represents less than twice the theoretical annual salary (fixed and variable). Once this threshold is reached, the obligation to retain performance shares only applies to one third of shares vested. As this threshold had been attained at the time of the July 2014 grant and similarly as of the July 2015 and 2016 grants, the obligation to hold shares that vest as a result of these grants was set at one-third of vested shares vested.
- given the significant number of shares held by Mr. Paul Hermelin, he has not been required to buy a set number of shares on the delivery of the vested shares;
- 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. It applies since the first performance share grant plan in 2009.
- in accordance with the recommendations of the AFEP-MEDEF Code, performance share grants will be performed from now on at the same calendar periods and will be decided by either the Board of Directors' Meeting at the end of July or the following meeting. This was the case in 2015 and 2016 as the grant was made in July in both cases;
- however a special grant was made 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. Neither the Chief Executive Officer nor the Group Executive Committee members were concerned by this grant.

Other items

The Chairman and Chief Executive Officer:

- 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 fringe benefits.

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.

A one off award, if any would only be applicable in case of an external hiring of an Executive 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.

Fixed and variable compensation of the Chairman and Chief Executive Officer for 2017

Following the principles just described, The Board decided, pursuant to the recommendation of the Compensation Committee, to leave Mr. Paul Hermelin's theoretical compensation unchanged for 2017 at €2,420,000 (since 2013). This implies that the fixed part of Mr. Hermelin, will remain at €1,452,000 for 2017. The Board also set the procedure for calculating the variable component of Mr. Hermelin's compensation for fiscal year 2017, 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 2017 V1 compensation will remain as follows:

- revenue growth: 30% weighting;
- operating margin rate: 30% weighting;
- pre-tax net profit: 20% weighting;
- 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 ot the accelerated formula (upward or downward).

The personal strategic objectives adopted for 2017 V2 variable compensation have been assigned an individual specific weight. They relate to the operational transformation of the Group in 2017 in line with its strategic plan and associated indicators, in particular around:

i) the Digital and Cloud strategic road map, 40% weighting (out of which 15% quantifiable);

ii) the HR and delivery strategy around diversity, talent management and mobility, 30% weighting (out of which 15% quantifiable); and

iii) the growth of the North American market, 30% weighting (out of which 20% quantifiable).

The Compensation Committee has formalized these objectives in such a way as they can be clearly assessed on objective grounds at the end of 2017 with a weight of 50% based on quantified objectives and the Board shared the same imperative when finalizing the objectives. Therefore 75% of the variable part will be subject to a quantitative evaluation in 2017.

Payment of the variable compensation of the Chairman and Chief Executive Officer for fiscal year 2017 remains subject to approval by the shareholders at the Shareholders' Meeting to beheld in 2018.

2.4.2 2016 Compensation of the Chairman and Chief Executive Officer

(gross amounts)	Compensation in respect of 2015			Compensation in respect of 2016		
Mr. Paul Hermelin: Chief Executive Officer up to May 24, 2012 and Chairman and Chief Executive Officer thereafter	**Paid in 2015**	**Paid in 2016**	**Total 2015**	**Paid in 2016**	**Paid in 2017**	**Total 2016**
Gross fixed compensation	1,452,000	-	1,452,000	1,452,000	-	1,452,000
Annual variable compensation	24,200	1,085,279	1,109,479	24,200	1,051,655	1,075,855
Multi-year variable compensation	-	-	-	-	-	-
Exceptional compensation	-	-	-	-	-	-
Attendance fees	-	-	-	-	-	-
Benefits in kind*	3,652	-	3,652	-	-	-
TOTAL COMPENSATION DUE IN RESPECT OF FINANCIAL YEAR	**1,479,852**	**1,085,279**	**2,565,131**	**1,476,200**	**1,051,655**	**2,527,855**

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	2,266,678	-	2,266,678	2,212,650	-	2,212,650
TOTAL	**2,266,678**	**-**	**2,266,678**	**2,212,650**	**-**	**2,212,650**

(*) no benefits in kind in 2016

Pursuant to the revised AFEP-MEDEF Code issued in November 2016 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 2016 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 2016)**	The gross fixed compensation of €1,452,000 for fiscal year 2016 was approved by the Board of Directors on February 17, 2016 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 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 1.2% *per annum*. This theoretical compensation falls within the average for CAC 40 executives.
Annual variable compensation	**€1,075,855 (paid in 2017)**	During the Board of Directors' Meeting of February 15, 2017, 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 2016, of a target amount if objectives are attained of €968,000, 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) 2016 **Free Cash Flow: 20%** weighting. These objectives were assessed with respect to the objectives set by the Board of Directors' Meeting of February 17, 2016. **Attainment rates** for these four objectives were **98.39%, 94.98%, 95.07% and 120.22%** respectively, which taking account of the relative weighting of each objective, gives a **weighted attainment rate of 101.07%.** The Group's historical calculation formula accelerates actual performance upwards and downwards such that: ▪ if the weighted performance of the above four financial indicators is less than or equal to 75% (was 70% last year), the V1 component will be nil; ▪ if the weighted performance of the above four financial indicators is greater than or equal to 125% (was 130% last year), 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 100.1% in 2016 results in the multiplication of the theoretical variable component by **104.28%, giving an amount of 968,000/2*104.28 = €504,735**. **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 qualitative objectives grouped into four categories: "Success of IGATE integration" for 30%, "new strategic development" for 20%, "Strategic agenda around industrialization and account centricity culture" for 25% and "HR transformation" for 25%. For the first **category (Success of IGATE integration-30%),** the Board set three indicators each with the same weight, including two quantitative measures around i) ensuring the retention of the IGATE VP talent base and ii) ensuring the retention of the IGATE top 20 client base, through a net revenue increase in 2016 vs. 2015. For these two quantitative measures the achievements were on i) exceeded and on ii) an increase superior to Group growth. For the third indicator, the Board made a qualitative evaluation of the integration impact on the strengthening of our Indian and US operations and of our client centric culture and highlighted in particular, a reinforced account centricity culture and Capgemini brand. In regard to the achieved quantified indicators and to the qualitative evaluation, **the Board considered that the objectives set for this category have been achieved at 140%**. For the second **category (Next strategic development-20%)**, the Board based its recommendations on two qualitative objectives i) the identification of appropriate acquisition targets and ii) the Cloud and Digital development strategy. **Given these achievements, the Board considered that the objectives set for this category have been realized at 90%.**

Amount or accounting value subject to vote	Presentation
	For the third **category (Industrialization and account centricity-25%)**, the Board took into consideration three quantitative indicators each with a 5% weight i) the revenue growth of Cloud and Digital offerings, ii) a corresponding ambitious contribution margin trend and iii) the growth of Group & countries strategic accounts to be higher than the Group revenue growth. For these three indicators the achievements have been considered respectively i) exceeded with a growth of Cloud and Digital offerings higher than 20%, ii) not reached and iii) exceeded. In addition, the Board considered from a qualitative standpoint accounting for 10% overall, that covers i) the successful European transformation plan, ii) the launch of a reinforced Digital organization driving high growth in this domain and iii) the drive toward a global mindset through the Power of One initiatives and set the qualitative part at 100%. **The Board considered that the objectives set for this category have been realized at 133% for the quantitative objectives and at 100% for the qualitative ones for an overall total of 120%.**

For the fourth **category (HR transformation-25%)**, the Board considered as well two set of quantitative measures counting for 15% around i) the hiring and development of Senior Executives with a refreshment of the VP population including external hires and ii) an acceleration of mobility within the Group in 2016. For these indicators the achievements have been respectively i) achieved for the refreshment ratio and exceeded with a number of recruited VPs from Cloud & Digital domains aligned to our growth in these sectors and ii) an increase of the mobility with 26% more moves than targeted within the VP population. In addition, the Board evaluated from a qualitative standpoint accounting for 10% overall, the HR strategy implemented to accelerate cross unit mobility and succession plans looking at i) the deployment across all units of the Strategic Talent Reviews aimed at covering successions plans, improving gender diversity and boosting mobility, ii) the study made with a top notch company to evaluate a set of Group top executives and iii) the deployment of a revamped leadership model. **The Board considered that the HR transformation objectives have been reached at 112%.**

The Board approved a rounded weighted performance of 118% as per the table below:

	Target		Proposal	
Objective type	**Computed**	**Qualitative**	**Computed**	**Qualitative**
IGATE integration	20%	10%	30.1%	12%
New strategic development		20%		18%
Strategic agenda	15%	10%	20%	10%
HR transformation	15%	10%	18.2%	10%
Total	**50%**	**50%**	**68.3%**	**50%**
	Target	**100%**	**Proposed**	**118%**

leading to a **V2 calculation of €571,120.**

Accordingly, a **variable compensation of €1,075,855** was approved by the Board for 2016***, i.e.* 74.1% of his fixed compensation for the same year and 111.1% of the theoretical variable compensation**. Total fixed and variable compensation for 2016 is therefore **€2,527,855** *i.e.* 104.5% of the theoretical compensation and may be summarized as follows:

2016 Variable compensation calculation for Mr. Paul Hermelin
V1: quantitative part based on budgeted financial targets

Indicators	**Weight**	**% of achievement**	**Weighted**
Total Revenue	30%	98.4%	29.5%
Operational Margin %	30%	95.0%	28.5%
Net results before tax	20%	95.1%	19.0%
Organic Free cash Flow	20%	120.2%	24.0%
Total weighted R/B before flex			101.1%
Total weighted after 75/125 flex (4*weighted R/B-3)			104.3%
Variable V1 on target			484,000
Computed V1			**504,735**

	Amount or accounting value subject to vote	Presentation		
		V2: qualitative part based on 2016 objectives		
		Categories	**Weight**	**Weighted total**
		Succesful IGATE integration	30%	118.0%
		Next strategic development	20%	
		Account centricity and Industrialisation	25%	
		HR strategy	25%	
		Variable V2 on target		484,000
		Computed V2		**571,120**
		TOTAL 2016 VARIABLE COMPENSATION		**1,075,855**
		As a % of the total variable on target		*111.1%*
		As a % of fixed compensation		*74.1%*
		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 €2,212,650 (accounting value on grant date)**	42,000 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 an internal performance condition. The internal performance condition accounts for 50% of the grant and is based on Organic Free Cash Flow over the three-year period from 2016 to 2018. The minimum amount necessary for shares to vest is €2.4 billion. Above this threshold, shares vest progressively on a straight-line basis, with the maximum grant requiring Organic Free Cash Flow of €2.7 billion or more. The external performance conditions accounts for 50% of the grant and is based on the comparative performance of the Cap Gemini 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/CSC/Atos/Tieto/Sopra Steria/CGI Group/Infosys and Cognizant) and the CAC 40 index (new since 2014). Accordingly, no shares vest if the relative performance of the Cap Gemini 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** 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 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 18, 2016. Ninth resolution Grant authorized by the Board of Directors on July 26, 2016		
	Stock options = N/A **Other items = N/A**	No stock options or other items were granted.		
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 Cap Gemini S.A. in respect of 2016 (as both Mr. Serge Kampf and he have done for the last seven years).		
Valuation of benefits in kind	**€0**	No benefits in kind.		

Other compensation components

Compensation components due or awarded in respect of 2016 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 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 37% of his 2016 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%. Also as the pension is higher than 8 PASS the pension supports a contribution estimated at 30% as in previous years. 21 members have benefited from this regime since its launch with 9 presently active as of 31/12/2016. Presented to the Combined Shareholders' Meeting of April 26, 2007 Fourth resolution in respect of regulated agreements.

Employment contract of 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.

Executive corporate officers: employment contracts 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	No	No

2.4.3 Attendance fees and other compensation received by corporate officers

In compensation for the time spent participating 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 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, Governance and Selection 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 & Investment 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 director of Cap Gemini S.A. in respect of 2016 (as both Mr. Serge Kampf and he have done for the last seven years).

In application of the above principles, total attendance fees of €798,500 were paid to directors in respect of 2016, representing 67% of the maximum amount authorized by the Combined Shareholders' Meeting. After deduction of French and foreign withholding tax, a net amount of €518,650 was paid in respect of 2016.

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 2016	Amount due in respect of 2015	Gross amount paid in 2016	Gross amount paid in 2015
Serge KAMPF	(nil)	(nil)	(nil)	(nil)
Daniel BERNARD	96,500	110,000	98,000	110,883
Anne BOUVEROT	47,500	76,500	63,000	76,500
Yann DELABRIÈRE	74,000	82,000	74,000	84,288
Laurence DORS	69,000	80,000	73,000	70,500
Carole FERRAND	29,500	n/a	5,000	n/a
Robert FRETEL	18,000	n/a	0	n/a
Siân HERBERT-JONES	29,500	n/a	5,000	n/a
Paul HERMELIN	(nil)	(nil)	(nil)	(nil)
Phil LASKAWY*	74,000	92,500	80,500	85,500
Kevin MASTERS	15,500	n/a	0	n/a
Xavier MUSCA	54,000	49,000	47,500	51,000
Pierre PRINGUET	76,500	86,000	80,500	83,277
Bruno ROGER	79,000	90,000	83,000	84,277
Lucia SINAPI-THOMAS	46,500	65,000	50,500	61,000
Caroline WATTEEUW-CARLISLE*	89,000	112,500	95,500	115,500
TOTAL	**798,500**	**843,500**	**755,500**	**822,725**

(*) As required by law, the Company deducted withholding tax on the amounts paid to these non-resident beneficiaries. A 36.5% deduction at source for income tax and CSG/CRDS social security contributions was also applied to amounts paid to beneficiaries 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 (Mr. Robert Fretel and Mr. 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 and of Yann Delabrière who has contracted a senior advisor contract with a Group entity (see below).

With regard to Mr. Serge Kampf, Group founder, readers are reminded that he has exercised– in addition to his duties as Chairman of Cap Gemini S.A. until May 24, 2012- several other duties within the Group until his death in March 2016, such as Chairman of Capgemini Service SAS, Chairman of Capgemini Switzerland since its creation in 1968, Director of Capgemini North America Inc. (USA) and sole partner of S.C.I. Paris Étoile. He received a total compensation of €198,260 in respect of these duties in 2016.

With regard to Mr. Yann Delabrière, MM Consulting, a legal entity of which he is Chairman and Chief Executive Officer, has contracted a one year agreement with Capgemini Consulting in order to support this entity Digital manufacturing go to market strategy, leveraging his knowledge of the automotive industry. The agreement started in October and for the work performed in 2016 fees billed to the consulting entity amounted to €87,000.

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 2016 and historical information on stock options and performance shares granted:

It should be noted that:

- stock options have not been granted within Group since 2009;
- performance shares have vested to Mr. Paul Hermelin in 2016 for a total of 50,000 shares corresponding to the vesting of the grant of performance shares of 2014;
- in regard to the external performance condition, due to the strong share price performance over the calculation period, the relative performance of the Cap Gemini S.A. share price vs. the basket of comparable companies has been above 110%, target enabling to definitely grant 100% of shares related to the external condition. In regard to the internal condition, the organic free cash flow generation over the period 2013 to 2015 has been above the ceiling of €1.1 billion which was initially set to enable the maximum grant allocation associated to the internal performance condition.

Therefore the two set conditions have exceeded the maximum limits, enabling full allocation and the French fiscal residents beneficiaries have therefore been granted 100% of their initial grant proposal, associated in their case of a minimum holding period of four years, Mr. Hermelin being in addition subject to specific rules described before.

Stock options granted during the year to each executive corporate officer by Cap Gemini S.A. 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

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

Performance shares granted during the year to each executive corporate officer by Cap Gemini S.A. 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	8th plan of 07/26/2016	42,000	€2,212,650	08/01/2019	Later of the end of his term of office and 08/01/2021	A detailed description of the conditions is presented in Note 12 of the Consolidated Financial Statements

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	5th plan 2014	50,000	n/a	2014

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 Serge Kampf	*(nil)*	*(nil)*	*(nil)*	*(nil)*	*(nil)*
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

Plan number	2009 Plan	2010 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan	2015 Plan	2016 Plan
Grant date	03/05/2009	10/01/2010	12/12/2012	02/20/2013	07/30/2014	07/29/2015	02/17/2016	07/26/2016
Number of performance shares initially granted	1,148,250	1,555,000	1,003,500	1,209,100	1,290,500	1,068,550	180,500	1,663,500
o/w granted to Paul Hermelin*	*50,000*	*(nil)*	*50,000*	*50,000*	*50,000*	*40,000*	*(nil)*	*42,000*
Number of shares vested	485,750	881,048	383,000	355,600	391750	n/a	n/a	n/a
o/w to Paul Hermelin*	*25,000*	*(nil))*	*50,000*	*50,000*	*50,000*	*n/a*	*n/a*	n/a
Cumulative number of shares cancelled or expired	662,500	673,952	121,000	189,600	122,500	25,600	6,600	10,900
Number of shares potentially available for grant at the end of 2016			499,500	663,900	776,250	1,042,950	173,900	1,652,600
o/w to Paul Hermelin*	n/a	n/a	*0*	*0*	*0*	*40,000*	*0*	*42,000*
Vesting date-France	03/05/2011	10/01/2012	01/01/2015	03/01/2015	08/01/2016	03/01/2018	03/01/2018	08/01/2019
Vesting date-outside France	03/05/2013	10/01/2014	01/01/2017	03/01/2017	08/01/2018	08/01/2019	03/01/2020	08/01/2020
End of holding period-France	03/05/2013	10/01/2014	01/01/2019	03/01/2019	08/01/2020	03/01/2021	03/01/2020	08/01/2021
End of holding period-outside France	03/05/2013	10/01/2014	01/01/2017	03/01/2017	08/01/2018	08/01/2019	03/01/2020	08/01/2020
Share price at grant date (in euros)	23.3	37.16	33.15	36.53	53.35	87.6	71.61	83.78

(*) 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-corporate officers)

Stock options granted by Cap Gemini S.A. to the ten employees (non-corporate officers) having received the greatest number of shares and the number of shares vested to the ten employees (non-corporate officers) having thus subscribed for the greatest number of shares are as follows:

Stock options granted to/exerciced by the ten employees (non-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 Cap Gemini S.A. to the ten employees of all eligible companies having received the greatest number of shares	None	n/a	None
Options exercised (held previously on Cap Gemini S.A.) by the ten Group employees having exercised the greatest number of shares	None	n/a	None

Performance shares granted by Cap Gemini S.A. to the ten employees (non-corporate officers) having received the greatest number of shares and the number of performance shares vested to the ten employees (non-corporate officers) holding the greatest number of vested shares are as follows:

Performance shares granted/vested to the ten employees (non corporate officers) having received the greatest number of shares	Total number of shares vested/ granted	Plan number
Performance shares granted during the year by Cap Gemini S.A. to the ten employees of all eligible companies having received the greatest number of shares	122,500	8th Performance share plan
Performance shares (held previously on Cap Gemini S.A.) to the ten Group employees holding the greatest number of vested shares	100,000	5th Performance share plans

2.5 Internal control and risk management procedures

This section is based on the contributions of several departments and, in particular, the Group departments responsible for sales, production, IT, finance, insurance, legal affairs, human resources, as well as ethics, compliance and internal audit.

In accordance with the Law of July 3, 2008, it was reviewed and approved by the Board of Directors on February 15, 2017, following a review by the Audit & Risk Committee.

2.5.1 Definition of the internal control and risk management systems

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 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.

Objectives of the internal control and risk management systems

The Group's internal control and risk management systems 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.

Scope of the internal control and risk management systems

Capgemini Group ensures the implementation of risk management and internal control systems within its subsidiaries. In 2016, 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.

A list of the main companies concerned by this system is presented in the notes to the consolidated financial statements.

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.

2.5.2 Organization of the internal control and risk management systems

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 Serge Kampf, are honesty, boldness, trust, freedom, team spirit, modesty and fun. 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 specify the interdictions to be followed in each of the Group's main functions.

These principles is to ensure consistent and efficient 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 to the Strategic Business Unit (SBU) for all issues concerning several Business Units under its authority,
- the Group (Committee, Group Management, 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 whose financial impacts exceed 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.

This rules and procedures were updated in 2016 to reflect the development of the Group's business activites and changes in its environment.

Risk management and internal control players

In 2016, the Group a risk management system 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 Group Audit & Risk Committee of Cap Gemini S.A. Board is responsible for monitoring the efficiency of risk management and internal control systems. The Audit & Risk Committee will therefore be required to review all systems implemented by Group Management. These reviews encompass the overall consistency of the system, the priority risks identified, new or emerging risks and actions plans for priority 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;
- the identification and prioritization of risks; the Risk Committee validates the mapping of the Group's main risks;
- the monitoring of plans defined and implemented for priority 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 acceptable Group's risk level ;
- monitoring changes in the Group's main risks;
- selecting the priority risks to be covered by short-term action plans;
- monitoring these action plans in conjunction with the managers responsible for the priority risks, as designated by the Risk Committee;

At an operating level, the Risk Committee builds on the actions of the Insurance Director, who is responsible for coordinating the Group risk management and who supports the risk managment 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 priority risk.
- Encourages the sharing of good practice within the Group.

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 prioritization 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 practice.

3rd line of defense: internal audit

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 independence of the internal audit function with respect to the functions and Business Units audited. The internal audit team comprises 32 auditors, representing 12 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 seventeen auditors including three technical experts specializing in the review of IT projects.

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).

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.

The Ethics, Compliance and Internal Audit 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 involve an examination, from an ethical stance, of all the activities of the target company in order to ensure, in particular, their compatibility with Capgemini Group expectations.

During 2016, the Ethics, Compliance and Internal Audit:

- 51 audits of units belonging to all Group Strategic Business Units. Each audit involved an average of 36 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 and enabling it to monitor real-time the implementation of recommendations following the audit, focusing particularly on priority actions;
- 1 special assignments at the request of the Chairman and Chief Executive Officer;
- 1 ethical due diligence assignment.

The Ethics, Compliance and Internal Audit Director presents:

- twice annually to the Audit & Risk Committee of Cap Gemini S.A. Board, a comprehensive report on the department's work during the half-year (particularly regarding internal control efficiency and risk management in the preparation and processing of financial and accounting information);
- once annually to the Ethics & Governance Committee of Cap Gemini S.A. Board a specific report on measures implemented under the ethics program and the result of compliance audits of the Group's Code of Business Ethics.

Finally, the Ethics, Compliance and Internal Audit Department may at any moment draw up a special report for presentation to the Chairman and Chief Executive Officer on any matter that it considers should be brought to his attention and informs the Audit and Risk Committee and/or the Ethics & Governance Committee where significant deviations have been identified.

The main risk exposures faced by the Group and the related risk management systems are set out in the Risk Analysis section of this Registration Document.

Implementation of the risk management and internal audit system

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, prioritization, 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 a priority.

Section 1.7, Risk factors, sets out the various risks identified as major for the Group and the related risk management systems implemented to mitigate such risks. The different risks are presented by type:

- risks relating to operations and the strategy;
- operational risks;
- legal risks;
- financial risks.

The risk management and internal control system comes from the interaction between the Risk Committee and other risk players, including the Ethics, Compliance and Internal Audit Department, the Insurance Department, the Business Units and the functional departments, which are responsible for day-to-day risk management in their specific areas.

2.5.3 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 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 2016. 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 Calcutta (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). Balance sheet items are analyzed on a quarterly basis. 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 Affairs 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. 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 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:

- the **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. In particular, 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:

- the half-year financial report and Annual Report;
- financial press releases;
- analyst and investor meetings.

The Annual Report has been a key component of the Group’s financial communications strategy for the past 42 years (the first edition concerned the 1975 fiscal year). The preparation of the report, its content, illustrations, design and distribution are therefore subject to close attention by Group Management. All the sections of the Group’s Annual Report are written by employees and managers of the Group who are each responsible for designing and setting out a chapter on their area of competence, within the general framework proposed by the Communications Department. The Registration Document, which is integrated in the Annual Report, combines all the information that must be provided pursuant to legal and regulatory requirements and is 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.

2.5.4 Measures implemented as part of constant improvements to risk management and internal control systems

Focus on the main measures implemented in 2016

During 2016, the Group implemented and carried on a number of measures aimed at rolling-out and standardizing processes and procedures within the Group and thereby strengthening the Group's internal control environment. Among these measures, the following may be highlighted:

- an update to the risk mapping including the identification of major Group risks;
- the systematic follow-up of Group Review Board recommendations in project reviews and during independent technical reviews ("flying squads'') of project teams performed by the Production/Methods and Support Department;
- the implementation of a Commercial and Contract Management program in order to follow and mitigate operational, financial, contractual and reputational risks, during the whole contract life cycle. This program is more focused on the major, complex and most risky contracts. Created in 2016, Commercial and Contract Management entity has implemented tools, methodology, process and trainings in risk management, in contractual prevention in order to meet the client requirements and to give a support to Delivery to respect contractual terms. The objective is to obtain client satisfaction and to maintain the profitability of projects;
- the introduction of a single sales management platform for the entire Group and a global sales development procedure, to provide a standardized view per client and improve the monitoring of sales actions;
- the implementation of models for the global management of client accounts, ;
- a global procedure and policy for sales-based compensation, integrating a three-year plan beginning in 2015, aimed at aligning all Business Units around the world;
- the roll-out of a global application for personnel management and the implementation of a new performance management information system;
- the definition of a People Safety global governance system;
- the overhaul of the management process for international travel;
- a strategic review of talent with the identification of actions focusing on management teams of the main units and the formal documentation of succession plans.

Constant improvement measures in 2017

The risk management process will continue to be rolled out in 2017 based on the most recent risk mapping updated in 2016.

Priority risk owners at Group level will formally document and implement action plans and risk monitoring measures, which will be validated by the Risk Committee created in 2016.

2.6 Statutory Auditors' report, prepared in accordance with Article L.225-235 of the French Commercial Code on the report prepared by the Chairman of the Board of Directors of Cap Gemini S.A.

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2016

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 Cap Gemini S.A., and in accordance with Article L.225235 of the French Commercial Code *(Code de commerce)*, we hereby report to you on the report prepared by the Chairman of your company in accordance with Article L.22537 of the French Commercial Code for the year ended December 31, 2016.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by Article L.225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information; and
- to attest that the report sets out the other information required by Article L.225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report, prepared in accordance with Article L.225-37 of the French Commercial Code.

The Statutory Auditors

Neuilly-sur-Seine, February 24, 2017

PricewaterhouseCoopers Audit

Françoise Garnier
Partner

Richard Béjot
Partner

Paris La Défense, February 24, 2017

KPMG Audit
Division of KPMG S.A.

Frédéric Quélin
Partner

3

Capgemini: People, Corporate Social Responsibility (CSR) and business Ethics

3.1 Our approach

3.1.1 Setting our ambitions and priorities in CSR

Firmly grounded on the Group's 49-years old values, our commitment to people management and social responsibility has been both a guiding principle and an area for continuous improvement and renewal as we broaden our business horizons. 2016 marks a milestone in a sustained growth journey for the organization, by fully integrating IGATE and its employees, thereby significantly increasing our presence in India and North America, while strengthening our footprint in Europe, Latin America and APAC. Consequently, we face new challenges and opportunities specific to these geographies and their business, social and environmental contexts.

As a provider of consultancy, technology and outsourcing services, Capgemini Group's Corporate Social Responsibility runs across three 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 contributing to the development of the communities in which we operate.

Our approach is aligned with and supports all national and international laws and regulations, in particular the fundamental conventions on labor standards of the International Labor Organization, the principles of the 1948 Universal Declaration of Human Rights (where we refuse the use of forced and child labor) and the OECD guidelines for Multinational Enterprises.

During 2016, we have extended and enhanced our range of initiatives within our key focus areas and we continue to innovate, striving to identify opportunities to embed sustainability into the services we provide to our clients, helping them to adapt to a rapidly changing world.

The key components of our CSR strategy are:

Values & Ethics: it is about who we are and the way we do business. Built on the foundation of the seven Group core values (Honesty, Boldness, Trust, Freedom, Team Spirit/Solidarity, Modesty and Fun), our Code of Ethics supports our corporate culture and permeates all our business practices, procurement behaviors and employee welfare policies.

Diversity and inclusion: we are committed to being an employer of choice for people who wish to develop in an open, diverse and inclusive environment. Our priority is to promote the professional development and well-being of our employees by ensuring that both our business practices and our facilities empower excellence. We have a culture whereby we respect and value the diversity and creativity of all our people and we strive to ensure that both are recognized and promoted at all levels in the organization.

Community Engagement: we work with communities in which we live and work to support their development and empowerment. As a major global employer, we work locally, nationally and internationally with authorities, non-governmental organizations (NGOs) and other engaged stakeholders on their development priorities, with a strong focus on education at all levels, from elementary school to higher and professional education. The Group encourages the active involvement of each of our team members in our communities.

Environmental Sustainability: we recognize that, even though we do not manufacture physical products, the business services we provide have an impact on the environment. We work hard to reduce this impact by saving energy and reducing waste, as well as by optimizing business travel. We also work to raise our employee awareness of the critical issues related to the environment. Furthermore, we look to embed sustainability considerations into our service offerings in collaboration with our clients.

3.1.2 Reinforcing our CSR governance

In 2016, the Group renewed its Corporate Social Responsibility Board, the governing body setting the ambition and direction for our CSR strategy. The aim is to better reflect the variety of our services and geographies by bringing together a group of 18 committed executives around the table. The Board is co-chaired by Group Executive Board member Hubert Giraud, and Christine Hodgson, Capgemini UK Plc Chairman.

The Board's mandate is to:

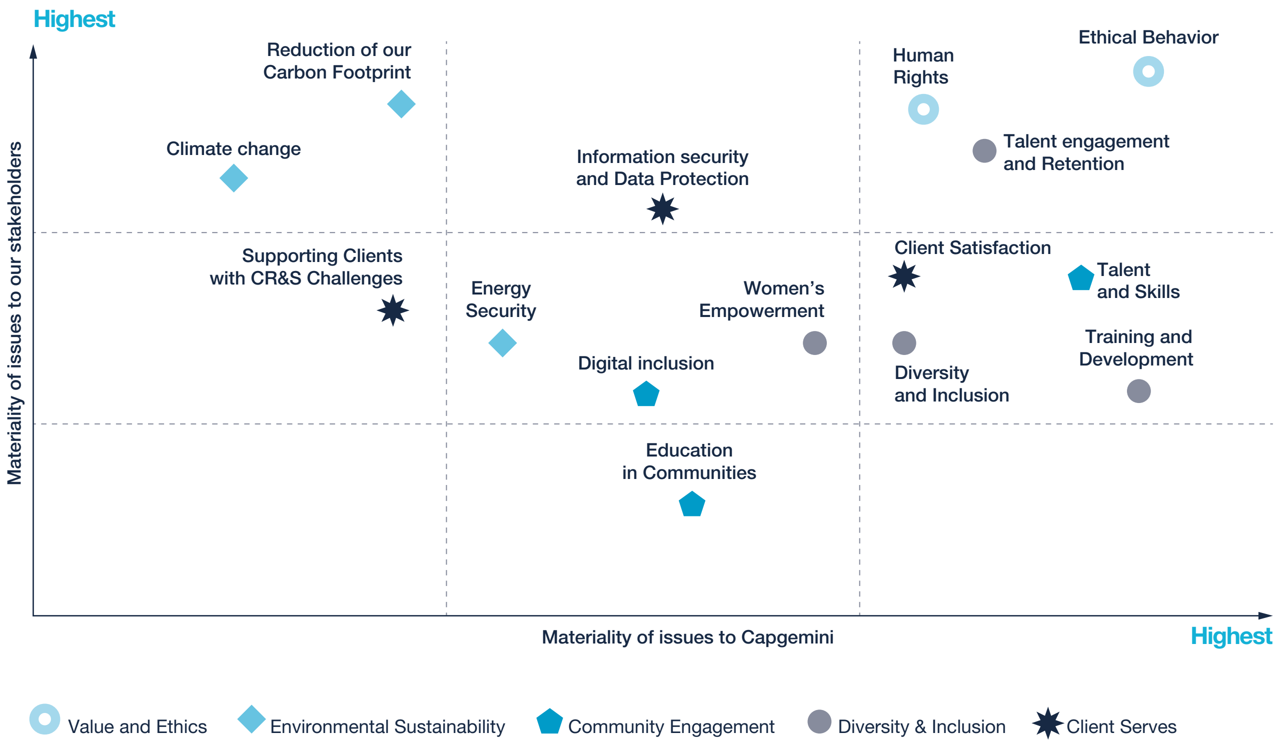
- set the Group CSR ambition, strategy and targets in alignment with our business strategy;
- monitor progress versus strategy;
- bring views, needs and priorities from our operations regarding CSR;
- challenge the status quo and foster innovation in our approach.

Board members commit individually to champion social responsibility initiatives at local or global level, or both when relevant. This highlights the importance of our social and environmental commitments through exemplary action and personal commitment, as well as the place of CSR governance at the highest level in the organization.

3.1.3 Alignment with stakeholders expectations: scope and materiality

In order to ensure that our People and Corporate Social Responsibility strategy and actions remain aligned with stakeholder expectations, an analysis of the relative importance of sustainability aspects and issues was first undertaken in 2014 and reviewed in 2015 and 2016. This analysis, or materiality assessment, is the result of a range of internal and external stakeholder interviews together with desk research and input from regular institutional meetings.

Materiality matrix



All Grenelle II (legislation: article R.225-105-1 of the French Commercial Code) indicators are listed in the table in section 3.6, including explanations for indicators on which we do not report. As a result of our materiality assessment and on-going analysis, 15 indicators are considered to be the most relevant to our business and relate in particular to diversity of talent and employee engagement, to mitigating our environmental impact and to our impact on our ecosystem through digital challenges.

3.1.4 Group Ethics & Compliance program

The Group Board of Directors of Cap Gemini S.A. launched our Ethics & Compliance Program in 2009 to further strengthen the ethical culture that has been a core part of the Group since its creation in 1967. 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 helps to attract, develop and retain employees. The Company-wide Group Employee Survey shows that our employees' engagement is strongly linked to belonging to a Group with an ethical culture. Creating an ethical environment also strengthens our reputation, helps us win new business and allows us to take our place in the "Champions League", i.e., among the leaders in our industry.

Ethics & compliance organization and network

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 accordance with the local laws, regulations and procedures.

The Chief Ethics & Compliance Officer (CECO) is responsible for the Ethics & Compliance program across the entire Group.

The Ethics and Governance Committee of the Board of Directors reviews the Ethics & Compliance program and its achievements annually (see section 2.24).

General Counsels also serve as Ethics & Compliance Officers (GC-ECO) for their jurisdictions. They ensure implementation of the Ethics & Compliance program within their geographic regions and liaise with the CECO.

Group fundamental principles, guidelines and policies: the Blue Book

In our largely decentralized and entrepreneurial organization, it is essential to have a set of common guidelines, procedures and policies that govern our daily operations. The Company confidential Blue Book, so-called because of its color, was created in 1989. It provides a common reference tool, enabling each employee and company service or department to work effectively and maintain unity across operations worldwide.

The Blue Book contains:

- Group fundamental principles: its mission, expertise, main objectives, Values, Code of Business Ethics and collaboration principles;
- Group governance and organization;
- authorization and approval processes;
- sales and production rules and guidelines;
- risk management, pricing and contracting rules in presales activities;
- financial management, merger, acquisition, disposal and insurance rules and guidelines;
- human resources policies;
- marketing, communications, Group knowledge and IT management guidelines;
- procurement policies, including ethical purchasing and supplier selection; and
- environmental and community policies.

These policies, procedures and guidelines comprise the reference standards that all entities are required to implement, while complying with national legal requirements and specificities. Assessment of compliance with these guidelines is an integral part of our Internal Audit process. The Group Blue Book is updated regularly and is available to all employees on the Group's intranet.

Our business ethics

As re-emphasized in March 2016 by the Group Chairman and CEO, Paul Hermelin, our seven core Values and our ethics are among Serge Kampf's most precious bequests to the Group. They rank amongst the most important of all our strategic dimensions. Our longstanding commitment to our Values has shaped the Capgemini Group's reputation in the market, and today, this reputation is an essential asset to our economic performance.

The Group launched its Ethics & Compliance program to protect and maintain this reputation and, in so doing, to further strengthen our competitive advantage. The objectives of the program are to:

- develop a sustainable ethical culture, which reinforces integrity and fosters ethical behavior;
- strengthen knowledge and awareness of laws and regulations, as well as internal policies applicable in Group companies; and
- implement initiatives aimed at reinforcing prevention and avoiding ethics and compliance breaches.

Ethics & compliance program in 2016

Our Code of Business Ethics

Our Code of Business Ethics, which encapsulates the Group's ethical culture, is now available in fourteen languages. It has the collective and individual support of the members of the Board of Directors, the Group Executive Committee and the Vice-President community. It has been updated in January 2016 and was shared with all former IGATE employees in February 2016.

Capgemini expects all Group employees to adhere to the seven core Values and to the principles expressed in this Code. In particular, employees are expected to commit to:

- respecting applicable laws and regulations;
- applying health and safety rules and contributing to the creation of a safe, inclusive work environment;
- acting responsibly in the marketplace, complying with applicable competition laws and regulations and anti-corruption provisions, avoiding conflicts of interest and insider trading, and providing accurate commercial and financial information;
- building honest, clear relationships with clients, suppliers and business partners;
- maintaining the security and integrity of the assets of the Group and of any third parties with whom we work;
- supporting the communities and respecting the environments in which we operate; and
- refusing the use of forced labor and child labor.

At the end of 2016, more than 170,000 employees had taken the Code of Business Ethics e-learning module, which is available in nine languages. This represents close to 88% of the Group's employees at year-end 2016.

All new hires are expected to undertake to comply with the principles set out in the Code of Business Ethics and to complete the e-learning module on the Code.

Specific policies

Group Anti-Corruption Policy

In 2011, the Group released a policy, available in twelve languages, outlining its commitment to zero tolerance for any form of corruption. At the end of 2016, more than 171,000 employees had followed the related e-learning module, available in six languages. This represents approximately 89% of the Group's employees at year-end 2016.

Group Competition Laws Policy

In 2012, the Group released a policy, available in nine languages, to help employees to identify and avoid situations that could violate competition laws. At the end of 2016, more than 162,000 employees had followed the related e-learning module, available in five languages. This represents more than 80% of the Group's employees at year-end 2016.

New employees are expected to comply with the principles set out in the Group Anti-Corruption Policy and in the Group Competition Laws Policy, and to complete the related e-learning modules.

Integration of former IGATE employees

During 2016, the main focus for the Group Ethics & Compliance Program has been on the integration of former IGATE employees into this Program. Firstly, an updated Code of Business Ethics was communicated to all of them by top management and the Chief Ethics & Compliance Officer in February. Secondly, the three specific E&C e-learning modules described above (Code of Business Ethics, Group Anti-Corruption Policy, Group Competition Laws Policy) were assigned to them. Thirdly, former IGATE employees were incorporated into the regular Group E&C communication and learning activities.

More than 80,000 E&C e-learning sessions have been completed by former IGATE employees in 2016, representing around 50,000 hours of training. Year over year, while integrating more than 30,000 former IGATE employees in 2016, the total percentage of Group employees (Capgemini + former IGATE) that have completed each of the 3 E&C e-learning modules has increased considerably. While efforts are ongoing, this already represents a significant achievement for the whole organization.

Raising concern procedure: a dedicated procedure for requesting advice and raising concerns

The Code of Business Ethics provides that an employee faced with a question or issue involving ethics or compliance should discuss the matter first with his/her local manager. If the issue is not resolved by the manager, or if the employee is not comfortable discussing the matter with his/her manager or if other procedures for dealing with individual grievances are not applicable, the employee may use the employees' dedicated Raising Concern Procedure (RCP). Employees may in this way seek advice and guidance on appropriate action from the local GC-ECO, or even directly from the CECO in Paris. In operation since late 2013, the RCP is applied on a case-by-case basis in the countries where the Group operates, in accordance with applicable legislation.

3.1.5 Cybersecurity and data protection

In July 2014, Capgemini Group Management Board decided to transform its IT security approach to better take into account its clients requirements and issues of data protection. The CySIP (Cybersecurity & Information Protection) Program was launched in November 2014 and is aimed at reinforcing Group competitiveness whilst anticipating new regulations such as personal data protection.

Sponsored by the Group General Secretary, the CySIP Program published 2015 a CySIP Strategy in March (stakes, objectives and governance) and a CySIP Baseline (minimum and mandatory practices), a data privacy strategy and a personal data protection policy. These rules must be implemented within all Capgemini entities before the end of 2017.

The CySIP program is composed of three communities that are working together under steering of the the Group CySIP Officer: the CySIP Officers in Strategic Business Units (focused on clients' requirements and security of delivery projects), the Data Protection Officers (DPO: focused on personal data protection and sensitive data confidentiality) and the Chief Information Security Officers (CISO: focused on internal IT).

The three CySIP communities meet every year during two days to prepare the annual work plan. By the end of 2016, the corporate governance is in place, policies and standards are harmonized. A global roll-out plan is sponsored by the Group CEO and has been launched for all employees. It includes mandatory e-learning modules and other innovative multimedia tools.

Data protection and data privacy were a major priority on the 2016 agenda. Capgemini Binding Corporate Rules on personal data protection (BCRs) - covering Group activities acting as data controller and data processor – were approved by the French data protection authority, the CNIL, on March 2, 2016, on behalf of all European Data Privacy Authorities. All Capgemini Group entities have formally adhered to the BCR and the BCR are currently being implemented within the organization. The BCR have been published on the external website of Capgemini and clients now have the opportunity to rely on BCRs for the transfer of their personal data within Capgemini Group globally.

Since 2015, the CySIP operational projects focus on 3 major topics: Identity and Access Management (to reinforce access controls to applications and data) and Security Information and Event Management (to reinforce detection and response capacities). The Capgemini Security Operation Centers in Europe and India will provide new monitoring services of our Infrastructures and IT systems. A BYOD (Bring Your Own Device) policy and tool have been defined and implemented in 2016 to secure access and data when using personal devices for professional purpose. Finally, maturity assessments related to the CySIP Baseline, data protection practices and operational projects implementation are performed on an annual basis. They are part of an overall Audit and Control Plan.

The self-assessment is performed in order to verify whether mandatory practices are implemented, and is complemented by technical audits and penetration tests, enabling the definition of the yearly risk mitigation plan globally and for each entity. The purpose is to ensure that the objectives of the CySIP Strategy, governance and rules are reached by the end of 2017.

3.2 People and Talent Management

As a responsible employer, we care about the people that choose to work for us, and we aim at nurturing the environment in which they can deliver their best and thrive. At the heart of our business culture lies our most important asset – our employees.

Our priority is thus to ensure well-being at work, professional development, and to empower employees to excel in what they do. Furthermore, our culture respects and values diversity.

3.2.1 Methodology, scope and topics

Three sources of information are available to provide the Group's HR and labor data. These sources are also used in this report:

- 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/turnover rate) as of 31th December 2016. The scope of this data is Group-wide;
- An internal Business Intelligence (BI) tool, which is interfaced with most local HR systems. It provides monthly statistics on seniority, age range, gender and grading, whenever legal. 97% of Group employees data are consolidated within this tool;
- A questionnaire collecting labor and societal indicators, which are either qualitative or only needed annually.

As for learning and development, the Group has implemented a system accessible to all employees by simply registering. The system encompasses the full learning catalog (on site and virtual courses, webcasts, videos…). It enables monitoring and tracking of the training delivered. In 2016, 99% of the employees benefitted from the training offer via the system.

Consistency checks and trend analyses are performed to ensure the quality of data and in case of doubt or inaccuracies, corresponding data are excluded. Whenever an explanation on methodology is necessary, the paragraph below the table provides it. Whenever an explanation on methodology is required, it is specified in the corresponding paragrahAll labor aspects of Article R225-105-1 of the French Commercial Code are covered in this report as, based on our analysis, they are declared relevant for our business.

3.2.2 A challenging Talent environment

Strategic directions

Our Group Human Resources (HR) priority is to build the collective Talent capabilities to support our clients in answering their rapidly and constantly changing technology and consulting needs. In HR terms, this means we need to develop, appraise and promote our talents in order to boost employability and engagement, while sourcing the skills required to fuel our business ambitions and growth. The Human Resources function continuously improves its business contribution by:

- Managing ad hoc recruitment and induction processes in order to serve business needs;
- Creating and making readily available all the appropriate levers means to manage employees' career progression and development, thus deepening their professional experiences and career paths, taking into account employees' diverse profiles' specific needs and expectations;
- Providing employees with the means to develop and strengthen personal employability for a sustainable performance enabling constant adaptation to a changing work environment, bringing ad-hoc support to mobility, virtual working and learning;
- Maintaining employees' safety in all circumstances.

Recruitment

- Every new recruit is carefully assessed in terms of competencies and skills to make sure they fit our business needs, and the candidate's cultural fit with Group values;
- Nearly 40% of recruits are young graduates; accordingly, we have pursued and reinforced our partnerships with major schools and universities to make Capgemini an employer of choice;
- Our external recruits and internal promotions are tracked for gender mix, and most of our internal and external recruiters have signed the Group diversity charter (in place since 2013), thus committing to support Capgemini in attaining its diversity and gender balance goals;
- We pursue our policy regarding the employment of people with different abilities;
- Lastly, Capgemini adapts to the evolving recruitment practice, and is a prominent user of digital channels such as LinkedIn to reach the talents in the labor market globally.

Talent Management

- Capgemini offers a wide array of professional development opportunities, open to all. The Career & Competency Framework design enables all employees to define their professional development and thrive in the wide variety of different roles, thus responding to each one's personal aspirations, motivations and career preferences. All employees can take their own career progression in charge ;
- As a global organization, we must guarantee to our clients excellence and consistency in the delivery of our services, regardless of where we do it. Employees on their side expect clarity in the career options available to them. The Career & Competency Framework defines and describes a standard set of roles for our businesses, regardless of region, business unit (BU), project or account, sector or technology specialization. Each employee is thereby able to understand the breadth of options available at a glance. Each role requires core attributes, and a set professional competences applies for each and every role, independently of your business location ;
- Our promotion policies and processes promote diversity and gender balance.

Leadership

A strong effort to boost Leadership footprint and capabilities was launched in 2016 aimed at enhancing our leadership capabilities and behaviors, both individually and collectively. The initiatives are:

- A renewed Leadership Model describing six strongly interdependent dimensions: La Niaque, Business Builder, Profit Shaper, People Developer, Agile Player, Active Connector. They reflect the challenges leadership faces in the current business ecosystem. Accessible for all, leadership dimensions allow the development of the needed behaviors in each business and people context, fostering leadership at all levels in the organization.
- Leadership Teams can rely on the 1,500 Vice Presidents who are recruited, assessed, rewarded and promoted based on a global policy that encompasses the six dimensions of the Group Leadership Model. The policy is implemented consistently and in full alignment across all Business Units and Group support functions.
- Several management and leadership development initiatives have been carried out in order to identify and continuously improve the leadership pool, e.g. by implementing dedicated Talent reviews and targeted development programs designed to the fit their needs. Mobility guidelines and succession plans ensure continued exposure of VPs to our different business activities and practices across the group, thus enhancing their understanding and ability to act upon them and perform. This community aspires to embody the Group's culture.

Learning & Development

- The Career & Competency Framework defines the development track for each role by job family. Each employee commits to sustain his / her employability by taking the development opportunities offered by the Group.
- In the same spirit, the Group University and L&D team offer a wide array of training opportunities, available to all employees. In 2016, approximately 6.5 million hours of training to more than 185,000 employees were delivered this year. All training programs are designed to incorporate new methodologies, client requirements and required skills. Training is continuously adapted in view of reconciling our clients' evolving needs with our employees' skills and experience.
- Today, approximately 36% of training is virtual. The Digital Age Learning initiative seeks to optimize our trainings' efficiency, tapping into the digital capabilities to increase individual and collective ability to develop, accessible to all.

Mobility

- Capgemini encourages employee mobility at local and global level. In 2016, 23,537 employees had the opportunity to take international assignments in more than 110 countries. We provide visibility on job vacancies through the www.capgemini.com website, and internally through MyMobility system, supporting a "promote 1st, hire 2nd" approach.

Further organic headcount growth in 2016 and dynamic demographics

The Group workforce was just below 68,000 people ten years ago, passed the bar of 100,000 employees in September 2010, grew again by more than 25% in 2015 (primarily following the acquisition of the IGATE company -31,323 employees as of December 31, 2015) and grew further organically in 2016 by 6.3%. The average headcount is calculated by adding the average of opening headcount and the 12 monthly headcount divided by 13.

	Average headcount		End-of-year headcount √	
Year	**Number**	**Change**	**Number**	**Change**
2006 (reminder)	64,013	7.2%	67,889	11.2%
2010	97,571	8.1%	108,698	20.1%
2011	114,354	17.2%	119,707	10.1%
2012	121,829	6.5%	125,110	4.5%
2013	128,126	5.2%	131,430	5.1%
2014	137,747	7.5%	143,643	9.3%
2015	177,722	29.0%	180,639	25.8%
2016	185,593	4.4%	193,077	6.9%

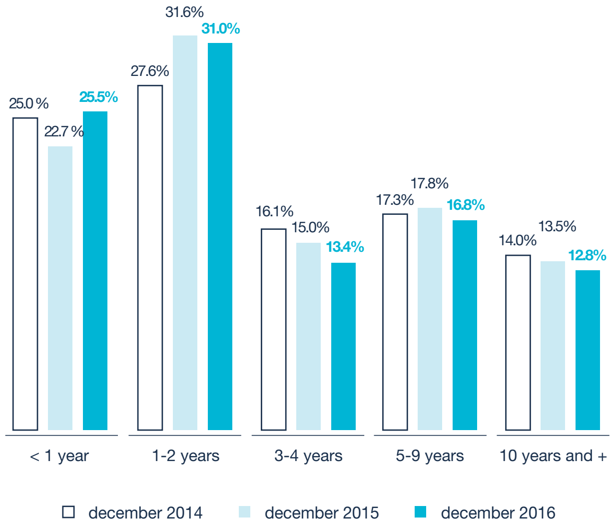
The data above on headcount as of December 31, 2016 encompasses the whole Group scope (coverage 100%). The IGATE acquisition in 2015, an on-going strong organic growth, notably in Asia-Pacific, and the post-2009 economic crisis that affected continental Europe to a greater extent, significantly impact the geographical distribution of Group employees. This development is summarized in the following table:

	December 31, 2014		December 31, 2015		December 31, 2016	
	Headcount	%	Headcount	%	Headcount√	%
North America	9,874	6.9%	16,034	8.9%	16,895	8.8%
United Kingdom & Ireland	8,766	6.1%	8,656	4.8%	9,025	4.7%
Nordic countries	4,145	2.9%	4,007	2.2%	4,067	2.1%
Benelux	8,547	6.0%	8,307	4.6%	8,037	4.2%
Germany and Central Europe	10,596	7.4%	11,342	6.3%	12,464	6.4%
France	23,637	16.5%	23,882	13.2%	24,504	12.7%
Southern Europe	7,446	5.2%	7,434	4.1%	8,075	4.2%
Asia-Pacific	59,854	41.7%	91,584	50.7%	101,422	52.5%
Latin America	10,778	7.5%	9,393	5.2%	8,589	4.4%
TOTAL	**143,643**	**100%**	**180,639**	**100%**	**193,077**	**100%**

The share of the APAC region which increased by 9 points in 2015, as a result of the IGATE acquisition which was primarily present in India, kept growing and exceeded the bar of 100,000 employees in December 2016 to close at 101,422. As a result, the share of this region has grown further in 2016 by 1.8 points thanks to an organic growth in India of 9.3% and an above 16% growth in the rest of the APAC region. North America region which increased by 62% in 2015 thanks to the IGATE acquisition kept growing by 5.4% in 2016. The ongoing difficult economic situation in Brazil explains the headcount decrease in Latin America whose share dropped by 3 points between 2014 and 2016.

Moreover, India saw a very strong growth in recent years with its headcount rising from slightly under 2,000 people in 2004 to more than 96,600 in 2016. The country represents now 50% of the total Group workforce. Growth in Central Europe is notably due to the development of the Business and Infrastructure Services in Poland and Romania, which went from less than 500 employees in 2004 to slightly above 7,500 at year end 2016 in these two countries. The Benelux is the main region in Europe to see its headcount fall for the fourth year in a row, due to a difficult economic situation. Other European geographies experienced growth ranging from less than one percent, to up to 6% in South Europe. In France, the headcount remained very stable but its share is percentage-wise lower in 2016.

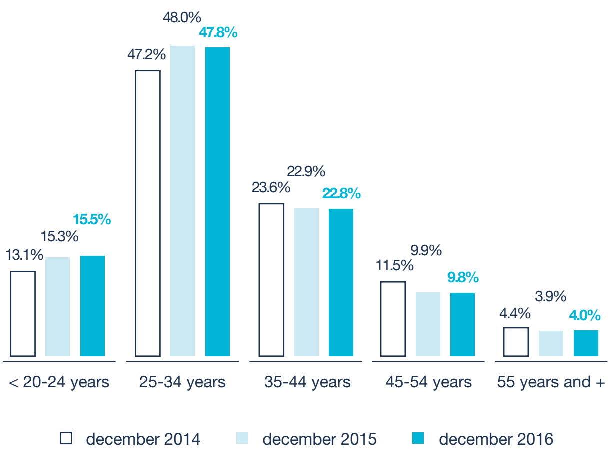
Breakdown of workforce by length of service: 2014-2016 changes



The coverage rate for the data above is 97% of year-end headcount. Changes for average length of service reflect the Group's recruitment dynamics over the last five years, with a growing number of recruits reaching a record high number of recruits in 2016 (above 53,700), explaining the growth in the percentage of people of less than one year seniority. The high percentage of employees with less than three years' service (57% of our headcount) is clearly due to this high level of recruitment over last 3 years. The average length of service in the Group stands at 4.6 years in 2016. This varies according to the geographical area, ranging from 2.8 years in India, or 3.1 in Asia-Pacific (where lies the majority of recruitments) to 8.8 in the Benelux countries, 7.8 years in France, or 7.6 years in the UK. For the purpose of calculating length of service, it should be noted that it is the date of recruitment by the acquired company, and not the date of integration into Capgemini, which is taken into consideration.

Breakdown of workforce by age √: 2014-2016 changes

The coverage rate for the data below is 98.7% of year-end headcount. The average age of employees decreased slightly in 2016 to 33.5 years (-0.1 year vs. 2015), mostly due to the headcount growth in India where the average age is below 30 and thanks to the hiring of young graduates (close to 40% of total recruits). The average age is stable in most countries however it grew in Latin America, Southern Europe and North America geographies from +0.4 to +0.6 while it decreased in Nordic countries and Central Europe. The percentage of employees aged less than 35 years is stable at 63.3% with a slight increase of the below 25 years category. Average age is lowest, below 30 years, in Guatemala, India, China, Morocco and Romania, while the United Kingdom, Sweden, Canada, Finland, Denmark and the Netherlands are the only countries with an average age at or just over 40 years.



Against a still uncertain economic situation in 2016, the Group hired more than 50,000 employees for the first time in its history: a significant increase over the average number of hires during the past decade ending the year with more than 53,700 recruits in 2016 (100% coverage for recruits). Hires are people on-boarded into Capgemini payroll through the usual recruiting cycle during the period and accounted in headcount (it excludes recruits made through acquisition/big deals).

	External hires√	Acquisitions/ transfers
2005 (reminder)	14,453	712
2010	30,139	7,579
2011	32,713	3,158
2012	31,100	769
2013	32,369	193
2014	39,925	2,110
2015	46,181	30,265
2016	53,784	1,462

This increase was not observed in the same way across all geographic regions and countries, with offshore countries contributing strongly to this recruitment dynamics, with two-thirds of all recruitment in 2016. India saw its headcount grow organically by more than 8,100 people in 2016 (and inorganically by a further 1,000 people), representing overall more than 70% of Group organic net headcount growth. On the contrary, Latin America and in particular Brazil, is showing a decrease in headcount by -8.5% due to the recession of the Brazilian economy.

In this still volatile environment, the employee turnover rate (the percentage of voluntary departures) declined by 1pt to 18.3%, being higher in Asia-Pacific, Poland and India (where the IT Services market is more dynamic) than in Continental Europe or North America. This rate is still, however, below the peak rate of the last ten years, which reached 19.7% in 2007.

	Turnover rate
2005 (reminder)	15.4%
2010	16.3%
2011	18.1%
2012	17.0%
2013	16.8%
2014	17.8%
2015 (w/o IGATE data)	19.3%
2016	18.3%

The total turnover rate for 2016 (100% coverage rate) was at 22.7% √ . It covers both voluntary (resignations...) and involuntary leavers (individual dismissals and collective redundancy plans, retirement, end of short term contracts...)

The number of voluntary departures in volume was at the highest level of the last past 10 years at around 34,200. The associated attrition rate is constantly monitored to ensure that it remains in line with industry norms, using appropriate response initiatives according to the needs of each business line and geographical region.

Promoting responsible employment across our geographies

As the employer of more than 193,000 people in over 40 countries, and with this year's Group-record high number of over 53,000 recruits, Capgemini makes an important social and economic impact in many of the countries in which it operates. In addition to being a major employer and our actions in the field of community engagement (refer to section 3.4.1), we demonstrate our social and economic engagement and responsibility in three key areas: education & mentoring, responsible recruitment and partnerships & events.

Education & mentoring

As approximately 40% of our recruits are young graduates, thereby creating more than 20,000 employment positions in this category every year, we strongly recognize the importance of education. For this reason, we run several initiatives aiming at better bridging education and our business activities, through specific recruitment & placement programs, engaging in mentoring projects and training initiatives.

In France, a number of job fairs have been set up with universities and other higher education institutions to showcase the professions and careers Capgemini Group offers. Following the 2012 signature of three education agreements and the creation of a specific university degree, several initiatives were launched enabling students to be trained with, then ultimately join, Capgemini. Organizations such as *Passeport Avenir* facilitate mentoring of students enrolled in engineering and management schools and universities – each student is mentored by a volunteering Capgemini employee, who acts as a tutor (250 employees in 2016), supporting the student all along the yearly term with professional development advice, up to the job search stage.

In India, an important channel of employment generation at the entry level is called our "Train & Hire Program". This initiative focuses on identifying specific technologies, providing training at our cost to the students identified and then hiring them. This not only creates fresh employment, but also creates value through education on skills in demand in the industry. We are also involved in various other initiatives supporting education and development, including supporting:

- 2,000 girls through Enlight – Capgemini's Girl Child Sponsorship Program which works towards providing access to quality education for girls coming from multiple marginalized backgrounds;
- 90 schools across India covering 91,200 students, 1,200 teachers, 90+ school principals and 100 communities through Capgemini's School Adoption Project;
- 485 individuals who are pursuing engineering and medical courses along with Capgemini's senior leaders as mentors through Capgemini Scholarship for technical and medical education;
- 630 children in difficult circumstances are covered through bridge schools and another 25,966 through study centers.

In countries such as Poland and the UK, we cooperate with universities and other educational institutions, in order to contribute to a better fit between market/business needs and university curricula. We partner with other organizations and regularly participate in job fairs, workshops, contests and expert lectures.

In order to provide talented individuals with an opportunity to gain work experience and insight in our business, many of the Group's business units run internship or apprenticeship programs. Ranging from short-term placements of 2 months to multi-year programs, many of these initiatives are a key and reliable source for young professionals' recruitment. More than 2,000 individuals took part in such programs in 2016 across the Group's top five largest entities (India, France, UK, US and Poland).

Recognizing the importance of English as the business language, all the more so in IT and technology, we also actively support programs to enhance English proficiency for students in countries such as China and Guatemala.

Responsible recruitment

We recruit a high number of new colleagues on a yearly basis. In this respect, we are committed to make a positive impact in the social environment we operate in, and to nurture and sustain an inclusive working environment (refer to section 3.2.3). Specific initiatives include:

- in India:
  - 7,394 young people trained to enhance their employment opportunities, with a special focus on youth with different abilities and inclusion of women through Livelihood Education through Action against Poverty (LEAP) and LEAP Inclusion,
  - 17 exclusive centers have been set up across the country to provide market-aligned employable skills to school and college dropouts;
- in Poland:
  - cooperating with labor agencies and career centers in order to decrease the number of unemployed: organizing job markets for the unemployed, schools and universities job fairs and career days,
  - sponsoring events and job fairs dedicated to job seekers,
  - organizing speed recruiting, CV check point, road shows and recruitment interview simulations to support job seekers;
- in Germany, where we have put a specific focus on training and recruiting refugees through our program *refugees@capgemini*, and a similar initiative running in Capgemini Sweden since 2016.

Partnerships & events

As major IT and technology player, we contribute to various non-profit initiatives related to our core activities and engage in partnerships supporting non-profit organizations.

In the Netherlands, for example, we partner with *Sport & Zaken* (Sport & Business) to support sports organizations with business advise and in that way we contribute to the economy in the Netherlands. In this country we also partner with JINC. JINC gives young people from 8 to 16 years of age the opportunity to experience what the labor market has to offer and what skills one needs for specific jobs. JINC's projects reach more than 25,000 students annually from the primary school level to the vocational secondary level. The goal is to enable them to make the right choice in terms of study, to reduce the likelihood of students dropping out and to offer them better prospects for work.

In Poland we run various innovation-related initiatives, such as IT- and "techtalks", during which IT-developments and achievements are presented and discussed for a wide range of participants, not just for our own employees.

3.2.3 Fostering Diversity & Inclusion in the workplace

Ever since the founding of the Capgemini Group in 1967, diversity and inclusion (D&I) have been integral to our business, workplace, and people culture. Embedded in our Code of Business Ethics and reflected in many of our other Group and local policies, diversity and inclusion are at the heart of our core values of honesty, boldness, trust, freedom, team spirit, modesty and fun, established by Group founder Serge Kampf. The principles of diversity and inclusion shape how we work with our colleagues, clients, partners and suppliers around the world.

With over 193,000 people in more than 40 countries, Capgemini is proud to represent nearly 130 nationalities and its cultural diversity. Our holistic definition of diversity extends beyond gender, gender identity, sexual orientation, disability, ethnicity, race, age and religion. Capgemini views diversity as everything that makes us who we are as an organization, including our social background, our experiences in life and work, our communication styles and even our personality. These dimensions contribute to the type of diversity we value the most: diversity of thought.

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. 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 great place to work.

Our Group Global Charter for Diversity and Inclusion sets out the Group's commitment to continually:

- engage with our clients, partners and suppliers to ensure there is understanding and alignment to our values, diversity and inclusion commitments and clear expectations;
- recruit and retain a talented and diverse workforce to deliver innovative, world-class solutions for our clients;
- foster an inclusive workplace environment that offers every employee the opportunity for a successful career;
- engage employees in the diversity and inclusion agenda through communication, awareness, education to build cultural competencies, and career development opportunities;
- review and integrate employee feedback to implement programs that provide employee engagement opportunities and drive leadership accountability;
- design, implement and regularly review and update policies to ensure that we, as an organization, are embracing diversity, cultivating inclusion, and responding to our employees' needs;
- support and leverage local and global networks across the Group business operations for employees and led by employees building communities to drive inclusion across culture, commerce, career, and community;
- encourage and support our employees to consider diversity and inclusion in our everyday business decisions (e.g. procurement, building a team, initiative sponsorship);
- integrate diversity and inclusion principles into Capgemini's business systems and activities based on five key drivers: workplace, workforce, marketplace, community, and executive engagement across the Group;
- comply with all applicable laws concerning diversity and inclusion supported through enabling employees to obtain guidance or report concerns on compliance and misconduct;
- report our progress, best practices and results across the Group both internally and externally based on our inclusion and diversity success measures; and
- enhance Capgemini's external employer brand through the promotion of our diversity and inclusion achievements.

Our differences are a source of creativity, innovation and inspiration. Embracing diversity and inclusion 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. We believe this will enhance the employee experience around the Group, create greater opportunities for sustainable business and affirm Capgemini's status as a global employer of choice.

We make every effort to adapt to the needs of our people with a wide range of personal circumstances and to provide them with a work environment which encourages their development. In a number of countries, where allowed, employee data is monitored according to criteria such as socio-cultural group, age group and different abilities, etc. Diversity performance indicators are also included in the annual HR audit.

Capgemini France, expanding diversity through recruitment and supporting work life balance

Capgemini and Sogeti France signed the *Charte de la Diversité* (French corporate Diversity Charter) in 2006, and actively participate in *IMS Entreprendre pour la Cité*, an independent organization responsible for promoting the Charter in order to increase diversity in the public and private sectors in France.

Among other illustrative actions in 2016, Capgemini supports employees with toddlers in finding day care close to home or the workplace: a network of inter-company nursery and home childcare network is now available through a shared platform.

Capgemini France pursues partnerships and targeted initiatives in order to recruit beyond the limited scope of engineering schools, thus broadening the social background of the talents to be recruited.

Capgemini North America, working towards sustained diversity & inclusion

Capgemini North America has consistently engaged in initiatives aimed at raising and sustaining greater awareness and inclusion of diversity across the organization. A few examples of this are:

- People Culture Week and Communication Strategy to expand the reach and impact of D&I efforts through awareness and engagement: monthly webinar topics, People Culture Week programming, monthly blog topics, CSR Talent Newsfeeds with content nearly every week and social media engagement *via* @Join Capgemini;
- External Partnerships to grow Capgemini North America's brand on the D&I topic and support collaboration with current and potential clients with organizations such as Diversity Best Practices, National Diversity Council, ITSMF, Anita Borg Institute, Human Rights Campaign, Korn Ferry and EDGE to assess our situation and progress, share best practices, and engage in innovative partnering;
- Capgemini's Culture, Bias, and the Brain Executive Leadership Program has been specifically designed to advance our culture and engage employees to migrate unconscious bias which impacts workplace inclusion. It equips employees with the skills to define our future culture:
  - recognizing various dimensions of diversity beyond ethnicity and gender,
  - discussing the supporting network to maintain a more diverse workforce,
  - agreeing on the specific actions they will commit to taking to create this new work environment for Capgemini.

Unconscious bias

Exposing unconscious bias, the tendency for individuals to favor people like themselves, is critical to the promotion of diversity and inclusion within any organization. Consequently, together with an external expert from Southern Methodist University in Dallas, Capgemini North America has developed an Unconscious Bias training module which has been deployed and run since 2013. In 2014, over 200 of the Group's top executives from around the globe attended a similar training lead by a renowned expert on unconscious bias. More than 500 employees globally have completed training on this topic and Capgemini North America reported a 12% gain in retention among team members who completed unconscious bias training. India and the UK ran unconscious Bias training programs as well in 2016, supporting our Group commitment to grow culture competencies across our regions.

Measures taken in favor of gender balance

For Capgemini, gender balance is both an obligation and an opportunity: as a large global organization, we bear a responsibility for advancing women in the organization, and we recognize the fact that having more women at all levels of responsibility is a competitive advantage. Being an employer of choice for talented men and women is vital if we are to unleash the full potential of our Group and deliver the best results for our clients, partners and, generally speaking, our stakeholders. It is a known fact that mixed teams bring innovation and value, create a more inclusive environment, contribute to strengthen our DNA, improve employee engagement and foster collaboration.

Capgemini has started a journey aimed at improving gender balance. The efforts are led by the Head of Corporate Social Responsability with the support of Women@Capgemini team, encompassing a number of women and men dedicated to accelerate gender balance within the Group. It was created in 2012 with the CEO's sponsorship, and covers all geographies and service lines. Women@Capgemini's Program is organized around three pillars: Recruit, Retain and Develop. Its actions are coordinated with the Group Talent and CSR functions.

In 2016, the program launched a number of new visible initiatives intended to recruit and retain more women and promote their role in the work force. These actions are expected to have an impact as early as 2017-2018:

- Creation of a "Gender Balance Index" (GBI), allowing to track the percentage of women joiners, leavers, and promoted.
- Obtaining a Gender Balance Certification from EDGE (Economic Dividends for Gender Equality) Foundation, in the US and in France, which served as pilot countries, as part of the Group journey towards a global certification in 2017. EDGE provides a global assessment methodology and business certification standard for gender equality. Its purpose is to support companies in providing an optimal workplace for women and men, thereby bringing value to the whole organization. The approach encompasses benchmarking, metrics and accountability. Policies, business practices and figures are assessed over five distinct areas of analysis: equal pay for equivalent work, recruitment and promotion, leadership development training and mentoring, flexible work and company culture.
- Programs launched across geographies, notably Brazil, Morocco, China, Poland, in addition to those existing in Europe, North America, India and in service lines (Capgemini Consulting, Financial Services and Infrastructure).
- Specific Leadership programs launched in several countries.

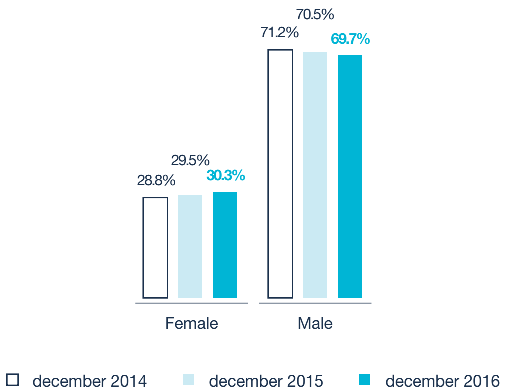
Some of the initiatives have proven useful beyond their original scope, i.e. advancing women in their careers, by providing an inclusive work framework that can be easily extended to other employees with a benefit, e.g. Capgemini Germany, enabling women on maternity leave to remain in touch with Capgemini. This best practice has been extended to employees on sick leave, sabbaticals..., the purpose being to stay in touch and facilitate the return to work.

In October 2016, Women@Capgemini hosted its annual meeting and workshop to define 2017 gender balance action plan. Short and long-term initiatives were set to ensure sustained progress and were approved by the Group Chairman and CEO who attended the workshop.

Breakdown of workforce by gender √:changes in 2014-2016

The coverage for the data below is 99.7% of the year-end headcount.

The percentage of women in the workforce continued to rise steadily, reaching 30.3% in 2016, an increase of 0.8 point over 2015 following a 0.7 point improvement the year before. Women representation differs across the Group, depending on the type of activity (43% in Business services versus 23% in Infrastructure) and, to a lesser extent, on the country mix (30.8% in India versus around 25% in France and the UK, 24.6% in the US, but only 17.9% in the Netherlands).



Overall gender breakdown reflects, for most part, the information technology sector's situation as a whole, which tends to attract engineering graduates, predominantly male, but also sheds light on the impact of our business and country mix on the gender balance picture.

Female presence in the workforce is driven by three types of business: Financial Services (FS, 30.9%), Consulting Services (CC, 38.2%) and Business Services (BSv, 43%), displaying the highest percentages of women. Regarding the split by country, France, US, Canada, and India have launched several initiatives with Women@Capgemini in order to improve the gender mix, and consequently, our attractiveness.

Regarding recruitment, the Group reached an overall rate of 33.5% women, an effort to be sustained in order to further improve gender balance.

On retention, women's voluntary attrition rate of 18.9% is aligned with male attrition rate overall. However, moving up in the pyramid, there is a clear progressive decline in female presence, requiring sustained action to increase the share of women, currently of 40% at early grades, falling down to a 13% at senior management level.

	2016 voluntary attrition	
	Women attrition	Men attrition
North America	15.4 %	11.8 %
United Kingdom & Ireland	15.9 %	14.9 %
Nordic countries	26.2 %	23.9 %
Benelux	13.3 %	15.1 %
Germany and Central Europe	23.0 %	24.0 %
France	9.2 %	12.4 %
Southern Europe	10.7 %	14.8 %
Asia-Pacific	21.0 %	21.4 %
Latin America	26.0 %	34.0 %
TOTAL	**18.9 %**	**18.9 %**

On development, the Group has focused on fostering women in leadership, moving from a promotion rate of 18% in E and F grades at the top of the pyramid towards an objective of 25% in 2018. A few countries such as Poland, Spain and Italy have shown real commitment with promotion rates of 51%, 34% and 33.4% respectively.

The increase in female workforce is partly due to strong growth in recent years of Business Services (business process outsourcing) an activity where the proportion of female workforce can reach 50%, and traditionally attracts more female workers. BSv has managed to sustain this significant female presence in spite of its recent expansion to other countries and sectors (notably Infrastructure services), where women's presence in the workforce is much weaker.

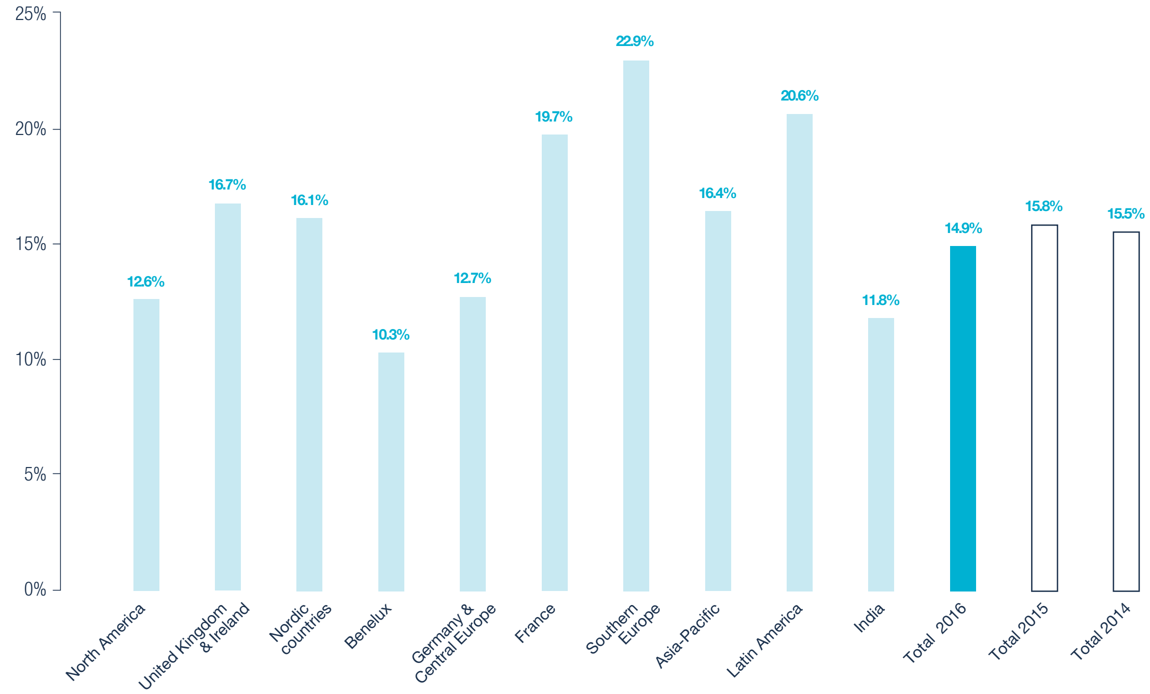
In addition to this, the percentage of women is increasing in some geographies like in India (+1.3 point, now above 30% at 30.8%) which significantly contributes to improve Group gender balance given India's overall size of workforce, or Poland which displays a 57.6% of women in workforce.

The countries where BSv is developing strongly bring in a fair share of women into the Group: Poland, China (+0.4 point) and Guatemala (+0.6 point), all of which exceed 47% of women in the workforce.

Conversely, the percentage of women is less than 25% in thirteen countries covering 22% (-8 points) of the workforce in scope, and notably Benelux and the USA.

Last but not least, the significant headcount growth in Consulting Services, traditionally recruiting in a more gender diverse talent pool, contributes to the Group's gender balance with a 38% female in workforce.

Proportion of women in executive positions by geography



The proportion of females in the executive grades in 2016 decreased due to the workforce mix's evolution, as while the proportion of E and F in India is positively evolving, as the India E&F ratio is currently below Group average, the volume impact of India has driven an overall negative evolution. India excluded, the evolution was positive on gender balance. The rate reported at the end of 2015 has been adjusted from 16.8% to 15.8% to reflect data adjustments made in Benelux and Nordic countries.

The ratio remains lower than the total percentage of women in the Group's workforce, across all grades. Continuing growth of the Group's headcount in countries with a low female presence in the talent pool and engineering-trained graduates impacts heavily the overall women in workforce ratio. However, it is worth pointing out that the proportion of women working for Capgemini in these countries is higher than the overall proportion of women in the IT market.

At the end of 2016, 21.3% of employees who had been promoted to the role of "Vice-President" were female, a percentage above 20% for the second year in a row, even though the 2016 percentage was slightly lower than in 2015 by 1.9 point. We have a clear picture of our female talent pool, provided by the strategic talent reviews undertaken throughout the Group and ranging from CEO-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 female 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 female presence and leadership in the Vice-President community.

The Group's largest countries have set up women's councils and networks with action plans focused on recruitment, retention, leadership and communication.

Capgemini UK, taking steps to advancing women through active inclusion

Capgemini UK is committed to have a workforce that is made up of diverse experiences and perspectives, supported and thriving in an inclusive environment. In that respect we are making ongoing efforts to be leading in workplace gender equality. Our actions are focused on both increasing the share of women in our workforce through recruitment and specific programs and through providing a wide range of tailored benefits and opportunities to our women colleagues, highlighting our Family Friendly approach.

We recognize that our employment policies have to be designed with the needs of our employees in mind and pay specific attention to the pressures that having a family can have on our employees. Our maternity policy has therefore been designed with our population of mothers at its centre, and we are committed to offering as much support as possible to ensure that maternity at work, and beyond, is as exciting a time as it should be for our expectant mothers and their families. Capgemini also recognizes the pressures placed on personal and family life created by the increasing demands of the modern working environment. For that reason we've established a Work Life Harmony policy which objective is to ensure that our employees can have an amazing and fulfilling career with us, while at the same time enabling parents and individuals to fulfill their caring responsibilities.

Capgemini UK has also set some ambitious new gender balance targets:

- to increase the proportion of women from 26.6% in 2013 to 30% by 2020;
- to increase the proportion of senior women from 16.9% in 2013 to 20% by 2020; and
- to ensure that 50% of our apprentice intake are female by 2025.

Capgemini North America, spearheading actions towards greater gender balance

Several illustrative initiatives to advance women's careers are in place:

- Women's Leadership Development Program:
  - designed to provide training, mentoring, career objective-setting and outside coaching for high performing / high potential women in Senior Managers positions in the North America organization,
  - program tracks include executive presence, fostering and leading relationships, and creating an executive edge. Selected candidates are nominated based on current performance and potential;
- EDGE Certification: level 1 EDGE Certification obtained:
  - EDGE is a global assessment methodology and business standard on gender balance in the workplace.
- Gender Balance Diversity Recruiting:
  - to support a gender balanced leadership pipeline, a 20% or more hiring target of women at level C and above,
  - to support these objectives KPIs will be rolled out to recruiters and in a next phase for hiring managers as well;
- Capgemini NA actively participate in the Women In Leadership Symposium (WILs) Global Sponsorship (NDC) flagship program sponsored by the National Diversity Council (NDC). The NDC is a non-partisan organization dedicated to being both a resource and an advocate for the value of diversity and inclusion.

Capgemini France, taking significant steps in gender balance improvement

Capgemini and Sogeti have pursued their efforts towards greater gender balance in 2016 by promoting careers in the Digital space among young women students. A few significant initiatives:

- Young women entrepreneurs award *Prometteuse du Digital* co-created by Capgemini France;
- Women@Capgemini partners with the city of Bordeaux to attract women to Digital careers;
- Capgemini's Gender balance forum held on March 7, gathering top executives and around a hundred employees;
- EDGE Certification obtained (level 1);
- commitment to ensure equal pay for equal work or work of equal value between women and men through a detailed action plan over the next six years, accompanied by a dedicated budget of €1.5 million;
- targets set for gender balance on promotions and women in leadership positions, aiming to reflect women's presence in total workforce in France.

Capgemini India launches emblematic program for gender balance

The country-wide initiative, labeled "WinspirE", is globally aligned to the Women@Capgemini program. The four main goals of the global program are to:

- encourage cultural change, to position gender diversity as a business imperative;
- put women at the heart of client relationships, to show that we have a gender-diverse workforce;
- address HR policies, group-wide, to create flexible working conditions and foster equal opportunities for women;
- provide networking opportunities, to share best practices and experiences.

"WinspirE" supports women colleagues in their career development and encourages them to take on new responsibilities and leadership roles. It acts as a network offering strong support, both professionally and personally, where we help Recruit, Retain, Develop to Promote, and Build Awareness about gender balance in the workplace. Key features of the program are:

- extension of maternity leave (commitment signed in 2016) to 26 weeks applicable for the calendar year 2017;
- additional incentive pay-out to vendor partners for D&I hiring in business services;
- additional employee referral bonus for women candidates hired at managerial grades;
- intentional Career Pathing (ICP) program- Focused development and acceleration programs of 6 month-duration for women at Grade B in Bangalore;
- Women Leadership Development Program (WLDP)- Focused development and acceleration programs of 6 month-duration for women at Grade C and D in Mumbai and Bangalore;
- parenting workshop planned and conducted for parents with young children;
- creating a flexible work options framework to enable and ensure work-life-balance.

Better inclusion of people with disabilities in the workplace

At Capgemini, we firmly believe that people with disability bring great value and a specific perspective to our business, while reflecting the diversity and variety of the society we live in. For this reason, not only we comply with national and international legal and labor requirements on this topic (e.g. quotas of people with disability to be recruited) as a responsible employer, but we recruit these individuals convinced that their presence contributes to more diverse and effective teams.

Capgemini France

In compliance with national regulations and quotas, Capgemini France supports initiatives and partners that raise awareness on people with disabilities and the challenges they face, facilitating their recruitment and onboarding in the workplace. A few examples of this are:

- Tadeo, specialized in language skills for the hearing impaired;
- Accede, supporting access to the internet for the visually impaired;
- Arpejeh, which aims to improve and foster the training and employment of young people with different abilities
- Capgemini is a founding member of Hanploi, a job search platform and website dedicated to the differently abled;
- Defi H 2016: a technology innovation and mentoring program led in partnership with engineering schools around a technology / IT project aimed at improving the lives of people with disabilities.

In 2016, Capgemini France increased significantly the volume of purchases to preferred suppliers (as defined by law, promoting jobs for people with disabilities), reaching 2 million Euro.

Other key actions led in 2016:

- Training students with disabilities in IT, partnering with Cergy University;
- Environmental innovation Award with Nodixia, specialized in recruitment of people with disabilities;
- Signature of an agreement to advance employment for people with disabilities in Small business in the Paris area;
- Roll out of friendly infrastructures policy for people with

Capgemini India pursuing an ambitious disability program

Capgemini India's disability inclusion program started in 2012. It continues to gain momentum year on year with over 215 People with disability availing reasonable adjustment. The program has four pillars, namely Accessibility, Career, Engagement and Evangelism.

1. **Accessibility:** Removing barriers to inclusivity, by ensuring accessible infrastructure, IT systems and grievances mechanism.
2. **Career:** Ensuring inclusion through policies in recruitment, engagement, and development.
3. **Engagement:** Engaging all employees through sensitization and training programs aimed at cultivating etiquettes on how to behave with persons with disability , and
4. **Evangelism:** Evangelizing inclusion beyond the company, with customers, partners and other organizations.

Program key features:

- Engaged 14000+ employees through events/activities like panel discussion, experiencing disability workshop, online quiz series, technology kiosk.
- D & I awareness sessions are conducted as part of Induction: Discover Program at key locations.
- Relaxation in recruitment norms for candidate with disabilities.
- Provision of support during commute, at work station, through assistive technologies as per data captured through the Disability Self Identification Form -DSIF, released on a quarterly basis.
- Partnered with Social Equity for physical accessibility audit of Erstwhile IGATE and DTP office locations.
- Customized communication up-skilling program for sixteen employees with hearing disability commenced on 15th July 16 to enable career advancement sensitization sessions for recruitment panelist hiring candidates with different abilities
- Partnered with Barrier Break to conduct sensitization sessions on assistive technologies at Mumbai and Bangalore locations.

Capgemini Poland and innovative initiatives fostering inclusion and people with disabilities

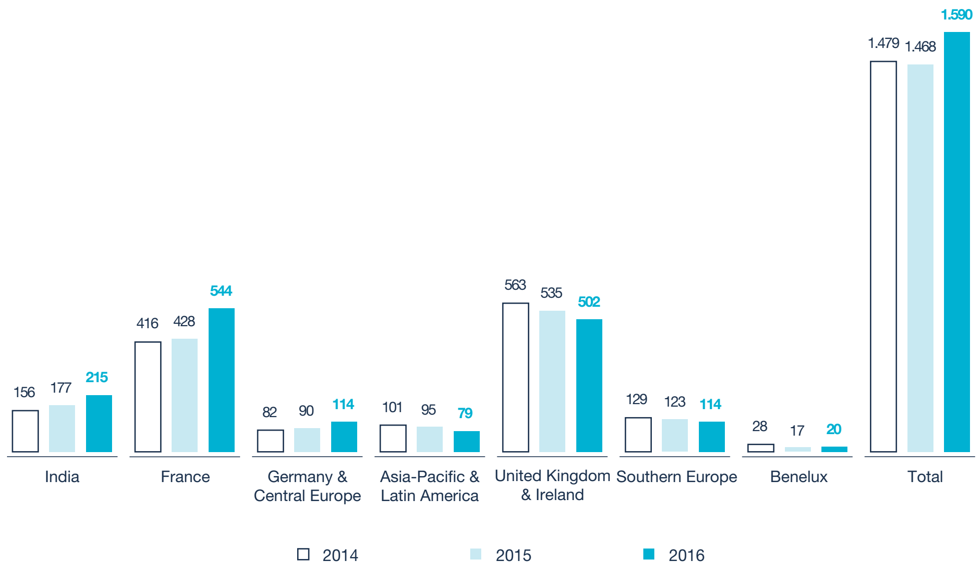
Since 2014, together with Managers of the Future Foundation (MOFFIN), Capgemini Poland has partnered, around the shared belief that the successful inclusion of people with disabilities is both an obligation and an opportunity for private companies and the society at large.

Within this framework, Capgemini Poland recruits people with disabilities, running internal disability awareness trainings (100 people trained in 2016), adapting the workplace, and implementing the necessary technologies for effective work.

In 2016 in partnership with Select Training Solutions - a language school and the MOFFIN Foundation, Capgemini created a unique English Language Course for persons with disability, with fully adapted materials. This is an absolute first in the country for this type of disablement, and is fully replicable.

The initiative has been recognized as a Diversity and Inclusion best practice on the 3rd Diversity Congress in Poland. Furthermore, a unique partnership, beyond boundaries and across sectors and companies, resulted in the creation of "Come CloSeR to Disability Task Force", aiming at broadening the sectors and companies recruiting people with disabilities.

Number of employees in the Group with a disability: 2014-2016



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.

The coverage rate for the data above is 75.3% of year-end headcount some countries being excluded from the scope for legal reasons such as USA or Sweden. In 2016, figures indicated that the Group employed 1,590 people with disabilities, of whom 34.2% are in France and 31.6% are in the UK & Ireland. Our Indian entities now employ 215 people with disabilities, following a program launched in 2012.

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. In line with 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:

- talented individuals from different backgrounds are recruited and retained;
- individuals are shown respect and treated fairly;
- our working environment is free from all forms of harassment or abuse;
- our people are encouraged and helped to keep a good balance between work and private life;
- the health and well-being of our employees is supported and encouraged; and
- a sound and fair working environment is provided, where our people can develop and flourish.

Capgemini will not tolerate any form of discrimination in the workplace on any grounds. 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.

3.2.4 Rewarding and incentivizing our People

The Group's remuneration policy is based on shared principles, applied in a decentralized way and tailored to local job market conditions and regulations. This policy aims to:

- attract and retain talent;
- reward individual and collective performance with a remuneration model that is motivating yet flexible;
- be fair and consistent with the Group's financial and operational targets.

Where local rules permit, employees can select the components of their remuneration package from a predefined package and in some countries can elect to enhance benefits through additional employee contributions. This provides employees with additional flexibility, enabling them to reconcile their financial and personal situations in the best possible way.

Employee benefits are provided that are market competitive and respect legal requirements in all jurisdictions in which we operate. 96% of the population is covered by Medical Insurance and 97% of the population has a life insurance cover, which is often bundled with an Accidental Death and Dismemberment insurance.

Vice-President and senior executive compensation schemes are reviewed and authorized at the Group level for both fixed salaries and variable components. The principles of compensation schemes for other employees, which are locally designed and managed, are subject to Group approval with the intent to progressively better align schemes to favor mobility and ensure consistency and fairness.

The minimum salaries applied by the Group in each country always exceed or are equal to the legal minimum wage in force in the country concerned, and are sometimes higher by a very significant proportion. Salary increases guidelines are also reviewed and approved at Group level.

Profit-sharing is available to employees pursuant to the local regulations applicable in the country.

The evolution of compensation (which can be found in the Note 6 to the consolidated financial statements of the Registration Document) is subject to regular analysis as compensation costs represent 61% of the Group revenue. A quarterly analysis is made of the average compensation cost across SBUs/countries to evaluate the impact of staff movements (recruits, leavers, promotions, transfers, etc.) on the evolution of this key indicator.

The Compensation Committee of the Cap Gemini S.A. Board of Directors is in charge of supervising compensation of the Company's executive corporate officers and to review compensation policies related to the Group senior managers, in particular equity based incentives subject to Board approval.

Employee access to stock holding

Capgemini launched its first international employee stock ownership plan, covering 19 countries, in 2009. This plan was very successful, with more than 14,000 employees applying for shares. After authorization was granted by shareholders, a new international plan was launched in 2012 covering all employees of the 19 countries, which was again very successful, with 12,000 employees subscribing. As the 2009 plan was ending in December 2014, a new international plan has been launched in 2014 and was again a success with close to 17,000 subscribers joining this new plan. As a result of these two active plans our employees, as a whole, are amongst the Group's main shareholders with close to 5.3% of the share capital.

Lastly, Capgemini launched a share price performance-related product (the BSAAR) in 2009. This product was made available to Group managers at the price of €3.22 (at fair value and in accordance with a valuation carried out by an external expert) and was accompanied by an information memorandum approved by the French Financial Markets Authority (AMF). BSAARs represented an opportunity for managers who wanted to make a long-term investment in the Company (from 4 to 7 years) while being fully exposed to fluctuations in the share price. This product expired in July 2016.

Allocation of share-based incentive schemes

Cap Gemini S.A. has allocated share-based instruments (previously stock options and performance shares since 2009) on a regular basis in line with its corporate governance rules. These allocations are made selectively with the aim of rewarding employee loyalty, namely for those who have made exceptional contributions to company sales, production, innovation or to reward those who have been acknowledged for specific initiatives or who are seen as transformation agents. Any employee in the Group may be selected to receive them. They are an exceptional reward and do not form part of the general remuneration policy.

The Board of Directors allocated a certain number of stock options to 2,298 beneficiaries under the sixth plan and to 3,918 beneficiaries under the performance shares plans. The management report, presented at each Cap Gemini S.A. Shareholders' Meeting, provides a detailed yearly breakdown of the performance share allocations.

Concurrently, stock options granted to executive corporate officers form a very low percentage of the total options distributed. Under the fifth and sixth plans, 1.1% of the total number of options allocated was awarded to executive corporate officers, and no options are exercisable as all plans are now closed. Regarding performance shares, resolutions set a limit of 5% or 10% to be allocated to Directors and the volume effectively allocated represented 3% of the total grants of all performance share plans since 2009. Moreover, share-based instruments are not allocated on an automatic and/or annual basis.

Detailed information regarding performance shares allocated by Cap Gemini S.A. to directors and to the ten main beneficiaries (non-directors), the options exercised by the latter, and details of these plans are provided on section 2.4.5 of this Registration Document.

In addition, following a negotiation with French employee representatives, the Board decided to pay an incentive through shares subject to a presence condition of two years and with a compulsory holding period of another two years in two occasions (2012 and 2014), instead of paying a bonus in cash for the "profit sharing bonus" implemented in 2011. As a result, more than 16,000 employees became shareholders in July 2014 and again more than 15,200 employees out of the initial 20,000 beneficiaries became shareholders in October 2016.

3.2.5 Developing our People

Career & Competency Frameworks

Global Competency Frameworks help to identify and measure an individual's attributes and skills against the competencies required to perform at a particular grade for each role. The models provide our people with guidance on what roles exist at Capgemini, and what is expected and required in order to perform in a job or to move up or across different jobs in the organization. Competencies are independent of organizational structures. This approach allows for consistency of measurement across roles and countries, enables global common processes and forms the framework for our curriculum.

Learning & development policy

At Capgemini, we believe our success is delivered and sustained through our people and their expertise. That's why we support our people in the development of their competencies and capabilities from the day they are hired and throughout their career, thereby ensuring that we achieve the full potential for our clients in a market characterized by rapid technological innovation and disruption.

Capgemini University partners with Group Learning & Development (Group L&D) to support business acceleration (by prioritizing the right content to the right people at the right time), respond to client needs by ensuring our people have the right capabilities, support the ongoing employability and growth of our people and ensure we are aligned across the Group by sharing the same content and ways of working.

We bring our values and a collaborative, multicultural approach to life and engage our learners virtually, locally or at our world-class campuses in Les Fontaines, France and Pune, India. Capgemini University leverages its rich history and its accreditation among best-in-class learning organizations to guarantee excellence in building the capabilities that the Group and Capgemini's clients need for today and tomorrow.

Learning Technology

The Group's on-line learning management system, MyLearning, is open to all employees for informal, just-in-time learning and for structured learning events. MyLearning contains all the Group programs and, for many regions, local curricula. We know the importance of delivering a modern Digital Age Learning experience for all Capgemini Group employees and are therefore continuously investing in content and user experience enhancements of MyLearning. Our learning content can be found and accessed anywhere and anytime, including via mobile devices.

Our learning functions partner with the Group to formalize, package and deploy Digital Age Learning (DAL) content on Capgemini-specific differentiators, knowhow and industry standards. Capgemini's best practitioners and external experts deliver this content. Content is delivered using various channels depending on learning objectives, the size of the target audience, business imperative and the type of skills being targeted. Delivery channels include classroom learning programs, virtual classrooms, facilitated virtual learning journeys, online books & videos, easily accessible databases & KM (Knowledge Management) 3.0 communities, team rooms, collaborative learning portals, enterprise social media (Yammer), mobile applications, on-the-job learning, and mentoring systems. Capgemini also organizes regular physical learning and mobilization events that can include skill boosters, co-creation challenges and hackathons.

Learning content, delivery and organization

Global Learning content

Global learning programs offered to our people are being continuously renewed. In 2016, Capgemini University released 29 new blended and classroom courses and 127 new virtual classroom courses and made available new content from our alliance partners and Skillsoft library. In addition to global programs, specific programs are designed and delivered at local, regional or business-unit level to support specific business needs.

Capgemini University offers learning solutions for all the Group's core professional communities. The results-oriented portfolio supports the business priorities of the Group and is composed of four clusters, with 48 curricula and more than 280 detailed learning maps. Each learning map consists of several (or all) of the following learning formats: instructor-led classrooms, virtual classrooms, e-learning modules, videos, podcasts, books, white papers and webinars. Capgemini's Global Curriculum Framework is separated into the following clusters:

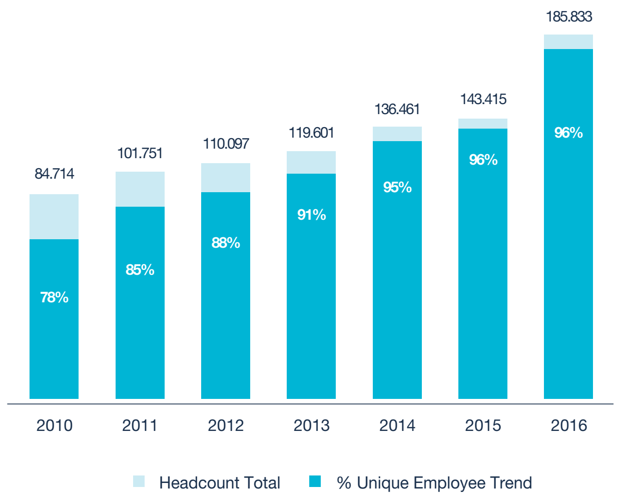
- Core Curriculum cluster: the foundation that aligns the mindset of every Capgemini team member on core Group knowledge. It also provides a complete set of programs that support the leadership development of our members;
- Role-based Curriculum cluster: role-specific learning that supports our members throughout their career development, providing the necessary knowledge and skills for our people to better perform in their respective roles and reach the professional excellence desired by clients and ultimately the Group;
- Partner Curriculum Cluster: responsible for the deployment of relevant partner curricula that supports global strategic growth initiatives. Learning maps contain a blend of assets available through various media, both internally and directly with our partners, to help prepare our people for relevant certifications;
- Sectors and Service Lines (SSL) Curriculum cluster: focuses on supporting capability development for sectors and specific Capgemini portfolio offers. The following sectors are covered: Automotive, Banking, Consumer Products and Retail, Public Sector, Insurance and Utilities.

Learning & Development figures

In 2016, 185,833 Capgemini employees (96% of our workforce) took part in learning programs using various channels. The total volume of learning hours√ provided by the Group was 6.5 million, of which 4.1 million hours was Global University Content, representing 64% of total learning hours.

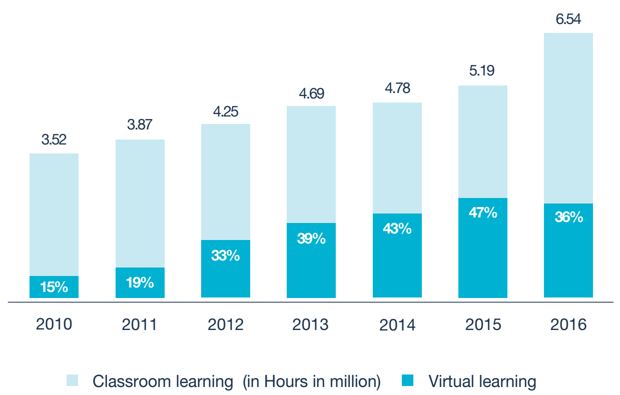
1.8 million hours of global curricula classroom learning has been followed by more than 42,000 employees (+8% compared to 2015). This was delivered at one of the Capgemini's global campuses in Les Fontaines, France or Pune, India and local locations where the Group or our clients are present. Regarding the number of training hours delivered:

- hours of training tracked by the business units via MyLearning system (i.e. 96% of the total training hours delivered in 2016) are calculated on the basis of the predefined duration for each training session (and not on the time effectively spent by employees on the training).
- hours of training tracked out of the system (i.e.4% of the total training hours delivered in 2016) are calculated on the basis of the data collected the two previous years.



Nb: 2015 data doesn't include former IGATE.

In 2016 we saw a decline in the percentage of content delivered virtually. This was caused by 'breaking up' learning into smaller nuggets in line with our Digital Age Learning strategy. In parallel, we saw an increase in the duration of classroom onboarding programs in India, which increased the overall classroom learning percentage.



Focus on Group L&D and Learning Business Partners

The Global Learning Business Partner Team is composed of the Learning & Development (L&D) Executives of all Strategic Business Units (SBUs) and of the main countries – led by Group L&D.

Group L&D and University work together with the business to strengthen our people capabilities by :

- focusing on new content linked to hot market topics such as disruptive technologies, global service offers and sector trends to create business value;
- building professional capabilities in key roles such as architects, engagement managers, management consultants, sales professionals or software engineers;
- creating and delivering learning events bringing cross discipline teams together to sell and deliver on key market trends in Digital, Social, Mobile, Analytics, Cloud, Cybersecurity and the Internet of Things; and
- strengthening leadership capabilities to better enable our teams to successfully adapt to the fast pace of technology and market evolutions.

In addition to these cross Strategic Business Unit (SBU) interventions, the University and Group L&D also worked with each of the SBUs to deliver specific learning and mobilization events at the Group's physical campuses in Les Fontaines (France) and Pune (India). These events delivered content that was both targeted at each specific SBU, strengthened key communities with Capgemini, and supported the Group's overall target.

Focus on Capgemini University

A powerful business alignment and acceleration tool, the University brings our teams together in order to develop their skillsets, thereby contributing to develop our clients' full potential. To achieve this goal, the University's mission is to deliver a learner centric end-to-end experience, leveraging the principles of Digital Age Learning around the following four key objectives:

- Inspire, train and develop key communities all along their career progression;
- Develop and manage Executive and Leadership Education;
- Build aligned capabilities with agility and speed in order to drive business impact and client value ;
- Amplify, deploy and nurture the Group's Culture.

Capgemini University aims at delivering to each trainee an effective learning experience by leveraging digital technologies and innovative learner engagement principles. In order to bring the best value and impact, the University aligns required competences and skill sets, communities, curricula and certification, thus guaranteeing high quality delivery for our clients.

Personal development and appraisals

A key challenge for a services company such as Capgemini is to guarantee a consistent and transparent assessment of individual performance based on a set of clearly-defined and explained criteria. By establishing such a framework, the company can support the professional development and promotion of all employees and provide for equal opportunities.

The performance and development process is driven by regular meetings between the employee and the evaluator, generally conducted in relation to assignments. The mentoring system has been set up to allow employees benefit from career management advice from more experienced colleagues throughout their careers. Expectations and skills descriptions are set out for each grade, and are used for setting objectives, evaluation and promotion preparation. Priority is given to different dimensions of skills development for each grade, drawing attention to areas on which employees should focus.

Workforce – percentage of employees who had a performance and career review between 2014 and 2016

The coverage ratio for the data below is 93.3% of year-end headcount.

In 2016, 89.1% of the workforce concerned had undergone an annual performance review; The ratio is slightly declining in the past three years due to the recruiting dynamics as joiners in the last months of the year are not going through the performance evaluation process on the basis of an insufficient evaluation period to support this process. Some regions are further ahead than others in this area, such as Europe, where figures are in a 90-99% range.

Depending on local HR policies, business units may use different criteria to assess the level of completion of the employee performance assessment process. There is no common definition applicable to the whole Group for determining the performance assessment process completion.

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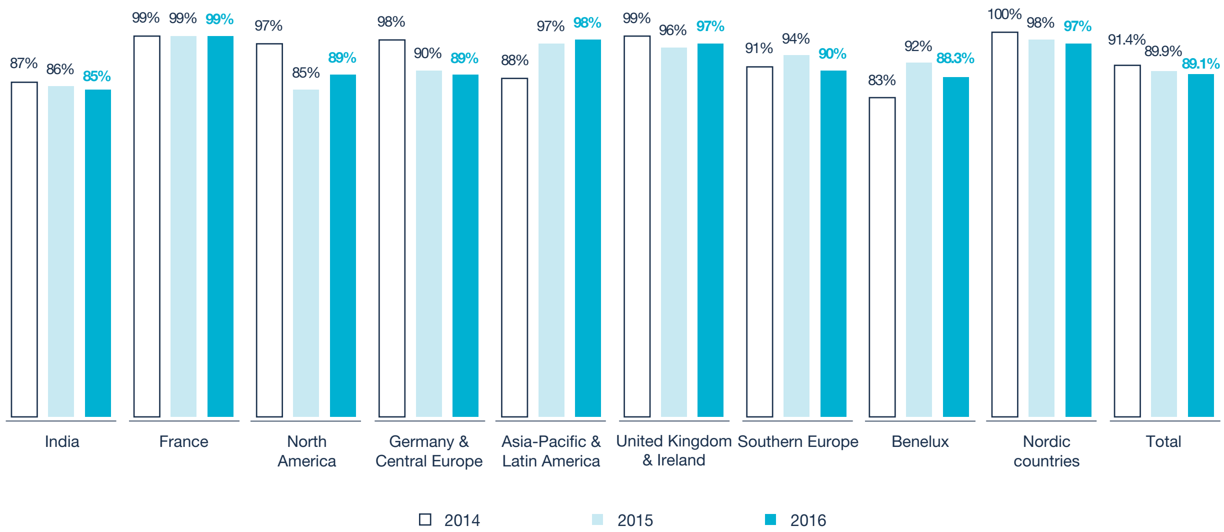


External awards and recognition

Not only do Group L&D and University focus on developing our employee's competences and skills, they also strive to develop their expertise in learning delivery and pedagogy. Ready to take on new challenges in this areas, the team applied for external evaluations and won a number of awards, such as:

- 'Most International Corporate University' in the inaugural *U-Spring le Printemps des universités d'entreprise (Corporate Universities' Spring)* awards, which rewards the best practices in corporate learning and was organized under the senior patronage of the French Ministry of Labour;
- 2016 Skillsoft Innovation Award for the EMBARK leadership program in the category 'Empowering Continuous Talent Development';
- Two citation awards for the Connect & Drive talent acceleration program in the ATD Excellence in Practice Awards;
- Three Gold and one Bronze medal in the annual Brandon Hall HCM Excellence Awards, often referred to as the "Academy Awards of corporate learning:
  - Two Gold medals for Connect & Drive (Talent Management / Best Advance in High Potential Development & Leadership Development / Best Unique or Innovative Leadership Program),
  - Gold medal for the DevOps Hackathon (Learning and Development / Best Use of Games and Simulations for Learning), which was staged held during the Business Priority Week in November at Capgemini University's Les Fontaines campus,
  - Bronze medal for the Cybersecurity launch event [Sales Performance / Best Unique or Innovative Sales Training Program], a mobilization event held at Les Fontaines.

Capgemini University is accredited by the EFMD (European Foundation for Management Development). The accreditation is a mechanism for quality benchmarking, mutual learning and sharing of good practices where internal self-assessment is combined with an external review from experienced peers against a comprehensive set of rigorous criteria. Capgemini University received its initial five-year EFMD accreditation in 2009 and was reaccredited in 2015. It is the only Corporate University from the IT industry to have such an accreditation.

3.2.6 Enhancing our capabilities through certification

Internal certification

This in-house peer review process enables skills to be assessed on the basis of precise and clearly identified criteria such as experience gained, knowledge sharing, use of in-house tools and methods, mentoring and leadership.

The process has three objectives, namely:

- to create strong and recognized professional-interest groups by sharing information, knowledge and skills in specific areas;
- to ensure blended distribution and graduated progression of skills, both for in-house and client service requirements; and
- to create, in the process, a competitive edge for both the Group and its employees, thereby increasing their "employability".

The Group has run internal certification programs for a number of years, primarily to drive the professional development of our engagement managers, architects, software engineers, lean six sigma professionals and network engineers. Training programs are developed jointly with the University to support a consistent deployment of methods and content around these different topics within the Group.

At the end of 2016, more than 4,800 engagement managers and 1,800 architects had either obtained or reconfirmed their internal certification. A specific focus for 2016 has been put on increasing the number of senior engagement manager certifications. Our Indian operations have also created a pool of 1,400+ Lean Six Sigma Yellow Belt certified professionals through classroom trainings and hands-on projects.

The Integrated Architecture Framework (IAF) which was created as the Capgemini Architecture Framework 20 years ago has since then been in use by Capgemini and our clients, as well as integrated by Software vendors in their Enterprise Architecture (EA) modelling tools (e.g. SPAX, Qualiware). At the end of 2016 we have 954 IAF certified architects within the Group. In addition a new, framework-agnostic Capgemini Architects Certification was launched in 2016 and 662 architects have already been certified.

We also have a certification program focusing on new joiners in our Development and ERP practices as part of our global on-boarding process, run mainly in India but open for all countries to join.

External certification

The Group has a longstanding external certification policy enhanced by on-line learning programs and face-to-face programs that enable study for external certification, including on-line mentoring.

All training programs to support those external certifications are curated or designed in partnership with our Strategic partners (EMC, HP, IBM, Microsoft, Oracle, SAP). This close partnership with strategic actors in the IT-market allows Capgemini employees to access certification processes run directly by our partners.

Employees may also apply for the following external certifications: Java, Cisco, Linux Professional Institute.

New trends are important to monitor, which is why Capgemini evaluates the most promising technology trends on a regular basis and ensures that our employees can access learning content and certification programs when relevant. Our current portfolio partners are Amazon Web services, Google, NetSuite, Pivotal, SalesForce and VMWare.

To support our Strategic offers, we also internally run External Certification processes such as those related to TMAP Next, ISTQB and REQB for Testing and Lead Auditor, Lead Implementer and Risk Manager certification for Cybersecurity.

Certifications on Industry Standards such as Six Sigma (Green Belts, Black Belts and Master Black Belts), Project Management Institute (PMI), ITIL, Agile and Scrum are also widely present in the Group, and Facilitated Virtual Learning Journeys are organized to support our capabilities building such as certification readiness of Capgemini employee. Finally, 951 architects have received a TOGAF certification by the Open Group which makes us the Company with the largest TOGAF community worldwide. TOGAF was created based on our internal IAF features, and as a platinum member we are working with the Open Group on the next TOGAF version.

3.2.7 Organizing our activities in a safe and healthy environment

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. At a minimum, across the Group we comply with all local Health and Safety legal requirements. Next to that all our entities have Health and Safety policies in place which are in most countries governed by Health and Safety Committees (HSCs). Our Health and Safety policies are the basis for providing information, instructions and training on Health and Safety and cover, amongst others:

- 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 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 well-being;
- sickness, disability and rehabilitation.

The Health and Safety policies are further concretized in specific procedures and handbooks. New joiners in most of our entities are informed and instructed on the applicable Health and Safety procedures and guidelines during their onboarding process. In some entities, such as Poland, new joiners also have to formally sign a special (declaration) stating that they are familiar with the Health and Safety procedures and guidelines. In compliance with local regulations and depending on changes in the applicable Health and Safety policies, employees in various entities have to complete periodic trainings / e-learnings in order to remain properly informed. Completion of such trainings is mandatory and monitored by the local L&D teams.

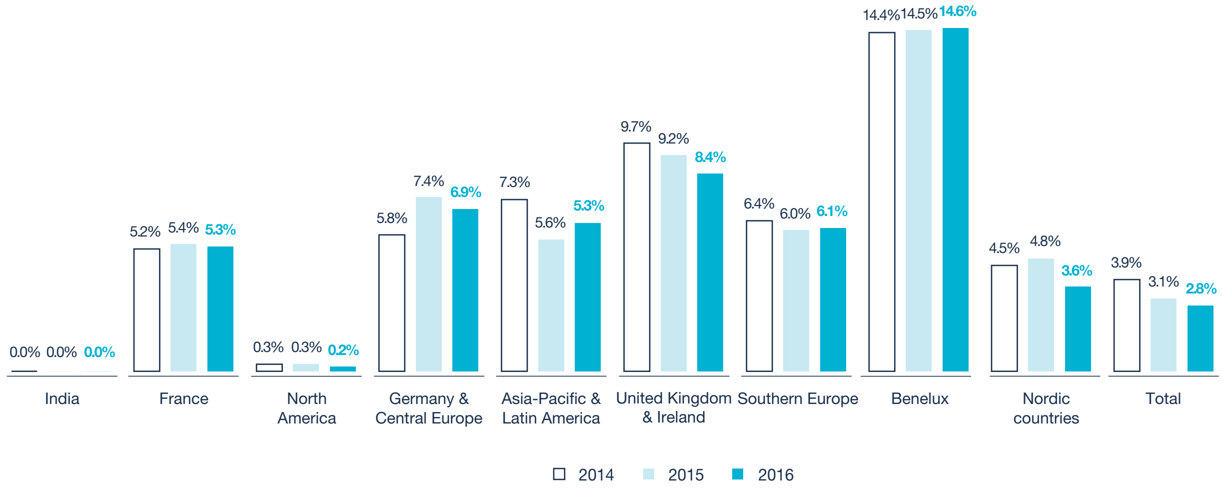
Guidelines, instructions and supplies for activities and situations affecting the day-to-day Health and Safety, such as emergency instructions and first-aid activities are clearly visible and available in most of our offices. The offices of various entities are also regularly audited on Health and Safety aspects including working conditions, humidity and lighting levels, temperature, air conditioning, minimal space per employee, etc. In some countries, such as Germany, we also regularly survey our employees on the working conditions in our offices. To further enhance Health and Safety in the workplace Capgemini India has launched standardized medical services for all its locations which includes a doctor, a paramedic and a full time ambulance.

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. In that respect we also expect our employees to observe and cooperate with any client rules regarding Health and Safety and emergency procedures.

Next to ensuring a healthy and safe workplace, we strive to improve the general health and well-being 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 a variety of topics including health challenges, work-life balance, healthy eating, fitness, grief and loss, etc. Some entities, such as in Brazil, organize Health and Safety events which run for one week and focus on a specific topic; for example focusing on ergonomic risks and environmental awareness. In cooperation with external parties such as health insurers and healthcare providers we also run various initiatives to enhance health and well-being and prevent from diseases. In some countries, such as Sweden, all employees have access to occupational health services in the cities where we have an office. Through that system they have access to doctors, physiatrists, physiotherapists, etc. without being charged for the service. Employees of some of our entities, such as in Finland and Portugal, undergo a medical check-up when they start working for Capgemini. Periodic checkups are also performed, depending on the age of the employee.

We consider both the prevention of sickness and the recovery / rehabilitation a shared responsibility of the employee and Capgemini. In that respect we strive to minimize the duration of the sickness / disability by following a smooth and efficient process and through close cooperation with external parties in the healthcare domain. More and more of our entities develop specific initiatives to improve the health and well-being of sick employees and to enable a quicker return to work. A successful initiative that was launched this year in The Netherlands focused on the re-integration of employees who suffered from (breast) cancer.

Breakdown of part-time workforce in 2014-2016

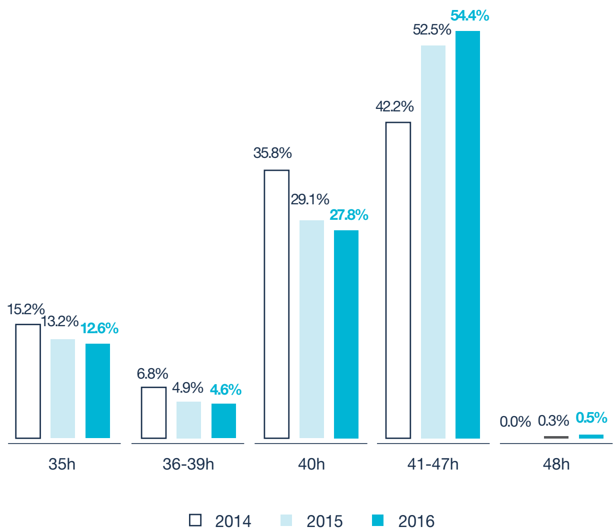


Part-time staff is defined as any resource working less than the normal/legal working hours schedule of each country of payroll.

The coverage rate for the above data is 94.4% of year-end headcount.

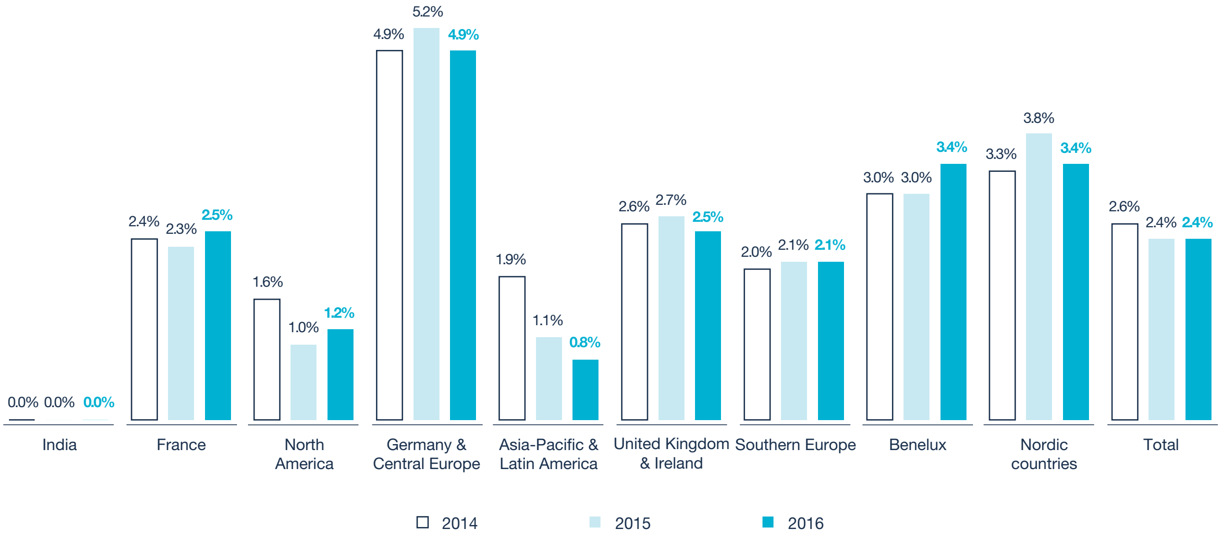
The percentage of part-time employees in the Group decreased from 3.1% of the total headcount in 2015 to 2.8% in 2016. This decrease is mostly linked to the growing share of India in overall headcount as India does not report part-time staff. The figures show significant variation between regions: part-time working is most widespread in the Benelux countries with 14.6%, followed by the United Kingdom with 8.4%. Conversely, in North America and Latin America (excepted Brazil), part-time working is not widespread. In France, 5.3%, or approximately 1,300 people, work on a part-time basis and the percentage has remained stable over the last three years.

Breakdown of workforce by fixed working hours in 2014-2016



A study of fixed working hours in the Group showed a wide variation between the regions. This study covered 94.4% of the workforce at year-end. France, representing 12.6% of the total workforce, was singled out, with a 35-hour working week. 28% of our employees have a 40-hour working week but is the collective timetable of most of the countries in which we operate in particular in most european countries (except UK, Finalnd and Denmark where the collective timetable is 37.5-hour per week). The % is mechanically decreasing due to growing share of India with a collective timetable of 45 hours per week. North America. Guatemala, Chile and Morocco are on a 44-hour working week, Mexico is on a 48-hour working week. Mexico, with a 48-hour working week has the highest collective timetable.

Rate of absenteeism in 2014-2016

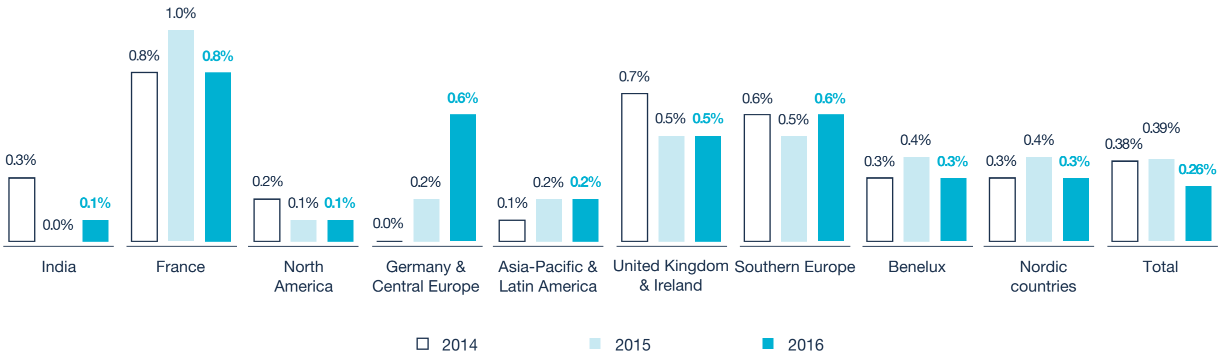


The rate of absenteeism is expressed as the number of sickness days excluding maternity (sickness covers all absence declared as such by employees which can cover anything from headache to surgery) versus the number of total working days less holidays and vacation for the average headcount.

The coverage rate for this study is 43.2% of the year-end headcount. The number of theoretical hours worked by employees is determined either by using an average FTE headcount, or when this data is not available by using the year end headcount.

This low percentage is due to the fact that some countries such as India (which represents more than 50% of our workforce) do not collect data on the number of days of sick leave as such. In 2016, the rate of absenteeism for sickness in the sample remained stable at 2.4%. It was highest in Germany and Central Europe,(4.9%), driven by Poland with a high level of 5.7%, followed by Scandinavia at 3.4%. France at 2.5% is just below the Group average rate of absenteeism.

Number of work-related accidents/headcount in 2014-2016



A work-related accident is defined as a non-fatal injury resulting in incapacity for work at least three consecutive days, excluding the day of accident.

The coverage rate for the above data is 87.9% of the year-end headcount. In 2016, the Group recorded 480 work-related accidents, of which 42% were in France on account of the regulations in force relating to the reporting of information. The 480 accidents corresponds to an overall ratio of accidents/headcount of 0.0026, a decrease of 0.13 pointt versus 2015. The majority of these work-related accidents were accidents during the home/workplace journey. Most of them were accidents during the work-home travel. The Group recorded two victils of accidents resuting in death in 2016: one in India and one in China. Both were related to work-home travel.

3.2.8 Promoting international mobility

As a global company, Capgemini is committed to offering exciting international career opportunities to its employees and to support businesses by assembling multi-national and multi-disciplinary teams in a cost-effective manner. International assignments are therefore an important aspect of our business and we have the ambition to progressively increase international mobility across our geographies, SBUs, service lines and functions.

To enhance this journey and make international assignments a great experience for our employees, we have established an International Assignment Services network that comprises nearly 150 team members. This network supports the organization of international assignments through environmental safety monitoring, ensuring that a medical assistance program is in place, addressing immigration needs (e.g. business visa or work permits), supporting the assignee's relocation and ensuring compliance with local labor laws and social security, payroll & taxation requirements.

Supporting our employees in making sure that international mobility is organized in a seamless way, the Internatioal Advisory Services team is committed to deliver the right information, support and tools. As the foundation, the Group International Assignment Policy Book & Catalog of Services sets out the general conditions that apply to all stays abroad. All relevant information and tools are published on the Group intranet sites, including relevant rules & procedures and checklists.

One of our main objectives is to ensure a working environment that meets our standards on securing the physical safety of our employees. As stipulated in our risk management policy and procedures, the Group has a strict approach on the countries/locations in which our employees can work. Assignments in countries considered "at risk" by our specialist external safety service provider are subject to strict rules and require formal Group approved in advance. Next to that we take several safety measures, amongst others:

- advice and specific training courses on international mobility, including e.g. an e-learning training course on business travel safety that was launched in 2010. This course has been completed by4,618 employees in 2016;
- the setup of a travel monitoring tool to identify where and when our employees are travelling. This tool also communicates travel alerts and provides practical advice on local culture and customs of the countries that our employees visit;
- the establishment of a repatriation procedure and providing specific insurance coverage, to limit, as far as possible, any risks faced by our employees in case trouble breaks out in a country where they are present.

In 2016, 23,537 of our employees have been proposed with 39,501 international assignments in 114 different countries. The main countries of origin were India, USA, Poland, Netherlands and France. The main destinations were USA, UK, Sweden, Germany and France.

3.2.9 Building an effective employee communication and dialog

Dialog and communication at the heart of our relationships

Capgemini believes employee involvement and commitment is a condition to an open culture and facilitates this through effective and timely communication. With more than 193,000 employees, spread across more than 40 countries, and within four business lines and expertise in six major sectors, Group Internal Communications (GIC) plays a vital role in sharing information, coordinating and mobilizing all teams around the Group's priorities.

Building one Capgemini

Our global intranet, Talent, is home to all global and local Group intranet sites and provides a consistent user experience and increased connectivity across the Company. Talent, through written and increasingly rich-media forms (videos, animations, infographics and even live TV-style WebEvent broadcasts, etc.), as well as its integration with Yammer, our internal social media tool, provides employees with ongoing information and updates about the Group's main activities around the world. Talent enables personalization and connects with team members through daily and weekly digests. Through its news portal and information store, Talent also connects team members across the world, creating a Capgemini without borders.

In 2016, Talent continued to evolve as a fully responsive web-designed site, offering an enhanced experience to those team members using the site *via* mobile devices. With the rollout of the Blackberry's Good Enterprise suite, users can now access Talent on their mobile device seamlessly and securely. Efforts have also been made to continue to make Talent accessible to differently-abled colleagues who suffer from audio or visual impairment. In 2016 we concentrated on transforming the back office Content Management System using the Bootstrap framework. This has significantly improved the user experience and ensured better management of content for greater accessibility. The most recent accessibility audit and tests carried out by Atalan (a consulting agency specialized in web accessibility for people with different abilities: http://www.atalan.fr/) confirmed that the Global Talent homepage was 96% compliant with WCAG (Web Content Accessibility Guidelines) 2.0 AA+, while the rest of the tested sample reached an equally impressive rate of 90%. We estimate that our compliance has increased further and we remain committed to continuous improvement in the years to come.

In 2016, Talent registered over 59 million connections, almost a 15% growth over 2015; the daily Talent News Alerts reached 109,000 subscribers and the weekly digest reached all employees globally every Friday. Yammer, with over 108,000 members and TeamPark, Sogeti's social network with over 23,000 profiles, have become internal Digital cybercafés, connecting people, fostering discussions and debates, hatching new ideas, promoting key programs and being a source of innovation. The Talent eCards platform is also a service much in demand. More than 70,000 eCards were sent over the course of the year.

The rollout of a network of plasmas screens, TalentTV, to broadcast global and local content in open areas – e.g. receptions, cafeterias, open spaces – continued in 2016. Content broadcast on these screens is shared with the Internal Communications Network to enable reuse on various Capgemini sites.

The Executive Corner on Talent is home to our 1,500+ Vice-Presidents. To provide for their need for real-time business information and equip them with information to carry out their client-facing responsibilities, GIC also shares press releases as soon as they are published and provides updates through regular key message documents. The Executive series, comprising a monthly newsletter (The Executive Summary) and *ad-hoc* communications (The Executive Link), is also sent regularly to our Vice-Presidents.

Enabling face-to-face connection

To improve the culture of oral communications and allow managers to share the Group story directly with their teams, GIC provided regular TeamTime communications packs comprising a video animation, slides and voice-over documents. Feedback (from an online survey) indicated that 50% of managers held their sessions *via* face-to-face meetings, while video conferences and conference calls were held with teams spread across geographies.

GIC also continued to promote and deploy state-of-the-art solutions to enable more frequent connection through virtual events, bringing top executives closer to their teams. These WebEvents offer a rich mix of contributions with live broadcast combined with direct interaction between speakers and audiences. The IGATE Integration status WebEvent held in July 2016, for example, was notably a success in allowing top managers of the Integration Team to interact with VPs of the areas most impacted by the activity with 450+ concurrent connections and replays. The quarterly Group CIO WebEvents attract audiences in excess of 700+ live connections with the benefit of many groups of multiple attendees watching together in meeting rooms or open office areas. In many other cases, discussions facilitated through Lync Big Events (a service provided by Group IT) gathered hundreds of participants, mixing voice, presentations and live chat interactions.

Engaging and recognizing through communication campaigns

GIC has been heavily involved in 2016 with the conception and implementation of major transversal internal communications campaign on strategic topics. This is the case for *Winning Behaviors. Now*!, a new program initiated right after the IGATE integration to identify behaviors to promote and behaviors to kill. The program has been shared with top management so far and will be promoted to all employees in 2017.

Another example of the GIC's added value as an engine for change is its contribution to the global launch of the new group-wide Leadership Model. For a one-week focus campaign on leadership several videos were recorded to gather real life experiences of so-called Leadership Model Change Ambassadors. The videos were broadcasted *via* the Talent intranet and were viewed more than 28,000 times altogether. To further engage our employees on the six dimensions of the model we used a gamification approach and held a quiz contest in which over 5,300 employees across all our businesses participated.

A number of mini-campaigns were also held to put the spotlight on topics of importance to our business and society (Cloud, innovation, mobility, diversity, environment, community engagement, values & ethics and information security), and to raise awareness and encourage the involvement of our employees with these issues. In 2016, we continued to include more and more gamification elements within our internal campaigns. We developed a ready-to-use template to ease the development of such applications across the world and the SBUs.

Gamification also was at the heart of the Soccer and Olympics internal competitions organized on the occasion of the World events. They combined quizzes - testing knowledge of team members on these sports and on the Group's key facts - and prediction games showcasing the business analytics skills of talented team members from Capgemini Consulting UK.

Growing trust through communications

To continue to engage and grow trust within the key community of employee shareholders (those members who invested in the Company through one of the Employee Share Ownership Plans – ESOP), a number of communications took place in 2016: a newsletter in February; regular electronic communications (notably to provide members with the annual shareholders' newsletter and H1 ESOP performance); a discussion group on Yammer; a dedicated contact at headquarter level; and a live broadcast meeting (WebEvent) in September that enjoyed 500+ live connections and 2,500 replays. The dedicated hub on Talent recorded 27,714 page views and the calculator allowing team members to follow their investment live was used almost 11,000 times.

Constantly striving to improve

GIC continues to design and promote applications, tools and templates. Some 8,000 team members from Sydney to San Francisco used these in-house applications to communicate in 2014. To further improve the quality of internal communications, GIC organized a number of virtual sessions and workshops (live and available for replay) in 2015 to share best practices and focus on the deployment of key programs.

In 2016, the GIC team launched an initiative on how to evolve the Group Internal Communications set up to better answer employees expectations in terms of employee experience (mobility, easy access to information, more modern style of communication and more diverse formats). This work includes benchmark activity and designing of a new way to communicate. The first results of this research should be visible in the course of 2017.

Winning hearts and minds

Maintaining the motivation and satisfaction of existing employees is only a part of our communication challenges. The other part comes from winning the hearts and minds of the many people who join the Company each year, as new recruits, or as part of an outsourcing agreement or an acquisition. GIC facilitates the rapid integration of new arrivals by providing them with the necessary tools and communication channels, and helping build ‘One Capgemini’ across all continents.

Employee commitment: innovation, continuous improvement and acceleration

In 2015, due to the acquisition of IGATE, the Group decided not to launch an employee survey. In 2016, a new Group Employee Survey was launched which results are being presently analyzed to develop actions plans. However, the participation rate remained high at 75% and it reports a further improvement of the employee engagement percentage of 2 points vs. 2014.

Employee relations and dialog

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. The delivery chessboard is more global and complex than ever bringing its horde of new ways of working and global processes that comes along with a deep, fast-moving and continuous transformation of the business organization.

Employees are not only impacted but at heart of this success. In that respect, Employee Relations are a powerful engine to move head while accompanying change safely. It is structured at each stratum of the organization being both local and global.

The appointment of a Group Employee Relations Director in 2015 has been a key decision to strengthen social dialogue globally. 2016 showed a new turn with the successful re-negotiation of the constitution of the International Woks Council (IWC) which was implemented in 2001 ahead of European regulations and enlarged to other regions of the Group. Its standing body is the Bureau who continues to meet on a monthly basis but has been deeply transformed to ensure a consistent representation of the Employees: it brings today seven delegates vs. four, the three top-sized countries being represented and four others elected allowing small countries to sit at the table of negotiation. The IWC is now made with 52 employee representatives who meet four times a year: twice physically during eight days and twice virtually after the Group yearly kick-off and the Big Picture or the Rencontres. Substitutes are now convened with primary members and Asia-Pacific region is represented. Paul Hermelin joined physically the two General Meetings, Group Executive Board (GEB) is systematically present and the IWC members able to run discussions with Group leaders directly.

Capgemini was a precursor in 2001 and is now back in 2016 in the same position with an innovative, perennial and transparent Employee Relations.

2016 has been also the year where two directors representing the Employees have been appointed to the Board. One Board member was designated by the French unions and the second has been elected by the IWC noting that this Board member was already invited by the Chairman and CEO of the Company since 2015 to sit at the Board and in the Compensation Committee.

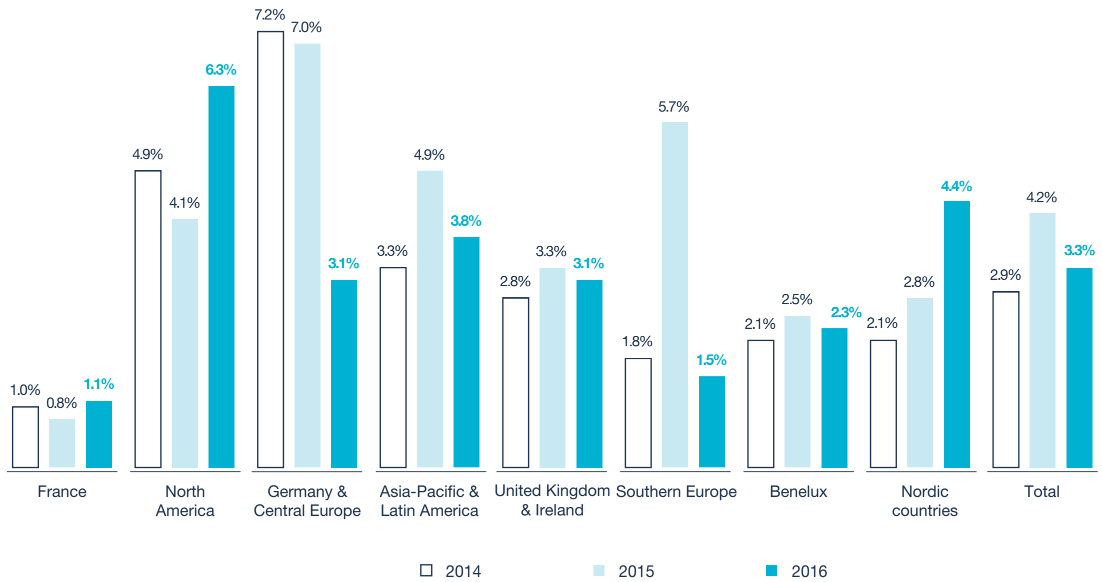
Group keeps encouraging dialog in each country being ready to support key players when necessary or upon request. Countries employee representatives and works councils are locally the spearheads on the overall effort being at the very front of any operational, organizational and strategic changes. In 2016, 106 agreements were signed in ten countries by works councils and Unions (primariily in Germany, Brazil, Mexico the Netherlands and France).

Examples of the type of agreements that were signed with employee representative bodies in 2016 are listed thereafter:

- France: Annual negotiation on compensation, Works Council composition, elections organization (electronic vote, number of college, mandates duration, addendum on the disability agreement;
- Brazil: profit sharing agreements and shift work agreement;
- Germany: re-skilling agreement, job rotation pilot, partial retirement;
- Netherlands: pension scheme evolution.

Maintaining a transparent dialogue with the employee representatives is particularly important in difficult economic environment. In 2016, the Group has not conducted any significant collective redundancy plan since June 2015 plan for Spain, with 375 redundancies. However, in a business where our best assets reside in our employees abilities, we must ensure the proper matching of our workforce skills to clients and market needs. As a consequence, and linked to our high level of hiring (more than 53,000 hires in 2016), we implement lay-offs that largely respond to a need for skills matching with the market, as well as insufficient individual performance, terminations for cause, or layoffs as part of a reduction in workforce. This represents 3.3% of our headcount in 2016, which amounts to a reduction of 0.9 point compared to 2015, when our Brazil operations had to discontinue part of its activities in the Infrastructure space, and the operations in Chile came to an end.

% of layoffs/headcount



The coverage ratio for the above data is 94.4% of the year-end headcount. For some countries including France, layoff data includes leaves due to breach of contract.

3.3 Managing our environmental impact

We are committed to the continual reduction of our environmental impacts, specifically energy use from offices and data centers, our business travel and waste. Our drive to improve our own efficiency generates innovative thinking in the business, bringing operational improvements as well as cost reductions – all delivering value for our stakeholders.

The need for efficiencies and innovation has never been so great: as the population and energy demands rise, resources are pushed to the planet's boundary and the impacts of climate change are intensifying. We believe that companies like Capgemini have a critical role to play beyond their own operations in addressing how Digital sustainability can meet these challenges.

We know our products and services will play a vital role in supporting the transition to a low carbon economy. We can already see this happening in the acceleration of the Internet of Things (IOT), and the development of smart cities, enabled through new technology solutions pioneered by Capgemini and others.

3.3.1 Group environmental policy

The Group Environmental Policy, endorsed by Chaiman and 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, specifically in the areas of energy, business travel and waste management. The Policy can be found at: https://www.capgemini.com/resources/group-environmental-policy

3.3.2 Our environmental management approach

Advancing our environmental management system

Since 2009, a growing number of Capgemini entities have implemented an Environmental Management System (EMS) in accordance with ISO 14001. We have seen how this structured approach towards continuous environmental improvement helps Capgemini entities in driving results. By streamlining our internal capabilities on environmental management and establishing an Environmental Center of Excellence, we have been able to support and encourage an increasing number of Capgemini entities towards certification. We designed a Group EMS platform with all the necessary corporate and local processes and tools that make it possible to implement ISO 14001 and respond to revisions to the standard in a very efficient and effective way, from the perspective of both time and budget. We are regularly complimented for the robustness of our EMS platform by external auditors.

Throughout 2016, Capgemini continued to extend the scope of its environmental management systems with Capgemini Germany and our IGATE operations in India and North America are now certified under ISO 14001. Our certification now covers 13 countries and 73% of our operations as measured by headcount.

We have a target to ensure all Capgemini entities with a headcount of over 1,000 employees are ISO 14001 certified by the end of 2020.

Capgemini's material operational environmental impact results from our use of energy (in both offices and data centers), as a result of business-related travel and from the disposal of office waste. These impacts, together with smaller impacts such as from water consumption and fugitive air-conditioning emissions are measured and reported as part of our sustainability accounting and reporting processes. Other environmental impacts, such as those on biodiversity and noise pollution, while regularly reviewed, are not currently considered significantly material to our operations and consequently are not discussed further in this report.

While certain local variations may exist, the Group's main environmental aspects and impacts (for which data is collected) are shown in the table below.

Main Environmental aspects	Aspects and impacts applicable to the Capgemini business
Business travel (approximately 56.5% of our GHG emissions)	The international and domestic business travel we undertake, by road, rail, air, and from staying in hotels, all involve the combustion of fossil fuels, which releases greenhouse gas (GHG) emissions and other pollutants into the air. Tackling this remains a major challenge for our industry, which is reliant on the mobility of its people in order to best utilize their skills and experience in serving customers worldwide. We have in place a very comprehensive system to measure our business travel at a country, entity and business unit level, and are even able to support clients with project level reporting.
Energy consumption (approximately 42.8% of our GHG emissions)	We use a significant amount of electricity, natural gas, district heating and oil to light, heat and power our offices and data centers. Data centers are particularly energy-intensive due to the high level of IT-equipment to be housed, powered and cooled. Our energy use has an impact in terms of the depletion of finite fossil fuels and associated GHG emissions. Energy security is also a growing area of concern in several of the countries where we operate.
Waste Management (approximately 0.15% of our GHG emissions)	Much of the waste that the Group produces is generated by office consumables and packaging, as well as smaller amounts of food waste from on-site cafeterias or brought in by employees. The transportation, processing and disposal of this waste emits GHG emissions, with high levels of methane emissions in particular associated with waste sent to landfill. Whilst waste emissions make up only a very small percentage of our total GHG emissions, waste management is also important in the context of mitigating against natural resource depletion and minimizing our material use.
Water (approximately 0.25% of our GHG emissions)	Given the nature of our services, our use of water is relatively low and has not been identified as a material environmental impact across the Group. However, concerns over water scarcity are growing in key countries where we operate such as India and Brazil, and will only grow in future. In the World Economic Forum's 2016 Global Risk report, concerns over water supply have been identified as the greatest risk to society over the next decade, making it important that we play our part in measuring and controlling our water use.
F-gas (approximately 0.3% of our GHG remissions)	The man made gases used in our air conditioning units are known as Fluorinated gases (or F-gases) and whilst used in small quantities these have a high global warming potential. We measure and report on the F-gas leaked from air conditioning systems over time (or due to system faults). Collecting accurate data remains a challenge across the Group due to the fact that many of our sites are leased, with F-gas maintenance procedures not well regulated in some countries. Our F-gas data is split into: ◗ F-gas emissions which are considered to be GHG emissions (primarily HFCs, which are covered by the Kyoto Protocol) – these are included in our Scope 1 GHG emissions; ◗ F-gas emissions which have a global warming potential but are outside the usual scope of GHG reporting (such as HCFCs, which are covered by the Montreal Protocol) – these are reported in a separate column in the tables at the end of this section.

Committed to continuous improvement

We have been reporting our GHG emissions for the Capgemini Group since 2011, and have made significant improvements year on year to ensure the information we report is accurate, relevant, consistent and complete. This includes, for example, gradually increasing the coverage of our reporting to reach the high level of 98.8% coverage we are currently at (with the remaining portion estimated), as well as adding new emission sources to our inventory. In preparation for the launch of our new Group Environmental targets, we completed a review of best practices this year and have made a number of significant changes to our methodology which affect our current year and historical data. These improvements help ensure we maintain an industry-leading approach. However, they have also had a significant impact on our emissions figures (in most cases resulting in an increase) and to ensure comparability we have therefore restated our 2015 data in the sections that follow. We detail the key changes we have made to our reporting this year below:

1. expanding the scope of our reporting – our IGATE operations (which were excluded from our last Annual Report) are now fully incorporated into our carbon accounting and sustainability reporting processes. To ensure comparability we have included a full year of IGATE data for 2015. This change increases our 2015 reported emissions by approximately 98,000 metric tons CO_2e;
2. change of emission factor for air travel – to align ourselves with recommended best practices and ensure we are taking as complete a view of our air travel emissions as possible we now use emission factors which take into account the impact of radiative forcing [(1)]. This increases our total air emissions for 2015 by 89%, and also has a significant impact of our total reported GHG emissions (20% increase);

(1) Radiative forcing (RF) is a measure of the additional environmental impacts of aviation. These include emissions of nitrous oxides and water vapour when emitted at high altitude. Whilst there is some scientific uncertainty about the magnitude of radiative forcing, DEFRA recommend including their radiative forcing factor (approximately 1.9) to ensure organizations capture the full impact of air travel.

3. new regional emission factors for electricity – in line with guidance from the Greenhouse Gas Protocol Corporate Standard, we are now using "regional" electricity emission factors for the US (eGrid), Canada (National Inventory Report 2015) and Australia (National Greenhouse Account 2015) and the UK keeps using DEFRA classification. This has reduced 2015 electricity emissions for the US by 8.6%, Canada by 7.7% and increased Australia's electricity emissions by 4.5%, though the overall impact on our total 2015 GHG emissions is minimal (-0.25%);
4. transition to IEA emission factors – with the exception of the UK (which uses emission factors from the Department for Environment, Food and Rural Affairs (DEFRA)), US, Canada and Australia (which are mentioned above), for all other countries Scope 2 Electricity Emissions are now calculated using the International Energy Agency (IEA) electricity emission factors, rather than DEFRA factors (country level factors were discontinued by DEFRA this year). This has reduced our 2015 emissions by 0.7%, largely due to the fact that we are using more recent IEA factors for each country;
5. new commitment to audit full year data – as in previous years, due to the timing of the production of this report, Q4 2016 data has been estimated for most countries. This year, we have asked our auditor KPMG to run a final review of Q4 2016 actual data once it becomes available, meaning we will have a full year of audited actual data. Our intention is to publish our full year results during H1 2017.

Group targets

The Paris Agreement on climate change has further underlined the need for businesses to take swift and significant action in reducing GHG emissions. For the last few years, Capgemini's emission reduction activities have been driven at a country level, with targets in place in our larger entities including India, France, the UK, Brazil, the Netherlands, Belgium, Sweden, USA and Canada.

To demonstrate our Group-wide commitment, we have set four new ambitious Group targets this year, which will be measured against our restated 2015 baseline. These targets will support Capgemini entities in complying with the Group Environmental Policy and provide a framework within which to drive agendas at the local level.

Headline target: To reduce total carbon emissions per employee by 20% by 2020.

This covers our total reported GHG emissions, with a focus on reducing these per employee. As a provider of services in consulting, technology and outsourcing, people are at the centre of our business and the number of people we employ is the most significant factor in determining our emissions. This headline target aims at disrupting the link between our total emissions and our growth as a business. It is supported by additional reduction targets focused on our three most significant sources of emissions:

Office Energy:To reduce office energy usage by 20% by 2020.	**Business travel: To reduce business travel emissions by 25% by 2020.**	**Data Center Energy Efficiency:To reduce our average data center PUE to 1.5 by 2020.**
This covers the use of electricity, district heating, gas and diesel to light, heat and power our owned or leased offices. To ensure we drive credible performance improvement and make a contribution to addressing the issue of energy security, we focus our target on reducing energy usage in kWh. This will mean progress comes from actions taken to reduce our energy use, not just year on year emission factor changes as the grid decarbonizes).	This target covers emissions from all types of business travel our employees undertake including the use of private and leased cars, air travel, taxi journeys, national and international rail and hotel nights. We believe this is an area where we can make a significant difference by encouraging smart and sustainable travel, as well as providing innovative technology that challenges the need to travel.	This target will focus on improving the energy efficiency of our owned and leased data centers, measured using the industry metric of Power Usage Effectiveness (PUE). In the absence of a standard method to measure data centers energy efficiency across multiple sites, we use a straight average of our PUE across all our data centers.

Measuring our environmental performance

Scope & methodology

The environmental data presented in this report has been taken from our Carbon Accounting and Sustainability Reporting system which covers 28 countries (see the table at the end of section 3.3.4 for details) representing 98.8% of Group headcount. We have estimated the data for the remaining 1.2% of operations, by applying a relevant uplift to each emission source to account for operations where we do not have data collection processes in place. This estimated data is provided within the environmental data tables at the end of this section labeled as 'Other Operations' and further explanations are given in the table footnotes.

Even where data is available for a particular country, it has sometimes been necessary to use assumptions and estimations. In general, fourth quarter data for 2016 was not available at the time of reporting and therefore has been extrapolated based on available data. Other examples of the types of estimations and extrapolations which have been used for certain data include:

- estimating unavailable 2016 data based upon available 2015 data (according to documented methodologies related to differing circumstances and covering all aspects of energy, travel, water and waste management);
- estimating usage data based on available cost data (employing metrics such as the cost per kWh for electricity and gas; and cost per liter of diesel or per kilometer of travel); or
- estimating usage data for a facility based on data available for other facilities (such as estimating electricity usage based on area of the facility, estimating waste disposal & water consumption based on headcount of the facility).

Further disclosure about the scope of data available and extrapolations employed is presented in footnotes under the data tables.

Our managed approach to environmental data collection and reporting is essential for meeting corporate reporting obligations, such as the French Grenelle II legislation at Group level and the Carbon Reduction Commitment legislation for Capgemini UK. It also enables us to participate and score well in various voluntary sustainability disclosures such as CDP and Vigeo-Eiris, as well as to meet information requests from our clients.

We are recognized externally for the comprehensiveness of our approach to carbon accounting. This year Capgemini Group was recognized by Bloomberg as being part of the "100% Carbon Club": an elite group of only 66 companies (out of around 3,000 assessed) which transparently report on 100% of their Scope 1 and Scope 2 GHG emissions.

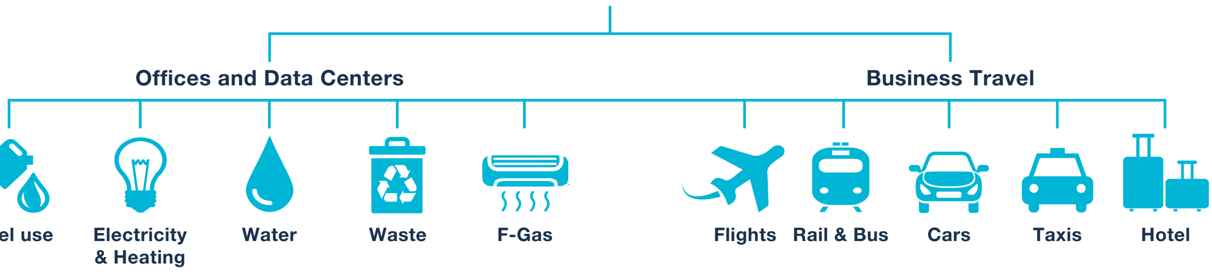
Overview of our Carbon Accounting and Sustainability Reporting System

We are able to generate monthly environmental reports at a global, national, business unit and project level. We track popular travel routes, and compare the size and headcount of our locations to provide insightful analysis to internal stakeholders.

Using a centralized web-based carbon accounting tool means all Capgemini entities are able to access information about their environmental performance and track progress against their targets.

By building in cost data to the tool we are also able to track cost savings, strengthening the business cases for investing in new sustainability initiatives.

The carbon accounting team collect monthly or quarterly data from all 28 countries. Having one team managing all data processing and validation globally ensures high quality, consistent and accurate data across the Group.



3.3.3 Managing climate risk

Capgemini recognizes the importance of climate change and our responsibility as a business to mitigate our own impacts. We remain focused on reducing our greenhouse gas emissions and in 2016 we set environmental targets for the whole Capgemini Group for the first time, to complement those already in place in our larger entities.

Climate change impacts and global temperature increases are not only a future inevitability but are already being experienced. As well as minimizing our own contribution to climate change and working with clients to enable carbon reductions, we need to ensure we have the capability to adapt to climate change. This means, for example, ensuring business continuity and supporting the wellbeing of our people in the face of extreme weather events. We have a number of mechanisms in place to identify, control and manage climate-related risks, including:

1. all ISO 14001 certified entities have an “Aspects and Impacts Register”, which is reviewed annually. This identifies key environmental “aspects” (such as energy use or flooding), what “impacts” these have (or could have) legally and commercially for Capgemini, the risks associated with each and key mitigation steps taken;
2. in 2014, we commissioned *NGO Forum for the Future* to complete a Climate Change Risk Assessment. This looked at the key risks and opportunities for Capgemini in the UK and India, with a focus on key assets and operations, supply chain risk and on the impacts within key sectors (such as retail and the public sector) which Capgemini serves;
3. the completion of a materiality assessment (refer to section 3.1.3) also highlighted the importance of climate change mitigation, energy security and the continued need for Capgemini to reduce its GHG emissions to our stakeholders.

To build further on this, we are currently in the early stages of developing a Group-wide approach which will further integrate climate change risk into our corporate risk management. The focus will be on evaluating climate change hazards (such as extreme weather events, changing weather patterns and water shortages) and assessing our capacity to adapt to these. The evaluation will assess the vulnerability to climate change of our assets, client workplace locations, suppliers and clients. We will also be identifying new climate-related opportunities from our clients and our industry and considering how our services can support these.

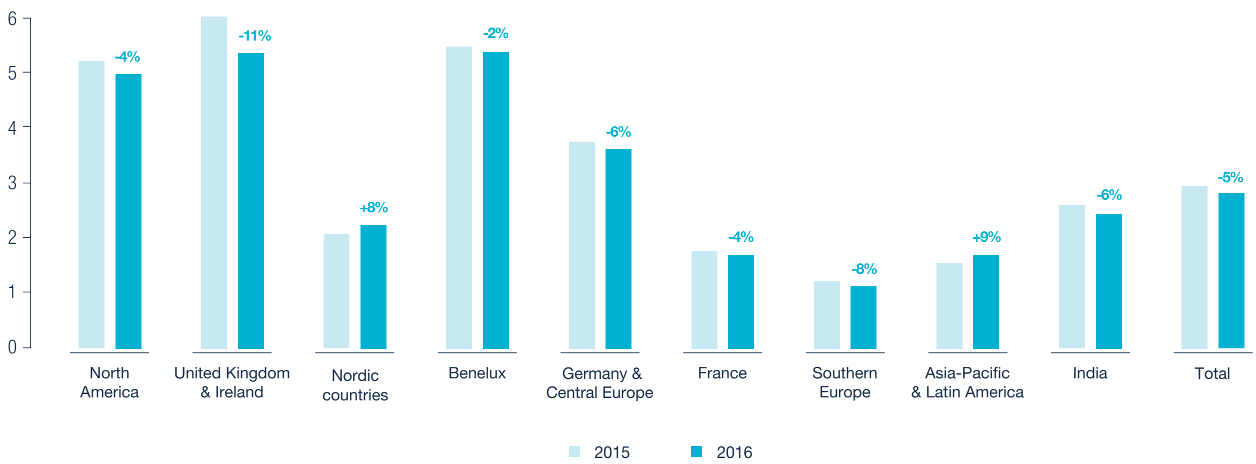
Our commitment to managing our climate risk effectively continues to be recognized externally, this year with a score of A- in the *CDP Climate Change disclosure*, placing us in the top 23% of companies in our sector.

3.3.4 Our environmental performance

Overall emissions

In 2015, Capgemini’s total GHG emissions for the entire Group were 527,529 tCO_2e. Comparison with the 2015 restated data shows that total emissions have decreased very slightly by 0.5%, in spite of a significant 4.4% increase in average headcount during 2016. As a result we have already made progress against our headline Group target, with a 4.7% reduction in emissions per head in 2016 (from 2.98 tons CO_2e per head to 2.84 tons of CO_2e per head [1]. Primarily this has been driven by a reduction in our energy-related emissions per head of 6.6% and a reduction of our travel emissions per head of 3.2%.

Emissions per head by region



(1) For the purposes of measuring GHG emissions per head, an average headcount over the year has been calculated for both 2015 and 2016, which represents a more accurate calculation than using the December 2015 head count as compared to the December 2016 headcount. As a consequence, the headcount stats here may vary slightly from the absolute figures quoted in other sections of this report.

Energy consumption

Across the Group, total reported energy use has reduced by 6.9% from 449,230 MWh to 418,432 MWh which is a significant achievement when you consider our headcount average rose just over 4.4% within the period. Emissions associated with our use of energy have fallen a little over 2.4% in the same period.

This energy reduction has been driven by a broad range of energy initiatives from around the Group, focused on six key areas:

Energy Focus Areas

1. MONITORING AND ASSESSMENT

- Smart Meters & Demand Logic
- Energy audits
- Fuel leak detection sensors
- Facility level reduction targets

2. BUILDING CONTROLS

- Building Management Systems
- Passive Infrared Sensors
- Timers & thermostats

3. ENERGY EFFICIENT TECHNOLOGY

- LED lighting
- Highly efficient chillers
- UPS technology

4. RENEWABLE ENERGY

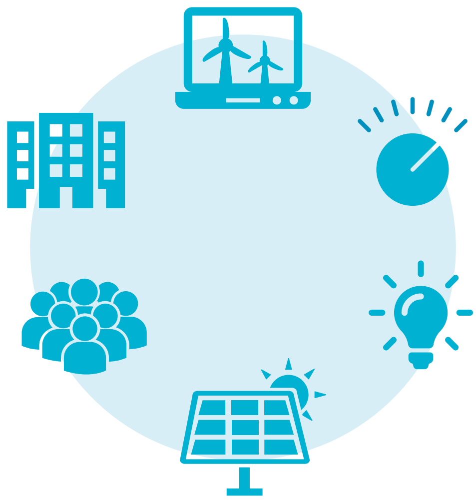
- Solar PV installation
- Solar thermal installation
- Renewable energy purchasing

5. POLICY AND ENGAGEMENT

- Energy Policy
- Switch-off campaigns
- Computer-based training

6. SPACE UTILISATION

- Reducing under-utilised space
- Moving to LEED or BREEAM certified buildings

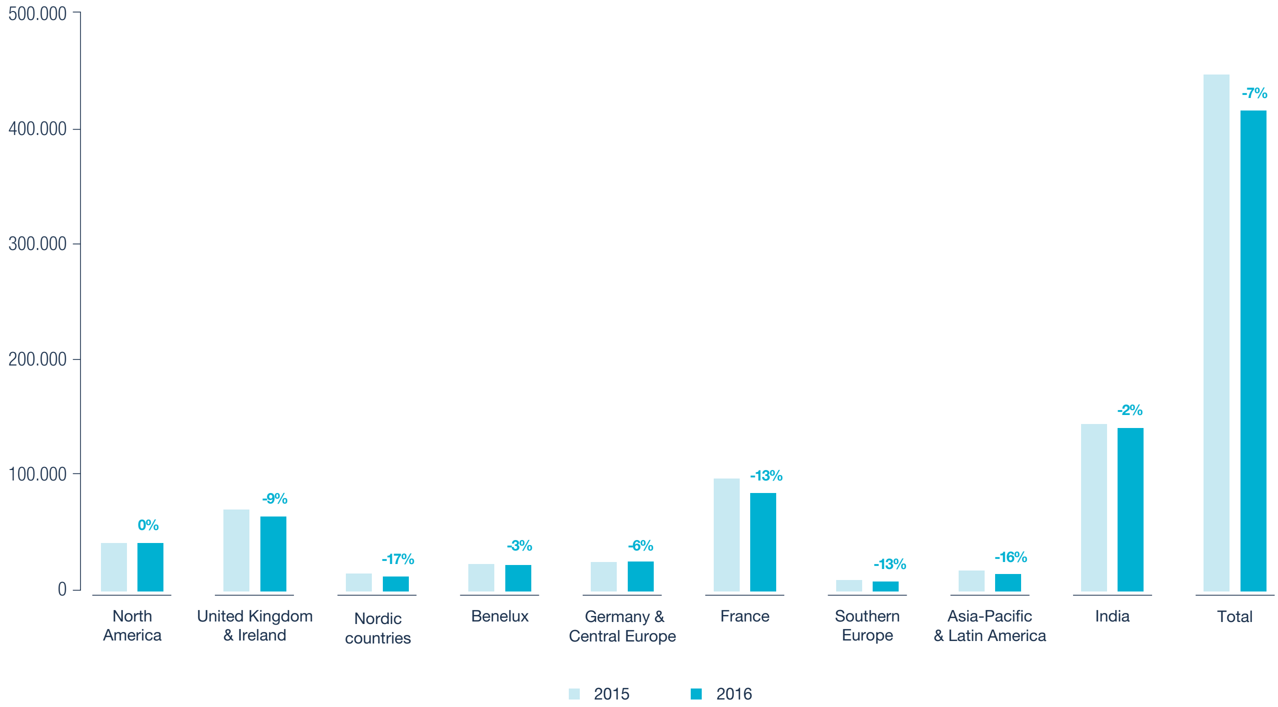


Key achievements this year at a country level include:

- despite a 9.3% headcount increase, Capgemini India achieved a 2.3% reduction in energy use. Key energy initiatives implemented this year include the installation of energy-efficient chillers in our Hyderabad and Pune Offices, upgrading UPS technology to a more efficient modular design in three offices, upgrading Building Management systems and installing LED lighting at our Mumbai and Bangalore offices. Drawing on our Digital expertise, we have also been looking at how we improve our energy monitoring capabilities by digitizing engineering maintenance services. For example, automated parameters are now set for chillers and UPS, with automated alerts which enable the engineering team to take swift action when a specific threshold for a particular piece of equipment is breached;
- in France, total energy consumption reduced by 13% due to closure of two data centers and reduction of area in one data center. There is also a reduction of over 21% in office electricity;
- within the UK, total reported energy use in MWh has reduced by around 9%. A significant portion of this reduction is due to space optimization. We also consolidated our two existing London offices into one, closing the older, less efficient building, and refurbishing the other office, using technology and intelligent design to come up with a more efficient and more flexible way of using the space. In addition, we closed one data center as part of a broader data center optimization strategy. In 2016, we also implemented an innovative demand logic pilot at two sites, using sophisticated data analytics and monitoring to identify opportunities to optimize energy use, for example by adjusting heating and cooling time settings. At our Toltec data center we carried out a reconfiguration of equipment, with improvements to cooling systems to run them more efficiently and the removal of old and inefficient kit, such as unnecessary battery UPS and generator systems;
- the reduction in energy use of 3.5% and associated emissions (around 3%) in The Netherlands is largely a result of space optimization with electricity use reduced at our Amersfoort office by 56% due to the closure of part of the office;
- in North America, energy use has remained flat despite an 8.3% increase in headcount. Energy audits and energy efficiency plans were completed for the five largest sites during 2016, and all new sites coming on board are now integrated into energy-efficiency policies. Energy-efficient lighting is also now installed wherever possible;
- Capgemini Sweden reduced energy use by 3.9% in 2016, driven largely by the relocation of two sites into a more efficient, smaller building. New timers were also installed to improve the control over lighting in the Malmö and Helsingborg offices;
- Capgemini Finland reduced office energy emissions by around 20%, largely driven by the relocation to a more energy efficient, BREEAM certified building. Data center energy emissions were also reduced by around 29% due to a reduction in floor area.

Other initiatives to control and reduce energy use across the Group include: relocating an office into BREEAM certified building in Norway, switch-off campaigns (with visual reminders) in Germany, setting facility-level energy reduction targets in Brazil, improving the control over emergency lighting and exhaust fans in India and installing diesel leak check sensors in the UK.

Energy Use by Region



Renewable Energy Purchasing

As well as controlling and reducing our energy use, we look for opportunities across the Group to switch our energy use to cleaner, renewable sources. Several Capgemini entities including the Netherlands, France, Sweden, the UK and India purchased a significant portion of their electricity (between 10% and 97%) from renewable energy sources in 2016. In addition to this, Capgemini India has made significant investments in renewable energy generation this year, including solar photovoltaic (PV) installations in Pune, Mumbai and Chennai creating a combined generation capacity of around 1.9 MW in place by December 2016. We also have in place solar PV and a small solar thermal installation in our Aston office in the UK.

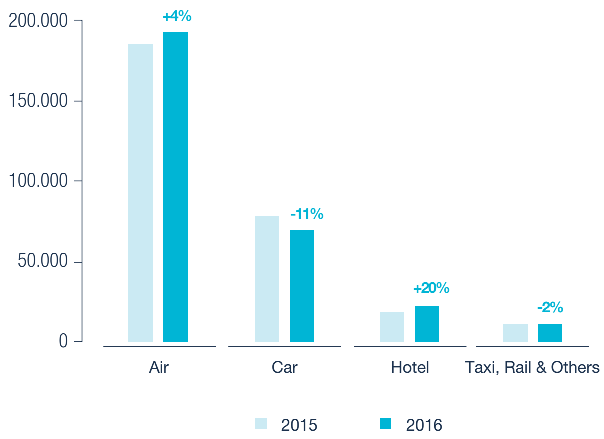
Renewable Energy

Country	Renewable Energy Generated *MWh*	Renewable Energy Purchased *MWh*	Other Electricity Supplies *MWh*	% of Energy from Renewable Sources
France	0	11,122	64,171	14.8%
UK	105	39,242	19,690	66.56%
Sweden	0	1,973	128	93.9%
Netherlands	0	19,511	547	97.3%
India	269	14,258	122,915	10.6%
All other reported regions	0	1,385	90,609	1.5%
TOTAL	**373**	**87,491**	**298,061**	**22.77%**

Business travel

Business travel makes up over half of our total reported GHG emissions and poses a significant cost to the business, making it an important area of focus. This year our business travel emissions increased by around 1.1% overall (compared to the 2015 restated data), mainly on account of increase in travel within Business Services. When measured on a per head basis travel emissions have reduced by around 3.2%.

Business Travel Emissions by Type



Whilst recognizing the importance of face-to-face time with our clients, we continue to take pragmatic steps to reduce our travel-related impacts. Across the Group, the deployment of integrated mobile, audio and video conferencing technology enables our people to work more flexibly without the need to travel. At the country level, the main results were:

- In India, emissions from business travel slightly reduced by 2% in 2016, a positive achievement given a corresponding increase in average headcount of 7% within the same period;
- business travel emissions have decreased by 1% in France where a Mobility Plan has been developed at our new site in Lyon, electric vehicle charging points were installed at Capgemini's headquarters in Suresnes and five car pooling only parking spaces were established in Montbonnot;
- in North America, communications and engagement on the topic of sustainable travel have helped reduce travel emissions per head by around 4.3%. Initiatives included the promotion of car pooling and a Sustainable Business Travel focus week;
- in the UK, business travel emissions have increased by 1.7%. Whilst there has been a reduction in car and rail journeys within the UK, this is counterbalanced by the significant increase in long haul flights;
- a sustained focus on reducing emissions from business travel in The Netherlands has contributed to a further 7.4% reduction in business travel emissions since 2015. Capgemini Netherlands is part of the Dutch Business Sustainable Mobility Pledge and helped initiate the program *Anders Reizen ("Travel Differently")*. Sogeti Netherlands introduced a new "Bike to Work" Day in 2016 and was awarded the Cleaner Car Contracts Award in March, in recognition of the fact that the average emissions of the Company car fleet is only 95 g CO_2 per km.

Other initiatives implemented to reduce business travel across the Group included:

- an eight-week Green Commuting Challenge in Sweden, to promote more sustainable modes of transport;
- new controls to the expenses system in Brazil – so that only CEO of Capgemini Brazil can approve travel expenditure once the business unit budget has been exceeded;
- in Germany, an analysis has been carried out on the top five flight routes and new policies introduced to control these and provide alternatives. More sustainable hotel choices have also been identified near each office location and a feasibility study was completed on the introduction of a personal mobility budget.

Waste and circular economy

As a provider of consulting and technology services, our waste is largely generated from office consumables and packaging and makes up a relatively small portion of our overall GHG emissions (less than 0.15%). Nonetheless we are taking steps to minimize and reduce the volume of waste we generate across the Group and some of our larger entities have ambitious waste reduction targets in place, such as Capgemini India which is committed to sending Zero Waste to Landfill by 2017.

The most efficient way of reducing our impacts from waste disposal is of course to not 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 positive development cycle for as long as possible to ensure as much value as possible can be extracted. As a provider of services, we have limited opportunities to practice circular economy principles as part of our core business model. However, circular economy thinking has influenced the way we buy goods and our overall waste strategy in various different ways across the Group. To give a few examples:

- in various Capgemini entities including the UK, India and North America, the provision of reusable mugs and water glasses or bottles reduces the use of disposable cups. The deployment of follow-me-printing and double-sided printer settings in entities such as Netherlands and the UK has also significantly reduced the amount of paper printed;
- in France, in 2016 we launched a program called *Je recycle & Je gagne*, through which we arrange the purchase of employees' smartphones at a competitive price for reuse and recycling. We ensure personal data is erased and where a phone cannot be reused it is recycled to the latest environmental standards. As part of the same program, our people can buy reconditioned PCs or smartphones from Capgemini employees at prices up to 70% cheaper than buying a new one. In addition, since 2014, a collaboration with the company Nodixia has enabled Capgemini to re-use more than 75% of our waste Electronic Equipment which is used to create reconditioned computers. This initiative also has social benefits, with Nodixia employing people with disabilities and reinvesting part of the profits in innovative social projects;
- in the UK, the provision of energy-efficient hand dryers avoids the need for paper towels. We have been working with suppliers for a number of years to minimize packaging on the goods we buy. In addition, the development and launch of a new supplier assessment tool during 2016 gives us a better ability to identify and engage with suppliers who have strong circular economy principles;

- in India, we launched a “Zero Plastic” campaign in 2016, with all owned and leased facilities required to phase out the use of plastics and an accompanying communications campaign to explain the impacts of plastic waste to our people. Three offices also organized a “No Tissue Paper Day”, to encourage people to avoid the use of paper tissues.

As well as reducing the amount of waste generated, we continue to identify opportunities to increase recycling rates and provide alternatives to sending waste to landfill:

- in India, our “My Jashn” Capgemini celebration event not only broke the Guinness World Record for single largest Bollywood Dance Lesson (5,500 employees took part), it was also a successful example of a “Zero Waste” event. The event was held across eleven cities and generated 16.4 tons of waste (mainly food waste) out of which 85% was sent to a biogas plant and 15% distributed to a pig farm;
- in Poland, a communications campaign and new signage was developed to inform people about the importance of waste segregation;
- in France, Capgemini was placed 13th in the 2016 PAP50 ranking by WWF and was the highest ranking consulting firm, a recognition for our sustainable approach to purchasing, use and disposal of paper;
- in Germany, improvements have been implemented on waste segregation and awareness campaigns launched around e-waste to help encourage people follow the waste hierarchy (reduce, reuse and recycle).

Food waste is not a material environmental impact across the Group, as many countries do not provide cafeterias or food for employees. However, a number of initiatives to reduce food waste are in place at a country-level including:

- in India (where on-site cafeterias are provided), people are encouraged to self-serve to ensure they are not given more food than needed. Ongoing communication campaigns have helped raise awareness of the amount of food waste being generated, for example, by equating waste to the number of meals that could have been provided;
- in Sweden, food waste is segregated for several of our locations including Stockholm, Göteborg, Malmö, Älmhult & Växjö. In these locations, the municipal waste system enables food waste to be used for the generation of biogas;
- in France, at our training campus (Les Fontaines), food waste is used to create compost which is then is re-used by gardeners for the maintenance of the 52-hectare park;
- in the Netherlands, food waste reduction is achieved by on-site cafeterias making careful purchasing decisions for fresh products, re-offering lunch products at dinner time at reduced prices (for example, smoothies prepared at lunch are offered for free at dinner) and ensuring meals are prepared on request where possible;
- in the UK, food waste is segregated at key sites and disposed of through waste-to-energy-schemes (*i.e.* the food waste is used to generate electricity);
- in North America, cafeterias are not available on site but where food is brought in for team events, leftovers are made available to other employees. If there is a major event with large amount of excess food, caterers will donate to local shelters.

In spite of these efforts, our reported total waste tonnage increased by 10% across the Group, which we believe is mainly due to improvements in the quality and coverage of our waste data, with India and France in particular providing more comprehensive data.One positive sign, is that the percentage of waste being recycled has increased across the Group, from 27% in 2015 to 30% in 2016.

Other sources

Water data continues to be collected where this is available, with no assessment done to date regarding potential scarcity of supply across our global locations. Across several locations, we have invested in innovative technology to reduce water use, including rainwater harvesting equipment (in two offices in India and one in the UK), waterless urinals (Bangalore, India) and a hydro pneumatic pumping system (India). We have also made improvements to tap fittings, sensors and flush controls in several locations, as well as giving water awareness tips on posters and as part of training courses.

The volume of measured water (used and recycled) in 2016 was 1,236,685 m3, a reduction of around 16% compared to 2015 driven mostly by reductions in North America, India and the Netherlands.

F-Gas emissions for 2016 are 1,545 tCO2e which is a reduction of over 17% compared to the restated value of 1,866 for 2015. The UK accounts for the most of this reduction with lower levels of F-gas leakage and emissions reported in 2016.

Further country-level details are provided in the tables and the footnotes below.

Summary of environmental data by country

Table 1: energy use and related GHG emissions

Scope and Metric	Energy Use√ *(MWh)*	Scope 1 Emissions *(t CO_2e)*		Scope 2 Emissions *(t CO_2e)*				Scope 3 Emissions *(t CO_2e)*	Total Energy Emissions√ *(t CO_2e)*
Country	**Energy (All sources)**	**Gas**	**Diesel / Gas Oil**	**Data Center Electricity**	**Office Electricity**	**Office Cooling**	**Electricity Urban Heating**	**Electricity T&D Losses**	**Total Energy Emissions**
India – Capgemini & Sogeti	141,097	63	911	N/A	108,507	N/A	N/A	28,145	137,626
France – Capgemini, Sogeti & Prosodie	82,729	1,319	6	2,261	2,558	N/A	50	376	6,569
UK – Capgemini, incl FS & Sogeti	64,482	964	55	18,276	6,008	N/A	N/A	2,196	27,500
Netherlands	21,320	213	9	6,724	2,341	N/A	15	338	9,641
North America	41,948	63	95	10,122	6,113	N/A	N/A	1,260	17,653
Canada	8,777	N/A	N/A	467	849	N/A	N/A	167	1,484
USA – Capgemini & Sogeti	33,171	63	95	9,655	5,264	N/A	N/A	1,093	16,170
Total Largest operations	**351,576**	**2,621**	**1,076**	**37,383**	**125,529**	**N/A**	**65**	**32,315**	**198,990**
Belgium – Capgemini & Sogeti	1,291	56	N/A	N/A	197	N/A	N/A	9	262
Czech Republic	231	21	N/A	N/A	60	N/A	N/A	5	86
Denmark – Capgemini	152	N/A	N/A	N/A	46	N/A	N/A	3	48
Finland – Capgemini	7,661	N/A	13	964	144	N/A	261	40	1,423
Germany – Capgemini & Sogeti	10,906	189	N/A	3,184	1,337	N/A	118	207	5,035
Ireland – Sogeti	55	N/A	N/A	N/A	24	N/A	N/A	2	26
Italy	4,057	315	N/A	546	257	N/A	N/A	69	1,188
Luxembourg Sogeti	230	N/A	N/A	N/A	70	N/A	N/A	2	72
Norway Capgemini	1,007	N/A	N/A	N/A	7	3	26	1	37
Poland	11,449	275	N/A	N/A	6,545	N/A	295	544	7,659
Romania	794	28	N/A	N/A	131	18	27	32	237
Spain – Capgemini & Sogeti	4,451	16	N/A	N/A	1,079	N/A	N/A	136	1,230
Sweden – Capgemini & Sogeti	3,979	N/A	N/A	3	24	82	255	3	367
Switzerland – Capgemini & Sogeti	203	N/A	N/A	2	3	N/A	N/A	1	5
Total Other Europe	**46,467**	**900**	**13**	**4,699**	**9,924**	**103**	**983**	**1,054**	**17,675**
Brazil	8,508	N/A	16	238	894	N/A	N/A	112	1,261
Guatemala	1,220	N/A	N/A	N/A	354	N/A	N/A	42	396
Mexico	280	N/A	N/A	N/A	142	N/A	N/A	22	164
Total Latin America	**10,008**	**N/A**	**16**	**238**	**1,389**	**N/A**	**N/A**	**176**	**1,820**
China Capgemini (including FS and BPO)	3,616	N/A	N/A	272	2,299	N/A	N/A	190	2,761
Philippines	626	N/A	N/A	N/A	361	N/A	N/A	39	401
Vietnam	205	N/A	N/A	N/A	72	N/A	N/A	14	87
Australia Capgemini (including BPO)	640	N/A	N/A	N/A	544	N/A	N/A	37	581
Morocco	1,877	N/A	N/A	N/A	1,205	N/A	N/A	173	1,378
Total Other Regions	**6,965**	**N/A**	**N/A**	**272**	**4,482**	**N/A**	**N/A**	**453**	**5,207**
Total Reported Countries	415,016	3,521	1,106	42,593	141,323	103	1,048	33,998	223,692
Total Non Reported Countries	3,416	41	12	N/A	1,741	1	13	380	2,188
GRAND TOTAL	**418,432**	**3,562**	**1,118**	**42,593**	**143,064**	**104**	**1,061**	**34,378**	**225,880**

Table 2: other environmental impacts

	F-Gas	Travel	Waste Generated (non-hazardous)			Water		Total Emissions		
Scope and Metric	**Scope 1 Emissions** *(t CO_2e)*	**Scope 3 Emissions** *(t CO_2e)*	**Weight** *(in Tons)*	**Scope 3 Emissions** *(t CO_2e)*	**% of Weight %**	**Water Use** *(m^3)*	**Scope 3 Emissions** *(t CO_2e)*	**Total Emissions** *(t CO_2e)*		
Country	**Total F-Gas Emissions**	**Total Business Travel Emissions√**	**Total Waste**	**Total Waste Emissions**	**% of Waste Diverted from Landfill**	**Water Use**	**Total Water Emissions**	**2016 Total Emissions**	**2015 Total Emissions**	**% Change from 2015**
India – Capgemini & Sogeti	785	85,944	1,080	166	31.16%	880,896	927	225,447	223,043	1.08%
France – Capgemini, Sogeti & Prosodie	N/A	32,515	1,353	169	46.17%	94,223	99	39,352	40,421	(2.65)%
UK – Capgemini, Aspire, FS, Sogeti	259	20,087	260	11	89.07%	57,527	61	47,917	54,203	(11.60)%
Netherlands	N/A	25,723	213	32	26.15%	14,391	15	35,411	37,733	(6.15)%
North America	N/A	65,979	895	173	3.36%	25,926	27	83,832	81,007	3.49%
Canada	N/A	2,767	192	38	0.00%	1,313	1	4,291	3,845	11.59%
USA – Capgemini & Sogeti	N/A	63,211	703	134	4.29%	24,613	26	79,541	77,162	3.08%
Total Largest operations	**1,044**	**230,247**	**3,800**	**551**	**33.63%**	**1,072,963**	**1,129**	**431,960**	**436,407**	**(1.02)%**
Belgium – Capgemini & Sogeti	N/A	5,593	21	3	26.25%	2,147	2	5,860	5,766	1.63%
Czech Republic	14	93	16	3	0.31%	259	0.27	196	251	(21.83)%
Denmark – Capgemini	N/A	176	42	1	100.00%	840	1	226	254	(10.85)%
Finland – Capgemini	N/A	798	50	3	82.83%	559	1	2,224	2,573	(13.58)%
Germany – Capgemini & Sogeti	N/A	21,510	74	2	99.52%	3,708	4	26,550	26,680	(0.49)%
Ireland – Sogeti	N/A	203	1	0.03	100.00%	673	1	229	692	34.39%
Italy	N/A	3,417	73	15	0.00%	42,369	45	4,664	4,829	(3.42)%
Luxembourg Sogeti	N/A	3,201	5	1	0.00%	1,082	1	3,276	2,874	13.96%
Norway Capgemini	N/A	816	31	5	31.41%	2,130	2	860	922	(6.75)%
Poland	N/A	5,369	376	60	22.24%	21,308	22	13,110	12,744	2.87%
Romania	N/A	320	27	5	2.79%	2,571	3	565	393	43.65%
Spain – Capgemini & Sogeti	N/A	2,454	153	41	22.47%	13,445	14	3,740	3,956	(5.45)%
Sweden – Capgemini & Sogeti	372	4,618	117	35	25.18%	4,066	4	5,396	4,437	21.62%
Switzerland – Capgemini & Sogeti	N/A	461	96	19	0.00%	1,509	1.59	487	466	4.44%
Total Other Europe	**386**	**49,028**	**1,084**	**193**	**29.74%**	**96,666**	**102**	**67,384**	**66,215**	**1.77%**
Brazil	76	4,603	20	0.42	100.00%	20	0.02	5,940	5,713	3.98%
Guatemala	25	602	59	12	0.00%	8,149	9	1,043	1,145	(8.88)%
Mexico	N/A	961	7	1	1.15%	1,645	2	1,128	1,065	5.89%
Total Latin America	**101**	**6,167**	**86**	**14**	**23.48%**	**9,815**	**10**	**8,111**	**7,923**	**2.38%**

	F-Gas	Travel	Waste Generated (non-hazardous)			Water		Total Emissions		
Scope and Metric	**Scope 1 Emissions** *(t CO_2e)*	**Scope 3 Emissions** *(t CO_2e)*	**Weight** *(in Tons)*	**Scope 3 Emissions** *(t CO_2e)*	**% of Weight %**	**Water Use** *(m^3)*	**Scope 3 Emissions** *(t CO_2e)*	**Total Emissions** *(t CO_2e)*		
Country	**Total F-Gas Emissions**	**Total Business Travel Emissions√**	**Total Waste**	**Total Waste Emissions**	**% of Waste Diverted from Landfill**	**Water Use**	**Total Water Emissions**	**2016 Total Emissions**	**2015 Total Emissions**	**% Change from 2015**
China – Capgemini, FS & BPO	N/A	4,376	52	10	3.02%	15,480	16	7,163	8,169	(12.32)%
Philippines	N/A	78	7	1	7.50%	2,088	2	482	481	0.30%
Vietnam	N/A	171	17	3	0.00%	4,638	5	266	262	1.61%
Australia Capgemini (including BPO)	N/A	4,151	24	4	25.55%	12,220	13	4,749	3,678	29.11%
Morocco	N/A	171	17	3	0.00%	8,235	9	1,561	1,671	(6.56)%
Total Other Regions	**N/A**	**8,947**	**118**	**22**	**7.09%**	**42,661**	**45**	**14,222**	**14,261**	**(0.28)%**
Reported Countries	1,530	294,390	5,087	779	32.02%	1,222,105	1,286	521,676	524,805	(0.60)%
Total Non Reported Countries	14	3,626	61	9	32.96%	14,580	15	5,853	5,270	11.06%
GRAND TOTAL	**1,545**	**298,016**	**5,148**	**788**	**32.03%**	**1,236,685**	**1,301**	**527,529**	**530,075**	**(0.48)%**

Footnotes:

- Table key: N/A = Not Applicable where data sources are not applicable
- Data included in the tables is for the reporting period January to December 2016 (unless otherwise indicated)
- "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.
- From 2016, air travel emissions factors take into account the impact of radiative forcing with a significant impact as this increased our total air emissions for 2015 by 89% and the total GHG reported emissions by 20%. Date reported in the table above accounts for this restatement.
- "Total Non-Reported Countries" provides an estimate of the data for the 1.2% of operations not currently covered by our carbon accounting and sustainability reporting. It is assumed that Capgemini has no data centers in these countries (given the small size of operations) and therefore only office-related and business travel data has been estimated.
- All emission sources: With the exception of electricity and hotel nights (mentioned below), emissions have been calculated using the conversion factors and methodology recommended by the DEFRA: https://www.gov.uk/measuring-and-reporting-environmental-impacts-guidance-for-businesses
- Energy: All Data Center Electricity Emissions and Office Electricity Emissions are currently reported according to the "location-based" method (see GHG Protocol Corporate Standard for further explanation of "location based").
- Energy: In line with guidance from the GHG Protocol Corporate Standard, we are now using "regional" electricity emission factors for UK (DEFRA), the US (eGrid), Canada (NIR 2015) and Australia (NGA 2015).
- Energy: For all other countries, a location-based emission factor from International Energy Agency (IEA) has been applied to Scope 2 emissions from purchased electricity.
- Energy: 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.
- Energy: T&D losses refer to electricity transmission and distribution grid losses (the energy loss that occurs in getting the electricity from the power plant to our facilities).
- Energy: When actual data from invoices is not available, the 2016 consumption is estimated based on previous years' data.
- F-Gas: As recommended by the Greenhouse Gas Protocol Corporate Standard, emissions of F-gases not covered by the Kyoto Protocol (such as CFCs) are not reported as Scope 1 emissions and are therefore not included in the table above. Data of these F-gas emissions is, however, still captured with a value of just over 732 tCO_2e for 2016.
- Data related to business travel, generated waste and water usage have for some countries been evaluated using ad-hoc methods when data were not handy.

3.4 Partnering with external stakeholders on social and sustainability initiatives

3.4.1 Engaging with communities

At Capgemini, we acknowledge our responsibility as global IT player in putting our capabilities at the service of improving the communities we operate in. Coupled with this sense of stewardship, we aim at the same time at providing as many opportunities as we can for our people to engage in activities for which they have passion and commitment. Furthermore, we believe that as a major global IT and technology player, we can bring significant social innovation.

We embed our community service program within our business lines and client assignments. We measure and share this commitment with our people, our partners and our clients through various communication channels such as our externally published Corporate Responsibility and Sustainability report, our internet site and our internal Talent intranet and Global Employee Survey. Through the energy and creativity of our people, communities have been impacted on every continent.

In 2016, Capgemini commenced the ambitious Community Engagement strategy roll out. India alone touched more than 735,000 lives through social and educational programs, being run as well over several Group countries. Building on the strategy set in 2015 by the Group's CSR Board, our engagement and efforts have progressively increased in the space of education and skills, where we believe our people's own capabilities and skills can make a mark. Most countries contribute to this global objective a different levels.

Our global initiatives

Positive Planet initiative

Positive Planet is an international non-profit organization focused on enabling access to Financial Services for individuals and communities in developing countries in order to bring about sustainable improvements to their living standards. Sogeti has supported Positive Planet with IT expertise, enabling the organization to focus on its core activities of providing financial support.

In 2012, we launched the MicroWorld platform in a number of countries with France being the most active to date. A total of 2,020 micro entrepreneurs' projects have been co-funded since this initiative was launched, with loans amounting to €162,265 coming from more than 2,040 contributors.

In 2016, MicroWorld and Capgemini France broadened the scope of support that our people can offer through the platform, *via* skills sharing, tutoring, mentoring and volunteering opportunities, thereby engaging our people in a new way of bringing support to communities and touching 1,200 lives.

Naandi

Since 2005, Capgemini has been working with the Naandi Foundation on the "Nanhi Kali" program, which focuses on supporting the education of girls across India. In 2016, Capgemini people from eight countries contributed to the support of 3,267 school girls.

Capgemini supports the education of girls (from the age of five upwards) through Project Nanhi Kali. In both their formative years and up to the 9^{th} and 10^{th} grades through extra tutorial support, stationery and career guidance support.

However, the fall in numbers supported since 2013 as shown in the table reflects the increase in support for our own internal programs such as Enlight in India. This kind of internally started and led initiatives are showing good results: Enlight has touched 2,000 number lives, with 2,000 employees engaged, and top management supportt. As we go forward in our journey in 2017, we will focus on showcasing and supporting globally internally led projects that show their value with effective results, and high employee and management engagement.

Capgemini supports strongly and proactively girl's education and commits to building an equal society.

	Number of Nanhi Kali girls sponsored
2013	7,881
2014	6,765
2015	5,502
2016	3,267

Capgemini supports strongly and proactively girls' education and commits to building an equal society.

Other national initiatives with a focus on education and skills

In 2016 we revisited the Global Community Engagement Awards, focusing on of the best Skills and Education projects carried out across diverse Capgemini locations, fully committed to enhancing the educational capabilities of local communities. The awards encompass five categories:

- Basic & Secondary Education;
- Higher Education;
- Skills and Education for Women;
- Skills for Innovation;
- The People's Choice Award (open to all employees' voting).

In 2016, 45 projects referring to skills and education were received from nine Group countries, with over 4,662 of our people voting for their choice in the 'People's Choice' award. The following section highlights some of those entries along with other notable initiatives from around the Group.

Basic Education and Infrastructure

Capgemini Guatemala provided Guatemalan children of Ciudad Quetzal Community with the basic infrastructure conditions to support their education journey. This community is located in a marginal area of the country and was flooded by heavy rains in 2014, thus destroying the one-room teaching facility. With the monthly volunteer contribution of 480 employees and Capgemini matching, we were able to raise 45,000 euros in nine months. On a three day volunteering action, our team members built four classrooms, restrooms, and provided the furniture needed to increase school capability and provide the children with a safe environment.

Capgemini India initiated a unique girl children education program, called Enlight. It aims at reaching 10,400 girls from disadvantaged families who are left out from the educational journey because of secondary preference for girl education in the traditional Indian families. The underprivileged communities they live in or the health issues they face build up for further discrimination, and higher risk of abuse. Enlight works closely with the girl children of these families and provides them with the opportunities to access quality education. The program aims to ensure that each girl completes a minimum 10 years of schooling. As part of our employee engagement initiatives, we link the 2,000 girls in the program with 2,000 employees for mentorship support. The program has created high impact in the communities, and strong engagement in the workforce.

Education and Inclusion for Refugees

Capgemini Netherlands has created solutions to support the education of specific groups of students. These groups include migrant children and youngsters which face issues in attending regular education programs. As the language barriers is one of the foremost issues faced by migrant children, they have been provided with managed tablets with applications to support them in learning Dutch.

Capgemini Germany supports the integration of refugees in the German economy and society through its program refugees@capgemini. The program helps refugees to obtain knowledge about the German IT sector, to provide access to IT tooling and learn the German language. Other initiatives include CV reviews and specific internship opportunities. To achieve the program's objective, all units and functions within Capgemini Germany also collaborate with external partners, e.g. with Kiron Open Higher Education.

Digital Literacy in India

Capgemini's National Digital Literacy Mission (NDLM) Project is a CSR initiative that supports the nationwide "Digital India" movement, which aims at 'One digitally literate person in every Indian household by 2020'. The program intends not only to bridge the digital divide existing within the country but to empower its beneficiaries to adopt internet technology and improve their living.

Currently, Capgemini supports twelve operational centers that match major cities where we operate – Mumbai, Bangalore, Pune, Hyderabad, Chennai, Kolkata, Noida, Trichy and Salem. A specific initiative has consisted of setting up a Digital Literacy center for differently abled youth and children to equip them with essential digital skills at the Navi Mumbai Center.

The training on Digital literacy is provided free of cost to the most marginalized communities and upon successful completion of the training, the candidates are awarded with certificate recognized by government of India.

Schools program in the UK

Over the past three years, Capgemini UK has supported over 15,000 young people to build skills, confidence, networks and technical knowledge In order to inspire and prepare young people for the working world. In 2016, we worked with 60 schools supporting employability skills and demonstrating to students what they need to succeed. In addition to this, Capgemini has an absolute commitment to focus on young girls encouraging them to join the Tech industry and on social mobility, so that the industry and Capgemini best reflect the UK society as a whole. As we work with clients to create digital solutions for all UK consumers and citizens, the ability to understand and reflect society as its widest points has become critical. The schools program provides a diverse talent and recruitment pool for the Apprentice program, a chance for employees to support local schools which are at the heart of their communities, and ultimately skilled youngsters with more and better employment opportunities. At least 1% of UK employees volunteer on the schools support program.

Education for Employability

Capgemini Italy initiated the #imiglioridavvero® campaign to contribute to the reduction of the dramatic youth unemployment (locally at +40%) in Italy. Using digital channels we aim to foster the dialogue between graduates looking for jobs and young professionals in various organizations. For that reason we've also teamed up with companies such as I Sky, Fastweb, Sirti, Techint and Sodalitas. Using the #imiglioridavvero® digital open space, young professionals, who recently joined these companies or Capgemini, can share their experiences with those who are searching for a first job. This enables young graduates to learn from failures and successes how to write an effective CV, to approach an interview and, once they've succeeded in finding a job, to grow their career.

Capgemini US The Veterans Employee Resource Group of Capgemini US joined the Merivis Foundation and partnered together to train military veterans and veteran spouses in Salesforce Administration, and assist them with finding rewarding careers in IT. We provided direct assistance to veteran students through CV reviews, interview preparations, Linkedin branding tips, cover-letter preparations and professional mentorship. Over a span of 12 months we have worked with over 24 Merivis veterans across the organization's two cohorts. Many of the veterans that we worked with through Merivis had no IT experience at all, and were working in low-skilled jobs. Many of them however, are now leading the way at Capgemini BTS, Dell, and Google (just to name a few companies) and are able to provide better futures to their families.

Community investment and donations

Summary of donations made

Countries	Donations	Programs
India	1,835,994€	Hope fondation (109k€), Sri Sri Ravishankar Vidya Mandir Trust (262k€); Sarthak Educational Trust (166k€); Anirban Rural Welfare Society (107k€); SRF Foundation (104k€)
France	421,655€	Ashoka (264k€); Passeport Avenir (50k€), Social Builder Program (20k€), Program Booster (20k€), Scholarships Lille University (15k€)
Germany and Central Europe	65,721€	Managers of the Future Foundation (6k€), Rak'n'Roll Foundation (3k€); Wroclawskie Centrum Opieki i Wychowania (3k€);various local initiativesin Germany(ranging from 500€ to 5k€)
North America	485,474€	, United Way (94k€); National MS Society (39k€); Centraid (38k€); Life Project 4 Youth (14k€); Steve Stricker American Family Insurance Foundation (14k€)
Asia-Pacific and Latin America	99,130€	Ciudad Quetzal Community school project (63k€); Fundacion Incluyeme (13k€); Big Brothers, Big Sisters (11k€); Ayrton Senna Institute (7k€)
Largest operations sub-total	**2,907,974€**	
Nordics countries	115,736€	Naandi 65k€; John Nurminem foundation (40k€); Croix-Rouge (8k€)
Benelux	46,795€	St. Opkikker (35k€)
South Europe	176,092€	Fundacion Adecco (60k€); Fundacion Randstadt (40k€); Save the children (20K€); CADIN (24k€); Téléthon (13k€)
UK & Ireland	99,612€	Naandi 12k€
TOTAL	**3,346,209€**	

Sponsoring and partnership approach

Group sponsorship of sports, cultural, social, educational or business events, either occasional or recurring, forms part of Capgemini's communication and marketing activities with customers and other stakeholders. Sponsorship is different from charitable donations, as its purpose is to promote and strengthen the Group brands and impact. To ensure that it serves its intended purpose, each sponsorship must be pre-approved and it should also comply with applicable laws and be aligned with Group's "Seven Values", internal policies and Code of Business Ethics.

Regarding sponsorship, the Group has established a longstanding partnership with the rugby world, especially in France, for a number of reasons:

- the team spirit which characterizes this sport fits with our own values;
- the quality of the relationship which can be developed with clients around this theme;
- the strong local nature of rugby teams reinforces the link with regional communities.

It is the Group's policy not to make, directly or indirectly, any cash or in-kind contribution to any political organization.

Under certain circumstances, the Group wishes to have a positive impact on the communities in which it operates or where its employees live. As a major global player, it works with national and international charities on community projects:

- the goals are compatible with its "Seven Values", its Code of Business Ethics and its Corporate Responsibility and Sustainability policy;
- the organization is a legitimate charitable organization.

3.4.2 Supporting our clients on their sustainability journey

Capgemini works in collaboration with its clients to deliver services which underpin their own sustainability goals and aspirations.

Enabling client transformation

Clients are increasingly expecting their service providers to help them address their own sustainability challenges, for example, not only providing the most efficient business solutions but minimizing and avoiding detrimental impacts to the environment, communities and society in the process. As a provider of business transformation and consultancy services for our clients, we believe that we are well positioned to help with such challenges.

Specifically, as an IT service provider and consultancy firm, we have the opportunity to help clients reduce their own carbon footprint and wider sustainability impacts through the advice that we offer and the solutions that we design and deliver. Capgemini also recognizes that operational efficiency is a key driver in ensuring longevity for our clients, a driver that is often complemented by reduced carbon emissions.

Digital Transformation brings many opportunities to develop new business services while improving the time to market. We are using and mastering Internet Of Things, Cloud, Big Data, Mobility, Automation, Artificial Intelligence to help our clients creating innovative services. But sustainability must be a key success factor of this transformation. Designing lean architectures, respectful of our environment, optimizing energy consumption and computer resources, data transmission, data center hosting, quality coding, Internet of Valuable Things is our way to promote an innovative & sustainable Digital Transformation.

Accelerating the transition towards sustainable energy

The energy sector is undergoing a massive transformation on a global scale, from fossil energy to a renewable energy system, and from commodity to a Digital services sector. To tap into the potential of new technologies and address sustainability themes, utilities require a new business strategy. Capgemini has developed an offering to help energy companies transform, from "U" as Utility to "ES" as Energy Services (U2ES) – a utility company into an energy services company.

As a strategic innovation partner of Capgemini in this field, Eneco, the leading Dutch energy company has been fully focused on sustainability in the last decade. Next to investing in renewable energy, Eneco has introduced smart energy solutions to its customers. A key example is the *Toon*, Eneco's smart thermostat and smart home solution which provides tangible insight in, and control over, energy consumption.

Eneco, its subsidiary Quby and Capgemini have partnered to make the *Toon* available to other utility companies, thereby helping to accelerate the energy transition. Leveraging the Group's global presence, our Cloud Infrastructure Services unit will operate the new platform behind *Toon* and Capgemini Consulting is involved in driving the joint go-to-market including fulfillment scale up preparations. Building on Eneco's initial success, the partnership will create a global ecosystem that will be a powerful enabler for reducing energy consumption and for other smart and sustainable energy solutions around homes and offices such as electric mobility, solar power and energy storage.

Enabling sustainable and resilient cities

Capgemini is involved in public-private consortia that accelerate the deployment of innovative platforms to support citizen services and the energy transition. Projects such as Descartes 21 (Marne la Vallée, France) will industrialize the design and implementation of connected platforms that will enable the transformation to more sustainable and resilient cities. The project organization involves representatives from the city council, operators, energy suppliers and citizens who cooperate on the design of new use cases and business models for the global city ecosystem. Capgemini provides the technology that enables smart cities to plan, manage and control multi-energy systems, and the platforms that connect public equipment in order to enhance operational efficiency and reduce energy consumption.

Reducing water consumption using Capgemini's analytics platforms

Water companies have already made great progress in reducing leakage, but innovation in the ways it is managed going forward is critical if we are to deal with water scarcity and the demand balance while reducing service costs. An essential enabler for meeting this requirement is business-driven analytics: insights that enable clients to tackle the key optimization problems inherent in managing leakage, by integrating and analyzing multiple data sources – including both current and historic data, and both internal and external sources. Capgemini has developed an As-a-Service Analytics platform that helps identifying where on the network leakage is likely to occur, and when a leak does occur, narrowing the search area to find and fix it as quickly as possible. It also helps in allocating capital expenditure to vulnerable infrastructure before leaks occur and to optimize the pressure on the network to prevent from leaks. This platform has achieved some very encouraging results for a large UK water companies. The platform is proven to: detect 84% of leaks, be right 72% of the time and alert a leak 21 days earlier than the current average.

Energy optimization as a service

Building on the same As-a-Service Analytics platform and approach as the Leakage initiative, Capgemini service enhances and extends the functionality of traditional building energy management systems.

Typically, today's systems analyze the "as-is" position within a building. Together with some historic data, this enables an engineer to monitor the system via a terminal, with the intention of recognizing any anomalies and resolving them in as efficient a manner as possible via human interaction. Capgemini's approach is to collect far more data regarding the energy profile of an estate, link it with other data sets – such as weather and real-time occupation statistics – to make adjustments through a direct feedback loop. This rapidity of reaction provided by the real-time bidirectional control of energy management enables the fine-tuning of the system at a rate faster than that which can be achieved with human intervention, significantly increasing the efficiency with which energy usage is optimized, leading in turn to significant extra savings.

Key to the approach is the collection of data from multiple monitoring systems across each building within an estate without the expensive overhead of implementing additional physical metering. Utilizing "Big Data" analytics and the IoT for data management, Capgemini may:

- Monitor energy and reduce energy consumption of an estate, globally;
- Rapidly identify and resolve break/fix issues within the estate;
- Improve preventative maintenance, exploiting historic fail and mean time to fail data;
- Micro manage the climate within a building, both reducing energy use and improving the working environment, and
- Provide engineers with the capability to review the system on the device of their choice on a truly mobile basis.

Sustainability consultancy services

Capgemini provides Consulting Services for climate change management, as well as operational efficiency and industry operations. Our global network of sustainability experts integrates complex business issues with sustainability goals.

We also deliver specialized services for smart verticals, such as utility (energy and water), transportation, consumer products, retail, oil and gas, and the public sector.

As companies face increasing scrutiny from consumers and regulatory bodies alike, Capgemini is positioned strongly in collaborating together with clients, technology partners and industry bodies to implement powerful tools and processes to be proactive in meeting these demands proactively. With extensive experience in supply chain visibility, product information management, smart metering, product lifecycle management, risk and compliance management, Capgemini is a partner in end to end sustainability management.

3.4.3 Committing to a socially and environmentally responsible supply chain

Capgemini's commitment to supplier relationship is reflected in its comprehensive set of guidelines on purchasing ethics, on the selection and management of suppliers.

Purchasing principles

In our purchasing activities, the Group takes into account environmental issues, social impacts, human rights, and the fight against corruption. The ten key principles of the United Nations Global Compact guide Capgemini's activities throughout our business. In other words, the Group is committed to ensuring that we only work with suppliers with ethical practices and which respect human rights.

Our procurement procedures are based on the following principles:

- treating suppliers fairly;
- selecting suppliers based on value, performance, price and sustainability;
- selecting suppliers in accordance with a justifiable and transparent process;
- preserving the confidentiality of supplier information;
- managing supplier risk;
- ensuring supplier contracts have clauses relating to ethical and sustainable procurement;
- maintaining relationships with suppliers based wholly on competition.

Supplier diversity and equal opportunity is encouraged: we aim to allow qualified small and very small businesses the opportunity to receive a share of the market. Our "eco-system" approach with major clients aims to foster this and level the entry barrier where practical.

Our suppliers are expected to conduct their relationships with us and any of our clients, commercial partners and other suppliers on a fair and ethical basis and in compliance with our core principles of sustainability. These principles apply both to the products and services provided, to the suppliers' activities and, where appropriate, to their downstream supply chains.

Contractors' and suppliers' staff is expected to work according to the same Corporate Social Responsibility and Sustainability criteria as our own employees; in tandem, we apply the same health and safety and diversity criteria to contractors and suppliers as to our own employees.

Our ethics & sustainable procurement principles

In 2015, Capgemini developed and implemented its "Supplier Standards of Conduct (SSC) & Compliance Management Requirements" that structures all of the above principles for our supply chain and also reminds that Capgemini operates to a "Purchase Order Mandatory" policy. All suppliers are requested to agree upon the principles that are set out in this document prior to working with us. Should a supplier fail to respect these ethical and sustainability guidelines, Capgemini is then entitled to cancel the contract with the supplier.

During 2016 we have further uplifted our activities in this respect with the development of a Group-wide supplier management process. This new process further enforces the SSC approach for new suppliers to the Capgemini Group and is currently being implemented into our operating countries.

"Capgemini Supplier Standards of Conduct & Compliance Management Requirements" document is available here:

- https://www.capgemini.com/resources/capgemini-supplier-standards-of-conduct-compliance-management-requirements

Other reference documents and actions can be found at the following addresses:

- for ethics: http://www.capgemini.com/resources/our-ethics-for-you
- for CSR and sustainability with SMEs: http://www.uk.capgemini.com/about/corporate-responsibility/business-information-for-small-medium-enterprises

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, by sending a message to the following email address: Supplierstandardsofconduct@capgemini.com, which is accessed only by our Group Chief Procurement Officer and Chief Ethics & Compliance Officer.

Supplier relationship management

In 2016, Group purchases from its top one hundred and top ten suppliers totaled respectively €1,040 million and €606 million. The number one, top five and top ten suppliers represented 3%, 12% and 19% of Group spend, respectively.

Through 2016 Capgemini has continued to roll out its new Relationship Management ("SRM") approach (introduced in 2015) 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. 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 we need to encompass total cost of ownership, roadmap alignment, operational performance, risk management as well as co-innovation and differentiation. For this, there is no better way than align our organizations, have clear communication matrixes, perform regular reviews covering all aspects of our relationship and performance and last but not least, build trust and executive relationships rewarding alignment, cooperation and problem solving in a win-win spirit.

Experience has proven that successful and positive supplier relationship management is valued by our partners and suppliers.

Last but not least, crisis resolution, deal making and decisive moves are facilitated by SRM bringing facts and evidences to be built upon as well as trusted & streamlined communication channels.

Our journey towards SRM is continuing with growing scope and emphasis placed upon this aspect to strengthen governance and performance across our supply chain. So far in 2016 we have held more than 30 senior executive level meetings & performed more than 66 business performance surveys for our top suppliers under our SRM framework approach.

We continue to apply the Capgemini approach of "Think Global and Act Local" by ensuring that our SRM approach addresses both global and local suppliers and ensuring that, as well as our global and Group based supply chain activities, we support the local Capgemini entities in their communities through locally led supply chain initiatives and approaches for sustainability, community and ethical trading.

3.5 Our People, Social & Sustainability commitments and recognitions

Each year, Capgemini is recognized by independent research agencies, sustainability analysts and industry partners as a leader in Corporate Social Responsibility and Sustainability at both a Group level and across our different geographies. These awards and recognitions inspire us to think bigger, reach higher and be bolder with our Corporate Social Responsibility and Sustainability program.

Our Commitments

For Capgemini, our commitment to CSR & Sustainability extends beyond strict legal compliance, we have made public various commitments in a number of areas:

- Capgemini CEO Paul Hermelin signed the Business Proposals for COP 21 in support of the 21st session of the Conference of the Parties to the UN Framework Convention on Climate Change in 2015;
- Capgemini has been a signatory to the UN Global Compact since 2004. The member companies of this program support/comply with ten principles in the areas of the environment, human rights, labor rights, and the fight against corruption;
- Capgemini supports 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 or child labor;
- Capgemini supports the OECD guidelines for multinational enterprises;
- Capgemini has been a signatory to the UN Global Compact's "Caring for Climate" initiative since its inception in 2007;
- Capgemini has been a signatory to the Women's Empowerment Principles since their inception in 2011; and
- Capgemini is a signatory of the 2010 Guadalajara ICT Declaration on Transformative Low-carbon Solutions. This document urged governments at the 2010 Cancun Summit to use the power of ICT to make the transition to low a carbon economy.

A number of important commitments have also been made in certain countries, including:

In France, where we:

- implemented a carbon off-setting program during COP 21;
- became a member of the "*Grande École du Numérique*" in 2016;
- signed a number of business commitments; *Charte de la diversité* in 2006; the *Charte de la banlieue 2.0* in 2010; the *Charte de la parentalité* and *Charte de l'apprentissage* in 2011; and the *Charte Entreprises et Quartiers avec le Ministère Délégué à la Ville* in 2013.

In the UK, where we:

- became the first IT services and consulting company to publish approved science-based targets consistent with the COP 21 2015 Paris Agreement to keep temperatures below the 2°C threshold;
- signed a series of six communiqués on Climate Change organized by the Prince of Wales's Corporate Leaders' Group on Climate Change. They are the Trillion Tonne (2014), Climate Change (2012); etc.;
- registered our support for the "Think Act report" initiative, a voluntary framework developed by the UK Government with the aim of promoting gender equality within the workplace.

In Germany, where we:

- signed the *Charta der Vielfalt* (the Diversity Charter) in October 2014.

In the Netherlands, where we:

- committed to MJA3, which is the third Energy Efficiency Plan (2017-2020) with ambitious targets and innovative energy efficiency measures. This is public/private collaboration program aiming for more effective and efficient energy use.

Our Achievements and Awards

As a result of its on-going commitment to CSR & Sustainability in 2016, Capgemini:

- was once again recognized as one of the World's Most Ethical Companies in 2016 by The Ethisphere® Institute, a leading international think tank specializing in research on ethical business practices;
- became part of the Standard Ethics Index having been assigned a high scoring Solicited Sustainability Rating (SSR);
- continued its inclusion in the FTSE4Good index;
- was reconfirmed as a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe in September 2016;
- became a new constituent of the STOXX ESG leader indices;
- received a score of 'A-' in the CDP climate change disclosure, placing Capgemini in the first quantile of all companies assessed by CDP;
- maintained the OEKOM Prime Status in the OEKOM Corporate Responsibility Index;
- was confirmed as a constituent of the EURONEXT Vigeo Eiris Europe 120 and Eurozone 120 indices (our performance on environmental, social and governance issues places us in the Top 120 companies in Europe and the Eurozone);
- maintained its position as a Gold rated supplier on the Ecovadis collaborative CSR supply chain platform.

Additionally, numerous awards have been won at a country level, recognizing the hard work taking place across our different geographies to embed sustainable and responsible business practices.

In France, where we:

- received the Global Business Certification of Gender Equality, awarded by Economic Dividends for Gender Equality (EDGE);
- received the *Label entreprise Handi accueillante* recognizing actions and initiatives undertaken by a company in favor of disabled people;
- were awarded the *Label Développement Durable*. This award is given to companies that excel in their employee mobility program;
- received the Environmental and societal innovation Award for its partnership with Nodixia, an "adapted company" that employs people with different abilities;
- attained the "Welcoming Handi Standard" to promote greater accessibility and safety for employees with different abilities;
- were awarded the *Baromètre PAP50* by WWF for our approach to responsibly handling paper.

In North America, where we:

- featured on the Diversity Value Index organized by the Human Capital Management Advisory Group, recognizing a commitment to Diversity and Inclusion;
- received the Global Business Certification of Gender Equality, awarded by Economic Dividends for Gender Equality (EDGE);
- were named in the 2016 Top Companies for Women Technologists by the Anita Borg Institute;
- were awarded the Diversity Best Practices Above & Beyond Honorable Mention, for the Capgemini Cares initiative;
- received the National Diversity Council Corporate Commitment Award;
- were recognized as one of Canada's Best Diversity Employers (2016), and Canada's Top Employers for Young People 2016;
- were recognized by the Human Rights Campaign, featuring on the 'Best Places to Work Corporate Equality Index 2017';
- received the AT&T - Supplier Diversity Crystal Award 2015;
- were awarded the "Buy Those That Buy Us" Supplier Diversity Award, given by Dallas/Fort Worth Minority Supplier Development Council, Inc.

In the UK, where we:

- achieved the platinum status in the 2016 Business in the Community (BITC) Environment Index, which benchmarks companies against all aspects of their environmental management and performance;
- maintained the 'Community Mark' from BITC for demonstrating excellence in balancing community investment while remaining competitive and profitable;
- were recognized in the Third Sector Business Charity Awards for an innovative people partnership with the Ironbridge Gorge Museum Trust;
- featured on the Top 300 companies in the Stonewall Workplace Equality Index; and
- were accredited with the Disability Confident Employer badge.

In the Netherlands, where we:

- attained the highest level on the CO_2 Performance Ladder Index for our emissions reduction and energy efficiency performance;
- were awarded the 'Lean Green Personal Mobility Award' by Connekt for our reduction in business travel;
- received silver level assurance from 'FIRA' for our approach to CSR & Sustainability; and
- were acknowledged as a Gold rated supplier in the Ecovadis.

In Poland, where we:

- have been included in the Responsible Companies Ranking each year since 2011– earning the 23th place overall and the 2nd place within the technology branch in 2016;
- were recognized as a Top Employer by the Top Employers Institute, which certifies excellence in employee conditions;
- were named as the best employer in IT by Computerworld;
- were recognized for our Disability Inclusion Program by CR Navigator.

In Germany, where we:

- were featured in the CSR Jobs Awards for exceeding expected standards of responsibility within the issue "Compatibility of Job, Family and Stages of Life"; and
- received the HR Excellence Award from 'Magazin Human Resources Manager' for exceeding expected standards of responsibility within the issue "Diversity".

In Belgium, where we:

- were recognized as a Top Employer by the Top Employers Institute, which certifies excellence in employee conditions.

In India, where we:

- have won the *Bureaucracy Today CSR Excellence* Award for Project Enlight in the "Care and Protection of Girl Child" category;
- were featured in Forbes India for our CSR initiatives.

Rating agencies

Capgemini continues to work with a number of independent corporate social responsibility and sustainability analysts and financial rating agencies. We take external analysis of our performance seriously and welcome assessments by reputable third parties as this gives us a clear reference position for our performance.

3.6 Grenelle correlation table

The following Grenelle II table details the indicators included in the legislation and which Capgemini has reported. Explanations for not reporting any indicator are also included.

HR data indicators	Y/ N	Explanation
a) Employment		
▪ Total headcount; Distribution of employees by gender, age and geographical area	■	See pages 109 to 111 and pages 115 to 116
▪ Recruitments and redundancies	■	See pages 111, 115 and 131
▪ Remunerations and their evolution	■	See page 120
b) Work organization		
▪ Working time organization	■	See page 126
▪ Absenteeism	■	See page 127
c) Labor relations		
▪ Organization of social dialogue including information procedures, consultation and negotiation with the employees	■	See pages 128 to 131
▪ Summary of collective agreements	■	See pages 130 to 131
d) Health and safety		
▪ Occupational health and safety conditions	■	See page 125
▪ Summary of collective agreements signed with trade unions or the representatives of the Company health and Safety Committee	■	See pages 125 and 131
▪ Occupational accidents , including accident frequency and severity rates, and occupational diseases	■	See page 127
e) Training		
▪ Policies implemented regarding training	■	See pages 121 to 122
▪ Total number of training hours	■	See pages 121 to 122
f) Equal opportunity		
▪ Measures implemented to promote gender equality	■	See pages 114 to 117
▪ Measures implemented to promote employment and integration of disabled people	■	See pages 117 to 119
▪ Policy against discrimination	■	See page 119
g) Promotion and compliance with ILO fundamental conventions relative to		
▪ The freedom of association and recognition of the right to collective bargaining	■	See pages 105 to 107
▪ The elimination of discrimination in respect of employment and occupation	■	
▪ The elimination of all forms of forced labor	■	
▪ The abolition of child labor	■	

Environmental indicators	■Y/ ■N	Explanation
a) General environmental policy		
■ The organization of the Company to integrate environmental issues and, if appropriate, the assessments and certification process regarding environmental issues	■	See pages 132 to 134
■ Information and training measures for employees regarding the protection of the environment	■	See pages 132 to 134
■ Resources allocated to prevention of environmental risks and pollution	■	Due to the nature of our activities, our impact is mostly linked to associated carbon emissions. Hence the most relevant indicator has been identified as Greenhouse Gas Emissions and to the set of actions implemented to reduce and optimize energy resources and sustainable resources in general
■ Amount of the environmental risks provisions and guarantees, unless such information is likely to cause serious prejudice to the Company in an ongoing litigation	■	as above
b) Pollution		
■ Measures of prevention, reduction or repair of discharges into the atmosphere, water and soil, impacting severely the environment	■	as above
■ Consideration of noise and of any other activity specific pollution	■	as themes a, b
c) Circular economy		
i) Waste prevention and management		see pages 140 to 141
■ Measures of prevention, recycling, reuse, other forms of recovery and disposal of waste		
■ Actions against food waste		
ii) Sustainable use of ressources		
■ Water consumption	■	As water usage is not a significant environmental aspect for Capgemini, it has been excluded from the data tables.The Group roll out of our carbon accounting system requires the inclusion of water consumption at which time it can be identified if the water used in cooling systems (especially in our data centers) is significant
■ Water supply adapted to the local constraints	■	
■ Consumption of raw materials and measures implemented to improve efficiency in their use	■	Due to the nature of our business we do not consume raw materials
■ Energy consumption and measures implemented to improve energy efficiency and renewable energy use	■	See pages136 to 145
■ Land usage	■	As there is very little land or “green” space at our office locations for which we have responsibility, data relating to the use of land is not available and not considered applicable
d) Climate Change		
■ Greenhouse gas emissions	■	See pages136 to 145
■ Adaptation to consequences of climate change	■	We evaluate the risks in terms of energy costs. The aim going forward is to set reduction targets globally
e) Biodiversity protection		
■ Measures implemented to protect and conserve the biodiversity	■	As there is very little land or “green” space at our office locations for which we have responsibility, data relating to the use of land is not available and not considered applicable

Social and communities indicators	Y/ N	Explanation
a) Territorial, economic and social impact of the Company activity		
▪ Regarding regional employment and development	Y	See pages 146 to 150
▪ On the local populations	Y	See pages 146 and 150
b) Relations with stakeholders , including associations of integration, educational institutes, associations for the protection of the Environment, consumers organization and local populations		
▪ Conditions of the dialogue with stakeholders	Y	See pages 146 to 150
▪ Actions of partnership and sponsorship	Y	See pages 146 to 150
c) Subcontractors and suppliers		
▪ Integration of social and environmental issues into the Company procurement policy	Y	See pages 150 to 151
▪ Importance of subcontracting and consideration, in the relationship with subcontractors and suppliers of their social and environmental responsibility	Y	See pages 150 to 151
d) Fair business practices		
▪ Action implemented against corruption	Y	See pages 105 to 107
▪ Measures implemented to promote consumers health and safety	N	Due to the nature of our activities, we are not faced with consumers and are not building products which may impact health or security of consumers
e) Other actions implemented to promote Human Rights		
▪ Other actions implemented to promote Human Rights	Y	See pages 105 to 107

3.7 Report by one of the Statutory Auditors, appointed as independent third party on the consolidated human resources, environmental and social information included in the management report

This is a free English *translation 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 standards applicable in France.*

For the year ended December 31, 2016

To the Shareholders,

In our capacity as Statutory Auditor of Cap Gemini S.A. (the "Company"), appointed as independent third party and certified by COFRAC under number 3-1049 (1), we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31, 2016, included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code (*Code de commerce*).

Company's responsibility

The Board is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the guidelines used by the Company (hereinafter the "Guidelines"), summarised in the management report and available on request, from the Company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the French Code of ethics (*Code de déontologie*) of our profession and the requirements of article L.822-11-3 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements and applicable legal and regulatory requirements.

Statutory Auditor's responsibility

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information);
- at the request of the Company, express reasonable assurance that information selected by the Company and identified by the symbol √ in the chapter 3 of the management report is fairly presented, in all material respects, in accordance with the Guidelines (Reasonable assurance on a selection of CSR information).

Our work involved six persons and was conducted between September 2016 and February 2017 during a thirteen week period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the order dated May 13, 2013 defining the conditions under which the independent third party performs its engagement and with the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement and with ISAE 3000 (2) concerning our conclusion on the fairness of CSR Information.

1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programs arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

(1) "whose scope is available at www.cofrac.fr"

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

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, *i.e.*, the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in the sections 3 of the management report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted around ten interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important [(3)]:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of entities selected by us [(4)] on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied and to identify potential undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 60% of headcount considered as material data of social issues and between 56% and 70% of environmental data considered as material data of environmental issues[(5)].

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the Company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; 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 CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

(3) ***Quantitative information:*** *Human resources indicators: Total headcount, Workforce broken down by geographical area, age and gender, Number of external hires, Total turnover rate, Number of training hours, Absenteeism ratio, Breakdown of part-time workforce, Percentage of employees who had a performance and career review.*
Environmental indicators: Total direct energy consumption, Greenhouse gas emissions related to direct energy consumption, Greenhouse gas emissions related to business travel.
Qualitative information: *Occupational health and safety conditions, Policies implemented regarding training, Measures implemented to promote gender equality, policies implemented regarding employment and integration of disabled persons, The organization of the Company to integrate environmental issues and the certification process regarding environmental issues, Actions taken to prevent corruption, Measures implemented to promote consumers health and safety, Other actions implemented to promote Human Rights.*

(4) *Human resources indicators: Capgemini Poland, Capgemini France, Capgemini India (ACIS, FS and IGATE).*
Environmental indicators: India, France, Germany and The Netherlands

(5) *See the list of environmental indicators presented in footnote 3.*

3. Reasonable assurance on a selection of CSR Information

Nature and scope of the work

For the information selected by the Company [(6)] and identified by the symbol √ in the chapter 3 of the management report, our audit consisted of work of the same nature as described in paragraph 2 above for the CSR information considered the most important, but in more depth, particularly regarding the number of tests.

The sample selected represents 60% of headcount and between 56% and 70% of the quantitative environmental information identified by the symbol √.

We consider that this work enables us to express a conclusion of reasonable assurance for the information selected by the Group and identified by the symbol √.

Conclusion

In our opinion, the information selected by the Group and identified by the symbol √ in the chapter 3 of the management report is fairly presented, in all material aspects, in compliance with the Guidelines.

Paris La Défense, February 24, 2017

Sustainability Services
Philippe Arnaud
Partner

KPMG S.A.
Frédéric Quélin
Partner

(6) *Human resources indicators: Total headcount, Workforce broken down by geographical area, age and gender, Number of external hires, Total turnover rate, Number of training hours. Environmental indicators: Total direct energy consumption, Greenhouse gas emissions related to direct energy consumption, Greenhouse gas emissions related to business travel.*

4

Financial information

4.1 Analysis on Capgemini 2016 Group consolidated results

4.1.1 General comments on the Group's activity over the past year

In 2016, Capgemini made further tangible progress in its operational efficiency and significantly improved its financial performance. The Group's strategy, which has been in place for several years, is based on investment in innovation and industrialization of its operations, this year again allows for a substantial increase in operating margin and organic free cash flow which exceeds for the first time the billion euros.

On an operating level, the integration of IGATE has been successfully completed: direct and operational cost synergies are deployed ahead of initial targets, while strong growth recorded in IGATE's major historical customers validates customer value created through this acquisition. The year 2016 also saw the acceleration of investments in innovative offerings and automation initiatives, primarily in the areas of Business Process Outsourcing (BPO), infrastructure services and application test and maintenance.

The Group's portfolio continues to transition toward Digital and Cloud at a solid pace. Revenues driven by Digital and Cloud increased by 29% at constant exchange rates in 2016 to represent 30% of revenues. Geographically, continental Europe recorded solid growth while North America was affected by the contraction in demand in the Energy & Utilities sector.

The Group generated revenues of €12,539 million in 2016, up 5.2% compared with 2015. Excluding the impact of fluctuations in Group currencies against the euro growth is 7.9%, in line with the 2016 guidance. Organic growth, *i.e.* excluding the impact of currencies and changes in Group scope, is 2.6%. The impact from changes in Group scope mainly arises from the consolidation of 12-month IGATE revenues in 2016 compared with 6 months in 2015, as IGATE was acquired in July 2015.

Operating margin amounted to €1,440 million, or 11.5% of revenues, up 14% year-on-year. This 0.9 point improvement in profitability reflects the improvement in gross margin generated by the investments made in the innovation and industrialization of Group's operations. The 2016 operating margin is at the top end of the target range raised during the publication of the half-year results in July 2016.

Other operating income and expenses total €292 million. The increase compared to the €240 million recorded in 2015 is mainly due to expenses related to the acquisition of IGATE (notably the amortization of intangible assets recognized as part of this acquisition and the integration costs). Restructuring costs of €103 million are in line with the envelope set for the year.

The operating profit for 2016 increased to €1,148 million and 9.2% of revenues. Operating margin rate is up 0.6 point compared with that of 2015.

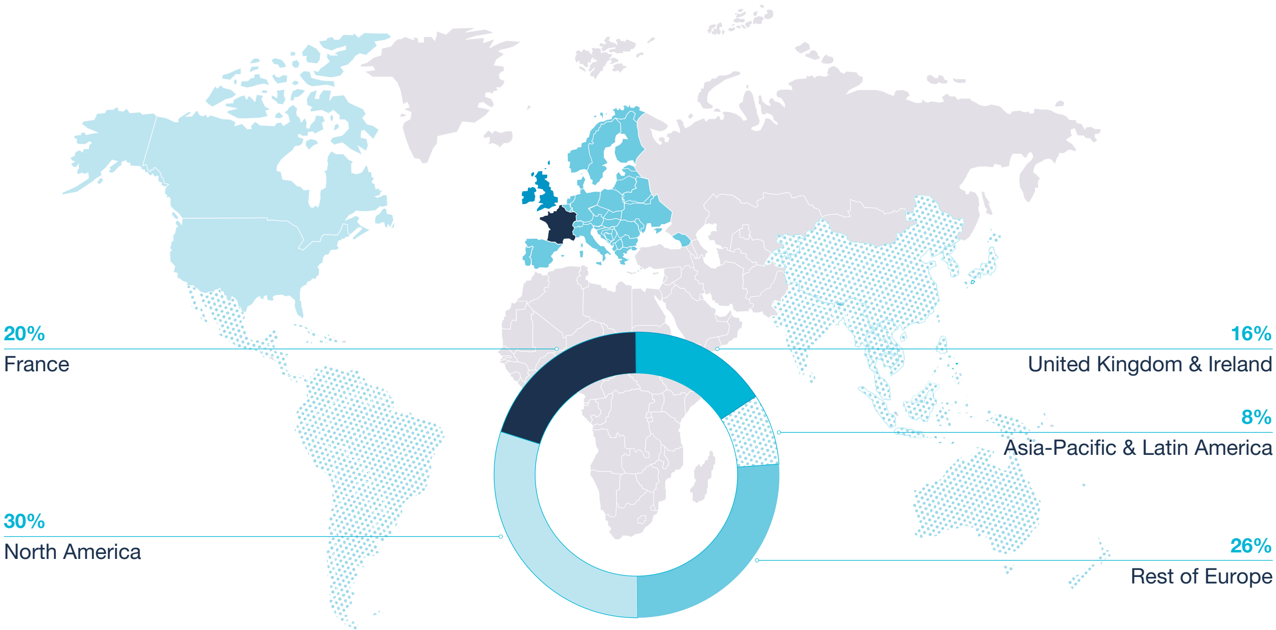
The financial expense is €146 million, up from €118 million recorded the previous year. This increase is mainly due to the recognition this year of 12 months of interest on the debt raised in July 2015 in connection with the financing of the acquisition of IGATE.

In respect of income tax for the year 2016, the Group recorded a tax expense of €94 million compared to a €203 million income in 2015. These amounts include a tax income of €476 million in 2015 following the reassessment of deferred tax assets on tax loss carry-forwards in the United States and a tax income (net) of €180 million in 2016 related to goodwill arising from legal reorganizations. Adjusted for these non-recurring non-cash items, the effective tax rate is 27.3% in 2016 and 30.1% in 2015.

On this basis, net profit attributable to owners of the Company is €921 million in 2016, compared with €1,124 million in 2015 and basic earnings per share for the year ended December 31, 2016 is €5.44. The Group defines Normalized net profit as the Group share in net profit for the year adjusted for the impact of items recognized in "Other operating income and expense", net of tax calculated using the effective tax rate. Prior to the recognition of the one-off tax profits, 2016 normalized net profit is up 14% year-on-year to €953 million and Normalized earnings per share is up 16% year-on-year to €5.62.

Organic free cash flow (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) is €1,071 million up 31% compared to 2015. In 2016, Capgemini paid a dividend of €229 million and devoted €340 million to the share buyback program.

Operations by major region



North America reported revenues of €3,800 million in 2016 (30% of Group revenues), a 14.5% year on year increase at constant exchange rates. This growth reflects the impact of the consolidation of 12 months of IGATE revenues in 2016. Excluding IGATE, the year 2016 was marked by the severe contraction in the Energy & Utilities sector, which fully offset the 3.3% organic growth recorded in other sectors, notably in Financial Services and Manufacturing. Operating margin for the region rose 0.5 point year-on-year to 15.4% of revenues. Thus, at €587 million, the operating margin has more than doubled in the past two years.

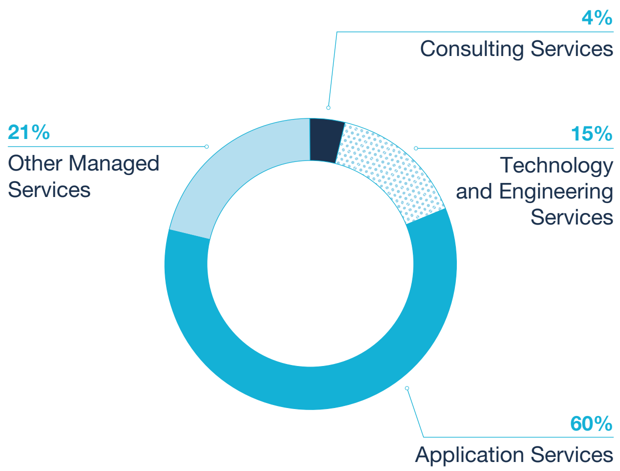
United Kingdom and Ireland reported 2016 revenues of €1,993 million (16% of Group revenues) rose 4.1% at constant exchange rates to €1,993 million. Local momentum was fueled by the private sector (now accounting for 57% of the region's revenues) which grew organically at around 10% while public sector revenues were down as anticipated. The Brexit vote did not materially affect the activity in the region, however, the depreciation of the pound sterling against the euro led to a 7.3% decline in consolidated revenues and has lowered by 2 points to 16% the region's weight in the Group. The operating margin is €290 million, representing an operating margin rate of 14.6%, up 1.2 points on 2015.

France reported revenues of €2,567 million (20% of Group revenues) up 5.0% year-on-year driven by strong growth in the Retail & Consumer goods, Financial Services and the Manufacturing & Automotive sectors. By business, performance was particularly strong in Application Services. The operating margin for 2016 increased by 18% in value and by 1.0 point in rate to reach €234 million and 9.1% of revenues.

The **Rest of Europe** region (which includes Benelux since January 2016 and now represents 26% of Group revenues) with revenues of €3,214 million reported a 5.3% growth at constant exchange rates. Retail & Consumer goods, Manufacturing & Automotive as well as the Public sector were among the most dynamic sectors this year. Geographically, Germany and Scandinavia recorded the strongest growth in the region, while activity in the Benelux remained stable. Operating margin was €339 million and 10.5% of revenues, up 0.3 point year-on-year.

The **Asia-Pacific and Latin American** region (8% of Group revenues) recorded growth of 8.2% at constant exchange rates to €965 million in 2016, with this year again contrasting trends. Growth in the Asia-Pacific region, supported by the development of Financial Services, remains very strong. The situation in Brazil continued to weigh on the performance of Latin America, which recorded a further contraction in revenues. The operating margin was €64 million in 2016, compared with €39 million the previous year. The improvement in profitability in Asia Pacific has more than offset the deterioration in Latin America, resulting in an operating margin rate expansion of 2.4 points to 6.6%.

Operations by business



Consulting Services (4% of Group revenues) grew 2.7% at constant exchange rates and is supplemented by the rapid development of Digital Consulting Services initiated and billed by the other businesses. Overall, the activity volume increased by more than 5.0%. This increase was driven notably by the United Kingdom and the Rest of Europe region. The utilization rate was overall stable compared to 2015 and reached 70% in the last quarter. The operating margin stood at 10.7% of revenues compared with 9.1% in 2015.

Technology & Engineering Services (15% of Group revenues, previously known as Local Professional Services) grew 6.9% at constant exchange rates. Growth in the Rest of Europe and North America regions more than offset the slight slowdown persisting in France, and adds to the IGATE impact. The operating margin improved 120 basis points to 12.8% in 2016.

Application Services (60% of Group revenues) growth was a strong 10.6% at constant exchange rates. In addition to the positive IGATE impact, growth was driven by strong momentum in Europe - notably France, the United Kingdom, Germany and Scandinavia - and Asia. Application Services are also the first beneficiary of the rapid development of Digital and Cloud services. The operating margin rate is 12.7%, up 80 basis points on 2015.

Other Managed Services (21% of Group revenues) reported a 2.2% increase in revenues at constant exchange rates in 2016. Excluding changes in Group scope, revenue is down year-on-year despite growth in Business Services (Business Process Outsourcing and platforms). The pressure from the transition to the Cloud on traditional infrastructure services was accentuated this year by the decline in the UK public sector, which was anticipated at the beginning of the year, but also lower equipment resale. The operating margin rate at 10.0% is up 40 basis points on 2015.

Results by business

Revenues *(in millions of euros)*	**2015**	**2016**
Consulting Services	480	506
Technology and engineering services	1,744	1,873
Application Services	6,997	7,557
Other Managed Services	2,694	2,603
TOTAL GROUP	**11,915**	**12,539**

Operating margin *(as a % of revenues)*	**2015**	**2016**
Consulting Services	9.1%	10.7%
Technology and engineering services	11.6%	12.8%
Application Services	11.9%	12.7%
Other Managed Services	9.6%	10.0%
TOTAL GROUP	**10.6%**	**11.5%**

The following table presents the utilization rates (on a like-for-like basis) measuring the percentage of work time, excluding vacation, of production employees. 2015 utilization rates have been computed to better take into account the onshore/offshore mix. It should be noted that the year-on-year decrease in the utilization rate in Application Services at the end of the year is mainly attributable to the high number of graduates recruited in offshore production centers.

	2015				**2016**			
Utilization rate	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Consulting Services	71%	71%	68%	70%	70%	71%	68%	70%
Technology and Engineering services	81%	82%	84%	83%	82%	83%	83%	83%
Application Services	81%	81%	82%	83%	81%	81%	82%	81%

Headcount

At December 31, 2016, the Group's total headcount is 193,077 employees compared with 180,639 employees one year earlier. This 12,438 net increase (+6.9%) reflects:

- 55,246 additions; and
- 42,808 departures (including 34,803 resignations), representing a weighted attrition rate of 18.3% of the headcount in 2016 (compared with 19.3% in 2015).

Order book

Bookings during the year totaled €13,027 million. New orders of €11,538 million were recorded in 2015. Book-to-bill ratio stands at 1.04 for the year 2016.

Significant events of 2016

Within the Group, 2016 will remain marked by the death, on March 15, of Serge Kampf, founder of the Capgemini Group and still Vice-Chairman of the Board and Honorary Chairman when he passed away. He built Capgemini 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.

On another note:

- for the fourth year running, Capgemini was recognized as one of the world's most ethical companies by Ethisphere Institute, an independent think tank dedicated to promoting ethical and corporate governance best practices (March 2016);
- Capgemini signed a new agreement encouraging the employment of persons with disabilities (March 2016);
- Capgemini obtained from the CNIL, the French Data protection Authority, certification for its Binding Corporate Rules (BCR) for the protection of personal data (March 2016);
- Capgemini supported female entrepreneurs with the creation of the *Prometteuse du Digital* prize, awarded to a woman working in the Digital sector in the Pays de la Loire region of France (May 2016);
- Capgemini University was awarded the "Most International Corporate University" prize at the first U-Spring Corporate University event. This event rewards best continuing education practices in companies (June 2016);
- in June 2016, Capgemini organized a capital market day for financial analysts and investors at its Munich Applied Innovation Exchange, during which it presented its recent Digital, Cloud and Cybersecurity developments and an update on the automation of its client's project delivery. During this day, the Group confirmed its medium-term ambition to achieve operating margin of between 12.5% and 13.0% and organic growth of between 5% and 7%;
- Capgemini launched to its French employees a mobile phone recycling initiative in partnership with Nodixia (December 2016).

On a financial level:

- the Capgemini Board of Directors decided in February 2016 the launch of a €600 million multi-year share buyback program, before increasing it to €1,100 million in December 2016;
- on November 29, 2016, Capgemini redeemed on maturity its €500 million bond issue paying an annual coupon of 5.25%;
- on November 21, 2016, Capgemini completed the early redemption of the ORNANE bonds (zero-coupon net share settled bonds convertible into new shares and/or exchangeable for existing shares of Cap Gemini due January 1, 2019);
- in November 2016, Capgemini successfully placed a €500 million senior unsecured bond issue with a 0.5% coupon.

In Digital and Cloud:

Capgemini launched new service offerings and solutions and particularly:

- Digital Manufacturing, a service offering focusing on the Digital transformation of the manufacturing industry (May 2016);
- IoT platform for next generation building energy management solutions, launched with Siemens (May 2016);
- Automation Drive, a unified suite of automation technologies designed to accelerate the Digital transformation of companies (July 2016);
- new security monitoring services in partnership with IBM Security (August 2016);
- Mov'InBlue, a smart Digital mobility solution for corporate fleets and vehicle rental companies, launched with Valéo (October 2016).

The Group also continued to develop a Digital ecosystem with:

- the opening of three new innovation centers, including San Francisco (January 2016), which is the nerve center of the global network of 10 Applied Innovation Exchange;
- the acquisition of two companies in the Digital sector, Oinio, one of European's leading Salesforce partners and Fahrenheit 212, a US innovation strategy and design firm (January and February 2016);
- the strengthening of its relationship with Amazon Web Services, under its extended migration services program (February 2016);
- the broadening of its partnership with SAP to address the Digital transformation needs of the manufacturing industry (September 2016).

On the commercial front, the Group won in particular the following contracts and assignments driven by new Digital and Cloud needs:

- application migration and supervision consulting assignment for a global soft drinks company transitioning to the Cloud;
- development of an integrated banking solution for a leading Irish bank, drawing on Capgemini Consulting, infrastructure and Financial Services expertise, while increasing the Digital footprint of the bank through a dedicated solution;
- delivery of solutions improving the Digital capacity of a leading credit rating agency;

- development of APIs (customer interface for communication of software components) to power a new Digital platform for a major global bank;
- Capgemini is the preferred partner of a French mass catering company for innovation and transformation, was asked to mentor the Digital transformation of the Company and steer more than 10 Digital projects;
- major Digital transformation contract with a European telecoms operator;
- 7-year service agreement with a US insurance company delivered through Capgemini's IBAS platform (Integrated Business Administration Services);
- digital transformation consulting assignment for a European car manufacturer;
- cloud-based Big Data & Analytics assignment for global leader in submarine systems;
- cybersecurity assignments for a leading European insurance company, an environmental agency, a Dutch discount chain and a cruise ship operator;
- systems integration and infrastructure consulting assignment for a top-three European airport;
- implementation of Digital applications for a Digital camera supplier;
- launch of a strategic transformation plan for an agricultural biotechnology company;
- automation of testing and transformation for a US finance company;
- building a new membership program, data model, deployment phase on a Digital customer engagement for a brand devised for the food retail business in the United Kingdom;
- transformation program for a German automotive equipment manufacturer to adopt next generation Digital technologies for Product Lifecycle Management (PLM).

Finally, the following contracts illustrate other commercial activity in 2016:

- Capgemini secured its position as a strategic supplier to HMRC (the UK government department primarily tasked with tax collection) notably in application development and management services through to June 2020 in support of HMRC's ambition of being one of the world's most digitally advanced tax authorities. In support of HMRC's decision to take greater control of IT, Capgemini will transition a number of services between now and June 2017 (March 2016);
- Capgemini announced the renewal of its managed services contact with the UK Ministry of Defense (March 2016);
- Capgemini signed a contract with a global medical technology company based in the US to manage all IT applications and deliver end-to-end ADM services (September 2016).

4.1.2 Comments on the Capgemini Group consolidated financial statements and outlook for 2017

Consolidated income statement

Consolidated revenues total €12,539 million for the year ended December 31, 2016, compared with €11,915 million in 2015, up 5.2% (+7.9% at constant foreign exchange rates). Operating expenses total €11,099 million compared with €10,653 million in 2015.

An analysis of costs by nature highlights a €351 million increase in personnel costs (+4.8%) to €7,611 million for 2016. Personnel costs represent 60.7% of revenues compared with 60.9% in 2015. The average headcount rose 15.1% in 2016 to 185,593, compared with 161,268 in 2015. Offshore employees represent 56% of the total Group headcount, compared with 54% in 2015.

An analysis of costs by function reveals:

- the cost of services rendered is €9,183 million, or 73.3% of revenues, down 0.9 point on 2015. This enabled an improvement in the gross margin to 26.7% of revenues in 2016;
- selling costs total €1,032 million, or 8.2% of revenues, a slight percentage increase on last year;
- general and administrative expenses total €884 million (7.0% of revenues), a reduction of 0.2 point on 2015 as a result of a strict cost control policy.

The **operating margin** is therefore €1,440 million in 2016, or 11.5% of revenues compared with 10.6% in 2015.

Other operating income and expense (including the amortization of intangible assets recognized in business combinations) represents an overall net expense of €292 million in 2016, compared with €240 million in 2015. This increase of €52 million is mainly due to integration costs as well as the amortization of intangible assets recognized in the context of the IGATE acquisition over 12 months in 2016.

Operating profit is €1,148 million (9.2% of revenues) compared with €1,022 million (8.6% of revenues) in 2015, an increase of 12.3%.

The **net financial expense** is €146 million, up on 2015 (€118 million). This rise is mainly due to the recognition of the coupon on the 2015 bond issue for a full 12 months in 2016.

An **income tax expense** of €94 million is recognized in respect of 2016, compared with income tax income of €203 million in 2015. This is due to the remeasurement of deferred tax assets on US tax loss carry-forwards in 2015 in the amount of €476 million and tax income (net) of €180 million in respect of goodwill arising on legal restructurings in 2016. Adjusted for this non-recurring item, the effective tax rate is 27.3% in 2016 (compared with 30.1% in 2015).

Profit for the year attributable to owners of the Company is €921 million in 2016, compared with €1,124 million in 2015. Basic earnings per share are €5.44 based on an average of 169,450,721 ordinary shares outstanding in 2016, compared with €6.67 based on an average of 168,452,917 ordinary shares outstanding in 2015.

Consolidated statement of financial position

Equity attributable to owners of the Company totaled €7,272 million at December 31, 2016, up €385 million on December 31, 2015. This increase was mainly due to:

- profit for the year of €921 million;
- a €169 million increase in foreign exchange translation reserves;

partially offset by:

- the value of own shares deducted from consolidated equity for the year of €340 million under the share buyback program launched by the Group,
- the recognition in equity of actuarial losses on provisions for pensions and other post-employment benefits of €257 million, net of deferred tax,
- the payment to shareholders of the 2015 dividend of €229 million.

Non-current assets total €10,590 million at December 31, 2016, up €55 million on December 31, 2015, mainly due to:

- a €121 million increase in goodwill, attributable to the positive impact of foreign currency translation adjustments;
- a €83 million decrease in other non-current assets, mainly due to:
  - the exercise of the call option on Cap Gemini S.A. shares purchased on October 18, 2013 following the early redemption of ORNANE 2013 bonds, valued at €162 million in 2015,
  - the fair value remeasurement of cash flow hedging derivative instruments contracted pursuant to the central management of foreign exchange risk, recognized through equity in the amount of €54 million.

Operating receivables (accounts and notes receivable) totaled €3,074 million at December 31, 2016, compared with €3,055 million at December 31, 2015. Accounts receivable, net of advances from clients and amounts billed in advance and excluding capitalized costs on projects, totaled €2,244 million at December 31, 2016 compared with €2,207 million at December 31, 2015 and represent 64 days annual revenue.

Non-current liabilities increased €213 million at December 31, 2016 (to €5,206 million compared with €4,993 million last year), mainly due to the increase in provisions for pensions and other post-employment benefits, notably in the United Kingdom and to bond issues (2016 bond issue offset by the early redemption of the ORNANE 2013 bonds).

Accounts and notes payable mainly consist of trade payables and related accounts, personnel costs and accrued taxes other than income tax and total €2,818 million at December 31, 2016, compared with €2,724 million at December 31, 2015.

Consolidated net debt totaled €1,413 million at December 31, 2016 compared with €1,767 million at December 31, 2015. This €354 million improvement was mainly due to:

- organic free cash flow, 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, of €1,071 million;

offset by:

- cash outflows of €340 million in respect of transactions in Cap Gemini S.A. shares,
- payment to shareholders of the 2015 dividend of €229 million,
- an increase in lease finance liabilities of €60 million.

Outlook for 2017

For 2017, the Group forecasts revenue growth at constant exchange rates of 3.0%, an operating margin of 11.7% to 11.9% and organic free cash flow generation in excess of €950 million.

In addition:

- The Group expects the impact of currency movements on revenues to be minimal on a full year basis, with the impact of the pound sterling depreciation against the euro offsetting notably the appreciation of the US dollar and the Brazilian real.
- The Group looks into discontinuing its equipment resale activity in Brazil, which represented approximately €60 million in 2016. In order not to disrupt the analysis of quarterly trends, organic growth and growth at constant exchange rates will be presented after removing this activity from 2016 and 2017 revenues.
- The impact of acquisitions on revenue growth is estimated at this stage to be a few tens of basis points.

4.2 Consolidated financial statements

4.2.1 Consolidated income statement

		2015		2016	
in millions of euros	Notes	Amount	%	Amount	%
Revenues	**4 - 6**	**11,915**	**100**	**12,539**	**100**
Cost of services rendered		(8,838)	(74.2)	(9,183)	(73.3)
Selling expenses		(955)	(8.0)	(1,032)	(8.2)
General and administrative expenses		(860)	(7.2)	(884)	(7.0)
Operating expenses	**7**	**(10,653)**	**(89.4)**	**(11,099)**	**(88.5)**
Operating margin*		**1,262**	**10.6**	**1,440**	**11.5**
Other operating income and expense	8	(240)	(2.0)	(292)	(2.3)
Operating profit		**1,022**	**8.6**	**1,148**	**9.2**
Net finance costs	9	(55)	(0.5)	(104)	(0.8)
Other financial income and expense	9	(63)	(0.5)	(42)	(0.4)
Net financial expense		**(118)**	**(1.0)**	**(146)**	**(1.2)**
Income tax income (expense)	**10**	(1) **203**	**1.7**	(2) **(94)**	**(0.8)**
PROFIT FOR THE YEAR		**1,107**	**9.3**	**908**	**7.2**
Attributable to:					
Owners of the Company		*1,124*	*9.4*	*921*	*7.3*
Non-controlling interests		*(17)*	*(0.1)*	*(13)*	*(0.1)*

EARNINGS PER SHARE			
Average number of shares outstanding during the year		168,452,917	169,450,721
Basic earnings per share *(in euros)*	**11**	**6.67**	**5.44**
Diluted average number of shares outstanding		178,581,519	179,080,780
Diluted earnings per share *(in euros)*	**11**	**6.33**	**5.25**

(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.
(*) Operating margin, an alternative performance measure monitored by the Group, is defined in Note 3, Alternative performance measures.

4.2.2 Statement of income and expense recognized in equity

in millions of euros	2015	2016
Actuarial gains and losses on defined benefit pension plans, net of tax [1]	97	(257)
Remeasurement of hedging derivatives, net of tax [2]	35	53
Translation adjustments [2]	255	173
TOTAL INCOME AND EXPENSE RECOGNIZED IN EQUITY	**387**	**(31)**
Profit for the year (reminder)	1,107	908
If this income and expense recognized in equity had been recognized in profit or loss, profit for the year would have been as follows:	1,494	877
Attributable to:		
Owners of the Company	*1,514*	*886*
Non-controlling interests	*(20)*	*(9)*

(1) Items that will not be reclassified subsequently to profit or loss.
(2) Items that may be reclassified subsequently to profit or loss.

4.2.3 Consolidated statement of financial position

in millions of euros	Notes	December 31, 2015	December 31, 2016
Goodwill	13 -15	7,055	7,176
Intangible assets	13	848	813
Property, plant and equipment	14	763	754
Deferred taxes	16	1,412	1,473
Other non-current assets	18	457	374
Total non-current assets		**10,535**	**10,590**
Accounts and notes receivable	19	3,055	3,074
Current tax receivables		64	132
Other current receivables	20	543	627
Cash management assets	21	116	157
Cash and cash equivalents	21	1,950	1,879
Total current assets		**5,728**	**5,869**
TOTAL ASSETS		**16,263**	**16,459**

in millions of euros	Notes	December 31, 2015	December 31, 2016
Share capital		1,377	1,373
Additional paid-in capital		3,499	3,453
Retained earnings and other reserves		887	1,525
Profit for the year		1,124	921
Equity (attributable to owners of the Company)		**6,887**	**7,272**
Non-controlling interests		26	13
Total equity		**6,913**	**7,285**
Long-term borrowings	21	3,161	3,287
Deferred taxes	16	221	227
Provisions for pensions and other post-employment benefits	24	1,216	1,374
Non-current provisions	25	28	26
Other non-current liabilities	26	367	292
Total non-current liabilities		**4,993**	**5,206**
Short-term borrowings and bank overdrafts	21	652	125
Accounts and notes payable	27	2,724	2,818
Advances from customers and billed in advance	19	739	737
Current provisions	25	90	104
Current tax liabilities		61	109
Other current payables	26	91	75
Total current liabilities		**4,357**	**3,968**
TOTAL EQUITY AND LIABILITIES		**16,263**	**16,459**

4.2.4 Consolidated statement of cash flows

Cash flows for the period are discussed in Note 22, Cash flows.

in millions of euros	Notes	2015	2016
Profit for the year attributable to owners of the Company		**1,124**	**921**
Non-controlling interests		(17)	(13)
Impairment of goodwill	13 -15	40	-
Depreciation, amortization and impairment of fixed assets		264	299
Change in provisions		8	(5)
Losses on disposals of assets		17	6
Expenses relating to share grants		32	54
Net finance costs	9	55	104
Income tax expense / (income)	10	(203)	94
Unrealized gains on changes in fair value and other		(19)	(11)
Cash flows from operations before net finance costs and income tax (A)		**1,301**	**1,449**
Income tax paid (B)		**(137)**	**(167)**
Change in accounts and notes receivable and advances from customers and amounts billed in advance		(22)	(45)
Change in capitalized costs on projects		(10)	13
Change in accounts and notes payable		(80)	128
Change in other receivables/payables		(48)	(59)
Change in operating working capital (C)		**(160)**	**37**
NET CASH FROM OPERATING ACTIVITIES (D=A+B+C)		**1,004**	**1,319**
Acquisitions of property, plant and equipment and intangible assets	13 -14	(198)	(197)
Proceeds from disposals of property, plant and equipment and intangible assets		19	21
		(179)	**(176)**
Cash inflows (outflows) on business combinations net of cash and cash equivalents acquired		(3,392)	(23)
Cash outflows in respect of cash management assets		(2)	(36)
Other cash (outflows) inflows, net		(13)	(16)
		(3,407)	**(75)**
NET CASH USED IN INVESTING ACTIVITIES (E)		**(3,586)**	**(251)**
Proceeds from issues of share capital		564	-
Proceeds from issues of share capital subscribed by non-controlling interests		5	-
Dividends paid		(198)	(229)
Net payments relating to transactions in Cap Gemini S.A. shares		(81)	(315)
Proceeds from borrowings		2,775	505
Repayments of borrowings		(691)	(1,004)
Interest paid		(38)	(115)
Interest received		28	43
NET CASH (USED IN) / FROM FINANCING ACTIVITIES (F)		**2,364**	**(1,115)**
NET DECREASE IN CASH AND CASH EQUIVALENTS (G=D+E+F)		**(218)**	**(47)**
Effect of exchange rate movements on cash and cash equivalents (H)		26	(31)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (I)	**21**	**2,140**	**1,948**
CASH AND CASH EQUIVALENTS AT END OF YEAR (G+H+I)	**21**	**1,948**	**1,870**

4.2.5 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, 2015	**163,592,949**	**1,309**	**3,010**	**(60)**	**1,688**	**(10)**	**(880)**	**5,057**	**26**	**5,083**
Dividends paid out for 2014	-	-	-	-	(198)	-	-	(198)	-	(198)
Incentive instruments and employee share ownership	1,888,551	15	49	92	(18)	-	-	138	-	138
Adjustments to the put option granted to minority shareholders	-	-	-	-	(32)	-	-	(32)	-	(32)
Tax impact of the derivative instrument on Cap Gemini S.A. shares	-	-	-	-	22	-	-	22	-	22
Elimination of treasury shares	-	-	-	(107)	2	-	-	(105)	-	(105)
Share capital increase	6,700,000	53	440	-	7	-	-	500	5	505
Transactions with minority shareholders	-	-	-	-	(9)	-	-	(9)	15	6
Transactions with shareholders	**8,588,551**	**68**	**489**	**(15)**	**(226)**	**-**	**-**	**316**	**20**	**336**
Income and expense recognized in equity	**-**	**-**	**-**	**-**	**-**	**258**	**132**	**390**	**(3)**	**387**
Profit for the year	**-**	**-**	**-**	**-**	**1,124**	**-**	**-**	**1,124**	**(17)**	**1,107**
At December 31, 2015	**172,181,500**	**1,377**	**3,499**	**(75)**	**2,586**	**248**	**(748)**	**6,887**	**26**	**6,913**
Dividends paid out for 2015	-	-	-	-	(229)	-	-	(229)	-	(229)
Incentive instruments and employee share ownership	-	-	-	62	15	-	-	77	-	77
Derivatives on Cap Gemini S.A. shares, net of tax	-	-	-	-	(32)	-	-	(32)	-	(32)
Early redemption of ORNANE 2013	-	-	-	56	(37)	-	-	19	-	19
Elimination of treasury shares	-	-	-	(340)	-	-	-	(340)	-	(340)
Share capital reduction by cancellation of treasury shares	(617,235)	(4)	(46)	50	-	-	-	-	-	-
Transactions with minority shareholders	-	-	-	-	4	-	-	4	(4)	-
Transactions with shareholders	**(617,235)**	**(4)**	**(46)**	**(172)**	**(279)**	**-**	**-**	**(501)**	**(4)**	**(505)**
Income and expense recognized in equity	**-**	**-**	**-**	**-**	**-**	**169**	**(204)**	**(35)**	**4**	**(31)**
Profit for the year	**-**	**-**	**-**	**-**	**921**	**-**	**-**	**921**	**(13)**	**908**
AT DECEMBER 31, 2016	**171,564,265**	**1,373**	**3,453**	**(247)**	**3,228**	**417**	**(952)**	**7,272**	**13**	**7,285**

4.2.6 Notes to the consolidated financial statements for the year ended December 31, 2016

Note 1 Accounting basis

The consolidated financial statements for the year ended December 31, 2016 and the notes thereto were adopted by the Board of Directors on February 15, 2017. The consolidated financial statements will be approved by the Combined Shareholders' Meeting, scheduled for May 10, 2017.

A) IFRS standards-base

Pursuant to European Commission Regulation no. 1606/2002 of July 19, 2002, the 2016 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 2016

a) New standards, amendments and interpretations of mandatory application (published by the IASB, endorsed by the EU, entered into effect on January 1, 2016)

The accounting policies applied by the Group are unchanged on those applied for the preparation of the 2015 consolidated financial statements, with the exception of new standards, amendments and interpretations which entered into effect on January 1, 2016 and which had no material impact on the Group financial statements.

b) New standards, amendments and interpretations not adopted early (published by the IASB, endorsed by the EU, not yet in effect at January 1, 2016)

The potential impacts of the application of new standards, amendments and interpretations on the Group consolidated financial statements will not be material.

The Group worked together with international sector players and within Syntec Numérique in France on identifying application issues relating to IFRS 15, Revenue from contracts with customers. At the same time, the Group launched a project to analyze, for a sample of contracts, any differences between accounting policies currently applied and IFRS 15. The conclusions of this analysis and the potential impacts are currently being finalized.

c) New standards, amendments and interpretations not yet endorsed (published by the IASB, not yet endorsed by the EU, not yet in effect at January 1, 2016)

The Group did not elect to adopt early the standards, amendments, and interpretations published by the IASB but not yet endorsed by the European Union at December 31, 2016 or in effect at January 1, 2016.

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 are subject to a degree of uncertainty. They mainly concern revenue recognition on fixed-price contracts accounted for on a percentage-of-completion basis, recognition of deferred tax assets, measurement of the recoverable amount of assets, provisions for pensions and other post-employment benefits, the fair value of derivatives, and provisions.

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, 2016 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	
	2015	**2016**	**2015**	**2016**
Australian dollar	0.67838	0.67230	0.67128	0.68512
Brazilian real	0.27480	0.26057	0.23193	0.29150
Canadian dollar	0.70630	0.68234	0.66155	0.70482
Chinese renminbi yuan	0.14349	0.13609	0.14163	0.13661
Indian rupee	0.01406	0.01345	0.01389	0.01397
Norwegian krona	0.11200	0.10765	0.10413	0.11006
Polish zloty	0.23916	0.22920	0.23453	0.22674
Pound sterling	1.37806	1.22455	1.36249	1.16798
Swedish krona	0.10691	0.10567	0.10882	0.10469
US dollar	0.90166	0.90404	0.91853	0.94868

N.B. the income statement of IGATE, purchased on July 1, 2015, was consolidated at average exchange rates for the second-half of 2015.

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.

Acquisitions in 2016

In the first-half of 2016, the Group acquired Oinio in Germany (100 employees), strengthening Capgemini's Digital transformation offering around the *Salesforce* solution and platform.

The Group also acquired Fahrenheit 212 in the United States (70 employees), an innovation strategy and design firm, to develop new Digital offerings in North America.

The acquisition price for these two acquisitions was €22 million, in addition to which earn-outs comprising conditions of presence are recorded in "Other operating income and expense".

These acquisitions did not have a material impact on the Group financial statements for the year ended December 31, 2016.

Recap of the acquisition of IGATE in 2015

IGATE is a technology and services group based in the United States and headquartered in New Jersey. In 2014, it reported US GAAP revenues of US$1.3 billion and operating income of US$220 million, and had 33,484 employees at December 31, 2014. North America is IGATE's main market generating 79% of revenues in 2014, followed by Europe (14%) and the Asia-Pacific region (7%).

Pursuant to the terms of the merger agreement announced on April 27, 2015, Capgemini completed the acquisition of IGATE Corporation on July 1, 2015, which became a wholly-owned subsidiary of the Capgemini Group at that date. On July 1, 2015, all issued and outstanding IGATE Corporation ordinary shares (other than IGATE Corporation ordinary shares held by the Company) and vested rights under stock option plans were converted into a right to receive cash of US$48 per security. The resulting purchase price was US$3,961 million. IGATE Corporation shares are no longer traded and have been delisted from the NASDAQ Global Select Market.

IGATE is fully consolidated from July 1, 2015.

Since its acquisition on July 1, 2015, IGATE has contributed €609 million to Group revenues, €88 million to Group operating profit and €68 million to Group profit for the year. Had the acquisition been performed on January 1, 2015 and based on information provided by IGATE in respect of the first-half of 2015, the Group estimates that IGATE's contribution to its revenues, operating profit and profit for the year would have been €1,194 million, €160 million and €109 million, respectively for 2015.

The goodwill balance recognized on initial consolidation was not materially restated at the end of the allocation period.

Financing transactions

To finance this acquisition, the Group performed the following transactions to supplement available cash:

- negotiation of a bridge loan of US$3,800 billion (available for draw-down in US dollars and/or euro) with a group of 15 banks following a round of syndication completed on June 2, 2015 (the bridge loan having been subscribed by a restricted group of banks on April 24, 2015). This loan was drawn twice on June 29, 2015, in the amount of €2,200 million and US$1,000 million (representing a total euro-equivalent of €3,094 million) for the partial financing of the acquisition of IGATE on July 1, 2015 and the refinancing of a portion of its borrowings (see below);
- a €500 million share capital increase (net of post-tax share issue costs) launched on June 9, 2015 by private placement and concerning 6,700,000 new shares. The subscription price was €75.50 per share, representing a discount of 2.4% on the volume-weighted average price of June 9, 2015;
- a "triple tranche" bond issue for a total nominal amount of €2,750 million, placed on June 24, 2015 and with a settlement/delivery date of July 1, 2015. The three tranches of this bond issue present the following characteristics (see Note 21, Net debt / Net cash and cash equivalents):
  - €500 million of notes due July 2, 2018, paying a floating coupon of 3 month Euribor +85 pb (issue price 100%),
  - €1,250 million of notes due July 1, 2020, paying an annual coupon of 1.75% (issue price 99.853%),
  - €1,000 million of notes due July 1, 2023, paying an annual coupon of 2.50% (issue price 99.857%).

On July 7, 2015, the proceeds from this bond placement were allocated to the repayment of the €3,094 million drawdown on the bridge loan. The bridge loan was cancelled in full on July 9, 2015.

Furthermore, Capgemini entered into the following transactions to manage the interest rate and foreign currency risk associated with this acquisition:

- purchase of euro interest rate swaptions: all these options were unwound before the acquisition of IGATE and were recognized in full in net financial expense at December 31, 2015;
- purchase of US dollar/euro call options: all these instruments were unwound before the acquisition of IGATE and were recognized in full in net financial expense at December 31, 2015;
- set-up, for a total notional amount of US$1,000 million and with a 5-year maturity, of EUR/USD fix-to-fix cross currency swaps, classified as cash flow hedges for the interest rate component and as fair value hedges for the exchange rate component. In respect of these financial instruments, Capgemini will receive from the relevant banking counterparties a rate of 1.75% on a notional amount of €894 million, in exchange for payment of an average rate of 3.51% on a notional amount of US$1,000 million (see Note 9, Net financial expense).

Following its acquisition by Capgemini, IGATE repaid its main borrowings in July 2015:

- a bond issue of a principal amount of US$325 million, maturing in 2019;
- a bank loan with an outstanding balance of US$234 million.

Employee incentive instruments

In the context of the acquisition of IGATE on July 1, 2015, the Capgemini Group decided to maintain the vesting conditions of capital instruments (share subscription options, reserved shares and performance shares) granted by IGATE prior to the acquisition and to fix the price thereof based on the transaction price. A cash amount will therefore be granted at the initial vesting dates calculated based on a price of US$48. The cash payment for share subscription options and reserved shares not vested at July 1, 2015 will be made primarily in 2015 (post acquisition), 2016 and 2017 subject to compliance with the presence condition associated with these instruments at the vesting date.

The payment in respect of vested capital instruments is US$42 million. The US$75.5 million expense in respect of instruments in the course of vesting is spread over the period between the different grant and vesting dates. Accordingly, a provision of US$54 million was recognized in the opening balance sheet in respect of services rendered between the grant dates and the date of acquisition of IGATE. The expense in respect of the period after the acquisition date is estimated at US$21.5 million and will be recognized progressively in the Income Statement over the period from the acquisition date to the relevant vesting dates. An expense of €7.7 million was recognized in respect of 2016 (€9.9 million in 2015).

Note 3 Alternative performance measures

The alternative performance measures monitored by the Group are defined as follows:

- **Operating margin** is equal to revenues less operating expenses. It is calculated before “Other operating income and expenses” 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 in companies acquired, 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, and also including (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 (iv) 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 and Poland) 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 and Note 5, Consolidated Income Statement.*

Segment reporting by geographic area

The Group now communicates segment information for five geographic areas: North America, France, United Kingdom and Ireland, the Rest of Europe and Asia-Pacific and Latin America. The Rest of Europe area now includes Benelux, the weight of which is constantly decreasing due to the geographic diversification of the Group outside Europe.

Segment reporting is complemented by information on revenues and operating margin for each of the Group's four businesses.

These areas are presented in detail below:

Geographic area	Main countries
North America	Canada, United States
France	France
United Kingdom and Ireland	Ireland, United Kingdom
Rest of Europe	Belgium, Denmark, Finland, Germany, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland
Asia-Pacific and Latin America	Argentina, Australia, Brazil, China, India, Japan, Mexico, Singapore

Analysis of the income statement by geographic area

2016 *(in millions of euros)*	North America	France	United Kingdom and Ireland	Rest of Europe	Asia-Pacific and Latin America	HQ expenses	Eliminations	Total
Revenues								
▪ external	3,800	2,567	1,993	3,214	965	-	-	12,539
▪ inter-geographic area	151	200	155	273	1,251		(2,030)	-
TOTAL REVENUES	**3,951**	**2,767**	**2,148**	**3,487**	**2,216**	**-**	**(2,030)**	**12,539**
OPERATING MARGIN*	**587**	**234**	**290**	**339**	**64**	**(74)**	**-**	**1,440**
% of revenues	*15.4*	*9.1*	*14.6*	*10.5*	*6.6*	-	-	*11.5*
OPERATING PROFIT	**487**	**167**	**259**	**288**	**23**	**(76)**	**-**	**1,148**

2015 *(in millions of euros)*	North America	France	United Kingdom and Ireland	Rest of Europe	Asia-Pacific and Latin America	HQ expenses	Eliminations	Total
Revenues								
▪ external	3,325	2,444	2,150	3,066	930	-	-	11,915
▪ inter-geographic area	151	185	162	239	1,051	-	(1,788)	-
TOTAL REVENUES	**3,476**	**2,629**	**2,312**	**3,305**	**1,981**	**-**	**(1,788)**	**11,915**
OPERATING MARGIN*	**494**	**199**	**289**	**313**	**39**	**(72)**	**-**	**1,262**
% of revenues	*14.9*	*8.1*	*13.4*	*10.2*	*4.2*	-	-	*10.6*
OPERATING PROFIT	**408**	**152**	**291**	**255**	**(24)**	**(60)**	**-**	**1,022**

(*) Operating margin, an alternative performance measure monitored by the Group, is defined in Note 3, Alternative performance measures.

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Analysis of assets and liabilities by geographic area

At December 31, 2016 *(in millions of euros)*	North America	France	United Kingdom and Ireland	Rest of Europe	Asia-Pacific and Latin America	Not allocated	Eliminations	Total
Assets by geographic area								
▪ external	3,507	2,611	1,620	2,835	1,910	39	-	12,522
▪ inter-geographic area	84	83	61	88	176	28	(520)	-
TOTAL ASSETS	**3,591**	**2,694**	**1,681**	**2,923**	**2,096**	**67**	**(520)**	**12,522**
o/w acquisitions of intangible assets and property, plant and equipment [(1)]	*26*	*46*	*29*	*64*	*91*	*1*	-	*257*
			Deferred tax assets					1,473
			Income tax assets					159
			Cash management assets					157
			Cash and cash equivalents					1,879
			Derivative instruments					269
			TOTAL ASSETS					**16,459**
Liabilities by geographic areas								
▪ external	907	1,197	1,405	1,070	732	10	-	5,321
▪ inter-geographic area	150	100	80	127	61	-	(518)	-
TOTAL LIABILITIES	**1,057**	**1,297**	**1,485**	**1,197**	**793**	**10**	**(518)**	**5,321**
			Equity					7,285
			Deferred tax liabilities					227
			Income tax liabilities					125
			Borrowings and bank overdrafts					3,412
			Derivative instruments					89
			TOTAL LIABILITIES AND EQUITY					**16,459**

At December 31, 2015 *(in millions of euros)*	North America	France	United Kingdom and Ireland	Rest of Europe	Asia-Pacific and Latin America	Not allocated	Eliminations	Total
Assets by geographic area								
▪ external	3,385	2,603	1,757	2,772	1,796	36	-	12,349
▪ inter-geographic area	69	77	56	88	137	39	(466)	-
TOTAL ASSETS	**3,454**	**2,680**	**1,813**	**2,860**	**1,933**	**75**	**(466)**	**12,349**
o/w acquisitions of intangible assets and property, plant and equipment [(1)]	*28*	*51*	*40*	*49*	*74*	*1*	-	*243*
			Deferred tax assets					1,412
			Income tax assets					94
			Cash management assets					116
			Cash and cash equivalents					1,950
			Derivative instruments					342
			TOTAL ASSETS					**16,263**
Liabilities by geographic areas								
▪ external	814	1,192	1,378	983	645	8	-	5,020
▪ inter-geographic area	110	103	73	109	72	-	(467)	-
TOTAL LIABILITIES	**924**	**1,295**	**1,451**	**1,092**	**717**	**8**	**(467)**	**5,020**
			Equity					6,913
			Deferred tax liabilities					221
			Income tax liabilities					79
			Borrowings and bank overdrafts					3,813
			Derivative instruments					217
			TOTAL LIABILITIES AND EQUITY					**16,263**

(1) Total acquisitions of intangible assets and property, plant and equipment is different from the figure reported in the Statement of Cash Flows (€197 million in 2016 and €198 million in 2015), which excludes acquisitions of assets held under finance leases (€60 million in 2016 and €45 million in 2015).

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 teams within client companies;
- Application Services, which devise, develop, implement and maintain IT applications covering the Group's 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, on-demand services and/or business activities (Business Process Outsourcing, BPO).

Breakdown of revenues by business

	2015		2016	
in millions of euros	**Amount**	**%**	**Amount**	**%**
Consulting Services	480	4	506	4
Technology & Engineering Services	1,744	15	1,873	15
Application Services	6,997	59	7,557	60
Other Managed Services	2,694	22	2,603	21
REVENUES	**11,915**	**100**	**12,539**	**100**

Breakdown of operating margin* by business

	2015		2016	
in millions of euros	**Amount**	**%**	**Amount**	**%**
Consulting Services	44	9.1	54	10.7
Technology & Engineering Services	202	11.6	240	12.8
Application Services	830	11.9	960	12.7
Other Managed Services	258	9.6	260	10.0
Headquarter expenses	(72)	-	(74)	-
OPERATING MARGIN *	**1,262**	**10.6**	**1,440**	**11.5**

(*) 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 ordinary 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 relating to conditions of presence in companies acquired 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:

a. Time and materials contracts

Revenues and cost of services are recognized as services are rendered.

b. Long-term fixed-price contracts

Revenues, including systems development and integration contracts, are recognized using the "percentage-of-completion" method. Costs are recognized as they are incurred.

c. Outsourcing contracts

Revenues from outsourcing agreements are recognized over the term of the contract as the services are rendered.

The related costs are recognized as they are incurred. However, a portion of costs incurred in the initial phase of outsourcing contracts (transition and/or transformation costs) may be deferred when they are specific to a given contract, relate to future activity on the contract and/or will generate future economic benefits, and are recoverable. These costs are allocated to work-in-progress and any reimbursement by the client is recorded as a deduction from the costs incurred.

When the projected cost of the contract exceeds contract revenues, a loss to completion is recognized in the amount of the difference.

Revenues receivable from these contracts are recognized in the Consolidated Statement of Financial Position under "Accounts and notes receivable" when invoiced to customers and "Accrued income" when they are not yet invoiced. Advances from customers and billed in advance are included in current liabilities.

Group revenues total €12,539 million (€11,915 million in 2015), representing a year-on-year increase of 5.2%, based on the year-end Group scope and exchange rates and 7.9% at constant exchange rates.

Note 7 Operating expenses by nature

in millions of euros	2015 Amount	2015 % of revenues	2016 Amount	2016 % of revenues
Personnel expenses	7,260	60.9%	7,611	60.7%
Travel expenses	499	4.2%	521	4.2%
	7,759	**65.1%**	**8,132**	**64.9%**
Purchases and sub-contracting expenses	2,207	18.5%	2,254	18.0%
Rent and local taxes	372	3.1%	380	3.0%
Other charges to depreciation, amortization and provisions and proceeds from asset disposals	315	2.7%	333	2.6%
OPERATING EXPENSES	**10,653**	**89.4%**	**11,099**	**88.5%**

Breakdown of personnel costs

in millions of euros	Note	2015	2016
Wages and salaries		5,845	6,151
Payroll taxes		1,344	1,401
Pension costs related to defined benefit pension plans and other post-employment benefit expenses	24	71	59
PERSONNEL EXPENSES		**7,260**	**7,611**

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Note 8 Other operating income and expense

in millions of euros	Notes	2015	2016
Amortization of intangible assets recognized in business combinations		(45)	(68)
Impairment of goodwill	13 -15	(40)	-
Expense relating to share grants	12	(42)	(58)
Restructuring costs		(81)	(103)
Integration costs for purchased companies		(39)	(68)
Acquisition costs		(16)	(1)
Other operating expenses		(29)	(5)
Total operating expenses		**(292)**	**(303)**
Other operating income		52	11
Total operating income		**52**	**11**
OTHER OPERATING INCOME AND EXPENSE		**(240)**	**(292)**

Restructuring costs

Fiscal year 2016 restructuring costs primarily concern workforce reduction measures in the amount of €91 million (€67 million in 2015) and the streamlining of real estate and production assets in the amount of €7 million (€11 million in 2015).

Integration costs for purchased companies

Integration costs for purchased companies total €68 million and mainly concern the integration of the IGATE group and primarily the cost of consultants involved in the integration and expenses relating to incentive instruments granted to IGATE employees. Integration costs also include earn-outs associated with conditions of presence for companies purchased in 2016.

In 2015, Other operating income included income of €35 million relating to the decrease in the present value of the benefit obligation for the main Capgemini UK Plc. pension plan, following an agreement with certain members regarding a reduction in their defined benefits.

Note 9 Net financial expense

in millions of euros	Note	2015	2016
Income from cash, cash equivalents and cash management assets		28	25
Net interest on borrowings		(71)	(95)
Net finance costs at the nominal interest rate		**(43)**	**(70)**
Impact of amortized cost on borrowings		(12)	(34)
Net finance costs at the effective interest rate		**(55)**	**(104)**
Net interest cost on defined benefit pension plans	24	(45)	(37)
Exchange gains (losses) on financial transactions		21	28
Gains (losses) on derivative instruments		(20)	(30)
Other		(19)	(3)
Other financial income and expense		**(63)**	**(42)**
o/w financial income		*143*	*219*
o/w financial expenses		*(206)*	*(261)*
NET FINANCIAL EXPENSE		**(118)**	**(146)**

Net interest on borrowings (€95 million) and the impact of amortized cost on borrowings (€34 million) total €129 million and mainly comprise:

- coupons on the 2011 bond issue of €24 million (compared with €26 million in 2015), plus an amortized cost accounting impact of €1 million (stable on 2015);
- the expense relating to the "ORNANE 2013" bonds redeemable in cash and/or in new and/or existing shares of €30 million (compared with €10 million in 2015), including €22 million in respect of the difference between the market value of the bond component of the ORNANE 2013 bonds (€400 million) and the accounting value of the bond component at the redemption date (see Note 21, Net debt / Net cash and cash equivalents);
- coupons on the bond issues maturing in July 2018, July 2020 and July 2023 of €50 million, plus an amortized cost accounting impact of €3 million in respect of these bonds: floating coupon of €4 million on the July 2018 tranche, coupon of €23 million on the July 2020 tranche and coupon of €26 million on the July 2023 tranche, respectively (compared with total coupons of €26 million plus an amortized cost accounting impact of €1 million in 2015 for these three bond issues performed on July 1, 2015) (see Note 2, Consolidation principles and Group structure);
- the net cost of EUR/USD fix-to-fix cross currency swaps of €16 million.

Exchange gains on financial transactions and losses on derivative instruments primarily concern inter-company loans denominated in foreign currencies and their related hedging arrangements.

Fair value gains and losses on the conversion option embedded in the "ORNANE 2013" bonds and the call option on own shares purchased in October 2013 are included in "Gains (losses) on derivative instruments" (see Note 21, Net debt / Net cash and cash equivalents). Given the "matching" nature of the main characteristics of these two derivative instruments, their respective fair value gains and losses fully offset each other, resulting in a nil impact on the Group net financial expense.

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 net profit, 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

See Note 16, Deferred tax.

The income tax expense for fiscal year 2016 breaks down as follows:

in millions of euros	Note	2015	2016
Current income taxes		(226)	(131)
Deferred taxes	16	429	37
INCOME TAX INCOME (EXPENSE)/INCOME		**203**	**(94)**

The difference between the French standard rate of income tax and the effective Group tax rate can be analyzed as follows:

	2015		2016	
in millions of euros	Amount	%	Amount	%
Profit before tax	**904**		**1,002**	
Standard tax rate in France *(%)*	**38.00**		**34.43**	
Tax expense at the standard rate	**(343)**	**38.0**	**(345)**	**34.43**
Difference in tax rates between countries [(1)]	53	(5.9)	16	(1.6)
Impact of:				
Deferred tax assets not recognized on temporary differences and tax loss carry-forwards arising in the period	(31)	3.4	(26)	2.6
Net recognition of deferred tax assets on temporary differences and tax loss carry-forwards arising prior to January 1	192	(21.3)	116	(11.6)
Utilization of previously unrecognized tax loss carry-forwards	4	(0.4)	3	(0.3)
Prior year adjustments	(8)	0.8	8	(0.8)
Taxes not based on taxable profit	(43)	4.8	(45)	4.5
Permanent differences and other items	(97)	10.7	(1)	0.1
Income Tax expense and effective tax rate before tax income (net) in respect of goodwill arising on legal restructuring and remeasurement of deferred tax assets on US tax loss carry-forwards	**(273)**	**30.1**	**(274)**	**27.3**
Tax income (net) in respect goodwill arising on legal restructuring			180	(18.0)
Remeasurement of deferred tax assets on US tax loss carry-forwards	476	(52.6)		
Income Tax (expense) income and effective tax rate after tax income (net) in respect of goodwill arising on legal restructuring and remeasurement of deferred tax assets on US tax loss carry-forwards	**203**	**(22.5)**	**(94)**	**9.3**

(1) In 2016, includes the impact of the change in tax rate in France from 2020.

The heading “Taxes not based on taxable profit” primarily consists of the Corporate Value-Added Contribution (*Cotisation sur la Valeur Ajoutée des Entreprises*, CVAE) and the additional 3% contribution on dividends paid in France, certain State taxes in the United States and the regional tax on productive activities (IRAP) in Italy.

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 adjusted by the number of ordinary shares bought back or issued during the period and is calculated by reference to the date of redemption or issue of shares during the year;
- **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 for the effects of all potential dilutive financial instruments corresponding to (i) bonds redeemable in cash and/or in new and/or existing shares, (ii) performance shares (iii) free share grants and (iv) redeemable share subscription or purchase warrants;
- **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 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

	2015	2016
Profit for the year attributable to owners of the Company *(in millions of euros)*	1,124	921
Weighted average number of ordinary shares	168,452,917	169,450,721
BASIC EARNINGS PER SHARE *(in euros)*	**6.67**	**5.44**

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 2016 was €80.91.

In 2016, instruments considered dilutive for the purpose of calculating diluted earnings per share include:

- the "ORNANE 2013" convertible bonds issued on October 25, 2013, *i.e.* a weighted average of 5,305,591 bonds, as the €20 million interest expense recorded (net of taxes) on the bonds is lower per bond than basic earnings per share. These bonds were redeemed early in the last quarter of 2016 (see Note 21 – Net debt / Net cash and cash equivalents);
- shares to be delivered to French and non-French employees under the 2012, 2013 and 2014 performance share grant plans, representing a weighted average of 2,236,137 shares. At December 31, 2016, the only remaining condition applicable to these shares is the presence of the beneficiaries in the Group at the delivery dates, scheduled for January and March 2017 and August 2018, respectively;
- all the shares available for grant under the performance share grant plan, the terms of which were approved by the Board of Directors on July 29, 2015, representing a weighted average of 1,053,800 shares. The related performance conditions will be assessed in March 2018;
- the shares available for grant under the performance share grant plan, the terms of which were approved by the Board of Directors on July 26, 2016, representing a weighted average of 689,492 shares. The related performance conditions will be assessed in August 2019;
- the shares available for grant under the performance share grant plan, the terms of which were approved by the Board of Directors on February 17, 2016, representing a weighted average of 155,050 shares. The related presence conditions will be assessed in March 2018 and March 2020.
- the shares falling within the scope of the free share grant plan open to all French employees, the terms of which were approved by the Board of Directors on October 8, 2014, representing a weighted average of 67,429 shares;
- the weighted average number of Redeemable Share Subscription or Purchase Warrants (BSAAR), *i.e.* 122,560 warrants, as the average price of the Cap Gemini S.A. share in 2016 is higher than the aggregate of the €34 strike price and the €3.22 issue premium.

in millions of euros	2015	2016
Profit for the year attributable to owners of the Company	**1,124**	**921**
Finance cost savings linked to the conversion of debt instruments, net of tax	6	20
Diluted profit for the year attributable to owners of the Company	**1,130**	**941**
Weighted average number of ordinary shares	168,452,917	169,450,721
Adjusted for:		
"ORNANE 2013" convertible bonds	5,958,587	5,305,591
Performance shares and free shares that can be granted	3,127,934	4,201,908
Redeemable Share Subscription or Purchase Warrants (BSAAR)	1,042,081	122,560
Weighted average number of ordinary shares (diluted)	**178,581,519**	**179,080,780**
DILUTED EARNINGS PER SHARE *(in euros)*	**6.33**	**5.25**

Normalized earnings per share

in millions of euros	2015	2016
Profit for the year attributable to owners of the Company	**1,124**	**921**
Remeasurement of deferred tax assets on US tax loss carry-forwards	(476)	
Tax income (net) in respect of goodwill arising on legal restructurings		(180)
Profit for the year attributable to owners of the Company – excluding the tax income (net) in respect of goodwill arising on legal restructurings and remeasurement of deferred tax assets on US tax loss carry-forwards	**648**	**741**
Other operating income and expenses, net of tax calculated at the effective tax rate	167	212
Normalized profit for the year attributable to owners of the Company	**815**	**953**
Weighted average number of ordinary shares	168,452,917	169,450,721
NORMALIZED EARNINGS PER SHARE *(in euros)*	**4.84**	**5.62**

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 two 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

Redeemable share subscription or purchase warrants (BSAAR)

Redeemable share subscription or purchase warrants were proposed to employees and corporate officers of the Group. They confer entitlement to subscribe for Cap Gemini S.A. shares at a strike price determined at their date of acquisition by the employees and corporate officers of the Group.

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 by the Group 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 Cap Gemini S.A. share price, adjusted for volume, 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

Cap Gemini S.A. 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, so that the post-tax gain or loss on the sale has no impact on 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 24, 2012, May 23, 2013, May 6, 2015 and then May 18, 2016, 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 December 12, 2012, February 20, 2013, July 30, 2014, July 29, 2015, February 17, 2016 and July 26, 2016, the Board of Directors approved the terms and conditions and the list of beneficiaries of these six plans.

The main features of these plans are set out in the table below:

	2012 International Plan	2013 International Plan
Maximum number of shares that may be granted	2,426,555 shares	2,426,555 shares
% of share capital at the date of the Board of Directors' decision	1.5%	1.5%
Total number of shares granted	(1) 1,003,500	(1) 1,209,100
Date of Board of Directors' decision	December 12, 2012	February 20, 2013
Performance assessment dates	At the end of the first and second calendar years following the grant date	At the end of the first and second years following the grant date
Vesting period	2 years and ½ month as from the grant date (France) or 4 years and ½ month as from the grant date (other countries)	2 years and 1 week as from the grant date (France) or 4 years and 1 week as from the grant date (other countries)
Mandatory lock-in period effective as from the vesting date (France only)	4 years	4 years
Main market conditions at the grant date		
▪ *Volatility*	*25.80%*	38.70%
▪ *Risk-free interest rate*	*0.35% -0.98%*	0.59% -1.28%
▪ *Expected dividend rate*	*3.00%*	3.00%
Other conditions		
▪ *Performance conditions*	*Yes (see below)*	*Yes (see below)*
▪ *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	
Range of fair values (in euros)		
▪ *Free shares (per share and in euros)*	n/a	n/a
▪ *Performance shares (per share and in euros)*	14.35 – 28.67	16.18 – 32.14
Of which corporate officers	*16.18*	*18.12*
Number of shares at December 31, 2015	that may vest under the plan in respect of shares previously granted, subject to conditions (performance and presence)	
	521,500	713,500
	o/w to corporate officers	
	-	-
Change during the period	Number of shares subject to performance and/or presence conditions granted during the year	
	-	-
	o/w to corporate officers	
	-	-
	Number of shares forfeited or canceled during the year	
	22,000	49,600
	Number of shares vested during the year	
	-	-
Number of shares at December 31, 2016	that may vest under the plan in respect of shares previously granted, subject to conditions (presence only)	
	(2) 499,500	(2) 663,900
Weighted average number of shares	510,550	688,700
Share price at the grant date (in euros)	33.15	36.53

	2014 International Plan	2015 International Plan
Maximum number of shares that may be granted	1,590,639 shares	1,721,759 shares
% of share capital at the date of the Board of Directors' decision	1%	1%
Total number of shares granted	(1) 1,290,500	(1) 1,068,550
Date of Board of Directors' decision	July 30, 2014	July 29, 2015
Performance assessment dates	Three years for the internal performance condition and two years for the external performance condition	Three years for the two performance conditions
Vesting period	2 years as from the grant date (France) or four years as from the grant date (other countries)	2 years and 7 months 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	3 years
Main market conditions at the grant date		
▪ *Volatility*	*26.33%*	24.54%
▪ *Risk-free interest rate*	*0.34% -0.81%*	0.10% -0.55%
▪ *Expected dividend rate*	*2.31%*	1.60%
Other conditions		
▪ *Performance conditions*	*Yes (see below)*	*Yes (see below)*
▪ *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	
Range of fair values (in euros)		
▪ *Free shares (per share and in euros)*	n/a	n/a
▪ *Performance shares (per share and in euros)*	26.46 – 48.26	61.73 – 82.18
Of which corporate officers	*29.32*	*56.66*
Number of shares at December 31, 2015	that may vest under the plan in respect of shares previously granted, subject to conditions (performance and presence)	
	1,232,500	1,064,650
	o/w to corporate officers	
	(1) 50,000	(1) 40,000
Change during the period	Number of shares subject to performance and/or presence conditions granted during the year	
	-	-
	o/w to corporate officers	
	-	-
	Number of shares forfeited or canceled during the year	
	66,500	21,700
	Number of shares vested during the year	
	(3) 390,750	-
Number of shares at December 31, 2016	that may vest under the plan in respect of shares previously granted, subject to conditions (presence only)	that may vest under the plan in respect of shares previously granted, subject to conditions (performance and presence)
	(2) 776 250	(4) 1,042,950
Weighted average number of shares	1,036,937	1,053,800
Share price at the grant date (in euros)	53.35	87.60

	2016 International Plans	
Maximum number of shares that may be granted	1,721,815 shares	1,721,815 shares
% of share capital at the date of the Board of Directors' decision	1%	1%
Total number of shares granted	(5) 180,500	(1) 1,663,500
Date of Board of Directors' decision	February 17, 2016	July 26, 2016
Performance assessment dates	Presence condition only	Three years for the two performance conditions
Vesting period	2 years as from the grant date (France) or four years as from the grant date (other countries)	3 years and 1 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	2 years
Main market conditions at the grant date		
▪ *Volatility*	*n/a*	*26.35%*
▪ *Risk-free interest rate*	*0.15% -0.03%*	*0.2% -0.17%*
▪ *Expected dividend rate*	*1.60%*	*1.60%*
Other conditions		
▪ *Performance conditions*	*Yes (see below)*	*Yes (see below)*
▪ *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
Range of fair values (in euros)		
▪ *Free shares (per share and in euros)*	n/a	n/a
▪ *Performance shares (per share and in euros)*	55.45 – 57.59	54.02 – 77.1
Of which corporate officers	-	*52.68*
Number of shares at December 31, 2015	that may vest under the plan in respect of shares previously granted, subject to conditions (performance and presence)	
	o/w to corporate officers	
	-	-
	Number of shares subject to performance and/or presence conditions granted during the year	
	180,500	1,663,500
	o/w to corporate officers	
	-	(1) 42,000
	Number of shares forfeited or canceled during the year	
	6,600	10,900
	Number of shares vested during the year	
Number of shares at December 31, 2016	that may vest under the plan in respect of shares previously granted, subject to conditions (performance and presence)	
	(6) 173,900	(7) 1,652,600
Weighted average number of shares	155,050	689,492
Share price at the grant date (in euros)	71.61	83.78

(1) Grant subject to performance conditions only,
(2) In respect of the "foreign" plan only,
(3) Balance on the "French" plan granted in August 2016 subject to performance and presence conditions at this date,
(4) Of which 354,750 shares in respect of the "French" plan and 688,200 shares in respect of the "foreign" plan,
(5) Grant subject to presence conditions only for beneficiaries employed by IGATE, acquired on July 1, 2015,
(6) Of which 7,500 shares in respect of the "French" plan and 166,400 shares in respect of the "foreign" plan,
(7) Of which 453,350 shares in respect of the "French" plan and 1,119,250 shares in respect of the "foreign" plan.

a) Shares vested under the 2014 plan

Based on an assessment of the performance conditions of the 2014 plan for shares granted to beneficiaries tax-resident in France, 100% of the initial allocation vested to those beneficiaries still present in the Group at the vesting date at the beginning of August 2016.

With regards to the external performance condition, due to the good performance of the share over the calculation period, the relative performance of the Cap Gemini S.A. share compared to that of the basket of comparable companies exceeded 110%, the threshold above which 100% of the initial allocation vests in respect of the external performance condition.

With regards to the internal performance condition, cumulative organic free cash flow* generation for fiscal years 2013 to 2015 exceeded the €1.1 billion threshold, enabling the vesting of the maximum number of shares in respect of the internal performance condition.

As both conditions exceeded the maximum vesting thresholds, 100% of shares initially allocated vested to beneficiaries tax-resident in France still present in the Group at the vesting date, subject however to a lock-in period of four years in accordance with plan rules.

A total of 390,750 shares vested under the 2014 plan, representing 94.3% of the maximum possible amount.

The performance conditions are assessed at the same dates and under the same conditions for non-French beneficiaries, however the shares vest at the end of a four-year period, subject to their presence in the Group at this date. Vested shares are not, however subject to a lock-in period.

b) Performance conditions of the 2012, 2013 2014, 2015 and 2016 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:

The external performance condition accounts for 50% of the grant calculation as does the internal performance condition.

External performance condition

The external performance condition is applied in an identical manner across the 2012 to 2015 plans and in line with the conditions applied to the first two plans, as follows:

- no shares are granted if the performance of the Cap Gemini S.A. share during the period in question is less than 90% of the performance of the basket of securities over the same period;
- the number of shares ultimately granted:
  - is equal to 40% of the number of shares initially allocated if the performance of the Cap Gemini S.A. share is at least equal to 90% of the basket,
  - is equal to 60% of the number of shares initially allocated if the performance of the Cap Gemini S.A. share is 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 40% and 60% and between 60% and 100% of the initial allocation, based on a pre-defined schedule, where the performance of the Cap Gemini S.A. share is between 90% and 100% of the basket in the first case and 100% and 110% of the basket in the second case.

Under these conditions, if the performance of the Cap Gemini S.A. share is in line with that of the basket of comparable shares, only 60% of the initial allocation will be granted in respect of the external performance condition (*i.e.* 30% of the initial allocation).

The terms of the external performance condition were tightened for the 2016 plan and accordingly:

- no shares are granted if the performance of the Cap Gemini 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 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 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 Cap Gemini share is between 100% and 110% of the basket.

The benchmark basket comprises the following securities, with each security equally weighted:

- 2012 and 2013 Plans: Accenture / CSC / Atos / Tieto / Steria / CGI Group / Infosys / Sopra / Cognizant;
- 2014, 2015 and 2016 Plans: Accenture / CSC / Atos / Tieto / CAC 40 index / CGI Group / Infosys / Sopra / Cognizant.

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 2012 to 2014 for the 2012 and 2013 plans, fiscal years 2013 to 2015 for the 2014 plan, fiscal years 2015 to 2017 for the 2015 plan and fiscal years 2016 to 2018 for the 2016 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 €750 million for the 2012 and 2013 plans, €850 million for the 2014 plan, €1,750 million for the 2015 plan and €2,400 million for the 2016 plan;
- 100% of the initial internal allocation will be granted if Organic Free Cash Flow* is equal to or exceeds €1 billion for the 2012 and 2013 plans, €1.1 billion for the 2014 plan, €2 billion for the 2015 plan and €2.7 billion for the 2016 plan.

(*) 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 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.

C) Free share plans

Following the grant performed in 2012, the Combined Shareholders' Meeting of May 23, 2013 gave the Board of Directors an 18-month authorization to grant shares to certain Group employees, on one or several occasions subject only to a condition of presence. This authorization was partially used and the terms and conditions of the grant and the list of beneficiaries were set by the Board of Directors Meeting of October 8, 2014.

The main features of these plans are set out in the table below:

	2014 France Plan
Date of the Combined Shareholders' Meeting	May 23, 2013
Maximum number of shares that may be granted	1% of the share capital on the date of the Board of Directors' decision *i.e.* a maximum of 1,595,495 shares, of which a maximum of 15% granted without performance conditions
Total number of shares granted	(1) 104,379
Date of the Board of Directors' decision	October 8, 2014
Grant condition assessment date	Presence condition only (employee presence within the Group at the vesting date)
Vesting period	2 years as from the grant date (Democratic plan)
Mandatory lock-in period effective as from the vesting date	2 years
Number of shares at December 31, 2015 that may vest under this plan in respect of shares previously granted, subject to presence conditions	96,120
Number of shares subject to presence conditions granted during the year	-
Number of shares forfeited or canceled during the year	18,594
Number of shares vested during the year	77,526
Number of shares at December 31, 2016 that may vest under this plan in respect of shares previously granted, subject to presence conditions	-
Weighted average number of shares	67,429
Share price at the grant date (in euros)	€52.69
Main market conditions at the grant date	
▪ *Risk-free interest rate*	*0.34%*
▪ *Expected dividend rate*	*2.31%*
Fair value in euros (per share)	€43.91

(1) i.e. 6.5% of the total authorized maximum granted without performance conditions, pursuant to the resolution (authorization capped at 15% of the total).

These transactions aim to develop employee share ownership by enabling all employees of French companies with at least three months seniority at the grant date to receive shares and thereby become Cap Gemini S.A. shareholders at the end of the vesting period. More than 20,000 employees were concerned by each share grant, with a differentiated share allocation based on annual salary (four categories), the lowest paid employees receiving more shares than the highest paid employees.

The Board of Director decisions were preceded each time by the signature of a company-wide agreement, in respect of payment of the profit-sharing bonus.

At the end of the vesting period, nearly 77,500 shares vested to 15,200 beneficiaries at the beginning of October 2016.

D) Redeemable share subscription or purchase warrants (BSAAR)

During 2009, 2,999,000 warrants were subscribed by employees and corporate officers of the Group (at a price of €3.22 per warrant). The exercise period commenced the date of listing of the BSAAR warrants on the Euronext Paris market on July 23, 2013 and terminates on the seventh anniversary of the issue date. Between July 23, 2009 and the date the warrants were admitted to trading on Euronext Paris, they could not be exercised or transferred except under the conditions specified in the issue agreement. The issue was disclosed in a prospectus approved by the AMF on May 14, 2009 under reference number no. 09-140.

Between the date of admission of the BSAAR warrants to trading on the Euronext Paris market and July 23, 2016, the expiry date of the BSAAR warrants, 2,990,760 BSAAR warrants were exercised resulting in delivery of the same number of shares (344,392 BSAAR warrants were exercised in 2016). The remaining 8,240 BSARR warrants were delisted from the Euronext Paris market.

This program expired at the end of July 2016.

E) International Employee Share Ownership Plan – ESOP 2012

The Group set up an employee share ownership plan (ESOP 2012) in the second half of 2012. On September 27, 2012, the Group issued 6,000,000 new shares reserved for employees with a par value of €8, representing a share capital increase of €153 million net of issue costs. The total cost of this employee share ownership plan in 2012 was €0.8 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.

F) 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.

Impact of incentive instruments and employee share ownership plans

The following table breaks down by type of incentive and employee share ownership instrument, the expense recognized in “Other operating income and expense” (including payroll taxes and employer contributions) and the residual amount to be amortized in future periods.

		2015		2016	
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**
Performance share plans		40	99	55	153
Other		2	1	3	8
TOTAL	7	**42**	**100**	**58**	**161**

G) 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 units at December 31, 2015 that may vest under the plan in respect of units previously granted subject to performance and presence conditions	114,073
Number of units subject to performance and presence conditions granted during the year	-
Number of units forfeited or cancelled during the year	13,118
Number of units vested during the year	15,400
Number of units at December 31, 2016 that may vest under the plan in respect of units previously granted subject to performance and presence conditions	85,555
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:

$$\frac{\text{US\$ 48 (unit purchase price of IGATE shares paid by Capgemini)}}{\text{€78.37 (closing price of the Cap Gemini S.A. on April 24, 2015)} \times \text{1.0824 (€/US\$ exchange rate on April 24, 2015)}}$$

- this calculation is equivalent to adjusting the number of PSAs by the exchange parity of the IGATE and Cap Gemini S.A. 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)* 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 Cap Gemini share to outperform a reference basket comprising the CAC 40 index and the following companies in equal weighting: Accenture, CSC, Atos, Tieti, 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 Cap Gemini S.A. share price between the vesting dates and July 1, 2019.

The internal 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.

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, 2016, treasury shares were deducted from consolidated equity in the amount of €247 million. These consist of (i) 2,879,357 shares purchased under the share buyback program and (ii) 270,910 shares in respect of the implementation of the liquidity agreement (the associated liquidity line is €9 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 as evidenced by the use of the debt-to-equity ratio as a key performance indicator (see Note 29, Off-balance sheet commitments). At December 31, 2016, and following the acquisition of IGATE, the Group had net debt* of €1,413 million (compared with €1,767 million at December 31, 2015). In order to best manage the structure of its capital, the Group can issue new shares, buy back its own shares, adjust the dividend paid to shareholders or enter into derivative instruments on its own shares.

It is recalled that in October 2013, the Group sold a call option on Cap Gemini S.A. shares to a bank counterparty. Following the early redemption of the ORNANE bonds outstanding at November 21, 2016 (see Note 21 – Net debt / Net cash and cash equivalents), Cap Gemini S.A. exercised in full the call option on its own shares purchased on October 18, 2013. The call option sold by the Company was also exercised in full. Cap Gemini S.A. recognized an amount of €14 million in equity at December 31, 2016 in respect of the unwinding of these transactions.

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, the consolidated financial statements are particularly impacted by fluctuations in the US dollar and the pound sterling against the euro, generating a positive impact on translation reserves, mainly due to the appreciation of the US dollar partially offset by the depreciation of the pound sterling against the euro in 2016.

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.

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(*) The alternative performance measures monitored by the Group (organic free cash flow and net debt) are defined in Note 3, Alternative performance measures, and broken down in Note 21, Net debt / Net cash and cash equivalents and Note 22, Cash flows.,

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 on an individual transaction basis.

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 reserves. Changes in this put option resulting from any changes in estimates or the unwinding of the discount are also recognized through reserves. 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.

in millions of euros	Goodwill	Customer relationships	Licenses and software	Other intangible assets	Total
GROSS					
At January 1, 2015	**3,835**	**213**	**236**	**270**	**4,554**
Translation adjustments	221	18	(2)	2	239
Acquisitions / Increase	-	-	37	-	37
Internal developments	-	-	-	33	33
Disposals / Decrease	-	-	(18)	(1)	(19)
Business combinations [1]	3,092	576	27	111	3,806
Other movements	-	-	2	(1)	1
At December 31, 2015	**7,148**	**807**	**282**	**414**	**8,651**
Translation adjustments	112	28	2	(4)	138
Acquisitions / Increase	-	-	24	-	24
Internal developments	-	-	-	47	47
Disposals / Decrease	-	(1)	(14)	-	(15)
Business combinations	19	1	-	-	20
Other movements	-	-	2	-	2
AT DECEMBER 31, 2016	**7,279**	**835**	**296**	**457**	**8,867**
ACCUMULATED AMORTIZATION AND IMPAIRMENT [2]					
At January 1, 2015	**51**	**164**	**190**	**207**	**612**
Translation adjustments	2	5	(2)	-	5
Charges and provisions	40	43	26	20	129
Reversals	-	-	(18)	(1)	(19)
Business combinations [1]	-	-	19	3	22
Other movements	-	-	(1)	-	(1)
At December 31, 2015	**93**	**212**	**214**	**229**	**748**
Translation adjustments	10	11	4	(3)	22
Charges and provisions	-	67	29	27	123
Reversals	-	(2)	(13)	-	(15)
AT DECEMBER 31, 2016	**103**	**288**	**234**	**253**	**878**
NET					
At December 31, 2015	**7,055**	**595**	**68**	**185**	**7,903**
AT DECEMBER 31, 2016	**7,176**	**547**	**62**	**204**	**7,989**

(1) In 2015, the Business combinations line concerns the acquisition of IGATE (see Note 2, Consolidation principles and Group structure),
(2) Goodwill is subject to impairment only.

Intangible assets with a value of €12 million were purchased under finance lease in the United Kingdom in 2016.

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.

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, with the related obligation 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, 2015	**616**	**635**	**213**	**1,464**
Translation adjustments	7	12	6	25
Acquisitions / Increase	44	108	21	173
Disposals / Decrease	(22)	(70)	(11)	(103)
Business combinations (1)	283	56	37	376
Other movements	(1)	(8)	1	(8)
At December 31, 2015	**927**	**733**	**267**	**1,927**
Translation adjustments	(14)	(10)	1	(23)
Acquisitions / Increase	54	111	21	186
Disposals / Decrease	(24)	(94)	(15)	(133)
Business combinations	3	6	6	15
Other movements	-	2	(1)	1
AT DECEMBER 31, 2016	**946**	**748**	**279**	**1,973**
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
At January 1, 2015	**349**	**451**	**149**	**949**
Translation adjustments	6	8	4	18
Charges and provisions	53	100	22	175
Reversals	(20)	(52)	(10)	(82)
Business combinations (1)	49	40	19	108
Other movements	-	(5)	1	(4)
At December 31, 2015	**437**	**542**	**185**	**1,164**
Translation adjustments	(14)	(10)	1	(23)
Charges and provisions	53	101	22	176
Reversals	(21)	(72)	(14)	(107)
Business combinations	1	4	3	8
Other movements	1	1	(1)	1
AT DECEMBER 31, 2016	**457**	**566**	**196**	**1,219**
NET				
At December 31, 2015	**490**	**191**	**82**	**763**
AT DECEMBER 31, 2016	**489**	**182**	**83**	**754**

(1) In 2015, the Business combinations line concerns the acquisition of IGATE (see Note 2, Consolidation principles and Group structure).

Property, plant and equipment purchased under finance lease

Net *(in millions of euros)*	2015	2016
At January 1	**104**	**113**
Translation adjustments	3	(5)
Acquisitions / Increase	45	48
Charges and provisions	(41)	(46)
Business combinations	1	-
Other movements	1	(2)
AT DECEMBER 31	**113**	**107**

Note 15 Cash-generating units and asset impairment tests

Cash-generating units

The cash-generating units identified by the Group represent geographic areas.

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. Discount rates (based on the weighted average cost of capital) and long-term growth rates for the period beyond five years are based in the majority of cases on the average of a representative sample of projections by financial analysts who use these indicators to value the Group. 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, noting that the goodwill arising on the IGATE acquisition of €3,092 million was allocated to the different Group cash-generating units at December 31, 2015 benefitting from this acquisition.

The changes in groupings performed for segment reporting purposes did not impact the cash-generating units presented by the Group (see Note 4, Operating segments).

	December 31, 2015			December 31, 2016		
in millions of euros	**Gross value**	**Impairment**	**Net carrying amount**	**Gross value**	**Impairment**	**Net carrying amount**
North America	2,114	(8)	2,106	2,193	(8)	2,185
France	1,450	(1)	1,449	1,469	(1)	1,468
United Kingdom and Ireland	1,062	-	1,062	1,014	-	1,014
Benelux	992	(12)	980	1,003	(12)	991
Southern Europe	129	-	129	132	-	132
Nordic countries	295	-	295	297	-	297
Germany and Central Europe	407	(32)	375	420	(32)	388
Asia-Pacific	560	-	560	581	-	581
Latin America	139	(40)	99	170	(50)	120
GOODWILL	**7,148**	**(93)**	**7,055**	**7,279**	**(103)**	**7,176**

This goodwill was tested for impairment at December 31, 2016 in line with the Group valuation procedure for such assets.

In 2016, the Group used estimates produced by 11 financial analysts, most of whom were included in the 2015 group of financial analysts selected for the calculation of long-term growth rates and discount rates. Long-term growth and discount rates used for Brazil and India have been calculated separately, taking account of the specific characteristics of these countries.

Value in use is measured using the discounted future cash flow method and based on the following main assumptions:

- number of years over which cash flows are estimated: five years, based on data taken from the three-year strategic plan process, with extrapolation of this data for the remaining period;
- long-term growth rate used to extrapolate to perpetuity final year estimated cash flows: 7.0% for Brazil (8% in 2015), 4% for India (3.8% in 2015) and 2.4% for the rest of the Group (stable on 2015);
- discount rate: 8.4% for North America (9.0% in 2015), 14.2% for Brazil (14.7% in 2015), 14.9% for India (13.4% in 2015), 7.9% for the United Kingdom (8.7% in 2015) and 8.4% for the rest of the Group (8.5% in 2015).

No impairment losses were recognized at December 31, 2016 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, with the exception of the Latin America cash-generating unit, where the difference between the recoverable amount resulting from this test and the net carrying amount is considered immaterial. This cash-generating unit remains sensitive to the environment and economic climate in Brazil.

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, taking account of the probability of realization of future taxable profits.

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.

(*) 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, 2015		**562**	**90**	**315**	**98**	**1,065**
Business combinations		13	-	4	(66)	(49)
Translation adjustments		28	(2)	7	(9)	24
Deferred tax recognized in the Income Statement	10	440	(48)	(13)	43	422
Deferred tax recorded in income and expense recognized in equity		(1)	-	7	11	17
Other movements, including offset with deferred tax liabilities		(98)	-	(24)	55	(68)
At December 31, 2015		**944**	**40**	**296**	**132**	**1,412**
Business combinations		-	-	-	2	2
Translation adjustments		20	9	(17)	(1)	11
Deferred tax recognized in the Income Statement	10	(46)	120	(15)	(24)	35
Deferred tax recorded in income and expense recognized in equity		(27)	-	22	12	7
Other movements		1	-	(5)	10	6
AU DECEMBER 31, 2016		**892**	**169**	**281**	**131**	**1,473**

Recognized tax loss carry-forwards total €895 million at December 31, 2016 and primarily concern the United States in the amount of €638 million (US$672 million) and France in the amount of €237 million.

US deferred tax assets and tax loss carry-forwards

The acquisition of Ernst & Young's North American consulting business in 2000 gave rise to the amortization for tax purposes, over a period of 15 years, of the difference between the acquisition price of the business and the tax base of the assets and liabilities acquired. Since 2000 and up to May 2015, the annual amortization charge has been deducted each year from US tax profits. Annual tax losses can be carried forward for a period of 20 years.

At December 31, 2016, the cumulative amount of US tax losses carried forward totaled €2,695 million (US$2,840 million).

Following the use and recognition in 2016 of net deferred tax assets on other timing differences of US$138 million (€125 million) and US$21 million (€19 million), respectively, the balance was remeasured resulting in the recognition of a net deferred tax asset of US$695 million (€659 million) at December 31, 2016, unchanged on December 31, 2015, including tax loss carryforwards of US$672 million (€638 million) representing a tax base of US$1,736 million (€1,647 million).

Unrecognized deferred tax assets therefore represent a tax base of US$1,104 million (€1,048 million).

Unrecognized deferred tax assets

At December 31 *(in millions of euros)*	2015	2016
Deferred tax on tax loss carry-forwards	729	660
Deferred tax on other temporary differences	14	38
UNRECOGNIZED DEFERRED TAX ASSETS	**743**	**698**

Expiry dates of tax loss carry-forwards (taxable base)

	2015		2016	
At December 31 *(in millions of euros)*	Amount	%	Amount	%
Between 1 and 5 years	115	2	51	1
Between 6 and 10 years	1,460	31	1,388	32
Between 11 and 15 years	1,238	27	1,071	25
Beyond 15 years (definite expiry date)	289	6	257	6
Carried forward indefinitely	1,572	34	1,529	36
TAX LOSS CARRY-FORWARDS *(taxable base)*	**4,674**	**100**	**4,296**	**100**
o/w recognized tax losses	*2,570*	*55*	*2,433*	*57*

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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, 2015		**59**	**21**	**78**	**158**
Business combinations		-	78	56	134
Translation adjustments		4	(9)	-	(5)
Deferred tax recognized in the Income Statement	10	1	(12)	4	(7)
Other movements, including offset with deferred tax assets		-	(7)	(52)	(59)
At December 31, 2015		**64**	**71**	**86**	**221**
Business combinations		-	-	-	-
Translation adjustments		2	2	-	4
Deferred tax recognized in the Income Statement	10	1	(8)	5	(2)
Deferred tax recorded in income and expense recognized in equity		-	-	1	1
Other movements		-	(7)	10	3
AU DECEMBER 31, 2016		**67**	**58**	**102**	**227**

Note 17 Financial instruments

Financial instruments consist of:

- financial assets, including other non-current assets, accounts receivable, other current assets, cash management assets and cash and cash equivalents;
- financial liabilities, including long- and short-term borrowings and bank overdrafts, accounts payable, and other current payables 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.

The subsequent measurement of financial assets and liabilities is based on either fair value or amortized costs depending on their classification in the Consolidated Statement of Financial Position.

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.

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. Financial assets measured at amortized cost are subject to impairment tests as soon as there are indicators of a loss in value. Any loss in value is recognized in the Income Statement.

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), interest rate swaps and call options on own shares.

Other derivative instruments

Other derivative instruments are initially recognized at fair value. Except as described below in the case of instruments designated as cash flow hedges, changes in the fair value of derivative instruments, estimated based on market rates or data provided by bank counterparties, are recognized in the Income Statement at the period end.

When operating or financial cash flow hedges are eligible for hedge accounting, the fair value of the hedging instruments are recognized firstly in "Income and expense recognized in equity" and subsequently taken to operating profit when the hedged item itself impacts the Income Statement.

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 value measured based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;
- Level 2: fair value 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 value 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, 2016 *(in millions of euros)*	**Notes**	**Fair value**	**Amortized cost**	**Level 1**	**Level 2**	**Level 3**
Financial assets						
Shares in non-consolidated companies and in associates	18	4				4
Long-term deposits, receivables and other investments	18		119			
Other non-current assets	18		131			
Asset derivative instruments non-current and current	18 -20	269			269	
Accounts and notes receivables	19		3,074			
Other current rassets	20		478			
Cash management assets	21	157		157		
Cash and cash equivalents	21	1,879		1,879		
Financial liabilities						
Bonds	21		3,260			
Obligations under finance leases	21		100			
Draw-downs on bank and similar facilities and other borrowings, net	21		43			
Other non-current and current liabilities	26		278			
Liability derivative instruments non-current and current	26	89			89	
Accounts and notes payable	27		2,818			
Bank overdrafts	21	9		9		

Note 18 Other non-current assets

At December 31 *(in millions of euros)*	**Notes**	**2015**[1]	**2016**
Long-term deposits, receivables and other investments		96	119
Derivative instruments	23	228	120
Non-current tax receivables		88	83
Other		45	52
OTHER NON-CURRENT ASSETS	**22**	**457**	**374**

(1) Certain reclassifications have been made to 2015 amounts to conform to current year presentation. These reclassifications had no impact on net income nor on net cash flows.

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.

Derivative instruments consist of the fair value of derivative instruments contracted as part of the centralized management of currency risk in the amount of €120 million (current portion of €145 million, see Note 20, Other current assets”). At December 31, 2015, derivative instruments also included the call option on own shares purchased by Cap Gemini S.A. on October 18, 2013, valued at €162 million. This option was exercised in 2016 on the early redemption of the ORNANE 2013 bonds (see Note 21 – Net debt / Net cash and cash equivalents).

At December 31, 2016, non-current tax receivables include research tax credit receivables and competitiveness and employment tax credit receivables in France in the amount of €56 million (€58 million at December 31, 2015).

Note 19 Accounts and notes receivable

At December 31 *(in millions of euros)*	**Note**	**2015**	**2016**
Accounts receivable		1,924	1,996
Provisions for doubtful accounts		(15)	(27)
Accrued income		1,037	1,012
Accounts and notes receivable, excluding capitalized costs on projects	**22**	**2,946**	**2,981**
Capitalized costs on projects	22	109	93
ACCOUNTS AND NOTES RECEIVABLE		**3,055**	**3,074**

Total accounts receivable and accrued income net of advances from customers and billed in advance, can be analyzed as follows in number of days revenue:

At December 31 *(in millions of euros)*	**Note**	**2015**	**2016**
Accounts and notes receivable, excluding capitalized costs on projects	22	2,946	2,981
Advances from customers and billed in advance	22	(739)	(737)
TOTAL ACCOUNTS RECEIVABLE NET OF ADVANCES FROM CUSTOMERS AND BILLED IN ADVANCE		**2,207**	**2,244**
In number of days' annual revenue (1)		64	64

(1) This ratio is adjusted to take account of the impact of entries into the scope of consolidation.

In 2016, receivables totaling €66 million were assigned with transfer of credit risk as defined by IAS 39 to a financial institution (€43 million in 2015) and were therefore derecognized in the Statement of Financial Position at December 31, 2016.

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-2016, past due balances totaled €341 million, representing 17.3% of accounts and notes receivable less provisions for doubtful accounts. The breakdown is as follows:

in millions of euros	**<30 days**	**>30 days and <90 days**	**>90 days**
Net accounts receivable	**206**	**88**	**47**
As a % of accounts and notes receivable, net of provisions for doubtful accounts	10.4%	4.5%	2.4%

Past due balances concern accounts receivable from clients which are individually analyzed and monitored.

Credit risk

The Group's 5 largest clients contribute around 11% of Group revenues (stable on 2015). The top 10 clients collectively account for 16% 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.

Note 20 Other current receivables

At December 31 *(in millions of euros)*	**Notes**	**[1]2015**	**2016**
Social security and tax-related receivables, other than income tax		167	216
Prepaid expenses		205	209
Derivative instruments	23	114	149
Other		57	53
OTHER CURRENT RECEIVABLES	**22**	**543**	**627**

(1) Certain reclassifications have been made to 2015 amounts to conform to current year presentation. These reclassifications had no impact on net income nor on net cash flows.

At December 31, 2016, 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 €88 million (€77 million at December 31, 2015), after recognition of research tax credit income and competitiveness and employment tax credit in France deducted from operating expenses of €54 million (€56 million in 2015).

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 cash and cash equivalents or net debt 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	**2015**	**2016**
Short-term investments	1,107	1,449
Cash at bank	843	430
Bank overdrafts	(2)	(9)
Cash and cash equivalents	**1,948**	**1,870**
Cash management assets	**116**	**157**
Bonds	(3,107)	(3,236)
Obligations under finance leases	(54)	(51)
Long-term borrowings	**(3,161)**	**(3,287)**
Bonds	(526)	(24)
Obligations under finance leases	(43)	(49)
Draw-downs on bank and similar facilities and other borrowings, net	(81)	(43)
Short-term borrowings	**(650)**	**(116)**
Borrowings	**(3,811)**	**(3,403)**
Derivative instruments [1]	(20)	(37)
NET DEBT	**(1,767)**	**(1,413)**

(1) At December 31, 2015 and December 31, 2016 including the fair value of the 5-year EUR/USD fix-to-fix cross currency swaps set-up in June 2015 in respect of the IGATE acquisition financing. At December 31, 2015, this heading also included the fair value of the conversion option embedded in the "ORNANE 2013" bonds, and of the call option on own shares purchased by Cap Gemini S.A. on October 18, 2013. These options were exercised in 2016 on the early redemption of the ORNANE 2013 bonds (see Note 21, Net debt / Net cash and cash equivalents).

Short-term investments

At December 31, 2016, short-term investments mainly consist of UCITS, certificates of deposit 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 Cap Gemini S.A. at any time without penalty, as well as marketable securities held by certain IGATE group companies in India 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) 2016 Bond issue

On November 3, 2016, Cap Gemini S.A. 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 Cap Gemini S.A., 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.

b) July 1, 2015 Bond issue

On June 24, 2015, Cap Gemini S.A. 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 bp, revised quarterly (issue price 100%);
- 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%);
- 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 Cap Gemini S.A., 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.

c) "ORNANE 2013" Bond issue

On October 18, 2013, Cap Gemini S.A. launched an offering of bonds redeemable in cash and/or in new and/or existing shares (*Obligations à option de Remboursement en Numéraire et/ou en Actions Nouvelles et/ou Existantes*, ORNANE), maturing on January 1, 2019. Bondholders enjoyed all rights from October 25, 2013.

The total nominal amount of the issue was €400 million, comprising 5,958,587 bonds with a nominal value of €67.13 each, representing an issue premium of 42.5% compared with the Company benchmark share price during the relevant period.

On October 18, 2013, the Company purchased a call option on its own shares aimed at neutralizing the potential dilution related to the ORNANE 2013 bond issue. In addition, and in order to optimize the cost of the Group's financial resources, the Company sold a call option also on its own shares but with a higher strike price. Together, these two transactions synthetically enhanced the effective dilution threshold of the ORNANEs by approximately 5%.

The bonds did not bear any interest (zero coupon bonds).

During the period from October 25, 2013 to December 31, 2016 (inclusive), bondholders could only exercise their share conversion rights in the limited circumstances listed in the prospectus.

From January 1, 2017 (inclusive), bondholders could exercise their share conversion rights at any time up to the eighteenth trading day (exclusive) preceding January 1, 2019.

On the exercise by bondholders of their share conversion rights, Cap Gemini S.A. could present, at its initiative, either: (i) a cash amount up to the nominal value of the bonds and new and/or existing shares thereafter, where applicable; or (ii) only new and/or existing shares.

The bonds were redeemable at par on January 1, 2019 if share conversion rights has not been exercised by bondholders.

The bond issue was also subject to standard early redemption, early repayment and *pari passu* clauses.

Given the settlement terms of the "ORNANE 2013" bonds, an embedded conversion option was recognized in "Other non-current liabilities", with fair value movements taken to profit or loss.

In parallel and given its terms and conditions, the call option on own shares purchased on October 18, 2013 was recognized in assets. Fair value movements were taken to profit and loss and offset those on the embedded conversion option.

The terms and conditions of this issue were set out in the prospectus approved by the AMF on October 18, 2013 under reference number no. 13-557.

On October 5, 2016, Cap Gemini S.A. announced its decision to redeem all of the ORNANE bonds outstanding on November 21, 2016 at par and based on a conversion ratio of 1.00 Cap Gemini share per ORNANE bond.

In this context, holders of 5,934,131 ORNANE bonds exercised their share allotment rights resulting in the presentation of €398 million and 640,184 existing shares. On November 21, 2016, Cap Gemini S.A. redeemed all outstanding ORNANE bonds, *i.e.* 24,456 bonds for a total of €2 million.

The conversion option embedded in the ORNANE bonds and the call option on own shares recognized in "Other non-current liabilities" and "Other non-current assets", respectively, of similar amount, were released without any net impact on the Income Statement.

In this context, Cap Gemini S.A. exercised in full the call option on its own shares purchased on October 18, 2013. The call option sold by the Company was also exercised in full. Cap Gemini S.A. received an amount of €14 million on the exercise of these two calls.

d) 2011 Bond issue

On November 18, 2011, Cap Gemini S.A. performed a bond issue maturing on November 29, 2016. Bondholders enjoyed all rights from November 29, 2011.

The total nominal amount of the issue was €500 million, comprising 5,000 bonds with a nominal value of €100,000 each. The bonds bore interest at 5.25% per year, potentially increasing to 6.50% in the event of a down-grading of Cap Gemini S.A.'s credit rating.

The bonds were redeemable in full on November 29, 2016. They could be called before this date by the Company, subject to certain conditions set out in the issue prospectus and particularly concerning the minimum redemption price. Bondholders could request the early redemption of all or part of their bonds in the event of a change in control of the Company, provided this change in control was accompanied by a downgrading of the Company's financial rating.

Early repayment could also be requested by any bondholder, subject to the occurrence of certain events and particularly failure to pay sums due in respect of the bond issue or to comply with other obligations set out in the documentation (beyond any "grace" periods, if applicable), cross default (in excess of a minimum threshold), liquidation or dissolution.

An upgrade or downgrade in Cap Gemini S.A.'s credit rating did not constitute an early repayment event.

Furthermore, Cap Gemini S.A. undertook that the bonds would rank *pari passu* with all other marketable bonds issued by the Company.

The terms and conditions of this issue were set out in the prospectus approved by the AMF on November 25, 2011 under reference number no. 11-546.

The 2011 bond issue was redeemed in full on November 29, 2016.

Impact of bonds on the financial statements

At December 31 *(in millions of euros)*	2016					
	2011 Bond issue	"ORNANE 2013" bonds	2015 Bond issue			2016 Bond issue
			July 2018	July 2020	July 2023	
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	-	-	500	1,256	1,007	497
Effective interest rate	5.5%	2.7%	1.0%	1.9%	2.6%	0.6%
Interest expense recognized in the Income Statement for the period	25	30	4	23	26	-
Nominal interest rate	5.3%	0.0%	0.8%	1.8%	2.5%	0.5%
Nominal interest expense (coupon)	24	-	3	22	25	-

At December 31 *(in millions of euros)*	2015				
	2011 Bond issue	"ORNANE 2013" bonds	2015 Bond issue		
			July 2018	July 2020	July 2023
Equity component	n/a	n/a	n/a	n/a	n/a
Option component in respect of the embedded conversion option	n/a	162	n/a	n/a	n/a
Debt component at amortized cost, including accrued interest	501	370	500	1,255	1,007
Effective interest rate	5.5%	2.7%	1.0%	1.9%	2.6%
Interest expense recognized in the Income Statement for the period	27	10	2	12	13
Nominal interest rate	5.3%	0.0%	0.8%	1.8%	2.5%
Nominal interest expense (coupon)	26	-	2	11	13

Fair value of bonds

At December 31 *(in millions of euros)*	2016					
	2011 Bond issue	"ORNANE 2013" bonds	2015 Bond issue			2016 Bond issue
			July 2018	July 2020	July 2023	
Fair value			505	1,320	1,116	502
Market rate			0.1%	0.4%	0.9%	0.4%

At December 31 *(in millions of euros)*	2015				
	2011 Bond issue	"ORNANE 2013" bonds	2015 Bond issue		
			July 2018	July 2020	July 2023
Fair value	525	391	506	1,293	1,053
Market rate	0.2%	0.8%	0.4%	1.2%	1.9%

B) Obligations under finance leases

in millions of euros	Earliest date of leases	Latest expiry date	Effective interest rate	December 31, 2016
Obligations under finance leases				
Computer equipment and other fixed assets	2010	2021	4.0%	100
o/w long-term obligations				*51*
o/w short-term obligations				*49*

C) Breakdown of borrowings by currency

in millions of euros	At December 31, 2015 Euro	At December 31, 2015 Other currencies	At December 31, 2015 Total	At December 31, 2016 Euro	At December 31, 2016 Other currencies	At December 31, 2016 Total
2011 Bond issue	501	-	501			
"ORNANE 2013" bonds	370	-	370			
2015 Bond issue – July 2018	500	-	500	500	-	500
2015 Bond issue – July 2020	1,255	-	1,255	1,256	-	1,256
2015 Bond issue – July 2023	1,007	-	1,007	1,007	-	1,007
2016 Bond issue				497	-	497
Draw-downs on bank and similar facilities and other borrowings, net	-	81	81	-	43	43
Obligations under finance leases	52	45	97	65	35	100
Bank overdrafts	2	-	2	3	6	9
BORROWINGS	**3,687**	**126**	**3,813**	**3,328**	**84**	**3,412**

Obligations under finance leases are mainly denominated in pound sterling in the amount of €20 million (€25 million at December 31, 2015) and in US dollars in the amount of €11 million (€15 million at December 31, 2015).

D) Effective Interest Rate (EIR)

In 2016, the effective interest rate on the Group's average outstanding borrowings was 3.0% (2.6% in 2015). At December 31, 2016, 85% of the Group's borrowings are at fixed rates (86% in 2015) and the remainder is at floating rates.

E) Syndicated credit facility negotiated by Cap Gemini S.A.

On January 30, 2014, the Group signed with a syndicate of 18 banks a €750 million multi-currency credit facility, maturing on July 30, 2019. In the event of exercise (subject to the approval of the banks) of two one-year extension options, exercisable at the end of the first and second years, respectively, the maturity of the new facility will be extended 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 Cap Gemini S.A. 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 Cap Gemini S.A.'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, 2016.

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 2015 and 2016 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.

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
At December 31, 2016							
Cash and cash equivalents	**2017**	**1,870**	**1,870**	**1,870**	**-**	**-**	**-**
Cash management assets	**2017**	**157**	**157**	**157**	**-**	**-**	**-**
2015 Bond issue – July 2018	2018	(500)	(505)	(3)	(502)	-	-
2015 Bond issue – July 2020	2020	(1,256)	(1,338)	(22)	(22)	(1,294)	-
2015 Bond issue – July 2023	2023	(1,008)	(1,175)	(25)	(25)	(75)	(1,050)
2016 Bond issue	2021	(497)	(513)	(3)	(3)	(507)	-
Obligations under finance leases	2017 to 2020	(100)	(105)	(53)	(34)	(18)	-
Draw-downs on bank and similar facilities and other borrowings, net	2017 to 2020	(42)	(105)	(52)	(18)	(35)	-
Borrowings		**(3,403)**	**(3,741)**	**(158)**	**(604)**	**(1,929)**	**(1,050)**
Derivative instruments on borrowings	n/a	(37)					
NET DEBT		**(1,413)**	**(1,714)**	**1,869**	**(604)**	**(1,929)**	**(1,050)**
At December 31, 2015							
Cash and cash equivalents	**2016**	**1,948**	**1,948**	**1,948**	**-**	**-**	**-**
Cash management assets	**2016**	**116**	**116**	**116**	**-**	**-**	**-**
2011 Bond issue	2016	(501)	(526)	(526)	-	-	-
"ORNANE 2013" bonds	2019	(370)	(400)	-	-	(400)	-
2015 Bond issue – July 2018	2018	(500)	(511)	(4)	(4)	(503)	-
2015 Bond issue – July 2020	2020	(1,255)	(1,360)	(22)	(22)	(1,316)	-
2015 Bond issue – July 2023	2023	(1,007)	(1,200)	(25)	(25)	(75)	(1,075)
Obligations under finance leases	2016 to 2020	(97)	(103)	(47)	(33)	(23)	-
Draw-downs on bank and similar facilities and other borrowings	2016 to 2020	(81)	(158)	(91)	(17)	(50)	-
Borrowings		**(3,811)**	**(4,258)**	**(715)**	**(101)**	**(2,367)**	**(1,075)**
Derivative instruments on borrowings	n/a	(20)					
NET DEBT		**(1,767)**	**(2,194)**	**1,349**	**(101)**	**(2,367)**	**(1,075)**

Net debt / Net cash and cash equivalents and liquidity risk

The financial liabilities whose repayment could expose the Group to liquidity risk are mainly the bond issues performed in 2015 and the bond issue performed in 2016.

To manage the liquidity risk that may result from financial liabilities 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 a high level of available funds at all times;
- actively managing the due dates of financial liabilities in order to limit the concentration of borrowings' 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, 2016, short-term investments totaled €1,449 million and comprise mainly (i) money market mutual funds 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.

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, 2016, cash and cash equivalents totaled €1,870 million (see Note 21, Net debt / Net cash and cash equivalents), down €78 million on December 31, 2015 (€1,948 million). Excluding the impact of exchange rate fluctuations on cash and cash equivalents of negative €31 million, this decrease is €47 million. Cash flow impacts are shown in the Consolidated Statement of Cash Flows.

Net cash from operating activities

In 2016, net cash from operating activities totaled €1,319 million (compared with €1,004 million in 2015) and resulted from:

- cash flows from operations before net finance costs and income tax in the amount of €1,449 million;
- payment of current income taxes in the amount of €167 million;
- a decrease in working capital requirements, generating a positive cash impact of €37 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, 2015**	**December 31, 2016**	**Net impact**	**Non working capital items (1)**	**Impact of WCR items**	**Net profit impact**	**Foreign exchange impact**	**Reclassifications (2) and changes in Group structure**	**Amount**
Accounts and notes receivable, excl. capitalized costs on projects	19	2,946	2,981	(35)	(18)	(53)	-	(5)	(7)	(65)
Capitalized costs on projects	19	109	93	16	-	16	-	(3)	-	13
Advances from customers and billed in advance	19	(739)	(737)	(2)	-	(2)	-	22	-	20
Change in accounts and notes receivable and advances from customers and amounts billed in advance				**(21)**	**(18)**	**(39)**	**-**	**14**	**(7)**	**(32)**
Accounts and notes payable (accounts payable)	27	(1,015)	(1,105)	90	8	98	-	20	10	128
Changes in accounts and notes payable				**90**	**8**	**98**	**-**	**20**	**10**	**128**
Other non-current assets	18	457	374	83	(91)	(8)	-	-	(16)	(24)
Other current receivables	20	543	627	(84)	30	(54)	(2)	(9)	15	(50)
Accounts and notes payable (excluding accounts payable)	27	(1,709)	(1,713)	4	1	5	-	7	4	16
Other non-current & current liabilities	26	(458)	(367)	(91)	127	36	(1)	(34)	(2)	(1)
Change in other receivables/payables				**(88)**	**67**	**(21)**	**(3)**	**(36)**	**1**	**(59)**
CHANGE IN OPERATING WORKING CAPITAL						**38**	**(3)**	**(2)**	**4**	**37**

(1) Non-working capital items comprise cash flows relating to investing and financing activities, payment of the income tax expense and non-cash items,

(2) 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 €251 million (compared with €3,586 million in 2015) reflect:

- cash outflows of €117 million relating to acquisitions of property, plant and equipment, net of disposals, primarily due to purchases of computer hardware for client projects or the partial renewal of IT installations and the renovation, extension and refurbishment of office space;
- cash outflows of €59 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).

Net cash from financing activities

Net cash outflows as a result of financing activities totaled €1,115 million (compared with cash inflows of €2,364 million in 2015) and mainly comprised:

- the redemption of the 2011 bond issue in the amount of €500 million;
- the early redemption of ORNANE 2013 bonds outstanding at November 21, 2016 in the amount of €400 million;
- cash outflows of €340 million for the buyback of own shares mainly under the share buyback program and in respect of the implementation of the liquidity agreement;
- payment of the 2015 dividend of €229 million;
- cash outflows of €72 million in respect of interest payments net of interest received;
- cash outflows of €56 million to repay obligations under finance leases, compensated by:
  - cash inflows of €497 million following the 2016 bond issue.

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)*	**2015**	**2016**
Cash flows from operations	**1,004**	**1,319**
Acquisitions of property, plant and equipment and intangible assets	(198)	(197)
Proceeds from disposals of property, plant and equipment and intangible assets	19	21
Acquisitions of property, plant, equipment and intangible assets (net of disposals)	**(179)**	**(176)**
Interest paid	(38)	(115)
Interest received	28	43
Net interest cost	**(10)**	**(72)**
ORGANIC *FREE CASH FLOW*	**815**	**1,071**

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 growing use of offshore production centers located in India, Poland 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. The definition of 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 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 generally recorded in accordance with cash flow hedge accounting rules.

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* to fluctuations in the main currencies

A 10% fluctuation in the US dollar-euro exchange rate would trigger a corresponding 2.7% change in revenues and a 3.2% change in the operating margin* amount. Similarly, a 10% fluctuation in the pound sterling-euro exchange rate would trigger a corresponding 1.6% change in revenues and a 1.9% change in the operating margin* amount.

B) Hedging derivatives

Amounts hedged at December 31, 2016 using forward purchase and sale foreign exchange contracts, mainly concern the parent company with respect to the centralized management of currency risk on operating transactions and inter-company financing transactions.

(*) Operating margin, an alternative performance measure monitored by the Group, is defined in Note 3, Alternative performance measures.

At December 31, 2016, the euro-equivalent value of forward purchase and sale foreign exchange contracts 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		**1,344**	**1,027**	**1,793**	**4,164**
o/w	▪ fair value hedge	388	-	-	388
	▪ cash flow hedge	956	1,027	1,793	3,776
Financial transactions		**258**	**47**	**949**	**1,254**
o/w	▪ fair value hedge	258	47	-	305
	▪ cash flow hedge for the interest rate component and fair value hedge for the exchange rate component	-	-	949	949
TOTAL		**1,602**	**1,074**	**2,742**	**5,418**

Hedges contracted in respect of operating transactions mainly comprise forward purchase and sale foreign exchange contracts maturing between 2017 and 2020 with an aggregate euro-equivalent value at closing exchange rates of €4,164 million (€3,072 million at December 31, 2015). The hedges were chiefly taken out in respect of transactions in Indian rupee (INR182,000 million), US dollars (USD1,084 million) and Polish zloty (PLN1,124 million).

The maturities of the hedges range from 1 to 37 months and the main counterparty is Cap Gemini S.A. (for a euro-equivalent value of €4,129 million).

Hedges contracted in respect of financial transactions concern Cap Gemini S.A. in the amount of €1,254 million at December 31, 2016. They mainly comprise hedged inter-company loans for €1,241 million (€1,356 million at December 31, 2015), including €949 million in respect of EUR/USD fix-to-fix cross-currency swaps (see Note 2, Consolidation principles and Group structure). The residual balance primarily corresponds to loans denominated in US dollars and Swedish krona.

The Group's overall exposure to currency risk on assets/liabilities primarily concerns the Group's internal financing activity.

	December 31, 2016				
in millions of euros	US dollar	Swedish krona	Indian rupee	Other currencies	Total
Assets	245	8	-	247	500
Liabilities	(1,098)	(130)	(151)	(226)	(1,605)
Net exposure in the Consolidated Statement of Financial Position					**(1,105)**
Hedging derivatives					946
NET EXPOSURE					**(159)**

	December 31, 2015				
in millions of euros	US dollar	Swedish krona	Indian rupee	Other currencies	Total
Assets	377	8	1	228	614
Liabilities	(1,062)	(135)	(96)	(183)	(1,476)
Net exposure in the Consolidated Statement of Financial Position					**(862)**
Hedging derivatives					766
NET EXPOSURE					**(96)**

C) Fair value of hedging derivatives

Hedging derivatives are recorded in the following accounts:

At December 31 *(in millions of euros)*		**Notes**	**(1)2015**	**2016**
Other non-current assets		18	228	107
Other current assets		20	114	149
Other non-current and current liabilities		26	(217)	(89)
Fair value of hedging derivatives, net			**125**	**180**
Relating to:	▪ *operating transactions*		145	217
	▪ *financial transactions*		(20)	(37)

(1) Certain reclassifications have been made to 2015 amounts to conform to current year presentation. These reclassifications had no impact on net income nor on net cash flows.

The main hedging derivatives comprise mainly:

- 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 €120 million, in "Other current assets" in the amount of €145 million, in "Other non current liabilities" in the amount of €13 million and in "Other current liabilities" in the amount of €35 million;
- EUR/USD fix-to-fix cross currency swaps recorded in "Other non-current liabilities" valued at €35 million at December 31, 2016.

The change in the period in derivative instruments hedging operating and financing transactions recorded in income and expense recognized in equity breaks down as follows:

in millions of euros	**2016**
Hedging derivatives recorded in income and expense recognized in equity at January 1	**124**
Amounts reclassified to profit in respect of transactions performed	(12)
Fair value of derivative instruments hedging future transactions	91
HEDGING DERIVATIVES RECORDED IN INCOME AND EXPENSE RECOGNIZED IN EQUITY AT DECEMBER 31	**203**

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, 2016, the Group had €2,036 million in cash and cash equivalents, with short-term investments mainly at floating rates (or failing this, at fixed rates for periods of less than or equal to three months), and €3,412 million in gross indebtedness principally at fixed rates (85%) (see Note 21, Net debt / Net cash and cash equivalents). The high proportion of fixed-rate borrowings is due to the weight of bond issues in gross indebtedness.

B) Exposure to Interest rate risk: sensitivity analysis

As 85% of Group borrowings were at fixed rates in 2016, 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 and cash management assets, a 100-basis point rise in interest rates would have had a positive impact of around €5 million on the Group's net finance costs in 2016. Conversely, a 100-basis point fall in interest rates would have had an estimated €5 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, 2016, 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, of a currency and term consistent with the currency and term 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 expenses."

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 directly 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	
in millions of euros	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**
United Kingdom	3,330	3,633	(2,633)	(2,787)	697	846
Canada	624	674	(448)	(484)	176	190
France	237	237	(16)	(22)	221	215
Germany	88	101	(47)	(57)	41	44
Sweden	34	34	(9)	(9)	25	25
India	39	45	(21)	(27)	18	18
Other	146	145	(10)	(109)	38	36
PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS	**4,498**	**4,869**	**(3,282)**	**(3,495)**	**1,216**	**1,374**

Movements in provisions for pensions and other post-employment benefits during the last two fiscal years were as follows

in millions of euros	Notes	Obligation 2015	Obligation 2016	Plan assets 2015	Plan assets 2016	Net provision in the Consolidated Statement of Financial Position 2015	Net provision in the Consolidated Statement of Financial Position 2016
PRESENT VALUE OF THE BENEFIT OBLIGATION AT JANUARY 1		**4,432**	**4,498**	**(3,138)**	**(3,282)**	**1,294**	**1,216**
Expense for the period recognized in the Income Statement		**204**	**209**	**(120)**	**(113)**	**84**	**96**
Service cost	7	71	59	-	-	71	59
Curtailments, settlements and plan transfers		(32)	-	-	-	(32)	-
Interest cost	9	165	150	(120)	(113)	45	37
Impact on income and expense recognized in equity		**(177)**	**772**	**83**	**(496)**	**(94)**	**276**
Change in actuarial gains and losses		(177)	772	-	-	(177)	772
Impact of changes in financial assumptions		*(101)*	*858*	-	-	*(101)*	*858*
Impact of changes in demographic assumptions		-	*(11)*	-	-	-	*(11)*
Experience adjustments		*(76)*	*(75)*	-	-	*(76)*	*(75)*
Return on plan assets (1)		-	-	83	(496)	83	(496)
Other		**39**	**(610)**	**(107)**	**396**	**(68)**	**(214)**
Contributions paid by employees		7	7	(7)	(7)	-	-
Benefits paid to employees		(141)	(152)	130	124	(11)	(28)
Contributions paid		-	-	(99)	(89)	(99)	(89)
Translation adjustments		170	(469)	(130)	369	40	(100)
Business combinations		3	-	(1)	-	2	-
Other movements		-	4	-	(1)	-	3
PRESENT VALUE OF THE BENEFIT OBLIGATION AT DECEMBER 31		**4,498**	**4,869**	**(3,282)**	**(3,495)**	**1,216**	**1,374**

(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

A) United Kingdom

In the United Kingdom, post-employment benefits primarily consist of defined contribution pension plans with some employees accruing pensionable service within a defined benefit pension plan. In addition there are former and current employees accruing 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 of independent trustees and representatives of the employer.

The defined benefit 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. The main plan is closed to the accrual of pensionable service benefit for all current employees since March 31, 2015.

Employees covered by defined benefit pension plans break down as follows:

- 700 current employees accruing pensionable service (964 at December 31, 2015);
- 7,690 former and current employees not accruing pensionable service (7,889 at December 31, 2015);
- 2,868 retirees (2,491 at December 31, 2015).

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.

in millions of euros	Obligation 2015	Obligation 2016	Plan assets 2015	Plan assets 2016	Net provision in the Consolidated Statement of Financial Position 2015	Net provision in the Consolidated Statement of Financial Position 2016
PRESENT VALUE OF THE BENEFIT OBLIGATION AT JANUARY 1	**3,252**	**3,330**	**(2,480)**	**(2,633)**	**772**	**697**
Expense for the period recognized in the Income Statement	**105**	**121**	**(95)**	**(88)**	**10**	**33**
Service cost	15	10	-		15	10
Curtailments, settlements and plan transfers	(35)	-	-		(35)	-
Interest cost	125	111	(95)	(88)	30	23
Impact on income and expense recognized in equity	**(156)**	**765**	**84**	**(481)**	**(72)**	**284**
Change in actuarial gains and losses	(156)	765	-	-	(156)	765
Impact of changes in financial assumptions	*(89)*	*830*	-		*(89)*	*830*
Experience adjustments	*(67)*	*(65)*	-		*(67)*	*(65)*
Return on plan assets (1)	-		84	(481)	84	(481)
Other	**129**	**(583)**	**(142)**	**415**	**(13)**	**(168)**
Contributions paid by employees	1	1	(1)	(1)	-	-
Benefits paid to employees	(73)	(72)	73	72	-	-
Contributions paid	-	-	(62)	(58)	(62)	(58)
Translation adjustments	201	(512)	(152)	402	49	(110)
PRESENT VALUE OF THE BENEFIT OBLIGATION AT DECEMBER 31	**3,330**	(2) **3,633**	**(2,633)**	**(2,787)**	**697**	**846**

(1) After deduction of financial income on plan assets recognized in the Income Statement and calculated using the discount rate,
(2) The year-on-year increase in the present value of the obligation is mainly due to the impact of a decrease in the benchmark discount rate (3.8% to 2.6%-2.8%).

In 2015, the curtailment following a plan change represents income of €35 million due to the decrease in the present value of the benefit obligation for the main Capgemini UK Plc. pension plan after an agreement was reached with certain members regarding a reduction in their defined benefits.

a) Main actuarial assumptions

Discount rate, salary inflation rate and inflation rate

in %	At December 31, 2015	At December 31, 2016
Discount rate	3.8	2.6-2.8
Salary inflation rate	2.4-3.2	2.3-3.1
Inflation rate	3.2	3.1

At the 2016 year end, the Group moved to a calculation method for the discount rate and inflation, based on a full yield curve valuation method, compared to a single discount rate method used at the 2015 year end. This change in method led to a decrease in the present value of the pension obligation of approximately €200 million at December 31, 2016.

Mortality tables used are those commonly used in the United Kingdom.

b) Plan assets

in millions of euros	2015		2016	
Shares	1,421	54%	1,377	49%
Bonds and hedging assets	1,168	44%	1,336	48%
Other	44	2%	74	3%
TOTAL	**2,633**	**100%**	**2,787**	**100%**

Shares correspond to investments in equities or diversified growth investments, the majority of which in developed markets.

Bonds and hedging assets consist of bonds invested in liquid markets. A portion of these investments seeks to 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

in millions of euros	Impact on the obligation at December 31, 2016 Increase	Decrease
Increase/decrease of 50 basis points in the discount rate	(367)	427
Increase/decrease of 50 basis points in the inflation rate	282	(270)
Increase/decrease of 50 basis points in the mortality rate	(60)	56

d) Contributions

Future contributions

Contributions to defined benefit pension funds in the United Kingdom in respect of 2017 are estimated at €60 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:

- 1,000 current employees accruing pensionable service (782 at December 31, 2015);
- 80 former and current employees not accruing pensionable service (79 at December 31, 2015);
- 303 retirees (275 at December 31, 2015).

	Obligation		Plan assets		Net provision in the Consolidated Statement of Financial Position	
in millions of euros	2015	2016	2015	2016	2015	2016
PRESENT VALUE OF THE BENEFIT OBLIGATION AT JANUARY 1	**647**	**624**	**(470)**	**(448)**	**177**	**176**
Expense for the period recognized in the Income Statement	**65**	**50**	**(19)**	**(19)**	**46**	**31**
Service cost	23	25	-		23	25
Curtailments, settlements and plan transfers	15		-		15	-
Interest cost	27	25	(19)	(19)	8	6
Impact on income and expense recognized in equity	**(9)**	**(6)**	**(4)**	**(9)**	**(13)**	**(15)**
Change in actuarial gains and losses	(9)	(6)	-	-	(9)	(6)
Impact of changes in financial assumptions	*(10)*	*14*	-		*(10)*	*14*
Impact of changes in demographic assumptions	-	*(14)*	-		-	*(14)*
Experience adjustments	*1*	*(6)*	-		*1*	*(6)*
Return on plan assets (1)	-		(4)	(9)	(4)	(9)
Other	**(79)**	**6**	**45**	**(8)**	**(34)**	**(2)**
Contributions paid by employees	4	4	(4)	(4)	-	-
Benefits paid to employees	(36)	(45)	35	43	(1)	(2)
Contributions paid	-		(19)	(14)	(19)	(14)
Translation adjustments	(47)	42	33	(30)	(14)	12
Other movements	-	5	-	(3)	-	2
PRESENT VALUE OF THE BENEFIT OBLIGATION AT DECEMBER 31	**624**	**674**	**(448)**	**(484)**	**176**	**190**

(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, 2015	At December 31, 2016
Discount rate	4.0	3.9
Salary inflation rate	2.8	2.8
Inflation rate	2.0	2.0

In 2016, 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	2015		2016	
Shares	268	60%	280	58%
Bonds and hedging assets	170	38%	199	41%
Other	10	2%	5	1%
TOTAL	**448**	**100%**	**484**	**100%**

Shares correspond to investments in equities or diversified growth investments, the majority of which in developed markets.

Bonds primarily comprise Canadian government bonds. A portion of these investments seeks to 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

	Impact on the obligation at December 31, 2016	
in millions of euros	Increase	Decrease
Increase/decrease of 50 basis points in the discount rate	(57)	65
Increase/decrease of 50 basis points in the inflation rate	44	(40)
Increase/decrease of 50 basis points in the mortality rate	(2)	2

d) Future contributions

Contributions to the Canadian defined benefit pension funds in respect of 2017 are estimated at €18 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	2015	2016
At January 1	**72**	**118**
Charge	64	46
Reversals (utilization of provisions)	(12)	(14)
Reversals (surplus provisions)	(18)	(16)
Other	12	(4)
AT DECEMBER 31	**118**	**130**

At December 31, 2016, current provisions (€104 million) and non-current provisions (€26 million) mainly concern risks relating to projects and contracts amounting to €110 million (€99 million at December 31, 2015) and risks relating to tax and labor disputes amounting to €20 million (€19 million at December 31, 2015).

Note 26 Other current and non-current liabilities

At December 31 *(in millions of euros)*	Notes	[(1)]2015	2016
Special employee profit-sharing reserve		32	28
Derivative instruments	23	217	89
Liabilities related to acquisitions of consolidated companies		116	147
Non-current tax liabilities		18	16
Other		75	87
OTHER CURRENT AND NON-CURRENT LIABILITIES	**22**	**458**	**367**

(1) Certain reclassifications have been made to 2015 amounts to conform to current year presentation. These reclassifications had no impact on net income nor on net cash flows.

Liabilities related to acquisitions of consolidated companies consist for €135 million of put options granted to Caixa Participacões and EMC in 2012 and 2013 on their investments in CPM Braxis and earn-outs granted at the time of certain acquisitions.

Derivative instruments primarily consist of EUR/USD fix-to-fix cross currency swaps valued at €35 million at December 31, 2016 (€20 million at December 31, 2015). At December 31, 2015, derivative instruments also included the conversion option embedded in the "ORNANE 2013" bonds, valued at €162 million. This option was exercised in 2016 on the early redemption of the ORNANE 2013 bonds (see Note 21 – Net debt / Net cash and cash equivalents).

Note 27 Accounts and notes payable

At December 31 *(in millions of euros)*	Note	2015	2016
Accounts payable		1,015	1,105
Accrued taxes other than income tax		390	392
Personnel costs		1,303	1,311
Other		16	10
ACCOUNTS AND NOTES PAYABLE	**22**	**2,724**	**2,818**

Note 28 Number of employees

Average number of employees by geographic area

	2015		2016	
	Employees	%	Employees	%
North America	12,627	8	16,846	9
France	23,558	15	23,690	13
United Kingdom and Ireland	8,759	5	9,075	5
Benelux	8,385	5	8,200	4
Southern Europe	7,414	5	7,713	4
Nordic countries	4,053	2	4,041	2
Germany and Central Europe	10,817	7	11,897	7
Asia-Pacific and Latin America	85,495	53	103,944	56
Not allocated	160	-	187	-
AVERAGE NUMBER OF EMPLOYEES	**161,268**	**100**	**185,593**	**100**

Number of employees at December 31 by geographic area

	2015		2016	
	Employees	%	Employees	%
North America	16,034	9	16,895	9
France	23,832	13	24,226	12
United Kingdom and Ireland	8,656	5	9,025	5
Benelux	8,307	5	8,037	4
Southern Europe	7,434	4	8,074	4
Nordic countries	4,007	2	4,067	2
Germany and Central Europe	11,233	6	12,464	7
Asia-Pacific and Latin America	100,977	56	110,011	57
Not allocated	159	-	278	-
NUMBER OF EMPLOYEES AT DECEMBER 31	**180,639**	**100**	**193,077**	**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 a number of major contracts. These include the contracts signed with HM Revenue & Customs, Euroclear, the Metropolitan Police, Ontario Power Generation Inc., Environment Agency, Johnson & Johnson Services, Inc., the Department of Work and Pensions, EMC, Monsanto, Becton Dickinson & Company, Carnival Corporation and Michelin.

In addition, certain clients enjoy:

- limited financial guarantees issued by the Group and totaling €1,601 million at December 31, 2016 (stable *vs* December 31, 2015);
- bank guarantees borne by the Group and totaling €197 million at December 31, 2016 (€172 million at December 31, 2015).

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	6	198	55	259
Y+2	4	158	39	201
Y+3	3	101	23	127
Y+4	2	62	7	71
Y+5	1	48	-	49
Y+6 and beyond	-	68	-	68
AT DECEMBER 31, 2016	**16**	**635**	**124**	**775**
At December 31, 2015	**19**	**671**	**137**	**827**

Lease payments recognized in the Income Statement in 2016 totaled €362 million (€350 million in 2015).

C) Other commitments given

Other commitments given total €37 million at December 31, 2016 (€29 million at December 31, 2015) and mainly comprise firm purchase commitments relating to goods or services in the United Kingdom and France.

D) Other commitments received

Other commitments received total €130 million at December 31, 2016 (€112 million at December 31, 2015) and primarily comprise:

- commitments received on client contracts: in the context of a contract signed in 2010, the Group received a limited financial guarantee of €50 million from the client;
- commitments received following the purchase of shares held by certain minority shareholders of CPM Braxis for an amount of €63 million.

Off-balance sheet commitments relating to Group financing

A) Bonds

Cap Gemini S.A. has committed to standard obligations in respect of the 2015 bond issues and the 2016 bond issue 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 Cap Gemini S.A. and not drawn to date

Cap Gemini S.A. 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* to consolidated equity ratio must be less than one 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 three at December 31 and June 30 of each year (based on the 12 months then ended).

At December 31, 2015 and 2016, the Group complied with these financial ratios.

The credit facility agreement also includes covenants restricting Cap Gemini S.A.'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. Cap Gemini S.A. 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, 2016, these related to finance leases for an amount of €100 million and other borrowings in the amount of €7 million.

(*) The alternative performance measures monitored by the Group (operating margin and net debt) are defined in Note 3, Alternative performance measures, and brokendown in Note 21, Net debt / Net cash and cash equivalents.

Contingent liabilities

During 2016 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.

Note 30 Related-party transactions

Associates

Associates are equity-accounted companies over which the Group exercises significant influence. At December 31, 2016, O2C Pro LLC is the only company equity-accounted by the Group since its acquisition in 2011. Transactions with this equity associate in 2016 were performed at arm's length and were of immaterial volume.

Other related-parties

In 2016, no material transactions were carried out with:

- shareholders holding significant voting rights in the share capital of Cap Gemini S.A.;
- 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 the main clients of CPM Braxis, accounting for approximately 14% of its revenues.

Finally, MM Consulting, whose Chairman and Chief Executive Officer is Yann Delabrière (a director of Cap Gemini S.A.), signed a one-year agreement with Capgemini Consulting to provide this entity with assistance in the Digital Manufacturing market, by contributing its knowledge of the automobile sector. Fees of €87,000 were invoiced to the consulting entity for work performed in 2016 under the terms of the agreement which entered into effect in October 2016.

Group management compensation

The table below provides a breakdown of the 2015 and 2016 compensation of members of management bodies, encompassing the Group operating management structure at each year-end, comprising 25 members in 2016 (24 members in 2015) and directors (compensation, fees and attendance fees).

in thousands of euros	2015	2016
Short-term benefits excluding employer payroll taxes (1)	23,185	24,166
o/w attendance fees to salaried directors	*65*	*80*
o/w attendance fees to non-salaried directors (2) (3)	*779*	*719*
Short-term benefits: employer payroll taxes	6,328	4,573
Post-employment benefits (4)	1,184	1,695
Share-based payment (5)	6,035	9,781

(1) Including gross wages and salaries, bonuses, profit-sharing, attendance fees and benefits in kind,
(2) Note that Paul Hermelin has waived receipt of his attendance fees since 2011 (as did Serge Kampf from 2011 until his death),
(3) 15 directors in 2016 and 12 directors in 2015,
(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 annual expense relating to the grant of performance shares.

Note 31 Subsequent events

At the Ordinary Shareholders' Meeting, the Board of Directors will recommend a dividend payout to Cap Gemini S.A. shareholders of €1.55 per share in respect of 2016. A dividend of €1.35 per share was paid in respect of fiscal year 2015.

Note 32 List of the main consolidated companies by country

Cap Gemini S.A. is the parent company of what is generally known as "the Capgemini Group" comprising 134 companies. The main consolidated companies at December 31, 2016 are listed below.

Country	List of the main companies consolidated at December 31, 2016	% interest	Consolidation Method [1]
ARGENTINA	Capgemini Argentina S.A.	100.00%	FC
AUSTRALIA	Capgemini Australia Pty Ltd.	100.00%	FC
AUSTRIA	Capgemini Consulting Österreich AG	100.00%	FC
BELGIUM	Capgemini Belgium N.V./S.A.	100.00%	FC
	Sogeti Belgium S.A.	100.00%	FC
BRAZIL	Capgemini Business Services Brasil - Assessoria Empresarial Ltda.	100.00%	FC
	Consultoria de Gestao Gemini Ltda.	100.00%	FC
	CPM Braxis S.A.	78.61%	FC
	CPM Braxis Tecnologia, Ltda.	78.61%	FC
CANADA	Capgemini Canada Inc.	100.00%	FC
	Capgemini Financial Services Canada Inc.	100.00%	FC
	Gestion Capgemini Québec Inc.	100.00%	FC
	IGATE Technologies (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
CHILE	Capgemini Business Services Chile Ltda.	100.00%	FC
CHINA	Capgemini (China) Co., Ltd.	100.00%	FC
	Capgemini (Hangzhou) Co., Ltd.	100.00%	FC
	Capgemini (Kun Shan) Co., Ltd.	100.00%	FC
	Capgemini Business Services (China) Ltd.	100.00%	FC
	IGATE Computer Systems (Suzhou) Co., Ltd.	99.77%	FC
	ITBconsult Shanghai Ltd.	100.00%	FC
	Praxis Beijing Technology Co. Ltd.	100.00%	FC
	Capgemini Hong Kong Ltd.	100.00%	FC
	ITBconsult Hong Kong Ltd.	100.00%	FC
COLOMBIA	Capgemini Colombia S.A.S.	100.00%	FC
CZECH REPUBLIC	Capgemini Czech Republic s.r.o.	100.00%	FC
DENMARK	Capgemini Sogeti Danmark A/S	100.00%	FC
FINLAND	Capgemini Finland Oy	100.00%	FC
	Sogeti Finland Oy	100.00%	FC
FRANCE	Backélite S.A.S.	100.00%	FC
	Cap Gemini S.A.	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 Outsourcing Services S.A.S.	100.00%	FC
	Capgemini Service S.A.S.	100.00%	FC
	Capgemini Technology Services S.A.S.	100.00%	FC
	Cloud ERP Solutions S.A.S.	100.00%	FC

(1) FC = Full Consolidation, EM = Equity Method.

Country	List of the main companies consolidated at December 31, 2016	% interest	Consolidation Method [1]
	Immobilière Les Fontaines S.A.R.L.	100.00%	FC
	Open Cascade S.A.S.	100.00%	FC
	Prosodie S.A.S.	100.00%	FC
	SCI Paris Étoile	100.00%	FC
	Silgem S.A.S.	50.00%	FC
	Sogeti Corporate Services S.A.S.	100.00%	FC
	Sogeti France S.A.S.	100.00%	FC
	Sogeti High Tech S.A.S.	100.00%	FC
	Sogeti 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
	IT & Business Services GmbH	100.00%	FC
	Sogeti Deutschland GmbH	100.00%	FC
GUATEMALA	Capgemini Business Services Guatemala S.A.	100.00%	FC
HUNGARY	Capgemini Magyarorszag Kft.	100.00%	FC
INDIA	AXA Technologies Services India Pvt Ltd.	99.77%	FC
	Capgemini Technology Services India Limited	99.77%	FC
	IGATE Infrastructure Management Services Limited	99.77%	FC
INDONESIA	Patni Computer Systems Indonesia	99.77%	FC
IRELAND	Capgemini Sogeti Ireland Ltd.	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
	IGATE Technologies Luxembourg S.A.R.L.	100.00%	FC
	Sogeti Luxembourg S.A.	100.00%	FC
MALAYSIA	Capgemini Services Malaysia Sdn. Bhd.	100.00%	FC
MEXICO	Capgemini Mexico 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
	Dunit B.V.	100.00%	FC
	Sogeti Nederland B.V.	100.00%	FC
NORWAY	Capgemini Norge AS	100.00%	FC
	IBX Norge AS	100.00%	FC
	Sogeti Norge AS	100.00%	FC

(1) FC = Full Consolidation, EM = Equity Method.

Country	List of the main companies consolidated at December 31, 2016	% interest	Consolidation Method [1]
PHILIPPINES	Capgemini Philippines Corp.	100.00%	FC
POLAND	Capgemini Polska Sp. z.o.o.	100.00%	FC
PORTUGAL	Capgemini Portugal, Serviços de Consultoria e Informatica S.A.	100.00%	FC
ROMANIA	Capgemini Services Romania s.r.l.	100.00%	FC
RUSSIA	Datavision NN	100.00%	FC
SAUDI ARABIA	Capgemini Saudi Ltd.	100.00%	FC
SINGAPORE	Capgemini Asia Pacific Pte Ltd.	100.00%	FC
	Capgemini Singapore Pte Ltd.	100.00%	FC
	IGATE Singapore Pte. Ltd.	99.77%	FC
SLOVAKIA	Capgemini Slovensko s.r.o.	100.00%	FC
SPAIN	Capgemini España S.L.	100.00%	FC
	Prosodie Ibérica	100.00%	FC
	Sogeti España S.L.	100.00%	FC
SWEDEN	Capgemini AB	100.00%	FC
	Capgemini Sverige AB	100.00%	FC
	IBX Group AB	100.00%	FC
	Sogeti Sverige AB	100.00%	FC
	Sogeti Sverige Mitt AB	100.00%	FC
SWITZERLAND	Capgemini Suisse S.A.	100.00%	FC
	Sogeti Suisse S.A.	100.00%	FC
UNITED ARAB EMIRATES	Capgemini Middle East FZ LLC	100.00%	FC
	Thesys Technologies LLC	49.00%	FC
UNITED KINGDOM	Capgemini Financial Services UK Ltd.	100.00%	FC
	Capgemini UK plc	100.00%	FC
	CGS Holdings Ltd.	100.00%	FC
	F212 UK Ltd.	100.00%	FC
	IGATE Computer Systems (UK) Limited	100.00%	FC
	IGATE Information Services (UK) Limited	100.00%	FC
	Sogeti UK Ltd.	100.00%	FC
UNITED STATES	Capgemini America, Inc.	100.00%	FC
	Capgemini Business Services USA LLC	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
	O2C Pro, LLC	49.00%	EM
	Sogeti USA LLC	100.00%	FC
VIETNAM	Capgemini Vietnam Co., Ltd.	100.00%	FC

(1) FC = Full Consolidation, EM = Equity Method.

Note 33 Audit fees

Statutory audit fees for fiscal year 2016 breakdown as follows:

	KPMG		PwC	
in millions of euros (excluding VAT)	**2016**	**2015**	**2016**	**2015**
Certification of the accounts	3.3	4.0	3.1	2.8
▪ Cap Gemini S.A.	0.5	0.5	0.5	0.6
▪ Fully-consolidated subsidiaries	2.8	3.5	2.6	2.2
Other services [1]	1.8	3.2	1.5	1.9
TOTAL	**5.1**	**7.2**	**4.6**	**4.7**

(1) The majority of these fees concern assignments performed at the request of our customers pursuant to the standard ISA 34-02 and concern the audit of applications and/or processes outsourced to the Group.

4.2.7 Statutory Auditors' report on the consolidated financial statements

For the year ended December 31, 2016

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 users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying consolidated financial statements of Cap Gemini S.A.;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- Note 6 to the consolidated financial statements sets out the methods used to account for revenues and costs related to long-term contracts. As part of our assessments, we ensured that the above-mentioned accounting rules and principles adopted by your Group were properly applied and verified that the information provided in the note above was appropriate. We also obtained assurance that the estimates used were reasonable;
- goodwill of €7,176 million is recorded in the consolidated balance sheet. The approach adopted by the Group as well as the accounting principles and methods applied to determine the value in use of these assets are described in Note 15 to the consolidated financial statements. As part of our assessments, we verified whether the approach applied was correct and that the assumptions used and resulting valuations were consistent overall;
- deferred tax assets amounting to €1,473 million are recorded in the consolidated balance sheet. Note 16 to the consolidated financial statements describes the methods used to calculate the value of these assets. As part of our assessments, we verified the overall consistency of the information and assumptions used to perform these calculations.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

The Statutory Auditors

Neuilly-sur-Seine, February 24, 2017

PricewaterhouseCoopers Audit

Françoise Garnier
Partner

Richard Béjot
Partner

Paris La Défense, February 24, 2017

KPMG Audit
Division of KPMG S.A.

Frédéric Quélin
Partner

4.3 Comments on the Cap Gemini S.A. Financial Statements

4.3.1 Income statement

The Company reported **operating income** for the year ended December 31, 2016 of €304 million (including €264 million in royalties received from subsidiaries) compared with €312 million last year (including €258 million in royalties).

Operating profit is €162 million, compared with €175 million in 2015.

Net finance income totaled €867 million (compared with €1,037 million in 2015) and reflects the difference between:

- income of €1,197 million, mainly comprising reversals of provisions for equity interests (€646 million), particularly in the Netherlands, Asia-Pacific and Italy, foreign exchange gains on the pooling of currency risk at Group level (€243 million), the reversal of the provision on a derivative in own shares (€114 million), dividends received from subsidiaries (€69 million), income from loans granted to subsidiaries (€55 million) and income from derivatives in own shares unwound during the year (€50 million);
- expenses of €330 million, mainly comprising foreign exchange losses on the pooling of currency risk at Group level (€202 million), as well as interest on bond issues and a currency swap (€124 million).

This €170 million decrease in net finance income year-on-year was mainly due to the decrease in net reversals of provisions for equity interests.

The net non-recurring expense of €71 million compared with €25 million in 2015, is mainly attributable to the loss recognized on the transfer of shares on the exercise of BSAAR warrants (€14 million) and the exercise of ORNANE bonds (€56 million).

After an **income tax expense** of €8 million (compared with €30 million in 2015), mainly reflecting the income tax expense of the tax consolidation group, the Company reported a **net profit** of €950 million.

4.3.2 Balance sheet

Net investments rose from €15,060 million last year to €15,719 million at December 31, 2016. This €659 million increase is mainly attributable to:

- net reversals of provisions for equity interests of €646 million;
- a €56 million increase in other long-term investments corresponding to the net impact of treasury share transactions during the year.

Shareholders' equity is €11,709 million, up €671 million on last year. This increase essentially reflects the difference between:

- net profit for 2016 (€950 million);
- the June 1, 2016 dividend payment of €1.35 per share on the 169,444,022 shares making up the Company's share capital at May 30, 2016 (after neutralization of the 2,737,478 treasury shares held by the Company), representing a total payment of €229 million;
- the share capital reduction by cancellation of 617,235 Cap Gemini S.A. shares purchased under the share buyback program authorized by the Combined Shareholders' Meeting of May 18, 2016 in the amount of €50 thousand.

Borrowings totaled €5,214 million at December 31, 2016, up €602 million compared with December 31, 2015. This increase was mainly due to:

- the €500 million bond issue performed on November 9, 2016;
- the €283 million increase in outstanding inter-company loans;
- the €721 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 redemption of the 2011 bond issue in the amount of €500 million;
- the redemption of the ORNANE bonds redeemable in cash and/or in new and/or existing shares in the amount of €400 million.

In addition to the above, the following information is required by law:

External accounts payable of Cap Gemini S.A. total €235 thousand, €198 thousand of which are not yet due. Group accounts payable total €18.7 million, none of which are due.

4.3.3 Appropriation of earnings

During its meeting of February 15, 2017, 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	€950,195,967.31
Allocation to the legal reserve	€0.00
i.e. a balance of	€950,195,967.31
Retained earnings of previous years	€2,377,424,061.37
i.e. Distributable earnings at December 31, 2016 of	€3,327,620,028.68
This amount will be allocated to:	
▪ payment of a dividend of €1.55 per share	(1) €261,229,107.40
▪ retained earnings for the balance	€3,066,390,921.28
Giving a total of:	€3,327,620,028.68

(1) The total amount of the distribution is calculated based on the number of shares ranking for dividends at December 31, 2016, i.e. 168,534,908 shares, and could therefore change (and the same may be for the total amount of retained earnings) if this number varies between January 1, 2017 and the ex-dividend date.

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This dividend of €1.55 for each shares bearing dividend rights on January 1, 2017, 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*). Taking account of the recommendations of certain investors, and so as to avoid or at least not encourage security lending/borrowing transactions around the date of the Shareholders' Meeting, the Board of Directors proposes an ex-dividend date of Monday, May 22, 2017 and a dividend payment date of Wednesday, May 24, 2017. If, at the time of payment of the dividend, the number of treasury shares held by the Company has evolved compared to that held on December 31, 2016, 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 over the past three fiscal years:

	Total amount distributed (1) *(in euros)*	**Distributed income (2)** *(in euros)*	**Dividend per share** *(in euros)*
Fiscal year 2015	231,221,780.55	228,749,429.70	1.35
Fiscal year 2014	195,149,725.20	198,381,067.20	1.20
Fiscal year 2013	176,273,919.80	174,095,386.30	1.10

(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 as a result of a change in the number of treasury shares, the issuance of new shares and/or the cancellation of existing shares between January 1st and the ex-dividend date. 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) for each fiscal year.

4.3.4 Share capital and ownership structure

At December 31, 2016, the share capital amounted to €1,372,514,120 (compared with €1,377,452,000 at December 31, 2015) following the cancellation of 617,235 shares by decision of the Board of Directors on July 26, 2016.

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, Société Générale[1] is the only shareholders holding more than 5% of the Company's share capital and voting rights at the year-end:

- The US company, BlackRock Inc., acting on behalf of clients and managed funds, disclosed that it had reduced, raised and then reduced its interest below, above and then below the threshold of 5% of the Company's share capital and voting rights on December 14, 28 and 29, 2016, respectively, as a result of a disposal, followed by an acquisition and then another disposal of Cap Gemini shares on the market and holds 4.85% of the Company's share capital and voting rights on behalf of such funds.
- The Swedish company, Skandinaviska Enskilda Banken AB, disclosed that it had raised and then reduced its interest above and below the threshold of 5% of the Company's share capital and voting rights on May 31 and June 7, 2016, respectively, as a result of an acquisition followed by a disposal of Cap Gemini shares on the market and holds 0.01% of the Company's share capital and voting rights on behalf of funds.

Shares held by members of the Board of Directors represent 0.19% of the Company's share capital.

(1) It follows the repeal of the so-called "trading" exception which exempted providers of investment services from including in their threshold crossing disclosures certain agreements or financial instruments considered to have an economic effect similar to the ownership of shares, following the enactment into French law of the revised transparency directive 2013/50/EU by Order no.2015-576 of December 3, 2015 (e.g. forward purchase with physical settlement).

4.4 2016 Financial statements

4.4.1 Balance Sheet at December 31, 2015 and 2016

(in thousands of euros)	31/12/2015 Net	31/12/2016 Gross	Depreciation, amortization and provisions	Net
Assets				
Intangible assets				
Trademarks, patents and similar rights	4,004	39,729	(34,803)	4,927
Property, plant and equipment	**224**	**224**	**-**	**224**
Financial fixed assets				
Equity interests	13,748,506	17,583,656	(3,109,527)	14,474,129
Receivable from controlled entities [1]	1,241,389	1,119,169		1,119,169
Other financial fixed assets [1]	70,402	126,111	-	126,111
Non-current assets	**15,064,525**	**18,868,889**	**(3,144,329)**	**15,724,559**
Accounts and notes receivable [1]	11	71	(71)	-
Other receivables [1]	111,716	126,344	-	126,344
Receivable from related and associated companies [1]	82,021	197,420	-	197,420
Marketable securities	556,727	1,072,122	(2,917)	1,069,205
Cash and cash equivalents	691,086	1,349,284	-	1,349,284
Current assets	**1,441,560**	**2,745,241**	**(2,988)**	**2,742,253**
Prepaid expenses [1]	28,372	3,598	-	3,598
Deferred charges	17,746	12,233	-	12,233
Unrealized foreign exchange losses	143	573	-	573
Other assets	**46,261**	**16,404**	**-**	**16,404**
TOTAL ASSETS	**16,552,346**	**21,630,533**	**(3,147,317)**	**18,483,216**
(1) of which due within one year	*271,314*	*570,124*	-	*570,052*

(in thousands of euros)	**31/12/2015**	**31/12/2016**
Shareholders' equity and liabilities		
Share capital (fully paid-up)	1,377,452	1,372,514
Additional paid-in capital	6,340,387	6,295,195
Legal reserve	137,708	137,745
Other reserves	559,573	559,573
Retained earnings	1,449,264	2,377,424
Profit for the year	1,156,947	950,196
Tax-driven provisions	15,948	15,948
Shareholders' equity	**11,037,278**	**11,708,595**
Provisions for contingencies and losses	**113,659**	**573**
Convertible bonds [(2)]	400,000	-
Bond issues	3,250,000	3,250,000
Bank loans and borrowings [(2)]	658,596	1,377,376
Payable to controlled entities [(2)]	303,670	586,598
Borrowings [(2)]	**4,612,267**	**5,213,974**
Accounts and notes payable [(2)]	3,309	4,218
Tax and social security liabilities [(2)]	3,283	2,692
Payable to related and associated companies [(2)]	745,834	1,547,642
Other payables [(2)]	940	1,261
Prepaid income	35,567	-
Unrealized foreign exchange gains	208	4,261
Other liabilities	**789,142**	**1,560,074**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**16,552,346**	**18,483,216**
(2) of which due within one year	*2,073,414*	*3,230,514*

4.4.2 Income Statement for the years ended December 31, 2015 and 2016

(in thousands of euros)	**2015**	**2016**
Royalties	258,400	264,234
Reversals of depreciation, amortization and provisions, expense transfers	11,555	2,447
Other income	41,724	37,275
Total operating income	**311,679**	**303,956**
Other purchases and external charges	72,344	59,404
Taxes, duties and other levies	9,566	10,401
Depreciation and amortization	4,216	8,754
Charges to provisions	8,330	24,991
Other expenses	42,120	38,044
Total operating expenses	**136,575**	**141,593**
Operating profit	**175,103**	**162,363**
Investment income (1)	54,965	68,926
Income from other marketable securities and amounts receivable on non-current assets (1)	38,590	55,278
Other interest income (1)	15,131	70,597
Reversals of provisions	1,472,213	759,312
Foreign exchange gains	272,180	242,603
Net proceeds on disposals of marketable securities	1,065	402
Total financial income	**1,854,144**	**1,197,117**
Depreciation, amortization and provisions relating to financial items	496,659	3,490
Interest and similar expenses (2)	78,320	124,184
Foreign exchange losses	242,378	202,461
Total financial expenses	**817,357**	**330,135**
Net finance income (expense)	**1,036,787**	**866,982**
Recurring profit before tax	**1,211,890**	**1,029,346**
Non-recurring income from capital transactions	3,405	2,761
Total non-recurring income	**3,405**	**2,761**
Non-recurring expenses on operations	26,723	69,937
Non-recurring expenses on capital transactions	773	3,539
Exceptional depreciation, amortization and provisions	1,320	-
Total non-recurring expenses	**28,816**	**73,476**
Net non-recurring income (expense)	**(25,411)**	**(70,715)**
Income tax expense	**(29,532)**	**(8,434)**
PROFIT FOR THE YEAR	**1,156,947**	**950,196**
(1) of which income concerning related companies	*95,496*	*125,627*
(2) of which interest concerning related companies	*9,109*	*17,225*

4.4.3 Notes to the financial statements

I - Accounting policies

The annual financial statements for the year ended December 31, 2016 are prepared and presented in accordance with Regulation No. 2014-03 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, 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 Cap Gemini S.A. 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 Cap Gemini S.A. 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. The fair value of financial instruments, which is not recognized in the accounts of the Company in accordance with French accounting principles, is estimated based on market prices or pricing data provided by banks.

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.

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 Group primarily on account of losses incurred by consolidated entities are treated as a gain for the Company in the period in which they arise.

II - Notes to the Cap Gemini S.A. 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		38,013	1,716	-	39,729
	Sub-total	**38,013**	**1,716**	**-**	**39,729**
Property, plant and equipment		**224**	**-**	**-**	**224**
	Sub-total	**224**	**-**	**-**	**224**
Financial fixed assets					
Equity interests		17,503,686	79,970	-	17,583,656
Receivable from controlled entities		1,241,389	64,908	(187,128)	1,119,169
Other financial fixed assets		70,402	438,414	(382,705)	126,111
	Sub-total	**18,815,477**	**583,291**	**(569,833)**	**18,828,935**
TOTAL NON-CURRENT ASSETS		**18,853,715**	**585,007**	**(569,833)**	**18,868,889**

Equity interests

Equity interests comprise shares in the Company's subsidiaries. The main change during the year reflects share capital increases in the Asia-Pacific region of €51,004 thousand and in Europe of €28,966 thousand.

Receivable from controlled entities

Amounts receivable from controlled entities mainly consist of loans granted by the Company to subsidiaries primarily in North America (€983,831 thousand), Latin America (€54,255 thousand), Europe (€46,578 thousand) and the Asia-Pacific region (€33,147 thousand).

The main changes in this heading reflect:

- loans granted to subsidiaries in Latin America of €24,969 thousand, Europe of €23,058 thousand and the Asia-Pacific region of €14,759 thousand;
- the repayment of loans granted to subsidiaries in the US (€139,363 thousand), Europe (€34,915 thousand) and the Asia-Pacific region (€12,202 thousand).

Other financial fixed assets

This account comprises treasury shares held under the liquidity agreement. This agreement relates to the share buyback program approved by the Combined Shareholders' Meeting of May 18, 2016. Accordingly, a total of 2,686,396 shares were acquired and 2,621,396 shares were sold between January 1, 2016 and December 31, 2016. At December 31, 2016, Cap Gemini S.A. held 150,000 treasury shares (85,000 at December 31, 2015), valued at €11,147 thousand.

In 2016, the Company continued to purchase treasury shares in the amount of 4,128,337 shares (€336,047 thousand, including transaction fees). During the year, 468,276 shares were presented to beneficiaries of performance shares and free shares, 344,392 shares were presented to holders of BSAAR warrants on exercise, 640,184 shares were presented to bondholders on the early redemption of the ORNANE bonds and finally 617,235 shares were cancelled.

At December 31, 2016, other financial fixed assets also include 1,417,645 shares in the course of cancellation.

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	34,010	793	-	34,803
Financial fixed assets				
Provisions for equity interests	3,755,180	-	(645,653)	3,109,527
TOTAL DEPRECIATION, AMORTIZATION AND PROVISIONS	**3,789,189**	**793**	**(645,653)**	**3,144,329**

Provision reversals of €645,653 thousand concern Dutch, Asia-Pacific, Italian, Portuguese, Spanish and Swiss subsidiaries.

3. Marketable securities

Marketable securities break down as follows at December 31, 2016:

(in thousands of euros)	Net asset value	Nominal value	Carrying amount
Listed securities			
Investment funds (FCP & SICAV)	715,438	715,438	715,438
Treasury shares	112,831	115,748	112,831
Unlisted securities			
Term deposits	148,350	148,350	148,350
Other marketable securities			
Capitalization contracts	92,586	92,586	92,586
TOTAL	**1,069,205**	**1,072,122**	**1,069,205**

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, 2016.

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	1,119,169	176,647	942,522
Other financial fixed assets	126,111	125,911	200
Current assets			
Accounts and notes receivable	71	71	-
Income tax receivable	123,485	66,410	57,075
VAT receivable	2,859	2,859	-
Receivable from related companies	197,420	197,420	-
Prepaid expenses	3,598	805	2,793
TOTAL	**1,572,713**	**570,124**	**1,002,589**

Prepaid expenses mainly comprise prepaid interest on the 2015 and 2016 bond issues.

5. Deferred charges

(in thousands of euros)	Amount at January 1	Increase	Amortization & decrease	Amount at December 31
Loan issuance fees	17,746	2,447	(7,961)	12,233
TOTAL	**17,746**	**2,447**	**(7,961)**	**12,233**

Loan issuance fees include fees on the syndicated credit facility, as well as fees on the three 2015 bond issues and on the 2016 bond issue (€2,260 thousand). They are amortized on a straight-line basis over the term of the debt.

In 2014, Cap Gemini S.A. 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, 2015 (par value of €8)	**172,181,500**	**1,377,452**	**6,340,387**
Share capital reduction by cancellation of shares	(617,235)	(4,938)	(45,192)
AT DECEMBER 31, 2016 (PAR VALUE OF €8)	**171,564,265**	**1,372,514**	**6,295,195**

During the year, the Board of Directors, using the delegation of authority granted for a period of 26 months by the 11th extraordinary resolution adopted by the Shareholders' Meeting, unanimously decided to reduce the share capital by €4,938 thousand by cancelling 617,235 Cap Gemini S.A. shares purchased for cancellation under the share buyback program authorized by the Combined Shareholders' Meeting of May 18, 2016. The difference between the purchase cost of these 617,235 shares and their par value of €45,192 thousand was deduced from additional paid-in capital.

7. Share subscription plans

The Group no longer grants share subscription 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 24, 2012, May 23, 2013, May 6, 2015 and then May 18, 2016, 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 December 12, 2012, February 20, 2013, July 30, 2014, July 29, 2015, February 17, 2016 and July 26, 2016, the Board of Directors approved the terms and conditions and the list of beneficiaries of these six plans.

The main features of these plans are set out in the tables below:

	2012 International Plan	2013 International Plan
Maximum number of shares that may be granted	2,426,555 shares	2,426,555 shares
% of share capital at the date of the Board of Directors' decision	1.50%	1.50%
Total number of shares granted	(1) 1,003,500	(1) 1,209,100
Date of Board of Directors' decision	December 12, 2012	February 20, 2013
Performance assessment dates	At the end of the first and second calendar years following the grant date	At the end of the first and second years following the grant date
Vesting period	2 years and ½ month as from the grant date (France) or 4 years and ½ month as from the grant date (other countries)	2 years and 1 week as from the grant date (France) or 4 years and 1 week as from the grant date (other countries)
Mandatory lock-in period effective as from the vesting date (France only)	4 years	4 years
Main market conditions at the grant date		
▪ *Volatility*	*25.80%*	*38.70%*
▪ *Risk-free interest rate*	*0.35% -0.98%*	*0.59% -1.28%*
▪ *Expected dividend rate*	*3.00%*	*3.00%*
Other conditions		
▪ *Performance conditions*	*Yes (see below)*	*Yes (see below)*
▪ *Employee presence within the Group at the vesting date*	*Year*	*Year*
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	n/a
▪ *Performance shares (per share and in euros)*	14.35 -28.67	16.18 -32.14
Of which corporate officers	*16.18*	*18.12*
Number of shares at December 31, 2015	that may vest under the plan in respect of shares previously granted, subject to conditions (performance and presence)	
	521,500	713,500
	o/w to corporate officers	
	-	-
Change during the period	Number of shares subject to performance and/or presence conditions granted during the year	
	-	-
	o/w to corporate officers	
	-	-
	Number of shares forfeited or canceled during the year	
	22,000	49,600
	Number of shares vested during the year	
	-	-
Number of shares at December 31, 2016	that may vest under the plan in respect of shares previously granted, subject to conditions (presence only)	
	(2) 499,500	(2) 663,900
Diluted weighted average number of shares	510,500	688,700
Share price at the grant date (in euros)	33.15	36.53

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	2014 International Plan	2015 International Plan
Maximum number of shares that may be granted	1,590,639 shares	1,721,759 shares
% of share capital at the date of the Board of Directors' decision	1%	1%
Total number of shares granted	(1) 1,290,500	(1) 1,068,550
Date of Board of Directors' decision	July 30, 2014	July 29, 2015
Performance assessment dates	Three years for the internal performance condition and two years for the external performance condition	Three years for the two performance conditions
Vesting period	2 years as from the grant date (France) or 4 years as from the grant date (other countries)	2 years and 7 months 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	3 years
Main market conditions at the grant date		
▪ *Volatility*	*26.33%*	*24.54%*
▪ *Risk-free interest rate*	*0.34% -0.81%*	*0.10% -0.55%*
▪ *Expected dividend rate*	*2.31%*	*1.60%*
Other conditions		
▪ *Performance conditions*	*Yes (see below)*	*Yes (see below)*
▪ *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	
Range of fair values (in euros)		
▪ *Free shares (per share and in euros)*	n/a	n/a
▪ *Performance shares (per share and in euros)*	26.46 -48.26	61.73 -82.18
Of which corporate officers	*29.32*	*56.66*
Number of shares at December 31, 2015	that may vest under the plan in respect of shares previously granted, subject to conditions (performance and presence)	
	1,232,500	1,064,650
	o/w to corporate officers	
	(1) 50,000	(1) 40,000
Change during the period	Number of shares subject to performance and/or presence conditions granted during the year	
	-	-
	o/w to corporate officers	
	-	-
	Number of shares forfeited or canceled during the year	
	65,500	21,700
	Number of shares vested during the year	
	(3) 390,750	-
Number of shares at December 31, 2016	that may vest under the plan in respect of shares previously granted, subject to conditions (presence only)	that may vest under the plan in respect of shares previously granted, subject to conditions (performance and presence)
	(2) 776,250	(4) 1,042,950
Diluted weighted average number of shares	1,036,937	1,053,800
Share price at the grant date (in euros)	53.35	87.60

	2016 International Plans	
Maximum number of shares that may be granted	1,721,815 shares	1,721,815 shares
% of share capital at the date of the Board of Directors' decision	1%	1%
Total number of shares granted	(5) 180,500	(1) 1,663,500
Date of Board of Directors' decision	February 17, 2016	July 26, 2016
Performance assessment dates	Presence condition only	Three years for the two performance conditions
Vesting period	2 years as from the grant date (France) or 4 years as from the grant date (other countries)	3 years and 1 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	2 years
Main market conditions at the grant date		
▪ *Volatility*	*n/a*	*26.35%*
▪ *Risk-free interest rate*	*0.15% -0.03%*	*0.2% -0.17%*
▪ *Expected dividend rate*	*1.60%*	*1.60%*
Other conditions		
▪ *Performance conditions*	*Yes (see below)*	*Yes (see below)*
▪ *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	
Range of fair values (in euros)		
▪ *Free shares (per share and in euros)*	n/a	n/a
▪ *Performance shares (per share and in euros)*	55.45 -57.59	54.02 -77.1
Of which corporate officers	-	*52.68*
Number of shares at December 31, 2015	that may vest under the plan in respect of shares previously granted, subject to conditions (performance and presence)	
	o/w to corporate officers	
	-	-
Change during the period	Number of shares subject to performance and/or presence conditions granted during the year	
	180,500	1,663,500
	o/w to corporate officers	
	-	(1) 42,000
	Number of shares forfeited or canceled during the year	
	6,600	10,900
	Number of shares vested during the year	
Number of shares at December 31, 2016	that may vest under the plan in respect of shares previously granted, subject to conditions (performance and presence)	
	(6) 173,900	(7) 1,652,600
Diluted weighted average number of shares	155,050	689,492
Share price at the grant date (in euros)	71.61	83.78

(1) Grant subject to performance conditions only.
(2) In respect of the "foreign" plan only.
(3) Balance on the "French" plan granted in August 2016 subject to performance and presence conditions at this date.
(4) Of which 354,750 shares in respect of the French plan and 688,200 shares in respect of the foreign plan.
(5) Grant subject to presence conditions only for beneficiaries employed by IGATE, acquired on July 1, 2015.
(6) Of which 7,500 shares in respect of the French plan and 166,400 shares in respect of the foreign plan.
(7) Of which 453,350 shares in respect of the French plan and 1,199,250 shares in respect of the foreign plan.

4

a) Shares vested under the 2014 plan

Based on an assessment of the performance conditions of the 2014 plan for shares granted to beneficiaries tax-resident in France, 100% of the initial allocation vested to those beneficiaries still present in the Group at the vesting date at the beginning of August 2016.

With regards to the external performance condition, due to the good performance of the share over the calculation period, the relative performance of the Cap Gemini S.A. share compared to that of the basket of comparable companies exceeded 110%, the threshold above which 100% of the initial allocation vests in respect of the external performance condition.

With regards to the internal performance condition, cumulative organic *free cash flow* generation for fiscal years 2013 to 2015 exceeded the €1.1 billion threshold, enabling the vesting of the maximum number of shares in respect of the internal performance condition.

As both conditions exceeded the maximum vesting thresholds, 100% of shares initially allocated vested to beneficiaries tax-resident in France still present in the Group at the vesting date, subject however to a lock-in period of four years in accordance with plan rules.

A total of 390,750 shares vested under the 2014 plan, representing 94.3% of the maximum possible amount. The performance conditions are assessed at the same dates and under the same conditions for non-French beneficiaries, however the shares vest at the end of a four-year period, subject to their presence in the Group at this date. Vested shares are not, however subject to a lock-in period.

b) Performance conditions of the 2012, 2013 2014, 2015 and 2016 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:

The external performance condition accounts for 50% of the grant calculation as does the internal performance condition.

External performance condition

The external performance condition is applied in an identical manner across the 2012 to 2015 plans and in line with the conditions applied to the first two plans, as follows:

- no shares are granted if the performance of the Cap Gemini S.A. share during the period in question is less than 90% of the performance of the basket of securities over the same period;
- the number of shares ultimately granted:
  - is equal to 40% of the number of shares initially allocated if the performance of the Cap Gemini S.A. share is at least equal to 90% of the basket,
  - is equal to 60% of the number of shares initially allocated if the performance of the Cap Gemini S.A. share is 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 40% and 60% and between 60% and 100% of the initial allocation, based on a pre-defined schedule, where the performance of the Cap Gemini S.A. share is between 90% and 100% of the basket in the first case and 100% and 110% of the basket in the second case.

Under these conditions, if the performance of the Cap Gemini S.A. share is in line with that of the basket of comparable shares, only 60% of the initial allocation will be granted in respect of the external performance condition (*i.e.* 30% of the initial allocation).

The terms of the external performance condition were tightened for the 2016 plan and accordingly:

- no shares are granted if the performance of the Cap Gemini 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 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 Cap Gemini share is between 100% and 110% of the basket.

The benchmark basket comprises the following securities, with each security equally weighted:

- 2012 and 2013 Plans: Accenture / CSC / Atos / Tieto / Steria / CGI Group/ Infosys / Sopra / Cognizant;
- 2014, 2015 and 2016 Plans: Accenture / CSC / Atos / Tieto / CAC 40 index / CGI Group/ Infosys / Sopra / Cognizant.

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 2012 to 2014 for the 2012 and 2013 plans, fiscal years 2013 to 2015 for the 2014 plan, fiscal years 2015 to 2017 for the 2015 plan and fiscal years 2016 to 2018 for the 2016 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 €750 million for the 2012 and 2013 plans, €850 million for the 2014 plan, €1,750 million for the 2015 plan and €2,400 million for the 2016 plan;
- 100% of the initial internal allocation will be granted if Organic Free Cash Flow is equal to or exceeds €1 billion for the 2012 and 2013 plans, €1.1 billion for the 2014 plan, €2 billion for the 2015 plan and €2.7 billion for the 2016 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.

9. Free share plan

Following the free share grant in 2012, the Combined Shareholders' Meeting of May 23, 2013 gave the Board of Directors an 18-month authorization to grant shares to certain Group employees, on one or several occasions subject only to a condition of presence. This authorization was partially used and the terms and conditions of the grant and the list of beneficiaries were set by the Board of Directors Meeting of October 8, 2014.

The main features of this plan are set out in the table below:

	2014 France Plan
Date of the Combined Shareholders' Meeting	May 23, 2013
Maximum number of shares that may be granted	1% of the share capital on the date of the Board of Directors' decision *i.e.* a maximum of 1,595,495 shares, of which a maximum of 15% granted without performance conditions
Total number of shares granted	(1) 104,379
Date of the Board of Directors' decision	October 8, 2014
Grant condition assessment date	Presence condition only (employee presence within the Group at the vesting date)
Vesting period	2 years as from the grant date
Mandatory lock-in period effective as from the vesting date	2 years
Number of shares at December 31, 2015 that may vest under this plan in respect of shares previously granted, subject to presence conditions	96,120
Number of shares subject to presence conditions granted during the year	-
Number of shares forfeited or canceled during the year	18,594
Number of shares vested during the year	77,526
Number of shares at December 31, 2016 that may vest under this plan in respect of shares previously granted, subject to presence conditions	-
Share price at the grant date (in euros)	52.69
Main market conditions at the grant date	
▪ *Risk-free interest rate*	*0.34%*
▪ *Expected dividend rate*	*2.31%*
Fair value in euros (per share)	€43.91

(1) i.e. 6.5% of the total authorized maximum granted without performance conditions, pursuant to the resolution (authorization capped at 15% of the total).

These transactions aim to develop employee share ownership by enabling all employees of French companies with at least three months seniority at the grant date to receive shares and thereby become Cap Gemini S.A. shareholders at the end of the vesting period. More than 20,000 employees were concerned by each share grant, with a differentiated share allocation based on annual salary (four categories), the lowest paid employees receiving more shares than the highest paid employees.

The Board of Director decisions were preceded each time by the signature of a company-wide agreement, in respect of payment of the profit-sharing bonus.

At the end of the vesting period, nearly 77,500 shares vested to 15,200 beneficiaries at the beginning of October 2016.

10. Change in shareholders' equity

(in thousands of euros)	At December 31, 2015	Appropriation of profit for 2015	Other movements	At December 31, 2016
Share capital	1,377,452	-	(4,938)	1,372,514
Additional paid-in capital	6,340,387	-	(45,192)	6,295,195
Legal reserve	137,708	37	-	137,745
Other reserves	559,573	-	-	559,573
Retained earnings	1,449,264	928,160	-	2,377,424
Dividends paid	-	228,749	(228,749)	-
Profit for the year	1,156,947	(1,156,947)	950,196	950,196
Tax-driven provisions	15,948	-	-	15,948
TOTAL	**11,037,278**	**-**	**671,317**	**11,708,595**

The appropriation of the net profit for 2015 led to the distribution on June 1, 2016 of a dividend of €1.35 on each of the 169,444,022 shares ranking for dividends on May 30, 2016 for a total of €228,749 thousand. The amount not paid out on the 2,737,478 shares held by the Company on June 1, 2016 of €3,696 thousand was appropriated to retained earnings.

Other movements mainly concern:

- the share capital reduction by cancellation of 617,235 Cap Gemini S.A. shares purchased under the share buyback program authorized by the Combined Shareholders' Meeting of May 18, 2016 in the amount of €4,938 thousand;
- a decrease in additional paid-in capital of €45,192 thousand pursuant to the aforementioned transaction;
- 2016 net profit for the year of €950,196 thousand.

11. Provisions for contingencies and losses

(in thousands of euros)	At January 1	Charge	Reversal (utilized)	At December 31
Provisions for contingencies and losses				
▪ relating to foreign exchange losses	143	573	143	573
▪ on derivative instruments	113,516	-	113,516	-
TOTAL	**113,659**	**573**	**113,659**	**573**

In 2016, the €113,516 thousand reversal of provisions on derivative instruments concerns a reversal of the provision for financial risks on a call option on own shares settled during the year.

12. Bond issues and Convertible bonds

(in thousands of euros)	December 31, 2015	December 31, 2016
2011 Bond issue	500,000	-
ORNANE 2013	400,000	-
2015-2018 Bond issue	500,000	500,000
2015-2020 Bond issue	1,250,000	1,250,000
2015-2023 Bond issue	1,000,000	1,000,000
2016-2021 Bond issue	-	500,000
TOTAL	**3,650,000**	**3,250,000**

A) Bond issued on November 29, 2011 (2011 bond issue)

On November 18, 2011, Cap Gemini S.A. performed a euro bond issue maturing on November 29, 2016. Bondholders enjoy all rights from November 29, 2011 (2011 Bond issue).

The total nominal amount of the issue was €500 million, comprising 5,000 bonds with a nominal value of €100,000 each. The bonds bear interest at 5.25% per year, potentially increasing to 6.50% in the event of a down-grading of Cap Gemini S.A.'s credit rating.

The terms and conditions of this issue were set out in the prospectus approved by the AMF on November 25, 2011 under reference number n° 11-546.

This bond issue was redeemed in full on November 29, 2016.

B) "ORNANE 2013" bonds issued on October 25, 2013 (ORNANE 2013)

On October 18, 2013, Cap Gemini launched a bond issue redeemable in cash and/or in new and/or existing shares (*Obligations à option de Remboursement en Numéraire et/ou en Actions Nouvelles et/ou Existantes,* ORNANE) and maturing on January 1, 2019. Bondholders enjoy all rights from October 25, 2013. The total nominal amount of the issue was €400,000 thousand, comprising 5,958,587 bonds with a nominal value of €67.13 each, representing an issue premium of 42.5% compared with the Company benchmark share price at the launch date. The bonds do not bear any interest (zero coupon bonds) and will be redeemed at par on January 1, 2019.

The Bonds may be redeemed early at the initiative of the Company subject to certain terms and conditions.

In the event of exercise of their share allotment rights, bondholders will receive a cash amount and potentially an amount payable in new and/or existing Cap Gemini S.A. shares. The Company also has the possibility to present solely new and/or existing shares.

The purpose of the issue was to partially finance the repurchase by the Company of the outstanding OCEANE bonds convertible and/or exchangeable for new or existing shares, maturing on January 1, 2014.

The terms and conditions of this issue were set out in the prospectus approved by the AMF on November 18, 2013 under reference number n° 13-557.

On October 5, 2016, Cap Gemini S.A. announced its decision to redeem early all of the ORNANE bonds outstanding on November 21, 2016 at par (€67.13).

In the context of this early redemption at the initiative of the Company, holders of 5,934,131 ORNANE bonds exercised their share allotment rights resulting in the presentation of €398,358 thousand and 640,184 existing shares. On November 21, 2016, Cap Gemini S.A. redeemed all outstanding ORNANE bonds, *i.e.* 24,456 bonds for a total of €1,642 thousand.

C) Bonds issued on July 1, 2015

On June 24, 2015, Cap Gemini S.A. 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%).

- **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%).

- **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 Cap Gemini S.A., 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° 15-318.

D) Bonds issued on November 9, 2016

On November 3, 2016, Cap Gemini S.A. 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 (2016 bond issue).

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 Cap Gemini S.A., 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.

13. Bank loans and borrowings

Bank loans and borrowings total €1,377,376 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 €1,335,860 thousand, offset in the amount of €1,333,777 thousand by opposite balances presented in cash and cash equivalents of the Company, (ii) bank overdrafts in the amount of €167 thousand and (iii) accrued interest not yet due on bond issues and the EUR/USD fix-to-fix cross currency swap of €41,349 thousand.

Syndicated credit facility secured by Cap Gemini S.A.

On January 13, 2011, Cap Gemini S.A. signed a €500 million multi-currency credit facility with a syndicate of 18 banks, maturing on January 13, 2016.

This facility was refinanced on July 30, 2014 with a group of 18 banks by a new multi-currency credit facility for an increased amount of €750 million, maturing on July 30, 2019. In the event of exercise (subject to the approval of the banks) of two one-year extension options, exercisable at the end of the first and second years, respectively, the maturity of the new facility will be extended by a maximum of two additional years.

The initial margin on the new credit facility was 0.45% (excluding the fee on drawn amounts which varies according to the portion of the facility drawn), compared with the margin of 0.75% applied previously at the same credit-rating level. This margin may be adjusted upwards or downwards according to the credit rating of Cap Gemini. The facility is also subject to a fee on undrawn amounts equal to 35% of the margin.

The margin applicable is now 0.45% and the fee on undrawn amounts is 0.1575%.

An upgrade or downgrade in Cap Gemini's credit rating would have no impact on the availability of this credit facility.

Cap Gemini 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 one 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 three at December 31 and June 30 of each year (based on the 12 months then ended).

The credit facility agreement also includes covenants restricting Cap Gemini S.A.'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. Cap Gemini S.A. also committed to standard obligations, including an agreement to maintain *pari passu* status.

At December 31, 2016, this credit facility had not yet been drawn.

14. Maturity of payables at the year end

(in thousands of euros)		Gross amount	One year or less	More than one year
Bond issues				
▪ 2015-2018 Bond issue		500,000		500,000
▪ 2015-2020 Bond issue		1,250,000		1,250,000
▪ 2015-2023 Bond issue		1,000,000		1,000,000
▪ 2016-2021 Bond issue		500,000		500,000
	Sub-total	**3,250,000**	**-**	**3,250,000**
Bank loans and borrowings				
▪ Bank overdrafts		167	167	-
▪ Bank overdrafts (Group cash pooling arrangement)		1,335,860	1,335,860	-
▪ Accrued interest		41,349	41,349	-
	Sub-total	**1,377,376**	**1,377,376**	**-**
Group loans and borrowings				
▪ Loans		339,164	214,533	124,631
▪ Group investments		247,434	247,434	-
▪ Other payables		1,547,642	1,383,001	164,642
	Sub-total	**2,134,239**	**1,844,967**	**289,273**
Accounts and notes payable		**4,218**	**4,218**	**-**
Tax and social security liabilities		**2,692**	**2,692**	**-**
Other payables		**1,261**	**1,261**	**-**
TOTAL		**6,769,786**	**3,230,515**	**3,539,273**

Other Group payables mainly consist of subsidiary current account balances under the Group's worldwide cash pooling arrangement of €1,333,777 thousand and subsidiary current accounts for tax consolidation purposes of €195,210 thousand.

15. Accrued income and charges

Accrued charges reported in the balance sheet break down as follows:

(in thousands of euros)	**Amount**
Borrowings	
▪ Accrued interest	41,349
Other liabilities	
▪ Accounts and notes payable	3,983
▪ Tax and social security liabilities	776
TOTAL	**46,108**

Accrued interest payable mainly comprises interest on bond issues of €24,487 thousand and interest payable in US dollars on the EUR/USD fix-to-fix cross currency swap of €16,654 thousand.

Accrued income reported in the balance sheet break down as follows:

(in thousands of euros)	**Amount**
Cash and cash equivalents	
▪ Accrued interest receivable	7,991
TOTAL	**7,991**

Accrued interest receivable mainly comprises interest receivable in euros on the EUR/USD fix-to-fix cross currency swap of €7,824 thousand.

16. Unrealized foreign exchange gains and losses on foreign currency receivables and payables

(in thousands of euros)	**Reported in assets**	**Reported in liabilities**	**Provision for foreign exchange losses**
On other receivables/payables	573	4,261	573
TOTAL	**573**	**4,261**	**573**

17. Net finance income (expense)

(in thousands of euros)		**Amount**
Provisions relating to financial items		
Charge		(3,490)
Reversal		759,312
	Sub-total	**755,822**
Dividends received		**68,926**
	Sub-total	**68,926**
Other financial income and expense		
Net income from short-term investments		1,639
Other investment income (capitalization contracts)		1,533
Revenue from loans, current accounts and Group cash pooling arrangements		57,645
Net foreign exchange gains (losses)		40,142
Income from equity derivatives		49,689
Interest on borrowings, current accounts and Group cash pooling arrangements		(17,225)
Interest on bond issues		(75,107)
Interest on the cross currency swap		(16,196)
Other		114
	Sub-total	**42,234**
NET FINANCE INCOME (EXPENSE)		**866,982**

Provision reversals of €759,312 thousand comprise reversals of provisions for impairment of equity interests, notably in respect of European subsidiaries in the amount of €474,273 thousand and Asia-Pacific subsidiaries in the amount of €171,380 thousand and a reversal of the provision for financial risks on a call option on own shares settled during the year in the amount of €113,516 thousand.

The dividends of €68,926 thousand correspond to dividends received during the period by the Company from its subsidiaries.

18. Net non-recurring income (expense)

(in thousands of euros)		**Amount**
Net proceeds on disposals of treasury shares under the liquidity agreement		(779)
	Sub-total	**(779)**
Loss on the delivery of treasury shares		(69,839)
Other		(97)
	Sub-total	**(69,936)**
NET NON-RECURRING INCOME (EXPENSE)		**(70,715)**

19. Income tax expense

In France, Cap Gemini S.A. is the parent company of a French tax consolidation group comprising 19 companies. In 2016, Cap Gemini S.A. recognized an income tax expense in respect of the tax consolidation of €9,002 thousand.

In the absence of tax consolidation, Cap Gemini S.A. would have recognized a theoretical income tax expense of €30,810 thousand. Tax losses carried forward by Cap Gemini S.A. amounted to €649,681 thousand at December 31, 2016.

Breakdown of the income tax expense

	2016	
(in thousands of euros)	**Net profit before tax**	**Income tax expense**
■ Recurring profit before tax	1,029,346	(331,888)
■ Net non-recurring income (expense)	(70,715)	22,800
■ Accounting profit for the year before tax	958,630	(309,088)
■ Tax differences	(766,519)	247,146
■ Offset of tax losses carried forward	(96,556)	31,132
■ Tax consolidation of subsidiaries	-	22,375
INCOME TAX EXPENSE		**(8,434)**

Impact of tax-driven valuations

(in thousands of euros)	**Amount**
Profit for the year	**950,196**
Income tax expense (net)	8,434
Profit for the year before tax	**958,630**
Change in tax-driven provisions:	
■ Accelerated depreciation	-
Other tax-driven valuations	-
PROFIT EXCLUDING TAX-DRIVEN VALUATIONS (BEFORE TAX)	**958,630**

Change in deferred tax liabilities

Deferred tax on temporary differences *(in thousands of euros)*	**Prior year amount**	**Current year amount**
Non-deductible provisions		
Organic sales tax	97	43
Provisions for contingencies and losses		
Provision for foreign exchange losses	143	573
Net asset value differences on UCITS	1	0
Unrealized foreign exchange gains	208	4,261
Unrealized foreign exchange losses	(143)	(573)
Remeasurement differences on receivables and payables and fair value measurement of derivatives	228,164	96,742
Amortization of the derivative on own shares	8,330	0
TOTAL	**236,800**	**101,047**
Tax rate for temporary differences	34.43%	34.43%
DEFERRED TAX	**81,530**	**34,790**
Deferred tax assets		
Tax losses carried forward	746,237	649,681
Tax rate for temporary differences	34.43%	34.43%
DEFERRED TAX	**256,929**	**223,685**

III - Other information

20. Off-balance sheet commitments

a) Commitments given in favor of subsidiaries

Guarantees, deposits and comfort letters granted by Cap Gemini S.A. to its subsidiaries at December 31, 2016 break down as follows:

(in thousands of euros)	**Amount**
▪ Financial items	108,281
▪ Operating items	1,269,571
▪ Tax items	15,060
TOTAL	**1,392,912**

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, 2016 amounted to €18,686 thousand.

b) Other commitments

The Group has provided performance and/or financial guarantees for a number of major contracts. These include the contracts signed with HM Revenue & Customs, Schneider Electric Industries, Euroclear, the Metropolitan Police, Ontario Power Generation Inc., Environment Agency, Johnson & Johnson Services, Inc., the Department of Work and Pensions, EMC, Monsanto, Becton Dickinson & Company, Carnival Corporation and Michelin.

Cap Gemini S.A., 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.

Cap Gemini S.A. granted a financial guarantee in connection with the agreement signed on May 25, 2004 with France Telecom to transfer the management of part of the latter's telecommunications network for a term of eight years, renewed on January 1, 2012 for a term of six years.

c) Financial instruments

Currency hedges/Derivative instruments

At December 31, 2016, the values of external currency derivative instruments negotiated in respect of foreign currency denominated internal financing arrangements, primarily break down as follows:

- a euro/Swedish krona swap with a positive value of €2,901 thousand for a nominal amount of SEK1,205 (€126 million);
- a euro/Australian dollar swap with a positive value of €270 thousand for a nominal amount of AUD13 million (€9 million);

- a euro/Singapore dollar swap with a positive value of €53 thousand for a nominal amount of SGD18 million (€12 million);
- three euro/US dollar swaps with a net negative value of €4,680 thousand for a nominal amount of USD105 million (€100 million);
- a euro/pound sterling swap with a negative value of €277 thousand for a nominal amount of GBP9 million (€11 million);
- a euro/Swiss franc swap with a negative value of €250 thousand for a nominal amount of CHF21 million (€19 million);
- a euro/Mexican pesos swap with a negative value of €66 thousand for a nominal amount of MXN98 million (€4 million).

At December 31, 2016, external currency derivatives hedging brand royalties invoiced to subsidiaries had a positive value of €57 thousand and mainly concerned the pound sterling, Swedish krona, Australian dollar and US dollar.

At December 31, 2016, external currency derivative instruments entered into pursuant to the pooling of currency risk at Group level, had a net positive value of €217,655 thousand.

At December 31, 2016, off-balance sheet commitments given to subsidiaries on internal currency derivative instruments entered into pursuant to the pooling of currency risk at Group level, had a negative value of €1,295 thousand.

At December 31, 2016 off-balance sheet commitments given to banks in respect of a EUR/USD fix-to-fix cross currency swap had a negative value of €34,911 thousand. This commitment given is fully offset by a commitment received from the North American subsidiary in respect of a currency swap back-to-back contract with a positive value of €34,911 thousand.

21. Related companies

(in thousands of euros)	**Total**	**Related companies**
Balance sheet items		
▪ Equity interests	17,583,656	17,583,656
▪ Receivable from controlled entities	1,119,169	1,119,169
▪ Payable to controlled entities	586,598	586,598
▪ Related and associated companies		
receivable	197,420	197,420
payable	1,547,642	1,547,642
Income Statement items		
▪ Investment income	68,926	68,926
▪ Income on Group loans	55,278	55,278
▪ Other interest and similar income	70,597	1,423
▪ Interest and similar expenses	124,184	17,225

22. Consolidating company

Cap Gemini S.A. is the consolidating company for the Capgemini Group.

23. Subsequent events

At the Combined Shareholders' Meeting, the Board of Directors will recommend a dividend payment of €1.55 per share in respect of 2016.

24. Remuneration of members of the Board of Directors

Attendance fees paid to directors in 2016 totaled €755,500 (or €491,183 after deduction of withholding tax for beneficiaries not tax resident in France and the 21% flat-rate income tax advance payment and social security contributions for beneficiaries tax resident in France).

25. Fees paid to the Statutory Auditors

(in thousands of euros)	**KPMG**	**PwC**
Certification of the accounts	500	480
Non-audit services	117	522
TOTAL	**617**	**1,002**

4.4.4 Statutory auditor's report on the financial statements

For the year ended 31 December 2016

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Statutory auditor's report on the financial statements

- In compliance with the assignment entrusted to us by your Annual General, we hereby report to you, for the year ended 31 December 2016, on:
- the audit of the accompanying financial statements of Cap Gemini S.A
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sample techniques or other methodes of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we bring to your attention the following matter:

The net value of equity interests as reported in the balance sheet amounts to € 14,474 million at 31 December 2016. The accounting rules and methods used to determine the value in use of these investments are described in Note I to the financial statements. As part of our assessments, we verified whether the approach applied was correct and that the assumptions used and resulting valuations were consistent overall.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their 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 companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their 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 companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

The Statutory Auditors

Neuilly-sur-Seine, February 24, 2017	Paris La Défense, February 24, 2017
PricewaterhouseCoopers Audit	**KPMG Audit** **Division of KPMG S.A.**

Françoise Garnier
Partner

Richard Béjot
Partner

Frédéric Quélin
Partner

4.4.5 Statutory Auditors’ special report on related party agreements and commitments

Shareholders’ Meeting held to approve the financial statements for the year ended December 31, 2016

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.

To the Shareholders,

In our capacity as Statutory Auditors of Cap Gemini S.A., 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 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 implementation 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 to be submitted for the approval of the Shareholders’ Meeting

Agreements and commitments authorized during the year

We hereby inform you that we have not been advised of any agreement or commitment authorized during the year to be submitted for 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

A**greements and commitments approved in prior years but not implemented during the year**

Pursuant to Article R.225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, previously approved by Shareholders’ Meetings in prior years, have remained in force during the year.

- **Supplementary collective pension scheme for Paul Hermelin (CEO)**

Type:

A supplementary collective defined benefit pension scheme set up by the Company in favor of certain senior executives regarded as having made a significant and lasting contribution to the development of the Capgemini Group. Paul Hermelin has been registered as a beneficiary of this plan since the April 10, 2007 Shareholders' Meeting.

Purpose and terms and conditions:

On December 13, 2006, the Board of Directors authorized the creation of a collective defined benefit pension scheme in favor of certain senior executives of the Group, enabling them to obtain, upon their retirement, a supplementary pension that may not exceed 40% of their reference earnings. The beneficiary’s total cumulative pension benefits may not exceed 50% of the reference earnings which are capped at 60 times the annual ceiling for social security contributions.

The July 29, 2015 Board of Directors' Meeting decided to freeze Paul Hermelin's rights under this supplementary scheme, effective from October 31, 2015, without consideration, hence a change in the Company’s favor.

On December 7, 2016, the Board of Directors took due note that this agreement had been submitted to it to be reexamined.

Paul Hermelin did not receive any remuneration under this agreement in 2016.

The Statutory Auditors

Neuilly-sur-Seine, February 24, 2017		Paris La Défense, February 24, 2017
PricewaterhouseCoopers Audit		**KPMG Audit** **Department of KPMG S.A.**
Françoise Garnier Partner	Richard Béjot Partner	Frédéric Quélin Partner

4.5 Other financial and accounting information

4.5.1 Five-year financial summary

(in thousand of euros)	2012	2013	2014	2015	2016
I-SHARE CAPITAL AT YEAR-END					
Share capital	1,294,163	1,282,543	1,308,744	1,377,452	1,372,514
Number of common shares outstanding	161,770,362	160,317,818	163,592,949	172,181,500	171,564,265
Maximum number of future shares to be created:	-	-	-	-	-
▪ through exercise of equity warrants	5,242,822	5,910,064	6,412,285	3,980,902	4,809,100
▪ through conversion of convertible bonds	16,911,765	5,961,483	5,958,587	5,958,587	-
II-OPERATIONS AND RESULTS OF THE CURRENT YEAR					
Operating revenue	230,370	241,145	248,316	311,679	303,956
Operating revenue and financial revenue	763,415	700,839	1,480,875	2,165,823	1,501,074
Income before taxes, amortization and provisions	189,839	38,404	284,241	224,791	236,553
Income tax	21,562	(11,344)	33,555	29,532	8,434
Net income / (losses)	247,759	164,839	1,161,201	1,156,947	950,196
Distributed income	159,199	176,274	195,150	231,222	261,229*
III-EARNINGS PER SHARE *(in euros)*					
Earnings after taxes, but before amortization and provisions	1.04	0.31	1.53	1.13	1.33
Net earnings	1.53	1.03	7.10	6.72	5.54
Dividend per share	1.00	1.03	1.20	1.35	1.55
IV-Employee data					
Average number of employee during the year	Cap Gemini S.A. does not have any employees				
Total payroll					
Total benefits					

(*) Subject to approval by the shareholders' Meeting of May 10, 2017. The total amount of the distribution is calculated based on the number of shares ranking for dividends at December 31, 2016, i.e. 168,534,908 shares, and could therefore change (and the same may be for the total amount of retained earnings) if this number varies between January 1, 2017 and the ex-dividend date.

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4.5.2 Subsidiaries and investments

(in millions of euros)	Capital	Other shareholders' equity[1]	% interest	Number of shares owned	Book value of shares Gross	Book value of shares Net	Loans & advances granted	Guarantees given	2016 Revenue	Dividends
Subsidiaries										
Capgemini North America Inc	1	2,643	100.00%	982,000	9,132	7,186	984	-	6	-
CGS HOLDINGS Ltd	620	1	100.00%	558,777,061	721	721	-	-	-	-
Gemini Consulting Holding Ltd	-	9	100.00%	1,083	23	23	-	-	-	-
Capgemini Oldco Ltd	12	25	100.00%	1,033,938,858	801	801	-	-	-	-
Capgemini AB (Suède)	3	277	100.00%	25,861	387	387	-	8	21	26
Capgemini NV (Benelux)	2	314	100.00%	21,582,376	1,467	1,262	-	-	-	27
Capgemini Business services BV	16	(9)	100.00%	35,289	38	38	-	-	-	-
Capgemini Deutschland Holding GmbH	129	4	95.59%	3	629	629	-	5	-	-
Capgemini Consulting Österreich AG	-	4	100.00%	64,999	60	46	3	-	18	-
Capgemini Suisse AG	-	24	100.00%	500	73	61	19	79	64	-
Capgemini Polska Sp Z.o.o	4	34	100.00%	129,160	25	25	-	-	205	11
Capgemini Magyarorszag Kft	-	1	100.00%	1	2	2	-	-	10	-
capgemini Czech Republic s r o	1	2	99.00%	21,255	8	8	2	-	8	-
Capgemini France S.A.S.	89	794	100.00%	5,713,954	1,324	1,324	-	-	9	-
Capgemini Technology Services Maroc	3	8	99.99%	329,996	3	3	-	-	41	2
Sogeti S.A.S.	261	415	100.00%	52,106,876	754	754	-	-	-	-
Capgemini Italia S.p.A.	18	26	100.00%	3,575,000	543	307	10	17	275	-
Capgemini España S.L. (Sociedad Unipersonal)	42	(14)	85.73%	363,217	319	181	-	5	229	-
Capgemini Portugal, Serviços de Consultoria e Informatica, SA	8	5	100.00%	1,698,842	44	29	-	-	30	-
Capgemini Business Services Guatemala S.A.	2	7	99.80%	12,900,034	1	1	-	-	27	-
Capgemini Argentina S.A.	1	2	1.16%	126,369	-	-	-	-	16	-
Capgemini Asia Pacific Pte. Ltd.	151	(23)	100.00%	217,083,711	270	270	12	31	4	-
Capgemini Australia Pty Ltd	141	(115)	100.00%	1,575,512	182	182	9	-	213	-
Capgemini Technology Services India Limited	8	1,241	11.99%	7,090,662	25	25	-	-	1,584	-
Capgemini Service S.A.S	8	15	100.00%	8,000,000	164	23	-	15	401	-
S.C.I. Paris Étoile	-	5	99.99%	9,999	48	31	-	-	3	2
Immobilière les Fontaines S.A.R.L	3	(1)	99.90%	1,004,628	52	52	-	-	4	-
Capgemini Gouvieux S.A.S.	3	(1)	100.00%	210,000	3	3	-	-	19	-
Capgemini Latin America	468	(375)	100.00%	46,824,750	477	94	47	4	-	-
Capgemini Reinsurance International	20	-	100.00%	10,000	5	5	-	-	8	-
Other French compagnies	nm	nm	nm	nm	-	-	nm	nm	nm	nm
Investments										
As of December 31, 2016, investments held by Cap Gemini SA. are not material										

nm:not material

(1) Including net income for the year

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Cap Gemini and its shareholders

5.1 Cap Gemini share capital

5.1.1 Share capital (amount, table of movements and delegations of authority)

Amount of capital

At December 31, 2016, the Company's share capital amounted to €1,372,514,120, divided into 171,564,265 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, 2012	**161,770,362**	**1,294,162,896**	**5,818,093,835**
Share capital increase:			
▪ Shares issued after the vesting of performance shares	285,000	2,280,000	(6,240)
▪ Issue costs for shares, net of taxes	-	-	-
▪ Shares issued following the conversion of OCEANE 2009 bonds	1,188,167	9,505,336	30,892,342
Capital reduction:			
▪ Cancellation of treasury shares	(2,925,711)	(23,405,688)	(76,702,738)
AT DECEMBER 31, 2013	**160,317,818**	**1,282,542,544**	**5,772,277,199**
Share capital increase:			
▪ Shares issued reserved for employees	5,000,000	40,000,000	190,000,000
▪ Issue costs for shares, net of taxes			(864,294)
▪ Shares issued after the vesting of performance shares	530,539	4,244,312	(4,244,312)
Allocation to legal reserve	**-**	**-**	**(1,458,070)**
Capital reduction:			
▪ Cancellation of treasury shares	(2,255,408)	(18,043,264)	(103,919,200)
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 legal reserve	**-**	**-**	**(6,833,742)**
AT DECEMBER 31, 2015	**172,181,500**	**1,377,452,000**	**6,340,386,914**
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**

5.1.2 Financial authorizations

Authorizations granted by the Combined Shareholders' Meeting to the Board of Directors to increase share capital

The following table summarizes (pursuant, to Article L.225-100 of the French Commercial Code) authorizations still in effect and those that have expired since the last Combined Shareholders' Meeting.

	Purpose of the authorization	Maximum amount(1) (2) *(in euros)*	Authorization date and resolution number	Expiry date	Used during 2016
a)	Purchase by the Company of its own shares under a share buyback program	10% of share capital	05/18/2016/*10th*	11/18/2017	4,128,337 shares were purchased under the share buyback program (excluding the Liquidity contract) at an average price of €81.18 As part of the Liquidity contract: a) 2,686,396 shares purchased at an average market price of €81.12 b) 2,621,396 shares sold at an average market price of €81.33 c) The balance on 12/31/2016 is 150,000 shares and about €9 million.
b)	Cancellation of treasury shares	10% of share capital per 12-month period	05/18/2016/*11th*	07/18/2018	617,235 shares with a value of €50,129,800.47 were cancelled by decision of the Board of Directors on 07/26/2016.
c)	Share capital increase by capitalizing additional paid-in capital, reserves, profit or other eligible amounts	€1.5 billion (par value)	05/18/2016/*12th*	07/18/2018	This authorization was not used in 2016
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**	€550 million (par value) €7.5 billion (issue amount)	05/18/2016/*13th*	07/18/2018	This authorization was not used in 2016
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**	€137 million (par value) €2.5 billion (issue amount)	05/18/2016/*14th*	07/18/2018	This authorization was not used in 2016
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**	€137 million (par value) €2.5 billion (issue amount)	05/18/2016/*15th*	07/18/2018	This authorization was not used in 2016
g)	Setting the issue price of shares in the context of a share capital increase **with cancellation of PSR**	€137 million (par value) €2.5 billion (issue amount) 10% of share capital	05/18/2016/*16th*	07/18/2018	This authorization was not used in 2016
"Greenshoe" option (d) to (g)			*05/18/2016/17th*	*07/18/2018*	This authorization was not used in 2016

(1) Recap of overall limits:
a maximum par value amount of €550 million and a maximum issue amount of €7.5 billion for all issues with and without pre-emptive subscription rights;
including a maximum par value amount of €137 million and a maximum issue amount of €2.5 billion for all issues 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 j) and k) are capped at a maximum par value amount of €48 million.

Abbreviations: PSR = Pre-emptive Subscription Rights

	Purpose of the authorization	Maximum amount[(1) (2)] *(in euros)*	Authorization date and resolution number	Expiry date	Used during 2016
h)	Share capital increase by issuing shares and/or securities granting access to the share capital in consideration for contributions in kind	€137 million (par value) €2.5 billion (issue amount) 10% of share capital	05/18/2016/*18th*	07/18/2018	This authorization was not used in 2016
i)	Share capital increase by issuing ordinary shares and/or securities granting access to the share capital, or granting a right to allocation of debt instruments, in consideration for shares tendered to a public exchange offer made by the Company	€125 million (par value) €1.25 billion 10% of share capital	05/07/2014/*29th*	07/07/2016	This authorization was not used in 2016
j)	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	€48 million (par value) [(2)]	05/18/2016/*19th*	07/18/2018	This authorization was not used in 2016
k)	Share capital increase by issuing shares and/or securities granting access to the share capital with cancellation of PSR, reserved for employees of certain non-French subsidiaries	€48 million (par value) [(2)]	05/18/2016/*20th*	11/18/2017	This authorization was not used in 2016
l)	Grant of performance shares	1% of share capital	05/18/2016/*21st*	11/18/2017	1,663,500 performance shares (€13.3 million par value) were granted to 1,175 beneficiaries by decision of the Board of Directors on 07/26/2016

(1) Recap of overall limits:

a maximum par value amount of €550 million and a maximum issue amount of €7.5 billion for all issues with and without pre-emptive subscription rights; including a maximum par value amount of €137 million and a maximum issue amount of €2.5 billion for all issues 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 j) and k) are capped at a maximum par value amount of €48 million.

Delegations to be presented at the Shareholders' Meeting of May 10, 2017

Purpose of the authorization	Maximum amount	Authorization date and resolution number	Duration Expiry Date
Purchase by the Company of its own shares under a share buyback program	10% of share capital	05/10/2017/*11th*	18 months (up to 11/10/2018)
Grant of performance shares	1% of share capital	05/10/2017/*16th*	18 months (up to 11/10/2018)
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	€48 million (par value) [(1)]	05/10/2017/*17th*	18 months (up to 11/10/2018)
Share capital increase by issuing shares and/or securities granting access to the share capital with cancellation of PSR, reserved for employees of certain non-French subsidiaries	€24 million (par value) [(1)]	05/10/2017/*18th*	18 months (up to 11/10/2018)

(1) The total share capital increases decided pursuant the 18th resolution are included in the general limit of the 17th resolution.

Abbreviations: PSR = Pre-emptive Subscription Rights

Use of authorizations during 2016

Pursuant to the authorization granted by the Ordinary Shareholders' Meeting of May 18, 2016 in the tenth resolution, the Board of Directors purchased 4,128,337 shares under the share buyback program (excluding the Liquidity contract) at an average price of €81.18. As part of the Liquidity contract 2,686,396 shares were purchased at an average price of €81.12 and 2,621,396 shares were sold at an average market price of €81.33. The balance of the Liquidity contract on December 31, 2016 is 150,000 shares and about €9 million.

Pursuant to the powers conferred on it by the Extraordinary Shareholders' Meeting of May 18, 2016 in the eleventh resolution, the Board of Directors in its meeting of July 26, 2016 cancelled 617,235 shares with a value of €50,129,800.47.

In addition and pursuant to the authorization granted by the Extraordinary Shareholders' Meeting of May 18, 2016 in the twenty-first resolution, the Board of Directors decided on July 26, 2016 the issue of 1,663,500 performance shares to 1,175 beneficiaries (managers and employees of French and foreign subsidiaries, members of the Executive Committee including the Chairman and Chief Executive Officer).

5.1.3 Other share equivalents outstanding

The bonds redeemable in cash and/or in new and/or existing shares (ORNANE) issued in October 2013 having been paid by anticipation during the last quarter of 2016 and the Redeemable Share Subscription or Purchase Warrants issued in 2009 having matured in July 2016, no other share equivalent was outstanding as at December 31, 2016.

5.1.4 Employee shareholders

Share subscription or purchase plans

Cap Gemini no longer grants stock options. The last stock option plan expired in June 2013.

Performance shares grant

Performance shares grant in 2016

The Extraordinary Shareholders' Meeting of May 18, 2016 authorized the Board of Directors in its twenty first 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 18, 2016. The number of shares granted (existing and to be issued) was not to 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 may be granted to the executive corporate officer of the Company, it being specified that the portion of shares that must be held by him until the end of his term of office is set by the Board of Directors. By exception, and for an amount not exceeding 15% of "N", shares may 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 July 26, 2016 decided the issue of 1,663,500 performance shares to 1,154 managers and employees of the Group, 20 members of the Executive Committee (excluding Mr. Paul Hermelin) and Mr. Paul Hermelin.

As for the 2012, 2013, 2014 and 2015 grant plans, the internal performance condition is based on Organic Free Cash Flow over a three-year period, reflecting the Board of Directors' desire to prioritize long-term goals in the context of these grants.

The external performance condition is based on the comparative performance of the Cap Gemini share against average performance over a minimum of three years (in line with the period covered by the internal performance condition).

Accordingly, the total number of shares that will vest to beneficiaries at the end of the vesting period will be equal:

- a number of shares equal to half 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 2016 to 2018 compared with a minimum objective of €2,400 million; the maximum number of shares will vest for organic free cash flow generation of more than €2,700 million; and
- a number of shares equal to half the number indicated in the grant notification multiplied by the percentage achievement of the chosen external performance target: performance of the Cap Gemini share compared with the average performance measured over an identical three year period of a basket of securities and indexes containing (i) shares of 8 listed companies operating in the same sector as the Group in a minimum of five countries in which the Group is firmly established (Accenture/CSC/Atos/Tieto/Sopra Steria/CGI Group/Infosys and Cognizant) and (ii) the CAC 40 index. No shares vest in respect of the external performance condition if the relative performance of the Cap Gemini share is less than 100% of the average performance of the basket.

The vesting period was set by the Board of Directors at three years for beneficiaries tax-resident in France and four years for beneficiaries non-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 at the grant date, valued at the grant price, is equal to less than two years' theoretical salary, and in the amount of 33% otherwise.

In accordance with the recommendations of the AFEP-MEDEF Code, performance share grants will be undertaken at the same calendar periods from now on 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.

Share grants without performance conditions in 2016

The Extraordinary Shareholders' Meeting of May 6, 2015 authorized the Board of Directors in its ninth 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 6, 2015. The number of shares granted (existing and to be issued) was not to 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 may be granted to the executive corporate officer of the Company, it being specified that the portion of shares that must be held by him until the end of his term of office is set by the Board of Directors. By exception, and for an amount not exceeding 15% of "N", shares may 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 February 17, 2016 decided the issue of 180,500 restricted shares to 164 managers and employees of IGATE bought in July 1, 2015 and which were therefore not included in the scope of the July 26, 2016 grant due to the lack of time to ensure an appropriate selection. Neither the Chairman and Chief Executive Officer, nor the Group Executive Committee members were beneficiaries of this grant.

Vesting of performance shares in 2016

Pursuant to the authorization granted by the Extraordinary Shareholders' Meeting of May 23, 2013 in the tenth resolution, the Board of Directors granted (i) 1,290,500 shares subject to performance and presence conditions on July 30, 2014.

These 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 for French tax residents on July 30, 2016.

This performance shares grant is subject to internal and external performance conditions. These conditions are detailed in the resolution presented to the Combined Shareholders' Meeting authorizing the Board of Directors to grant performance shares.

The internal performance condition for this share grant 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 Cap Gemini share compared with a basket of comparable companies in our business sector in at least five different countries. These companies were as follows for Accenture, Atos, CSC, CGI Group, Cognizant, Infosys, Sopra Steria, and Tieto with the CAC 40 index in addition. For this grant, no shares vest in respect of the external performance condition if the relative performance of the Cap Gemini 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 to beneficiaries tax-resident in France of 390,750 shares in August 2016.

Vesting of restricted shares in 2016

Pursuant to the authorization granted by the Extraordinary Shareholders' Meeting of May 23, 2013 in the tenth resolution, the Board of Directors granted (i) 104,379 shares subject to presence conditions only on October 8, 2014.

These restricted shares were granted subject to a vesting period of two years and therefore 77,526 shares have been definitely granted to more than 15,200 employees in October 2016.

International employee shareholding system

The Combined Shareholders' Meetings of May 26, 2011 and May 7, 2014 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 international employee shareholding transaction performed in 2012 was subscribed in the amount of 6 million shares directly and indirectly *via* an Employee Savings Mutual Fund (FCPE) by Group employees from 19 countries.

The international employee shareholding transaction performed in 2014 was subscribed in the amount of 5 million shares directly and indirectly *via* an Employee Savings Mutual Fund (FCPE) by Group employees from 20 countries.

It is recalled that subscribers to the first employee share ownership plan "ESOP 2009" (which expired on December 16, 2014) had the option of recovering their investment (and in numerous cases reinvesting in the 2014 plan) or leaving their investment in the Group Savings Plan (France only).

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 5.3% of the Company's share capital at December 31, 2016.

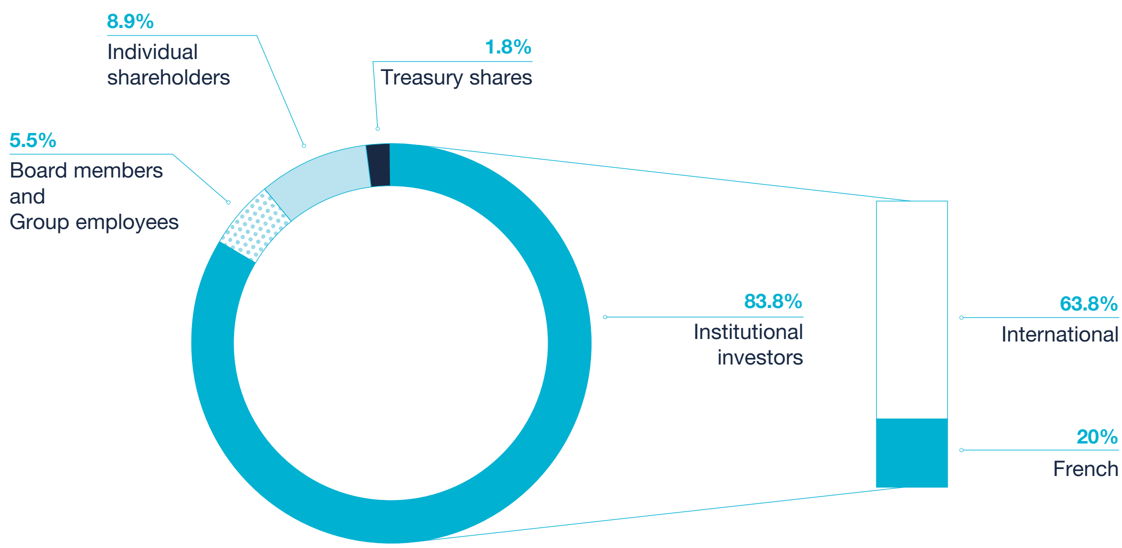
5.1.5 Potential dilution resulting from the exercise of all securities granting access to the Company's share capital

As of December 31, 2016, the potential dilution in respect of performance and free share grants plans was 2.7%.

5.2 Cap Gemini and the stock market

At December 31, 2016, the share capital of Cap Gemini S.A. comprised 171,564,265 shares (ISIN code: FR0000125338). Cap Gemini shares are listed on the "Euronext Paris" market (compartment A) and are eligible for the SRD deferred settlement system of the Paris Stock Exchange. The decrease in the number of shares between 2015 and 2016 is due to the cancellation of 617,235 shares in July 2016. Cap Gemini shares are in particular included in the CAC 40 and the Euronext 100 indexes and the Dow Jones STOXX and Dow Jones Euro STOXX. Between January 1 and December 31, 2016, Cap Gemini saw its share price going down 6.37% to end the year at €80.15.

Cap Gemini share ownership structure at the end of December 2016
(based on a shareholder survey)

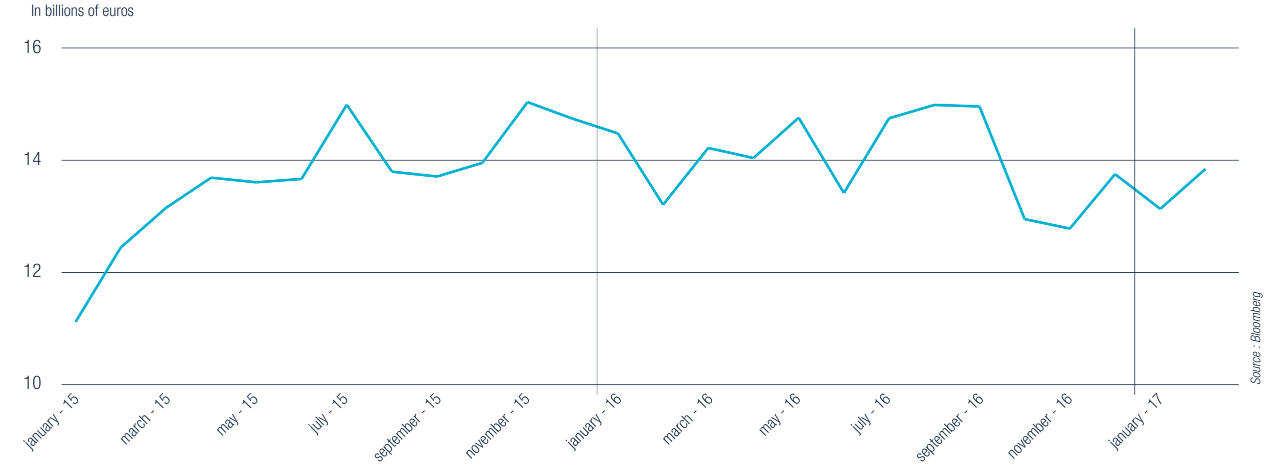


2017 Provisional financial calendar

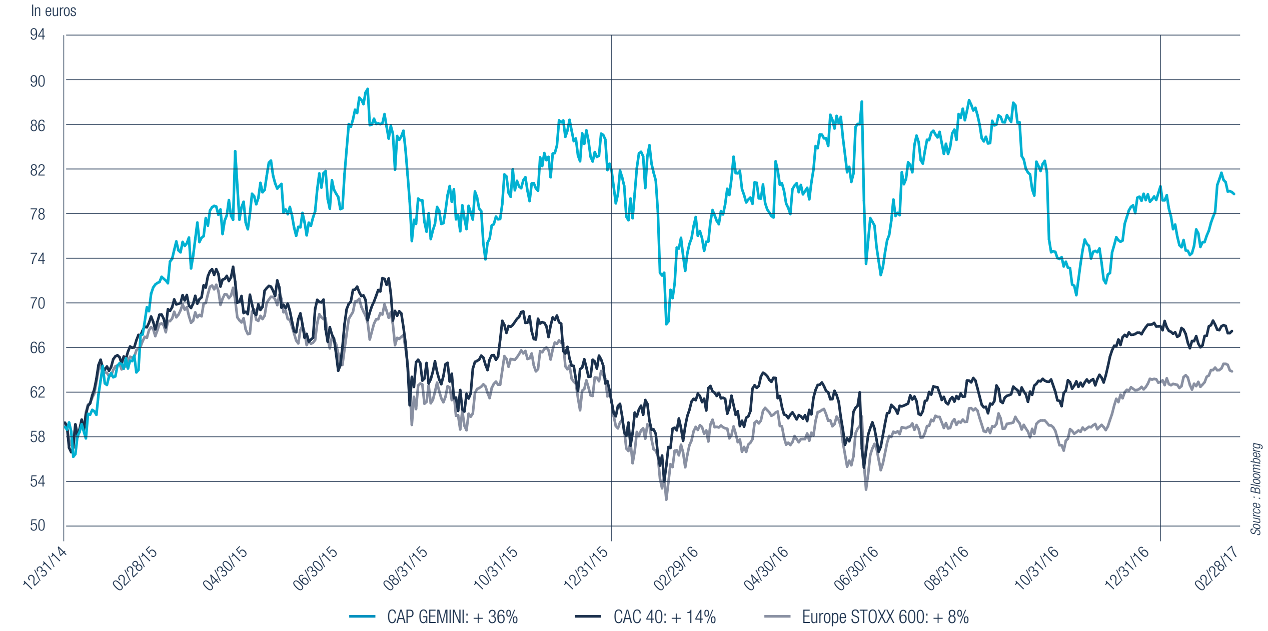
2017 First quarter revenues:	April 26, 2017
2017 First half results:	July 27, 2017
2017 Third quarter revenues:	October 25, 2017
2017 Annual results:	February 15, 2018

This provisional calendar is provided for information purposes only and may be subject to subsequent amendments.

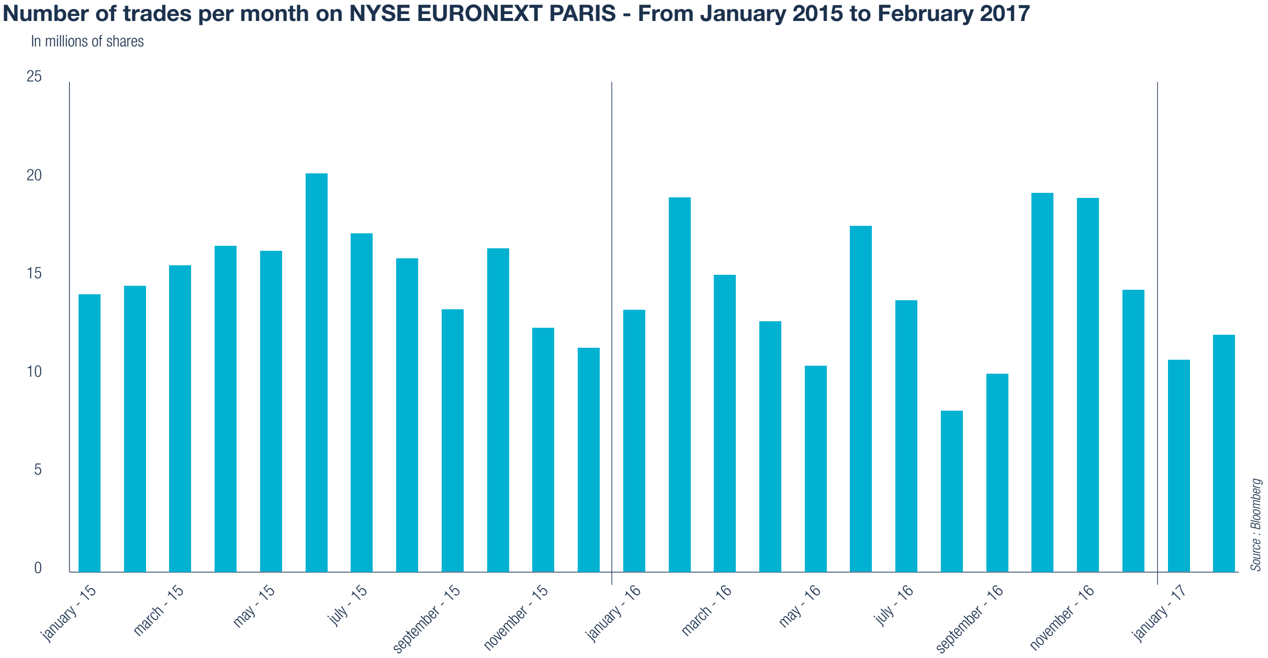
Stock market capitalization - From January 2015 to February 2017



Share performance - From December 31, 2014 to February 28, 2017



Number of trades per month on NYSE EURONEXT PARIS - From January 2015 to February 2017



Share price and trading volume

The following table presents an analysis of trading in the Company's shares on NYSE Euronext Paris over the last 24 months:

					Trading volume		
		Share price *(in euros)*			Number of shares		
Month	Number of trading days	High	Average	Low	total	Average *(daily)*	Value *(millions of euros)*
March 15	22	78.260	74.912	71.960	15,621,830	710,083	1,167.4
April 15	22	85.770	79.065	75.580	16,616,307	830,815	1,322.6
May 15	21	85.000	80.809	76.230	16,353,988	817,699	1,320.4
June 15	22	83.410	79.274	75.830	20,316,438	923,474	1,605.0
July 15	23	90.800	85.660	79.020	17,255,940	750,258	1,478.1
August 15	21	88.500	83.539	73.380	15,985,302	761,205	1,324.3
September 15	22	81.660	78.791	76.370	13,371,313	607,787	1,055.7
October 15	22	83.370	79.199	73.560	16,485,782	749,354	1,299.4
November 15	21	88.000	82.749	79.750	12,429,827	591,897	1,031.7
December 15	23	88.870	85.486	83.020	11,428,916	519,496	981.4
January 16	21	85.390	81.757	77.620	13,343,731	667,187	1,089.3
February 16	20	85.160	75.783	67.700	18,420,888	921,044	1,379.6
March 16	24	84.700	78.780	74.850	15,807,511	718,523	1,246.7
April 16	21	83.630	80.780	77.960	12,768,662	608,032	1,032.2
May 16	22	86.060	82.199	78.680	10,500,146	477,279	862.7
June 16	22	89.010	83.939	73.450	17,625,297	801,150	1,459.9
July 16	21	86.730	79.364	72.380	13,842,367	659,160	1,102.5
August 16	23	89.400	85.754	82.950	8,218,761	357,337	705.0
September 16	22	89.520	87.192	84.190	10,081,839	458,265	878.1
October 16	21	89.800	82.469	75.000	19,325,817	920,277	1,574.2
November 16	22	77.560	74.623	71.100	19,053,091	866,050	1,417.5
December 16	22	80.810	77.437	71.450	14,368,098	684,195	1,104.4
January 17	18	81.740	79.102	74.050	10,602,767	589,043	836,9
February 17	20	83.380	79.133	75.71	12,080,322	604,016	959.6

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%. The ratio is defined as: dividend per share / net profit (Group share) per share based on the number of shares issued on December 31st. In case exceptional items have been recognized, in particular non-cash items, net income (Group share), may be restated for these items before applying the payout ratio.

Dividends paid by Cap Gemini

	Dividend distribution		Number of shares	Dividend per share
Year ended December 31	In € million	In % of net income		
2012	€ 162	39%	161,700,362	€ 1.00
2013	€ 176	44%	160,317,818	€ 1.10
2014	€ 196	40%	163,592,949	€ 1.20
2015	€ 232	34%	172,181,500	€ 1.35
2016	€ 266	36%	171,564,265	€ 1.55*

(*) Recommended dividend submitted to the Annual Shareholders' Meeting of May 10, 2017

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5.3 Current ownership structure

At December 31, 2016, the share capital amounted to €1,372,514,120 (compared with €1,377,452,000 at December 31, 2015) following the cancellation of 617,235 shares decided by the Board of Directors of July 26, 2016.

The ownership structure at December 31, 2016 is presented below. No shares carry double voting rights. At December 31, 2016, Cap Gemini held 2 879 357 of its own shares.

At December 31, 2016, there were 16,851 registered shareholders.

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, the shareholder held more than 5% of the Company's share capital and voting rights at the year-end was Société Générale[(1)].

The Company has been notified of legal thresholds crossings from the following companies:

The US company BlackRock Inc., acting on behalf of clients and managed funds, disclosed that it had reduced, raised and then reduced its interest above and below the threshold of 5% of the Company's share capital and voting rights on December 14 and 28 and 29, 2016 as a result of a disposal and an acquisition followed by a disposal of Cap Gemini shares on the market and holds 4.85% of the Company's share capital and voting rights on behalf of such funds.

The Swedish company Skandinaviska Enskilda Banken AB disclosed that it had raised and then reduced its interest above and below the threshold of 5% of the Company's share capital and voting rights on May 31 and June 7, 2016 respectively as a result of an acquisition followed by a disposal of Cap Gemini shares on the market and holds on behalf of funds 0.01% of the Company's share capital and voting rights.

The Company received the following notifications pursuant to the provisions of its bylaws:

- BNP Paribas Investment Partners disclosed that it had reduced its interest below the threshold of 1% of Capgemini S.A.'s share capital and voting rights on February 15, 2016.
- Caisse des dépôts disclosed that it had reduced its interest below the threshold of 1% of Cap Gemini S.A.'s share capital and voting rights on February 22, 2016.
- Citigroup Inc. disclosed that it had raised and reduced its interest above and below the threshold of 1% of Cap Gemini S.A.'s share capital and voting rights on April 28, 2016 and on May 16, 2016.
- Crédit Suisse disclosed that it had raised and reduced its interest above and below the threshold of 1% of Cap Gemini S.A.'s share capital and voting rights on February 12, 2016 and on March 4, 2016.
- DNCA Investments disclosed that it had raised its interest above the threshold of 1% of Cap Gemini S.A.'s share capital and voting rights on April 26, 2016 and, successively raised, reduced and raised its interest above, below and above the threshold of 2%, on November 14, 2016, November 22, 2016 and December 13, 2016.
- GIC Private Ltd disclosed that it had raised its interest above the thresholds of 1%, 2% and 3% of Cap Gemini S.A.'s share capital and voting rights, successively on March 18, 2016, March 31, 2016, and November 18, 2016 and reduced its interest below the threshold of 3%, on December 28, 2016.
- Norges Bank disclosed that it had successively reduced, raised, reduced and raised its interest below, above, below and above the threshold of 2% of Cap Gemini S.A.'s share capital and voting rights, on June 1, 2016, June 28, 2016, August 9, 2016 and September 2, 2016.
- Société Générale reported various threshold crossings during 2016, the ultimate disclosure being that it had reduced its interest below the threshold of 6% of Cap Gemini S.A.'s share capital and voting rights, on December 16, 2016.
- UBS Asset Management disclosed that it had raised and reduced its interest above and below the threshold of 1% of Cap Gemini S.A.'s share capital and voting rights, on February 9, 2016 and on February 10, 2016.

Shares held by members of the Board of Directors represent 0.19% of the Company's share capital.

(1) It follows the repeal of the so-called "trading" exception which exempted providers of investment services from including in their threshold crossing disclosures certain agreements or financial instruments considered to have an economic effect similar to the ownership of shares, following the enactment into French law of the revised transparency directive 2013/50/EU by Order no.2015-576 of December 3, 2015 (e.g. forward purchase with physical settlement).

Changes in the ownership structure over the past three years

	At December 31, 2014			At December 31, 2015			At December 31, 2016		
	Number of shares	% share capital	% voting rights	Number of shares	% share capital	% voting rights	Number of shares	% share capital	% voting rights
Serge Kampf [(a)]	4,250,000	2.6	2.6	3,670,000	2.1	2.1	-	-	-
Paul Hermelin	147,048	0.1	0.1	247,048	0.1	0.1	297,048	0.2	0.2
Public [(b)] (bearer + registered)	148,108,652	90.5	90.5	157,785,099	91.7	91.7	159,178,049	92.8	92.8
Employee shareholders	10,119,071	6.2	6.2	9,573,246	5.6	5.6	9,059,811	5.3	5.3
Treasury shares	968,178	0.6	0.6	906,107	0.5	0.5	3,029,357	1.8	1.8
Own shares	-	-	-	-	-	-	-	-	-
TOTAL	**163,592,949**	**100**	**100**	**172,181,500**	**100**	**100**	**171,564,265**	**100**	**100**

(a) Serge Kampf passed away on March 15, 2016 and his outstanding participation is no longer recognized as Corporate officer
(b) Including share capital held by managers

The Company does not hold any “own shares”.

Based on a shareholder identification carried out at December 15, 2016, the Company has identified 1,130 bearer shareholders holding more than 500 shares.

No shares carry double voting rights. Each share carries entitlement to one vote irrespective of whether the share is held in registered or bearer form.

Shareholders’ agreements

There are no shareholder agreements or pacts in force.

5.4 Share buyback program

5.4.1 Authorization to buy back the Company's shares

The Ordinary Shareholders' Meeting of May 18, 2016 renewed the authorization granted to the Company to buy back its shares. This authorization was used in 2016 in connection with the liquidity contract (entered into with Oddo Corporate Finance until September 30, 2016, and with Kepler Cheuvreux from October 3, 2016 onwards) 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 Cap Gemini S.A. share and to allow regular quotations. In 2016, a total of 2,686,396 shares were purchased on behalf of Cap Gemini S.A., at an average price of €81.12 per share, representing 1.57% of the share capital at December 31, 2016. During the same period, 2,621,396 Cap Gemini S.A. shares were sold at an average price of €81.33 per share, representing 1.53% of the share capital at December 31, 2016. At year-end, the liquidity account balance comprised 150,000 treasury shares (0.09% of the share capital) and approximately €9 million.

In addition, the Company continued to purchase its own shares in 2016. Excluding the liquidity contract, the Company held 2,879,357 of its own shares at December 31, 2016, following the various transactions described below:

- purchase of 4,128,337 shares representing 2.41% of the share capital as at December 31, 2016, at an average price of €81.18 per share;
- transfer of 468,276 shares to employees under the free share grant plan;
- transfer of 344,392 shares to holders of redeemable share subscription or purchase warrants (BSAAR) who exercised their Cap Gemini S.A. share allotment rights in 2016;
- transfer of 640,184 shares to holders of ORNANE who exercised their conversion rights;
- cancellation of 617,235 shares.

Trading fees (excluding VAT) and the financial transaction tax totaled €902,862 in 2016.

At December 31, 2016, excluding the liquidity contract the 2,879,357 treasury shares representing 1.68% of the Company's share capital were allocated as follows:

- 1,461,712 shares for grant or sale to employees and/or corporate officers; and
- 1,417,645 shares to the objective of cancellation.

Finally, it is noted that during 2016 533,699 treasury shares previously allocated for grant to holders of securities granting access to the Company's share capital on the exercise of the rights attached to these securities were reallocated to the objective of cancellation.

5.4.2 Description of the share buy-back program to be authorized by the Shareholders' Meeting on May 10, 2017

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 Shareholders' Meeting on May 10, 2017.

Legal framework – Date of the General Meeting of shareholders called to authorize the share buy-back program

This share buy-back program is taking place within the legal framework of articles L.225-209 *et seq*. of the French Commercial Code, and within the scope of the European Regulation No. 2273/2003 of December 22, 2003 taken by way of application of the 2003/6/CE directive of January 28, 2003, referred to as "Market Abuse" directive or any other European regulation that may be substituted for it.

The May 10, 2017 Shareholders' Meeting will be offered to authorize the implementation of this share buy-back program.

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 §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 1,100,552 own shares held as at February 24, 2017 are allocated as follows:

- 138,340 shares to the objective of managing the secondary market or maintaining the liquidity of the Cap Gemini share by way of a liquidity contract signed with Kepler Cheuvreux on October 3, 2016;
- 962,212 shares to the objective of the allocation or sale of shares to employees and/or corporate officers.

Objectives of the share buy-back program and allocation of shares purchased

Cap Gemini'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

- 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 Cap Gemini share by an investment services provider under a liquidity contract that complies with the ethical code recognized 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 Cap Gemini 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 10, 2017 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, as at February 24, 2017, considering that the Company holds 1,100,552 of its own shares as at February 24, 2017, representing 0.65% of its share capital as at February 24, 2017 the maximum number of shares which may be purchased amounts to 15,814,406 shares, representing 9.35% of the share capital as at February 24, 2017, unless the Company sells or cancels own shares currently held.
- Maximum purchase price: €130 per share (or the equivalent at the same date in any other currency). It should be noted that (i) this price will 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 €2,190 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 eleventh resolution by the May 10, 2017 Combined Shareholders' Meeting, *i.e.*, up to November 10, 2018. Pursuant to article 225-209 of the French Code of Commerce, the aggregate number of shares which may be cancelled 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 10, 2017, Combined Shareholders' Meeting).

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(1) i.e., for illustrative purposes, on the basis of the total number of shares issued and outstanding as at February 24, 2017, 16,914,958 shares.

6

Report of the Board of Directors and draft resolutions to be presented at the Combined Shareholders' Meeting of May 10, 2017

This report presents the proposed resolutions submitted to the Combined Shareholders' Meeting by the Board of Directors. It consists of this introduction, the overview statements preceding the resolutions and a summary table of financial authorizations currently in force or submitted for approval. 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.

Shareholders are also invited to refer to the guidelines on the "Draft resolutions presented to shareholders of listed companies for vote", produced by the French business association, MEDEF, in conjunction with ANSA and AFEP and available in French on its website www.medef.com for further information on the issues surrounding draft resolutions and the related legal framework application to French companies.

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 2016 included in this Registration Document (available on www.capgemini.com), to which you are invited to refer.

6.1 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 Cap Gemini for the year ended December 31, 2016 as follows:

- **the Company financial statements of Cap Gemini showing a net profit of €950,195,967.31;**
- **the consolidated financial statements of Cap Gemini showing net profit for the Group of €921 million.**

FIRST RESOLUTION

Approval of the 2016 Company financial statements

The Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings and after having read:

- the management report of the Board of Directors;
- the Chairman's report established pursuant to Article L.225-37 of the French Commercial Code; and
- the Statutory Auditors' report on their audit of the Company,

approves the Company financial statements for the year ended December 31, 2016, showing net profit for the year of €950,195,967.31, as presented, and the transactions recorded therein and summarized in these reports.

SECOND RESOLUTION

Approval of the 2016 consolidated financial statements

The Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings and after having read:

- the Group management report of the Board of Directors for 2016; and
- the Statutory Auditors' report on the consolidated financial statements,

approves the consolidated financial statements for the year ended December 31, 2016, showing net profit for the Group of €921 million, as presented, and the transactions recorded therein and summarized in these reports.

PRESENTATION OF THE 3RD RESOLUTION

REGULATED AGREEMENTS AND COMMITMENTS

OVERVIEW

In this resolution, we ask you to take due note that no new related-party agreement or commitment, which had not previously been approved by the shareholders, has been authorized during the year ended December 31, 2016.

As indicated in the Statutory Auditors' special report, the registration of Mr. Hermelin as beneficiary of a supplementary pension scheme, which was previously approved by shareholders at the Combined Shareholders' Meeting of April 26, 2007, is the only agreement authorized in previous years with continuing effect during 2016.

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 31, 2015. This was a favorable development for the Company with regard to the commitment it made to Mr. Hermelin. This plan was closed to potential new beneficiaries with effect on the same date.

During 2016, Mr. Paul Hermelin did not receive any compensation pursuant to this agreement.

Pursuant to Article L.225-40-1 of the French Commercial Code, the Board of Directors performed an annual review of this agreement.

THIRD 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 agreement or commitment, which had not previously been approved by the shareholders, has been authorized during the year ended December 31, 2016.

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PRESENTATION OF THE 4TH RESOLUTION

APPROPRIATION OF EARNINGS AND DIVIDEND

OVERVIEW

The fourth resolution relates to the appropriation of earnings for the year ending 2016 and the setting of dividend.

It is proposed that the dividend be set at €1.55 per share for a total of €261,229,107.40 based on the number of shares ranking for dividends at December 31, 2016.

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 corresponding payout ratio is 35.9% of the net profit (Group share) adjusted for non-recurring non-cash tax income.

Residual distributable profits for the year, *i.e.* €3,066,390,921.28, shall be added to retained earnings.

For individuals beneficiaries who are French tax residents, this dividend 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*).

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 May 22, 2017 and a dividend payment date starting from May 24, 2017.

FOURTH RESOLUTION

Appropriation of earnings and setting of 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, 2016 as follows:

▪ net profit for the year	€950,195,967.31
▪ no funding of the legal reserve as already fully funded	
***i.e.* a balance of:**	**€950,195,967.31**
▪ retained earnings of previous years:	€2,377,424,061.37
***i.e.* distributable earnings:**	**€3,327,620,028.68**
▪ allocated to:	
payment of a dividend of €1.55 per share:	(1) €261,229,107.40
retained earnings for the balance:	€3,066,390,921.28
giving a total of:	**€3,327,620,028.68**

(1) The total amount of the distribution is calculated based on the number of shares ranking for dividends at December 31, 2016, i.e. 168,534,908 shares, and could therefore change (and the same may be for the total amount of retained earnings) if this number varies between January 1, 2017 and the ex-dividend date.

It should be noted that the dividend, set at €1.55 for each of the shares bearing dividend rights on January 1, 2017, 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*).

The ex-dividend date will be May 22, 2017 and the dividend will be payable from May 24, 2017.

If, at the time of payment of the dividend, the number of treasury shares held by the Company has evolved compared to that held on December 31, 2016, 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 over the past three fiscal years:

	Total amount (1) *(in euros)*	**Distributed income (2)** *(in euros)*	**Dividend per share** *(in euros)*
Fiscal year 2015	231,221,780.55	228,749,429.70	1.35
Fiscal year 2014	195,149,725.20	198,381,067.20	1.20
Fiscal year 2013	176,273,919.80	174,095,386.30	1.10

(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 as a result of a 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. 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) for each fiscal year.

PRESENTATION OF THE 5TH RESOLUTION

APPROVAL OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER COMPENSATION POLICY

OVERVIEW

Shareholders are now asked to approve the compensation policy applicable to corporate executive officers pursuant to the new provisions of Article L.225-37-2 of the French Commercial Code, introduced by the so-called Sapin II 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 constituting the compensation policy applicable to such officer for 2017, were approved by the Board of Directors on February 15, 2017 upon recommendation from the Compensation Committee. They are detailed in the Board of Directors' report presented in Section 2.4.1 of the 2016 Registration Document.

For ease of reading, this report is set out in full below.

Chairman and Chief Executive Officer compensation policy

The description of the compensation policy set out below corresponds 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 Executive Officers compensation. It remains subject to shareholders' approval at the Combined Shareholders' Meeting of May 10, 2017.

General principles

The procedures for setting the compensation of the Chairman and Chief Executive Officer comply with the recommendations of the revised AFEP-MEDEF Code issued in November 2016. 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.

In addition to complying with "market" rules and in line with past Group practice, the Chairman and Chief Executive Officer does not have an employment agreement, is not entitled to termination benefits, is not covered by a non-compete clause and receives no benefits in kind. In addition, he has waived his right to receive attendance fees since fiscal year 2009.

These principles are regularly reviewed and discussed by the Compensation Committee 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 competiveness** 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 practice 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 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 in which the Company operates.

The Compensation Committee took due note of the observations issued to Cap Gemini in July 2014 by the High Committee for Corporate Governance (*Haut Comité de Gouvernement d'Entreprise*, HCGE) and of its 2015 and 2016 activity reports, as well as of the AMF 2015 and 2016 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 2015 and 2016.

When performing comparisons with French companies of comparable size and ambition, the Compensation Committee ensures that Cap Gemini'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 2016 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. 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 and **linked to Company's performance and aligned to Group strategy**. The fixed component is determined in accordance with a major philosophy specific to the Group, which aligns the compensation structure of the Chief Executive Officer **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.

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 CSC, Accenture 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 Mr. Paul Hermelin's 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.

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 in turn split into two parts: V1 tied to Group performance indicators and consolidated results and V2 based on the attainment of individual objectives, with 50% minimum based on quantified objectives, set by the Board of Directors. Each of these components can vary between 0% and a ceiling equal to 200% of the theoretical amount. Therefore, as a result of this system, fixed plus variable compensation may vary between 60% and 140% of annual theoretical/target compensation. **The variable component and the total compensation are therefore both capped and the variable component may not represent more than 133% of fixed compensation as indicated in the summary table below;**
- the fixed component 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 and was only reviewed in 2013 (+10%) following an extension of his responsibilities and to reflect the strong growth and international expansion of the Group and has remained unchanged since;
- 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 indicators adopted in line with the key indicators presented regularly to the market and are tied to:
  - growth through Group Revenue for 30%,
  - operating profitability through Group Operating margin for 30%,
  - cash generation through the Group Free Organic Cash Flow for 20%,
  - shareholders return through net profit for another 20% as this is the driver to assess the dividend level;
- the individual performance objectives underlying V2 compensation. The strategic and operating objectives for 2016 felt into four main categories, "Succesfull IGATE integration", "New Strategic Development", "Strategic agenda around Industrialization and account centric culture" and "HR transformation". The Board of Directors ensured the objectives were based on directly measurable items so that overall **75% of the total variable compensation was 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 V1 component varies in line with a formula applied for many decades within the Group, that accelerates actual performance upwards and downwards such that:

- 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 held to approve the financial statements of fiscal year Y. The Committee meets on several occasions before the Board of Directors' Meeting to appraise the percentage attainment by Mr. Paul Hermelin of his objectives. An executive session of the Board was held in December 2016 and another one in February 2017 to assess such performance before the Board of Directors which decides the level of attainment by Mr. Hermelin of his 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. Going forward, the variable compensation of the Chairman and Chief Executive Officer will be paid following approval by the Shareholders Meeting of the compensation elements for fiscal year Y.

Summary table of the theoretical structure of fixed and variable compensation

Theoretical compensation structure, base 100	Target	Min	Max
Gross fixed compensation	60	60	60
Annual variable compensation V1	20	0	40
Annual variable compensation V2	20	0	40
Multi-year variable compensation	0	0	0
THEORETICAL TOTAL IF OBJECTIVES ARE ATTAINED	**100**	**60**	**140**
% variable / fixed	67%	0%	133%

Cap Gemini 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 conditions**. Mr. Paul Hermelin received performance shares in 2009, 2012, 2013, 2014, 2015 and 2016 but was not granted any shares in 2010 or 2011;
- the performance conditions are ambitious, as demonstrated by the first two share grants in 2009 and 2010, where the vesting rates were only 50% and 68.5%, respectively, 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 three year period;
- the number 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 18, 2016 and maximum of 5% for an Executive Director alone). The performance shares granted to Mr. Paul Hermelin in 2014 and 2015 represented 3.14% and 2.32% respectively of the total amount authorized by the Combined Shareholders Meeting for the corresponding periods and 3.58% and 3.2% of the total amount granted to all beneficiaries within these resolutions. These percentages were 2.44% and 2.52% respectively for 2016. Since 2009 and over eight performance share grants, the average percentages are 2.19% and 2.99% respectively;
- the IFRS value of shares granted targets not to exceed around 100% of the theoretical yearly cash compensation for a given year, and over the last three years this value has ranged from 60% to 93% of the theoretical cash compensation;
- Mr. Paul Hermelin is 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 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 represents less than twice the theoretical annual salary (fixed and variable). Once this threshold is reached, the obligation to retain performance shares only applies to one third of shares vested. As this threshold had been attained at the time of the July 2014 grant and similarly as of the July 2015 and 2016 grants, the obligation to hold shares that vest as a result of these grants was set at one-third of vested shares vested;
- given the significant number of shares held by Mr. Paul Hermelin, he has not been required to buy a set number of shares on the delivery of the vested shares;
- 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. It applies since the first performance share grant plan in 2009;
- in accordance with the recommendations of the AFEP-MEDEF Code, performance share grants will be performed from now on at the same calendar periods and will be decided by either the Board of Directors' Meeting at the end of July or the following meeting. This was the case in 2015 and 2016 as the grant was made in July in both cases;
- however a special grant was made 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. Neither the Chief Executive Officer nor the Group Executive Committee members were concerned by this grant.

Other items

The Chairman and Chief Executive Officer:

- 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 fringe benefits.

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.

A one off award, if any would only be applicable in case of an external hiring of an Executive 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.

Fixed and variable compensation of the Chairman and Chief Executive Officer for 2017

Following the principles just described, the Board decided, pursuant to the recommendation of the Compensation Committee, to leave Mr. Paul Hermelin's theoretical compensation unchanged for 2017 at €2,420,000 (since 2013). This implies that the fixed part of Mr. Hermelin, will remain at €1,452,000 for 2017. The Board also set the procedure for calculating the variable component of Mr. Hermelin's compensation for fiscal year 2017, 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 2017 V1 compensation will remain as follows:

- revenue growth: 30% weighting;
- operating margin rate: 30% weighting;
- pre-tax net profit: 20% weighting;
- 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 2017 V2 variable compensation have been assigned an individual specific weight. They relate to the operational transformation of the Group in 2017 in line with its strategic plan and associated indicators, in particular around:

i) the Digital and Cloud strategic road map, 40% weighting (out of which 15% quantifiable);

ii) the HR and delivery strategy around diversity, talent management and mobility, 30% weighting (out of which 15% quantifiable); and

iii) the growth of the North American market, 30% weighting (out of which 20% quantifiable).

The Compensation Committee has formalized these objectives in such a way as they can be clearly assessed on objective grounds at the end of 2017 with a weight of 50% based on quantified objectives and the Board shared the same imperative when finalizing the objectives. Therefore 75% of the variable part will be subject to a quantitative evaluation in 2017.

Payment of the variable compensation of the Chairman and Chief Executive Officer for fiscal year 2017 remains subject to approval by the shareholders at the Shareholders' Meeting to be held in 2018.

FIFTH 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 report prepared in accordance with Article L.225-37-2 of the French Commercial Code, 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 granted to the Chairman and Chief Executive Officer by virtue of his office as detailed in the said report.

PRESENTATION OF THE 6TH RESOLUTION

VOTE ON THE COMPONENTS OF COMPENSATION DUE OR AWARDED IN RESPECT OF FISCAL YEAR 2016 TO MR PAUL HERMELIN, CHAIRMAN AND CHIEF EXECUTIVE OFFICER

OVERVIEW

Pursuant to the revised AFEP-MEDEF Code issued in November 2016 with which Cap Gemini complies, the compensation of each executive corporate officer due or awarded in respect of fiscal year 2016 must be presented to the Shareholders' Meeting for a mandatory vote. The following table summarizes the 2016 compensation components of Mr. Paul Hermelin, subject to shareholder mandatory vote pursuant to the "say on pay" policy.

This table is also set out in 2.4.2 of the 2016 Registration Document of Cap Gemini.

Compensation components due or awarded in respect of 2016 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 2016)**	The gross fixed compensation of €1,452,000 for fiscal year 2016 was approved by the Board of Directors on February 17, 2016 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 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 1.2% *per annum*. This theoretical compensation falls within the average for CAC 40 executives.
Annual variable compensation	**€1,075,855 (paid in 2017)**	During the Board of Directors' Meeting of February 15, 2017, 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 2016, of a target amount if objectives are attained of €968,000, 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) 2016 **Free Cash Flow: 20%** weighting. These objectives were assessed with respect to the objectives set by the Board of Directors' Meeting of February 17, 2016. **Attainment rates** for these four objectives were **98.39%, 94.98%, 95.07% and 120.22%** respectively, which taking account of the relative weighting of each objective, gives a **weighted attainment rate of 101.07%.** The Group's historical calculation formula accelerates actual performance upwards and downwards such that: ▪ if the weighted performance of the above four financial indicators is less than or equal to 75% (was 70% last year), the V1 component will be nil; ▪ if the weighted performance of the above four financial indicators is greater than or equal to 125% (was 130% last year), 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 100.1% in 2016 results in the multiplication of the theoretical variable component by **104.28%, giving an amount of 968,000/2*104.28= €504,735**. **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 qualitative objectives grouped into four categories: "Success of IGATE integration" for 30%, "new strategic development" for 20%, "Strategic agenda around industrialization and account centricity culture" for 25% and "HR transformation" for 25%. For the first **category (Success of IGATE integration-30%),** the Board set three indicators each with the same weight, including two quantitative measures around i) ensuring the retention of the IGATE VP talent base and ii) ensuring the retention of the IGATE top 20 client base, through a net revenue increase in 2016 vs. 2015. For these two quantitative measures the achievements were on i) exceeded and on ii) an increase superior to Group growth. For the third indicator, the Board made a qualitative evaluation of the integration impact on the strengthening of our Indian and US operations and of our client centric culture and highlighted in particular, a reinforced account centricity culture and Capgemini brand. In regard to the achieved quantified indicators and to the qualitative evaluation, **the Board considered that the objectives set for this category have been achieved at 140%**. For the second **category (Next strategic development-20%)**, the Board based its recommendations on two qualitative objectives i) the identification of appropriate acquisition targets and ii) the Cloud and Digital development strategy. **Given these achievements, the Board considered that the objectives set for this category have been realized at 90%.**

Amount or accounting value subject to vote	Presentation
	For the third **category (Industrialization and account centricity-25%)**, the Board took into consideration three quantitative indicators each with a 5% weight i) the revenue growth of Cloud and Digital offerings, ii) a corresponding ambitious contribution margin trend and iii) the growth of Group & countries strategic accounts to be higher than the Group revenue growth. For these three indicators the achievements have been considered respectively i) exceeded with a growth of Cloud and Digital offerings higher than 20%, ii) not reached and iii) exceeded. In addition, the Board considered from a qualitative standpoint accounting for 10% overall, that covers i) the successful European transformation plan, ii) the launch of a reinforced Digital organization driving high growth in this domain and iii) the drive toward a global mindset through the Power of One initiatives and set the qualitative part at 100%. **The Board considered that the objectives set for this category have been realized at 133% for the quantitative objectives and at 100% for the qualitative ones for an overall total of 120%.**

For the fourth **category (HR transformation-25%)**, the Board considered as well two set of quantitative measures counting for 15% around i) the hiring and development of Senior Executives with a refreshment of the VP population including external hires and ii) an acceleration of mobility within the Group in 2016. For these indicators the achievements have been respectively i) achieved for the refreshment ratio and exceeded with a number of recruited VPs from Cloud & Digital domains aligned to our growth in these sectors and ii) an increase of the mobility with 26% more moves than targeted within the VP population. In addition, the Board evaluated from a qualitative standpoint accounting for 10% overall, the HR strategy implemented to accelerate cross unit mobility and succession plans looking at i) the deployment across all units of the Strategic Talent Reviews aimed at covering successions plans, improving gender diversity and boosting mobility, ii) the study made with a top notch company to evaluate a set of Group top executives and iii) the deployment of a revamped leadership model. **The Board considered that the HR transformation objectives have been reached at 112%.**

The Board approved a rounded weighted performance of 118% as per the table below:

	Target		Proposal	
Objective type	**Computed**	**Qualitative**	**Computed**	**Qualitative**
IGATE integration	20%	10%	30.1%	12%
New strategic development		20%		18%
Strategic agenda	15%	10%	20%	10%
HR transformation	15%	10%	18.2%	10%
Total	**50%**	**50%**	**68.3%**	**50%**
	Target	**100%**	**Proposed**	**118%**

leading to a **V2 calculation of €571,120.**

Accordingly, a **variable compensation of €1,075,855** was approved by the Board for 2016**, *i.e.* 74.1% of his fixed compensation for the same year and 111.1% of the theoretical variable compensation**. Total fixed and variable compensation for 2016 is therefore **€2,527,855** *i.e.* 104.5% of the theoretical compensation and may be summarized as follows:

2016 Variable compensation calculation for Mr. Paul Hermelin
V1: quantitative part based on budgeted financial targets

Indicators	**Weight**	**% of achievement**	**Weighted**
Total Revenue	30%	98.4%	29.5%
Operational Margin %	30%	95.0%	28.5%
Net results before tax	20%	95.1%	19.0%
Organic Free cash Flow	20%	120.2%	24.0%
Total weighted R/B before flex			101.1%
Total weighted after 75/125 flex (4*weighted R/B-3)			104.3%
Variable V1 on target			484,000
Computed V1			**504,735**

	Amount or accounting value subject to vote	Presentation		
		V2: qualitative part based on 2016 objectives		
		Categories	**Weight**	**Weighted total**
		Succesful IGATE integration	30%	118.0%
		Next strategic development	20%	
		Account centricity and Industrialisation	25%	
		HR strategy	25%	
		Variable V2 on target		484,000
		Computed V2		**571,120**
		TOTAL 2016 VARIABLE COMPENSATION		**1,075,855**
		As a % of the total variable on target		*111.1%*
		As a % of fixed compensation		*74.1%*
		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 €2,212,650 (accounting value on grant date)**	42,000 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 an internal performance condition. The internal performance condition accounts for 50% of the grant and is based on Organic Free Cash Flow over the three-year period from 2016 to 2018. The minimum amount necessary for shares to vest is €2.4 billion. Above this threshold, shares vest progressively on a straight-line basis, with the maximum grant requiring Organic Free Cash Flow of €2.7 billion or more. The external performance conditions accounts for 50% of the grant and is based on the comparative performance of the Cap Gemini 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/CSC/Atos/Tieto/Sopra Steria/CGI Group/Infosys and Cognizant) and the CAC 40 index (new since 2014). Accordingly, no shares vest if the relative performance of the Cap Gemini 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** 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 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 18, 2016. Ninth resolution Grant authorized by the Board of Directors on July 26, 2016		
	Stock options = N/A **Other items = N/A**	No stock options or other items were granted.		
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 Cap Gemini S.A. in respect of 2016 (as both Mr. Serge Kampf and he have done for the last seven years).		
Valuation of benefits in kind	**€0**	No benefits in kind.		

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SIXTH RESOLUTION

Vote on the components of compensation due or awarded in respect of fiscal year 2016 to Mr. Paul Hermelin, Chairman and Chief Executive Officer

The Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings, issues a favorable opinion on the components of compensation due or awarded in respect of fiscal year 2016 to Mr. Paul Hermelin, Chairman and Chief Executive Officer, as presented in Section 2.4.2 of the 2016 Registration Document, in the paragraph entitled "Components of compensation due or awarded in respect of fiscal year 2016 to Mr. Paul Hermelin, Chairman and Chief Executive Officer, subject to shareholder mandatory vote".

PRESENTATION OF THE 7TH, 8TH, 9TH AND 10TH RESOLUTIONS

APPOINTMENT OF A DIRECTOR – RENEWAL OF THE TERM OF OFFICE OF DIRECTORS

OVERVIEW

The Board of Directors of Cap Gemini S.A., meeting on March 8, 2017, decided to strengthen its composition by proposing the appointment of Mr. Patrick Pouyanné as a member of the Board of Directors while proposing the renewal of the terms of office of all directors whose offices expire at end of the Combined Shareholders' Meeting of May 10, 2017 for a period of four years, that is Ms. Anne Bouverot and Messrs. Daniel Bernard and Pierre Pringuet.

Assuming approval of these resolutions by the Combined Shareholders' Meeting, the Board of Directors would have 16 directors, with 62% of independent directors [(1)] and 43% of female directors [(2)].

Appointment of a new director – Mr. Patrick Pouyanné

In order to improve the staggered renewal of the terms of office of directors, particularly in anticipation of the numerous offices that will expire in 2018, the Board wished to strengthen its composition immediately by proposing to the Combined Shareholders' Meeting of May 10, 2017 the appointment of Mr. Patrick Pouyanné as a member of the Board of Directors for a period of four years.

Chairman and Chief Executive Officer of TOTAL, Mr. Pouyanné will bring to the Board his expertise in macroeconomic and geopolitical issues and his experience in managing a leading international energy group, a sector where new technologies play an essential role. The Board has indicated that Mr. Pouyanné may be considered independent pursuant to the criteria of the AFEP-MEDEF Code to which the Company refers.

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 March 6, 2017:
1,000

PATRICK POUYANNÉ

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A graduate of École Polytechnique and a Chief Engineer of France's Corps des Mines engineering school, Mr. Patrick Pouyanné 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, Cabinet Director for the Minister for Information and Aerospace Technologies – François Fillon – from 1995 to 1996) between 1989 and 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. 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 and President of the Group's Executive Committee. On May 29, 2015, he was appointed by the Annual Shareholders' Meeting as director of TOTAL S.A. for a 3-year term. At its meeting on December 16, 2015, the Board of Directors of TOTAL appointed him as Chairman of the Board of Directors as of December 19, 2015 for the remainder of his term of office as director. Mr. Patrick Pouyanné therefore is now Chairman and Chief Executive Officer of TOTAL.

Mr Pouyanné will bring to the Board of Directors of Cap Gemini his expertise in macroeconomic and geopolitical 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, he is also Chairman of the Strategic Committee.

OFFICES HELD IN 2016 OR CURRENT OFFICES AT DECEMBER 31, 2016

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 S.A./NV (until 2014)

(*) Listed company.

(1) Directors representing employees and employee shareholders are not taken into account in the calculation of this percentage in accordance with the provisions of the AFEP-MEDEF Code.
(2) The two directors representing employees are not taken into account in the calculation of this percentage in accordance with the provisions of Article L.225-27 of the French Code of Commerce.

Renewal of the terms of office of directors

The Board of Directors proposes to shareholders the renewal of the terms of office of all directors whose offices expire at end of the Combined Shareholders' Meeting of May 10, 2017 for a period of four years, that is Ms. Anne Bouverot and Messrs. Daniel Bernard and Pierre Pringuet.

Mr. Daniel Bernard

Mr. Daniel Bernard has been a director of Cap Gemini since 2005 and Lead Independent Director since 2014. He is also Chairman of the Ethics & Governance Committee and a member of the Strategy & Investment Committee. As the former Chairman and Chief Executive Officer of international groups and the current Chairman of the investment company, Provestis, 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.

DANIEL BERNARD

Lead Independent Director
Chairman of the Ethics & Governance Committee
Member of the Strategy & Investment Committee

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:
2017
(Ordinary Shareholders' Meeting held to approve the 2016 financial statements)
Number of shares held at Dec. 31, 2016:
1,000

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Mr. Daniel Bernard is a graduate of HEC business school. He started his career in the retail sector, where he was Chief Executive Officer of Socam Miniprix (from 1971 to 1975) and then Director of the La Ruche Picarde Group Mammouth and Delta hypermarkets. 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 has been Chairman of the Board of Directors since 2009. He also chairs the Appointments Committee. Mr. Daniel Bernard is also President of Provestis, his own investment company, and Senior Advisor of Towerbrook Capital Partners, L.P.

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 Cap Gemini S.A. since May 12, 2005 and Lead Independent Director since March 7, 2014. He was also appointed Chairman of the Ethics & Governance Committee on the same date. He has been a member of the Strategy & Investment Committee since July 26, 2006.

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 discussion, 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 2016 OR CURRENT OFFICES AT DECEMBER 31, 2016

Director of:
- CAP GEMINI S.A.* (since May 2005)

Chairman of the Board of Directors of:
- KINGFISHER PLC* (U.K.) (since June 2009)

President of:
- PROVESTIS SAS (since June 2006)

Senior Advisor of:
- TOWERBROOK CAPITAL PARTNERS, L.P. (U.K.) (since October 2010)

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

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

Chairman of the Board of Directors of:
- MAF RETAIL GROUP (DUBAI) (until December 2015)

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

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

(*) Listed company.

Ms. Anne Bouverot

Ms. Anne Bouverot has been a director of Cap Gemini since 2013. An Independent Director, she is also a member of the Strategy & Investment Committee. Anne Bouverot has been Chairman and Chief Executive Officer of Safran Identity & Security SAS (formerly Morpho SAS) since August 1, 2015. She 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.

Date of birth:
March 21, 1966

Nationality:
French

Business address:
Safran Identity and Security
11, boulevard Gallieni
92445 Issy-les-Moulineaux Cedex

First appointment:
2013

Expiry of term of office:
2017
(Ordinary Shareholders' Meeting held to approve the 2016 financial statements)

Number of shares held at Dec. 31, 2016:
1,000

ANNE BOUVEROT

Independent Director
Member of the Strategy & Investment Committee

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A graduate of École Normale Supérieure and of Télécom Paris, Ms. Anne Bouverot also holds a PhD in computer science (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. In August 2015, she was appointed Chairman and Chief Executive Officer of Safran Identity & Security (formerly Morpho), a world leader in security and identity solutions (biometrics and digital identity).

Ms. Anne Bouverot joined the Board of Directors of Cap Gemini S.A. on October 8, 2013 and was appointed a member of the Strategy & Investment Committee on the same date.

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 Chairman and Chief Executive Officer of Safran Identity & Security SAS (formerly Morpho SAS) since August 1, 2015.

OFFICES HELD IN 2016 OR CURRENT OFFICES AT DECEMBER 31, 2016

Director of:

- CAP GEMINI S.A.* (since October 2013)
- EDENRED* (since June 2010)

Chairman and Chief Executive Officer of:

- Safran Identity and Security SAS (formerly MORPHO S.A.S.) (since August 2015)

Other offices held in Safran Identity and Security Group:

Chairman and Chief Executive Officer of:

- MORPHO TRAK, LLC (USA) (since 2015)

Chairman of:

- MORPHO USA, INC. (U.S.A.) (since 2015)

Chairman of the Board of Directors of:

- MORPHO DETECTION INTERNATIONAL, LLC (U.S.A.) (since 2015)

Member of the Supervisory Board of:

- MORPHO CARDS GMBH (GERMANY) (since 2015)

Director of:

- MORPHO DETECTION, LLC (U.S.A.) (since 2015)

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

Director of:

- GROUPAMA S.A.* (until 2013)

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 (U.S.A.) (until July 2015)

(*) Listed company.

Mr. Pierre Pringuet

Mr. Pierre Pringuet has been a director of Cap Gemini since 2009. An Independent Director, he is also Chairman of the Compensation Committee and a member of the Ethics & Governance Committee. Vice-Chairman of the Board of Directors of Pernod Ricard since August 29, 2012, Mr. Pierre Pringuet brings to the Board extensive experience in the consumer goods sector, as a senior executive of an international group, as well as his strategy and development experience, particularly in international external growth transactions.

President of the *Association Française des Entreprises Privées* (AFEP) (French Association of Private Enterprises) since June 29, 2012 and a director of various listed companies, Mr. Pringuet also contributes to the Board his expertise in corporate governance and executive compensation.

PIERRE PRINGUET

Independent Director
Chairman of the Compensation Committee
Member of the Ethics & Governance 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:
2017
(Ordinary Shareholders' Meeting held to approve the 2016 financial statements)

Number of shares held at Dec. 31, 2016:
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, Mr. Pierre Pringuet 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 Mr. Patrick Ricard from his operational duties, Mr. Pierre Pringuet 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 is Vice-Chairman of the Board of Directors of Pernod Ricard since August 29, 2012 and plays 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 President of the Association Française des Entreprises Privées (AFEP) (French Association of Private Enterprises) since June 29, 2012. In addition, he 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 holds the ranks of Knight of the Legion of Honor, Knight of the National Order of Merit and Officer of the Order of Agricultural Merit.

Mr. Pierre Pringuet joined the Board of Directors of Cap Gemini S.A. on April 30, 2009. He is Chairman of the Compensation Committee since May 7, 2014 and was appointed a member of the Ethics & Governance Committee on the same date. Mr. Pierre Pringuet brings to the Board extensive experience in the consumer goods 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:

Mr. Pierre Pringuet has been Vice-Chairman of Pernod Ricard since August 2012.

OFFICES HELD IN 2016 OR CURRENT OFFICES AT DECEMBER 31, 2016

Director of:
- CAP GEMINI S.A.* (since April 2009)
- ILIAD S.A.* (since July 2007)
- AVRIL GESTION S.A.S. (GROUPE AVRIL) (since December 2014)

Vice-Chairman of the Board of Directors of:
- PERNOD RICARD* (since August 2012)

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

Chairman of:
- AFEP (French Association of Private Enterprises) (since June 2012)
- Amicale du Corps des Mines (ACM) (since 2015)
- Fondation ParisTech (since January 2016)
- Scotch Whisky Association (since December 2014)

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

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

Chairman of:
- AgroParisTech (until December 2016)

(*) Listed company.

Changes to the organization of the Board

The Board of Directors decided to appoint, with effect from the end of the Combined Shareholders' Meeting of May 10, 2017, Mr. Daniel Bernard as Vice-Chairman, Mr. Pierre Pringuet as Lead Independent Director and Ms. Laurence Dors as Chairman of the Compensation Committee, subject to the confirmation of the corresponding renewals by the Combined Shareholders' Meeting. These decisions further reinforce the good corporate governance of the Group while taking into account the latest revision of the AFEP-MEDEF Code issued in November 2016.

Mr. Pierre Pringuet, Lead Independent Director and Chairman of the Ethics & Governance Committee

Mr. Daniel Bernard, Lead Independent Director since 2014 and, as such, Chairman of the Ethics & Governance Committee pursuant to the Board of Directors' Charter, decided to resign his position as Lead Independent Director and accordingly Chairman of the Ethics & Governance Committee in anticipation of the upcoming Combined Shareholders' Meeting of May 10, 2017.

Currently an Independent Director, Mr. Bernard will exceed the threshold of 12 years as a director of the Company at the end of the Combined Shareholders' Meeting and as such will no longer be considered independent from this date pursuant to the criteria of the AFEP-MEDEF Code to which the Company refers.

As the Company's Charter and the revised AFEP-MEDEF Code issued in November 2016 state that the Lead Independent Director must be an independent director, it was Mr. Bernard's wish that the Company could comply with these provisions from the end of the Combined Shareholders' Meeting of May 10, 2017.

The Board warmly thanks Mr. Daniel Bernard for his work since 2014, and will appoint Mr. Pierre Pringuet as Lead Independent Director and Chairman of the Ethics & Governance Committee following the Combined Shareholders' Meeting of May 10, 2017. An Independent Director, Mr. Pringuet has been a director of the Company since 2009. He is also a member of the Ethics & Governance Committee and Chairman of the Compensation Committee. He will vacate the Chair of the Compensation Committee but will remain a member.

Ms. Laurence Dors, Chairman of the Compensation Committee

Ms. Laurence Dors will be appointed as the Chairman of the Compensation Committee. An Independent Director, Ms. Dors has been a director of the Company since 2010. She is currently a member of the Audit & Risk Committee and the Ethics & Governance Committee.

Mr. Daniel Bernard, Vice-Chairman of the Board of Directors

The Board of Directors considers that given Mr. Daniel Bernard's significant contribution to the smooth functioning of the Board since his appointment as director and then Lead Independent Director and Chairman of the Ethics & Governance Committee in 2014, his personality, his commitment to the development of the Group and ensuring compliance with its values, as well as his expertise, that it would be in the Company's interests to appoint him Vice-Chairman of the Board, should the Combined Shareholders' Meeting renew his term of office as director. The Chairman and Chief Executive Officer will work closely with the Vice-Chairman to prepare future developments in the Group's governance.

These appointments would be effective from the end of the Combined Shareholders' Meeting of May 10, 2017, subject to the appointment and renewal decisions voted.

SEVENTH RESOLUTION

Appointment of Mr. Patrick Pouyanné 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 Mr. Patrick Pouyanné 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, 2020.

EIGHTH RESOLUTION

Renewal of the term of office as director of Mr. Daniel Bernard

At the recommendation of the Board of Directors, the Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings, renews for a four-year period the term of office as director of Mr. Daniel Bernard, which expires at the close of this meeting. This new 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, 2020.

NINTH RESOLUTION

Renewal of the term of office as director of Ms. Anne Bouverot

At the recommendation of the Board of Directors, the Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings, renews for a four-year period the term of office as director of Ms. Anne Bouverot, which expires at the close of this meeting. This new 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, 2020.

TENTH RESOLUTION

Renewal of the term of office as director of Mr. Pierre Pringuet

At the recommendation of the Board of Directors, the Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings, renews for a four-year period the term of office as director of Mr. Pierre Pringuet, which expires at the close of this meeting. This new 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, 2020.

PRESENTATION OF THE 11TH 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.

Shareholders are reminded that last year, the Ordinary Shareholders' Meeting of May 18, 2016 renewed the authorization granted to the Company to buy back its shares. This authorization was used in 2016 in connection with the liquidity contract (entered into with Oddo Corporate Finance until September 30, 2016, and with Kepler Cheuvreux from October 3, 2016 onwards) 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 Cap Gemini S.A. share and to allow regular quotations. In 2016, a total of 2,686,396 shares were purchased on behalf of Cap Gemini S.A., at an average price of €81.12 per share, representing 1.57% of the share capital at December 31, 2016. During the same period, 2,621,396 Cap Gemini S.A. shares were sold at an average price of €81.33 per share, representing 1.53% of the share capital at December 31, 2016. At the year-end, the liquidity account balance comprised 150,000 treasury shares (0.09% of the share capital) and approximately €9 million.

In addition, the Company continued to purchase its own shares in 2016. Excluding the liquidity contract, the Company held 2,879,357 of its own shares at December 31, 2016, following the various transactions described below:

- purchase of 4,128,337 shares representing 2.41% of the share capital at December 31, 2016, at an average price of €81.18 per share;
- transfer of 468,276 shares to employees under the free share grant plan;
- transfer of 344,392 shares to holders of redeemable share subscription or purchase warrants (BSAAR) who exercised their Cap Gemini S.A. share allotment rights in 2016;
- transfer of 640,184 shares to holders of ORNANE who exercised their conversion rights;
- cancellation of 617,235 shares.

Trading fees (excluding VAT) and the financial transaction tax totalled €902,862 in 2016.

At December 31, 2016, excluding the liquidity contract, the 2,879,357 treasury shares representing 1.68% of the Company's share capital were allocated as follows:

- 1,461,712 shares for grant or sale to employees and/or corporate officers; and
- 1,417,645 shares to the objective of cancellation.

Finally, it is noted that during the year-ended 2016, 533,699 treasury shares previously allocated for grant to holders of securities granting access to the Company's share capital on the exercise of the rights attached to these securities were reallocated to the objective of cancellation.

Shareholders are reminded that as part of the active management of the share capital, the Board of Directors had 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 buy-back program fall within the scope of the authorization granted by the Shareholders' Meeting of May 18, 2016 or of any subsequent authorization, such as the one submitted for approval in the 11th resolution.

The new authorization submitted to your approval in the **11th resolution** 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 that the maximum number of treasury shares held after such purchases may not exceed 10% of the amount of the Company's share capital at any time. The maximum purchase price will be set at €130 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.

ELEVENTH 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
- 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 Cap Gemini share by an investment services provider under a liquidity contract that complies with the ethical code recognized by the French Financial Markets Authority (*Autorité des marchés financiers*, AMF).

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 €130 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 €2,190 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 10th resolution adopted by the Combined Shareholders' Meeting of May 18, 2016.

6.2 Resolutions presented at the Extraordinary Shareholders' Meeting

PRESENTATION OF THE 12TH, 13TH AND 14TH RESOLUTIONS

CONVERSION OF THE CORPORATE FORM OF THE COMPANY THROUGH THE EUROPEAN COMPANY STATUTE (SE) – CORPORATE NAME

OVERVIEW

Your Board of Directors proposes to convert the legal form of the Company to a European company (*Societas Europaea*, SE).

Objective of the conversion

The aim of this change is to better reflect the international and European outlook of the Capgemini Group (hereinafter the "**Group**") in its legal form.

This new legal form would better reflect the reality of the Group, which is both firmly international, with a presence in over 40 countries, and deeply rooted in Europe. Founded in 1967 in Grenoble, France, the Company expanded internationally from the outset, with the Group present in 21 European countries by 1975. The Capgemini Group is a global leader in consulting and IT services; it is a leading multi-cultural group, with over 120 nationalities represented worldwide.

With this SE conversion plan, the Company would adopt a legal form common to all European Union countries, where the Group generates over 60% of its revenues (including the United Kingdom and Ireland) and has around one-third of its headcount at December 31, 2016. This legal form, which is being increasingly adopted by European companies and companies listed on the Paris stock market, is consistent with the economic reality of the Group and its market.

Legal framework for the conversion

The conversion is governed by (i) the provisions of Council Regulation (EC) no. 2157/2001 of October 8, 2001 on the Statute for a European company (hereinafter the "**SE Regulation**") (and particularly Articles 2§4 and 37 on the formation of an SE by conversion of an existing company); (ii) Articles L.225-245-1 and R.229-20 to R.229-22 of the French Commercial Code (*Code de Commerce*) and (iii) the provisions of Council Directive no. 2001/86/EC of October 8, 2001 supplementing the Statute for a European company with regard to the involvement of employees (hereinafter the "**SE Directive**") and prevailing French legislative and regulatory provisions applicable to SEs as well as those applicable to limited liability companies (*sociétés anonymes*) compatible with the SE Regulation and with specific provisions applicable to SEs.

Pursuant to the provisions of the SE Regulation, a limited liability company incorporated under the laws of a Member State and with its registered office and head office located in the European Union, can convert to an SE:

- if it has subscribed capital of at least €120,000; and
- if for at least two years it has had a subsidiary governed by the laws of another Member State.

These conditions are satisfied as Cap Gemini, a limited liability company incorporated under French law and with its registered office and head office located in France, (i) has a share capital of €1,353,196,640 and (ii) has had for more than two years several subsidiaries located in European Union countries, such as Capgemini UK plc in the United Kingdom, Capgemini Nederland B.V. in the Netherlands, Capgemini Deutschland GmbH in Germany, Capgemini España S.L. in Spain and Capgemini Italia S.p.A. in Italy.

Lack of repercussions of the conversion

Furthermore, it is noted that:

- the Company would remain governed primarily by French legal provisions applicable to limited liability companies with a Board of Directors (*sociétés anonymes à Conseil d'administration*), where such provisions are compatible with those applicable to SEs;
- Cap Gemini's registered office and head office would remain in Paris;
- the governance, business activities, organization, tax regime and shareholder structure of the Group would remain unchanged;
- the Cap Gemini shares would remain listed on the Paris stock market without any change;
- the conversion of the Company would lead to a change in legal form without reducing the current financial or policy rights of shareholders; the conversion will not require any action by them, subject to the approval of the conversion to an European company by the Shareholders' General Meeting;
- the individual and collective rights of Group employees would not be modified; in particular, employment contacts and collective employee agreements would not be changed;
- the conversion would not result in the winding-up of the Company or the creation of a new legal person; it would not result in any change to the corporate purpose, the registered office or the share capital of the Company, whose corporate name would be followed by the words *société européenne* (European company) or the initials "SE";
- directors and the principle and substitute Statutory Auditors in office at the time of the conversion of the Company to an SE would continue in office until the end of their respective terms;
- all authorizations and delegations of authority and power conferred on the Board of Directors of Cap Gemini as a limited liability company by Shareholders' Meetings would be transferred *ipso facto* to the Board of Directors of Cap Gemini in its new legal form as an SE.

Amendment of the bylaws

The current bylaws of the Company would be adapted to include and comply with the provisions of the SE Regulation. Amendments primarily concern the functioning, roles and responsibilities of the Board of Directors (Articles 12 and 13) and the convening of Shareholders' Meetings and the counting of votes on resolutions (Article 19). The draft bylaws of the Company in its new legal form as an SE are appended to this report and to the draft terms of conversion of Cap Gemini to a European company of December 7, 2016.

Preconditions to conversion

The draft terms of conversion prepared by your Board of Directors were filed with the Office of the Clerk of the Paris Commercial Court, within whose jurisdiction the Company is registered, and a notice was published in a legal gazette of mandatory announcements and the *Bulletin des Annonces Légales Obligatoires* (BALO) on December 14, 2016.

The conversion of Cap Gemini SA to an SE is subject to the approval of the Shareholders' General Meeting.

It has been subject to consultation of the holders of outstanding bonds.

In addition, conversion requires the completion of the procedure concerning employee involvement, as set out in Articles L.2351-1 *et seq.* of the French Labor Code (*Code du travail*). Accordingly, and in accordance with the provisions of the SE Directive, a Special Negotiating Body (SNB) was formed, comprising representatives of employees of the Company and its European subsidiaries and entities, and charged with negotiating the involvement of employees of the Company and its European subsidiaries and entities in the future SE. Negotiations will take place during a maximum period of six months, renewable once, and could lead to:

- the signature of a special purpose agreement on the involvement of employees in the SE;
- failure to reach an agreement, in which case the subsidiary provisions set out in the SE Directive and Articles L.2353-1 *et seq*. of the French Labor Code will apply to organize the involvement of Company employees in the SE and those set out in Article L.2353-28 of the same code will apply in relation to employee participation on the Board of Directors.

The registration of the Company as an SE, which will officially record its conversion, can only take place following completion of the employee involvement procedure.

For more detailed information, please refer to the draft terms of conversion of Cap Gemini to a European company of December 7, 2016, available on the Company's website (www.capgemini.com). In addition, you will hear the report of the conversion auditor, Mr. Dedouit, appointed by the Presiding Judge of the Paris Commercial Court.

Your Board confirms that it considers the conversion of the Company to an SE to be in the interests of the Company and the Group for the reasons provided and invites you to adopt the following resolutions presented for your approval.

The **12th resolution** aims at modifying the Company's corporate name. The conversion is the opportunity to propose to align the corporate name of the Company with the name of the Group. The name of the Company would therefore become "Capgemini" instead of "Cap Gemini".

The **13th resolution** aims at approval of the conversion of the corporate form of the Company through adoption of the European company statute and the draft terms of conversion, while the **14th resolution** proposes to adopt amended bylaws suitable with the new European company statute.

TWELFTH RESOLUTION

Change in the Company's corporate name

The Shareholders' Meeting, voting in accordance with quorum and majority rules for Extraordinary Shareholders' Meetings, having read the Board of Directors' report, decides to change, with immediate effect, the corporate name of the Company to "Capgemini" and thereby amend Article 2 of the bylaws accordingly:

Former wording of Article 2 of the bylaws:

"The Company's name is "CAP GEMINI".

New wording of Article 2 of the bylaws:

"The Company's name is "Capgemini"".

THIRTEENTH RESOLUTION

Approval of the conversion of the corporate form of the Company through adoption of the European company statute and the draft terms of conversion

The Shareholders' Meeting, voting in accordance with quorum and majority rules for Extraordinary Shareholders' Meetings, having examined:

- the report of the Board of Directors;
- the draft terms of the Company's conversion into a European company prepared by the Board of Directors, dated December 7, 2016 and filed with the clerk of the Paris Commercial Court (*greffe du Tribunal de commerce de Paris*) on December 9, 2016, which explain and substantiate the legal and business aspects of the Company's conversion into a European company and which indicate its consequences for the shareholders, the employees and the creditors of the Company (the "**Draft Terms of Conversion**");
- the report of Mr. Jean-Jacques Dedouit, the auditor appointed by order of the President of the Paris Commercial Court (*Président du Tribunal de commerce de Paris*) on December 14, 2016 in the context of the conversion;

After having duly noted that:

- the Company meets the conditions required by the provisions of Council Regulation EC no. 2157/2001 of October 8, 2001 on the statute for a European company, and in particular those specified in Articles 2§4 and 37 of the said Regulation, as well as of Article L.225-245-1 of the French Commercial Code relating to the conversion of French *société anonyme* into an European company;
- the conversion into a European company shall not result in either the winding-up of the Company or in the creation of a new legal entity;
- following the conversion, the Company's corporate name shall be followed by the words *société européenne* or the initials "SE";
- the Company's term, its corporate purpose and registered office shall not undergo any change;

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- the Company's share capital shall remain of the same amount and of the same number of shares with a par value of eight euros each; these shall remain listed on the regulated market of Euronext in Paris;
- the length of the current fiscal year will not undergo any change as a result of the adoption of the European company form and the financial statements of this fiscal year will be prepared, presented and audited according to the conditions defined by the Company's bylaws under its new legal form and the provisions of the French Commercial Code relating to the European company;
- all authorizations and delegations of authority and of powers that have been granted to the Board of Directors of the Company under its current form as a *société anonyme* by any Shareholders General Meeting of the Company and in force on the date of the Company's registration as a European company, shall *ipso facto* apply to the Board of Directors of the Company under its new legal form as a European company;
- each of the Company's Directors and Statutory Auditors shall continue to serve the Company for the remaining duration of their terms of office under the same conditions as those applying before the Company's registration in the form of a European company;
- in application of Articles L.228-65 and L.225-244 of the French Commercial Code, the conversion of the Company's legal form into a European company and Draft Terms of the Conversion have been approved by the General Meetings of the holders of Cap Gemini's bonds convened upon second notice on February 22, 2017 in respect of the following bonds: ISIN FR0012821924, floating rate, due July 2018; ISIN FR0012821932 1,750% due July 2020; ISIN FR0013218138 0,5% due November 2021; ISIN FR0012821940 2,5% due July 2023;

Having duly noted, in accordance with Article 12§2 of the aforementioned Regulation, that the Company shall not be registered as a European company unless the procedure relating to employee involvement, as provided for in Articles L.2351-1 *et seq*. of the French Labor Code, has been completed;

Decides the conversion of the Company's legal form into a European company (*Societas Europaea*) with a Board of Directors and approves the Draft Terms of the Conversion;

Takes note that this conversion of the Company into a European company shall take effect upon the Company's registration as a European company with the Paris Commercial and Companies Registry (*Registre du commerce et des sociétés de Paris*), which shall take place once negotiations relating to employee involvement have been completed;

Grants full powers to the Board of Directors to take all decisions and to carry out all formalities required for the registration of the Company as a European company and generally do whatever is necessary in order to acknowledge the definitive completion of the conversion of the Company as a European company.

FOURTEENTH RESOLUTION

Amendment of the bylaws – European company

The Shareholders' Meeting, voting in accordance with quorum and majority rules for Extraordinary Shareholders' Meetings, having examined the report of the Board of Directors as well as the draft bylaws of the Company under its corporate form of European company, adopts, subject to the approval of the thirteenth resolution, article by article and as a whole, the text of the bylaws which will govern the Company as from the definitive completion of its conversion into a European company, it being specified that the bylaws include the amendments proposed in the twelfth resolution and shall therefore be adapted on this specific item in the event of rejection of the above-mentioned resolution.

These bylaws shall become effective as from the definitive completion of the conversion of the Company into a European company resulting from its registration.

A copy of the bylaws of Capgemini SE is appended to the minutes of this General Meeting.

PRESENTATION OF THE 15TH RESOLUTION

AMENDMENT OF THE BYLAWS – DISCLOSURE THRESHOLDS

OVERVIEW

Article 10 of the Company's bylaws currently requires shareholders to inform the Company when they cross, through an increase or a decrease, a disclosure threshold of 1% (or a multiple thereof) of the Company's capital or voting rights, up to one third of the Company's capital.

Your Board is aware that the current bylaw provisions require close monitoring by shareholders of their investments and that the implementation of these provisions can prove challenging, particularly with respect to the acquisition of stakes of less than 5% of the capital, while being accompanied by the potential stripping of voting rights in the event of compliance failure.

Nevertheless, as the Company's share ownership is highly fragmented, with no reference shareholder and an extremely limited number of shareholders holding 5% or more of the share capital or voting rights, your Board of Directors considers it important for the Company to have detailed information on changes in share ownership.

The existence of thresholds per the bylaws in addition to those imposed by law provides this visibility for fractions of share capital held between each legal threshold.

However, the reporting period currently set in the Company's bylaws (15 calendar days) would appear too long to allow the bylaw provisions to play their intended role from the Company's point of view. A period of four trading days, equivalent to the period applicable to the crossing of legal thresholds, would appear more appropriate, in addition to being the most common market practice.

Accordingly, the fifteenth resolution proposes to amend Article 10 of the bylaws as follows:

- **Withdrawal of the obligation to inform the Company of the crossing of thresholds below 5%;** all acquisitions of stakes of between 1% and 5% (exclusive) will therefore be free of any disclosure requirements;
- **Starting from 5% of the share capital or voting rights**, shareholders shall inform the Company when they cross, through an increase or a decrease, a threshold representing **1% of the Company's capital or voting rights** (or a multiple thereof), within **a period of four trading days**, up to the threshold triggering a public offer (currently 30% of the share capital or voting rights).

FIFTEENTH RESOLUTION

Amendment of the Company's bylaws – Disclosure thresholds

The 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 modify the provisions applicable to disclosure thresholds and thereby amend Article 10 of the bylaws accordingly:

Former wording of Article 10 of the bylaws:

"Article 10 - Disclosure thresholds

Where an individual or corporate shareholder crosses the disclosure threshold of 1% of the Company's capital or voting rights, the said shareholder must inform the Company of their total number of shares or voting rights held upon the crossing of each threshold of 1%, up to one third of the Company's capital or voting rights. Said disclosure must be made within fifteen days of the date when the shares causing the threshold to be crossed are recorded in the shareholder's account, by registered letter with return receipt requested.

This duty of disclosure applies in the same way when a threshold is crossed by virtue of a reduction in the shareholder's interest in the Company's capital or voting rights.

Disclosure thresholds are assessed taking into account shares and voting rights deemed equivalent by law to shares and voting rights held by shareholders subject to disclosure obligations.

In the case of failure to comply with these disclosure rules, at the request of one or several shareholders with combined holdings representing at least 1% of the Company's capital or voting rights, the undisclosed shares will be stripped of voting rights. Said sanction shall apply for all General Shareholders' Meetings for a period of two years from the date on which the failure to disclose is rectified. Said request and the decision of the General Shareholders' Meeting must be recorded in the minutes of the Meeting."

New wording of Article 10 of the bylaws:

"Article 10 - Disclosure thresholds

Where an individual or corporate shareholder crosses the disclosure threshold of 5% of the Company's capital or voting rights, the said shareholder must inform the Company of their total number of shares or voting rights held upon the crossing, through an increase or a decrease, of each threshold of 1% fraction of capital or voting rights from this lower threshold of 5% to the threshold triggering a public offer in accordance with prevailing regulations.

Disclosure thresholds are assessed taking into account shares and voting rights deemed equivalent by Law to shares and voting rights held by shareholders subject to disclosure obligations.

Said disclosure must be made by registered letter with return receipt requested, within four trading days of the crossing, through an increase or a decrease, of each threshold as defined and assessed above.

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 capital or voting rights, the undisclosed shares will be stripped of voting rights. Said sanction shall 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 Meeting."

PRESENTATION OF THE 16TH RESOLUTION

ALLOCATION OF SHARES TO EMPLOYEES

OVERVIEW

Desirous to continue its motivation policy and involving employees and managers in the development of the Group, 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 sixteenth resolution presented to you for vote.

In summary:

The external performance condition is assessed based on the comparative performance of the Cap Gemini share compared with a basket containing at least eight comparable companies in our business sector from at least five different countries (Accenture/CSC/Atos/Tieto/Sopra Steria/CGI Group/Infosys and Cognizant) and the CAC 40 index (new since 2014).

No shares vest in respect of the external performance condition if the relative performance of the Cap Gemini share is less than 100% of the average performance of the basket over a three-year period, while 25% of shares vest if this performance is equal to that of the basket and the maximum 50% of shares vest if this performance is 110% or more of that of the basket.

The internal performance condition is measured by the amount of audited and published organic free cash flow for the three-year cumulative period from January 1, 2017 to December 31, 2019, excluding Group payments to make up the shortfall on its defined benefit pension funds.

As in 2016, the minimum vesting period for shares would be set at three years, thereby responding favorably to the request by investors. In addition, if a retention period for shares definitively allocated was fixed by your Board, it should not be less than one year.

The resolution limits to 10% the maximum number of shares that may be granted to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers, if any, 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/her 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 now undertaken at the same calendar periods and will be 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" paragraph, Section 5.1.4, of the 2016 Registration Document).

SIXTEENTH 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 preemptive 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 conditions defined in paragraph 4 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; in the case of a share capital increase by capitalizing additional paid-in capital, reserves, profits or 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;
2. resolves that 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 Deputy Chief Executive 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/her 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 beneficiaries 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 half, 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 Cap Gemini 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 Cap Gemini S.A. 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 50% of the Initial Allocation of shares if the relative performance of the Cap Gemini share is at least equal to 110% of the basket,
       - will vary between 25% and 50% of the Initial Allocation if the relative performance of the Cap Gemini share is between 100% and 110% of the average performance of the basket, with an additional 2.5% of shares vesting for each percentage point between these limits,
       - will be equal to 25% of the Initial Allocation of shares if the relative performance of the Cap Gemini share is equal to 100% of the basket;
     - no shares will vest in respect of shares subject to this external performance condition, if, over the calculation reference period, the performance of the Cap Gemini share is less than 100% of the average performance of the basket of securities measured over the same period;

   ii. for half, the number of shares of the Initial Allocation, multiplied by the percentage achievement of the chosen internal 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, 2017 to December 31, 2019, excluding Group payments to make up the shortfall on its defined benefit pension funds,
   - no shares will vest in respect of this half of the Initial Allocation subject to this internal performance condition, if the cumulative organic free cash flow for the three fiscal years is less than €2,900 million,
   - the number of shares that will ultimately vest will be equal to the full amount of this half of the Initial Allocation if the cumulative organic free cash flow for the three fiscal years is at least €3,200 million and will vary on a straight-line basis between 15% and half of the Initial Allocation for a cumulative organic free cash flow between these two limits; it being understood that organic free cash flow is defined as 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 flows);

5. 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;
6. 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;
7. takes due note that the Board of Directors has, pursuant to the law, the power to amend the performance conditions set out in paragraph 4 above by way of a duly reasoned decision made after this decision and before the share allocations;
8. 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 or additional paid-in capital of the Company when the shares ultimately vest, set the dates from which shares bear dividend rights, deduct from available reserves 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;
9. 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 21st resolution adopted by the Shareholders' Meeting of May 18, 2016.

PRESENTATION OF 17TH AND 18TH 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 stock ownership plans ("ESOP").

The next employee stock ownership plan should be implemented after the expiry in September 2017 of the ESOP 2012 and most likely by December 31, 2017.

The validity period of the delegations currently in force, and in particular of the delegation granted by the 20th resolution adopted by the Shareholders' Meeting of May 18, 2016, does not offer sufficient flexibility to envisage implementation of a new employee savings plan in line with this calendar.

For this reason, it is proposed to present this year to the Shareholders' Meeting the renewal of the two resolutions delegating to the Board of Directors its authority to issue shares or securities granting access to the share capital reserved for employees of the Company in order to implement a new ESOP tranche.

A common overall ceiling of €48 million (corresponding to 6 million shares representing approximately 3.5% of the share capital as at December 31, 2016) is proposed for these two delegations.

The **17th resolution** is intended to allow the Board to carry out capital increases of a maximum nominal amount of €48 million reserved for members of employee savings plans of the Company or of the Group. This resolution requires the cancellation of preferential subscription rights. The term provided for in this delegation is 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 in excess of 10 years).

The **18th resolution** is intended to allow development of employee share ownership outside France, due to legal or tax difficulties that could make it difficult to implement such plans directly or through a mutual fund in some countries. This delegation may only be used in the event of the use of the delegation granted pursuant to the 17th resolution, with a sub-ceiling of €24 million counting towards the overall €48 million ceiling set forth in the 17th resolution. As for the 17th resolution, this resolution also provides for the cancellation of the preferential subscription right and the term provided for in this authorization is eighteen months. The maximum authorized discount would be 20%.

Shareholders are reminded that the Board of Directors did not make use of the delegations granted by the 19th and 20th resolutions adopted by the Shareholders' Meeting of May 18, 2016. These delegations had been sought solely in anticipation of the launch of the next employee stock ownership plan, in particular in order to obtain the necessary prior approval of the *Autorité des marchés financiers* based on a valid delegation from the Shareholders' Meeting.

SEVENTEENTH 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, immediately or in the future, to members of Capgemini Group employee savings plans up to a maximum par value amount of €48 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, on one or more occasions, in France or abroad, in the proportions and at the times it sees fit, with cancellation of pre-emptive subscription rights, 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), 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 immediate and/or future share capital increases that may be carried out under this delegation is set at €48 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 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; 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 subscribed for cash, 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 granting access to the share capital 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 shall have full powers to implement this delegation, with the power of sub-delegation to the extent authorized by law, within the aforementioned limits and terms, and in particular:
   - decide the issue of shares and/or securities granting access to the share capital, immediately or in the future,
   - 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 as the case may be) attached to shares or securities granting access to shares to be issued, 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,
   - 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 to be issued, 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 in the amount of shares actually subscribed,

- where applicable, offset share issue costs against the related premiums and deduct from these issue premiums the amounts necessary to bring the legal reserve to one-tenth of the new share capital after the share capital increases,
- enter into all agreements and accomplish directly or indirectly *via* an agent all transactions and formalities, including formalities required following the share capital increases and the corresponding amendments to the bylaws,
- 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;
9. resolves that this delegation supersedes from this date, in the amount of any unused portion, the delegation granted by the 19th resolution adopted by the Shareholders' Meeting of May 18, 2016.

EIGHTEENTH 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, immediately or in the future, 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 legal and/or tax context can make it inadvisable or difficult to implement employee shareholding schemes directly or through a mutual fund (the active, early retired and retired 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 17th resolution submitted to this Shareholders' Meeting;
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, on one or more occasions, in France or abroad, in the proportions and at the times it sees fit, with cancellation of pre-emptive subscription rights, 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), 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 shareholding 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 shareholder 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 immediate and/or future 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, it being stipulated that this amount will count towards the ceiling set in paragraph 2 of the 17th resolution of this Shareholders' Meeting (subject to its approval) or, as the case may be, towards any ceiling, stipulated by a resolution of the same kind that may supersede said resolution during the period of validity of this delegation,
   - 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 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 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 17th 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 an 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 17th resolution, less a 20% discount;
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 17th 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 20th resolution adopted by the Shareholders' Meeting of May 18, 2016.

PRESENTATION OF THE 19TH RESOLUTION

POWERS TO CARRY OUT FORMALITIES

OVERVIEW

We also recommend that you confer powers to carry out the formalities required under law.

NINETEENTH RESOLUTION

Powers to carry out formalities

The 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.

DRAFT BYLAWS UPDATED AS AT MAY 10, 2017 (IN ACCORDANCE WITH THE 14TH RESOLUTION SUBMITTED TO THE SHAREHOLDERS' MEETING)

ARTICLE 1 - LEGAL FORM

The Company, initially incorporated as a French limited liability company (*société anonyme*), was converted to a European Company (*Société Européenne*, *Societas Europaea*) pursuant to a decision of the Extraordinary Shareholders' Meeting of May 10, 2017. It is governed by applicable European Union law and French law provisions (hereinafter referred to collectively as the "Law"), and these bylaws.

ARTICLE 2 - CORPORATE NAME

The Company's corporate name is "Capgemini".

In all deeds and documents issued by the Company, the corporate name shall always be preceded or followed by the words *société européenne* or the initials "SE", the amount of the share capital and the place and registration number with the Trade and Companies Register.

ARTICLE 3 - CORPORATE PURPOSE

The Company's corporate purpose is to assist companies in France and abroad to manage and develop their businesses by providing them with the benefit of its knowledge of their industry, its know-how in the area of business process engineering and re-engineering, and its expertise in the area of information technologies.

To fulfill this corporate purpose, the Company carries out on behalf of customers, either directly or through its subsidiaries or affiliates, one or other of the following activities, on an individual or integrated basis:

1. **Management consulting**

   Working closely with customers, the Company assists in transforming 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 wherever appropriate.

2. **Information systems development**

   The Company designs and installs information systems. Its services include the development of customized software, the installation of market or internally-developed software applications, the integration of systems incorporating hardware, communication systems, customized software, software packages and other components. The Company also supports customers' IT projects by providing consulting, project management, training and assistance services.

3. **Outsourcing**

   The Company manages all or part of its customers' IT resources on their behalf. Where requested by customers, 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 customers' own clientele. In addition, it may work in partnership with customers 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 common image, organization of financial structures, assistance in negotiations to help these companies to win new contracts, training, research and development support, etc.;
- invest and manage the Company's available funds, make cash advances, and give 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 corporate purpose is to carry 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 associated purpose or which are likely to facilitate the fulfillment or furtherance of said purposes.

ARTICLE 4 - REGISTERED OFFICE

The Company's registered office is at 11 rue de Tilsitt, 75017 Paris, France.

The registered office may be transferred to another location in Paris or a neighboring county (*département*)(1) pursuant to an ordinary decision of the Board of Directors, subject to ratification of this decision by the next Ordinary Shareholders' Meeting and to any other location in France or in another Member State of the European Union pursuant to a decision of an Extraordinary Shareholders' Meeting, subject to the provisions of the Law.

ARTICLE 5 - TERM

The Company was set up for a period of ninety-nine years from the date of its registration. It may be wound up in advance or its term extended by decision of the Extraordinary Shareholders' Meeting.

ARTICLE 6 - SHARE CAPITAL

The share capital is set at one billion three hundred fifty-three million one hundred ninety-six thousand six hundred forty (1,353,196,640) euros, divided into one hundred sixty-nine million one hundred forty-nine thousand five hundred eighty (169,149,580) fully paid-up shares with a par value of eight (8) euros each.

ARTICLE 7 - FORM OF SHARES – SHAREHOLDER IDENTIFICATION

Fully-paid up shares are issued as registered shares but may be held in either registered or bearer form, at shareholders' discretion, subject to compliance with the Law.

Shares are recorded in shareholders' accounts in accordance with the terms and conditions provided by the Law.

Shares are freely transferable.

(1) France is divided into a number of territorial areas for administrative purposes known as départements.

The Company is authorized to obtain details of identifiable holders of bearer shares.

Therefore as provided by prevailing legal and regulatory provisions, the Company may request from the organization appointed by Law, 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 convertible, exchangeable, redeemable or otherwise exercisable for shares carrying voting rights at Shareholders' Meetings. The Company may also obtain details of the number of shares held by each shareholder and any applicable restrictions on said shares.

ARTICLE 8 - RIGHTS ATTACHED TO SHARES

Each share carries the right to a fraction of earnings, and any liquidation surplus, based on the number and par value of outstanding shares. Each share carries entitlement to one vote, including fully paid-up shares held in registered form for at least two years by the same shareholder and registered shares granted for nil consideration to a shareholder in respect of shares held in registered form for more than two years pursuant to a share capital increase by capitalization of reserves, profits and/or additional paid-in capital.

In order to ensure that the same net amount is paid on each share, without distinction, and to allow the shares to be quoted on the same line, the Company shall pay any proportional taxes levied on certain shares but not on others, in connection with the dissolution of the Company or a reduction in capital, except in cases where this is prohibited by law. Proportional taxes will not be paid by the Company, however, if they are levied equally on all shares in the same class, in the event that several classes of shares carrying different rights are issued and outstanding.

In all cases where it is necessary to hold several shares in order to exercise a right, shareholders who do not own the required number of shares shall be personally responsible for either acquiring the necessary additional shares or transferring their shares to another holder.

ARTICLE 9 - PAYING UP OF SHARES

The Board of Directors shall set the applicable conditions for the cash payment of shares issued by way of a capital increase.

Subscribers and shareholders shall be informed of calls for capital at least fifteen days before the applicable payment date, by way of a notice published in a legal gazette in the place where the Company has its registered office.

Annual interest shall be payable on any late payment of amounts due on shares which have not been paid-up. This interest shall be applied automatically without any requirement for additional formalities, at the legal rate plus five points, and shall accrue on a daily basis from the applicable due date of payment. The application of such interest shall not affect any personal action which the Company may take against the defaulting shareholder or the enforcement measures provided by Law.

ARTICLE 10 - DISCLOSURE THRESHOLDS

Where an individual or corporate shareholder crosses the disclosure threshold of 1% of the Company's capital or voting rights, the said shareholder must inform the Company of their total number of shares or voting rights held upon the crossing of each threshold of 1%, up to one third of the Company's capital or voting rights. Said disclosure must be made within fifteen days of the date when the shares causing the threshold to be crossed are recorded in the shareholder's account, by registered letter with return receipt requested.

This duty of disclosure applies in the same way when a threshold is crossed by virtue of a reduction in the shareholder's interest in the Company's capital or voting rights.

Disclosure thresholds are assessed taking into account shares and voting rights deemed equivalent by Law to shares and voting rights held by shareholders subject to disclosure obligations.

In the case of failure to comply with these disclosure rules, at the request of one or several shareholders with combined holdings representing at least 1% of the Company's capital or voting rights, the undisclosed shares will be stripped of voting rights. Said sanction shall apply for all Shareholders' Meetings for a period of two years from the date on which the failure to disclose is rectified. Said request and the decision of the Shareholders' Meeting must be recorded in the minutes of the Meeting.

ARTICLE 11 - BOARD OF DIRECTORS

1) The Company shall have a Board of Directors comprised of a minimum of three and a maximum of eighteen members and, where appropriate, one or more members representing employees and/or employee shareholders appointed in accordance with the Law or these bylaws. Members of the Board of Directors must be individuals.

2) Each director must hold at least one thousand (1,000) Company shares throughout their term of office. This obligation does not apply to directors representing employees or employee shareholders appointed in accordance with the Law or these bylaws.

3) The length of the terms of office of the directors shall be four years. Directors, other than directors representing employees or employee shareholders appointed in accordance with the Law or these bylaws, shall be 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 Shareholders' Meeting may appoint one or more directors for a term of one, two or three years.

   The terms of office of directors shall expire at the close of the Shareholders' Meeting held to approve the accounts for the year preceding the expiry of their term, subject to specific provisions provided for by Law or these Bylaws applicable to directors representing employees or employee shareholders.

   Any director appointed as a replacement for another director shall only exercise his/her functions for the remaining period of his/her predecessor's term of office.

4) All outgoing members of the Board may be re-elected. However, at the close of each Ordinary Shareholders' Meeting held to approve the Company accounts, no more than one third (rounded up to the nearest whole number as necessary) of directors in office may be aged over seventy-five.

5) Director representing employee shareholders.

   5.1 At fiscal year-end, whenever the percentage of share capital held – within the context of the provisions of Article L.225-102 of the French Commercial Code – by the employees of the Company and companies related to it within the meaning of Article L.225-180 of this code, represents more than 3% of the share capital of the Company, a director representing the employee shareholders is elected by the Ordinary Shareholders' Meeting from among the two candidates proposed by employee shareholders as discussed in the aforementioned Article L.225-102, in accordance with the terms and conditions of both the regulations in force and these bylaws.

5.2 The two candidates nominated for election as an employee shareholder director are appointed under the following conditions:

a) When the shares held by the employees referred to in Article L.225-102 of the French Commercial Code are held in a *fonds commun de placement d'entreprise* (French collective employee shareholding vehicle, or "FCPE"), all of the Supervisory Boards of these FCPEs are convened for the specific purpose of jointly nominating a candidate for election.

At the meeting of these aforementioned Supervisory Boards, each member of these Supervisory Boards can cast one vote in favor of the nomination of a given candidate for election to the position of director representing employee shareholders. This candidate is nominated based on the majority of the votes cast either by the members of the Supervisory Boards present or represented at the meeting, or by correspondence.

b) When the shares are held directly by the employees referred to in Article L.225-102 of the French Commercial Code, these employees nominate a candidate. The nomination of the candidate will be made by the employee shareholders *via* an electronic voting procedure.

Under this electronic voting procedure, each employee shareholder will be entitled to a number of votes equal to the number of shares he or she directly holds. The candidate is nominated based on the majority of the votes cast by the electorate of employee shareholders.

c) In the event that the full amount of the shares held by the employees referred to in Article L.225-102 of the French Commercial Code are held under the conditions discussed in this section 5.2, paragraph a), the two candidates referred to in Article 5.1 would be nominated by the Supervisory Boards of the FCPEs in accordance with the terms and conditions described in this section 5.2, paragraph a).

Reciprocally, the provisions of this section 5.2, paragraph b), will be applicable to the nomination of the two candidates referred to in Article 5.1 in the event that the full amount of the shares held by the employees referred to in Article L.225-102 of the French Commercial Code is held under the conditions described in this section 5.2, paragraph b).

5.3 Prior to the nomination of the two candidates for the position of employee shareholder director, the Chairman of the Board of Directors, who can elect to sub-delegate this task, sets the Rules for the Nomination of Candidates (hereinafter referred to as the "Rules"), which indicate the schedule and the organization of the nomination procedures provided for under section 5.2, paragraphs a) and b).

The Rules will be sent to the members of the Supervisory Boards of the FCPEs, within the context of the nomination procedure provided for above under section 5.2, paragraph a), and sent to the employee shareholders, within the context of the nomination procedure provided for above under section 5.2, paragraph b), by any means that the Chairman of the Board of Directors deems adequate and appropriate, including, as an example and not a requirement, by postings and/or by individual postal mail and/or electronically.

The Rules must be sent at least two months (i) prior to the effective date of the meeting of the Supervisory Boards of the FCPEs within the context of the procedure provided for in section 5.2, paragraph a), and (ii) prior to the beginning of the voting period provided for in section 5.2, paragraph b).

5.4 The director representing the employee shareholders is elected by the Ordinary Shareholders' Meeting from among the two candidates nominated in accordance with the provisions of Article 11, section 5.2, paragraphs a) and b) of the bylaws, respectively, under the conditions applicable to the nomination of any director. The Board of Directors presents the two candidates at the Shareholders' Meeting by way of two separate resolutions and indicates its support, as the case may be, for the resolution pertaining to the candidate it prefers. Of the candidates described above, the one who receives the highest number of the votes of shareholders present or represented at the Ordinary Shareholders' Meeting will be elected as director representing employee shareholders.

5.5 This director is not taken into account in determining the maximum number of directors provided for under Article L.225-17 of the French Commercial Code.

5.6 Pursuant to the provisions of Article 11, paragraph 3) of the bylaws, the term of office of the director representing employee shareholders is set at four years and expires in accordance with the terms of these provisions. However, his or her term of office will end *ipso jure* and the director representing the employee shareholders is considered as having resigned automatically in the event that he or she no longer holds the status of employee of the Company (or of a company or economic interest group related to it within the meaning of Article L.225-180 of the French Commercial Code). The renewal of the term of office of the director representing employee shareholders is carried out under the conditions provided for in this paragraph 5) of Article 11 of the bylaws.

The provisions of Article 11, paragraph 2) of the bylaws, pertaining to the number of shares that each director must hold for the duration of his or her term of office, do not apply to this employee shareholder director. However, the director representing employee shareholders must hold, either individually, or *via* a *Fonds Commun de Placement d'Entreprise* governed by Article L.214-40 of the French Monetary and Financial Code, at least one share of the Company, or a number of shares of the FCPE equivalent to at least one share of the Company. Failing this, such director is considered as having resigned automatically as of the date upon which he or she no longer holds a share of the Company or a number of shares of the FCPE representing at least one share of the Company.

5.7 In the event that the position of director representing employee shareholders becomes vacant for any reason whatsoever, the nomination of the candidates to replace the previous director will be carried out under the conditions provided for in this Article 11, paragraph 5) of the bylaws, at the latest prior to the next Ordinary Shareholders' Meeting held or, in the event such meeting is held less than four months after the position became vacant, prior to the following Ordinary Shareholders' Meeting. This director will be elected by the Ordinary Shareholders' Meeting for a new four-year period.

Until the date upon which a replacement for the position of director representing employee shareholders is elected, the Board of Directors can convene and deliberate validly.

5.8 The provisions of this Article 11, paragraph 5) will no longer apply if, at fiscal year-end, the percentage of the share capital held by the employees of the Company and companies related to it within the meaning of the aforementioned Article L.225-180, within the context set forth by the provisions of aforementioned Article L.225-102, represents less than 3% of the share capital, it being specified that the term of office of any Director appointed pursuant to this Article 11, paragraph 5), will end when the term of office reaches its intended expiration date.

6) Directors representing employees

6.1 The Board of Directors comprises 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.

6.2 The Board of Directors comprises a second director representing employees appointed by the European Group Council (known as the International Works Council in Capgemini Group).

6.3 Pursuant to Article 11. 3), the term of office of any director appointed pursuant to Article 11, paragraphs 6.1 or 6.2 is four years, expiring at the close of the Ordinary Shareholders 'Meeting held to approve the accounts for the year preceding the expiry of his or her term. It is renewable.

6.4 The term of office of directors representing employees may be terminated at the close of the Shareholders' Meeting held to approve the accounts for a year during which the application conditions of Article L.225-27-1- I of the French Commercial Code cease to be met, or should this article be repealed.

6.5 Should the office of a director representing employees become vacant for whatever reason, the replacement appointed by the union body which obtained the most votes at the first round of the elections or the European Group Council will take office for the remaining period of the term of office of his/her predecessor. The Board of Directors may validly meet and deliberate until the date of this replacement.

ARTICLE 12 - BOARD OF DIRECTORS' MEETINGS

1) Meetings of the Board of Directors are convened by its Chairman, as often as required in the Company's interests and at least every three months. Directors may be called to Board meetings by any method including orally. Said meetings may be held either at the registered office or at any other location stated in the notice of meeting.

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.

3) The quorum and majority conditions set out in the Law shall apply to Board meetings, except for the decision concerning the two possible methods for the Company's General Management, in which case special conditions shall apply (see Article 15). Where voting is tied, the Chairman of the Company shall have the casting vote.

ARTICLE 13 - ROLES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

1) The Board of Directors shall determine overall strategies for the Company's business and oversee their implementation. Subject to the powers expressly granted to the Shareholders' Meeting and in accordance with the corporate purpose, the Board of Directors shall deal with any questions relating to the proper operation of the Company and deliberate on issues relating thereto in Board meetings.

2) In general, the Board of Directors shall make any and all decisions and exercise any and all powers that fall within its remit pursuant to the Law, Shareholders' Meeting delegations and these bylaws.

In particular, and without limit, the prior approval of the Board of Directors is required for:

- guarantees and collateral given by the Company under the conditions set out in Article L.225-35, paragraph 4, of the French Commercial Code;
- regulated agreements under the conditions set out in Article 20 of these bylaws;
- any decisions of a strategic nature or which could have a material impact on the financial position of the Company or its subsidiaries, in accordance with the provisions of the Charter of the Board of Directors referred to in Article 16 below.

3) The Board of Directors shall perform or obtain performance of any checks and controls which it may think fit.

4) Each director receives all necessary information for the performance of their duties and may request the communication of any document they consider useful. Directors have a duty, even after they have ceased to hold office, not to disclose any information which they hold concerning the Company, the disclosure of which might be prejudicial to the Company's interests, except where such disclosure is required or permitted by Law or is in the public interest.

5) The Board of Directors may grant permanent or temporary missions to any one or more of its members or any other person or entity it may think fit. The Board may for example decide to create committees to research issues proposed by the Board or its Chairman. The Board of Directors shall decide upon the composition and roles and responsibilities of any committees operating under its supervision.

ARTICLE 14 - CHAIRMAN OF THE BOARD OF DIRECTORS

1) The Board of Directors shall choose one of its members, necessarily an individual, to be Chairman, who shall be appointed for a term of office not exceeding his/her term of office as a director but may be re-appointed. For holding the position of Chairman, the age limit is set at:

- seventy (70) years of age when he/she also holds the position of Chief Executive Officer (*P.D.G.*);
- seventy-nine (79) years of age when he/she does not hold the position of Chief Executive Officer.

In both cases, his/her term of office shall expire at the end of the first Ordinary Shareholders' Meeting following his/her birthday.

2) The Chairman of the Board of Directors chairs the meetings of the Board of Directors and sets the agenda. He/she shall organize and manage the work carried out by the Board and report to Shareholders' Meetings thereon. He/she shall also oversee the Company's management bodies and ensure that the directors are in a position to carry out their functions.
3) When the Chairman of the Board of Directors is also responsible for the Company's General Management, he/she shall be subject to all laws and regulations applicable to the Chief Executive Officer.
4) Where considered useful, the Board of Directors may also appoint a Vice-Chairman from among its natural person members and determine the duration of his/her duties, within the limit of the duration of the term of office as director.

   The sole role of the Vice-Chairman shall be to chair meetings of the Board of Directors and Shareholders' Meetings in the absence of the Chairman of the Board of Directors.

ARTICLE 15 - GENERAL MANAGEMENT

1) The Chief Executive Officer is responsible for the General Management of the Company. This position may either be held by the Chairman in which case he/she shall hold the title of Chairman and Chief Executive Officer, or by another person appointed by the Board of Directors.
2) The Board of Directors shall choose one of the two possible methods for the Company's General Management. A majority of two-thirds of the directors is required for this decision and the issue must be included in the agenda of the applicable Board Meeting.
3) If the positions of Chairman and Chief Executive Officer are dissociated, the latter - who is not mandatorily a director - shall be appointed for a term set freely by the Board of Directors. However, if the Chief Executive Officer is also a director, his/her term of office shall not exceed that of his/her term of office as director.

   In both cases, the Chief Executive Officer's term of office shall expire at the first Ordinary Shareholders' Meeting following his 70^{th} birthday.
4) The Chairman and Chief Executive Officer, or the Chief Executive Officer, as applicable, shall have the broadest powers to act in the name of the Company in all circumstances. These powers shall be exercised subject to the limits of the corporate purpose and subject to the powers expressly granted by Law to the Shareholders' Meeting or the Board of Directors. He/she shall represent the Company in its dealings with third parties.
5) At the recommendation of the Chairman and Chief Executive Officer or the Chief Executive Officer, as appropriate, the Board of Directors may appoint, from among its members or elsewhere, one or more private individuals tasked with assisting the Chairman and Chief Executive Officer or the Chief Executive Officer, with the title of Deputy Chief Executive Officer.

   The number of Deputy Chief Executive Officers may not exceed five.

   The scope and term of powers entrusted to the Deputy Chief Executive Officers shall be determined by the Board of Directors, in agreement with the Chairman and Chief Executive Officer or the Chief Executive Officer.

   In dealings with third parties, the Deputy Chief Executive Officer shall have the same powers as the Chairman and Chief Executive Officer or the Chief Executive Officer.

ARTICLE 16 - BOARD OF DIRECTORS – CHARTER

The Board of Directors shall draft a Charter setting out the terms and conditions according to which the Board of Directors, the Chairman and the Chief Executive Officer perform their roles and responsibilities, in accordance with the law, applicable regulations and these bylaws. This Charter shall also set down operating regulations for the committees created by the Board of Directors and explain how the different roles and responsibilities are allocated between all of these persons and bodies.

ARTICLE 17 - NON-VOTING DIRECTORS (*CENSEURS*)

Where recommended by the Board of Directors, the Ordinary Shareholders' Meeting may elect a maximum of six non-voting directors. It is not compulsory for non-voting directors to be shareholders.

The length of the terms of office of the non-voting directors shall be two years, expiring at the close of the Ordinary Shareholders' Meeting held to approve the accounts for the year preceding the expiry of their term.

If any vacancies arise due to the death of a non-voting director or where a non-voting director stands down from his/her position, the Board of Directors may make temporary appointments. Any such appointments by the Board of Directors are subject to ratification by the next Ordinary Shareholders' Meeting.

The non-voting directors shall attend Board of Directors' Meetings and may be consulted by the Board as it thinks fit. They shall not however be directly involved in the management of the Company. They shall take part in deliberations in a consultancy capacity but their absence shall have no effect on the validity thereof.

The Board of Directors may remunerate non-voting directors out of the attendance fees granted by the General Shareholders' Meeting.

ARTICLE 18 - STATUTORY AUDITORS

The Ordinary Shareholders' Meeting shall appoint one or more Statutory Auditors and, as necessary, one or more substitute auditors, in accordance with the conditions set down by law in relation to their terms of office and engagement.

ARTICLE 19 - SHAREHOLDERS' MEETINGS

Shareholders' Meetings are convened under the conditions provided by Law. Meetings are held at the Company's headquarters or any other location in the same *département*, or neighboring *département*, detailed in the notice of meeting.

Shares carry voting rights based on the proportion of capital represented. All shares have the same par value and they therefore all carry one vote per share.

The right to participate in Shareholders' Meetings is evidenced by an entry 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 entries must be recorded within the time period set by Law 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 shall 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 tele-transmission means, 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.

If the Board of Directors so decides when convening the meeting, shareholders may participate and vote at the meeting using any telecommunication or tele-transmission means enabling their identification, including the internet, in accordance with the conditions set out in applicable regulations at the time of use. 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).

The Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in his/her absence, by the Vice-Chairman. In the absence of the Chairman and the Vice-Chairman, the Shareholders' Meeting shall elect a Chairman.

Shareholders' Meetings deliberate under the conditions provided by Law, it being noted that in calculating the majority, votes cast shall not include votes attaching to shares in respect of which the shareholder has not taken part in the vote or has abstained or has returned a blank or spoilt ballot paper.

Minutes of the Shareholders' Meeting are prepared and copies are certified and delivered in accordance with the Law.

ARTICLE 20 - REGULATED AGREEMENTS

Pursuant to Article L.229-7, paragraph 6, of the French Commercial Code, the provisions of Articles L.225-38 to L.225-42 of the French Commercial Code are applicable to agreements entered into by the Company.

ARTICLE 21 - COMPANY ACCOUNTS

The Company's fiscal year commences on January 1 and ends on December 31.

The Shareholders' Meeting has sole discretionary powers to decide the appropriation of distributable income, as defined by the Law. Consequently, the Shareholders' Meeting may decide to appropriate all or part of distributable earnings to revenue reserves, special reserves or retained earnings, or to distribute all or part of the amount to shareholders.

The Shareholders' Meeting shall also decide 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, issued in compliance with the provisions of the applicable laws and regulations. The above provisions also apply to the distribution of interim dividends, subject to compliance with the Law.

In addition, the Shareholders' Meeting may decide to distribute a dividend out of distributable reserves, subject to compliance with the Law.

ARTICLE 22 - DISSOLUTION AND LIQUIDATION

If the Company is wound up, one or more liquidators shall be appointed by an Ordinary Shareholders' Meeting.

The liquidator shall represent the Company. He shall have the broadest powers to realize the Company's assets, including by way of amicable agreement or settlement. The liquidator shall be authorized to pay creditors and to allocate any outstanding amounts.

The Shareholders' Meeting may authorize the liquidator to continue the Company's current business or to enter into new business for the purposes of the liquidation.

The net assets remaining after repayment of the par value of the shares shall be allocated among the shareholders *pro rata* to their respective interests in the capital.

ARTICLE 23 - DISPUTE RESOLUTION

Any disputes concerning the Company's affairs that may arise during the life of the Company or upon liquidation, either between the Company and its shareholders or between the shareholders themselves, shall be referred to the competent court at the location of the Company's registered office.

6.3 Summary table of financial authorizations currently in force or submitted for approval

Authorizations granted by the Combined Shareholders' Meeting to the Board of Directors to increase share capital

The following table summarizes (pursuant, to Article L.225-100 of the French Commercial Code) authorizations still in effect and those that have expired since the last Combined Shareholders' Meeting.

Purpose of the authorization	Maximum amount(1) (2) *(in euros)*	Authorization date and resolution number	Expiry date	Used during 2016
a) Purchase by the Company of its own shares under a share buyback program	10% of share capital	05/18/2016/*10th*	11/18/2017	4,128,337 shares were purchased under the share buyback program (excluding the Liquidity contract) at an average price of €81.18 As part of the Liquidity contract: a) 2,686,396 shares purchased at an average market price of €81.12 b) 2,621,396 shares sold at an average market price of €81.33 c) The balance on 12/31/2016 is 150,000 shares and about €9 million.
b) Cancellation of treasury shares	10% of share capital per 12-month period	05/18/2016/*11th*	07/18/2018	617,235 shares with a value of €50,129,800.47 were cancelled by decision of the Board of Directors on 07/26/2016.
c) Share capital increase by capitalizing additional paid-in capital, reserves, profit or other eligible amounts	€1.5 billion (par value)	05/18/2016/*12th*	07/18/2018	This authorization was not used in 2016
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**	€550 million (par value) €7.5 billion (issue amount)	05/18/2016/*13th*	07/18/2018	This authorization was not used in 2016
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**	€137 million (par value) €2.5 billion (issue amount)	05/18/2016/*14th*	07/18/2018	This authorization was not used in 2016
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**	€137 million (par value) €2.5 billion (issue amount)	05/18/2016/15th	07/18/2018	This authorization was not used in 2016
g) Setting the issue price of shares in the context of a share capital increase **with cancellation of PSR**	€137 million (par value) €2.5 billion (issue amount) 10% of share capital	05/18/2016/*16th*	07/18/2018	This authorization was not used in 2016
"Greenshoe" option (d) to (g)		*05/18/2016/17th*	*07/18/2018*	This authorization was not used in 2016

(1) Recap of overall limits:
a maximum par value amount of €550 million and a maximum issue amount of €7.5 billion for all issues with and without pre-emptive subscription rights;
including a maximum par value amount of €137 million and a maximum issue amount of €2.5 billion for all issues 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 j) and k) are capped at a maximum par value amount of €48 million.

Abbreviations: PSR = Pre-emptive Subscription Rights

Purpose of the authorization	Maximum amount[(1) (2)] *(in euros)*	Authorization date and resolution number	Expiry date	Used during 2016
h) Share capital increase by issuing shares and/or securities granting access to the share capital in consideration for contributions in kind	€137 million (par value) €2.5 billion (issue amount) 10% of share capital	05/18/2016/*18th*	07/18/2018	This authorization was not used in 2016
i) Share capital increase by issuing ordinary shares and/or securities granting access to the share capital, or granting a right to allocation of debt instruments, in consideration for shares tendered to a public exchange offer made by the Company	€125 million (par value) €1.25 billion 10% of share capital	05/07/2014/*29th*	07/07/2016	This authorization was not used in 2016
j) 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	€48 million (par value) [(2)]	05/18/2016/*19th*	07/18/2018	This authorization was not used in 2016
k) Share capital increase by issuing shares and/or securities granting access to the share capital with cancellation of PSR, reserved for employees of certain non-French subsidiaries	€48 million (par value) [(2)]	05/18/2016/*20th*	11/18/2017	This authorization was not used in 2016
l) Grant of performance shares	1% of share capital	05/18/2016/*21st*	11/18/2017	1,663,500 performance shares (€13.3 million par value) were granted to 1,175 beneficiaries by decision of the Board of Directors on 07/26/2016

(1) Recap of overall limits:

a maximum par value amount of €550 million and a maximum issue amount of €7.5 billion for all issues with and without pre-emptive subscription rights;

including a maximum par value amount of €137 million and a maximum issue amount of €2.5 billion for all issues 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 j) and k) are capped at a maximum par value amount of €48 million.

Delegations to be presented at the Shareholders' Meeting of May 10, 2017

Purpose of the authorization	Maximum amount	Authorization date and resolution number	Duration Expiry Date
Purchase by the Company of its own shares under a share buyback program	10% of share capital	05/10/2017/*11th*	18 months (up to 11/10/2018)
Grant of performance shares	1% of share capital	05/10/2017/*16th*	18 months (up to 11/10/2018)
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	€48 million (par value) [(1)]	05/10/2017/*17th*	18 months (up to 11/10/2018)
Share capital increase by issuing shares and/or securities granting access to the share capital with cancellation of PSR, reserved for employees of certain non-French subsidiaries	€24 million (par value) [(1)]	05/10/2017/*18th*	18 months (up to 11/10/2018)

(1) The total share capital increases decided pursuant the 18th resolution are included in the general limit of the 17th resolution.

Abbreviations: PSR = Pre-emptive Subscription Rights

Use of authorizations during 2016

Pursuant to the authorization granted by the Ordinary Shareholders' Meeting of May 18, 2016 in the tenth resolution, the Board of Directors purchased 4,128,337 shares under the share buyback program (excluding the Liquidity contract) at an average price of €81.18. As part of the Liquidity contract 2,686,396 shares were purchased at an average price of €81.12 and 2,621,396 shares were sold at an average market price of €81.33. The balance of the Liquidity contract on December 31, 2016 is 150,000 shares and about €9 million.

Pursuant to the powers conferred on it by the Extraordinary Shareholders' Meeting of May 18, 2016 in the eleventh resolution, the Board of Directors in its meeting of July 26, 2016 cancelled 617,235 shares with a value of €50,129,800.47.

In addition and pursuant to the authorization granted by the Extraordinary Shareholders' Meeting of May 18, 2016 in the twenty-first resolution, the Board of Directors decided on July 26, 2016 the issue of 1,663,500 performance shares to 1,175 beneficiaries (managers and employees of French and foreign subsidiaries, members of the Executive Committee including the Chairman and Chief Executive Officer).

6.4 Statutory auditors' reports

Statutory Auditors' report on the authorization to grant free shares (existing or to be issued) to employees and corporate officers

Combined General Meeting of May 10, 2017 – 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 Cap Gemini S.A. and in accordance with Article L.225-197-1 of the French Commercial Code *(Code de commerce)*, we hereby report to you on the proposed 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.

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.

The Board of Directors' report states that the grant of existing shares or shares to be issued to employees and corporate officers of Cap Gemini S.A. 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. It also states that the grant of shares to corporate officers of Cap Gemini S.A. will be limited to 10% of the aforementioned amount.

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.

Neuilly-sur-Seine, March 16, 2017

PricewaterhouseCoopers Audit

Françoise Garnier
Partner

Richard Béjot
Partner

Paris La Défense, March 16, 2017

KPMG Audit
Department of KPMG S.A.

Frédéric Quélin
Partner

Statutory Auditors' report on the issue of ordinary shares and/or securities giving access to the company's share capital reserved for members of Capgemini Group employee savings plan

Combined General Meeting of May 10, 2017 – Seventeenth 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 Cap Gemini S.A. 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 proposal to issue ordinary shares and/or securities giving access to the Company's 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 €48 million, which is submitted to you for your approval.

This share capital increase is submitted to you for 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 de travail)*.

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.

Neuilly-sur-Seine, March 16, 2017

PricewaterhouseCoopers Audit

Françoise Garnier
Partner

Richard Béjot
Partner

Paris La Défense, March 16, 2017

KPMG Audit
Department of KPMG S.A.

Frédéric Quélin
Partner

Statutory Auditors' report on the issue of ordinary shares and/or securities giving access to the company's share capital, with cancelation of pre-emptive subscription rights, reserved for employees of certain non-french subsidiaries

Combined General Meeting of May 10, 2017 – Eighteenth 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 Cap Gemini S.A., 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 proposal to issue ordinary shares and/or securities giving access to the Company's share capital, with cancelation of pre-emptive subscription rights, reserved for employees of certain non-French Capgemini Group subsidiaries, which is submitted to you for approval. The maximum nominal amount of the capital increase that may result from this issue is €24 million, it being specified that this amount will be deducted from the limit of €48 million provided for in the seventeenth resolution.

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 subscribe to the 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, it being specified that this authority may only be used in the context of the authorization granted in the seventeenth resolution.

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.

Neuilly-sur-Seine, March 16, 2017

PricewaterhouseCoopers Audit

Françoise Garnier
Partner

Richard Béjot
Partner

Paris La Défense, March 16, 2017

KPMG Audit
Department of KPMG S.A.

Frédéric Quélin
Partner

6.5 Report of the Conversion Auditor on the conversion of Cap Gemini into a European company *(Societas Europaea, SE)*

This is a free translation into English of the Conversion Auditor's 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 accordance with my appointment as conversion auditor by Order of the Presiding Judge of the Paris Commercial Court dated December 14, 2016 with respect to the conversion of Cap Gemini (the Company) into a European company (*Societas Europaea*, SE), I have prepared the report required by Article 37 of Council Regulation (EC) no. 2157/2001 of October 8, 2001 on the statute for a European company and Article L.225-245-1 of the French Commercial Code (*Code de commerce*). This conversion was approved by your Board of Directors on December 7, 2016.

I have prepared this report in order to certify the amount of the Company's net assets with respect to its capital plus those reserves which must not be distributed under the law or the bylaws.

I performed the procedures that I deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the net assets of the Company are at least equivalent to its capital plus those reserves which must not be distributed under the law or the bylaws. This verification notably consisted in assessing the potential impact on the accounting value of items included in determining the net asset amount, of events between the date of the last annual accounts and the date of my report.

Based on this work, as at the date of my report, I certify that the Company has net assets at least equivalent to its capital plus those reserves which must not be distributed under the law or the bylaws.

Paris, January 20, 2017

The Conversion Auditor

Jean-Jacques DEDOUIT

7

Additional Information

7.1 Legal information

7.1.1 Corporate name and head office

Corporate name: Cap Gemini

Head office: 11, rue de Tilsitt, 75017 Paris

Tel.: (+33)0 1 47 54 50 00

7.1.2 Legal form and governing law

Current status

The Company is a *société anonyme* (joint stock company) governed by the French Companies Act of July 24, 1966 (Law no. 66–537) and Decree no. 67–236 of March 23, 1967.

Future evolution

The Board of Directors of Cap Gemini S.A., further to its meeting on December 7, 2016, proposes to change the legal form of the Company to a "European Company" (*Societas Europaea*, SE) to reflect the international and European dimension of the Group.

The proposed conversion into a European company would enter into effect after approval by the Shareholders' Meeting to be held on May 10, 2017.

The Company would retain its registered office and corporate headquarters in Paris. The governance, business activities, organizational structure, tax regime and shareholding structure of the Group would remain unchanged. The Company's shares would continue to be listed on the Paris stock exchange without any change. The conversion of the Company would lead to a change in its legal form without reducing the current rights of the shareholders.

This conversion would only affect the Group's parent company, Cap Gemini S.A. The individual and collective rights of Group employees, employed by subsidiaries of the Company, would not be affected. In particular, employment contracts and collective employee agreements would not be modified. This change in legal form requires the creation of a Special Negotiating Body, composed of representatives of employees of the various Member States of the European Economic Area, whose task is to negotiate the status of the future European Works Council.

In order to align its corporate name with that of the Group, the Company's name would change from "Cap Gemini" to "Capgemini" at the time of this conversion.

7.1.3 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.

7.1.4 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.

(1) Including Local Professional Services under the Sogeti tradename and representing the Group's fourth business.

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.

7.1.5 Incorporation details

The Company is registered with the Paris Companies & Trade Registry (*Registre du Commerce et des Sociétés*) under number 330 703 844. Its APE business identifier is 7010Z.

7.1.6 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.

7.1.7 Fiscal year

The Company's fiscal year commences on January 1 and ends on December 31.

7.1.8 Appropriation and distribution of income

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.

7.1.9 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.

7.1.10 Disclosure thresholds

The Extraordinary Shareholders' Meeting of April 25, 2002 added specific disclosure obligations to the Company's bylaws. The bylaws now state that shareholders are required to notify the Company if their interest in the Company's share capital or voting rights is increased to above or reduced to below 1% or any multiple thereof. The crossing of the threshold must be notified to the Company within fifteen (15) days of the date when the shares causing the threshold to be attained or crossed are registered in the shareholder's account. 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 1% 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 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 disclosure requirements are applicable as for thresholds provided by law.

7.1.11 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.

7.1.12 Voting rights

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.

Each share carries entitlement to one vote, including 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.

7.1.13 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.

7.1.14 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.

7.1.15 Provisions of the bylaws or other provisions that could delay, defer or prevent a change in control

Not applicable.

7.1.16 Factors affecting a potential takeover bid

No factors are subject to the provisions of Article L.225-100-3 of the French Commercial Code (factors likely to have an impact in the event of a public offering).

7.1.17 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 appointed in accordance with the law or these bylaws, shall be 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.

As part of the employee's representation on the Board of Directors, pursuant to the provisions of the Rebsamen law of August 17, 2015, the Board of Directors also comprises two directors representing employees, appointed for a four-year term as follows:

- one director 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 representing employees 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 of 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) shares in the Company throughout their term of office.

This obligation to hold shares is not applicable to directors representing employee shareholders and to 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, Serge Kampf, the Board of Directors decided to regroup the functions of Chairman and Chief Executive Officer and appointed the Chief Executive Officer, Paul Hermelin, to the position of Chairman and Chief Executive Officer (for further details please refer to Chapter 2 of this Registration Document).

Charter and Board Special Committees

Please refer to Chapter 2 of this Registration Document.

7.2 Group Management structure

The Group management structure comprises:

• a Group Executive Board (GEB) with 7 members:

Paul Hermelin	Chairman and Chief Executive Officer
Aiman Ezzat	Group Chief Financial Officer
Hubert Giraud	Director of People Management and Talent Development
Patrick Nicolet	Director of Group Competitiveness and India operating control
Thierry Delaporte	Head of Financial Services SBU and Latin America SBU operating control
Salil Parekh	Head of AppsOne SBU, Sogeti and Cloud Infrastructure Services SBUs and Cloud Foundation Services operating control
Olivier Sevillia	Head of AppsTwo SBU, Capgemini Consulting and Business Services SBUs and Digital operating control

• a Group Executive Committee comprising the GEB and 14 additional members:

Jean-Philippe Bol	Head of Cloud Infrastructure Services SBU
André Cichowlas	Director Production/Methods and Support
Lanny Cohen	Technologies and Intellectual Property Director
Pierre-Yves Cros	Strategy and Development Director
Cyril Garcia	Head of Capgemini Consulting SBU and Digital
Christine Hodgson	Head of Corporate Social Responsiblity and UK coordination large accounts
Srikanth Iyengar	Global Sales Director
Aruna Jayanthi	Head of Business Services SBU
Srinivas Kandula	India Operations Director
Jean-Baptiste Massignon	General Secretary
John Mullen	Head of Application Services North America
Virginie Régis	Marketing and Communication Director
Luc-François Salvador	Asia-Pacific Executive Chairman
Hans Van Waayenburg	Head of Sogeti SBU

• and Group directors reporting directly to the Group Chairman and Chief Executive Officer:

Christophe Bonnard	In charge of large accounts – France
Philippe Christelle	Head of Internal Audit and Ethics & Compliance
Navin Goel	In charge of large accounts – USA
Isabelle Roux-Chenu	Head of Contract & Commercial Management
Michael Schulte	In charge of large accounts – Germany

7.3 Historical Financial Information for 2014 and 2015

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:

1. Relating to the year ended December 31, 2015:
   - the management report, consolidated financial statements and the Statutory Auditors' report on the consolidated financial statements, set out in the Registration Document filed on April 6, 2016 under no. D.16-0291 (pages 302 to 303 and 130 to 195, respectively);
   - the parent company financial statements of Cap Gemini S.A. and the Statutory Auditors' report on the parent company financial statements set out in the Registration Document filed on April 6, 2016 under no. D.16-0291 (pages 196 to 219);
   - the Statutory Auditors' special report on regulated agreements and commitments, set out in the Registration Document filed on April 6, 2016 under no. D.16-0291 (pages 220 to 222).
2. Relating to the year ended December 31, 2014:
   - the management report, consolidated financial statements and the Statutory Auditors' report on the consolidated financial statements, set out in the Registration Document filed on April 1, 2015 under no. D.15-0276 (pages 270 to 271 and 130 to 194, respectively);
   - the parent company financial statements of Cap Gemini S.A. and the Statutory Auditors' report on the parent company financial statements set out in the Registration Document filed on April 1, 2015 under no. D.15-0276 (pages 195 to 217);
   - the Statutory Auditors' special report on regulated agreements and commitments, set out in the Registration Document filed on April 1, 2015 under no. D.15-0276 (page 218).

Copies of the Registration Document are available from Cap Gemini S.A., 11 rue de Tilsitt, 75017 Paris, on its corporate website at **http:// investor.capgemini.com**, and on the website of the AMF at **www.amf-france.org**.

7.4 Persons responsible for the information

7.4.1 Person responsible for financial information

AIMAN EZZAT
Chief Financial Officer

11, rue de Tilsitt, 75017 PARIS
Tel.: (+33)0 1 47 54 50 00

7.4.2 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.

7.4.3 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 2016 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 8, section 8.3 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, March 17, 2017

Paul Hermelin

Chairman and Chief Executive Officer

8
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N/A : not applicable

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N/A : not applicable

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N/A : not applicable

8.3 Cross-reference table for the Management Report required under Articles L. 225-100 and seq. of the French Commercial Code

N/A : not applicable

N/A : not applicable

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