2016 REGISTRATION DOCUMENT

ANNUAL FINANCIAL REPORT

Delivering Transformation. Together.

sopra steria

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Elements of the Annual Financial Report are identified by the AFR sopra steria

Société Anonyme with share capital of €20,531,795 – 326 820 065 RCS Annecy
Registered office: PAE Les Glaisins – FR 74940 Annecy-le-Vieux
Head office: 9 bis, rue de Presbourg – FR 75116 Paris

REGISTRATION DOCUMENT

ANNUAL FINANCIAL REPORT

2016

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

The original French-language version of this Registration Document was filed with the Autorité des Marchés Financiers (AMF) on 13/04/2017 in accordance with Article 212-13 of the AMF General Regulation. The French-language original may be used as a basis for a financial transaction if it is supplemented by a prospectus authorised by the AMF. This document was prepared by the issuer, whose authorised signatories alone assume responsibility for its content.

Copies of this Registration Document may be obtained by submitting a request to Sopra Steria Group, Communications Department, 9 bis rue de Presbourg, 75116 Paris, France, via our website: *www.soprasteria.com*, or via the website of the Autorité des Marchés Financiers: *www.amf-france.org*.

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

1. Relating to financial year 2014:
   - the Management Report included in the Registration Document filed on 29 April 2015 under number D. 15-0427 is detailed in the cross-reference table in Chapter 8 – Information regarding the Management Report;
   - the consolidated financial statements and the report of the Statutory Auditors on the consolidated financial statements, included in the Registration Document filed on 29 April 2015 under number D. 15-0427 (pages 115 to 188 and 189, respectively);
   - the individual company financial statements of Sopra Steria and the report of the Statutory Auditors on those financial statements included in the Registration Document filed on 29 April 2015 under number D. 15-0427 (pages 191 to 223 and 224);
   - the special report of the Statutory Auditors on related-party agreements and commitments included in the Registration Document filed on 29 April 2015 under number D. 15-0427 (pages 225 to 226).
2. Relating to financial year 2015:
   - the Management Report included in the Registration Document filed on 22 April 2016 under number D. 16-0385 is detailed in the cross-reference table (pages 273 to 274) – Information regarding the Management Report;
   - the consolidated financial statements and the report of the Statutory Auditors on the consolidated financial statements, included in the Registration Document filed on 22 April 2016 under number D. 16-0385 (pages 117 to 184 and 185, respectively);
   - the individual company financial statements of Sopra Steria and the report of the Statutory Auditors on those financial statements included in the Registration Document filed on 22 April 2016 under number D. 16-0385 (pages 187 to 214 and 215);
   - the special report of the Statutory Auditors on related-party agreements and commitments included in the Registration Document filed on 22 April 2016 under number D. 16-0385 (pages 216 to 218).

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

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

A word from the Chairman
Pierre Pasquier

Sopra Steria delivered a strong performance in 2016. The Group exceeded all the targets it had set for itself at the beginning of the year:

- Organic revenue growth was buoyant, coming in at 5.2%;
- Operating profit on business activity grew by 22.6% to reach 8.0% of revenue, bringing Sopra Steria back to a level close to its historical performance standards;
- The Group generated total cash of €150.6 million, equating to 4% of revenue.

This performance confirms the relevance and success of the tie-up between Sopra and Steria. It also reflects strategic developments initiated by the Group: driving up the value of its offerings through Consulting and Solutions development, strengthening the vertical approach and close client relationships, and stepping up growth in the digital segment, which has proved particularly buoyant.

As such, we significantly strengthened our fundamentals in 2016:

- The Group significantly consolidated its strong position in France, with continued market share gains in Consulting and Systems Integration, which delivered organic growth of 8.0%;
- Those businesses and geographies that generated low margins in 2014 (such as infrastructure management, Germany and Scandinavia) significantly turned around their operating performance and overall returned to higher levels of profitability, though room for further optimisation remains;
- Sopra Banking Software significantly strengthened its position by making strong inroads in specialist loans and payments, as well as increasing its investment in its Platform and Amplitude core banking products;
- The value added by our offerings increased as a result of the Solutions development and Consulting businesses accounting for a higher proportion of Group revenue;
- The Enterprise Project was refreshed with a focus on a shared vision and values, giving rise to the launch of an extensive programme of training for all staff. This approach was supplemented by a new employee share ownership plan open to all staff and a long-term incentive plan for the Group's key managers.

Our role is more than ever before to bring our customers new ideas and support them in their transformation by helping them make the most effective use of digital technology.

The digital revolution is fundamentally transforming our environment. It is speeding up changes in our clients' business models, internal processes and information systems. This goes hand-in-hand with the increasingly important role played by sector-specific IT solution providers, thus opening up the market to new entrants. In this fast-changing environment, our role is more than ever before to bring our customers new ideas and support them in their transformation by helping them make the most effective use of digital technology.

The digital revolution also means digital services companies must adapt their own business models. To this end, Sopra Steria is actively running an extensive transformation programme, supported by the roll-out of agile collaborative working methods, the use of artificial intelligence and RPA (robotics and process automation), and training and development of human resources. We are also revisiting all our offerings with one conviction in mind: that the ability to offer end-to-end solutions, including in particular consulting services and a significant software component, will be decisive in the future.
Drawing on its strengths, fully aware of the challenges of the digital revolution, and determined to pursue and step up its own transformation, Sopra Steria is approaching 2017 with confidence.

Sopra Steria at a glance

Key figures for 2016

Sopra Steria has one of the most extensive portfolios of offerings available on the market, spanning consulting, systems integration, the development of industry- and technology-specific solutions, infrastructure management, cybersecurity and business process services.

€3.7bn
REVENUE
5.2% organic growth

€1.1bn
EQUITY

€301.1m
OPERATING PROFIT ON BUSINESS ACTIVITY
8% of revenue

€506.0m
NET FINANCIAL DEBT
1.47xEBITDA

€2.2bn
MARKET CAPITALISATION AT 31/12/2016

€150.4m
NET PROFIT ATTRIBUTABLE TO THE GROUP
4% of revenue

40,000
EMPLOYEES

184
LOCATIONS

>20
COUNTRIES

SERVICES
4.3% organic revenue growth

€3,184m
REVENUE

SOLUTIONS DEVELOPMENT
7.7% organic revenue growth

€557m
REVENUE

R&D OF SOLUTIONS

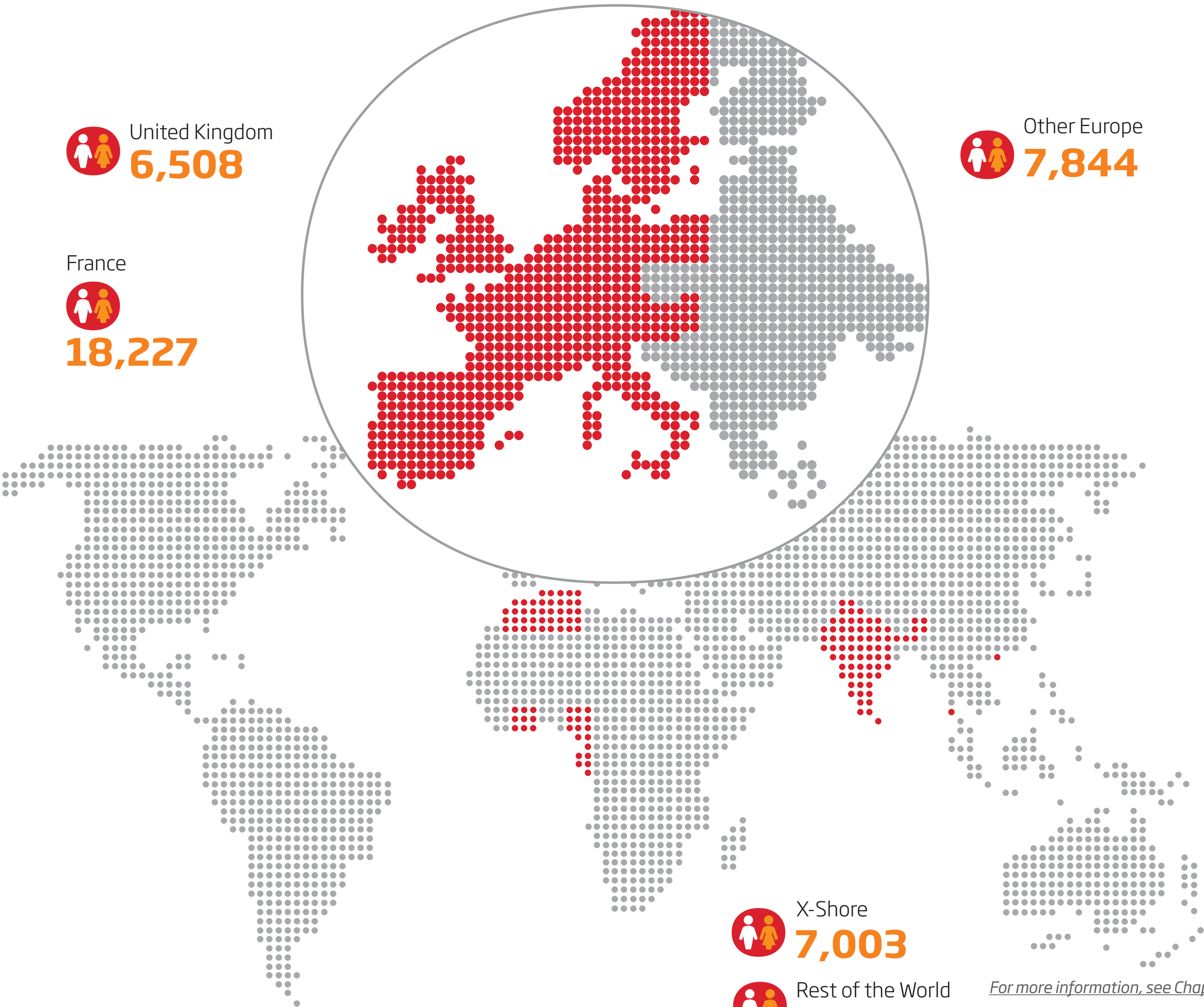
€111.2m

For more information, see Chapter 1

Sopra Steria Group - Founded 1968
Société anonyme with share capital of €20,531,795 - 326 820 065 RCS Annecy
Registered Office: PAE Les Glaisins, Annecy-le-Vieux, F-74940 Annecy
Head office: 9 bis, rue de Presbourg, F-75116 Paris
Telephone: +33 (0)1 40 67 29 29 - Fax: +33 (0)1 40 67 29 30
accueil@soprasteria.com - www.soprasteria.com

39,813
GROUP EMPLOYEES

A strong presence in Europe

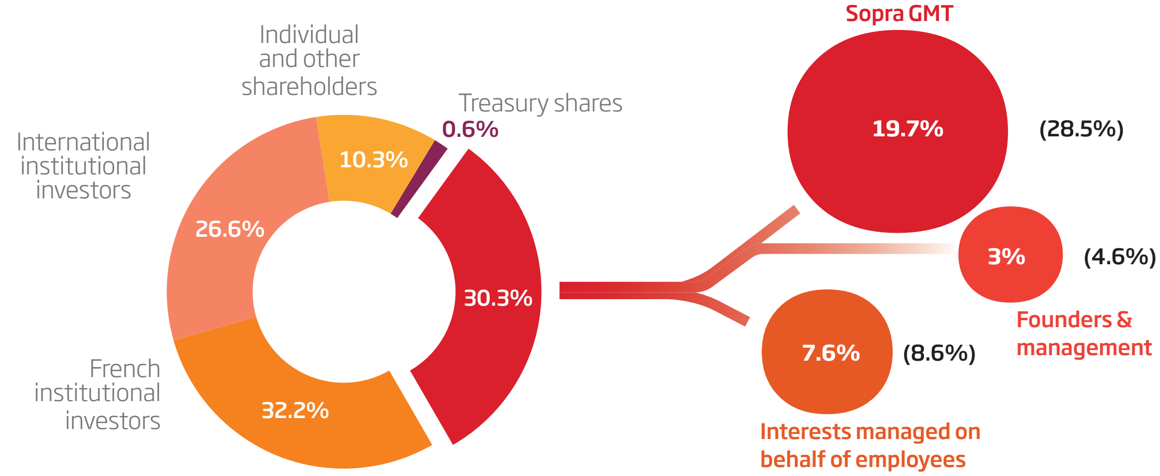


For more information, see Chapter 1

TOP 5 European digital services companies

TOP 10 operating in Europe

Current ownership at 31/12/2016



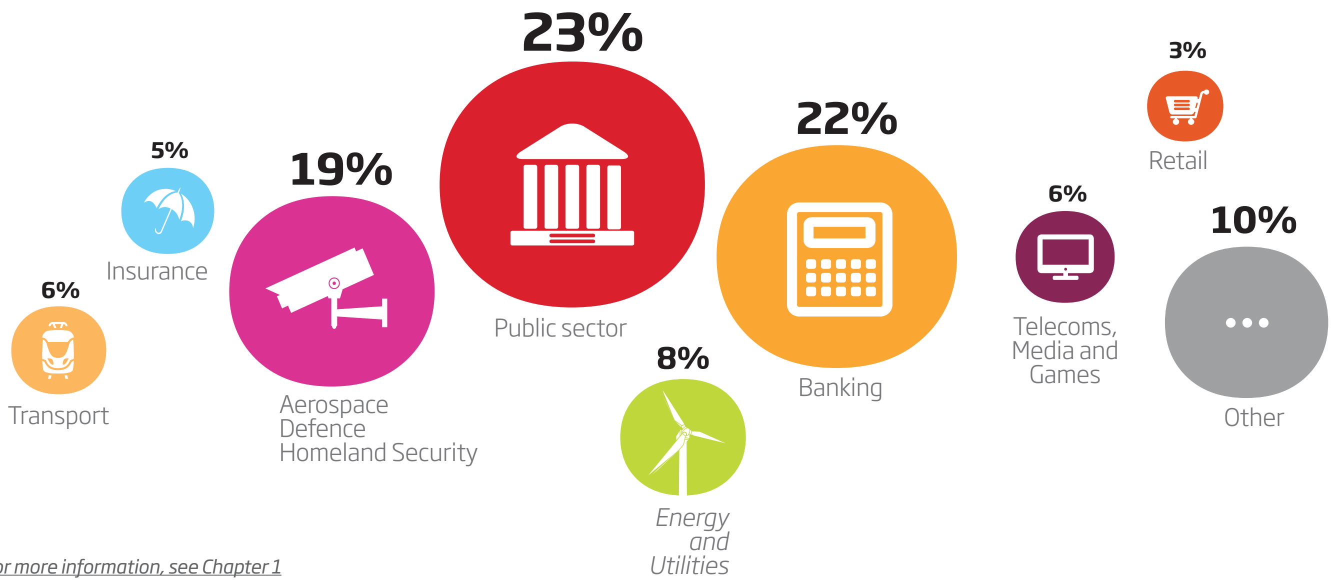
Shareholder identification at 31/12/2016 - holdings of more than 1,000 shares
Sopra Steria Group (SOP) is listed on Euronext Paris (Segment A) - SBF 120 index - ISIN: FR0000050809
Reuters: SOPR.PA - Bloomberg: SOP:FP

XX.X% = Percentage of share capital held
(XX.X%) = Percentage of exercisable voting rights

For more information, see Chapter 6

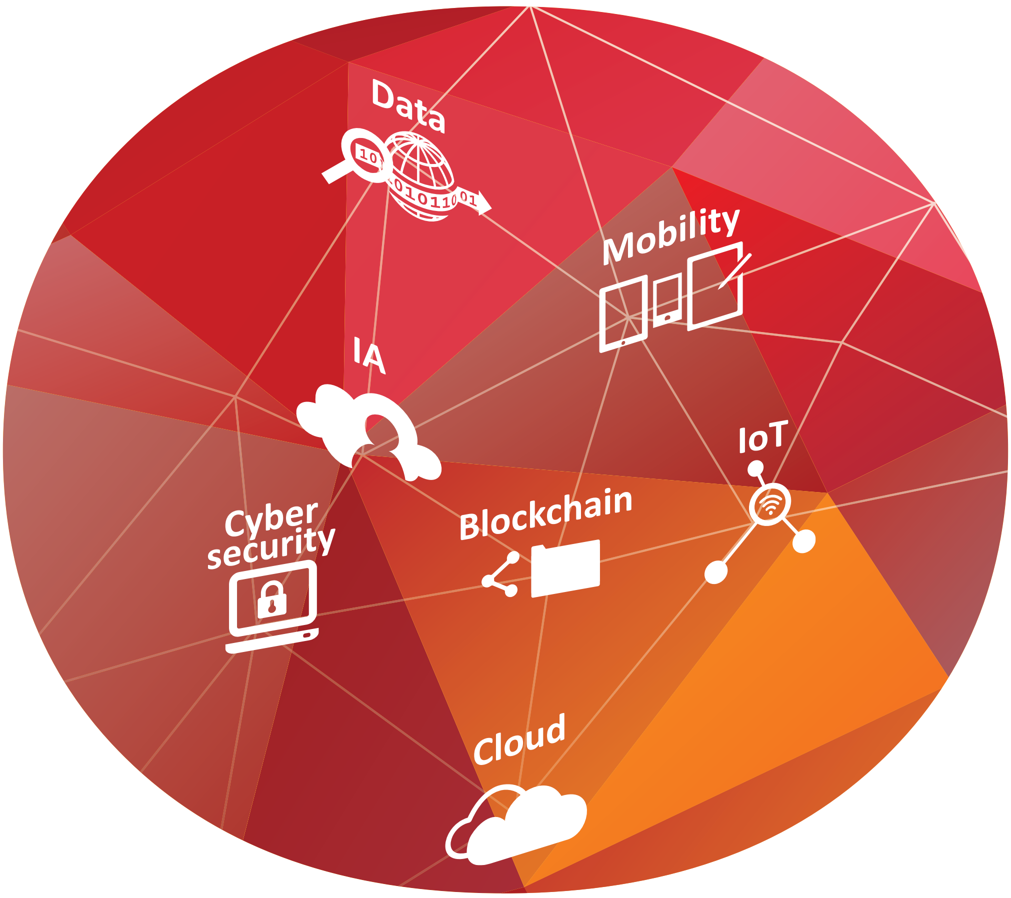
A leading position in Europe
IN STRATEGIC VERTICAL MARKETS

Breakdown of Group revenue by vertical market



For more information, see Chapter 1

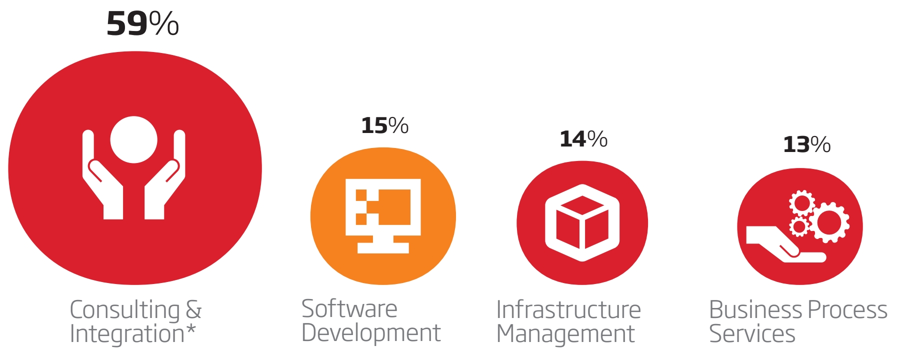
Products and services
for our clients' digital transformation



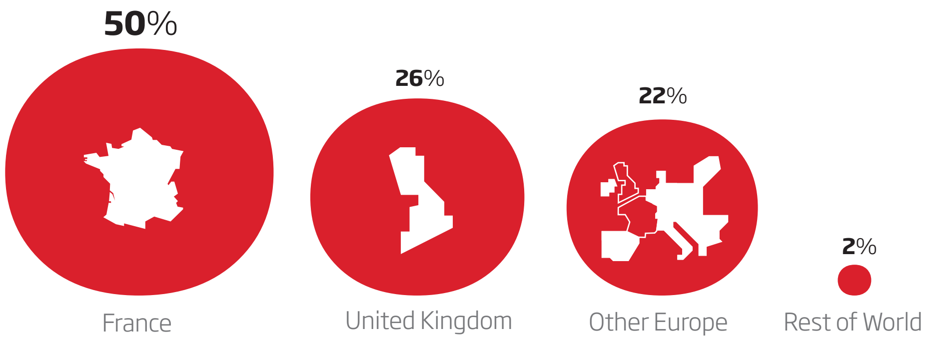
One of the most extensive portfolios of offerings available on the market

Consulting, systems integration, industry- and technology-specific solutions, infrastructure management, cybersecurity and business process services.
The Group's end-to-end offering is particularly well suited to our clients' emerging needs as they undergo their digital transformation.

GROUP REVENUE
BY BUSINESS LINE
€3,741m

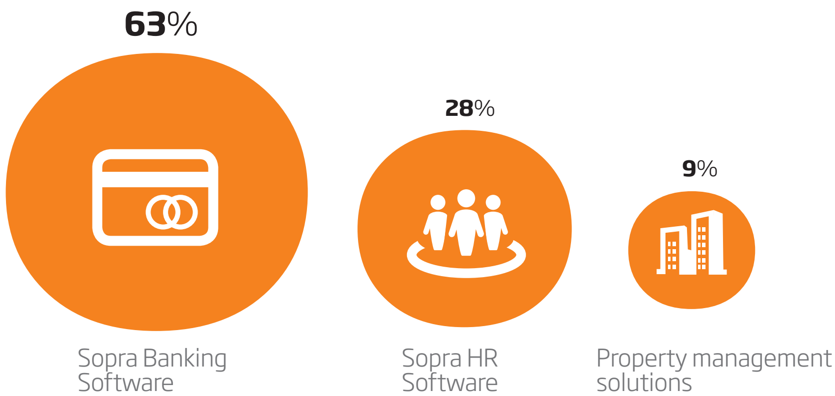


SERVICES REVENUE
BY REGION
€3,184m

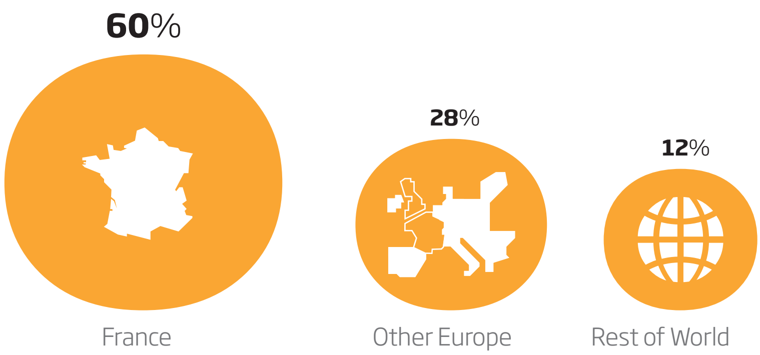


More than 40 years' expertise developing business and technology solutions

SOLUTIONS REVENUE
BY PRODUCT
€557m



SOLUTIONS REVENUE
BY REGION
€557m



For more information, see Chapter 1

* *Including cybersecurity.*

Enterprise Project

Our mission

To bring our customers new ideas and support them in their transformation by helping them make the most effective use of digital technology.

An independent model

An independent model based on a long-term vision and business performance that is respectful of the environment and stakeholders.

A culture of entrepreneurship

Agility, fast decision-making and speed of execution are in the Group's DNA. Freedom of decision-making for managers, team spirit, an overriding emphasis on customer service, and respect for others are core values for the Group.

The importance of human capital

A demanding, talent-focused human resource policy adapted to the company's culture and employee skills development.

sopra steria New Way!

We Share 2016

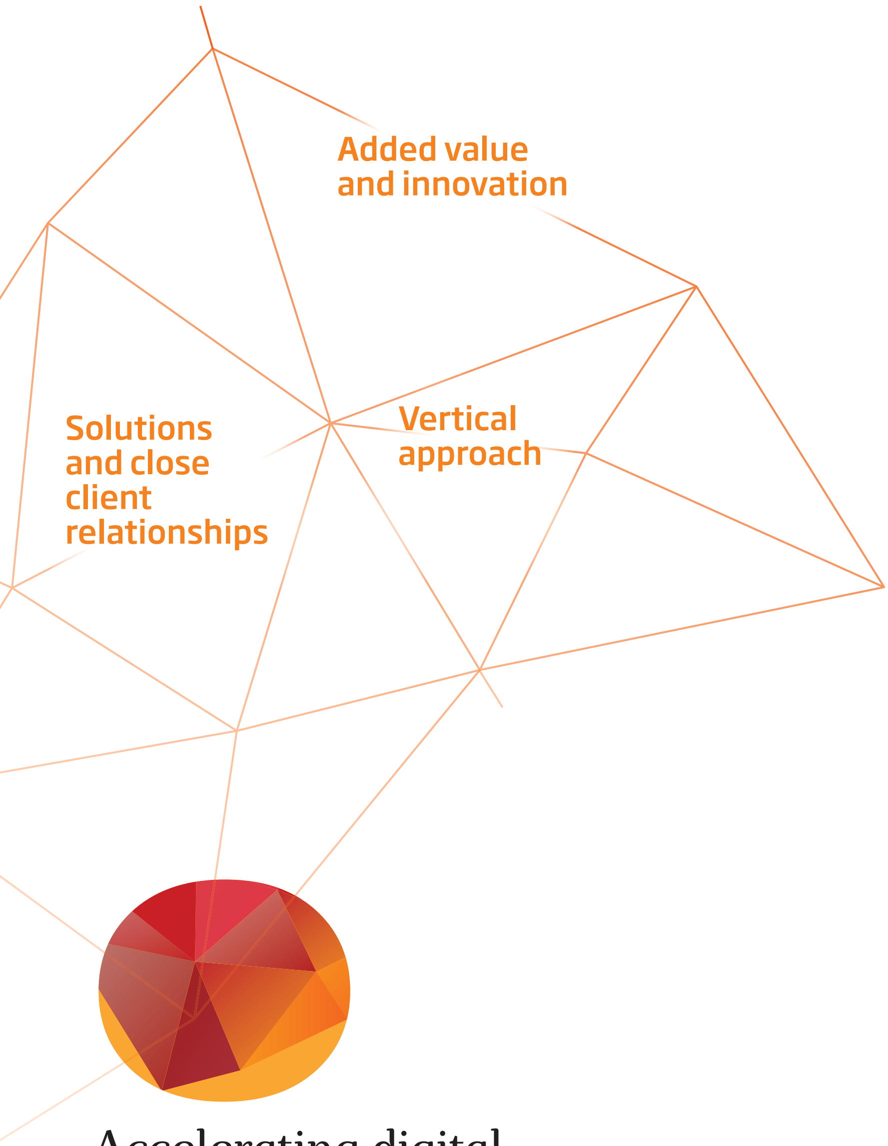
Long Term Incentive plan

History of the Group

1968 - 1985
Meeting the needs of an increasingly computerised society

1985 - 2000
An era of rebuilding

5 STRATEGIC GROWTH DRIVERS



Accelerating digital

Sopra Steria has successfully completed numerous digital projects. Its experience has allowed it to develop an end-to-end digital transformation approach for companies and governments, based on a series of best practices. The Group is continuing its own digital transformation to consolidate its leading position in this field.

STRATEGY

Strengthening Consulting

To position itself even more securely with client decision-makers at departmental level, the Group is working to accelerate its development in consulting and has set itself a medium-term target of increasing the proportion of its business in this area to 15% of revenue. To do this, it is gradually developing a range of consulting services and capacity in all of the regions in which it operates, focusing primarily on digital technology and using a model that favours synergies with the Group's other business lines

Growth in Solutions

The Group has reaffirmed its medium-term target of increasing the proportion of its solutions development and integration business to 20% of its revenue. Ongoing efforts to enhance the Group's offering will combine organic and external growth, in particular to open it up to the digital world, as well as developing managed services and geographical expansion, which may go beyond Europe. The development of Sopra Banking Software is a priority. The Group will also continue to strengthen its leading position in Human Resources and Property Management, remaining on the look-out for new sector opportunities.

For more information, see Chapter 1

For more information, see pages 15 and 16

2000 - 2014
Contributing to clients' digital transformation

2014 - 2017
A new dimension and stepping up performance

Governance

Sopra Steria's corporate governance is structured around the Chairman, the Board of Directors and Executive Management. At 12 April 2017, the Board of Directors consists of 19 members with the right to vote, 11 of whom have served on the Board for less than four years. Executive management responsibility is held by a Chief Executive Officer and two Deputy CEOs. The Executive Committee (ExCom) consists of Executive Management and the heads of the main operating and functional entities.

Governance

Pierre Pasquier
Chairman

François Odin
Vice-Chairman

Eric Hayat
Vice-Chairman

Aurélie Abert
Director representing the employees

Astrid Anciaux
Director

Kathleen Clark Bracco
Permanent representative of Sopra GMT
Chairman of the Nomination, Ethics and Governance Committee

Emma Fernández
Independent Director

Gérard Jean
Independent Director
Chairman of the Compensation Committee

Jean Mounet
Director

Jean-Luc Placet
Independent Director

Eric Pasquier
Director

Jean-Bernard Rampini
Director

Sylvie Rémond
Director

Marie-Hélène Rigal-Drogerys
Independent Director

Gustavo Roldan de Belmira
Director representing the employees

Hervé Saint-Sauveur
Independent Director
Chairman of the Audit Committee

Jean-François Sammarcelli
Independent Director

Jessica Scale
Independent Director

Solfrid Skilbrigt
Director

41% / Independent Directors | **41% /** Women | **59% /** Men | **7 /** Nationalities

9 MEETINGS IN 2016 / **97%** ATTENDANCE RATE

Executive Management

Vincent Paris
Chief Executive Officer

John Torrie
Deputy Chief Executive Officer

Laurent Giovachini
Deputy Chief Executive Officer

Executive Committee

For more information, see Chapter 2

Corporate responsibility

Our first responsibility is to secure our business development and our long-term future while considering our local and global impact. As an international group operating in many countries, we play a major role in helping to create a more sustainable world.

Marketplace

Responsible dialogue with all stakeholders

Workplace

A team at the heart of the Group's Enterprise Project. A confirmed principle of equal opportunities

Environment

Innovating in support of the environment for the benefit of our clients

Community engagement

Supporting local communities: education, access to employment, digital inclusion and the right to water

One of Europe's leading recruiters

8,498 NEW EMPLOYEES IN 2016

31% WOMEN IN THE GROUP

No. 1 recruiter of young graduates in the digital field in France

Score Gold level

Score 88%

193,170 Sopra Steria shares bought by employees via "We Share 2016"

CDP DRIVING SUSTAINABLE ECONOMIES

A- in Leadership
Among the top 3 technology firms

Happy Trainees accreditation in France for the 4th consecutive year

69% Share of energy from renewable sources in electricity consumption of offices and on-site data centres

(-) 6.6% Overall reduction in greenhouse gas emissions relative to 2014
Target: 15% reduction by 2020 relative to 2014

(-) 19% Reduction including renewable energy

98% Of Waste Electrical & Electronic Equipment (WEEE) gets a second life

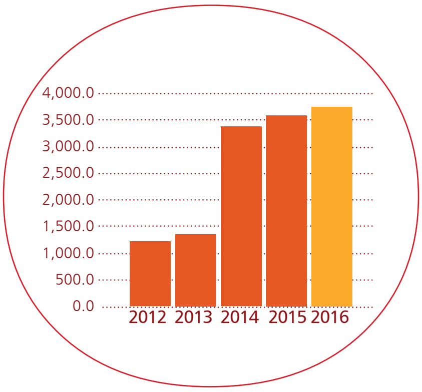
Certifications

For more information, see Chapter 3

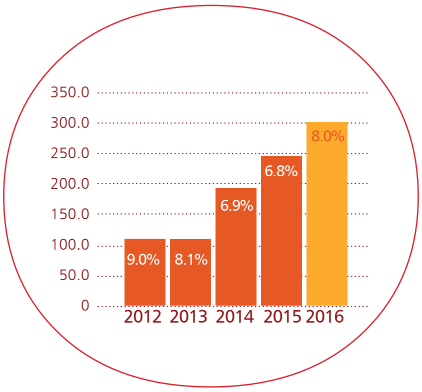
Performance in 2016

Targets	**Performance**
ORGANIC REVENUE GROWTH: between 3% and 5%	5.2%
OPERATING MARGIN ON BUSINESS ACTIVITY: > 7.5%	8.0%
SIGNIFICANT INCREASE IN NET FREE CASH FLOW	€150m (x3 vs. 2015)

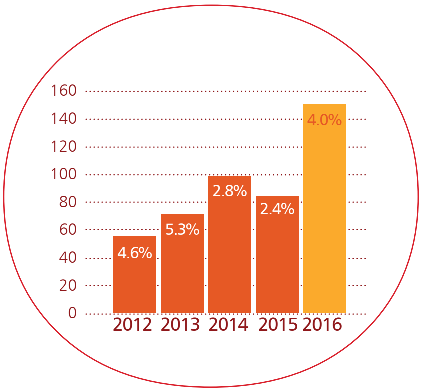
REVENUE **IN €M**



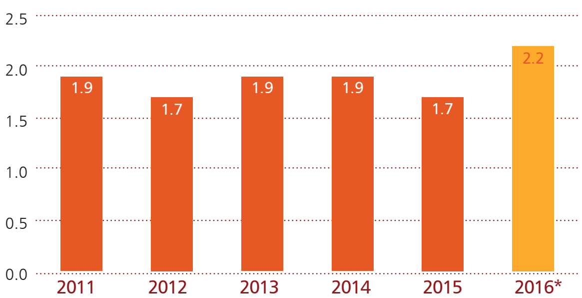
OPERATING PROFIT ON BUSINESS ACTIVITY **IN €M**



NET PROFIT ATTRIBUTABLE TO THE GROUP **IN €M**



NET DIVIDEND IN EUROS
PER SHARE

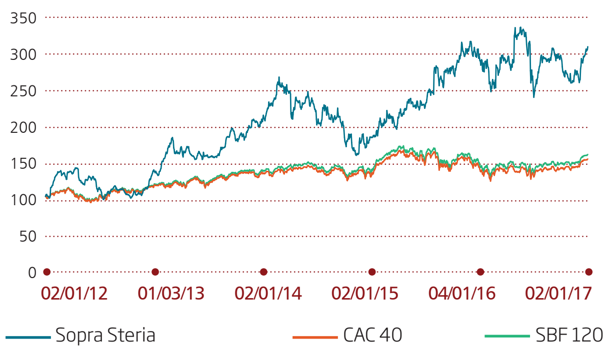


(*) Amount to be proposed at the 2017 General Meeting

SOPRA STERIA STOCK MARKET PERFORMANCE OVER 5 YEARS*
COMPARED TO THE SBF 120 AND CAC 40 INDICES

*Base 100 at 02/01/2012

SOPRA STERIA	+205.73%
SBF 120	+57.76%
CAC 40	+51.52%



1 INTRODUCTION TO SOPRA STERIA

1. Key figures

1.1. Key income statement and balance sheet items

(in millions of euros)	2016	2015
Revenue	3,741.3	3,584.4
EBITDA	344.0	303.5
Operating profit on business activity	301.1	245.5
As % of revenue	*8.0%*	*6.8%*
Profit from recurring operations	267.8	225.0
As % of revenue	*7.2%*	*6.3%*
Operating profit	240.2	152.6
As % of revenue	*6.4%*	*4.3%*
Net profit attributable to the Group	150.4	84.4
As % of revenue	*4.0%*	*2.4%*
Total assets	3,884.9	3,821.3
Total non-current assets	2,251.3	2,302.1
Equity attributable to the Group	1,070.6	1,194.4
Minority interests	32.5	38.7
Number of shares at 31 December	20,531,795	20,446,723
Basic earnings per share *(in euros)* (1)	7.50	4.27
Fully diluted earnings per share *(in euros)* (2)	7.49	4.26
Net dividend per share *(in euros)*	2.20 (3)	1.70
Total workforce at 31 December	39,813	38,450

(1) Net profit attributable to the Group divided by the average number of shares during the year excluding treasury shares.

(2) Net profit attributable to the Group divided by the average number of shares during the year excluding treasury shares, taking into account the dilutive effect of instruments convertible into ordinary shares.

(3) Dividend to be proposed at the General Meeting of 13 June 2017.

1.2. Breakdown of revenue by reporting unit

(as %)	2016	2015
France	41%	38%
United Kingdom	25%	29%
Other Europe	19%	19%
Sopra Banking Software	9%	8%
Other Solutions	6%	6%
TOTAL	**100%**	**100%**

1.3. Revenue by vertical market

(as %)	2016	2015
Banking	22%	21%
Insurance	5%	5%
Public sector	23%	25%
Aerospace, Defence, Homeland Security	19%	16%
Energy, Utilities	8%	8%
Telecoms, Media and Games	6%	6%
Transport	6%	5%
Retail	2%	3%
Other	10%	11%
TOTAL	**100%**	**100%**

2. History of Sopra Steria Group

A PERFORMANCE-ENHANCING CORPORATE PLAN

Sopra Steria has reinforced its position as a European leader in digital transformation. Its shares are listed in the SBF 120 index and, in 2016, the Group posted €3.7 billion in revenue and employed almost 40,000 people in over 20 countries.

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

1968 – 1985

Meeting the needs of an increasingly digital society

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

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

1985 – 2000

An era of rebuilding

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

Steria also reorganises its functional structure. By rationalising and industrialising processes, it gets back on track winning major deals. Everything is ready for the company to plan its initial public offering in 1999.

2000 – 2014

Contributing to clients' digital transformation

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

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

Sopra combines internal and external growth to consolidate its European expansion and its areas of expertise: consulting, systems integration and solutions development. Axway, a subsidiary formed by bringing together the Group's software infrastructure divisions, is floated in 2011 to let it pursue its growth independently and set out to conquer the US market. Sopra is recognised for its expertise in financial services, leading to the creation of Sopra Banking Software in 2012. In 2014, dedicated human resources solutions are brought together in a single subsidiary, Sopra HR Software.

2014 – 2017

A new dimension and stepping up performance

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

In the first few months of 2015, the integration plan jointly designed by Sopra and Steria teams is successfully rolled out in the operational and functional departments of the new Group. At the same time, the Sopra Steria 2020 Project is launched in order to improve performance in all areas and increase added value. By capitalising on an end-to-end offering delivered to major clients using a vertical approach, the project supports initiatives within the area of digital technology and puts the emphasis on advisory services and the development of software solutions, by means of organic growth and acquisitions. In 2016, the Group launches New Way, a three-year programme aiming to unite all employees around a single culture and shared fundamental values. The We Share employee shareholding plan makes employees even more involved in the Group's expansion. With around 8% of share capital held by its employees, Sopra Steria is France's leading digital services company in terms of employee shareholders.

To support the Sopra Steria 2020 Project, strategic investments continue in services, consulting and the development of business-specific solutions. The acquisition of CIMPA in October 2015 boosts the Group's presence in the PLM (product lifecycle management) market. Finalised in January 2017, the merger with software publisher Cassiopae strengthens Sopra Banking Software's position in managing specialised financing.

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

3. Sopra Steria's activities

3.1. A European leader in digital transformation

Sopra Steria, a European leader in digital transformation, has one of the most extensive portfolios of offerings available on the market, spanning consulting and systems integration, the development of industry- and technology-specific solutions, infrastructure management, cybersecurity and business process services (BPS).

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

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

Sopra Steria is an independent group whose founders and managers control 22.7% of its share capital and 32.9% of its theoretical voting rights. With almost 40,000 employees in over 20 countries, it pursues a strategy based on European key accounts.

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

3.1.1. CONSULTING AND SYSTEMS INTEGRATION

a. Consulting

Sopra Steria Consulting, the Group's consulting brand, is one of the major players in the consulting sector. Sopra Steria Consulting has over 40 years' experience in business and technological consultancy for large companies and public bodies, with 2,000 consultants in France and Europe. Its aim is to accelerate the development and competitiveness of its clients by supporting them in their digital transformation. This support mainly involves understanding clients' business issues using substantial sector-specific expertise, and then working to design transformation roadmaps (business processes, IT architecture, change management, etc.) enabling them to make the most of new digital technologies.

b. Systems integration

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

Digital transformation

For Sopra Steria, helping its clients to succeed in their digital transformation means turning their strategic and business challenges into digital initiatives by means of an exclusive end-to-end offering. Whether this takes a vertical approach (from the ideation of a need through to execution) or a horizontal approach (driven by data continuity), Sopra Steria's approach enables it to offer multi-disciplinary teams trained in both new microservices platform management skills, in terms of DevOps and in-cloud development (hard skills), and new ways of designing, delivering and embedding teams (soft skills) that can address the two key elements of successful digital transformation: speed of execution (or delivery in "fast IT" mode), and openness to external ecosystems.

Design and integration

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

Performance and transformation

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

Data and value of use

Once they have been integrated, the systems and technologies implemented give access to reliable, relevant and critical data, offering better analysis of user satisfaction and optimisation of service performance.

With the increasing number of diverse data sources relating to fundamental chances in use, data is a more valuable factor for the company than ever. To increase the value of these data, Sopra Steria has developed specific know-how and expertise to deal with the exponential growth in data volumes relating to new technologies and associated skills (data science, smart machines, automation, artificial intelligence), secure the data regardless of their origin (mobile devices, smart objects, data privacy, the Cloud, multi-modal and multi-channel systems etc.) and use the data in the most relevant way by means of contextualised algorithms.

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

3.1.2. IT INFRASTRUCTURE MANAGEMENT

Sopra Steria operates all or part of an IT infrastructure by delivering services such as:

- the service desk: technical and business assistance to users or client help desks;
- supervision of systems and network infrastructures;
- administration and operation of systems and network infrastructures;
- hosting infrastructures in data centres.

Infrastructure transformation is a major driver of this business.

As a result, upstream of the operating phase, the Group takes responsibility for developing its clients' practices and processes based on organisational and technological standards that are continually optimised, offering services such as:

Infrastructure as a Service (IaaS)

Sopra Steria supports its clients in their transformation by aggregating traditional infrastructure services with cloud services, in a comprehensive and secure IaaS offering.

Cloud service broker offering

Sopra Steria facilitates the integration of cloud services (IaaS, PaaS, SaaS) in the company's ecosystem, regardless of the sourcing method (private or public), via three functions:

- aggregating services within a portal based on service catalogues;
- customising services to suit user profiles;
- integrating services in the information system and orchestration.

End-user-centric approach

Sopra Steria offers an end-user-centric approach that enables users to access any application, any time, anywhere, regardless of the system used.

3.1.3 CYBERSECURITY

Amid an escalating number of increasingly sophisticated cyber-threats, decision-makers have to find the right balance between supporting digital transformation development opportunities and responding to growing regulatory demands.

As a major player in the Cybersecurity sector, Sopra Steria helps it clients rise to this challenge by offering a full range of consulting, solution integration and managed services to meet prevention, protection, detection and reaction needs, with five key areas of expertise:

- **Governance, Risk and Compliance (GRC)**: high value-added advisory services coupled with GRC solution integration in order to provide well-equipped security governance focusing on the management of business risks;
- **Regulatory compliance**: comprehensive help with ensuring compliance with major security regulations (NIS/LPM, GDPR/CNIL, sector-specific regulations), based on both legal and technical expertise;
- **Application security**: a complete programme for securing applications, including a Security by Design project approach and unique code as a service audit capacity;
- **Data security**: an end-to-end and innovative range of data services: strategy, analysis and classification, protection solutions (DLP, DRM), supervision and dashboards;
- **Security Operations Center (SOC) managed services**: a comprehensive and evolving information management solution able to anticipate, detect, analyse and respond to cyberattacks as quickly and accurately as possible thanks to artificial intelligence innovations.

As an operator that is trusted and recognised, in particular by the French national digital security agency (ANSSI), Sopra Steria draws on a network of 700 experts around the world (300 of them in France) and next-generation cybersecurity centres in Europe and Singapore to protect information assets and guarantee service continuity for governments, vitally important operators and sensitive large corporates.

3.1.4. INDUSTRY-SPECIFIC SOLUTIONS

Sopra Steria offers its business expertise to clients via packaged solutions in three areas: Banking, Human Resources and Property Management. The Group adapts and deploys its application solutions to offer its clients high-performance enterprise software packages, in line with the development of their company and the latest information technology, know-how and expertise.

Banking

Sopra Banking Software (a wholly-owned subsidiary of Sopra Steria) produces software solutions for a wide range of banking operations, enabling financial institutions to improve their responsiveness, agility and more generally their productivity. In addition to its software offering, Sopra Banking Software offers deployment, support and training services. In 2016, the subsidiary – with over 800 clients in over 75 countries – showed itself to be a recognised market leader in the world of retail banking, as well as in asset finance, following the acquisition of Cassiopae.

Solutions: Sopra Banking Software's offerings are suitable for retail (direct or branch-based) banks, as well as for private banks. These services also cover more specific needs such as Islamic banking, microfinance and the implementation of 'factory'-style globalised solutions (such as payment and credit solutions). Sopra Banking Suite meets general needs by offering integrated systems, but also more specific vertical market needs such as loan services, payment transactions, management of bank cards and accounts, banking distribution, cash management and regulatory compliance via a wide range of business components which may be linked together. It should be noted that it is also possible to implement these solutions one component at a time, allowing a gradual step by step approach.

With a view to achieving broad coverage in terms of both size of banks and geography, Sopra Banking Suite relies on its two flagship solutions: Amplitude, an integrated solution designed to provide a very broad business offering in emerging markets and among mid-sized banks thanks to its modularity, flexibility and openness, and Platform, designed to provide a comprehensive, innovative and robust solution in mature markets through a blend of components based on a service-oriented architecture.

Services: Sopra Banking Software, a comprehensive service provider, offers a number of services linked to its solution offering. From consulting to analysis, planning, training of teams, implementation and maintenance, Sopra Banking Software supports clients throughout their project.

As well as operating its own solutions, Sopra Banking Software also offers SaaS solutions, notably for direct banks and for regulatory reporting purposes.

Human Resources

Sopra Steria Group also develops human resource management solutions via Sopra HR Software (a wholly-owned subsidiary of Sopra Steria). Sopra HR Software is present in 10 countries, providing comprehensive HR solutions perfectly suited to the needs of human resources departments. Sopra HR Software currently has a workforce of 1,300 people and manages over 12 million employees for 850 clients.

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

Solutions: The Sopra HR Software offerings are based on the most innovative business practices and cover a wide range of functions, including Core HR, Payroll, Time and Activity, Talent Management, HR Space, and Analytics. The offering is based on two product lines (Pléiades and HR Access) aimed at large and medium-sized organisations in the public or private domain, regardless of their business sector, organisational complexity or location.

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

Sopra HR Software operates its own solutions in on-premises or outsourced mode, as well as offering a wide range of managed services.

Property Management

Sopra Steria provides property management solutions for all segments of the social and private property markets. Those solutions' coverage of different operational needs ensures optimised management for companies in these markets according to the type of property managed: offices, housing, shopping centres, warehouses, etc.

Companies' new strategies require them to change how they are organised in order to simplify, facilitate and increase the efficiency of business teams. The aim is to develop business activities by increasing client satisfaction and profitability.

This Sopra Steria Group vision also applies to property management, an area in which information systems are no longer focused on applications but on the real estate asset instead. This innovative approach has changed digital architectures, which need to streamline, share and improve management of information and processes by breaking down the barriers between business lines in the property sector.

The Property Management Information System combines all digital services around a single data repository for the building, the occupant and for the management of real estate assets.

A range of solutions offers clients business functions, from project management to facility management, based on a state-of-the-art property management platform. From a digital standpoint, mobile applications, extranets and collaborative platforms are integrated in these solutions. Data are crucial for companies, and are enhanced since they are based on business processes. The cross-disciplinary nature of these processes leads to an improvement in productivity thanks to the constant connection between users of the information system. Decisions are backed up and made more secure by integrated and customisable analyses.

Sopra Steria Property Solutions offers support solutions suited to each client. Customisation through training and data quality are key themes of these services. Its consultants provide know-how and knowledge throughout the life of the information system.

Property Solutions are offered to clients as a service, leaving them free to focus on their core business.

3.1.5. BUSINESS PROCESS SERVICES

Through its business process services offering, Sopra Steria transforms and operates, for its clients, all or part of a process, a function or many functions within the company.

The Group has become a leading player in optimising operational performance, rationalising costs and improving flexibility within organisations, as well as improving financial control and offering solutions to outsource processes in many different fields:

- finance and administration (F&A and procurement) functions;
- human resources (staff administration and payroll) functions;
- middle office activities (regulatory compliance, billing, etc.);
- front office services (command control room processes for the police, the emergency services and call centres for prisons, etc.).

The teams comprise experts specialising in services and continuous improvement (based on the Lean Six Sigma methodology), applying workforce organisation, process re-engineering and automation in areas ranging from consulting to robotics, machine learning (semantic analysis algorithms) and the design of new operating models. Thanks to many years' experience, they create new value chains, capitalising on practices that achieve the most effective results at a lower cost for our clients.

Sopra Steria is a leader in the business process services market in Europe. In particular, the Group operates the largest Business Processes as a Service (BPaaS) platform in Europe for shared services handling financial and accounting processes (NHS SBS). Moreover, the Group was the first IT service provider to take over the operation of part of the business and back-office processes for a police force in Europe (Cleveland police in the United Kingdom). Winning the SSCL [1] contract at the end of 2013 – with the potential to meet all the British government's front, middle and back office process requirements – considerably strengthened this position. A further breakthrough came in 2015 with the signing of an agreement with the Metropolitan Police Service, the largest police force in the United Kingdom, for Sopra Steria to create a BPaaS platform for the police. This platform is intended to serve several police forces in a similar way to Sopra Steria's multi-client health platform (NHS SBS).

3.2. Business expertise at the heart of our strategy

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

3.2.1. BANKING

This rapidly evolving sector is undergoing major changes. In an environment where regulatory requirements are constantly changing, the digital revolution has led to the emergence of digital banking and increased the expectations of clients who now have multiple banking relationships, and whose behaviour has changed considerably due to technological advancements, particularly in their relationships with banks.

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

Sopra Steria Group and its subsidiary Sopra Banking Software provide comprehensive solutions and turn changes in the banking world into opportunities for their clients, whether in risk management, regulatory compliance, data protection, improving the client

(1) Shared Services Connected Limited, a joint venture between Sopra Steria and the UK Cabinet Office.

experience, optimising performance, delivering differentiation or identifying new sources of income.

3.2.2. INSURANCE

Under pressure from both competitors and regulatory constraints, together with the acceleration of new usage patterns and changes in the behaviour of policyholders, it is clear that insurance companies, mutual insurance companies and social welfare organisations must complete the revolution that has begun in this sector. Four major challenges must be met: control costs, improve the satisfaction of policyholders, comply with new regulations and preserve the levers of growth, all within a very short time to market.

In this market, Sopra Steria offers its clients operational efficiency and a competitive advantage, through services such as: industrialisation and aligning of business processes and information systems, enhanced value of client experience, acceleration of paperless processes and digital transformation, leveraging of data and information assets and the use of smart devices for prevention, big data for combating fraud and artificial intelligence for smart care.

Like other parts of the financial services sector, the insurance sector is under pressure due to competition and subject to increasingly strict regulations. As in other areas, policyholders expect to interact with providers via various channels, and providers are attempting to develop client-centred processes in order to optimise the client experience. In a period characterised by low interest rates, the challenges faced by insurance companies and social welfare providers are compliance with regulatory requirements, reducing costs while optimising efficiency, providing a differentiated and harmonious client experience, and increasing their market share by providing products that meet clients' needs.

Sopra Steria offers products and services that help its clients to meet these challenges. We provide software packages that help organisations to comply with regulatory requirements, and our expertise in big data and data analysis enables clients to better understand their own customers' behaviour. Sopra Steria also has experience and capabilities in optimising and transforming legacy applications, resulting in a reduction in costs and optimised efficiency for our clients. Our digital transformation expertise enables us to work with our clients to develop a multi-channel engagement with policyholders.

3.2.3. PUBLIC SECTOR

Faced with new expectations from citizens and companies, the need to optimise expenses, and the obligation to keep up with regulatory changes, governments continue to implement a huge programme of public sector transformation to transform their activities, organisation and user service offering.

In a context in which the ability of digital technology to speed up the rate of transformation is becoming increasingly clear, Sopra Steria has developed, firstly, solutions centred around digitisation of government services, process re-engineering and, more generally, modernisation of business-specific information systems, and secondly, solutions for pooling the support functions of central government, local authorities and key providers in the health and welfare sectors.

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

3.2.4. AEROSPACE, DEFENCE AND HOMELAND SECURITY

a. Defence

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

With over 40 years' experience in supporting government ministries and departments, Sopra Steria combines pragmatism and innovation, thanks to powerful technological and process solutions:

- interoperability and security of military systems;
- efficiency and overall effectiveness of the armed forces;
- efficiency of the military supply chain (supply chain management);
- reliability of operational and communication information systems;
- access control for sensitive sites, identity management and biometrics;
- control over costs and the complexity of ensuring compliance for command and control systems.

b. Homeland security

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

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

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

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

c. Aerospace

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

For optimal service, companies operating in this sector must align their capacities with the pace of production and optimise their processes and information systems while also improving profitability. Digital continuity and the ability to manage the product lifecycle, from design to manufacture and after-sales services, are crucial. The acquisition in 2015 of CIMPA, a specialist in product lifecycle management, makes total sense in this context.

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

3.2.5. TELECOMS, MEDIA AND GAMES

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

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

- transformation of the telecommunications sector: comprehensive end-to-end digitisation, from client systems to infrastructure, network virtualisation, fixed-mobile convergence, reduction of the time to market, optimisation and digitalisation of customer relationships;
- network management: reduction in infrastructure management costs, introduction and operation of new technologies such as SDN/NF or 5G, reduction in delivery times, sharing of operating and investment expenditures between providers;
- diversification: telecommunications services are the foundation of the digital economy and in addition to traditional services, operators can offer new services such as the internet of things, content distribution and even financial services;
- core media business: use of new technologies, optimisation of advertising revenue, digitisation of content, improvement in the creation and broadcasting of television programmes;
- core Games business: management of customer retention and churn, fraud reduction and control over cash flows, compliance with regulations specific to various games, digitisation of distribution channels, and differentiation by customer experience.

3.2.6. ENERGY AND UTILITIES

Faced with increasingly heavy budgetary, regulatory and fiscal constraints, companies in the energy sector must be increasingly creative to improve their productivity, develop new products and services, control costs, reduce their environmental impact and rationalise their operations. The decisions made at the COP21 climate talks in November 2015 only increase these challenges by encouraging major principals to diversify and innovate even more, to control energy more effectively and revamp their management of customer relationships (companies, local authorities and private individuals).

Other major issues must also be taken into account:

- maintenance of production and distribution infrastructures that are becoming obsolescent;
- rapid change in customer requirements;
- end-to-end control of energy flows (from production to the end-user via smart meters);
- the transition to new generations, particularly on the production side.

Sopra Steria helps energy suppliers and utilities transform all their key processes: exploration, production and trading, transport and distribution, marketing and services.

3.2.7. TRANSPORT

The transport sector is undergoing far-reaching changes: increasing openness to competition, growing European and urban traffic, new modes of transport (car sharing, low-cost operators, long-distance buses, etc.), the digital revolution (Uber, BlaBlaCar, etc.) and the renovation of old networks.

Faced with these major challenges, the transport sector must change and:

- propose multiple or integrated offerings (bus, taxi, bike, etc.): door-to-door;
- become customer-centred and develop loyalty;
- propose new services (luggage, guarantees for passengers, mobile ticketing).

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

- infrastructure management: asset management, development of mobile tools for maintenance, paperless records, etc.;
- traffic management: from timetable design to transport planning, fleet management and supervision of rail, road and air traffic;

- traveller experience: mobile ticketing, boarding and access control, passenger information.

Sopra Steria offers innovative approaches (co-design, design-thinking, agility, digital labs, etc.) and has the expertise to support its clients in numerous areas such as the Internet of Things, mobile app labs, cloud computing, Big Data, and so on.

Its Cybersecurity centres offer key accounts in the European transport sector a guarantee and total security for their information system.

3.2.8. RETAIL

Retailers face an unfavourable economic environment and profound and continual changes in the patterns of consumption of clients who increasingly use digital technology. Transformation is essential. It involves having secure, controlled business practices as well as a real ability to innovate to meet consumer requirements for immediate and flexible services.

Sopra Steria guides retailers in their digital transformation, making these companies' information systems a lever for performance to:

- guarantee service standards while also optimising recurring costs;
- transform their architecture in order to adapt it to an omnichannel and flexible environment;
- simplify their existing system, improve the level of productivity and processes in a flexible world;
- capitalise fully on technologies in order to maximise revenues and profitability;
- offer a rich, omnichannel experience with connected channels;
- establish a rich, intelligent and constant relationship with their clients;
- innovate and transform within an innovative organisational structure.

3.3. Research and Development of Solutions

The Group stepped up its R&D efforts, investing €111.2 million in 2016 (up from €105.4 million in 2015) in developing and expanding its industry-specific solutions. All of these totals are gross amounts and do not take into account funding related to the French R&D tax credit.

These R&D expenses, which mainly consist of the direct cost of staff dedicated to developing certain solution offerings and software packages produced by Sopra Steria, have been recognised in full in operating expenses.

4. Overview of the digital services sector

4.1. Main markets – Competitive environment of digital services companies

In 2016, the digital services market in Western Europe was worth an estimated $224 billion [(1)].

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

Country *(in billions of US dollars)*	**2016 estimates**
France	27.3
United Kingdom	74.4
Germany	36.0
Rest of Europe	86.1
TOTAL	**223.8**

Source: Gartner, updated first quarter 2017.

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

Business *(in billions of US dollars)*	**2016 estimates**
Consulting	43.4
Development and systems integration	61.1
Outsourced IT services	86.3
Business process outsourcing	33.1
TOTAL	**223.8**

Source: Gartner, updated first quarter 2017.

The European market has three main characteristics:

- three countries alone (the United Kingdom, Germany and France) account for 62% of IT services spending in Europe [(1)];
- outsourcing of technology services (application maintenance and infrastructure management) and business process outsourcing together account for over 53% of IT services spending by European companies [(1)];
- the sector that consumes the most IT services in western Europe is financial services, consisting of banks and insurance companies, which account for 25% of the total market.

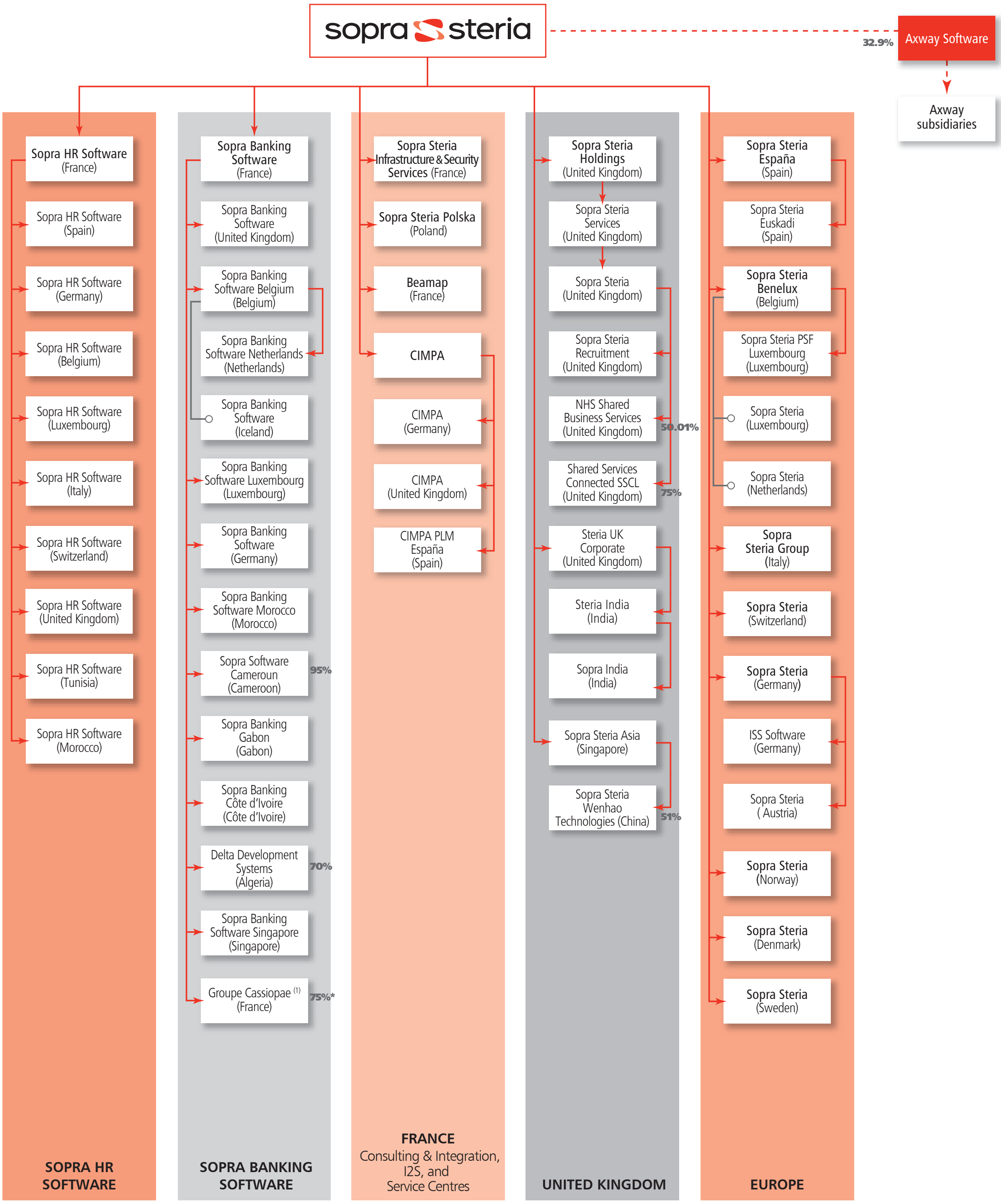
In spite of the recent consolidations, the IT services market remains highly fragmented in Europe. The main competitors of Sopra Steria are divided into three categories:

- players present on all continents, such as IBM, HP EDS, CSC, Accenture, CGI, Capgemini and Atos;
- Indian players such as TCS, Cognizant, Wipro and Infosys;
- local players positioned in niche segments with high added value or general purpose services.

With 2016 revenue of €3.7 billion and a market share of 2%, Sopra Steria is one of Europe's ten largest digital services companies (excluding captive service providers and purely local players).

(1) Source: Gartner, updated first quarter 2017.

5. Simplified Group structure at 31 December 2016



Note: Companies are directly or indirectly more than 95% owned, unless otherwise specified.
(1) The Cassiopae group consists of the holding company KSEOP Holding and its subsidiaries held by Sopra Banking Software since April 2016.
(*) 100% since 26 January 2017.

—o BRANCH

6. Group organisation

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

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

Sopra GMT has an active role in conducting Group operations through:

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

6.1. Permanent structure

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

6.1.1. TIER 1: EXECUTIVE MANAGEMENT

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

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

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

6.1.2. TIER 2: SUBSIDIARIES OR COUNTRIES

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

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

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

6.1.3. TIER 3: DIVISIONS

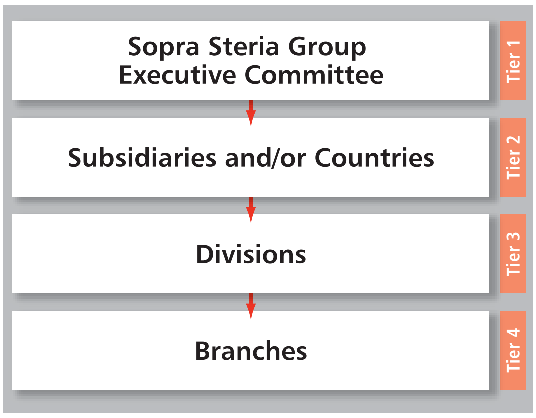
Each country or subsidiary is made up of divisions based on two criteria:

- vertical market;
- geographic area (region).

6.1.4. TIER 4: BRANCHES

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

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



6.1.5. OPERATIONAL SUPPORT FUNCTIONS

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

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

6.1.6. FUNCTIONAL STRUCTURES

The functional departments are:

- the Human Resources Department, the Communications and Marketing Department and the Corporate Responsibility and Sustainable Development Department;
- the Finance and Administration Department, the Legal Department, the Real Estate and Purchasing Department and the Information Systems Department.

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

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

6.1.7. A SOLID, EFFICIENT INDUSTRIAL ORGANISATION

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

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

- production culture: transmission of know-how and expertise in the field;
- choice of personnel: human resources are central to the approach, providing training, support and improved skills for each employee;
- organisation: the Industrial Department and its representatives in the business units control production quality and performance, identify and manage risks, support project managers and roll out industrialised production processes;
- equipment: the Quality System, the eMedia method, the Continuous Delivery Kit (CDK) and associated software tools;
- global delivery model: rationalising production by pooling resources and expertise within service centres, with services located based on the needs of each client (local services in France, nearshore in Spain, North Africa and Poland, and offshore in India).

6.2. Temporary structures for specific deals and projects

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

These are handled by temporary teams:

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

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

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

6.3. Integration governance

The change management plan was established by teams from both Sopra and Steria. In 2015 and 2016, it resulted in a vast integration programme defined for each population and operational and functional entity.

Since the Sopra Steria integration was a success, as demonstrated by ongoing growth and improved profitability, this governance structure was discontinued in October 2016.

7. Review of the Group's position and results

7.1. General context and key events in 2016

During the 2016 financial year, Sopra Steria exceeded its growth, profitability and cash flow targets, delivering a solid operating performance that saw the Group return to its historical performance standards.

The Group's 2016 performance highlights the relevance and success of the tie-up between Sopra and Steria. It also reflects strategic developments initiated by the Group: driving up the value of its offerings through consulting and solutions, strengthening the vertical approach and close client relationship, and stepping up development in the digital segment, which proved particularly buoyant.

Sopra Steria generated 2016 revenue of €3,741.3 million, reflecting buoyant organic growth of 5.2% (at constant exchange rates of 8.3% and total growth of 4.4%). Currency fluctuations had an adverse impact of €130.3 million, mainly due to the drop in the sterling-to-euro exchange rate relative to 2015. Meanwhile, changes in scope had a positive impact of €103.9 million. Overall, Group revenue grew by 4.4% in 2016.

The Group's operating profit on business activity grew by 22.6% relative to 2015, to €301.1 million, a margin of 8.0%, up 1.2 percentage points relative to the previous year.

Net profit attributable to the Group increased significantly to €150.4 million, up 78.2%.

Lastly, the Group considerably improved its free cash flow to €150.6 million (versus €49.3 million in 2015).

7.2. Consolidated financial statements for financial year 2016

7.2.1 PERFORMANCE BY REPORTING UNIT

	2016		2015	
	€m	%	€m	%
France				
Revenue	1,528.1		1,364.3	
Operating profit on business activity	123.3	8.1%	102.0	7.5%
Profit from recurring operations	114.4	7.5%	100.8	7.4%
Operating profit	102.7	6.7%	52.3	3.8%
of which C&SI (including CIMPA)				
Organic growth	*+8.0%*		*+3.5%*	
Revenue	*1,327.4*		*1,161.1*	
Operating profit on business activity	*119.0*	*9.0%*	*101.3*	*8.7%*
Profit from recurring operations	*110.6*	*8.3%*	*100.1*	*8.6%*
Operating profit	*106.1*	*8.0%*	*60.7*	*5.2%*
of which I2S				
Organic growth	*-1.3%*		*-7.8%*	
Revenue	*200.6*		*203.2*	
Operating profit on business activity	*4.4*	*2.2%*	*0.7*	*0.3%*
Profit from recurring operations	*3.8*	*1.9%*	*0.7*	*0.3%*
Operating profit	*-3.4*	*-1.7%*	*-8.4*	*-4.1%*
United Kingdom				
Revenue	927.9		1,042.0	
Operating profit on business activity	74.7	8.0%	76.2	7.3%
Profit from recurring operations	63.1	6.8%	63.3	6.1%
Operating profit	59.4	6.4%	57.1	5.5%
Other Europe				
Revenue	728.1		697.4	
Operating profit on business activity	41.8	5.7%	18.5	2.7%
Profit from recurring operations	39.1	5.4%	17.4	2.5%
Operating profit	31.1	4.3%	5.3	0.8%
Sopra Banking Software				
Revenue	350.9		282.4	
Operating profit on business activity	31.9	9.1%	25.7	9.1%
Profit from recurring operations	22.9	6.5%	20.3	7.2%
Operating profit	19.9	5.7%	20.1	7.1%
Other Solutions				
Revenue	206.4		198.3	
Operating profit on business activity	29.4	14.2%	23.1	11.6%
Profit from recurring operations	28.3	13.7%	23.1	11.6%
Operating profit	26.7	12.9%	17.7	8.9%

In **France**, 2016 revenue came in at €1,528.1 million, equating to organic growth of 6.7% and total growth of 12.0%.

- In **Consulting & Systems Integration**, the Group substantially consolidated its leading position, continuing to win market share from its competitors thanks to very strong momentum: revenue grew by 8.0% on an organic basis to €1,327.4 million, driven by key accounts (up 10%) and consulting services (up 17%) which now account for 12% of total business. The best-performing sectors were defence, aerospace and transport. Strong business growth was coupled with higher profitability, while the Group invested significantly in training (under the New Way programme launched in 2016): the operating margin on business activity came in at 9.0%, compared with 8.7% the previous year.
- **I2S (Infrastructure & Security Services)** posted revenue of €200.6 million. The IT infrastructure management business, which accounts for 90% of the entity's revenue, continued to refocus on higher-added-value services. This resulted in a slight organic decrease in revenue (down 1.3%) and the confirmation of the recovery in profitability begun two years ago. All in all, I2S's operating margin increased by 1.9 percentage points relative to 2015, to 2.2%. This performance has enabled the Group to maintain a target operating margin on business activity of almost 5% for 2017, as set in 2015.

In the **United Kingdom**, the Brexit had no material impact on business in the financial year. However, the British pound fell by an average of 11.4% against the euro, generating a translation loss of €117.5 million. Full-year revenue of €927.9 million was down 11.0% relative to 2015. However, at constant scope and exchange rates, revenue was stable (up 0.4%). Public sector business grew by 2.0%. The private sector business was reorganised, resulting in the beginnings of an improvement. As regards profitability, the region's operating margin on business activity increased by 0.7 percentage points relative to 2015, reaching 8.0%.

The **Other Europe** region's performance in 2016 reflected the success of the recovery plan put in place two years ago, particularly in Germany, where the transformation was a clear success. The region generated revenue of €728.1 million, equating to organic growth of 5.8%. Nearly all countries posted growth, with Spain, Benelux and Norway particularly buoyant. Meanwhile, the region's profitability more than doubled relative to 2015. The operating margin on business activity came in at 5.7%, compared with 2.7% the previous year, mainly thanks to a very strong improvement in Germany, which returned to profit (delivering an operating margin on business activity of 5.7%, compared with 0% in 2015).

For **Sopra Banking Software,** 2016 was a year of significant development and consolidation. Revenue grew by 24.3% (of which 11.7% organic) to €350.9 million. Significant new ground was gained in specialist loans (with the acquisition of Cassiopae in April 2016) and payments (with Sopra Banking Platform for Payments launched for Transactis). Significant milestones were achieved on the product roadmaps, notably Platform, with the delivery of the account management module. A number of major new contracts were also won on Platform (seven new clients) and demand remained strong on Amplitude (with 13 new clients and 23 go-live decisions). Lastly, investment increased, with research and development expenses (recognised in the income statement) up €14 million. Against this backdrop, the operating margin on business activity held steady relative to 2015, coming in at 9.1%.

Other Solutions (Human Resource Solutions and Property Management Solutions) posted 2016 revenue of €206.4 million, equating to organic growth of 3.7%. Human Resource Solutions benefited from strong momentum in the second half of the year after delays signing contracts in the first half. Meanwhile, Property Management Solutions delivered sustained growth throughout the year. The reporting unit's profitability increased sharply, with an operating margin on business activity of 14.2% (compared with 11.6% in 2015).

7.2.2. CONSOLIDATED INCOME STATEMENT

(in millions of euros)	2016	2015
Revenue	**3,741.3**	**3,584.4**
Staff costs	-2,257.3	-2,185.6
External purchases and expenses	-1,118.0	-1,087.9
Taxes and duties	-37.2	-32.4
Depreciation, amortisation, provisions and impairment	-44.1	-58.4
Other current operating income and expenses	16.5	25.3
Operating profit on business activity	**301.1**	**245.5**
as % of revenue	*8.0%*	*6.8%*
Expenses related to stock options and related items	-12.1	-1.2
Amortisation of allocated intangible assets	-21.1	-19.4
Profit from recurring operations	**267.8**	**225.0**
as % of revenue	*7.2%*	*6.3%*
Other operating income and expenses	-27.6	-72.4
Operating profit	**240.2**	**152.6**
as % of revenue	*6.4%*	*4.3%*
Cost of net financial debt	-6.7	-8.1
Other financial income and expenses	-7.6	-14.9
Income tax expense	-80.9	-47.2
Net profit from associates	10.8	7.2
Net profit from continuing operations	**155.8**	**89.6**
Net profit from discontinued operations	-	-
Consolidated net profit	**155.8**	**89.6**
as % of revenue	*4.2%*	*2.5%*
Non-controlling interests	5.4	5.2
NET PROFIT ATTRIBUTABLE TO THE GROUP	**150.4**	**84.4**
as % of revenue	*4.0%*	*2.4%*
EARNINGS PER SHARE (IN EUROS)		
Basic earnings per share	7.50	4.27
Fully diluted earnings per share	7.49	4.26

Revenue

Revenue increased from €3,584.4 million in 2015 to €3,741.3 million in 2016, equating to total growth of 4.4%. This represents a change of €156.9 million, which breaks down as follows:

- a negative currency effect of €130.3 million, mainly due to sterling;
- an effect of changes in the scope of consolidation of €103.9 million;
- organic growth was €183.3 million or 5.2%.

Expenses included in Operating profit on business activity

The 0.7-point reduction in staff costs relative to revenue between fiscal years 2015 and 2016 reflects the overall improvement in Sopra Steria Group's operating performance.

The rate of consultant downtime (number of days between contracts excluding training, sickness, leave and pre-sales as a percentage of total number of workable days) was 3.9% over 12 months in 2016. The 2015 downtime rate was 4.1%.

External purchases and expenses went from 30.4% to 29.9% of revenue. They remained under control across all departments and countries.

Depreciation, amortisation, provisions and impairment totalled €44.1 million in 2016 compared with €58.4 million in 2015, a reduction of €14.3 million. This is due to a €2.0 million reduction in amortisation and depreciation expenses (mainly due to exchange rate fluctuations), lower additions to provisions for current assets in 2016 than in 2015 (€4.0 million) and reversals of provisions totalling €8.0 million, including €4.0 million in respect of foreign exchange effects.

Operating profit on business activity

Operating profit on business activity represented 8.0% of revenue at €301.1 million, compared with 6.8% and €245.5 million in 2015.

Profit from recurring operations

Profit from recurring operations totalled €267.8 million after taking into account expenses relating to stock options and bonus shares, as well as amortisation expenses on allocated intangible assets.

- Expenses relating to existing bonus share plans and stock option plans totalled €12.1 million, compared with €1.2 million in 2015:
  - in the first half of 2016, Sopra Steria Group introduced an employee shareholding plan concerning 193,000 shares, of which 96,500 were bought by employees and 96,500 were awarded to employees by the Group. The cost of this plan includes expenses relating to the application of IFRS 2, social security charges in France and implementation costs (solicitors' fees), representing a total of €10.0 million,
  - a plan to award free performance shares was launched in June 2016. A total of 88,500 shares have been awarded to employees and/or corporate officers. The number of shares delivered will depend on performance criteria being met in 2016, 2017 and 2018. A total cost of €1.6 million was recorded in respect of 2016;
- Amortisation expenses on intangible assets totalled €21.1 million in 2016, compared with €19.4 million in 2015. This increase is primarily due to the acquisition of Cassiopae, representing an additional expense of €2.6 million.

Operating profit

Other operating income and expenses represented a €72.4 million expense in 2015, most of this (€46.7 million) in France, as a result of restructuring measures following the Sopra-Steria tie-up. A total of €27.6 million was recognised in 2016, representing a reduction of €44.8 million, mainly in France.

Financial income and expenses

The cost of net financial debt amounted to €6.7 million in 2016, compared with €8.1 million in 2015. It should be noted that financial income and expenses included interest income for €9.6 million in 2016. It chiefly concerned available cash in India, which stood at €114.1 million at end-December 2016.

Other financial income and expenses amounted to a net expense of €7.6 million, compared with a net expense of €14.9 million in 2015, mainly relating to three types of transactions:

- discounting gains and losses (retirement benefits, employee profit-sharing, earnout obligations);
- the change in the value of interest rate hedging instruments;
- foreign exchange gains and losses.

Tax expense

The tax expense totalled €80.9 million in 2016, compared with €47.2 million in 2015. This equates to an effective tax rate of 35.8% in 2016, compared with 36.4% in 2015. These transactions are discussed in Note 6 to the consolidated financial statements.

Share of net profit from equity-accounted companies

Profit for 2016 was essentially comprised of €10.4 million in respect of the share of Axway's profit for the period (32.89% of €31.5 million).

Net profit

The net profit attributable to the Group amounted to €150.4 million, or 4.0% of revenue, compared with €84.4 million, or 2.4% of revenue, in 2015.

Earnings per share

Basic net earnings per share were €7.50, based on a weighted average of 20.04 million shares in issue during the financial year. The figure of €4.27 for basic earnings per share in 2015 was based on a weighted average of 19.8 million shares. Diluted earnings per share amounted to €7.49, compared with €4.26 in 2015.

7.2.3. BALANCE SHEET AND FINANCIAL STRUCTURE

Assets *(in millions of euros)*	**31/12/2016**	**31/12/2015**
Goodwill	1,557.0	1,586.9
Intangible assets	199.6	214.0
Property, plant and equipment	120.7	118.5
Equity-accounted investments	202.3	154.4
Other non-current financial assets	22.8	77.7
Retirement benefits and similar obligations	4.1	7.9
Deferred tax assets	144.8	142.7
Non-current assets	**2,251.3**	**2,302.1**
Trade accounts receivable	1,132.7	1,099.8
Other current assets	231.1	191.6
Cash and cash equivalents	265.4	222.7
Current assets	**1,629.3**	**1,514.0**
Assets held for sale	4.4	5.1
TOTAL ASSETS	**3,884.9**	**3,821.3**

Liabilities and equity *(in millions of euros)*	**31/12/2016**	**31/12/2015**
Share capital	20.5	20.4
Share premium	530.5	528.3
Consolidated reserves and other reserves	369.1	561.3
Profit/(loss) for the year	150.4	84.4
Equity attributable to the Group	**1,070.6**	**1,194.4**
Non-controlling interests	**32.5**	**38.7**
TOTAL EQUITY	**1,103.1**	**1,233.1**
Financial debt – non-current	402.6	437.8
Deferred tax liabilities	15.9	15.8
Retirement benefits and similar obligations	468.6	317.3
Non-current provisions	49.7	38.6
Other non-current liabilities	86.4	86.4
Non-current liabilities	**1,023.3**	**895.9**
Financial debt - current	368.8	315.7
Current provisions	66.7	88.2
Trade payables	285.9	257.5
Other current liabilities	1,037.1	1,030.9
Current liabilities	**1,758.5**	**1,692.2**
Liabilities held for sale	0.1	0.1
TOTAL LIABILITIES	**2,781.8**	**2,588.2**
TOTAL LIABILITIES AND EQUITY	**3,884.9**	**3,821.3**

The change in goodwill is mainly due to new goodwill arising on acquisition of the Cassiopae group and LASCE Associates, as well as the fluctuation in currency translation adjustments, particularly in the United Kingdom as a result of changes in the value of sterling.

Equity-accounted investments increased by €47.9 million. These investments relate primarily to the 32.89% stake held in Axway as at 31 December 2016, as well as 35.41% of voting rights. On 31 May 2016, Sopra Steria Group acquired the stake held by Geninfo (Société Générale group) in Axway, amounting to 1,793,625 shares (8.62% of the share capital). This transaction was completed as an over-the-counter block sale at the price of €21.50 per share for a total amount of €38.6 million.

Shareholders' equity decreased from €1,233.1 million at end-2015 to €1,103.1 million at end-2016, adversely affected by currency translation adjustments totalling €94.2 million and an increase in provisions for post-employment benefits.

Provisions for retirement benefits and similar obligations rose from €309.4 million at end-December 2015 to €464.5 million at end-December 2016. The difference relative to 2015 mainly arises from updating the United Kingdom pension fund deficit. The main reason for this is the decline in long-term interest rates in the United Kingdom.

Sopra Steria's financial position at 31 December 2016 was robust in terms of both financial ratios and liquidity.

Free cash flow improved sharply relative to 2015 (€150.6 million vs. €49.3 million).

Net financial debt stood at €506.0 million at end-2016, down €24.8 million relative to end-2015 and equating to 1.47x EBITDA (with the bank covenant stipulating a maximum of 3x).

At 31 December 2016, the Group had total financing of €1.5 billion, of which €1.1 billion was available [(1)]. The Group's bank facilities were renegotiated on 7 July 2016 for a period of five years (with extensions possible to 2022 and 2023).

At end-December 2016, bank covenants remained well within the stipulated limits.

Ratings by financial ratings agencies

The Company is not rated by any financial rating agencies.

7.3. Investments during the year

7.3.1. ACQUISITIONS IN 2016

Sopra Steria Group made five acquisitions in 2016. Two acquisitions were within the Other Solutions sector for the Property Management division (EchoSystems and Active3D), with Cassiopae adding to Sopra Banking Software's product portfolio, and two acquisitions were carried out in consulting (LASCE Associates and Solid Group).

a. Cassiopae

On 28 April 2016, Sopra Banking Software completed its acquisition of 75% of the share capital of KSEOP, parent company of the **Cassiopae** group, a leading developer of specialised finance and property management software. With operations in 40 countries, Cassiopae posted revenue of €48.9 million in 2015 and serves more than 300 clients.

At the end of January 2017, Sopra Banking Software acquired the 25% stake in KSEOP still held by the company's historic shareholders.

b. Other acquisitions

- **EchoSystems**: At the end of February 2016, Sopra Steria Group acquired the business assets of EchoSystems. These operations have been integrated into Sopra Steria Group's Property Management business. In 2015, **EchoSystems** generated around €1 million in revenue;
- **LASCE Associates**: At the beginning of July 2016, Sopra Steria completed the acquisition of **LASCE Associates**, a consulting firm specialising in operational excellence in manufacturing and logistics. This acquisition enhances the Group's ability to provide consulting services for its strategic clients' core business needs. In addition, this unlocks synergies with CIMPA, reinforcing its end-to-end range of industrial-scale services offered to the Group's major clients. LASCE Associates has 65 employees. Over the period from June 2015 to June 2016, LASCE Associates generated around €9 million in revenue and €1.3 million in operating profit;
- **Active3D**: At the beginning of July 2016, Sopra Steria completed the acquisition of **Active3D**, a building energy management software vendor whose core area of expertise is digital modelling or Building Information Modelling (BIM). This business generates revenue of around €2 million a year;
- **Solid Group**: Sopra Steria AS (Norway) acquired an SAP consulting business in October. This business represents 15 employees and generates revenue of around €1 million a year.

7.3.2. ACQUISITION OF 8.62% OF AXWAY

At the end of May 2016, Sopra Steria acquired the stake held by Geninfo in Axway, amounting to 1,793,625 shares (8.62% of share capital). As a result, Sopra Steria's shareholding in Axway grew to 33.52%. Taking account of the options exercised in 2016 at Axway, this shareholding was reduced to 32.89% at 31 December.

The shares were bought at a price of €21.50 per share, representing a total cost of €38.6 million.

7.3.3. FACILITIES

A total of €36.8 million was invested in 2016 in infrastructure and technical facilities, as against €39.8 million in 2015.

Investments in facilities comprised the following:

- land and buildings: €0.3 million;
- fixtures and fittings: €15.5 million;
- IT equipment €21.0 million.

(1) Assuming a constant amount of commercial paper (€302.7 million at 31 December 2016) and overdrafts.

8. 2016 Sopra Steria Group SA individual financial statements

Sopra Steria Group SA comprises all of the Group's French consulting, systems integration and property solutions development activities, as well as all of its central services (Executive Management, operational support functions and functional structures). It has systems integration and solutions subsidiaries in Europe, software development subsidiaries for banking (Sopra Banking Software) and human resources management (Sopra HR Software), infrastructure subsidiary Sopra Steria Infrastructure & Security Services, and a 32.89% stake in global software vendor Axway Software, the market leader in data flow governance.

The accounts are presented in detail in Chapter 5 of this Registration Document (pages 213 to 243).

8.1. Income statement

(In thousands of euros)	2016	2015
Net revenue	1,393,280	1,289,104
Other operating income	38,506	57,966
Operating income	**1,431,786**	**1,347,070**
Purchases consumed	443,390	376,122
Staff costs	839,900	839,901
Other operating expenses	797	750
Taxes and duties	37,311	33,747
Depreciation, amortisation, provisions and impairment	21,037	26,391
Operating expenses	**1,342,435**	**1,276,911**
Operating profit/(loss)	**89,351**	**70,159**
Financial income and expenses	38,862	-6,270
Pre-tax profit/(loss) on ordinary activities	**128,213**	**63,889**
Exceptional income and expenses	19,743	-33,263
Employee profit sharing and incentives	-9,302	-5,554
Corporate income tax	3,368	8,286
NET PROFIT/(LOSS)	**142,022**	**33,358**

Revenue totalled €1,393.3 million in 2016, compared with €1,289.1 million in 2015.

Operating profit came in at €89.4 million in 2016, compared with an operating loss of €70.2 million in 2015.

Financial income and expenses amounted to net income of €38.9 million in 2016, compared with a net expense of €6.3 million in 2015.

Pre-tax profit on ordinary activities totalled €128.2 million in 2016, compared with €63.9 million in 2015.

Exceptional income and expenses showed income of €19.7 million in 2016, compared with a €33.3 million expense in 2015.

The expense on employee profit-sharing and incentives went from €5.6 million in 2015 to €9.3 million in 2016, while the corporate income tax expense went from €8.3 million in 2015 to €3.4 million in 2016.

Net profit went from €33.4 million in 2015 to €142.0 million in 2016.

Research and development on Solutions represented an investment of €17.1 million, mainly in the area of property management. These costs are fully expensed.

In accordance with Article 39-4 of the French General Tax Code, the accounts for the financial year ended include an expense of €427,385 in respect of non-tax-deductible expenditures.

8.2. Balance sheet

Assets *(In thousands of euros)*	**2016**	**2015**
Intangible assets	105,086	576,588
Property, plant and equipment	48,857	47,708
Financial investments	1,790,154	1,278,215
Non-current assets	**1,944,097**	**1,902,511**
Stock and work in progress	33	8
Trade accounts receivable	425,973	399,183
Other receivables, prepayments and accrued income	190,965	157,840
Cash	107,716	36,061
Current assets	**724,687**	**593,092**
Debt issuance costs	622	889
Translation adjustments – Asset	7,173	179
TOTAL ASSETS	**2,676,579**	**2,496,671**

Liabilities and equity *(in thousands of euros)*	**2016**	**2015**
Share capital	20,532	20,447
Share premium	531,381	528,315
Reserves	162,856	164,070
Net profit/(loss) for the year	142,022	33,358
Equity	**856,791**	**746,190**
Provisions	**105,676**	**89,387**
Financial debt	961,732	970,364
Trade payables	119,303	91,259
Tax and social security payables	315,451	329,348
Other liabilities, accruals and deferred income	309,343	259,000
Liabilities	**1,705,829**	**1,649,971**
Translation adjustments – Liability	8,283	11,123
TOTAL LIABILITIES AND EQUITY	**2,676,579**	**2,496,671**

Equity increased from €746.2 million at the end of 2015 to €856.8 million at the end of 2016.

To reflect ANC Regulation 2015-06 on the treatment of goodwill and merger losses, the company recognised a transfer of €481.5k from "Intangible assets" to "Other non-current financial assets". This allocation did not have any impact on the impairment testing of the financial investments concerned.

Pursuant to the provisions of Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, trade accounts payable broke down as follows:

(in thousands of euros)	**Total amount outstanding**	**Amount not yet due**	**Amount fewer than 60 days past due**	**Amount more than 60 days past due**
At 31 December 2015	91,259	89,378	400	1,481
At 31 December 2016	119,303	118618	0	685

Sopra Steria observes the payment terms required by law in France for trade accounts payable: a maximum of 60 days from the issue date of the invoice.

Non-current assets totalled €1,944.1 million in 2016, compared with €1,902.5 million in 2015. This includes financial investments of €1,790.2 million in 2016, compared with €1,278.2 million in 2015, intangible assets of €105.1 million in 2016, compared with €576.6 million in 2015, and property, plant and equipment of €48.9 million in 2016, compared with €47.7 million in 2015.

8.3. Identity of shareholders

Sopra Steria Group's share ownership structure is described in Chapter 6, Section 2 ("Current ownership") of this Registration Document (page 247).

9. Strategy and objectives

9.1. Strong and original positioning in Europe

Sopra Steria aims to become a leader for digital transformation in Europe, with a comprehensive, high value-added offering, enabling its clients to make the best use of digital technology to innovate, transform their operations and optimise their performance. The Group's aim is to be the benchmark partner for large public authorities, financial and industrial operators and strategic companies in the main countries in which it operates.

Sopra Steria will differentiate itself more clearly from its competitors by continuing to build an edge in its two key areas of specialisation:

- industry-specific solutions which, when combined with the Group's full range of services, make its offering unique;
- very close relationships with its clients, thanks to its roots in the regions where it operates and its ability to meet core business requirements without taking the prescriptive approach favoured by certain global providers.

9.2. Priorities for action

9.2.1. ACCELERATION OF SOLUTIONS DEVELOPMENT

In software, the ambitions and momentum of Sopra Steria – now ranked France's number two software vendor [(1)] – have been confirmed. The Group has reaffirmed the medium-term target of bringing the share of its solution development and integration activities to 20% of its revenue. Combining organic and external growth, efforts will continue to enrich the Group's offering, in particular to open it up to the digital world, as well as developing managed services and geographic expansion, which may go beyond Europe. The development of Sopra Banking Software is a priority. The Group will also continue to strengthen its leading position in Human Resources and Property Management, remaining on the look-out for new sector opportunities.

9.2.2. ENHANCED VERTICAL STRATEGY

Focused business development

To support the positioning that it has chosen, the Group is continuing its policy of concentrating on certain targeted vertical markets and key accounts across all of its locations. Business development focuses on eight priority vertical markets, together accounting for almost 90% of revenue: Banking; Public Sector; Aerospace, Defence and Security; Energy and Utilities; Telecoms and Media, Transport, Insurance and Retail.

For each vertical, the Group selects a small number of major accounts (in total, fewer than 100 at Group level) and different areas of business in which it aims to secure a leading position through high value-added end-to-end offerings.

End-to-end offerings

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

9.2.3. DEVELOPMENT OF CONSULTING ACTIVITIES ACROSS THE ENTIRE GROUP

In order to position itself even more securely with client decision-makers at the department level, the Group is working to accelerate its development in consulting and has set itself the medium-term target of increasing the proportion of its business in this area to 15% of revenue. To do this, it is gradually developing a range of consulting services and capacity in all of the regions in which it operates, focusing primarily on digital technology, using a model that favours synergies with the Group's other business lines.

(1) Source: Truffle 100, April 2016.

9.2.4. ACCELERATION IN DIGITAL TECHNOLOGY

Sopra Steria has successfully completed numerous digital projects. Its experience has allowed it to develop an end-to-end digital transformation approach for companies and governments, based on a series of best practices.

The Group is continuing its own digital transformation to consolidate its leading position in this field.

Solutions

The solutions offered by the Group are beginning to evolve at a rapid rate in order to factor in advances in digital technology in a number of key areas, such as client/user experience, service platforms, analytics, chatbots etc.

The transformation of each of its major service offerings (Consulting, Systems Integration, Application Management, Infrastructure Management, Business Process Services) is also well underway. There are three main aims: to use the immense potential of new technologies for the benefit of all of its clients, to roll out new "ways of doing" resulting from digital technology as widely as possible, and to capitalise on smart machines as a way of improving productivity and service standards.

Operations

Accelerators are put in place as close as possible to operations. A Digital Transformation Office works within each of the Group's entities to facilitate the emergence of digital initiatives and foster internal creativity. Champions of digital technology are also named by priority vertical and key technology in order to increase teams' ability to respond to the business challenges facing their clients by making the best possible use of emerging technologies (Digital Interaction, Smart Machines, Data Science, IoT & Automation, etc.).

The ecosystem of partners and service platforms

Special efforts are being made to establish targeted partnerships with leading players in the digital ecosystem (start-ups and niche players, institutions of higher education and research laboratories, major software publishers and the "big four" - Google, Apple, Facebook and Amazon, etc.). For example, a strategic partnership has been forged between Sopra Steria and Axway, the priority of which is collaboration in the field of digital service platforms.

Innovation

Numerous initiatives are being encouraged to promote and enhance innovation, such as innovation imperatives assigned to project teams, internal innovation competitions, hackathons open to clients and partners, and platforms for digital demonstrations, co-design and technology open to clients and partners in every major location of the Group (DigiLabs) etc.

9.2.5. PURSUING AN ACTIVE EXTERNAL GROWTH POLICY

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

9.3. Recent developments

9.3.1. FINALISATION OF THE TIE-IN WITH CASSIOPAE

In January 2017, Sopra Steria raised its stake in Cassiopae's holding company KSEOP to 100% through its subsidiary Sopra Banking Software.

9.3.2. ESTABLISHMENT OF AN EMPLOYEE SHARE OWNERSHIP PLAN

In a press release dated 14 March 2017, Sopra Steria Group announced the launch of an offer to sell shares reserved for employees belonging to an employee savings plan, named "We Share 2017" ("the Offer").

The Offer is available to employees of the Group in Belgium, Denmark, France, Germany, India, Italy, Luxembourg, Morocco, the Netherlands, Norway, Poland, Singapore, Spain, Sweden and Switzerland who are eligible and belong to the Group Savings Plan (PEG) or the International Group Savings Plan (PEGI).

Sopra Steria's goal with this initiative is to continue to involve its employees more closely in the Group's development and performance.

The offer of Sopra Steria shares to Group employees will be carried out by selling existing treasury shares and/or shares bought back in advance by Sopra Steria under a share buyback programme authorised by the shareholders at the General Meeting of Shareholders of 22 June 2016 in accordance with Article L. 225-209 of the French Commercial Code. The Offer will be realized in accordance with the dispositions of Articles L. 3332-18 and following of the French Labour Code.

On 19 January 2017, the Board of Directors decided to implement this Offer and delegated the powers required to implement it to the Chief Executive Officer. In accordance with the decision of the Board of Directors, the Offer will involve a maximum of 220,000 shares in the Company, corresponding to 110,000 shares purchased by employees and 110,000 free shares awarded as the employer's matching contribution.

On 29 March 2017, the Chief Executive Officer, acting on the authority of the Board of Directors, set the dates of the Offer period and the purchase price.

The purchase price was set at €128.08, corresponding to the average of weighted average prices of Sopra Steria shares on the Euronext Paris market over the 20 trading days preceding the date of the Chief Executive Officer's decision.

The Offer Period was set from 30 March 2017 to 11 April 2017, inclusive.

Settlement of the Offer will take place on 11 May 2017.

This operation was approved by the Autorité des Marchés Financiers on 31 January 2017 (Approval No. FCE20170016).

9.4. Outlook for 2017

In 2017, a number of European countries will experience an adverse calendar effect of two to three days.

The Group has set itself the following targets for financial year 2017:

- organic revenue growth of between 2% and 3%;
- an operating margin on business activity of around 8.5%;
- free cash flow in excess of €150 million.

10. Risk factors

Introduction

Investors are reminded that the list of risks presented below is not exhaustive and that other risks may exist, which were not known or not considered liable to have an adverse effect on the Group, its business, financial condition, results or share price, on the date when this Registration Document was drawn up.

This document contains estimates subject to risks and uncertainties that may affect the Group's future growth and profitability. Readers are reminded that licence agreements, which often represent investments for clients, are generally signed in greater numbers in the second half of the year, with varying impacts on end-of-year performance.

Irrespective of the strategic risk associated with the Group's competitive positioning or potential loss of business model relevance, Executive Management has decided that, within the context of the Group's risk assessment, on an operational level, the main risks are those associated with human resources, project execution and production, business relations with key clients and reputational risk.

10.1. Main operational risk factors

10.1.1. HUMAN RESOURCE RISKS

In a services business where certain skills can be rare and clients have changing requirements, human resources risks are naturally critical. Effective hiring, skills and career management, continuity in key roles, and the sharing of the Group's culture and values are core issues that require constant attention.

One area of central importance in human resource management is the optimisation of – and thus close familiarity with – the Group's existing resources (skills, aptitudes, potential), especially as its operating entities grow in size.

The main human resources risks also arise in relation to recruitment, employee engagement, skills and skill matching to client requirements, forward management of resources, retention and replacement of key employees, turnover and compliance with labour law and employment legislation, as well as the management of labour relations in a complex environment. In light of developments in digitisation and artificial intelligence, particular attention will need to be paid to training, adapting employees to new roles, and future client needs, notably so that organisational structures can rapidly be adjusted. Senior and line managers, the Human Resources Department and the Division HR Managers have an essential role to play in managing these risks. Starting in 2016, a training programme aimed at sharing the Group's values and business fundamentals has been or is in the process of being rolled out across the Group's various entities, beginning with its French entities.

An overview of human resources policy is given in Section 3, "Workforce-related responsibility", of Chapter 3, "Corporate Responsibility Report" (pages 94 to 113).

10.1.2. PROJECT EXECUTION AND PRODUCTION RISKS

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

Production risk management requires familiarity with a number of constantly evolving technical and business environments. It involves the upstream validation of technical, legal and financial specifications, as well as a tried and tested project management methodology designed to integrate the participation of nearshore and offshore production platforms, together with operational and accounting controls.

Depending on the contractual commitments entered into, any failure to provide the services specified in these contracts, or any provision of sub-standard services, may result in a risk for the Group (penalties, client complaints, claims for damages, additional cost, non-payment, early termination of the contracts, reputational risk). In the current environment, clients are increasingly demanding in terms of contractual commitments and guarantees.

Unlike time-and-materials contracts, fixed-price contracts are characterised by commitments regarding price, result and lead times: they may be fixed-price projects such as systems integration or software development, or fixed-price services such as maintenance contracts, third-party application maintenance, infrastructure management or Business Process Services (BPS). Fixed-price service contracts are often multiannual agreements with regular management and follow-up.

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

The breakdown of revenue according to the nature of contracts is summarised in the table below:

(in % of revenue)	2016	2015
Licences	2.2%	1.9%
Fixed-price projects	17.1%	17.5%
Fixed-price services	48.1%	51.2%
Time and materials	32.6%	29.4%
TOTAL	**100%**	**100%**

The increase in the percentage of revenue from "Time and materials" contracts is mainly due to the impact of changes in scope in 2016.

Organisational structures, all processes for reviewing offers, in keeping with the quality control system, as well as reviews by the Legal Department, allow for risks of this kind to be assessed and regulated at the early stage of contracts. The Industrial Department also plays a key role in these reviews.

Risks relating to information security and continuity of service

The reliability of IT and communications infrastructures is an issue of growing importance to production. In view of its business model, with production located a long way from clients (national and worldwide shared service centres in nearshore and offshore countries), the Group is potentially dependent on its remote production centres (offshore centres) and telecommunications networks functioning correctly.

It should be noted that a significant proportion of the Group's production activities are located in India. India still shows various characteristics that may constitute risk factors (including political, economic and social unrest; wage inflation; natural disasters and pandemics). While the Group has four production facilities in India, these sites are located far apart and in three different regions, considerably limiting the consequences of incidents or risks that might arise in a specific region. In addition, using a larger number of production facilities and having a variety of onshore, nearshore and offshore services makes it possible to have backup solutions.

Furthermore, security and the protection of client data are key issues for the Group that could, in the event of failure (loss of data, handling of sensitive data, etc.), result in various risks, including in particular risks to the Group's reputation and image.

The entire organisation concerning information systems security within the Industrial Department has been reinforced. This organisation grew from a need to spur greater involvement among all stakeholders across the Group in analysing information system risks and defining action plans in a context of growing interdependence between entities and onshore and offshore production sites. The Group is aware of the issues linked to information security, and in particular uses the skills developed in its own area of cybersecurity expertise to implement the solutions best suited to its needs, via a scalable approach.

Risk of dependence on suppliers

Both integration projects and managed services and business process services (BPS) contracts involve an increasingly high level of complexity and require working with many partners (such as developers, manufacturers, consultants or IT services companies), thus creating a certain dependence by Sopra Steria Group on some suppliers. The IT world is, however, characterised by a multiplicity of actors, thus substantially reducing the risk of dependency. Although there are alternative solutions for most software, hardware and networks and although the Group has maintained commercial relations with most large suppliers, some projects could be affected by a residual risk of potential failure of its suppliers.

10.1.3. RISKS RELATED TO BUSINESS RELATIONS WITH KEY CLIENTS

To do business effectively, the Group must be able to draw on the full range of its customer knowledge. Proper management and use of this knowledge is key to understanding and responding appropriately to clients' needs. It also allows for better management of the risk of losing a client or a major contract. The sales approach used for key accounts is coordinated by a procedure involving the members of the Executive Committee for the management of major sales programmes.

In 2016, the Group's top client accounted for 6.7% of revenue; the top five clients represented 21.4% and the top ten represented 32.2%.

In 2015, the Group's top client accounted for 7% of revenue; the top five clients represented 18.4% and the top ten represented 28.05%.

Main clients include:

- in France: Airbus Group, EDF, Société Générale, Orange, Crédit Agricole, SNCF and BNP Paribas;
- in the United Kingdom: Ministry of Justice, Home Office, Ministry of Defence and National Health Service.

10.1.4. RISKS TO REPUTATION AND IMAGE

Since the Group gives priority to a strategy focusing on key accounts, and is recognised for its ability to manage complex development, data processing and storage, transformation and execution issues in visible and sensitive areas, any difficulties that may arise in managing these projects could affect the Group's reputation. The risk management organisation that has been set up within the Group, which is described in Section 11 below (starting on page 42), helps pre-empt the development of such risks and ensure the Group is prepared to manage them.

10.1.5. INDUSTRIAL AND ENVIRONMENTAL RISKS

Since it operates exclusively in the mainly intangible field of IT services, the Group's environmental impact is not extensive. However, although that impact is judged to be of low significance due to the nature of the Group's activities, the Group nevertheless endeavours to limit it. (See Chapter 3, Section 4 of this document starting on page 113).

10.2. Business environment-related risks

Sopra Steria Group has locations in a number of different countries. Even though it operates what are generally considered stable countries, the Group may be exposed to political and economic risks. Furthermore, in addition to geopolitical risks, in a difficult economic climate or new political climate, some governments may be tempted to adopt new regulations, taxes and duties. Specific monitoring of legislative and regulatory developments has been put in place in countries considered at risk.

10.3. Financial risks

Within the Group's Finance Department, the Financing and Treasury Department offers and oversees the application of regulations concerning management of liquidity risk, market risk (forex, interest rates and equities) and associated counterparty risks. These risks are managed on a centralised basis at the level of the Sopra Steria Group parent company and financing, investment, identification and risk hedging strategies are reviewed regularly by the Group's Finance Department.

The Group's policy is not to conduct speculative transactions on financial markets.

Financial risk factors are detailed in Notes 11.5 and following to the consolidated financial statements in Chapter 4 of this document (pages 193 to 201).

10.3.1. LIQUIDITY RISK

At 31 December 2016, the Group had total financing of €1.5 billion. The Group's bank facilities were renegotiated on 7 July 2016 for a period of five years (with extensions possible to 2022 and 2023). Detailed information about credit facilities and their use is provided in Chapter 4, Note 11.5.1 to the consolidated financial statements (pages 193 to 196).

As the majority of the Group's financing is borne by the parent company, implementation of financial policy is largely centralised.

10.3.2. INTEREST RATE RISK

Interest rate risk concerns the Group's debts and financial investments and the financial terms (fixed/floating rate).

The Group may be impacted in the event of unfavourable variations in interest rates. The impact would concern financing costs, interest paid on investments and the Group's future financial flows.

As part of its financing policy, the Group uses financing either at fixed rates or at floating rates.

The Group's aim is to protect itself against interest rate fluctuations by hedging a large part of its floating-rate debt. To do this, the Group uses different derivative instruments available on the market, restricting itself to vanilla products (interest rate swaps, caps, collars etc.). As regards financial investments, the Group favours security over returns, opting in particular for investment terms of less than three months.

See Note 11.5.3 to the Group's consolidated financial statements in Chapter 4 (pages 196 to 199).

10.3.3. FOREIGN EXCHANGE RISK

Foreign exchange risk is defined as the impact on the Group's financial indicators of fluctuations in exchange rates relating to its business activities. The Group is exposed to transactional foreign exchange risk as well as translation foreign exchange risk.

Transactional foreign exchange risk affects the Group when balance sheet items – mainly cash, trade receivables, operating receivables and financial debt – are denominated in foreign currencies. The Group is then exposed to a potential risk of fluctuation in exchange rates between the accounting date and the settlement date.

Translation foreign exchange risk arises from subsidiaries' investments and assets in foreign currencies when they are converted into euros during the consolidation process.

The Group Finance Department provides hedging for such risks via futures or options entered into either on organised markets or over the counter with top-tier counterparties that are members of the banking syndicate.

See Note 11.5.4 to the Group's consolidated financial statements in Chapter 4 (pages 199 to 201).

10.3.4. BANK COUNTERPARTY RISK

Within the framework of its financial investments and market risk hedging transactions (interest rate and foreign exchange risk), the Group is exposed to a bank counterparty risk.

All foreign currency and interest rate hedges are put in place with leading banks belonging to the Group's banking syndicate, with which market transaction agreements have been signed.

The Group favours short-term investments with banks that form part of its banking syndicate. These investments are subject to approval by the Group, and comply with internally defined principles of prudence.

See Note 11.5.2 to the Group's consolidated financial statements in Chapter 4 (page 196).

10.3.5. CLIENT RISK

A large proportion of the Group's revenue is generated by business with public authorities and European government entities. A very small proportion of revenue is generated by business with clients residing outside the OECD, and the largest proportion of revenue is generated by key accounts, in accordance with the Group's business strategy.

These factors help to reduce the Group's credit risk profile. Solvency risk takes into account factors that are exclusively internal to the Group as well as contextual factors such as geographical location, overall economic situation and segment growth forecasts.

Thanks to these various measures, the Group considers that it has introduced a mechanism that significantly reduces its counterparty risk in the current economic context. However, the Group remains subject to a residual risk which may affect its performance under certain conditions.

10.3.6. EQUITY RISK

The Group does not hold any investments in equities or any equity interests in listed companies other than Axway Software shares, which are recognised using the equity method (see Note 9.1 to the Group's consolidated financial statements, in Chapter 4 (page 184) and which represented €200 million at 31 December 2016.

These equity investments are made for strategic rather than financial reasons. Given the limited number of treasury shares held, the Group is not materially exposed to equity risk. Furthermore, since the value of treasury shares is deducted from equity, changes in the share price have no impact on the consolidated income statement.

10.4. Risks associated with retirement benefit obligations (pension funds)

Sopra Steria Group provides its employees with retirement benefits in several countries. Such benefits are provided by associated pension funds or directly by the Group. The pension plans are either defined benefit plans (where the individual is guaranteed a certain percentage of his or her salary as a benefit) or defined contribution plans (where the benefit is determined based on the investment returns achieved over the contribution period).

In the case of defined benefit plans, the employer is obliged to cover any difference (deficit) between the value of the fund assets and the pension obligations to be paid.

Both assets and liabilities are impacted by any changes in long-term interest rates, life expectancy and more generally any changes in the financial markets, as well as any changes in macro-economic parameters.

In the United Kingdom (66.1% of the Group's pension liabilities), assets are managed by fund trustees and invested in different asset classes (including shares) subject to the risk of fluctuations in financial markets.

It should be noted that since 2010, defined-benefit plans in the United Kingdom have been replaced within the Group by defined contribution plans, though benefits vested prior to this decision remain in effect. The defined benefit plans are exceptionally maintained in connection with a few public- sector outsourcing projects, to comply with the legislation and commitments made to clients.

In 2014, as part of its three-yearly negotiations, Sopra Steria Group reached an agreement with the trustees in the United Kingdom for additional future UK pension fund contributions aimed at absorbing deficits over a period of 4 to 13 years depending on the plan. To date, another three-yearly negotiation is in progress with the trustees to determine additional and future contributions that may be needed to absorb the deficits. This discussion should reach a conclusion between March and June 2017.

The Company keeps itself informed of the strategy for investing funds and the asset and liabilities management approach decided on by the trustees, which include its representatives, and shares the aim of reducing volatility and exposure to interest rate and inflation risks. Any economic impact of these variations must be assessed over the medium and long term, according to the duration of the obligations. Deficits resulting from such variations in assets and/or liabilities do not necessarily change in the same direction. Changes in regulations or accounting standards may cause an increase in obligations and have a negative impact on the Group's financial statements.

It should be noted that legal proceedings have been initiated by the Steria Pension Plan Trustees before the High Court of Justice in order to confirm the validity and date of effect of an amendment to the agreement concerning defined benefit plans. This amendment, signed in 2006, changed employees' contributions and future rights (no new future rights have been vested since 2010). Sopra Steria Limited as Principal employer is also party to the proceedings.

In the event of an unfavourable outcome, there may be a risk of revaluation of contributions and future rights.

In view of this situation, the Trustees and Sopra Steria have – against previous advice – launched legal proceedings to establish liability and seek compensation for all damages suffered; these proceedings are currently suspended pending a decision by the High Court of Justice.

Note 5.3 to the Group's consolidated financial statements in Chapter 4 of this document (pages 160 to 165) gives a breakdown of the assets and obligations of defined benefit pension plans.

10.5. Legal risks

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's business is an unregulated activity, and therefore requires no special legal, administrative or regulatory authorisation. Some services, such as managed services or systems integration provided to clients whose business activity is subject to special regulations may lead the Group to have to adhere to the contractual obligations linked to these regulations. Moreover, the Group is a multinational company that operates in many countries, subject to various constantly changing laws and regulations. Moreover, the Group recruits large numbers of employees each year, and regular training, management control and legal and financial review procedures help ensure that compliance topics are assessed as early as possible.

INTELLECTUAL PROPERTY

To protect its intellectual property, the Group relies on a combination of contracts, copyrights, trademarks, patents and confidentiality and trade secrecy obligations. In addition, due to their complexity, the technological fields covered by the Group involve an increasing number of issues linked to intellectual property that require special attention, and specific contractual clauses, in particular during integration of third-party software, use of software company licences in connection with integration projects or infrastructure management services and/or for any issues regarding reuse of software modules in connection with integration projects. Operational staff regularly receive training on protecting intellectual property.

Sopra Steria and its subsidiaries have protected the main trademarks used in each country concerned.

The brand portfolio is managed by the Legal Department in collaboration with an intellectual property advisor.

Sopra Steria and its subsidiaries own exclusive intellectual property rights to all their software, either through having developed it in-house or by having acquired if from third parties. Software packages developed by the Group, in particular by Sopra Banking Software or by Sopra HR Software, are generally marketed directly. However there are a few distribution agreements with partners.

Sopra Banking Software holds patents for the technical algorithms used by various technological and functional components of the Sopra Banking Platform software suite, designed for banks and financial institutions.

TAX RISK

Insofar as the tax rules in the various countries in which the Group operates are continually evolving and may be subject to interpretation, the Group cannot unequivocally guarantee that these interpretations will not be challenged, potentially with adverse consequences for its financial position or results. In addition, the Group is subject to the usual tax audits. In particular, in France and India it has received claims and requests from the tax authorities, which have been formally challenged. At 31 December 2016 these disputes were still under investigation by the tax authorities or courts.

DISPUTES

Provisions are recognised in respect of ongoing disputes, as detailed in Note 10.1 to the Group's consolidated financial statements, found in Chapter 4 of this document (page 187).

The Group is not aware of any legal or arbitration proceedings which could have a significant impact other than those reflected in the Group's financial position. To date, the Company is not aware of any governmental, legal or arbitration proceedings, including any proceedings that may be suspended or threatened, which may have or have had a material impact on the financial position or profitability of the Company or Group during the past twelve months. Steria was informed of a report drawn up by the French labour inspectorate regarding its Meudon site, concerning the recording and monitoring of working time in 2014. At the time of publication of this Registration Document, no action had been taken following that report, whose content is contested by the Group.

10.6. Insurance

The main insurance programmes put in place by Sopra Steria Group at 1 January 2017 are as follows:

- Operations coverage and professional liability

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

  This programme covers all of the Group's sites for the direct material damages they may suffer and any resulting operating losses. Overall policy coverage (for all types of damages and operating losses) is limited to €100 million per claim and per year of insurance.

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

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

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

The scope and coverage limits of these various insurance programmes are reassessed annually in light of changes in the size of Sopra Steria Group and changes in its business and the risks incurred. The Group believes that the nature of the risks insured and the cover offered by these insurance policies are in line with standard practice in its business sector.

11. Internal control and risk management procedures

The Group provides a range of business services, primarily based on consultancy and intellectual services (see Section 3 of this chapter, pages 16 to 22). These markets are highly competitive. Suppliers are assessed by clients based on two key differentiating factors: client confidence in a supplier's ability to provide quality services and price.

The competition faced by the Group is multiform; the Group must compete with the client's own internal teams, with major multinational groups and with small companies benefiting from specialist technical expertise or a deep-rooted local presence. Despite increasing market consolidation over the last few years, the software and services sector remains fragmented, with the continuous evolution of products and services driven by the emergence of economic or organisational needs as well as rapid technological change.

In this constantly evolving environment, key factors that will ensure success are responsiveness and flexibility, local access to clients, expertise on client issues and the ability to take risks and manage projects of strategic importance for major clients.

This context requires the Group to implement a highly decentralised operational organisation favouring autonomy and promoting decision-making at the local level. To provide the necessary governance in this decentralised structure, a robust management framework fosters effective dialogue along a short decision chain so that the Executive Committee remains in touch with operations.

The main challenges involve the ability to expand the Group's presence among major clients while improving quality of delivery and reducing costs, as well as the management of human resources so as to assign the most qualified team members to each role. The preparation of accounting and financial information does not entail any particular complexity, with the exception of accounting for work in progress and associated revenue recognition. Physical assets held by the Group are not material.

All Group employees, regardless of their role, are expected to demonstrate good judgement in all circumstances and, in each and every specific instance, to take decisions that best serve the Group and its clients. Rules and procedures must be applied appropriately.

This section of the report outlines Sopra Steria's internal control systems based on the reference framework issued by the AMF. A specific subsection addresses the preparation of accounting and financial information. The main risks to which the Group is exposed are presented in this chapter under Section 10, "Risk factors" (pages 37 to 42), in accordance with Article L. 225-100 of the French Commercial Code.

As set out below, management control (activity management) is one of the fundamental components of the internal control framework. Management control draws on and updates a database using standardised models and indicators within an internally managed information system. It serves to communicate information internally as well as to identify and manage risks. The various management control processes are designed to ensure the consistency and timeliness of information to be shared with the relevant stakeholders, as well as facilitating decision-making and monitoring action plans.

As indicated in the paragraph on control activities, the Industrial Department, Financial Controlling, and the Corporate Governance and Risk Management Department play an important role in this area. The Industrial Department verifies that the Quality System and production methods are fully and adequately applied, thus ensuring the effectiveness of production. Financial controlling ensures that the internal financial control system, a key component in the preparation of accounting and financial information, is working properly. A Corporate Governance and Risk Management Department was formed on 1 January 2017 to coordinate and monitor compliance and risk management issues across the whole of the Group on a cross-functional basis.

Internal Audit is tasked with monitoring and evaluating the internal control system. When auditing Group entities, the first checks carried out are those related to the usage of the management control system and the operating effectiveness of control activities.

The internal control mechanisms described in the following paragraphs apply to the parent company and its subsidiaries except in areas where the Group's main operations are different from its traditional lines of business (United Kingdom/Asia, Scandinavia and CIMPA). In such areas, the mechanisms that predate their consolidation remain in place and reporting to Executive Management is provided by the implementation of elements of the management control system (activity management) that make it possible to achieve the risk management objectives and prepare the business, accounting and financial information needed at Group level. All subsidiaries are thus consolidated in Group operational and financial management control.

11.1. Presentation of Sopra Steria's internal control system

11.1.1. DEFINITION, OBJECTIVES AND COMPONENTS OF INTERNAL CONTROL ACCORDING TO THE AMF

According to the definition in the AMF's reference framework, internal control is a system set up by the Company, defined and implemented under its responsibility, which aims to ensure:

- compliance with laws and regulations;
- implementation of instructions and guidelines issued by Executive Management;
- proper functioning of the Company's internal processes, particularly those intended to safeguard its assets;
- reliability of financial disclosures;

and, in a general sense, to contribute to the control of its business activities, to the effectiveness of its operations and the efficient use of its resources, while not being able to provide an absolute guarantee that the Company's objectives will be achieved.

According to the AMF, the internal control system is based on:

- organisation;
- internal dissemination of information;
- a risk identification and management process;
- control activities;
- ongoing monitoring of the system.

11.1.2. ORGANISATION

This section addresses legal and internal organisation, the definition of powers and responsibilities, human resources, the information system, procedures and best practices, and lastly the tools that constitute the components of the internal control organisation according to the AMF's reference framework.

a. Legal organisational structure

The Group has chosen to limit the number of its legal structures. In principle, the Group only has one active company per country and per business, unless otherwise required by specific situations.

The legal organisational structure is presented in this chapter under Section 5, "Simplified Group structure at 31 December 2016", on page 24.

The Group also holds a stake of about 33% in the capital of Axway Software, which was previously a wholly-owned subsidiary of the Group and since 14 June 2011 has been listed on NYSE Euronext. This holding is accounted for using the equity method.

b. The Group's internal organisation

The Group's internal organisation is described in this chapter under Section 6, "Group organisation", starting on pages 25 and 26. It is characterised by an operational organisation based on four levels and by a centralised functional organisation.

c. Definition of powers and responsibilities

Rules define the powers held by operational managers with regard to sales activities, human resource management and spending commitments, and ensure that certain decisions fall within the purview of central Group departments, including in particular Legal, Finance, Human Resources and Logistics. Work to update and harmonise these rules across the Group's entities and geographies is in progress.

d. Human resources management policy

The Corporate Responsibility Report included in the Registration Document presents the Group's human resources policy and the main indicators related to it.

Since 2016, Executive Management has implemented a major unifying internal transformation and training programme to promote shared values and fundamentals. It has been rolled out across 40% of the Group's activities and will be rolled out to all subsidiaries by 2018.

Adherence to Group values, which is an essential criterion in the selection of managers, is a strong driver of cohesion and promotes the application of fundamental management principles. Managers play a key role in ensuring that employees successfully adopt the Group's culture. Such buy-in is also supported by the Sopra Steria Academy, whose training solutions include integration seminars, job-specific development courses and the annual convention attended by Group managers.

Career management is based on a Group career framework that defines the various job paths and qualification levels employed. This has already been rolled out to 59% of Group employees and will continue to be rolled out, with the aim of adapting it to each country's specific context, expectations and priorities.

Performance reviews are carried out by managers and are taken into account in annual career interviews with employees. Employee evaluation and pay review cycles are held by the heads and management of each business unit once or twice a year depending on the subsidiary or job category. The purpose of these meetings is to share knowledge of employees, to assess their skills, performance and potential from a cross-functional perspective, and to establish development plans accordingly. They take place at every level of management (branch, division, subsidiary and Group) to ensure consistency, fairness and alignment with HR strategy objectives. Action plans are then rolled out and managed throughout the year within each entity.

Human resource managers at operational entities serve as liaisons between the central Human Resources Department and operations, monitoring the proper application of rules and procedures.

e. Information system

The Group's information system allows for software packages available on the market to coexist with in-house developments to address the Group's own specific needs. It addresses all management needs, including monitoring operations, revenue, invoicing and cash collection, sales pipeline, budgeting and forecasting, preparation of accounting and financial information and human resource management. The dashboard reports produced by this information system are used during management meetings. As indicated in the introduction above, some subsidiaries still use their own information systems that predate their joining the Group but have a proven track record of meeting their specific needs. These are managed and maintained by the Group Information Systems Department. A standardised Group reporting system for management purposes has therefore been put in place, with the assistance of the Information Systems Department.

The Information Systems Department is responsible for all information system issues (infrastructure, security, equipment purchases, applications used for the Group's internal requirements). The objectives of this department are to adapt the information system in the best possible fashion to the Group's operating requirements, to ensure the physical and logistical security of data to which continuous access must be guaranteed, and finally to optimize the information system's cost/service balance.

The Information Systems Security Manager (ISSM), who works outside the Information Systems Department, oversees the development, adaptation and application of the Information Systems Security Policy (ISSP) in collaboration with all operational and functional departments concerned. The Information Security Committee (ISC), comprised of the heads of the Group's Industrial, Information Systems, Legal, Human Resources, Real Estate and Purchasing departments, as well as the chief security officer and representatives of Executive Management (Executive Committee), meets three times a year.

f. Procedures

The Group has established a code of ethics that sets out its values, helps to ensure compliance with the laws and regulations in force in all of the countries where it operates, and promotes its commitments to the proper conduct of its business activities.

These rules and procedures cover organisation and delivery management, internal control and accounting practices, information systems, human resources, production and quality assurance, sales and marketing, procurement and travel expenses.

A Corporate Governance and Risk Management Department, reporting to the Chief Executive Officer, was established on 1 January 2017, notably to monitor internal control arrangements (delegations of powers, principles and procedures) and manage ethics and compliance issues. In this context, work is in progress to update the main rules governing delegations of powers and management.

Functional managers are responsible for implementing rules and procedures, updating them, disseminating them via a training plan, and enforcing them.

These rules and procedures are available via the intranet portals of Group companies. They are complemented by best practices disseminated by the management and reinforced through the Group's various training and communications initiatives.

The Group considers that its main operational risks relate to human resources, project completion and production, commercial relations with major clients, and the Group's reputation and image.

With respect to human resources, the Company has rules and procedures covering fundamental principles, staff administration, recruitment, performance measurement and career management, compensation, training and knowledge management.

With respect to production, Sopra Steria's engineering methodology defines all of the production, management and quality assurance processes required to successfully manage projects, with the primary aim of effectively contributing to the delivery of high quality IT systems that meet clients' needs in line with time and budget constraints.

This methodology defines project management practices and processes suited to various environments and at different levels of management and supervision, as well as software engineering practices and processes.

The basic principles of the Quality System are described in a Quality Manual supplemented by procedural guides and operating manuals.

UK-Asia, Scandinavia and CIMPA apply mechanisms that are similar but rely on specific methods suited to their primary operations.

Information security risks and IT/communications infrastructure risks are overseen by the Information Systems Security Manager (ISSM).

To ensure that all commitments given to clients are legally watertight, all contracts are subject to legal review before being signed (excluding standard Group contracts).

g. Tools

The Group's management applications and office automation software are designed to standardise the documents produced by the Group.

The production tools used or developed by the Group allow for the industrialisation of project delivery by improving the quality of deliverables. They incorporate the processes that make up the Group's production methodology. Proactive monitoring is carried out to identify new developments on the market and alternatives to the tools used. Continuous effort is made to capitalise on any best practices identified in the application of production tools during project support and training.

11.1.3. INTERNAL INFORMATION COMMUNICATION SYSTEM

a. General description of the management control system

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

These meetings are governed by specific standards (reporting timetable, participants, agenda, documents to be presented at the beginning and end of the meeting) and are supported by the management reporting system.

Meetings are held according to a calendar, dependent on the organisational level and timeframe objectives:

- weekly meetings for the current month: priority is the monitoring of sales, production and human resources;
- monthly meetings for the current year: in addition to the topics discussed at the weekly meetings, additional emphasis is placed on financial indicators: entity performance for the previous month, update of annual forecasts, actual vs. budget, etc.;
- annual meetings, looking ahead several years; the entities' annual budget process is driven by the Group's strategic plan.

b. Implementation of the management control system at all Group entities

The implementation of this system, generally completed in the shortest possible time for any newly acquired company, at all operational and functional entities is a highly effective vehicle for cohesiveness, the sharing of values and practices throughout the Group, and for controlling. Although, as indicated in the introduction above, some subsidiaries still use information systems that predate their consolidation but have proven successful in meeting their specific needs, they provide reporting to Executive Management via the implementation of elements of the Group management control system.

11.1.4. RISK IDENTIFICATION AND MANAGEMENT PROCESS

As a reminder, the risk management objectives formalised in the AMF reference framework are as follows:

- create and preserve the Group's value, assets and reputation;
- secure decision-making and the Group's processes to attain its objectives;
- promote consistency between the Group's actions and its values;
- mobilise the Group's employees behind a shared vision of the main risks and raise their awareness of the risks inherent in their activities.

The effective implementation of the risk identification and management process is under the supervision of Executive Management, who receive information on risks from operational, functional and financial controlling. The aim of this process is to anticipate risks and mitigate them as efficiently as possible to support the realisation of Group objectives.

All staff and management are active participants in the risk management process. The importance of risk management is inherently appreciated by Sopra Steria personnel as most of them are engineers, already well versed in a culture of project management, a critical part of which is risk management.

a. Risk mapping procedure

The risk map was shared and discussed during meetings of the Group's Executive Committee in 2016 to ensure its completeness, evaluate the assessment of key risks and determine the level of residual risk deemed acceptable by the company.

b. Risk identification and management through the management control system

Each entity's management ensures the application of the company's policy regarding the management of risks related to the business they oversee, and checks that the level of exposure to these risks is in line with Group policy.

As part of their overall management function, branch managers and division/subsidiary managers are responsible for the direct supervision of human resources, sales and administration at their level of operations.

The relaying of information relating to identified operational and functional risks is structured by the rules of the management control system so that it may be handled at the most appropriate level of the organisation.

Operational risks associated with business activities, which are classified as "alerts" in the Group's in-house lexicon when they are significant for the entity that identifies them, are prioritised and included in the weekly review until the appropriate action plan has been completed. The Group's decentralised organisation generally allows for decisions to be taken swiftly, close to the situation, accompanied if necessary with input from the next reporting level. When a decision is required at the Group level, the procedures for risk mitigation (owner and action timeline) are typically determined by the Executive Committee during its meetings.

Functional departments are responsible for the definition and proper application of policies relating in particular to human resources, finance, production, client and supplier contracts, information systems, facilities and communications. They report to Executive Management of Group subsidiaries on a regular basis, including any newly identified risks, their impact assessment and steps for risk prevention or remediation.

The newly established Group-wide Corporate Governance and Risk Management Department will notably organise and coordinate risk management arrangements and monitor insurance policies within a single department.

The risk management process also incorporates reviews by the Financial Controlling team, the Industrial Department and the Internal Audit team.

c. Crisis management procedures

In order to ensure that it can respond quickly in the event of a major crisis, the Group has modelled crisis management procedures at the different organisational levels as part of its business continuity strategy.

To prepare for major incidents that could affect the Group's operations, Executive Management has opted to set up a Group crisis management unit to manage crisis situations.

This crisis management unit, which consists of Executive Management, functional Directors and the Group Information Systems Security Manager, can be activated by Executive Management at any time.

The crisis management unit is activated via an escalation process communicated to all managers within the Group. In particular, this process stipulates the following:

- the composition of the Group crisis management unit;
- the escalation process (local/branch, entity/site or Group) and each person's role within it;
- how the impact of incidents should be assessed.

The crisis management plan to be adopted in such situations is managed directly by the crisis management unit, which coordinates action by all relevant Group departments until the crisis is resolved and normal operations have resumed.

11.1.5. CONTROL ACTIVITIES

Beyond the self-assessment procedures and control procedures implemented by operational managers at every level, under rules of delegated powers in force within the Group, functional departments play a particular role in the area of risk management by providing support to operational staff, adopting a preventive approach through mandatory reviews that may be laid down in procedures, or by carrying out detective controls on adherence to rules and the results obtained, including in particular controls on the quality of data input into the information system.

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

a. Finance Department (Financial Controlling)

Financial Controlling falls under the responsibility the Finance Department. There are 81 controllers, whose main responsibilities include the consolidation and analysis of monthly results produced by the internal management system, controlling the consistency of monthly forecasts, verifying the application of Group controls, assisting operational managers, training management system users, and performing the reconciliation between the internal management accounts and the general ledgers.

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

Financial controllers devote particular attention to unbilled revenue and contractual milestone payments, and check that invoices issued are paid. In coordination with the branch manager they trigger cash collection activities managed directly by the Finance Department. They check any credit notes issued.

Financial Controllers assess branches' organisation and administrative operation. They monitor compliance with rules and deadlines.

b. Industrial Department (Quality Management System)

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

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

Industrial managers under the authority of division/subsidiary managers and reporting functionally to the Group Industrial Department are responsible for monitoring the Quality System and all projects. For the UK-Asia and Scandinavia regions, these monitoring responsibilities fall to the teams reporting to the Industrial Department of the subsidiary.

Structural audits are performed so as to verify the application and effectiveness of the Quality System among the Sopra Steria staff members concerned (management, sales, operational quality unit).

Projects are reviewed on a regular basis, at key phases in their life cycle. Organised by the Industrial Department, or by the quality structure's local representatives, these reviews provide an external perspective on the status and organisation of projects. More than 3,400 pre-sales or project reviews of this type were conducted in 2016. They were conducted by more than 500 professionals selected by the quality structure for their skills.

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

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

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

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

11.1.6. ONGOING MONITORING OF THE INTERNAL CONTROL SYSTEM

a. Internal monitoring system

While improving the internal control system is a responsibility shared by all Group employees, the Group's management play a key role in the area of ongoing monitoring.

Executive Management

Executive Management constitutes the top level of the internal control and risk management system and takes an active role in monitoring its continuing effectiveness. It takes any action required to correct the issues identified and remain within acceptable risk tolerance thresholds. Executive Management ensures that all appropriate information is communicated in a timely manner to the Board of Directors and to the Audit Committee.

The Internal Audit Department plays a key role in supporting these objectives.

Internal Audit Department

Through the application of the internal audit charter adopted by the Group, the Internal Audit Department, which has a budgeted staff of five, has the following tasks:

- independent and objective evaluation of the effectiveness of the internal control system via a periodic audit of entities;
- formulation of all recommendations to improve the Group's operations;
- monitoring the implementation of recommendations supported by Executive Management;
- updating the risk map.

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

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

By carrying out work relating specifically to fraud, Internal Audit has identified processes that are potentially concerned, associated risks, control procedures to be adopted and audit tests to be carried out. These are systematically integrated into internal audit programmes. Internal Audit, which reports to the Chairman of the Board of Directors and operates under the direct authority of Executive Management, is responsible for internal control and monitors the system in place. It submits its findings to Executive Management and the Audit Committee.

The Chairman of the Board of Directors validates the audit plan, shared with Executive Management, notably on the basis of risk information obtained using the risk mapping procedure, the priorities adopted for the year and the coverage of the "audit universe".

This plan is presented to the Audit Committee for review and feedback.

Recommendations are monitored and compiled in a report provided to Executive Management and the Audit Committee.

Internal audit carried out 17 assignments in 2016.

Board of Directors (Audit Committee)

The Audit Committee develops their understanding of the main features of the internal control and risk management procedures selected and implemented by Executive Management to manage risks: organisation, roles and functions of the key actors, approach structure for reporting risks and monitoring the operating effectiveness of control systems.

It has an overview of all the procedures relating to the preparation and recording of accounting and financial information.

The Audit Committee performs an annual review of the Group's risk mapping procedure and follows the activity of the Internal Audit Department through:

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

b. External monitoring system

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

Statutory Auditors

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

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

Quality certification inspectors

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

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

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

11.1.7. EVALUATION AND CONTINUOUS IMPROVEMENT PROCESS

As part of every internal audit, evaluations are carried out to ensure that the Group entities or business areas being audited have appropriate internal control systems in place.

The internal control system and its operation are subject to internal and external assessments to identify areas for improvement, giving rise to action plans aimed at strengthening the internal control framework; these assessments may be direct and specific requests from the Audit Committee.

For example, in 2016, the Audit Committee initiated a more in-depth presentation of the "audit universe" (detailed analysis of sub-entities by breaking down control points by process) and revised the Group's coverage rules by the Internal Audit department.

11.2. Preparation of accounting and financial information

11.2.1. COORDINATION OF THE ACCOUNTING AND FINANCIAL FUNCTION

a. Organisation of the accounting and financial function

Limited number of accounting entities

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

Centralised coordination of the accounting and financial function

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

The responsibilities of the Finance Department mainly involve maintaining accounts, financial controlling, tax issues, financing and cash accounting, and participation in financial communications and legal matters.

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

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

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

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

The Board of Directors is responsible for the oversight of accounting and financial information. It approves the annual accounts and reviews the interim accounts. It is supported by the Audit Committee, as described in Chapter 2, Section 1.2.3 of this document (pages 67 to 69).

b. Organisation of the accounting information system

Accounting

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

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

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

Accounting policies and presentation

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

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

11.2.2. PREPARATION OF THE PUBLISHED ACCOUNTING AND FINANCIAL INFORMATION

a. Reconciliation with the internal management system accounting data

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

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

Each Group entity prepares a monthly operating statement closed on the third working day of the following month.

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

All documents produced are combined with numerous management indicators related to the business (utilisation rate, selling prices, average salary), human resources, invoicing and receipts, etc.

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

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

b. Procedures for the preparation of the consolidated financial statements

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

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

c. Procedure for signing off the financial statements

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

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

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

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

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

d. Financial communications

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

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

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

All of this information is made available online on the Group's website.

The Registration Document is filed with the AMF after being audited by the Statutory Auditors.

Report of the Statutory Auditors pursuant to Article L. 225-235 of the French Commercial Code on the Report of the Chairman of the Board of Directors of Sopra Steria Group

To the Shareholders,

In our capacity as Statutory Auditors of Sopra Steria Group, and in compliance with the provisions of Article L. 225-235 of the French Commercial Code, we hereby present our report on the Report of the Chairman of the Board of Directors, pursuant to the provisions of Article L. 225-37 of the French Commercial Code, in respect of the financial year ended 31 December 2016.

It is the responsibility of the Chairman to draw up and submit for the approval of the Board of Directors a report on internal control and risk management procedures implemented by the Company that also provides the other disclosures required by Article L. 225-37 of the French Commercial Code, in particular those related to corporate governance.

It is our responsibility to:

- present to you any observations that we have on the basis of the information contained in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of accounting and financial information; and
- certify that the report includes any other disclosures required by Article L. 225-37 of the French Commercial Code, with the understanding that it is not our responsibility to verify the fair presentation of this information.

We performed our assignment in accordance with professional standards applicable in France.

INFORMATION ON INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

Professional standards require that we carry out work designed to assess the truth and fairness of the information in the Chairman of the Board of Directors' report on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information.

In particular, this work involved:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information underlying the information set out in the Chairman's report, as well as existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and existing documentation;
- determining whether any significant deficiencies in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have observed in the context of our engagement are properly reported in the Chairman's report.

On the basis of the work that we performed, we have no comment to make on the information on the Company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information, contained in the Report of the Chairman of the Board of Directors and prepared in compliance with the provisions of Article L. 225-37 of the French Commercial Code.

OTHER INFORMATION

We hereby certify that the Report of the Chairman of the Board of Directors includes the other disclosures required by Article L. 225-37 of the French Commercial Code.

Paris and Courbevoie, 12 April 2017

The Statutory Auditors

Auditeurs & Conseils Associés ACA Nexia	**Mazars**
Olivier Juramie	Bruno Pouget

2 CORPORATE GOVERNANCE

This chapter contains information about the Board of Directors, the role and compensation of the executive company officers and the recommendations of the AFEP-MEDEF code [1], with which the Company exceptionally did not comply or only partially complied.

1. Board of Directors

1.1. Presentation of the Board of Directors

1.1.1. MEMBERS OF THE BOARD OF DIRECTORS

On the date at which this Registration Document was published, the Board of Directors had 19 members with the right to vote, 17 of whom were appointed at the General Meeting and 2 of whom were Directors representing employees.

Sopra GMT, the Group's key holding company in which the founders own the bulk of their shareholding (see Chapter 6, pages 245 to 258) has de facto control of Group.

The current size and composition of the Board of Directors reflect to a large extent the negotiations conducted in 2014 by Sopra GMT with Groupe Steria with a view to its merger with Sopra Group to form Sopra Steria Group.

To foster integration between the two companies, the shareholders' agreement between Sopra GMT and Soderi, the general partner of Groupe Steria, provides for a balance between the number of Directors representing Sopra GMT and those representing Steria on the combined entity's Board of Directors and for a Soderi representative to have one seat.

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

The Directors representing Steria are Astrid Anciaux, Solfrid Skilbrigt, Éric Hayat and Jean-Bernard Rampini, the latter being Soderi's representative.

a. Skills and expertise required

The Nomination, Ethics and Governance Committee chaired by Sopra GMT ensures that the members of the Board of Directors together possess the necessary skills and knowledge:

- first and foremost about the Company and its business lines, particularly consulting, systems integration and industry-specific solutions in banking and also in its other sectors of activity. Thorough knowledge of the Company, its clients, its strategic, technological and commercial positioning is essential for strategic decision-making (most of the Directors have some or all of this expertise);
- about Axway Software, its technology and its market: the ownership of a 32.9% shareholding in Axway Software, which was spun off from Sopra Group and listed in 2011, has created an unusual situation as part of the work on strategy (Kathleen Clark-Bracco, Emma Fernández, Pierre Pasquier and Hervé Saint-Sauveur are members of Axway Software's Board of Directors);
- in specific client sectors such as banking and finance (Sylvie Rémond's and Jean-François Sammarcelli's areas of expertise);
- in areas related to management control and the assessment of the Company's internal control and risk management system (Astrid Anciaux, Marie-Hélène Rigal, Sylvie Rémond and Hervé Saint-Sauveur are the Directors who possess these specific skills and expertise).

b. Application of the principle of balanced gender representation

Pursuant to French law, the maximum number of Directors appointed by shareholders at the General Meeting stands at 18. The size and composition of the Board of Directors at 31 December 2016, which consisted of 6 women and 11 men (excluding Directors representing the employees), made achieving a 40% representation rate for women mathematically impossible. The resignation of Christian Bret, an Independent Director whose term in office ran until the General Meeting to be called to approve the 2017 financial statements, and the appointment of Emma Fernández, subject to the approval of the General Meeting, achieved compliance with this requirement from 19 January 2017 (41.2% women).

c. Directors representing the employees and employee shareholders

- Two Directors representing employees were appointed in August 2015 by the Sopra Steria Group's works council, namely Aurélie Abert and Gustavo Roldan de Belmira. The latter is a member of the Compensation Committee.
- Astrid Anciaux, Chairman of the Supervisory Board of the FCPE Steriactions corporate mutual fund, has been a member of the Board of Directors since September 2014.

(1) The AFEP-MEDEF code is the code to which the Company refers pursuant to Article L. 225-37 of the French Commercial Code. It is available for download on the AFEP website at www.afep.com.

d. Independent Directors

The Nomination, Ethics and Governance Committee also monitors the proportion of Independent Directors sitting on the Board. Its target is for around one-third of the members of the Board of Directors at least (excluding the employee representatives) to be independent. Every year, the Committee and then the Board of Directors review the members' status in the light of the requirements of Article 8.5 of the AFEP-MEDEF Code of Corporate Governance for Listed Companies, according to which an Independent Director:

- requirement 1: must not be an employee or executive company officer of the Company; or an employee, executive company officer or Director of a consolidated company or the parent company, and must not have held such a position at any time over the preceding five years;
- requirement 2: must not be an executive company officer of a company in which the Company holds, either directly or indirectly, a directorship or in which an employee appointed as such or an executive company officer of the Company (serving currently or having served within the preceding five years) holds a directorship;
- requirement 3: must not be a customer, supplier, commercial banker or corporate banker material to the Company or Group;
- requirement 4: must not be a customer, supplier, commercial banker or corporate banker, a material portion of whose business is transacted with the Company or Group;
- requirement 5: must not have close family ties with a company officer;
- requirement 6: must not have been a Statutory Auditor during the preceding five years;
- requirement 7: must not have been a Director for more than 12 years.

The seven members (41%) of the Board of Directors qualifying as independent are:

- Emma Fernández;
- Gérard Jean;
- Jean-Luc Placet;
- Marie-Hélène Rigal-Drogerys;
- Hervé Saint-Sauveur;
- Jean-François Sammarcelli;
- Jessica Scale.

Comments and clarifications

Requirement 1

Like Sopra Steria Group, Axway Software is fully consolidated by Sopra GMT. In keeping with the opinion of the Nomination, Ethics and Governance Committee, the Board of Directors considers that the status of Hervé Saint-Sauveur and of Emma Fernández as members of the Board of Directors of Axway Software does not call into question their status as Independent Directors:

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

Requirements 3 and 4

Sopra Steria Group purchases consulting services from PwC. Jean-Luc Placet's role within PwC is not connected operationally with the relevant activities. These services are not material either for Sopra Steria Group or for PwC, either with respect to their nature or the revenues they generate. They do not give rise to any reciprocal dependence. Accordingly, the Nomination, Ethics and Governance Committee considers that these services do not constitute a material business relationship likely to call into question Jean-Luc Placet's status as an Independent Director. The Board of Directors has endorsed this view.

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

Requirement 7

Gérard Jean and Hervé Saint-Sauveur have been members of the Board of Directors since 2003. The Nomination, Ethics and Governance Committee considered this situation. It duly noted the recommendation stating that "Loss of the status of Independent Director occurs on the date at which this period of twelve years is reached" shall apply "at the close of the 2017 General Meeting called to approve the 2016 financial statements" in accordance with the AFEP-MEDEF Code.

It concluded that the loss of this status by the relevant parties one year prior to the end of their current term in office would be artificial and not justified. These Directors' professional circumstances and their role within a radically overhauled Board of Directors have changed over the period. The Company's governance structure has changed twice. It went from having a Supervisory Board and Management Board to a Board of Directors having a combined Chairman and Chief Executive Officer. It then switched to become a company with a Board of Directors having a separate Chairman and Chief Executive Officer. The merger between Sopra and Steria transformed the Group and expanded its shareholder base. The current executive management team has been in place only since 2015. The composition of the group of shareholders acting in concert led by the core shareholder Sopra GMT with de facto control of the Company has itself changed. These fundamental changes contributed preventing the creation of ties to particular interests likely to compromise the exercise of these Directors' independent judgement.

The Board of Directors approved the recommendation of the Nomination, Ethics and Governance Committee and continued to consider Gérard Jean and Hervé Saint-Sauveur as Independent Directors.

Other

The Board of Directors has decided to propose the appointment of Christian Bret as a Non-Voting Director (see below), since he satisfies all the objective independence requirements stated in the AFEP-MEDEF Code.

e. Non-Voting Directors

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

Non-Voting Director shall receive all documents provided to the Board of Directors. They shall keep the Board's deliberations confidential.

Non-Voting Director shall have no decision-making power, but shall be at the disposal of the Board of Directors and its Chairman to provide their opinions on matters of all types submitted to them, in particular, technical, commercial, administrative and financial matters. They shall participate in deliberations in an advisory capacity but shall not take part in votes. Their absence from meetings shall have no effect on the validity of decisions.

Bernard Michel's term in office came to an end at the close of the General Meeting of 22 June 2016. Shareholders will vote on the proposed appointment of Christian Bret as a Non-Voting Director to the end of his original term in office as a Director, i.e. until the General Meeting called to approve the 2017 financial statements.

f. Diversity objectives

The Board of Directors has not set specific diversity objectives. That said, since its merger with Steria, the contribution made by France has dropped from two-thirds to just under half the Group's total revenues. The Board of Directors has thus gradually become more international in its outlook and now has members with French, British, Spanish, Belgian, Norwegian, US and Colombian nationality. Several of the Directors with French nationality possess international experience and either hold or have held directorships in companies outside France.

1.1.2. SUMMARY PRESENTATION OF THE BOARD OF DIRECTORS

Name	Age	Independent Director	Number of directorships at listed companies (excluding Sopra Steria Group)	Audit Committee	Compensation Committee	Nomination, Ethics and Governance committee	Date of first appointment	Date term of office began	End of current term
Pierre Pasquier Chairman of the Board of Directors	81		1			x	1968 - creation of Sopra	19/06/2012	AGM 2018
François Odin Vice-Chairman of the Board of Directors	83		0	x			1968 - creation of Sopra	19/06/2012	AGM 2018
Éric Hayat Vice-Chairman of the Board of Directors	76		0		x	x	27/06/2014	03/09/2014 [1]	AGM 2018
Aurélie Abert Director representing the employees	35		0				27/08/2015	27/08/2015	AGM 2018
Astrid Anciaux Director	52		0				27/06/2014	03/09/2014 [1]	AGM 2018
Sopra GMT Represented by Kathleen Clark-Bracco* Chairman of the Nomination, Ethics and Governance Committee	50		1		x	Chairman	27/06/2014	27/06/2014	AGM 2018
Emma Fernández Director	53	yes	2				19/01/2017**	19/01/2017**	AGM 2018
Gérard Jean Chairman of the Compensation Committee	69	yes	0		Chairman	x	30/06/2003	19/06/2012	AGM 2018
Jean Mounet Director	72		1				19/06/2012	19/06/2012	AGM 2018
Éric Pasquier Director	46		0				27/06/2014	27/06/2014	AGM 2018
Jean-Luc Placet Director	65	yes	0		x	x	19/06/2012	19/06/2012	AGM 2018
Jean-Bernard Rampini Director	60		0				27/06/2014	03/09/2014 [1]	AGM 2018
Sylvie Rémond Director	53		0				17/03/2015 [2]	17/03/2015 [2]	AGM 2018
Marie-Hélène Rigal-Drogerys Director	47	yes	0	x			27/06/2014	27/06/2014	AGM 2018

Name	Age	Independent Director	Number of directorships at listed companies (excluding Sopra Steria Group)	Audit Committee	Compensation Committee	Nomination, Ethics and Governance committee	Date of first appointment	Date term of office began	End of current term
Gustavo Roldan de Belmira Director representing the employees	59		0		x		27/08/2014	27/08/2015	AGM 2018
Hervé Saint-Sauveur Chairman of the Audit Committee	72	yes	1	Chairman			30/06/2003	19/06/2012	AGM 2018
Jean-François Sammarcelli Director	66	yes	1				15/04/2010	19/06/2012	AGM 2018
Jessica Scale Director	54	yes	0				22/06/2016	22/06/2016	AGM 2018
Solfrid Skilbrigt Director	58		0				21/04/2015 (2)	21/04/2015 (2)	AGM 2018
After the General Meeting of 13 June 2017 and subject to the approval of Resolution 15 (page 286)									
Christian Bret*** Non-Voting Director	76		2		x	x	19/06/2012	13/06/2017	AGM 2018

Kathleen Clark-Bracco was a Director of Sopra Group SA from 19 June 2012 until her appointment as permanent representative of Sopra GMT on 27 June 2014.
** *Emma Fernández was appointed on 19 January 2017 subject to ratification of her appointment at the General Meeting of 13 June 2017 (see Resolution 10, page 283).*
*** *Christian Bret satisfies all the objective independence requirements stated in the AFEP-MEDEF Code.*
(1) Date of satisfaction of the condition precedent for appointment by the General Meeting of Shareholders, contingent upon the success of the public exchange offer made by Sopra Group for Groupe Steria.
(2) Date of co-optation.

Changes since the start of the 2016 financial year in the composition of the Board of Directors

Term of office ends	Bernard Michel, Non-Voting Director (22 June 2016)
Appointment	Jessica Scale (22 June 2016)
Resignation	Christian Bret (19 January 2017)
Co-optation	Emma Fernández (19 January 2017)

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

PIERRE PASQUIER
Chairman of the Board of Directors

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

- Member of the Nomination, Ethics and Governance Committee

Business address:

Sopra Steria Group – 9 bis, rue de Presbourg
75116 Paris – France

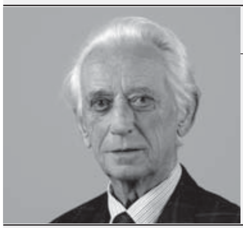
Nationality: French **Age:** 81

Date of first appointment: 1968 (date Sopra was founded)
Date term of office began: 19/06/2012
Date term of office ends: General Meeting to approve the financial statements for the year ended 31/12/2017

Main positions and appointments currently held	Listed company
■ Chairman of the Board of Directors of Sopra Steria Group	✔
■ Chairman of the Board of Directors of Axway Software	✔
■ Chairman and CEO of Sopra GMT	
■ Executive officer, Director or permanent representative of Sopra GMT at Sopra Steria Group subsidiaries (direct and indirect)	
■ Company officer of Axway Software's foreign subsidiaries (direct and indirect)	
Other directorships and offices held during the last 5 years	
■ *Not applicable*	

FRANÇOIS ODIN
Vice-Chairman of the Board of Directors

Number of shares in the Company owned personally: **47,187** (2)



- Member of the Audit Committee

Business address:

Régence SAS – Les Avenières – 74350 Cruseilles – France

Nationality: French **Age:** 84

Date of first appointment: 1968 (date Sopra was founded)
Date term of office began: 19/06/2012
Date term of office ends: General Meeting to approve the financial statements for the year ended 31/12/2017

Main positions and appointments currently held	Listed company
■ Chairman of Régence SAS	
■ Chief Operating Officer and Director of Sopra GMT	
Other directorships and offices held during the last 5 years	
■ *Not applicable*	

(1) The Pasquier family estate holds 68.61% of the share capital of Sopra GMT (the holding company that takes an active role in managing Sopra Steria Group and Axway Software) Shares held directly or indirectly through Sopra GMT by the Chairman in a personal capacity or by the Chairman's family estate make up more than 10% of c the Company's share capital. See Chapter 6, Section 2 of this report (page 247).

(2) The Odin family estate holds 28.49% of the share capital of Sopra GMT (the holding company that takes an active role in managing Sopra Steria Group and Axway Software). See Chapter 6, Section 2 of this report (page 247).

ÉRIC HAYAT
Vice-Chairman of the Board of Directors

Number of shares in the Company owned personally: **40,000**

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

Business address:

Sopra Steria Group – 9 bis, rue de Presbourg
75116 Paris – France

Nationality: French **Age:** 76

Date of first appointment: 27/06/2014
Date term of office began: 03/09/2014 [(1)]
Date term of office ends: General Meeting to approve the financial statements for the year ended 31/12/2017

Main positions and appointments currently held	Listed company
■ President of Éric Hayat Conseil	
■ Chairman of the public interest group Modernisation des Déclarations Sociales (MDS GIP)	
■ Chairman of the Statutory Committee of Syntec Numérique	
Other directorships and offices held during the last 5 years	
■ Director of Rexecode	
■ Member of the Supervisory Board and then Chairman of the Board of Directors of Groupe Steria SA	✔

AURÉLIE ABERT
Director representing the employees

Number of shares in the Company owned personally: **35**

Business address:

Sopra Steria Group – ZAC – Les Ailes de l'Europe
37 chemin des Ramassiers
31770 Colomiers Cedex – France

Nationality: French **Age:** 35

Date of first appointment: 27/08/2015
Date term of office began: 27/08/2015
Date term of office ends: General Meeting to approve the financial statements for the year ended 31/12/2017

Main positions and appointments currently held	Listed company
■ Process Engineer, Project Owner Services, Sopra Steria Group	
Other directorships and offices held during the last 5 years	
■ *Not applicable*	

ASTRID ANCIAUX
Director

Number of shares in the Company owned personally: **933**

Business address:

Sopra Steria Benelux – Le Triomphe – Avenue Arnaud Fraiteur 15/23 – 1050 Brussels – Belgium

Nationality: Belgian **Age:** 52

Date of first appointment: 27/06/2014
Date term of office began: 03/09/2014 [(1)]
Date term of office ends: General Meeting to approve the financial statements for the year ended 31/12/2017

Main positions and appointments currently held	Listed company
■ Chief Finance Officer of Sopra Steria Group Benelux	
■ Director or company officer of subsidiaries (direct and indirect) of Sopra Steria Group	
■ Chairman of the Supervisory Board of the Steriactions company mutual fund (FCPE)	
■ Director of Soderi	
Other directorships and offices held during the last 5 years	
■ *Not applicable*	

(1) Date of satisfaction of the condition precedent for appointment by the General Meeting of Shareholders, contingent upon the success of the public exchange offer made by Sopra Group for Groupe Steria.

KATHLEEN CLARK-BRACCO

Sopra GMT permanent representative

Chairman of the Nomination, Ethics and Governance Committee

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

- Member of the Compensation Committee

Business address:

Sopra Steria Group – 9 bis, rue de Presbourg
75116 Paris – France

Nationality: American **Age:** 50

Date of first appointment: 27/06/2014

Date term of office began: 27/06/2014

Date term of office ends: General Meeting to approve the financial statements for the year ended 31/12/2017

Main positions and appointments currently held by Kathleen Clark-Bracco	Listed company
■ Director of Corporate Development of Sopra Steria Group	✔
■ Vice-Chairman of the Board of Directors of Axway Software	✔
■ Director with responsibility for Sopra GMT	
■ Director or permanent representative of Sopra GMT at Sopra Steria Group subsidiaries	
Other directorships and offices held during the last 5 years	
■ Director of Sopra Group – (19/06/2012 – 15/07/2014)	✔

EMMA FERNÁNDEZ

Independent Director

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

Business address:

Sopra Steria Group – 9 bis, rue de Presbourg
75116 Paris – France

Nationality: Spanish **Age:** 53

Date of co-optation: 19/01/2017

Date term of office ends: General Meeting called to approve the financial statements for the year ended 31/12/2017 subject to approval by the General Meeting of 13 June 2017 (see Resolution 10, page 283)

Main positions and appointments currently held	Listed company
■ Director of Axway Software	✔
■ Director of Ezentis	✔
■ Managing Partner, Kleinrock Advisors	
Other directorships and offices held during the last 5 years	
■ Senior Executive Vice President of Indra	
■ Member of the Executive Committee of Spain's Chamber of Commerce	
■ Member of the Executive Committee of Elcano Royal Institute	

GÉRARD JEAN
Independent Director

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

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

Business address:

Sopra Steria Group – 9 bis, rue de Presbourg
75116 Paris – France

Nationality: French **Age:** 69

Date of first appointment: 30/06/2003

Date term of office began: 19/06/2012

Date term of office ends: General Meeting to approve the financial statements for the year ended 31/12/2017

Main positions and appointments currently held	Listed company
■ Chairman of Altime Associates SAS	
■ Member of the Supervisory Board of Kowee SA	
Other directorships and offices held during the last 5 years	
■ *Not applicable*	

JEAN MOUNET
Director

Number of shares in the Company owned personally: **7,350**

Business address:

Sopra Steria Group – 9 bis, rue de Presbourg
75116 Paris – France

Nationality: French **Age:** 72

Date of first appointment: 19/06/2012

Date term of office began: 19/06/2012

Date term of office ends: General Meeting to approve the financial statements for the year ended 31/12/2017

Main positions and appointments currently held	Listed company
■ Chairman of Trigone SAS	
■ Director of Econocom Group	✔
■ Director or company officer of subsidiaries (direct and indirect) of Sopra Steria Group	
■ Director of Fondation Télécom	
■ Chairman of the CPE Lyon–Monde Nouveau endowment fund	
■ Director of ESCPE	
Other directorships and offices held during the last 5 years	
■ Director of AS2M (Malakoff Médéric)	
■ Member of the Supervisory Board of CXP Groupe	

ÉRIC PASQUIER
Director

Number of shares in the Company owned personally: **503** (1)

Business address:

Sopra Banking Software – 9 bis, rue de Presbourg 75116 Paris – France

Nationality: French **Age:** 46

Date of first appointment: 27/06/2014

Date term of office began: 27/06/2014

Date term of office ends: General Meeting to approve the financial statements for the year ended 31/12/2017

Main positions and appointments currently held	Listed company
■ Chief Executive Officer of Sopra Banking Software	
■ Managing Director and member of the Board of Directors of Sopra GMT	
■ Director or company officer of subsidiaries (direct and indirect) of Sopra Steria Group	
Other directorships and offices held during the last 5 years	
■ *Not applicable*	

JEAN-LUC PLACET
Independent Director

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

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

Business address:

PwC – 63 rue de Villiers – 92208 Neuilly sur Seine – France

Nationality: French **Age:** 64

Date of first appointment: 19/06/2012

Date term of office began: 19/06/2012

Date term of office ends: General Meeting to approve the financial statements for the year ended 31/12/2017

Main positions and appointments currently held	Listed company
■ PwC Partner	
■ Chairman of IDRH SA	
■ Chairman of EPIDE	
■ Member of the Statutory Committee, MEDEF	
Other directorships and offices held during the last 5 years	
■ Member of the Conseil Économique, Social et Environnemental	
■ Chairman of Fédération Syntec	

(1) The Pasquier family estate holds 68.61% of the share capital of Sopra GMT (the holding company that takes an active role in managing Sopra Steria Group and Axway Software) Shares held directly or indirectly through Sopra GMT by the Chairman in a personal capacity or by the Chairman's family estate make up more than 10% of the Company's share capital. See Chapter 6, Section 2 of this report (page 247).

JEAN-BERNARD RAMPINI
Director

Number of shares in the Company owned personally: **7,336**

Business address:

Sopra Steria Group – 9 bis, rue de Presbourg
75116 Paris – France

Nationality: French **Age:** 60

Date of first appointment: 27/06/2014
Date term of office began: 03/09/2014 [(1)]
Date term of office ends: General Meeting to approve the financial statements for the year ended 31/12/2017

Main positions and appointments currently held	Listed company
■ Chief Innovation Officer and Executive Sponsor, Transport and Smart Cities, Sopra Steria Group	
■ Chairman of the Board of Directors of Soderi	
■ Founder and Director of Fondation Sopra Steria Group - Institut de France	
Other directorships and offices held during the last 5 years	
■ *Not applicable*	

SYLVIE RÉMOND
Director

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

Business address:

Société Générale – 75886 Paris Cedex 18
France

Nationality: French **Age:** 53

Date of co-optation: 17/03/2015
Date term of office ends: General Meeting to approve the financial statements for the year ended 31/12/2017

Main positions and appointments currently held	Listed company
■ Co-Head of Coverage and Investment Banking at Société Générale Corporate & Investment Banking	
■ Director, SGBT Luxembourg (Société Générale group)	
■ Director of Rosbank, Russia (Société Générale group)	
■ Director of KB Financial Group Czech Republic (Société Générale group)	✔
Other directorships and offices held during the last 5 years	
■ Director of Oseo Banque	
■ Director of SG Ré	

MARIE-HÉLÈNE RIGAL-DROGERYS
Independent Director

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

■ Member of the Audit Committee

Business address:

ASK – 118 Allée Lac Saint Andre
73370 Le Bourget du Lac – France

Nationality: French **Age:** 47

Date of first appointment: 27/06/2014
Date term of office began: 27/06/2014
Date term of office ends: General Meeting to approve the financial statements for the year ended 31/12/2017

Main positions and appointments currently held	Listed company
■ Consultant and Partner of ASK Partners	
Other directorships and offices held during the last 5 years	
■ *Not applicable*	

(1) Date of satisfaction of the condition precedent for appointment by the General Meeting of Shareholders, contingent upon the success of the public exchange offer made by Sopra Group for Groupe Steria.

GUSTAVO ROLDAN DE BELMIRA

Director representing the employees

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

- Member of the Compensation Committee

Business address:

Sopra Steria Group – 9 bis, rue de Presbourg
75116 Paris – France

Nationality: French and Colombian **Age:** 59

Date of first appointment: 27/08/2015

Date term of office began: 27/08/2015

Date term of office ends: General Meeting to approve the financial statements for the year ended 31/12/2017

Main positions and appointments currently held	Listed company
■ Branch Chief Technical Officer of Sopra Steria Group	
Other directorships and offices held during the last 5 years	
■ *Not applicable*	

HERVÉ SAINT-SAUVEUR

Independent Director

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

- Chairman of the Audit Committee

Business address:

Sopra Steria Group – 9 bis, rue de Presbourg
75116 Paris – France

Nationality: French **Age:** 72

Date of first appointment: 30/06/2003

Date term of office began: 19/06/2012

Date term of office ends: General Meeting to approve the financial statements for the year ended 31/12/2017

Main positions and appointments currently held	Listed company
■ Director of Axway Software	✔
Other directorships and offices held during the last 5 years	
■ Director of LCH Clearnet	
■ Director of Comexposium	
■ Director of Viparis Holding	
■ Elected member of the Paris Chamber of Commerce and Industry	

JEAN-FRANÇOIS SAMMARCELLI

Independent Director

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

Business address:

Sopra Steria Group – 9 bis, rue de Presbourg
75116 Paris – France

Nationality: French **Age:** 66

Date of co-optation: 15/04/2010

Date term of office began: 19/06/2012

Date term of office ends: General Meeting to approve the financial statements for the year ended 31/12/2017

Main positions and appointments currently held	Listed company
■ Chairman of the Supervisory Board, NextStage	✔
■ Director of Crédit du Nord	
■ Director of Boursorama	
■ Director of Sogeprom	
■ Member of the Supervisory Board of Société Générale Marocaine de Banques	
■ Director of Société Générale Monaco	
■ Non-Voting Director of Ortec Expansion	
Other directorships and offices held during the last 5 years	
■ Advisor to the Chairman of Société Générale	
■ Chairman of the Board of Directors of Crédit du Nord	
■ Director of Banque Tarneaud	
■ Director of Amundi Group	
■ Permanent representative of SG FSH on the Board of Directors of Franfinance	

JESSICA SCALE

Independent Director

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

Business address:

Sopra Steria Group – 9 bis, rue de Presbourg
75116 Paris – France

Nationality: French and British **Age:** 54

Date of first appointment: 22/06/2016

Date term of office began: 22/06/2016

Date term of office ends: General Meeting to approve the financial statements for the year ended 31/12/2017

Main positions and appointments currently held	Listed company
■ Chairman of Digitfit	
■ Independent consultant specialising in the challenges posed by the digital transformation	
Other directorships and offices held during the last 5 years	
■ *Not applicable*	

SOLFRID SKILBRIGT

Director

Number of shares in the Company owned personally: **948**

Business address:

Sopra Steria Group Biskop Gunnerus, gate 14A – 0185 Oslo – Norway

Nationality: Norwegian **Age:** 57

Date of co-optation: 21/04/2015

Date term of office ends: General Meeting to approve the financial statements for the year ended 31/12/2017

Main positions and appointments currently held	Listed company
■ Director of HR & Strategy at Sopra Steria Group Scandinavia	
■ Director of Soderi	
■ Director of the French-Norwegian Chamber of Commerce	
Other directorships and offices held during the last 5 years	
■ *Not applicable*	

CHRISTIAN BRET

Independent Director (until 19/01/2017)

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

- Member of the Compensation Committee
- Member of the Nomination, Ethics and Governance Committee
- Standing for election as a Non-Voting Director (see Resolution 15, page 286)

Business address:

Sopra Steria Group – 9 bis, rue de Presbourg 75116 Paris – France

Nationality: French **Age:** 76

Date of first appointment: 19/06/2012

Date term of office began: 19/06/2012

Date term of office ended: 19/01/2017

Main positions and appointments currently held	Listed company
■ Director of Altran Technologies	✔
Other directorships and offices held during the last 5 years	
■ Director of Sopra Steria Group	✔
■ Director of Econocom Group	✔
■ Director of Digital Dimension	✔

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

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

- any conflict of interest affecting the exercise of his or her duties and responsibilities;
- any familial relationship with another member of the Board of Directors, with the exception of Éric Pasquier, who is related to Pierre Pasquier;
- any conviction during the last five years in relation to fraudulent offences;
- been incriminated and/or been the focus of an official public sanction issued by statutory or regulatory authorities, nor barred by a court from serving as a member a supervisory board, board of directors or other management body of an issuer or from taking part in the management or conduct of an issuer's business affairs at any point during the past five years;
- been involved in any bankruptcy proceedings or been subject to property sequestration during the last five years as a member of a board of directors, a management body or a supervisory board;
- furthermore, there are no service agreements binding the members of governing and management bodies to the issuer or to any one of its subsidiaries that provide benefits upon the termination of such an agreement.

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

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

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

a. Legal provisions

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

b. Provisions in the Articles of Association

The rules governing the organisation and procedures of the Board of Directors are set forth in Articles 14 to 18 of the Articles of Association, as discussed in Chapter 7, "Administrative and legal information", of this Registration Document (pages 261 and 262). The Articles of Association are also available on the Group's website ("Investors" section).

By way of exception to the guidelines of the AFEP-MEDEF Code, the term of office of Directors under the Articles of Association remains six years. The clauses of the Articles of Association whereby the term of office of Directors is limited to, but may be less than, six years were approved by an 85.8% majority of the shareholders at the Combined General Meeting of 27 June 2014. As allowed by those clauses, more than half of all currently serving Directors (12 out of 19) have been appointed for terms of four years or less.

c. Internal rules and regulations of the Board of Directors

The internal rules and regulations of the Board of Directors were most recently amended on 17 March 2015. They define the roles of the Board of Directors, its Chairman and the Chief Executive Officer, and specify the conditions for the exercise of their prerogatives. They also provide that prior approval by the Board of Directors is required for certain decisions "that are highly strategic in nature or that are likely to have a significant impact on the financial position or commitments of the Company or any of its subsidiaries". Please refer to Chapter 7 of the Registration Document: "Administrative and legal information" (pages 262 to 265). The internal rules and regulations are also available on the Group's website ("Investors" tab).

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

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

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

The internal rules and regulations also address the following issues: summary of powers under applicable law and the Articles of Association, meetings, information received by the Board of Directors, training of members, conflicts of interest, travel expenses, directors' fees, confidentiality and works council representative.

The Nomination, Ethics and Governance Committee is currently undertaking a review of the internal rules and regulations, and it will formulate recommendations for the Board of Directors with a view to:

- updating the contents of the document, making additions, in particular to accommodate the latest governance recommendations and to make it easier to understand;
- merging it with the Charter of the Board of Directors.

d. Charter of the Board of Directors

The updated version of the Board of Directors' charter, which was adopted on 3 September 2014, covers proxies, assignments and conditions of service, rights and obligations, individually owned shares, ethical rules pertaining to stock market transactions, transparency, conflicts of interest, meeting attendance, and confidentiality.

1.2.2. MEETINGS OF THE BOARD OF DIRECTORS

a. Number of meetings held during the financial year and attendance by members of the Board of Directors

In accordance with its internal rules and regulations, the Board of Directors is required to meet at least five times each year.

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

The Board of Directors met nine times in 2016. The attendance rate for Board members was 97%.

The Board of Directors was kept regularly informed of the work of the Audit Committee, the Compensation Committee, and the Nomination, Ethics and Governance Committee through a report by their respective chairmen on the work performed between each meeting of the Board of Directors.

The Chief Executive Officer, who is not a member of the Board of Directors, is invited to its meetings, subject to certain exceptions. He is not present when the Board considers matters concerning him personally.

b. Issues discussed

The main items of business in 2016 were:

- approval of the financial statements for the year ended 31 December 2015;
- 2016 budget and major strategies;
- quarterly performance;
- approval of management forecasts and corresponding reports;
- approval of the interim financial statements for the first half of 2016;

- continuation of previously authorised agreements;
- preparation of the Combined General Meeting of 22 June 2016;
- approval of the Report of the Chairman of the Board on corporate governance, internal control and risk management;
- reappointment of a Statutory Auditor;
- review of the recommendations of the Compensation Committee, in particular those relating to the compensation of company officers;
- Group strategy;
- external growth transactions;
- acquisition of Société Générale Group's shareholding in Axway Software;
- streamlining of the Group's corporate structure;
- decision to make an additional group incentive payment in respect of 2015;
- introduction of an employee share ownership plan;
- introduction of a long-term incentive plan leading to the allotment of performance shares;
- assessment of the Board of Directors and its operations;
- qualification of Independent Directors;
- Company policy on workplace and pay equality;
- authorisation to guarantee commitments by subsidiaries controlled by the Group;
- delegation to the Chief Executive Officer of the authorisation received at the General Meeting of Shareholders to repurchase the Company's shares;
- formal record of the level of the share capital at 31 December 2015.

1.2.3. COMMITTEES OF THE BOARD OF DIRECTORS

a. Audit Committee

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

- Hervé Saint-Sauveur, Chairman (Independent Director);
- François Odin;
- Marie-Hélène Rigal-Drogerys (Independent Director);

Bernard Michel, a Non-Voting Director, served as a member of the Audit Committee until his term of office ended at the close of the General Meeting of 22 June 2016.

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

The Committee does not have its own decision-making powers. It submits its findings and recommendations to the Board of Directors in support of the latter's decisions in the areas of risk management and internal control, financial reporting and policy, internal auditing and external audits.

In the performance of its duties, the Committee may:

- receive any internal documentation necessary for its purposes;
- hear any person affiliated with or external to the Company;
- where applicable, make use of independent experts for assistance;
- expedite an internal audit with the consent of the Chairman of the Board of Directors.

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

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

The Committee met in person six times in 2016. Meetings were attended by the Statutory Auditors, the Chief Financial Officer and the Director of Internal Audit. The attendance rate for Committee members was 95%. In order for the Audit Committee to obtain any and all desired clarifications, its meeting on the annual financial statements is held at least twenty-four hours before that of the Board of Directors. Prior to that, two preparatory sessions are held to address issues of methodology or specific points on the preparation and presentation of the financial statements.

The main items of business in 2016 were as follows:

- *with regard to the review of the financial statements and financial policy:*
  - sign-off on cash-generating units and the presentation of segment reporting,
  - 2015 impairment tests,
  - approval of the financial statements for the year ended 31 December 2015,
  - presentation by the Statutory Auditors of key takeaways from statutory audit findings and preferred accounting treatments,
  - review of the financial statements for the first half of 2016,
  - off balance sheet commitments: guarantees issued under the delegation of powers from the Board of Directors,

- preparing the implementation of IFRS 9, 15 and 16,
- proposal to improve the presentation of the notes to the 2016 financial statements,
- management of pension funds in the United Kingdom;

- *with regard to monitoring the effectiveness of internal control and risk management procedures:*
  - prevention of fraud at the subsidiaries,
  - organisation and 2016 work plan for internal audit,
  - risk mapping and "audit universe" (matrix of key Group processes),
  - verification of the completeness of audit coverage across the Group by the Internal Audit team,
  - review of the presentation of risk factors in the registration document,
  - follow-up on implementation of internal and external audit recommendations,
  - continuous improvement of internal control,
  - significant changes in the Company's legal environment,
  - implementation of subsidiary self-assessments,
  - work on the simplified Group structure and the liquidation of discontinued operations,
  - review of the draft report of the Chairman of the Board of Directors on internal control and risk management procedures, in preparation for the Board's discussions on these issues,
  - priorities of the Group's human resources policy (presentation by the Chief Executive Officer);
- *with regard to the management of the statutory audit:*
  - statutory audit engagement (scope, work schedule, fees for the past year, budget),
  - consequences of the EU audit reform,
  - prior authorisation for services other than the certification of the accounts,
  - Board of Directors recommendation to reappoint ACA as joint Statutory Auditor;
- *with regard to the Committee's own organisation and activities:*
  - update of the Committee charter,
  - Committee self-assessment.

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

When requests by the Audit Committee cannot be satisfied immediately, they are subject to a formal follow-up procedure in order to ensure that they are addressed in full at the various meetings scheduled throughout the year. About 15 specific requests were monitored using this approach in 2016 and were added to the meeting agendas established on the basis of the Committee's annual work plan.

The Audit Committee requested the addition of an engagement to the internal audit plan for 2017.

b. Compensation Committee

The Compensation Committee is governed by the Board of Directors internal rules and regulations and by a charter approved by the Board of Directors. Its current members are:

- Gérard Jean, Chairman (Independent Director);
- Kathleen Clark-Bracco, permanent representative of Sopra GMT;
- Éric Hayat;
- Jean-Luc Placet (Independent Director);
- Gustavo Roldan de Belmira (Director representing the employees).

Christian Bret, an Independent Director, served as a member of the Compensation Committee until 19 January 2017 and will be re-appointed to the Committee, subject to the approval of his appointment, as a Non-Voting Director by the shareholders at the General Meeting of 13 June 2017. This re-appointment is supported by the Board of Directors internal rules, which stipulate that Non-Voting Directors may take part in the work of its committees.

The Committee's main responsibilities are:

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

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

The Committee met six times in 2016. The member attendance rate was 92%. Items of business included:

- fixed compensation, benefits in kind to be paid to company officers and their variable compensation: criteria, objectives and recommendations based on performance;
- the fixed and variable compensation awarded to the Company's principal executives;
- implementation of the project to develop employee share ownership;
- long-term incentive plans providing for awards of performance shares;
- review of the draft registration document for 2015;
- apportionment of directors' fees.

c. Nomination, Ethics and Governance Committee

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

- Kathleen Clark-Bracco, permanent representative of Sopra GMT, Chairman;
- Éric Hayat;
- Gérard Jean (Independent Director);
- Pierre Pasquier;
- Jean-Luc Placet (Independent Director).

Christian Bret, an Independent Director, served as a member of the Nomination, Ethics and Governance Committee until 19 January 2017. The Board of Directors decided that he will be re-appointed to the Committee subject to the approval of his appointment as a Non-Voting Director by the shareholders at the General Meeting. This re-appointment is supported by the Board of Directors internal rules, which stipulate that Non-Voting Director may take part in the work of its committees.

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

The Committee's main responsibilities are as follows:

- preparing appointments of members of the Board of Directors and executive company officers;
- carrying out the annual review of the plan for unforeseen departures by the Chairman of the Board of Directors and the Chief Executive Officer;
- evaluating the Board of Directors and the effectiveness of corporate governance;
- verifying that good governance rules are applied at the Company and its subsidiaries;
- assessing whether Board members may be deemed independent in view of deliberations by the Board of Directors on this subject;
- proposing and managing changes it deems beneficial or necessary to the procedures or composition of the Board of Directors;
- verifying that the Group's values are observed and promoted by its company officers, executives and employees;
- checking that there are rules of conduct which address competition and ethics;
- assessing Company policy on Corporate Responsibility;

The Committee met six times in 2016. The member attendance rate was 92%. Items of business were:

- effectiveness of governance and annual review of the plan for unforeseen departures by the Chairman of the Board of Directors and the Chief Executive Officers;
- selection of candidates for directorships;
- follow-up on the recruitment of a new Chief Financial Officer for the Group;
- assessment of the Board of Directors and its operations;
- verification of Company compliance with the AFEP-MEDEF Code;
- qualification of Independent Directors;
- review of the Chairman's report on corporate governance and Board operations;
- Company policy on workplace and pay equality.
- examination of the main corporate social responsibility issues.

1.2.4. ORGANISATION AND ASSESSMENT OF THE BOARD OF DIRECTORS

a. Access to information by members of the Board of Directors

Dissemination of information – preparatory materials

Article 4 of the internal rules and regulations states that:

- *"each member of the Board shall receive all information required in the performance of his or her mission and is authorised to request any documents deemed pertinent;*
- *in advance of each meeting of the Board, a set of preparatory materials shall be addressed to members presenting the items on the agenda requiring special analysis and preliminary reflection, provided that confidentiality guidelines allow the communication of this information;*
- *the members of the Board shall also receive, in the intervals between meetings, all pertinent and critical information concerning significant events or operations. This information shall include copies of all press releases disseminated by the Company".*

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

Board members receive all press releases intended for investors.

Training

Article 5 of the internal rules and regulations states that *"any member of the Board may, on the occasion of his or her appointment or at any point during his or her term in office, engage in training sessions he or she feels are required by the performance of his or her duties"*.

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

b. Preventing conflicts of interest

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

Any member of the Board of Directors in a situation of conflict of interest, even potentially, may not participate in the vote on the corresponding issue. He or she may be invited by the Chairman to not participate in deliberations.

During the 2016 financial year, several Board members occasionally abstained from participating in discussions and/or votes on certain issues.

c. Assessment of the Board of Directors and its committees

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

- each year, at least one discussion by the Board of Directors is devoted to its operating procedures and ways in which they might be improved;
- in addition, the Board of Directors carried out a formal assessment of its operations in 2016, led by the Nomination, Ethics and Governance Committee. The previous board evaluation took place in 2013.

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

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

In particular, the aims of this questionnaire were to:

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

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

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

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

Each year, the Audit Committee conducts its own self-assessment using a questionnaire that covers its composition and its working procedures, the way in which its work is organised and its ability to fulfil its responsibilities. The Committee compares its procedures with the best practices established by similar bodies in other companies. It also examines developments in the regulatory environment and adapts its own working procedures in consequence. For example, in 2016 the Committee amended its operating charter to reflect the elements of the EU audit reform and decided to adjust its annual work plan accordingly.

1.2.5. COMPENSATION OF THE BOARD OF DIRECTORS (AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, NOVEMBER 2016)

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

(Amounts rounded to the nearest euro)	2016	2015
Aurélie Abert (designated 28 August 2015)		
Directors' fees	€17,945	€5,752
Other compensation	-	-
Astrid Anciaux		
Directors' fees	€17,945	€20,133
Other compensation	-	-
Christian Bret		
Directors' fees	€24,996	€32,112
Other compensation	-	-
Sopra GMT (permanent representative: Kathleen Clark-Bracco)		
Directors' fees	€33,329	€35,758
Other compensation	-	-
Éric Hayat		
Directors' fees	€29,483	€32,112
Other compensation	-	-
Gérard Jean		
Directors' fees	€37,176	€40,445
Other compensation	-	-
Bernard Michel (Non-Voting Director; term of office ended at the close of the General Meeting of 22 June 2016)		
Directors' fees	€11,679	€34,969
Other compensation	-	-
Jean Mounet		
Directors' fees	€9,969	€20,133
Other compensation	-	-
François Odin		
Directors' fees	€41,022	€32,028
Other compensation	-	-
Éric Pasquier		
Directors' fees	€17,945	€20,133
Other compensation	-	-
Jean-Luc Placet		
Directors' fees	€29,483	€30,758
Other compensation	-	-
Jean-Bernard Rampini		
Directors' fees	€17,945	€20,133
Other compensation	-	-
Sylvie Rémond (co-opted 17 March 2015)		
Directors' fees	€17,945	€14,381
Other compensation	-	-
Marie-Hélène Rigal-Drogerys		
Directors' fees	€41,022	€40,721
Other compensation	-	-
Gustavo Roldan de Belmira (designated 28 August 2015)		
Directors' fees not collected (reversion)	€24,355	€6,586
Other compensation	-	-

(Amounts rounded to the nearest euro)	2016	2015
Hervé Saint-Sauveur		
Directors' fees	€64,099	€58,433
Other compensation	-	-
Jean-François Sammarcelli		
Directors' fees	€15,951	€17,257
Other compensation	-	-
Jessica Scale (appointed by the General Meeting of 22 June 2016)		
Directors' fees	€7,975	-
Other compensation	-	-
Solfrid Skilbrigt (co-opted 21 April 2015)		
Directors' fees	€17,945	€14,381
Other compensation	-	-
TOTAL	**€478,209**	**€476,221**

The total amount of directors' fees to be allocated with respect to the 2016 financial year was €500,000 (tenth resolution approved at the General Meeting of 22 June 2016). The directors' fees allocated to Pierre Pasquier with respect to 2016, totalling €21,791, are presented in Table 2 – AFEP-MEDEF Code of Corporate Governance for Listed Companies, November 2016.

The internal rules and regulations of the Board of Directors stipulate: *"Directors' fees are allocated to participants in meetings of the Board of Directors and its committees (voting and non-voting members) solely on the basis of their attendance at those meetings, whether in person or by telephone, as follows:*

- *an amount equal to 65% of the total directors' fees will be awarded to the attendees of Board meetings;*
- *an amount equal to 20% of the total directors' fees will be divided among the attendees of Audit Committee meetings, with the committee chairman's attendance counting double;*
- *an amount equal to 10% of the total directors' fees will be divided among the attendees of Compensation Committee meetings, with the committee chairman's attendance counting double;*
- *an amount equal to 5% of the total directors' fees will be divided among the attendees of Nomination Committee meetings, with the committee chairman's attendance counting double."*

It should also be noted that:

- the implementation of the tripartite framework agreement for assistance entered into between Sopra GMT, Sopra Steria Group and Axway Software in 2011 resulted in the invoicing to Sopra Steria Group by Sopra GMT for services for a net amount (i.e. after the invoicing of services by Sopra Steria Group to Sopra GMT and excluding fees and disbursements) of €991,370 in respect of 2016. It should be noted that the costs rebilled by Sopra GMT mainly comprise the portion of payroll and related personnel costs allocated to the services performed by Sopra Steria Group and, where applicable, the external expenses incurred by Sopra GMT under the same conditions, which are rebilled on a cost-plus basis including a 7% margin (see the Statutory Auditors' special report on related-party agreements and commitments on pages 242 to 243);
- Trigone, a company controlled by Jean Mounet, invoiced commercial consulting services totalling €220,000 excluding VAT in 2016 under the terms of a contract signed in 2009;
- Éric Hayat Conseil, a company controlled by Éric Hayat, provided consulting services for business development in strategic operations, billed in the amount of €265,000 excluding VAT under an agreement that took effect on 18 March 2015.

2. Role and compensation of executive company officers

2.1. Roles of executive company officers

On 19 June 2012, Sopra's Board of Directors decided to separate the roles of Chairman and Chief Executive Officer.

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

Vincent Paris was named Chief Executive Officer on 17 March 2015. He does not hold any comparable positions outside the Group.

John Torrie and Laurent Giovachini were both named Deputy Chief Executive Officer on 17 March and 25 June 2015, respectively.

The Chairman:

- guides the implementation of the Group's strategy and all related matters, including mergers and acquisitions;
- oversees investor relations;
- assists Executive Management by contributing to certain operational assignments.

The Chief Executive Officer:

- works with the Chairman to design strategy;
- supervises the implementation of decisions adopted;
- ensures the operational management of all Group entities;
- leads the transformation and industrialisation process.

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

While paying particular attention to the stability of the principles used to determine compensation for executive company officers, the Board of Directors re-examines their compensation packages when setting their annual targets. The Board's discussions are preceded by a series of two or three preparatory meetings of the Compensation Committee between December and February.

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

2.2.1. FINANCIAL YEAR 2016

Once again in 2016, the Chairman and the Chief Executive Officer, as well as the Deputy Chief Executive Officers and the Group's key operational managers on the Executive Committee, were still covered by the same compensation system.

For several years, this compensation system has consisted of a fixed component, supplemented by a variable component which may equal up to:

- 40% of annual fixed compensation when the Group's profitability target as well as individual targets are met;
- 60% of fixed annual compensation for very strong performance.

The Group profitability target, determined on the basis of "operating profit on business activity", is the same for executive company officers, Executive Committee members and managers whose variable compensation depends in part on it. Defined precisely, the values for the indicator's lower and upper limits as well as the target are not made public for confidentiality reasons. The Company wishes to avoid any interference in financial communications and the forecasting of its results by the market.

The qualitative individual targets are not used to release a variable compensation component, but rather to make upward or downward adjustments to the amount paid on the basis of the main profitability target. As regards executive company officers, in extreme cases, this adjustment may result in the variable compensation portion being removed entirely or the amount paid being increased by up to a maximum of 30% of the upper limit on variable compensation. Personal qualitative objectives relate to specific assignments and/or the executives' personal areas in need of improvement. In either case, as the dissemination of information pertaining to these objectives, whether within or outside the Company, often seems inappropriate, the latter are also not usually made public.

The implementation of the compensation policy for company officers in 2016 is presented below in the summary statements of compensation, options and shares granted to executive company officers.

The guidelines adopted for the 2016 financial year were applied as planned, with no changes made during the financial year.

a. Summarised statements of compensation, options and shares granted (AMF Position-Recommendation 2009-16)

SUMMARISED STATEMENT OF COMPENSATION, OPTIONS AND SHARES GRANTED TO PIERRE PASQUIER, CHAIRMAN OF THE BOARD OF DIRECTORS (TABLE 1 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, NOVEMBER 2016)

	2016	2015
Compensation due for the year	€530,341	€548,212
Value of stock options granted during the year	-	-
Value of performance shares granted during the year	-	-
Value of other long-term compensation plans	-	-
TOTAL	**€530,341**	**€548,212**

SUMMARISED STATEMENT OF THE COMPENSATION OF PIERRE PASQUIER, CHAIRMAN OF THE BOARD OF DIRECTORS (TABLE 2 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, NOVEMBER 2016)

	2016		2015	
	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	€350,000	€350,000	€350,000	€350,000
Annual variable compensation	€150,000	€170,100	€170,100	€192,500
Exceptional compensation	-	-	-	-
Directors' fees	€21,791	€23,779	€23,779	€16,354
Benefits in kind	€8,550	€8,550	€4,333	€4,333
TOTAL	**€530,341**	**€552,429**	**€548,212**	**€563,187**

As Chairman and CEO of Sopra GMT, the holding company that takes an active role in managing Sopra Steria Group, Pierre Pasquier received fixed compensation in respect of the 2016 financial year from that company in the amount of €60,000. As Chairman of Axway Software, as indicated in its registration document, he also received fixed compensation from the latter company in the amount of €120,000.

The last time that Pierre Pasquier's fixed compensation was revised was the Board of Directors meeting of 21 January 2011.

The variable component of Pierre Pasquier's compensation in respect of 2016 was set, at his request, to €150,000, below the amount recommended by the Compensation Committee. It was thus aligned with his average compensation since 2011 and consistent with the Board's decision concerning the structure of his compensation in 2017 (see §2.2.2 below).

SUMMARISED STATEMENT OF COMPENSATION, OPTIONS AND SHARES GRANTED TO VINCENT PARIS, CHIEF EXECUTIVE OFFICER (TABLE 1 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, NOVEMBER 2016)

	2016	2015
Compensation due for the year	€573,527	€537,022
Value of stock options granted during the year	-	-
Value of performance shares granted during the year	€270,750	-
Value of other long-term compensation plans	-	-
TOTAL	**€844,277**	**€537,022**

SUMMARISED STATEMENT OF THE COMPENSATION OF VINCENT PARIS, CHIEF EXECUTIVE OFFICER (TABLE 2 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, NOVEMBER 2016)

	2016		2015	
	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	€400,000	€400,000	€353,852	€353,852
Annual variable compensation	€162,400	€171,871	€171,871	€165,000
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits in kind	€11,127	€11,127	€11,299	€11,299
TOTAL	**€573,527**	**€582,998**	**€537,022**	**€530,151**

At its meeting on 21 April 2015, the Board of Directors decided, at the suggestion of the Compensation Committee, to change Vincent Paris' fixed annual compensation to €400,000 starting on 1 July 2015.

After taking into account the extent of achievement of the objectives relating to the 2016 financial year, the variable component of Vincent Paris' compensation in respect of 2016 was set at the gross amount of €162,400 (i.e. 68% of its upper limit). This overall percentage reflects the fact that the quantifiable objective was partially met while the qualitative objectives were more than met (with a special focus on certain of the Group's business segments, in particular so as to ensure the return by some of them to a normative level of profitability).

As a reminder, and for information purposes only, the Group's profitability target (operating margin on business activity) communicated to the market for 2016 was "greater than 7.5%", and the actual margin achieved was 8%.

STATEMENT OF DIRECTORS' FEES AND OTHER COMPENSATION RECEIVED BY NON-EXECUTIVE COMPANY OFFICERS (TABLE 3 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, NOVEMBER 2016)

See §1.2.5 of this chapter, "Compensation of the Board of Directors" (pages 71 and 72).

SHARE SUBSCRIPTION AND PURCHASE OPTIONS GRANTED DURING THE YEAR TO EXECUTIVE COMPANY OFFICERS (TABLE 4 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, NOVEMBER 2016)

Name of executive company officer	Number and date of plan	Type of options	Value of options according to the method used for the consolidated financial statements	Number of options granted during the year	Exercise price	Exercise period
-	-	-	-	-	-	-

SHARE SUBSCRIPTION AND PURCHASE OPTIONS EXERCISED DURING THE YEAR BY EXECUTIVE COMPANY OFFICERS (TABLE 5 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, NOVEMBER 2016)

Name of executive company officer	Number and date of plan	Number of options exercised during the year	Exercise price
-	-	-	-

PERFORMANCE SHARES AWARDED TO EACH EXECUTIVE COMPANY OFFICER DURING THE FINANCIAL YEAR (TABLE 6 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, NOVEMBER 2016)

Name of executive company officer	Number and date of plan	Number of Sopra Steria Group shares awarded during the year	Value of shares according to the method used for the consolidated financial statements	Vesting date	Availability date	Performance conditions
Vincent Paris	24/06/2016	3,000	€270,750	01/04/2019	01/04/2019 (50%) At the end of his term of office (50%)	1) Change in Sopra Steria Group's consolidated revenue in 2016, 2017 and 2018 2) Change in the Group's operating profit on business activity in 2016, 2017 and 2018 3) Change in the Group's free cash flow in 2016, 2017 and 2018
TOTAL	**-**	**3,000**	**€270,750**	**-**	**-**	**-**

At its meeting of 24 June 2016, the Board of Directors decided to set up a long-term incentive plan, covering a total of 88,500 rights to free performance shares, for the Group's senior managers.

It granted 3,000 rights to shares (0.01% of the share capital) to Vincent Paris, executive company officer.

The Board of Directors decided at its meeting of 24 February 2017 to set up a long-term incentive (LTI) plan, along the same lines as the 24 June 2016 plan, awarding a total of up to 104,000 rights to free performance shares.

Under this new plan, it awarded 3,000 rights to shares to Vincent Paris, executive company officer.

For these two plans:

The strict performance conditions will be measured over three financial years (the year of allotment and the two following years) against targets for organic consolidated revenue growth, operating profit on business activity (expressed as a percentage of revenue), and free cash flow. There are at least equal to any guidance disclosed to the market.

The Board of Directors also decided that Vincent Paris must retain at least 50% of the vested shares allocated to him under these plans throughout his entire term of office as Chief Executive Officer. Vincent Paris has agreed not to engage in any hedging transactions with respect to performance shares held until the expiry of this plan.

Lastly, the relevant members of the Board of Directors refrained from taking part in deliberations of the Board of Directors in respect of these plans.

PERFORMANCE SHARES NO LONGER SUBJECT TO A HOLDING PERIOD DURING THE YEAR FOR EACH EXECUTIVE COMPANY OFFICER (TABLE 7 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, NOVEMBER 2016)

Name of executive company officer	Number and date of plan	Number of Sopra Steria Group shares no longer subject to a holding period during the year	Vesting conditions
-	-	-	-
TOTAL	**-**	**-**	**-**

OVERVIEW OF SHARE SUBSCRIPTION OR PURCHASE OPTION GRANTS – INFORMATION ON SHARE SUBSCRIPTION OR PURCHASE OPTIONS (TABLE 8 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, NOVEMBER 2016)

See Chapter 4, Note 5.4.1 (pages 166 and 167).

OVERVIEW OF PERFORMANCE SHARE GRANTS – INFORMATION ON PERFORMANCE SHARES (TABLE 9 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, NOVEMBER 2016)

See Chapter 5, Section 3.3.3 (page 225).

SUMMARY STATEMENT OF THE MULTI-YEAR VARIABLE COMPENSATION OF EACH EXECUTIVE COMPANY OFFICER (TABLE 10 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, NOVEMBER 2016)

Name and position of executive company officer	Financial year
-	-

EMPLOYMENT CONTRACTS, SUPPLEMENTARY PENSION PLANS, ALLOWANCES OR BENEFITS DUE ON THE CESSATION OF DUTIES OR A CHANGE IN DUTIES, NON-COMPETITION CLAUSES (TABLE 11 – AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES, NOVEMBER 2016)

	Employment contract		Supplementary pension plan		Allowances or benefits due or likely to become due as a result of the cessation of duties or a change in duties		Allowances for a non-competition clause	
Executive company officers	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Pierre Pasquier Chairman Term of office began: 2012 Term of office ends: 2018		X		X		X		X
Vincent Paris Chief Executive Officer Term of office began: 2015 Term of office ends: indefinite	X*			X		X		X

* *By way of exception to AFEP-MEDEF guidelines, given his seniority in the Group, the employment contract of Vincent Paris was not terminated when he was appointed Chief Executive Officer. This contract has been in suspension since his appointment as Deputy CEO on 16 January 2014.*

2.2.2. FINANCIAL YEAR 2017 AND FOLLOWING

In accordance with the second subparagraph of Article L. 225-37-2 of the French Commercial Code, the principles and guidelines used to determine, structure and grant the fixed, variable and exceptional components of the total compensation and benefits of any kind received by the Chairman, the Chief Executive Officer and any Deputy Chief Executive Officers, in recognition of their service in these positions, are presented below.

It should be noted that the payment of variable and exceptional components of compensation is subject to shareholder approval at an Ordinary General Meeting of the compensation package for the individual in question.

a. Decisions taken by the Board of Directors with a view to amending the principles and guidelines used to determine, structure and grant the fixed, variable and exceptional components of total compensation for executive company officers

Compensation of Pierre Pasquier, Chairman of the Board of Directors

The Board of Directors decided to submit a proposal to the General Meeting to suppress the variable component of compensation for the Chairman without altering the amount of his total compensation package. Under this proposal, the average amount of variable compensation paid since the last update of the fixed component in January 2011 will be included within his fixed compensation, whose gross annual amount will thus be raised from €350,000 to €500,000 in respect of financial year 2017.

This proposal aims to bring the structure of the compensation received by the Chairman of the Board of Directors in line with the AFEP-MEDEF Code, and specifically the provisions of its Article 24.2.

Compensation of Vincent Paris, Chief Executive Officer

The Board of Directors decided, taking into account both internal and external comparatives, to raise the fixed component of the Chief Executive Officer's compensation from €400,000 to €500,000, effective 1 January 2017.

The Board of Directors also decided to submit a proposal to the General Meeting to effect a shift in the balance between the fixed and variable components of the Chief Executive Officer's compensation.

Under this proposal, the Chief Executive Officer's variable compensation will be raised from 40% to 60% of his annual fixed compensation should the objectives be met and its upper limit from 60% to 100% in the event of particularly remarkable performance.

This change is intended to tighten the link between performance during the year and total compensation. It will also ensure that ambitious objectives can continue to be set without losing the motivation and loyalty effects of compensation.

Lastly, the Board of Directors decided to submit a proposal to the shareholders at the General Meeting to amend the guidelines for the granting of annual variable compensation so as to base two-thirds of its amount on the achievement of the quantifiable objective (i.e. objectives met: 40% of the annual fixed compensation) and the remaining one-third on the achievement of one or more qualitative objectives (i.e. objectives met: 20% of the annual fixed compensation) which, under the former system, only served to raise or lower the variable compensation effectively paid. The qualitative objectives will be precisely defined, in line with the Group's strategy and/or the assessment of the Chief Executive Officer's performance.

For 2017, the quantifiable objective of operating profit on business activity and the four qualitative objectives in line with strategy were unanimously approved by the Board of Directors during its meeting of 24 February 2017, without the Chief Executive Officer being present. They are not disclosed for reasons of privacy. It should be noted that the qualitative objectives are set in line with the priorities adopted by the Group for financial year 2017, and in particular the objectives of moving toward higher value offerings and the transformation of the Group.

In addition, at the same meeting, the Board of Directors, using the same authorisation given to it pursuant to the Twenty-fifth resolution adopted by the Combined General Meeting of 22 June 2016, decided to set up a long-term incentive plan awarding a total of 104,000 rights to free performance shares, for the Group's senior managers, and to grant 3,000 rights to Vincent Paris, Chief Executive Officer. This award represented 0.01% of the share capital. The authorisation given by the Combined General Meeting of 22 June 2016 caps allotments to the executive company officers at a sub-limit of 0.15% of the share capital.

This granting of rights is subject to strict performance conditions, with performance assessed over a period of three financial years and measured against targets for organic consolidated revenue growth, operating profit on business activity (expressed as a percentage of revenue), and free cash flow. These targets are set no lower than the guidance given to the market, where appropriate.

This plan, like its predecessor in 2016, aims to allow the Company's management to share in the Group's performance and thus to align its interests with those of shareholders and secure its loyalty.

The Board of Directors also decided that Vincent Paris must retain at least 50% of vested shares allocated to him in the framework of this plan throughout his entire term of office as Chief Executive Officer.

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

COMPENSATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Items of remuneration	Comments
Annual fixed compensation	Determination by the Board of Directors, acting on a recommendation by the Compensation Committee
Annual variable compensation	Not applicable: proposal to remove it
Variable deferred compensation	Not applicable
Multi-year variable compensation	Not applicable
Exceptional compensation	Applicable, by decision of the Board of Directors, contingent upon very specific circumstances (spin-off and listing of a subsidiary, merger, etc.) Payment subject to shareholder approval of all items of compensation at an Ordinary General Meeting
Share options, performance shares and any other long-term items of compensation	Not applicable
Directors' fees	In accordance with the Board of Directors' internal rules (see "Structuring rules" in §2.5)
Any other benefits	Company car
Retirement payment	Not applicable
Non-compete payment	Not applicable
Supplementary pension plan	Not applicable

COMPENSATION INFORMATION FOR THE CHIEF EXECUTIVE OFFICER (PRINCIPLES ALSO APPLICABLE FOR ANY DEPUTY CHIEF EXECUTIVE OFFICERS)

Items of remuneration	Comments
Annual fixed compensation	Determination by the Board of Directors, acting on a recommendation by the Compensation Committee (taking into account the responsibilities held, experience, plus internal and external benchmarking)
Annual variable compensation	Amount: ■ 60% of annual fixed compensation if objectives are met; ■ upper limit of 100% of annual fixed compensation. Criteria: ■ Two-thirds of the amount based on meeting one or more quantifiable objectives and the remaining one-third based on meeting one or more precisely defined qualitative objectives consistent with the Group's strategy and/or the assessment of the company officer's performance; ■ Payment subject to shareholder approval of all items of compensation at an Ordinary General Meeting.
Variable deferred compensation	Not applicable
Multi-year variable compensation	Not applicable
Exceptional compensation	Applicable, by decision of the Board of Directors, in case of very specific circumstances (spin-off and listing of a subsidiary, merger, etc.) Payment subject to shareholder approval of all items of compensation at an Ordinary General Meeting
Share options, performance shares and any other long-term items of compensation	Eligibility for long-term incentive plans set up by the Group for its senior managers with the obligation to hold a portion of the shares that will vest under these plans for the entire duration of the recipient's term of office
Directors' fees	Not applicable (except in case of appointment by the Board of Directors of the Company. Appointments held at Group subsidiaries do not give rise to any compensation)
Any other benefits	Company car; contribution to the GSC unemployment insurance for executives
Retirement payment	Not applicable
Non-compete payment	Not applicable
Supplementary pension plan	Not applicable

3. Departures from the guidelines set forth in the AFEP-MEDEF Code

At its meeting of 12 April 2017, the Board of Directors noted the following departures from the guidelines set forth in the AFEP-MEDEF Code after hearing the report of the Nomination, Ethics and Governance Committee:

- the term of office of directors under the Articles of Association is set at six years. The clauses of the Articles of Association whereby the term of office of directors is limited to, but may be less than, six years were approved by an 85.8% majority of the shareholders at the Combined General Meeting of 27 June 2014. As allowed by those clauses, more than half (12 out of 19) of all currently serving directors have been appointed for terms of four years or less.

Recommendations regarding the status and compensation of company officers:

- the Board of Directors has not, to date, fixed the number of shares that must be held and registered in the name of the Chairman of the Board of Directors. Shares held directly or indirectly through Sopra GMT by the Chairman in a personal capacity or by the Chairman's family estate make up more than 10% of the Company's share capital;
- given his more than 20 years of service with the Group, the employment contract of Vincent Paris was not terminated when he was appointed Chief Executive Officer. This employment contract has been in suspension since his appointment as Deputy CEO on 16 January 2014. If Vincent Paris were no longer a company officer, his employment contract would remain in effect until its natural expiration.

3 CORPORATE RESPONSIBILITY

1. Sopra Steria: committed to a more sustainable world

Corporate Responsibility means seeing the company differently: through the prism of its social and environmental responsibility, its community engagement and its interaction with the market, taking into account all stakeholders.

Our primary responsibility is to secure our business development and our long-term future while considering our local and global economic impact.

For several years, the Group has been committed to continuous improvement in the area of Corporate Responsibility, with a particular focus on four societal aspects covered in this report: the market, the workforce, the environment, and community engagement. This approach is supported by a progress plan addressing the main challenges facing the Group and the resulting Corporate Responsibility goals. This plan is reviewed annually with senior management in light of actual progress made, so that areas for improvement can be identified and appropriate action taken. This report sets out a summary of this approach, the goals set and progress made in the year under review, as well as new goals that the Group sets itself.

1.1. A long-term commitment

Sopra Steria is committed to a proactive Corporate Responsibility policy that is aligned with the Group's business requirements. This policy is part and parcel of a continuous improvement process, which Sopra Steria commits itself to sharing information every year about the efforts that it has made and the results achieved.

THE GLOBAL COMPACT
WE SUPPORT

For almost 50 years we have built our Group on solid, enduring fundamentals and a set of ethical principles and core values that define us. As an expression of these values, Sopra Steria is a signatory to the United Nations Global Compact, which serves as the founding framework for its approach to Corporate Responsibility. Under this commitment, Sopra Steria promotes the Global Compact's 10 principles in the areas of human rights, labour standards, protection of the environment and anti-corruption, which are fully in line with the fundamental precepts upon which the Group was founded. Sopra Steria is committed to encouraging compliance with these principles within its sphere of influence, helping its clients and partners to adopt responsible business practices.

1.2. Alignment with the United Nations Sustainable Development Goals

Most of Sopra Steria's Corporate Responsibility goals are aligned with 11 of the 17 Sustainable Development Goals (SDGs) proposed by the United Nations in 2016. This major initiative under the United Nations Global Compact aims to unite economic agents around strong sustainable development commitments.

Main United Nations Sustainable Development Goals already taken into account by the Group

- Goal 4: Ensure inclusive and quality education for all and promote lifelong learning.
- Goal 5: Achieve gender equality and empower all women and girls.
- Goal 6: Ensure access to water and sanitation for all and ensure water resources are managed sustainably.
- Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all.
- Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all.
- Goal 9: Build resilient infrastructure, promote sustainable industrialisation and foster innovation.
- Goal 11: Make cities and human institutions inclusive, safe, resilient and sustainable.
- Goal 12: Ensure sustainable consumption and production patterns.
- Goal 13: Take urgent action to combat climate change and its impacts.
- Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development purposes.
- Goal 15: Protect and restore land ecosystems, taking care to exploit them sustainably, sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss.

Sopra Steria's commitment to the Global Compact, its day-to-day activities as a responsible company and the publication of this Corporate Responsibility Report are part of its ongoing efforts to ensure transparency, fairness and loyalty in its dealings with all stakeholders: clients, employees, shareholders and investors, partners, suppliers and civil society.

As an international group operating in many countries, we play a major role in helping to create a more sustainable world.

The Corporate Responsibility commitments that guide Sopra Steria's actions are based on compliance with legislation and regulations in force in countries where the Group is located, and on optimal operation of the Group's businesses.

Supported by Sopra Steria's management and by all employees associated with it, the Group's Corporate Responsibility policy is backed by a continuous improvement process communicated to stakeholders each year through the annual Corporate Responsibility Report. This approach aims to reconcile economic efficiency, equal employment opportunities, respect for the environment and community engagement. It covers four areas:

- market: interacting with our stakeholders to work for a more sustainable world;
- workforce: Sopra Steria, a responsible and committed team;
- environment: innovating in support of the environment for the benefit of our clients;
- community engagement: working alongside local communities and vulnerable populations to demonstrate our solidarity.

1.3. Activities and operations

Sopra Steria, a European leader in digital transformation, provides one of the most comprehensive portfolios of offerings on the market, spanning consulting, systems integration, industry-specific software development, infrastructure management and business process services. It provides end-to-end solutions to address the core business needs of large companies and organisations, helping them remain competitive and grow. Combining added value, innovative solutions and high-performance services, Sopra Steria enables its clients to make the best use of digital technology.

This subject is discussed in further detail in Chapter 1, Section 3 of the 2016 Registration Document.

1.4. Group governance

Sopra Steria Group is a *société anonyme* with a Board of Directors.

The Board of Directors currently consists of 19 directors, including two employee representatives. Excluding employee representatives, seven of the Board members – i.e. over 40% of its membership – are women.

Where appropriate, its work is prepared by an Audit Committee; a Nomination, Ethics and Governance Committee; and a Compensation Committee.

The functions of Chairman and Chief Executive Officer are separate. Executive management responsibility is held by a Chief Executive Officer and two Deputy CEOs.

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

Corporate Responsibility policy and actions are followed up by the Nomination, Ethics and Governance Committee, which informs the Board of Directors of its work and recommendations in this area.

This subject is discussed in further detail in Chapter 2, Section 2.3.3 of the 2016 Registration Document.

1.5. Corporate Responsibility structure

Sopra Steria Group's Corporate Responsibility programme and initiatives are placed under the responsibility of Executive Management, who oversee the Group's strategy in this area.

Sopra Steria has structured its Corporate Responsibility programme around several departments:

1.5.1. GROUP CORPORATE RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT DEPARTMENT

The Corporate Responsibility and Sustainable Development (CR-SD) Department oversees the roll-out of the Group's Corporate Responsibility policy, coordinates the continuous improvement approach with the relevant departments and supports them as they implement their action programmes.

The CR-SD Department spearheads programmes across all areas of the Group, and more specifically regulatory reporting, including this Corporate Responsibility Report, the Group's assessment by external organisations, its main corporate sponsorship and community engagement partnerships, and actions to raise employee awareness.

Sopra Steria Group's Corporate Responsibility initiatives are coordinated by the Group CR-SD Department and managed via four interdependent units devoted to market responsibility, responsible employment, environmental responsibility and community engagement.

1.5.2. MARKET RESPONSIBILITY UNIT

Reporting to the CR-SD Department, the Market Responsibility unit handles client requests for proposals and accreditation, external assessments and communications activities. It works closely with specialist Group departments including Legal, Purchasing, Human Resources, Communications, Information Systems and Industrial, Audit and Internal Control, as well as with operating divisions.

1.5.3. RESPONSIBLE EMPLOYMENT UNIT

The workforce component of Corporate Responsibility is a key issue for a group like Sopra Steria. It is managed by the Group's Human Resources Department. To handle cases involving issues such as workers with disabilities, gender equality, older employees, diversity and work-linked training opportunities and to coordinate action programmes, a manager in charge of responsible employment practices works with the various entities to ensure that all initiatives reflect the wider Group approach.

1.5.4. ENVIRONMENTAL RESPONSIBILITY UNIT

The Group's environmental programme is managed by the Environmental Responsibility unit, supervised by the Group CR-SD Department. Overseen by a Group-level manager, this unit is supported by a network of environment correspondents and the relevant support departments (Property Management, Purchasing, Information Systems, Communications and Industrial). Together with the Industrial Department, the Environmental Responsibility unit is responsible for the roll-out of the Environmental Management System (EMS) and ISO 14001 and ISO 14064-3 certification for certain sites. It also coordinates greenhouse gas assessments and annual reporting to CDP's climate change programme.

1.5.5. COMMUNITY ENGAGEMENT UNIT

Reporting to the Group's CR-SD Department, the Community Engagement unit is supported by an international network of key stakeholders leading local community engagement programmes. The CR-SD Department manages the Group's programme of action through Group sponsorship or partnership programmes, either by foundations in France and India, or directly by Group entities that enlist the support of their employees and, in some cases, clients.

1.5.6. CORPORATE RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT COMMITTEE

The Group Deputy CEO and the CR-SD Director chair the Corporate Responsibility and Sustainable Development Committee (CR-SD Committee), which, meeting twice a year, brings together the managers of the key central departments involved in the Group's approach. The CR-SD Committee draws up the Group's roadmap for Corporate Responsibility, and tracks progress against the associated action plans.

1.5.7. CORPORATE RESPONSIBILITY ADVISORY BOARD

The purpose of this advisory body is to provide external feedback on the various components of the Group's Corporate Responsibility approach.

The Advisory Board consists of three independent experts from senior civil service positions and civil society, the Deputy CEO, the CR-SD Director, his or her deputy, and managers from the Group CR-SD Department. It met twice in 2016.

The Advisory Board's main responsibilities are:

- submitting recommendations on the Group's Corporate Responsibility strategy and priorities;
- providing Executive Management with useful benchmarking information related to Corporate Responsibility;
- providing information on legislative and regulatory developments and their impact as regards Corporate Responsibility.

In 2016, the Advisory Board consisted of the following three independent experts:

- Marie-Ange Verdickt, former Director of Research and Socially Responsible Investment at La Financière de l'Échiquier;

- Mark Maslin, Professor of Climatology at University College London (UCL);
- Frédéric Tiberghien, member of the French Council of State and honorary chairman of ORSE (*Observatoire de la Responsabilité Sociétale des Entreprises*).

1.6. Approach and methodology

A methodological note detailing the scope of reporting analysed, data collection processes and tools, exclusions applied and checks carried out can be found at the end of this section.

2. Market responsibility: interacting with our stakeholders to work for a more sustainable world

2.1. Background and key events

Interacting responsibly with stakeholders and adapting the improvement process to meet new digital challenges

Needs, uses, offerings and business model – in the face of rapid change resulting from digital technology, companies need to adapt and get on board the movement generated by the digital revolution.

As a major European player in the digital transformation, Sopra Steria is a preferred partner of major organisations, helping them respond to these new challenges.

As part of its Corporate Responsibility approach, Sopra Steria interacts with all its stakeholders, with an emphasis on three key factors: dialogue, innovation and value creation.

Key events:

- For the eighth year running, Sopra Steria was included in the Gaia Index, which lists the 70 companies with the best Corporate Responsibility ratings out of a sample group of 230 companies.
- Sopra Steria achieved EcoVadis Gold level for social and environmental responsibility, ethics and supply chain for the third year running, putting the Group in the top 5% of companies rated by EcoVadis.
- Fondation Steria-Institut de France has become Fondation Sopra Steria-Institut de France and has enlarged its scope to include environmental initiatives.
- In 2016, Sopra Steria published the second edition of its digital governance survey, extended to the whole of Europe.
- At the beginning of 2017, a Corporate Governance & Risk Management department was set up.
- The Group is a member of the club of sponsors of the Collège des Bernardins Digital Chair: "Humanity in the face of the digital challenge".

2.2. Commitments

Sopra Steria's approach to Corporate Responsibility is based on its commitment to the United Nations Global Compact. It embraces the principles of transparency towards and dialogue with all its main stakeholders: clients, employees, shareholders and investors, partners, suppliers and civil society

To take into account rapid changes in its environment and new challenges linked to digital technology, in 2016 Sopra Steria initiated a materiality study of its key strategic challenges. Through this work, which will continue in 2017, the Group will use the materiality matrix to map challenges for stakeholders and adapt its 2020 progress plan for Corporate Responsibility so that it addresses them.

2.3. Challenges and key achievements

Challenges		2016 targets	2016 Results	2017-2018 ambitions
Stakeholder dialogue		Continue with sustained dialogue	■ Reinforced digital communications both in-house and externally ■ Ipsos/Sopra Steria European survey on citizens' expectations in respect of e-government ■ New initiatives involving clients (local authorities) centred on digital inclusion ■ Contribution to the Collège des Bernardins Digital Chair ■ Space to discuss and promote Corporate Responsibility as part of the "management kick-off" of January 2016 and 2017 (3,500 managers from around the Group)	■ Strengthen initiatives designed to raise awareness of Corporate Responsibility ■ Develop collaborative initiatives with the Group's ecosystem on issues related to the market, the environment, diversity and digital inclusion
Business ethics		Strengthen control system by incorporating new acquisitions	■ Launch a review to take into account future regulations from 2017 onwards (Sapin II Act and parent companies' duty of care)	■ Incorporate new regulations ■ Strengthen methods for monitoring ethical business practices at Group level
Responsible purchasing	Responsible Purchasing Charter	Roll out Group Responsible Purchasing Charter across all entities	■ The Responsible Purchasing Charter was rolled out to Group entities	■ Incorporate new European and local directives into the Responsible Purchasing Charter ■ Roll the new Charter out to Group employees involved in purchasing
	Have key suppliers assessed by a third party, EcoVadis	After France, the United Kingdom and HQ, roll out to Belgium, Luxembourg, Poland and Spain	■ Roll-out: Belgium, Luxembourg, Poland and Spain ■ Incorporate CIMPA, acquired in 2015, into the assessment process	■ Reinforce the programme to raise awareness of the EcoVadis assessment system among Group purchasing staff to increase the number of suppliers assessed
Client challenges	Know-how and services	Continue to innovate and develop new services to help our clients achieve their sustainable business development and performance goals	■ Innovative client projects in the healthcare, transport and energy sectors ■ Closer client relationships thanks to social, environmental and community initiatives integrated into client services ■ Innovation and skills development in the field of smart cities: Smart Harbor, SI@GO, Enjoy-MEL and Colibry	■ Continue to innovate in client projects ■ Develop common Corporate Responsibility initiatives between Sopra Steria and its clients
	Client satisfaction	Extend the key accounts policy to new clients	■ Broaden the key accounts target audience to new sectors ■ Align the key accounts policy at the European level	■ Continue to strengthen key account processes
Data security		Renew ISO 27001 certification	■ Renewed certification	■ Strengthened security measures ■ ISO 27001 extensions (new sites in Spain and France)

Roll-out of all actions directly addressing the market on the issue of Corporate Responsibility will continue across all entities and countries in 2017 and 2018.

2.4. Responsible dialogue that creates value and fosters innovation

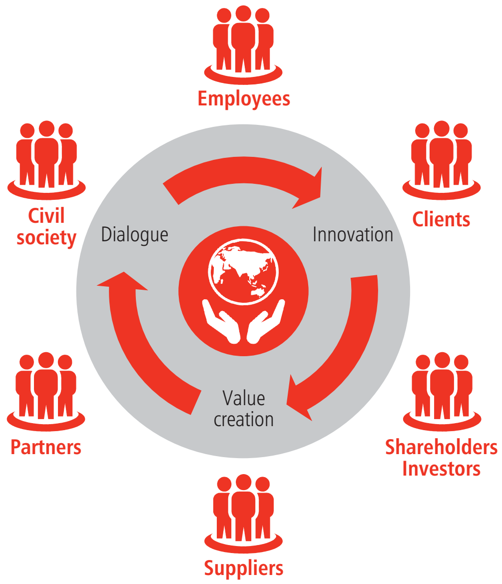
Stakeholder dialogue involves all Group entities, contributing to an innovative improvement process that creates value for Sopra Steria and its stakeholders.

CR ADVISORY BOARD

To add to its improvement approach, several years ago Sopra Steria established a Corporate Responsibility Advisory Board consisting of experts from the public and private sectors and civil society. These advisors support the Group and provide it with outside input, notably to help strengthen relations with key stakeholders. At the committee's last meeting in December 2016, Mark Maslin, the CR Advisory Board's environmental advisor and a professor of climatology, gave a presentation on the challenges of combating climate change and the importance of a major digital player such as Sopra Steria taking action on this subject within its sphere of influence.

DIGITAL CHAIR

As a European digital transformation player working with major organisations, Sopra Steria plays an essential role in contributing to and providing input into work on the societal impact of digital technology. Against this backdrop, in 2016 the Group decided to support the Collège des Bernardins Digital Chair through a two-year sponsorship programme. A key centre for gatherings and discussion on key societal issues with the aim of building a future that respects mankind, the Collège des Bernardins created this Chair in 2015 as part of its research activities. The Digital Chair is supported by a shared discussion process involving digital researchers and practitioners on the one hand and philosophers, anthropologists, theologians, sociologists and economists on the other to map out the key components of this digital culture and, above all, its main impacts on people and society. The aim is to work together to construct a framework of thought within which the development of digital technology can be conceived of as a form of human progress and not as something that risks negating our humanity – a framework from which a digital humanism can be born.



Stakeholder	Dialogue, innovation and value creation
Clients	■ Regular monitoring of client satisfaction at account reviews. ■ Co-development initiatives with clients focused on innovation, social inclusion and environmental clauses linked to Sopra Steria's services. ■ Meetings between Sopra Steria and its clients on the Group's contribution to its clients' Corporate Responsibility challenges and the Group's compliance with regulations. These meetings are supported, in particular, by third-party assessments (CDP, Gaia Index, EcoVadis) and specific questionnaires. ■ Sopra Steria involvement in clients' supplier days. Such gatherings provide an opportunity, in particular, to review expectations as regards Corporate Responsibility.
Employees	■ Local and Group-level internal communication through the corporate portal. ■ 2016 launch of an international Group newsletter dedicated to Corporate Responsibility: Sustainability Buzz. ■ Reinforcement of communication and awareness campaigns on sustainable development issues at the international level: World Water Day; European Sustainable Development Week; World Environment Day; European Week for Waste Reduction; International Volunteer Day; etc. ■ Incorporation of a Corporate Responsibility track into the induction process for new arrivals. ■ A dedicated mailbox open to all employees: corporate.responsibility@soprasteria.com.
Shareholders and investors	■ Sopra Steria Group is listed on Segment A of NYSE Euronext Paris. ■ The Group applies the AFEP-MEDEF Corporate Governance Code; every year, through its Registration Document, the Group informs shareholders of how it applies the recommendations of this Code. ■ Annual General Meeting of Shareholders. ■ Regular provision of ongoing and periodic information via press releases. ■ Meetings announcing the full-year and interim results to share the Group's strategy, financial performance and outlook with the financial community. ■ Investor communication via the "Investors" section of the Group's website (www.soprasteria.com) and a dedicated e-mail address (investors@soprasteria.com). ■ Meetings with analysts and shareholders. ■ Specific questionnaires, notably related to the requirements of Article 173 of France's Energy Transition for Green Growth Act, on funding. ■ Dedicated communications to employee shareholders (portal, newsletter, training on employee share ownership issues: corporate governance, stock market).
Partners	■ Co-innovation approach with key strategic partners in digital transformation: R&D programmes in cooperation with these partners. ■ Governance of strategic partnerships with dedicated managers, coordinated at Group level by a Corporate Alliance Officer: – **Microsoft:** Gold Certified Partner and Silver Certified Partner; – **IBM Software:** Premier Business Partner; – **SAP:** SAP Recognized Expertise (markets and solutions); – **Oracle:** Oracle Platinum Partner (Europe); – **HP Software:** HP Enterprise Silver Partner and Silver Specialist; – **Dassault Systèmes** (from 2017). ■ More specialised partnerships with sector-specific and technology vendors, coordinated by specialised Partner Managers. ■ Technological monitoring of GAFAS – Google, Amazon, Facebook, Apple and Samsung – and start-ups. This approach is supported by DigiLabs, the Group's innovation spaces. The goal is to strengthen expertise in the cloud, mobility and cognitive technologies. ■ Axway preferred partner. ■ Awards given by our strategic partners in 2016: – **IBM:** France Partner innovation award – **IBM:** International Cloud Partner award for innovative use of the Bluemix platform – **Oracle:** Partner Excellence award in the cloud and data centres category, following the success of a cloud project in Italy

Stakeholder	Dialogue, innovation and value creation
Suppliers and subcontractors	■ Responsible purchasing policy rolled out Group-wide and incorporating new local regulations. In France: Sapin II Act and parent companies' duty of care. In the United Kingdom: UK Modern Slavery Act. ■ Inclusive purchasing policy aimed at the supported employment sector, minorities and SMEs. ■ Regular meetings between buyers, suppliers and subcontractors. ■ Purchasing process that incorporates Corporate Responsibility from the supplier accreditation phase, through to requests for proposals and right through to contract stage. ■ Responsible purchasing charter. ■ Supplier CSR assessment (EcoVadis): ethical business practices, social and environmental responsibility and supply chain. ■ Initiatives relating to shorter payment terms (Sopra Steria is notably a signatory to the Prompt Payment Code in the United Kingdom).
Civil society	■ Community programmes in each country, adapted to local needs. ■ Partnerships and sponsorships with international and local NGOs in each country. ■ Partnerships between foundations in France and India and local non-profits and NGOs. ■ Active member of trade unions and industry groups: Syntec Numérique, Nasscom, Hertfordshire Chamber of Commerce, BCS Hertfordshire, Franco-Norwegian Chamber of Commerce, Den Norske Dataforening, IKT Norge, AEC, Agora, etc. ■ Cooperation with local authorities, schools and universities in the various countries where the Group operates. ■ Contribution to the Collège des Bernardins Digital Chair, which aims to analyse the main impacts of digital technology on people and society.
All stakeholders	■ Publication of an annual Corporate Responsibility Report audited by an independent third party. ■ Incorporation of future regulations such as European Directive 2015/95/EU on reporting of non-financial information and guidelines such as the Global Compact, GRI4 and ISO 26000. ■ Regular dissemination of information via the Group's website and social networks: Twitter, Facebook, LinkedIn, etc. In 2016, digital communication was stepped up significantly, fostering dialogue both internally and externally.

2.5. Business ethics

Sopra Steria's main priority in carrying out its day-to-day activities is observing business ethics.

Sopra Steria's Code of Ethics formalises this priority, which is based on the commitments of the United Nations Global Compact. The Code expresses the shared ethical principles that apply to all of the Group's entities and its entire scope.

The principles of the Group's Code are founded on compliance with legislation and regulations in all countries in which Group entities operate, and on the entities' commitments to carry on their business as efficiently and effectively as possible.

At the local level, depending on legislation in force in the countries in which the Group operates, additional charters and rules on business ethics are in place and regularly monitored.

In conducting its business, the Group is thus committed to ensuring that its employees:

- work to prevent all forms of active or passive corruption, whether direct or indirect;
- abide by competition rules;
- maintain the confidentiality of information to which employees have access in the course of their duties and activities.

Sopra Steria is also committed to avoiding conflicts of interest.

The Sopra Steria Code of Ethics is supported by Group management, which is responsible for ensuring that these rules are observed. The code applies to all Sopra Steria employees to ensure that the Group's businesses operate effectively.

At the beginning of 2017, a Corporate Governance & Risk Management department was set up at Group level, reporting to Executive Management. The main responsibility of this central department is to develop the guiding principles of the Code of Ethics by incorporating new regulatory requirements and taking into account ongoing changes in the Group's scope.

Changes in the Code of Ethics will involve key stakeholders within the Group and will, in 2017, be the subject of an appropriate information and training programme.

2.6. A responsible purchasing policy

A continuous improvement process to manage supply chain sustainability and compliance and anticipate risks

To ensure a sustainable supply chain, the Group pursues a responsible purchasing policy, based on social and ethical guidelines and demonstrating a commitment to the environment. The Group is gradually rolling out responsible purchasing initiatives, supplemented by local activities tailored to the specific challenges that it faces in each country.

2.6.1. RESPONSIBLE PURCHASING CHARTER: BRINGING SUPPLIERS INTO THE GROUP PROCESS

A Responsible Purchasing Charter that draws on the principles of the UN Global Compact

Sopra Steria's Responsible Purchasing Charter, in place since 2011, sets out the fundamental principles of fair and transparent purchasing. It addresses the Group's Corporate Responsibility challenges and is underpinned by the commitments set out in the United Nations Global Compact on human rights, labour standards, the environment and preventing corruption. The charter is appended both to requests for proposals and to new and renewed supplier contracts. From 2017, the Charter will reflect new regulations linked, in particular, to the prevention of corruption and the duty of care. At the local level, the Responsible Purchasing Charter is adapted to each country's specific context. For example, in the United Kingdom, the charter was adapted to new local regulations in 2016 and rolled out to relevant entities.

2.6.2. ASSESSMENT OF SUPPLIERS BY A THIRD PARTY

The Group has carried out assessments of its suppliers in France for several years. This programme serves to monitor suppliers' observance of regulations and best practice with regard to environmental, social and ethical responsibility and to anticipate risks associated with the supply chain.

Assessment of key suppliers by a third party, EcoVadis

Sopra Steria has put in place a process of having its key suppliers assessed by a third party, EcoVadis, which specialises in carrying out CSR assessments of companies.

This assessment takes into account and anticipates local regulatory requirements (such as the duty of care for parent companies in France and the Modern Slavery Act in the United Kingdom).

This system includes 21 indicators relating to environmental, social and ethical responsibility and the supply chain.

Assessment of suppliers by EcoVadis has been put in place at Group (HQ) level as well as in France, the United Kingdom, Belgium, Luxembourg, Poland and Spain. The results of the assessment campaign will be used to adjust purchasing procedures.

In 2016, 67 of the Group's key suppliers, from an initial pool of 121 suppliers, were assessed. The assessment campaign achieved a 55% response rate. The findings of the assessment showed an average score of 55 out of 100, 13 points above the average EcoVadis score of 42 out of 100 across all sectors. Ratings were above the EcoVadis average on all four aspects: social, ethical and environmental responsibility and supply chain.

2.6.3. PURCHASING INCLUSIVE PRODUCTS AND SERVICES WITH A LOW ENVIRONMENTAL IMPACT

A purchasing policy that favours products and services with a low environmental impact

IT purchases managed by the IT department are concentrated among a small number of suppliers with a high level of maturity on Corporate Responsibility, particularly with regard to the environment. Computer hardware carries Energy Star and EPEAT Gold or Silver ratings. Preference is given to purchasing FSC- or Blue Angel-certified paper produced from sustainably managed forests, fair trade and sustainable catering products, and electricity generated from renewable energy sources.

In 2016, renewable energy covered 75% of energy consumption in France, rising to 100% in a number of countries.

As part of its drive for continuous improvement and by renegotiating contracts, Sopra Steria endeavours to increase the proportion of "green" products: FSC-, Blue Label- or NF Environnement-certified office supplies based on products that are recycled or recyclable, rechargeable, PVC-free or contain fewer chemicals.

The Group also favours the introduction of new, more sustainable services such as rental of electric or hybrid company cars, and delivery services using electrically powered bicycles and vehicles.

Ethical and inclusive purchasing in support of diversity

Sopra Steria works with many companies with a focus on diversity.

In France, the Group has entered into a preferred partnership with Atimic, a supported employment company in the digital sector that fosters employment for people with disabilities on technology projects on behalf of Group clients. This partnership also enables those clients to count services delivered by Atimic towards their disability employment targets.

Sopra Steria also uses companies in the sheltered and supported employment sector for services such as recycling of WEEE (Waste Electrical and Electronic Equipment), premises maintenance, mailshots and document scanning, catering services for meetings, and the fabrication of advertising items.

In the United Kingdom, Sopra Steria is involved, alongside public sector clients, in a programme enabling diversity-conscious suppliers (female-owned SMEs and companies) to be more easily accredited. Sopra Steria is also a signatory to the Prompt Payment Code and commits to honour its supplier payment terms.

In 2017, responsible purchasing best practice will continue to be rolled out, supported by increased awareness-raising among Group purchasing staff.

2.7. Security of data rolled out at Group level

Sopra Steria entities (in France, the United Kingdom, Germany, Scandinavia, Poland, Spain, Italy and India) are certified to ISO 27001 by accredited organisations. This applies, in particular, to IT services supplied by the IT department for the Group as a whole, which have been certified ISO 27001 since 2015 and are subject to annual follow-up audits. This scope is steadily widening.

For entities such as Sopra HR Software, supplying human resources solutions and managing personal information, additional measures are in place (Binding Corporate Rules and ISAE-3402 audits).

2.8. Responding to clients' challenges: a day-to-day commitment

2.8.1. CLIENT SATISFACTION

Long-term relationships with key clients

For a number of years, Sopra Steria's client approach has been based on a key account strategy for all its target segments. Key clients are identified and selected according to performance criteria, development potential and compatibility with the Group's business lines and geographies.

Sopra Steria has developed specific approaches aimed at building long-term relationships with its key clients.

As such, most of its key accounts have been clients of the Group for over 10 years. These longstanding relationships reflect the quality of services delivered and the resulting client satisfaction.

Sopra Steria's level of client satisfaction is closely linked to both the quality of the products and services delivered by the Group and the continuous improvement of its Quality System.

The client satisfaction surveys and reviews carried out by Sopra Steria entities enable the Group to improve the quality of the services it delivers while taking account of client expectations.

The quality policy is backed by a high level of commitment from Sopra Steria's management, with the main focus being on meeting clients' requirements while continuing to deliver the strong performance that ensures that the Group retains the freedom it needs to offer them appropriate solutions.

All Sopra Steria entities (in Europe and India) have been certified to ISO 9001 by accredited organisations.

The Group has also responded to its clients' growing concerns about data security by setting out specific confidentiality rules and best practices applicable to production.

2.8.2. EXPERTISE AND SERVICES FOR SUSTAINABLE CLIENT PERFORMANCE

Innovation and digital technology: drivers of growth and sustainable performance for the Group's clients

Combining added value, innovative solutions and high-performance services, Sopra Steria supports its clients with their transformation programmes, helping them make the most of digital technology, particularly in the areas of augmented reality, mobility, new interfaces, connected objects, artificial intelligence, big data, the cloud, cybersecurity, smart cities, etc.

DIGITAL CO-INNOVATION: A PARTICIPATIVE APPROACH TO RESPOND EFFECTIVELY TO END USERS' CHALLENGES AS QUICKLY AS POSSIBLE

Co-design to mobilise collective intelligence	■ Development of a collaborative approach that fosters creativity in the design of services, uses, processes, organisations and a shared vision or strategy.
Sopra Steria DigiLabs: spaces dedicated to digital co-innovation	■ In 2016, digital co-innovation – a driver of value creation in the digital revolution – saw Sopra Steria staff and clients work together on disruptive technologies like virtual reality, augmented reality, the Internet of Things, artificial intelligence, data science and mobility. By involving business experts, end users and technical experts, this approach shortens the design phase, optimises processes and helps maximise access to digital technology. ■ This approach is supported by DigiLabs, spaces dedicated to innovation to encourage the emergence of innovative solutions that will meet the new challenges faced by businesses and organisations. DigiLabs have been rolled out across the Group, in France, the United Kingdom, Spain, Germany, Norway, India and Singapore.

HARNESSING DIGITAL TECHNOLOGY TO CREATE VALUE: AUGMENTED REALITY, MOBILITY, NEW INTERFACES, CONNECTED OBJECTS, ARTIFICIAL INTELLIGENCE, BIG DATA, THE CLOUD, CYBERSECURITY, SMART CITIES, ETC.

Designing intelligent systems	■ Designing intelligent systems to control energy demand from consumers and developing services to address new energy efficiency challenges faced by buildings.
Supporting transformation	■ Supporting transformational uses and the digitisation of data exchange to offer services tailored to end users' challenges.
Developing services to manage risks	■ Covering the entire security life cycle of applications, from governance through to monitoring. ■ Developing an advanced cybersecurity programme for a major European university.

An application of HoloLens technology used in operating theatres

Harnessing augmented reality in healthcare through HoloLens technology. Sopra Steria is contributing to research into liver cancer alongside Microsoft and Oslo University Hospital. This project won the Microsoft Health Innovation award in early 2017.

IMPROVING THE PERFORMANCE OF PUBLIC SERVICES AND THE QUALITY OF SERVICES DELIVERED TO USERS

Performance and quality of services delivered to citizens	■ Designing applications to foster access to services through digital technology: paperless processing, reducing the need to travel, and new services. ■ Supporting seven Norwegian municipalities with the implementation of a shared cloud platform. ■ Developing integrated mobile working environments for public sector employees. ■ Improving security for means of transport.

HARNESSING EXPERTISE FOR SMART CITIES

Smart cities: making cities more attractive, reducing their environmental footprint and offering new digital services	■ Supporting digital transformation and regional economic development. Sopra Steria is partnering with major European cities as they put together their digital strategies, supported by innovative solutions: ■ Smart Harbor: optimising harbour management by switching to paperless activity management and developing new services. ■ SI@GO: energy efficiency for buildings. ■ Enjoy-MEL: a digital ecosystem for developing the attractiveness of a major city. ■ Colibry: a platform for developing innovative, operational solutions that respond to the urban mobility challenges faced by smart cities, businesses and citizens.

Digital transformation for an innovative French region

In the Pays de Saint-Omer region (the new CAPSO* and the Pays de Lumbres Chamber of Commerce), Sopra Steria is supporting the definition and implementation of the region's digital strategy. The goal is to support the shift towards digital business activities and stimulate new opportunities:

- Opportunity studies linked to uses of digital technology: the cloud, remote working, single daily life card to facilitate access to public services
- Regional information system: to offer harmonised services and administrative support
- E-democracy platform: to guarantee access to information and expression for everyone and create the conditions to rekindle entrepreneurial momentum
- Healthcare platform: to facilitate access to services and promote preventive care
- Home automation pack: to help people who are losing their independence stay in their own homes
- Interactive terminals and shared online system: to give a boost to city centres and promote local business
- Tourism platform: to modernise the welcome given to both individuals and tourist industry professionals
- Supporting digital transformation:
  - Training regional stakeholders in using new digital tools
  - Promoting digital technology within the community: virtual reality application, digital table application, "Totem" building, cooperation with schools

The goal is to consciously lead the region into the third industrial revolution through an inclusive and far-reaching service. offering, supported by the Hauts-de-France region and the European Union.

* *CAPSO: Communauté d'Agglomération du Pays de Saint-Omer (Pays de Saint-Omer urban community).*

BUILDING TOGETHER WITHIN AN EXPANDED ECOSYSTEM TO BOOST LOCAL COMPETITIVENESS AND REGIONAL ECONOMIC DEVELOPMENT

Working together with users to build the services of the future and foster local economic development	■ Active participation by Sopra Steria in local inner-city initiatives in France to build together the city of the future through dedicated spaces for sharing resources, skills and knowledge: ■ TUBà, Lyon ■ Bordeaux Metro Pulse ■ Bouda, Boulogne ■ At the regional level, contributing to start-up development by mobilising expertise to bring to life the local ecosystem.

MEETING CLIENTS' CORPORATE RESPONSIBILITY CHALLENGES

Harnessing digital technology to achieve a low-carbon economy	■ Developing services that contribute to a low-carbon economy and supporting the digitisation of clients' activities. ■ Services benefiting from the carbon neutrality of all the Group's business travel, offices and data centres.
Taking into account the social dimension of Corporate Responsibility	■ Harnessing digital technology to work for a more inclusive economy and working with clients and civil society on the challenges of digital inclusion.
Ensuring client growth and sustainability and managing risks	■ Supporting implementation of risk management and regulatory compliance systems.

3. Responsible employment practices: Sopra Steria, a responsible and committed team

3.1. Background and key events

The digital revolution is fundamentally changing our society and working methods. Huge volumes of information are transmitted instantaneously and knowledge is now within everyone's grasp. Innovation is becoming a collaborative endeavour and is accelerating in every field. Digital technology is prompting economic agents to reinvent themselves in response to new models, offering our clients opportunities to automate, simplify, create and personalise new services.

To respond to these new challenges and meet its clients' high expectations of value creation, Sopra Steria, as a responsible employer, is helping its employees evolve into new digital jobs. In all the regions where it operates, the Group offers an inclusive working environment that stimulates entrepreneurial thinking and collaborative working.

Amid intense competition and a digital revolution that is shaking up our clients' business sectors as well as our own, 2016 was marked by an acceleration in the Group's large-scale transformation programme in support of Sopra Steria's ambitious Enterprise Project.

Key events:

- Sopra Steria is becoming one of Europe's leading recruiters. A total of 8,498 new employees joined the Group in 2016. In France, the Group is the biggest recruiter of young graduates in the digital field;
- almost 600 activities undertaken with schools;
- launch of the Sopra Steria–Institut de France Foundation Student Prize;
- more than 20,000 days' training in France on values to build a strong and united team;
- Happy Trainees accreditation for the fourth consecutive year;
- international roll-out of the women's network (Germany, France, India, Norway, United Kingdom).

3.2. Commitments

Sopra Steria's social responsibility policy aims to promote equal opportunities. It forms part of a continuous improvement approach, the aim of which is to reconcile economic effectiveness with social equity.

Human resources are at the heart of the Group's Enterprise Project. Sopra Steria is committed to anticipating future skills requirements, promoting mobility within the Group and offering a broad range of professional development training. The goal of these commitments is to help employees reach their full potential, while working hard to ensure respect for diversity.

The various programmes implemented by the Group in 2016 incorporate, in particular, challenges linked to diversity and employment for young people.

3.3. Challenges and key achievements

2016 targets	Results for 2016	Ambitions for 2017
WORKFORCE: Promoting equal opportunities		
Continue harmonising practices and rolling out the Group's standard job descriptions in all countries	■ Harmonised HR practices and gradually rolled out Group Core Competency Reference Guide to 59% of employees, covering virtually all countries but not all subsidiaries	■ Continue harmonising HR practices and rolling out the Group's standard job descriptions across all countries in 2017 and 2018
Roll out an international mobility programme to offer career paths and trajectories to young graduates in particular	■ International mobility programme formalised in 2016. Around 30 interns and work-linked training students in a number of countries (Spain, India, Benelux)	■ Continue to develop the international mobility programme
Support national efforts to boost access to employment for young people	■ 8,498 employees recruited, 44% of them under 26	■ Support national efforts to boost access to employment for young people
Develop workplace gender equality initiatives in all of the Group's countries and gradually put in place systems to monitor key indicators	■ Gradually structured women's networks in France, the United Kingdom, India, Germany and Norway. In 2016, women represented 31% of the workforce, and 27% of engineering, consulting and project management positions ■ Rolled out actions aimed at students to promote digital professions. In 2016, 30% of new recruits were women	■ Develop the appeal of digital jobs among women and continue to strengthen the visibility of women's digital skills both internally and externally
Include more information on social responsibility issues facing the Group in induction seminars and management tracks	■ Dedicated sequence in 17 "Group spirit" induction seminars (in France). ■ Presentation at 2016 kick-off of challenges and events relating to Group social responsibility, raising awareness among more than 3,000 managers from around the world	■ Continue to inform and raise awareness through induction programmes and corporate modules integrated into business-specific training

Human resources are at the heart of the Enterprise Project, and Sopra Steria's ambition is to create conditions that foster a sense of pride in working together in a spirit of entrepreneurship and sharing. This means being committed to the professional development of our 39,813 staff (39,228 excluding 2016 acquisitions), supported by Sopra Steria Academy and numerous projects offering stimulating career prospects, within each of our business lines and locations.

In addition to its proactive recruitment policy (with 8,498 new hires in 2016), the Group fosters employees' integration and professional development through an ambitious training plan.

To support its development over the long term, Sopra Steria's strategic orientations are examined and refined in the context of an Enterprise Project, communicated across all levels of the Group's organisation. Both in France and internationally, Sopra Steria acts in line with its values, demanding integrity and respect for fundamental rights from all its employees.

This Enterprise Project embodies the Group's strategic vision and is based on a system of shared values that guide management and contribute to the Group's operational performance.

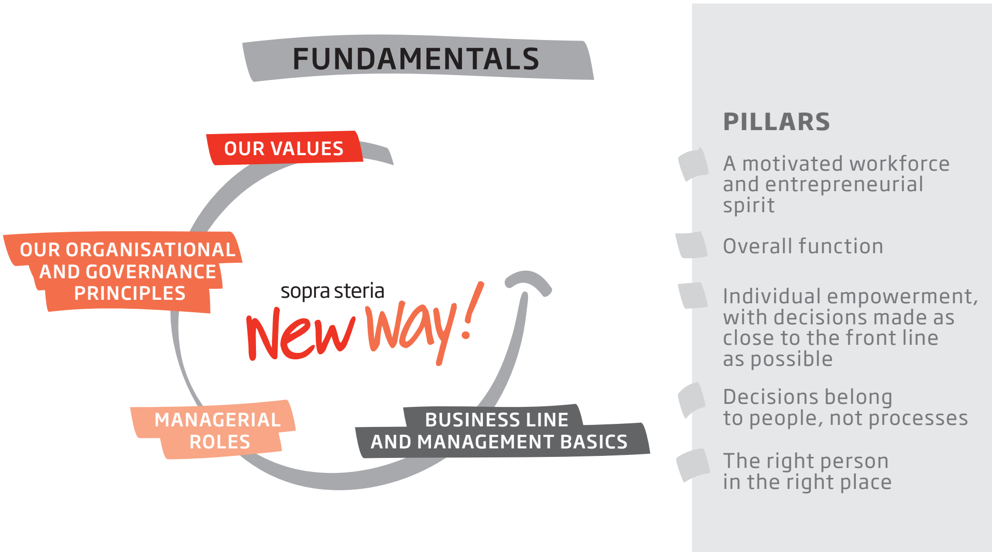
3.4. Culture and values that bring us together

Working at Sopra Steria means sharing in a strong corporate culture that is first and foremost about people. This culture reconciles the strength of our team spirit with the entrepreneurial spirit that energises us.

"NEW WAY": THE GROUP'S UNIFYING TRANSFORMATION PROGRAMME

With digital technology increasingly impacting our clients, in an ever more difficult competitive environment and following the merger of Sopra and Steria, a unifying internal transformation programme is being rolled out. With Sopra and Steria both having strong cultures, it was vital that the Group quickly find a shared culture that everyone could take pride in. The aim of this programme is to unite all staff around the Enterprise Project and involve them in a differentiating project with strong DNA and focused on people.

This DNA is based on fundamentals and key principles called "pillars":

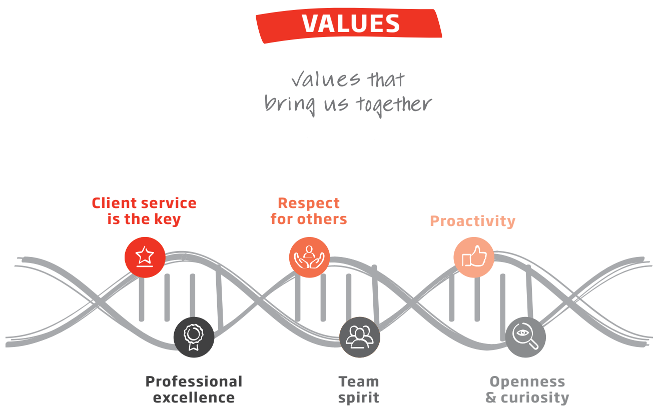


Our fundamentals are at the heart of our corporate culture. They consist of our values and of behaviours that are critical to the effective operation of our business. Our fundamentals also include our management style through the various roles played by managers, as well as key principles of organisation and governance that govern the way we operate. Our organisational model is supported by short, streamlined decision circuits. It advocates individual empowerment, with decisions made as close to the front line as possible. These various elements combine to differentiate us and give us a unique corporate personality. Together they constitute an authentic "signature" that is recognised by our clients, our candidates, our competitors and our market in general.

Our fundamentals are also tools that help us work together more effectively in one mind, and to innovate and move forward. They support our Enterprise Project. They give us the opportunity to make a Group in our image: human, agile, digital and market-leading.

VALUES THAT BRING US TOGETHER

Sopra Steria's values represent the core of our fundamentals.



These six values guide our day-to-day actions. Sharing them helps us understand each other and work together more effectively, irrespective of business line or country.

The New Way programme is designed not only to communicate our Enterprise Project and our DNA but also to release the creativity and energy of all our staff, so as to meet the challenges of transforming our business lines. Our staff are at the heart of this collective effort.

To roll out New Way, an ambitious training cycle was designed to involve employees in an experience of "collective intelligence" that can be put into practice on a day-to-day basis.

It kicked off in 2016 in France and will continue across all of the Group's countries and subsidiaries until 2018. In each case, it is put together in close cooperation with each entity's management team to ensure that it is fully aligned with "local" challenges.

It represents a total of 50,000 training days, 20,000 of which were dedicated in 2016 to an initial wave of 12,600 staff, including 1,670 managers who attended a specific seminar.

3.5. An employment policy in support of professional excellence

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

External growth transactions are also a strong driver of the Group's development and increase its volume of business. Thanks to the various acquisitions completed in 2016 (585 employees), the Group can now offer a comprehensive response to its clients' needs in the areas of transformation and competitiveness.

At 31 December 2016, Sopra Steria Group had a total of 39,228 employees (excluding 2016 acquisitions), mainly based in Europe, and in particular in France, the United Kingdom, Germany, Spain, Scandinavia and India. This scope covers 91% of the Group's workforce.

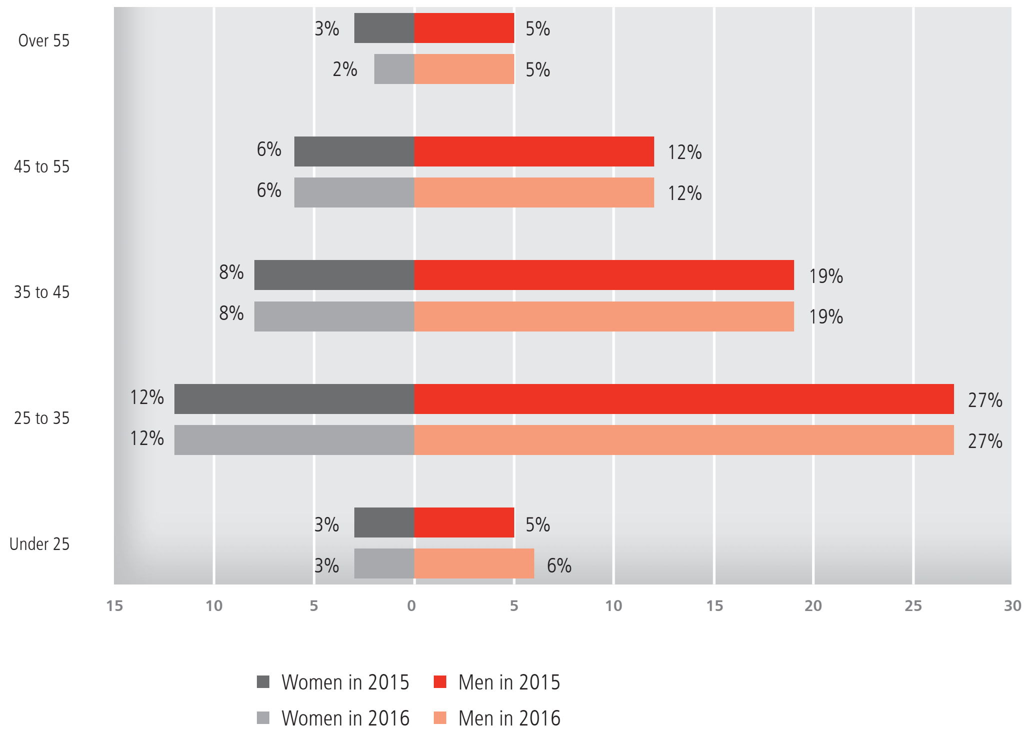
The proportion of permanent contracts, which has not changed for years, illustrates the Group's commitment to offering stable jobs while favouring employment for young people, by taking on more work-linked training students on temporary contracts. Work-linked training contracts are offered to future young graduates who thereby benefit from a mentoring system, financing of their tuition fees, and recruitment opportunities at the end of their work-linked training. This type of contract is becoming much more common in France (with 92% of fixed-term contracts held by staff on work-linked training programmes in 2016, compared with 89% in 2015):

- some 96.5% of employees are on permanent contracts, while 2.9% are on temporary contracts (excluding interns);
- the average age of employees on permanent contracts is 37.9, with an average length of service of 7.5 years.

The proportion of women in the Group's workforce remains stable, but is higher than the overall proportion of women in scientific careers (28%). Actions are in place in a number of countries to promote digital careers (see Section 3.14.2):

- women represent 31% of the workforce, and 27% of engineering, consulting and project management positions.

The age pyramid shows that the breakdown of the Group's workforce (excluding acquisitions) by gender and age remained stable between 2015 and 2016.



3.5.1. ATTRACTING MORE TALENT

Recruitment is one of the pillars of the Group's development strategy. The recruitment policy deliberately places the priority on hiring young graduates of engineering schools, business schools and universities, thus contributing to the national effort to promote employment for young people (44% of new recruits are under the age of 26). As regards the recruitment of experienced candidates, the Group uses trial periods to encourage employee mobility before undertaking any external recruitment. Information campaigns concerning vacant positions in the Group's various regions are disseminated via the Group's Face 2 Face internal portal.

As well as wanting an agile, mobile and digital recruitment process, young graduates entering the job market are looking for an ethical and socially committed company. The digital transformation has also affected the recruitment process with the arrival of new jobs and new recruitment methods tailored to candidates' expectations.

Against this backdrop of transformation, and to serve the Group's still very sustained growth strategy, in 2016 Sopra Steria recruited 8,498 staff (up 18% relative to 2015) and continued to reinforce its recruitment programme, with three main emphases:

- promoting careers in digital technology by highlighting our innovative expertise;
- fostering access to employment through an expanded range of school and university partnerships;
- strengthening links with local economic agents and thus promoting a policy of proactive recruitment in all job markets where the Group has a presence.

The Group continues to apply its dynamic policy of using work-linked training programmes and internships (with 10% more employees on work-linked training contracts in 2016 than in 2015, including CIMPA) and is launching an international mobility programme to help them achieve their qualifications and share the Group culture. In France, Sopra Steria is the leading recruiter of young graduates in its sector.

Social networks have become an integral part of the recruitment process and of the development of the Group's employer brand among an ever more mobile and connected younger generation. Sopra Steria's performance in benchmark rankings reflects the Group's stronger social media presence (ranked seventh in the PotentialPark ranking in the "social media presence" category). In a similar vein, Sopra Steria's HR Twitter account is the most popular of any account in the digital services sector in France, with 3,400 followers.

To support this key ambition, Sopra Steria places its educational partnership and trainee integration policy at the heart of its recruitment strategy. The Group's educational partnership policy is designed to serve two key objectives:

- increasing awareness of the Group and strengthening local relationships with target institutions by sharing content on our business areas, offerings and projects;
- facilitating the recruitment of young graduates, interns and work-linked training students.

In 2016, the Group carried out almost 600 activities with 220 partner schools and universities to boost its appeal with students on the ground.

Almost 600 activities undertaken with higher education institutions

Launch of the Sopra Steria–Institut de France Foundation Student Prize

The Student Prize is awarded to two teams of students who propose a project that combines digital, social and/or environmental innovation. The prize is intended to help the winning team launch its project through:

- a financial donation;
- support from Sopra Steria sponsors.

The campaign to promote this Student Prize in higher education institutions kicked off in September 2016, with the awards to be presented in March 2017.

A 10-year partnership for the 48th EDHEC Cruising Race.

In 2016, Sopra Steria celebrated the tenth anniversary of its partnership with the EDHEC Cruising Race, Europe's number one student sporting event. The race was held in Roscoff in April 2016. Twenty teams were sponsored, six of them including at least one crew member with a disability, supported by Sopra Steria's "Mission Handicap" team. The event included an all-day initiative to raise students' awareness of disability.

Examples of new activities undertaken with higher education institutions in 2016:

Digital Chair with CPE Lyon: including creation of a 30-hour Big Data module for around 50 fifth-year students.

Telecom Sud Paris: involvement in "green design week" – sociological and ethical discussion on digital technologies.

Thanks to this strong presence in higher-education institutions, in 2016 the Group was able to host 915 interns and 536 students on work-linked training programmes (scope: Sopra Steria France excluding acquisitions, of which more than 300 work-linked training contracts leading to degree-level qualifications). A large majority of these interns and work-linked training students went on to join the Group on permanent contracts. These figures, which once again increased year on year, point to the quality of Sopra Steria's internships and the warm welcome offered by the Group's staff.

A fourth year of Happy Trainees accreditation!

For the fourth year running, Sopra Steria secured "Happy Trainees" accreditation, making strong progress:

The overall score came in at 4 out of 5 (vs. 3.81 in 2015)

The recommendation rate rose to 88.3% (vs. 83.3% in 2015)

In 2017, priority will continue to be given to recruiting young graduates, interns and work-linked training students, as well as mobilising efforts around educational activities and partnerships. This educational partnership policy will continue to be extended to entities outside France under a dynamic and consistent Group-wide approach.

3.6. Inducting and training talented people

Amid accelerating digital innovation, evolving client expectations and changing employee aspirations, training is more than ever before a driver of commitment and professional excellence. Each employee plays an active role in shaping his or her career path.

Sopra Steria Academy, the Group's in-house training system, exists to support employee induction, promote a shared corporate culture and develop employees' skills. Training offerings were pooled and the new Campus By Academy was set up in 2016, allowing the Group to offer its new common core training.

Sopra Steria Academy helps guarantee the level of excellence and adaptability of the Group's employees so that they are up to the challenge of digital innovation and changing client expectations. Training and knowledge-sharing are key drivers of success for Sopra Steria's Enterprise Project.

To foster a common culture and Group cohesion, the Group's values and fundamentals are shared so that they are understood by all staff.

To meet these challenges, Sopra Steria Academy's key objectives are to:

- facilitate the integration of new recruits;
- support the Group's strategy by developing business skills and digital skills;
- share fundamentals, encourage employees to capitalise on best practice through the knowledge management system and promote the creation of international business communities;
- anticipate new ways of acquiring and transferring skills;
- foster the Group's international development.

New Way programme

Sharing the same corporate culture is essential to create a strong and united collective identity and ensure the Group's consistency and cohesion so as to support the Enterprise Project successfully. This emphasis also goes hand in hand with upskilling employees and retaining talented individuals.

To help pass on this culture to new recruits and for new managers, training on the Group's fundamentals will be reorganised to incorporate the messages given out in 2016 as well as the "New Way" of passing on those messages. It will thus be added to the "standard" training offered by Sopra Steria Academy.

3.6.1. INTEGRATION POLICY

Sopra Steria has put in place a robust induction and integration policy covering both new recruits and employees joining the Group through mergers and acquisitions. All employees are offered a tailored approach to help them take their first steps in the company and understand its culture, values and fundamentals.

This policy is based around an induction and integration process for new recruits and dedicated, tailored integration processes in the context of mergers and acquisitions.

Integration of young recruits

As soon as new employees arrive at Sopra Steria, they are offered an integration path structured around an induction day within their particular company, a three-day induction seminar, business-specific training, training in any relevant methodologies and technologies, interviews with management and peer discussions.

The three-day "Esprit de Groupe" (Team Spirit) training and induction seminar is held for all new employees who are just starting or in the early stages of their careers. The purpose of the seminar is to share the Group's history, Enterprise Project, values and offerings as well as our fundamental precepts with regard to our focus on service and high-quality projects. This highly interactive and innovative seminar helps employees network and is a key driver of employee loyalty.

Each country and subsidiary runs its own induction programme, based on shared goals, content and approaches, over one or more days depending on the country.

Once again in 2017, the aim is for each country and subsidiary to offer an induction programme, with revised shared modules notably covering Group values and fundamentals, based on the outputs from the unifying internal transformation programme.

Integration of newly recruited managers

Dedicated sessions for new managers are run in all countries where the Group operates, with the aim of supporting integration, providing reference points and fostering the development of a relational network within the Group. Examples include Core Management Training in the United Kingdom and the Leadership Programme in Scandinavia.

3.6.2. A TRAINING OFFERING IN SUPPORT OF TRANSFORMATION

Due to its educational expertise, its knowledge of key business and strategic issues and its ability to organise seminars and training programmes, the Academy represents a vital instrument for supporting the change process in the workplace, along with the broader transformation of the Group.

In France, Sopra Steria Academy offers training in 10 fields: Group Fundamentals, Management, Strategy and Offerings, Sales, Conduct, Quality and Methods, Business Lines and Sectors, Technologies, Solutions, and Languages and Office Skills.

Training programmes are organised by business line and by level, and are updated and enhanced each year with new modules.

Training is provided by a network of over 600 in-house instructors and external consultants.

The knowledge management system supports and supplements this training framework. This system, which can be accessed via the Sopra Steria portal, facilitates sharing of the Group's fundamentals and capitalising on best practice through more than 60 international communities organised by business line, offering and expertise.

The development of management skills is a key component of the training framework. The ability of the Group's managers to globally manage the business, motivate and develop their teams and promote a strong entrepreneurial spirit at every level is critical to Sopra Steria's success.

Regardless of business area, management training aims to develop all the necessary managerial skills with respect to sales, production, human resources development and finance.

The Campus Academy portal was completely overhauled in 2016, improving dissemination and awareness of the Group's training offering.

CHANGES IN THE TRAINING OFFERING

The digital sector is constantly and rapidly evolving. To help develop the skills required for our clients' projects, Sopra Steria Academy refreshes its training offering every year.

The offering was also rounded out with country-specific initiatives, including the following:

- the Emerging Leadership programme in the United Kingdom, helping young managers learn the fundamentals of management;
- a new bid management programme in Scandinavia dedicated to pre-sales methods and management;
- a module rolled out to each project team in India, focused on responsibility and commitment.

In 2016, the training plan served the Group's strategic, commercial and operational direction in its new configuration, as well as helping share the Group's fundamentals. The roll-out of integrated training programmes covering topics such as Big Data, mobility, social media, the cloud, cybersecurity and architecture supported the development of digital skills.

In 2017, increased effort must be expended on adding to the training offering in the areas of emerging digital technologies and methods. An ambitious target of 16,000 days' training on these subjects has been set.

Alongside the development of this new content, new learning practices are being put in place aimed at raising staff awareness of and access to training, through digital learning techniques offered by the Academy and its partners.

Examples include the following:

- availability of blended learning modules;
- availability of modules with technological content supported by partner platforms.

In 2016, almost 900,000 hours' training were delivered across 74% of the Group, including almost 600,000 hours in France.

In 2017, updated content will become a permanent part of training for new entrants and newly promoted managers through programmes and training sessions that communicate the Group's fundamentals. It will thus be added to the training offered by Sopra Steria Academy.

3.7. Developing our talent

The digital transformation is opening up new opportunities for skills development. Digital jobs are evolving, and it is a combination of business-specific and technological expertise and a collaborative approach that will be our strength, enabling us to innovate and add value to our clients.

Anticipating changing skills requirements is key to supporting clients' major transformation projects as closely as possible and ensuring the success of the Sopra Steria Enterprise Project while maintaining a high level of employee motivation.

Identifying and developing every talented individual within the company is a major focus of our human resources policy. The diversity of our business lines, projects and clients means there are real opportunities for every person to perform his or her role to the full and pursue a rewarding career path.

At the core of our values are team spirit, proactivity, professional excellence, the primacy of client service, respect for other people and, lastly, openness and curiosity. These markers stand to guide all our staff along robust and evolving career paths.

This emphasis on professional development is also supported by shared management tools, such as the Core Competency Reference Guide and our shared assessment and development process, fostering close relationships with and an in-depth understanding of our staff.

SOPRA STERIA CORE COMPETENCY REFERENCE GUIDE

The Sopra Steria Core Competency Reference Guide is a management tool designed to support career development, particularly as the Group experiences strong growth and internationalisation.

It describes all of the Group's business areas (consulting, integration, software development, infrastructure management, security, sales, entity management, and support functions). It allows employees to understand the skills required at each stage of their career, position themselves appropriately and consider accessible career paths within the Group depending on which skills they need to strengthen or develop.

The Core Competency Reference Guide is also a valuable tool that managers can use to bring further clarity to the trajectories available to each member of staff depending on their abilities and motivations and the Group's priorities.

Lastly, the Core Competency Reference Guide is also a key tool for giving candidates an overview of careers within the Group, attracting new talent and facilitating integration, especially for employees joining the Group as a result of mergers and acquisitions.

CONTINUOUS ASSESSMENT AND CAREER DEVELOPMENT

Sopra Steria uses an assessment and career development framework that enables the Group to regularly monitor each employee's development.

This framework helps maintain staff employability by ensuring continuous skills development. It is notably supported by individual target-setting interviews, pre- and post-project interviews and annual appraisal and development interviews, the output from which is shared with management at Human Resources Committee meetings.

Human Resources Committees promote shared knowledge about staff in terms of skills, aspirations, performance and development capacity, as well as collective decisions on pay and promotion, immersion periods in new roles, and training, taking into account the objective of gender equality.

Work to harmonise the two foundational HR programmes (Core Competency Reference Guide and employee appraisal practices), kicked off in the context of the merger in 2015, continued and was gradually rolled out in 2016:

- the Core Competency Reference Guide was rolled out across Sopra Steria France, Spain, Italy and Benelux, and within the I2S, Sopra Banking Software and Sopra HR Software subsidiaries in France and other countries (59% of employees covered);
- for the first time since the merger, 38,000 Group employees (excluding CIMPA) were appraised using the same criteria.

The roll-out of the Core Competency Reference Guide will continue in 2017, with the aim of adapting it to each country's specific context, expectations and priorities. International working groups will be formed to push ahead with work on digital training methods (e-learning, MOOCs, communities, etc.) and revisit the content and methods used in the Welcome Seminar rolled out to all countries.

3.8. An international mobility programme to attract and retain talented individuals

International mobility among employees is one of the Group's levers to adapt more effectively to the challenges posed by the digital transformation, but also to share production and human resources practices in all countries.

The Group's international mobility policy aims to respond to employees' wishes for better career prospects while aligning with each country's operational requirements. To encourage international mobility, internal communication campaigns are promoted via the Group portal. In France, a support policy has been put in place (including help with relocating, finding a new home, etc.).

In 2016, a new international mobility programme was rolled out in cooperation with higher education institutions, offering interns and work-linked training students an international mobility option to help them obtain their qualifications and learn about the Group's culture and to better integrate them into the Group.

The Group is thus developing international schemes aligned with the new expectations of both educational institutions and young people. More generally, the International Mobility programme addresses the following challenges:

- attracting new talent from top institutions, motivated by a recruitment promise that puts the emphasis on a dynamic career with the Group;
- helping disseminate a Group culture in line with the New Way;
- strengthening the sharing of expertise and delivery models within the Group;
- offering exciting career development prospects.

In 2016, 135 employees took up international mobility opportunities and 12 countries (including France, the United Kingdom, Spain, Norway, Benelux, India and Morocco) hosted 92% of international movers.

The new option for interns and work-linked training students launched in 2016 led to around 30 interns and work-linked training students being hosted for periods ranging from two to six months in a number of the Group's countries (India, Spain, Sweden, Benelux, etc.).

We are continuing with our efforts in 2017, increasing the number of opportunities available to employees, interns and work-linked training students at foreign subsidiaries.

3.9. A remuneration policy designed to retain valuable employees

Compensation is a way of recognising each individual's contribution to the Group's performance. In order to support its growth, the Group seeks to attract, motivate and retain its employees by providing them with consistent remuneration and fair treatment.

Backed by the employee assessment system, the remuneration policy provides for individually assessed remuneration for each employee and goes beyond the minimum requirements laid down in applicable local legislation. It is based on objective factors and aims to recognise talent by rewarding both individual and collective performance.

The process for adjusting remuneration is based on the assessment system described above and HR cycles that are organised each year.

REMUNERATION IN FRANCE

Average base salary continued to grow.

The ratio of the highest to the lowest salary in France increased relative to 2015.

	2016***	2015**	2014
Ratio of highest to lowest gross annual base salaries	16.6	15	15
Number of employees whose gross annual salary is less than or equal to €20,000*	1	3	3
Number of employees whose gross annual salary is less than or equal to €26,000 (€2,000 x 13 months)	295	403	491
Average gross annual base salary *(in euros)*	€45,229	€44,045	€43,451

* *The lowest gross annual salary in 2016 was €19,890, vs. €19,825 in 2015, and only concerned one person.*

** *2015 headcount does not include the CIMPA workforce, interns or company officers. It includes full-time equivalent permanent contract staff in service from 1 January to 31 December.*

*** *2016 headcount does not include 2016 acquisitions (Active3D, LASCE Associates and Cassiopae), work-linked training students, interns or company officers. It includes full-time equivalent permanent contract staff in service from 1 January to 31 December.*

3.10. Employee share ownership policy

In the past, Sopra and Steria have each put in place their own employee shareholding schemes. In April 2016, Sopra Steria Group introduced its first international employee share ownership programme to give employees a more meaningful stake in the Group's performance. The programme is being repeated in 2017.

This programme, which is called We Share, consists of the following:

- a share purchase programme rolled out in 15 countries in 2017 as part of the Group Savings Plan (*Plan d'Épargne Groupe* or PEG in French), either via an employee investment fund or directly where local regulations prohibit the use of employee investment funds, with the company making matching contributions;
- a Share Incentive Plan (SIP) specific to the United Kingdom and aligned with local regulations, for employees of UK entities, with similar matching employer contributions. The shares are underwritten through a UK SIP trust.

On average, one out of every four employees signed up in 2016, rising to one out of every two in some of the Group's companies and geographies.

By giving employees a stake in the company's long-term development, this programme also confirms Sopra Steria's desire to be, above all, an independent group of entrepreneurs that puts shared success at the heart of everything it does.

With 7.6% of the share capital (and 8.6% of voting rights) held by employee shareholders at 31 December 2016, Sopra Steria Group is Europe's number one digital services firm in terms of employee share ownership.

3.11. Labour relations

Labour relations involve working with employee representatives on matters relating to corporate strategy and the company's economic, financial and employee policy. It involves sharing information about significant changes faced by the Group.

Dialogue takes place at periodic meetings with employee representatives, in accordance with local legislation. The Group takes care to ensure that labour relations are running smoothly within each subsidiary.

Employee representation is organised within specific institutions, depending on each country and legislative regime. These institutions are preferred contact points in respect of labour relations.

In 2016, labour relations were particularly broad (covering a wide range of issues) and intense in an environment characterised by increased reliance on the courts resulting from the continued process of integrating Sopra and Steria staff in all countries in which both groups operated. In France, the process of re-appointing bodies was successfully completed.

In Europe (France, the United Kingdom, Spain, Germany, Belgium and Luxembourg), the main topics addressed with employee representatives in 2016 were compensation, employment policy (professional development, gender equality, etc.), workplace health and safety, and changes to the employer's legal status.

In this context, 59 agreements were signed with trade unions on these subjects, covering 53.2% of the workforce, and 167 agreements were in force in 2016 in Europe (France, the United Kingdom, Germany, Belgium and Italy).

These various emphases increase employees' sense of belonging, ensuring that all staff are committed to the Enterprise Project and that the challenges posed by the digital transformation are met. As such, they constitute one of the drivers of financial performance.

In 2017, labour relations remain a key issue for the Group's future development.

3.12. Working conditions and organisation: a priority for the Group

Working conditions and the organisation of work are important components of human resources management, considered by the Group as critical to its efficiency and long-term success.

The Group ensures that employees' working conditions and environment comply with legislation in force in the countries in which it operates.

The Group's businesses fall within the service sector and do not include any high-risk businesses, notably in respect of occupational accidents, which are related purely to the hazards of everyday life. Nevertheless, the Group ensures that awareness and training action plans are implemented in all countries to prevent accidents and improve employee health and safety (with 68% of employees in Belgium, France, Spain, Germany, India, Italy, the United Kingdom, Switzerland and Poland covered by such plans).

A psychological counselling and support unit is also available to employees in a number of countries (69% of employees have access to this type of support in the following countries: France, the United Kingdom, Scandinavia, Germany and Poland). This unit is made up of psychologists and is completely independent from the company. Employees can access this anonymous, confidential and free service at any time by calling a toll-free number.

Health and safety committees ensure that specific processes and measures are put in place and implemented at the local level, since each entity is subject to legislation specific to its host country. These measures concern, in particular, buildings (security of buildings, furnishings, heating and air conditioning, etc.) and food (canteen, water, etc.). A health and safety agreement covering CIMPA France was signed in 2016.

In 2016, there were no occupational illnesses recognised in France by CPAM (the national health insurance body). The absence rate is calculated in accordance with the rules used for the social audit (see definition in appendix). It held steady in 2016 at 3.2% (compared with 3.3% in 2015). The frequency rate of workplace accidents increased slightly in 2016 (2.29% vs. 1.46% in 2015), as did their severity rate (0.043% vs. 0.035% in 2015), though both remained very low and linked to the hazards of everyday life.

WORK ORGANISATION

The organisation of employees' work schedules must allow for an appropriate work-life balance. Part-time working is never demanded: it is always a matter of individual employee choice. Sopra Steria approves employee requests for part-time work when they are compatible with the requirements of the departments or projects concerned.

In 2016, 6.6% of Group employees were part-time, stable relative to 2015 (6.7%). In 2017, the Group intends to continue with and step up its actions in relation to health and safety.

3.13. Diversity: a key issue for more innovation and better performance

Sopra Steria Group's policy with regard to fighting discrimination is consistent with its approach based on the principle of promoting equal opportunity. This approach focuses on both staff employability and the challenges faced by civil society.

Sopra Steria works hard to recruit talented employees from a variety of backgrounds, retain its employees by offering a stimulating and welcoming work environment, and demonstrate respect and fairness to all staff.

3.13.1. EMPLOYMENT FOR PEOPLE WITH DISABILITIES

The main aim of the Group's disability policy is to favour the recruitment and continued employment of people with disabilities.

Irrespective of the country in which they are based, the Group's companies are committed to complying with legislation and all local regulations and recommendations in support of employment for people with disabilities.

While some such regulations are mainly intended to prohibit all forms of discrimination (in the United Kingdom, the Netherlands and Norway), some (in Germany, Austria, Spain and Italy) lay down an obligation to employ people with disabilities. Any company not meeting this obligation must pay a specific contribution to an organisation promoting employment for people with disabilities. Furthermore, many Group companies in various countries have adopted a series of measures aimed at going beyond legislative requirements in promoting employment for people with disabilities.

In France, the Group has continued to pursue a proactive policy in support of people with disabilities. The proportion of employees with disabilities increased in 2016, ending the year at 2.30%, thanks to buoyant recruitment (both direct and indirect) and efforts to retain employees with disabilities. This proportion exceeded that for the sector as a whole (1.2%).

Awareness campaigns organised in cooperation with trade unions also helped raise awareness of disability issues both within the company and among students. More than 5,000 employees and students took part in such campaigns, designed to change people's views on disability.

Inclusion programmes for young people with disabilities continued in 2016, including the following:

- the "Handitutorat" programme, launched in 2013, through which more than 40 secondary school students with disabilities were offered mentoring by students of top educational institutions and universities, supported in turn by Sopra Steria managers;
- the third "Handivoile" challenge, part of the EDHEC Cruising Race (ECR), once again provided an opportunity to involve students in a disability-friendly event, with six mixed crews consisting of

students with and without disabilities, and an awareness day at the ECR Village.

Sopra Steria also continued with actions in support of the indirect employment of people with disabilities by significantly increasing expenditure in the sheltered employment sector (up 60% relative to 2015). In particular, increased co-contracting of IT services with a range of supported employment companies illustrates a desire to integrate more employees with disabilities into the Group, as well as highlighting progress made on the indirect employment of people with disabilities.

In Spain, the Group launched a programme to help employees recognise disabilities and took part in a national employment day for people with disabilities.

In Italy, Sopra Steria entered into two partnerships with leading non-profits specialising in retaining employees with disabilities and launched recruitment activities specifically targeting people with disabilities.

3.13.2. WORKPLACE GENDER EQUALITY

The Group remains committed to workplace gender equality, with a focus on three areas: attracting more female employees from engineering schools, being mindful of non-discrimination in women's careers, and promoting gender diversity in scientific career paths.

In 2016, this commitment was reflected, in particular, in work to harmonise key HR processes at Group level, enabling the Group to pursue an improvement process illustrated by the following indicators:

- **Workforce**: the proportion of women in the Group's workforce was stable, with women representing 31% of the workforce, and 27% of engineering, consulting and project management positions. This was higher than the equivalent proportion in scientific careers and in the digital sector as whole. (In Europe, according to a 2015 mutational analysis, women represented less than 30% of the sector workforce, and 27% in France; source: Syntec Numérique, 2015 figures).
- **Recruitment**: 2,587 women were recruited, accounting for 30% of Group recruitment.
- **Salaries**: in France, male and female applicants with identical qualifications, degrees, skills and experience are offered identical starting salaries.
- **Career**: the annual staff appraisal process, which ensures gender equality, was rolled out and supported by management in each country. As such, during annual HR cycles, Human Resources Committees monitor compliance with principles of fairness in decisions concerning promotion, compensation, immersion periods in new roles, and training.
- **Compensation**: the company has committed to closing the gender pay gap in certain classes of jobs. This gap is analysed in detail as part of the appraisal and pay review cycle.
- **Training**: the proportion of women and men trained is consistent with the gender breakdown of the workforce (across France, Spain and India combined).

The Group encourages concrete local initiatives in each country to promote its commitment to workplace gender equality. Examples:

- In **France**, the "Passer'Elles" network, formed in 2015, was consolidated. Female employees acting as digital sector career ambassadors were trained in leadership, and activities continued in schools and universities to promote careers in the science and digital sectors among young women.
- In **Scandinavia**, the "Women" network continued its mentoring programme for female employees, as well as continuing to gather feedback from female students to provide them with guidance in their career choices.
- In **India**, the "WOW – World of Women" club mobilises women in the Group to facilitate their career development. The "POSH – Prevention of Sexual Harassment" awareness programme, rolled out in 2015, continued to combat the sexual harassment of women in the workplace.
- In **Germany**: the network regularly meets with management to share best practice.

3.13.3. INTERGENERATIONAL APPROACH

Pension reform and changes in society have significant implications for access to employment among young people and the lengthening of the average working life.

Against this backdrop, the Group makes every effort to ensure that all generations are well represented within its workforce by taking care to support its older employees as well as fostering generational renewal. Sopra Steria makes it a priority to recruit young people (with 44% of new recruits in 2016 under the age of 26) and pays close attention to the transmission of knowledge and skills, a key component of intergenerational management.

In 2016, 9% of the workforce was aged under 25 (compared with 9% in 2015) and 8% was over 55 (vs. 8% in 2015).

Commitment to older employees in France

To recognise the skills and experience of older employees while helping young graduates find their place in the working world, the Group has entered into commitments in France under the 2015-2017 "generation contract" action plan. These commitments in support of over-50s relate, in particular, to recruitment (0.5% of over-50s), continued employment (8% of the workforce over 50) and professional development to raise older employees' skills (5% of all training must relate to over-50s).

In 2016, the Group achieved its targets for the recruitment and overall proportion of older employees (with 1% of new hires and 14% of employees over 50). The Group maintained its drive to develop skills and qualifications among older employees. A total of 13% of all training delivered was to over-50s. Measures were also adopted to give consideration to future career development during in-depth interviews. Information sessions were held for employees affected by end-of-career adjustments and the transition from working life to retirement.

The Group also promoted knowledge and skills transfer – a key component of its policy of supporting older employees with the aim of successful intergenerational management – by appointing a mentor for every new recruit aged under 26.

3.13.4. DIVERSITY AND ACCESS TO EMPLOYMENT FOR YOUNG PEOPLE

Ensuring access to education for all and integrating young graduates into the world of work is central to the Group's social policy, in line with the principle of equal opportunity.

In France, the Group has held special sessions every year since 2007 to train young people in digital technology before they can be hired on permanent contracts. Thanks to this scheme, 200 young people joined the Group on permanent contracts in 2016 (compared with 210 in 2015).

To help unemployed young graduates in areas other than IT find jobs, Sopra Steria has teamed up with Pôle Emploi, France's network of job centres, and specialist organisations like EPEC. Through this partnership, young people are offered access to retraining programmes leading to professional qualifications and given the opportunity to be directly involved in IT projects entrusted to the Group, in particular under the terms of social inclusion clauses (a total of over 55,000 hours have been spent on such projects, more than 32,000 of them in 2016).

Sopra Steria participates in an employee sponsorship programme run by the non-profit "Nos Quartiers ont des Talents" to support young graduates from underprivileged neighbourhoods. Group volunteers sponsored more than 20 young graduates seeking employment in 2016.

In the United Kingdom, the partnership with non-profit organisation Career Ready also provided support for unemployed young people, particularly through volunteer mentoring by Group employees.

In 2017, the Group will continue with actions to prevent discrimination and will encourage best practice in favour of diversity. The Group is committed to:

- promoting employment for people with disabilities (whether direct or indirect);
- maintaining a higher proportion of women in the Group's workforce than in the sector as a whole and promoting gender equality in the digital sector;
- contributing to the national effort to recruit young people while continuing to employ older people;
- working with employment organisations to support young people from underprivileged neighbourhoods.

3.14. Promoting and complying with the fundamental conventions of the International Labour Organisation (ILO)

Sopra Steria adheres to the principles and fundamental entitlements of the Universal Declaration of Human Rights of the United Nations and the Charter of Fundamental Rights of the European Union.

Sopra Steria is committed to:

- complying with European Community and domestic labour laws and collective bargaining agreements in each country where it operates;
- respecting the exercise of trade union rights in each of the countries in question.

Sopra Steria applies a social policy with the aim of safeguarding the health and safety of each of its employees and treating everyone in the workplace with dignity and respect.

Sopra Steria remains particularly attentive at all times to ensuring compliance with principles of equality, diversity and non-discrimination, as much in relation to its recruitment practices as in the development of its employees' careers.

3.14.1. UPHOLDING FREEDOM OF ASSOCIATION

As a participant in the United Nations Global Compact, Sopra Steria is committed to upholding freedom of association and recognising the right to collective bargaining. Sopra Steria reaffirmed this commitment in its Code of Ethics, published in 2015 and applicable across the whole of the new Group.

Sopra Steria has implemented non-discrimination policies and procedures with regard to employee representatives.

In countries that do not have an institutional framework governing the recognition of employee representatives, Sopra Steria makes an effort to implement measures intended to improve professional relations between the company and its employees.

3.14.2. REPUDIATION OF FORCED CHILD LABOUR

Sopra Steria has formally committed to fight against child labour, the exploitation of children, forced labour and all other forms of compulsory labour, particularly through its adherence to the United Nations Global Compact. This commitment is reiterated in Sopra Steria's Code of Ethics.

3.15. Regional impact

3.15.1. EMPLOYMENT AND REGIONAL DEVELOPMENT IN FRANCE

Sopra Steria remained a major driver of growth in regional employment in 2016, recruiting 2,494 new employees on permanent contracts in France (stable relative to 2015), with almost 59% of these outside the Paris region.

The Group has 17,886 employees in France (excluding 2016 acquisitions), almost two-thirds of whom are based outside the Paris region.

To serve its clients and meet their needs as effectively as possible, Sopra Steria has developed regional service centres and boosted its workforce at its regional sites. This policy has resulted in many jobs being created in regions other than Paris. The number of work-linked training students rose by 23% relative to 2015 in terms of apprentices recruited (157 in 2016 vs. 128 in 2015) and by more than 6% in terms of vocational training contracts (379 in 2016 vs. 359 in 2015). Furthermore, recruitment of young graduates following internships remained buoyant, up 20% relative to 2015 (359 in 2016 vs. 297 in 2015).

3.15.2. EMPLOYMENT AND REGIONAL DEVELOPMENT IN SPAIN

Sopra Steria confirmed its positioning as a major provider of regional employment in Spain, with 700 new staff recruited onto permanent contracts. Recruitment across the country, already high in 2015, was stable year on year (with 701 new employees recruited onto permanent contracts in 2015).

Recruitment remained buoyant among under-25s, including in struggling regions where unemployment has reached record levels within the European Union, especially among under-25s (almost 40% of whom are unemployed; source: INE).

3.16. Summary of workplace-related indicators

Workforce-related indicators cover the workforce in all Group subsidiaries. They are set out by subject area, geographical region and year at 31 December. The information identified by the ✓ sign has been verified by the independent third party with a reasonable level of assurance.

They are calculated excluding headcount acquired during the year under review, apart from indicators under "Workforce by geographical region", which include headcount acquired during the year (for reference, 2012 and 2013 figures include Sopra Group companies only; 2015 figures include the CIMPA workforce; and 2016 figures include the workforce at Cassiopae, Active3D and LASCE Associates. Given that Sopra and Steria merged in 2015, indicators for that year include the workforce at both companies, explaining the significant increase in the workforce between 2014 and 2015) ✓.

Unless otherwise indicated, indicators are calculated on the basis of numbers of employees on permanent and temporary contracts and internship agreements. The following definitions are used:

- permanent contract: full-time or part-time employment contract entered into with an employee for an indefinite period;
- fixed-term contract: full-time or part-time employment contract entered into with an employee that expires at the end of a specific period or on completion of a specific task lasting an estimated period.

In 2016, rules for calculating the "number of days training delivered" and "average number of days training per person" training indicators were harmonised across all countries as follows: number of hours' training divided by seven (compared with eight for Spain and India in 2015).

3.16.1. WORKFORCE AT 31 DECEMBER

WORKFORCE BY GEOGRAPHICAL REGION (INCLUDING ACQUISITIONS) ✓

Scope/Topic	2016	2015	2014	2013	2012	Remarks
GROUP	**39,813**	**38,450**	**37,358**	**16,284**	**14,303**	
France	18,227	17,606	17,048	10,219	9,386	
International (excluding France)	21,586	20,844	20,310	6,065	4,917	
o/w United Kingdom	6,508	6,722				
o/w India	4,909	4,743	5,103	1,181	999	
o/w Spain	3,100	2,763	2,425	2,042	1,689	
o/w Germany	2,141	2,109				
Workforce: management-level staff (*cadres*) ✓	**36,628**	**35,570**	**34,058**	**15,474**	**13,572**	**The notion of management-level staff (*cadres*) is specific to France. The number of management-level employees outside France is extrapolated based on the figures for France.**

FULL-TIME EQUIVALENT (FTE) WORKFORCE (EXCLUDING INTERNS) ✓

Scope/Topic	2016	2015	2014	Remarks
GROUP	**38,404**	**36,674**		
France	17,633	16,638	16,511	
International (excluding France)	20,771	20,036		
o/w United Kingdom	6,245			
o/w India	4,835	4,741		
o/w Spain	3,057	2,707		
O/w Germany	1,981			

WORKFORCE BY CONTRACT TYPE ✓

Scope/Topic	2016	2015	2014	Remarks
Permanent contracts				
GROUP	**96.5%**	**96.8%**	**97.2%**	
France	96.8%	97.4%	97.7%	
International (excluding France)	96.3%	96.4%	96.8%	
o/w United Kingdom	96.8%	96.0%		
o/w India	98.2%	97.7%	97.9%	
o/w Spain	93.3%	96.1%	96.0%	
o/w Germany	95.8%	95.6%		
Fixed-term contracts				
GROUP	**2.9%**	**2.7%**	**2.3%**	
France	3.0%	2.3%	2.1%	
International (excluding France)	2.8%	3.0%	2.5%	
o/w United Kingdom	3.2%			
o/w India	1.8%	2.3%	2.0%	
o/w Spain	6.6%	3.5%	3.8%	
o/w Germany	0.9%			
Internships				
GROUP	**0.6%**	**0.5%**	**0.5%**	
France	0.2%	0.3%	0.2%	
International (excluding France)	0.9%	0.6%	0.7%	
o/w United Kingdom	0.0%	0.0%		
o/w India	0.02%	0.0%	0.1%	
o/w Spain	0.2%	0.4%	0.2%	
o/w Germany	3.4%	3.0%		

AVERAGE LENGTH OF SERVICE OF EMPLOYEES ON PERMANENT CONTRACTS ✓

Scope/Topic	2016	2015	2014	Remarks
GROUP	**7.5**	**7.6**	**7.4**	
France	8.0	8.0	7.6	
International (excluding France)	7.1	7.3	7.3	
o/w United Kingdom	11.1			
o/w India	4.2	4.1	4.0	
o/w Spain	5.4	5.4	5.6	
o/w Germany	8.6			

AVERAGE AGE OF EMPLOYEES ON PERMANENT CONTRACTS ✓

Scope/Topic	2016	2015	2014	Remarks
GROUP				
France	37.4	37.5	37.5	
International (excluding France)	38.3	38.4	38.1	
o/w United Kingdom	44.0			
o/w India	31.0	30.7	30.7	
o/w Spain	37.3	37.4	37.2	
o/w Germany	43.4			

RECRUITMENT: ALL CONTRACT TYPES ✓

Scope/Topic	2016	2015	2014	Remarks
GROUP	**8,498**	**7,197**	**6,890**	
France	3,414	2,560	2,493	
International (excluding France)	5,084	4,637	4,397	
O/w United Kingdom	994			
o/w India	1,656	1,572	1,618	
o/w Spain	936	807	663	
o/w Germany	353			

TURNOVER OF EMPLOYEES ON PERMANENT CONTRACTS ✓

Scope/Topic	2016	2015	2014	Remarks
GROUP	**15.5%**	**15.9%**	**15.3%**	
France	12.9%	12.5%	10%	120 dismissals in 2016, vs. 201 in 2015
International (excluding France)	**17.7%**	**18.8%**	**19.9%**	
o/w United Kingdom	18.9%			
o/w India	23.6%	30.5%	36.9%	
o/w Spain	14.8%	11.8%	7.8%	
o/w Germany	13.4%			

3.16.2. TRAINING

TRAINING (EXCLUDING INTERNS AND WORK-LINKED TRAINING STUDENTS) ✓

Scope/Topic	2016	2015	2014	Remarks
Number of training hours delivered during the financial year ✓				
France	589,952	470,212		
India	141,677	166,563		
Spain	95,133	74,759		
Germany	28,950			
Norway	36,786			
Morocco	7,256			
Number of days' training delivered during the financial year ✓				
France	84,279	67,173		
India	20,240	20,820*		
Spain	13,590	9,345**		
Germany	4,136			
Norway	5,255			
Morocco	1,037			
Average number of days' training per person ✓				
France	4.8	4.0		
India	4.2	4.4		
Spain	4.4	3.5		
Germany	2.2			
Norway	4.5			
Morocco	4.6			

* *The figure published in the 2015 Registration Document has been adjusted from 20,820 to 23,795 after the calculation method was updated to make data more comparable (with one day equating to seven hours in 2016 vs. eight hours in 2015).*

** *The figure published in the 2015 Registration Document has been adjusted from 9,345 to 10,680 after the calculation method was updated to make data more comparable (with one day equating to seven hours in 2016 vs. eight hours in 2015).*

3.16.3. LABOUR RELATIONS

Scope/Topic	2016	2015	2014	Remarks
Agreements signed in the year				
France				
UES	4			
Sopra Steria	2			
Sopra Banking Software	4			
I2S	2			
Sopra HR Software	2			
CIMPA	5			
Germany				
Sopra Steria	27			
Sopra Banking Software	4			
Sopra HR Software	1			
CIMPA	5			
Belgium				
Sopra Steria	1			
Sopra Banking Software	0			
Sopra HR Software	0			
United Kingdom				
Sopra Steria	0			
Italy				
Sopra Steria	2			
Number of collective bargaining agreements in force				
France				
UES	11			
Sopra Steria	19			
Sopra Banking Software	16			
I2S	0			
Sopra HR Software	10			
CIMPA	15			
Germany				
Sopra Steria	42			
Sopra Banking Software	15			
Sopra HR Software	1			
CIMPA	15			
Belgium				
Sopra Steria	7			
United Kingdom				
Sopra Steria	15			

3.16.4. WORKING CONDITIONS AND ORGANISATION

Scope/Topic	2016	2015	2014	Remarks
France				
Frequency rate of workplace accidents in France	2.29%	1.46%	2.07%	Method for calculating frequency rate: (Number of lost-time work-related accidents x 1,000,000)/Total number of hours worked by total workforce in the year.
Severity rate of workplace accidents in France	0.043%	0.035%	0.039%	Method for calculating severity rate: (Number of calendar days' of lost time following a work-related accident x 1,000)/Total number of hours worked by total workforce in the year. Extensions of leave for work-related accidents that took place during Year Y-1 are not counted.
Absences ✓	3.2%	3.3%	3%	This rate is calculated based on the average full-time equivalent workforce. It takes into account absences for illness, workplace accidents and travel accidents. It is the ratio of the number of actual calendar days' absence and the number of workdays theoretically available.

ORGANISATION OF WORK/PART-TIME PERMANENT CONTRACT STAFF IN SERVICE FROM 1 JANUARY TO 31 DECEMBER

Scope/Topic	2016	2015	2014	Remarks
GROUP	**6.6%**	**6.7%**		
France	6.3%	6.1%	6.0%	
International (excluding France)	6.8%	7.2%		
o/w United Kingdom	13.1%	13.9%		
o/w India	0.04%	0.04%		
o/w Spain	7.0%	6.5%		
o/w Germany	9.9%	11.1%		

3.16.5. EQUAL TREATMENT

a. Disabilities

PROPORTION OF EMPLOYEES WITH DISABILITIES ✓

Scope/Topic	2016	2015	2014	Remarks
France	2.30%	2.05%	2.08%	Calculation method: number of employees with disabilities recognised within the company (Disabled Worker Unit) increased by 50% according to the rules established by AGEFIPH + number of qualifying units from subcontracting to supported employment companies, divided by the relevant workforce. The workforce numbers used are calculated according to the rules established by AGEFIPH, an organisation that promotes employment for people with disabilities.

b. Proportion of women in the workforce

Scope/Topic	2016	2015	2014	Remarks
Workforce: women				
GROUP	**31%**	**31%**		
France	27%	26%		
International (excluding France)	34%	31%		
o/w United Kingdom	44%	46%		
o/w India	35%	34%		
o/w Spain	26%	28%		
o/w Germany	23%	24%		
Recruitment of women				
GROUP	**30%**			
France	26%			
International (excluding France)	33%			
o/w United Kingdom	44%			
o/w India	38%			
o/w Spain	17%			
o/w Germany	22%			

c. Proportion of young and elderly employees

WORKFORCE BY AGE BRACKET

Scope/Topic	2016	2015	2014	Remarks
GROUP				
Under 25	9%			
Over 55	8%			
France				
Under 25	9%			
Over 55	7%			
International (excluding France)				
Under 25	8%			
Over 55	9%			
o/w United Kingdom				
Under 25	6%			
Over 55	19%			
o/w India				
Under 25	19%			
Over 55	0.2%			
o/w Spain				
Under 25	4%			
Over 55	2%			
o/w Germany				
Under 25	2%			
Over 55	15%			

PROPORTION OF OLDER EMPLOYEES IN FRANCE

Scope/Topic	2016	2015	2014	Remarks
Number of employees aged 45 and up	4,277	3,960	3,809	
Percentage of employees aged 45 and up in relation to the workforce at 31 December	23.9%	23.4%	22.3%	
Number of employees aged 55 and up	1,168	1,031	955	
Percentage of employees aged 55 and up in relation to the workforce at 31 December	6.5%	6.1%	5.6%	

4. Environmental responsibility: innovating in support of the environment for the benefit of our clients

Environmental issues, and particularly climate change, will increasingly affect society and the way businesses operate. As the European leader in digital transformation, Sopra Steria is at the heart of a business sector that can have a positive impact on companies' environmental footprints by supporting development projects geared towards new uses of digital technology, responsible purchasing programmes and increasing supply chain involvement. This is made possible by the development of new technologies enabling the creation of new services, paperless activities and processes, and shorter development and manufacturing cycles.

Furthermore, the Group has for a number of years pursued a major programme to reduce the environmental impact of its business and to pass on the benefits to its clients, particularly through its carbon-neutral programme.

4.1. Background and key events

At the time of the COP21 conference in Paris, Sopra Steria committed itself to the fight against climate change by joining Business Proposals for COP21, an international coalition that supports the development of an internal carbon price, and by working with "We Mean Business", an international initiative launched by CDP. In this context, the Group committed to reducing its greenhouse gas emissions by 15% between 2014 and 2020. This commitment covers Scopes 1, 2 and 3, over which the Group can exert direct influence (greenhouse gas emissions generated by business travel and energy consumption at offices and on-site and off-site data centres).

Sopra Steria aims to become a European IT services provider that is recognised as environmentally responsible and able to manage the sustainability of its operations and supply chain. The Group follows an environmental policy aimed at significantly reducing its greenhouse gas emissions and the environmental impact of its activities and passing on the benefits to its clients, notably through the Group's carbon-neutral business travel, offices and data centres.

Key events:

- Reduction of greenhouse gas (GHG) emissions for 2016 in line with the Group's target (emissions attributable to business travel offices and data centres):
  - Location-based: down 6.6% relative to 2014 (1)
  - Market-based integrating the impact of renewable energy: down 19% relative to 2014 (1)
- Launched a pilot of an internal carbon price in the United Kingdom for business travel.
- Increased proportion of renewable energy used to cover consumption:
  - Offices and on-site data centres total (electricity consumption): 69% (20.4% in 2015, Scope 2 only)
  - Offices total (energy consumption): 50% (Scopes 1 & 2)
  - On-site and off-site data centres total (electricity consumption): 63% (Scopes 1, 2 & 3)
- Broadened CarbonNeutral® certification to all Group offices, in addition to carbon-neutral certification for data centres and business travel.

(1) Including Scope 1 (excluding fugitive emissions) and Scopes 2 and 3 (including off-site data centres and business travel; excluding overnight hotel stays).

- Applied circular economy principles to waste management:
  - 98% of WEEE (Waste Electrical and Electronic Equipment) has a second life
  - 92% of paper and cardboard waste recovered through selective sorting is recycled
- Ranked at "Leadership" level in CDP Investor Climate Change and Environment Benchmark.

4.2. Commitments

As an international player, it is critical that we reduce the environmental impact of our energy consumption and our business travel. But we are going further, with innovative programmes such as carbon offsetting and investment in renewable energy projects and access to water. And reducing our consumption and protecting resources day to day is a natural fit with our Group culture.

Every day, both management and staff support the Group's Corporate Responsibility commitments with pragmatism and a desire for excellence. We interact with our entire ecosystem to ensure that these commitments create value for everyone, with one shared goal: to contribute to the performance and sustainability of the Group and its clients. The Group thus undertakes to lead the whole of its organisation to integrate, plan and implement a progress plan, updated annually, to reduce the carbon footprint of its business.

To conduct its environmental policy, the Group undertakes to implement a programme of actions based on six innovative sustainable development themes:

1. Integrate the principles of the low-carbon economy:
   - Adopt a scientific model for calculating the target reduction in its carbon footprint (science-based targets) while helping its clients, staff, partners and suppliers reduce their own emissions;
   - Introduce an internal carbon price;
   - Use renewable energy.
2. Adopt CarbonNeutral® programmes for the Group's offices, data centres and business travel;
3. Use an Environmental Management System (EMS) and ISO 14001 certification;
4. Integrate the principles of the circular economy and the conservation of resources (energy, paper, water, etc.), both in its operating methods and by making its suppliers and clients more aware of what they can do to contribute;
5. Develop more environmentally friendly services;
6. Contribute to local and international initiatives in cooperation with other economic agents to move forward action on the environment and combat climate deregulation.

4.3. Challenges and key achievements

The targets set in 2015 to reduce the Group's environmental footprint were deepened and added to in 2016.

In 2015, the Group set itself a primary target of reducing its greenhouse gas emissions. Changes to Article 225 of the Grenelle 2 Environment Act recommend, among other things, identifying significant greenhouse gas emissions arising from the company's business, including in particular the use of the goods and services it produces. In 2016, Sopra Steria therefore opted to adjust its 2015 location-based target and extend it to a market-based target. This adjustment means the target better reflects the impact of the proportion of renewable energy used by the Group to cover its energy consumption.

According to the definition given in the GHG Protocol, the location-based method of calculating emissions reflects the average intensity of emissions from networks through which the electricity consumed is supplied. As such, it mainly uses an averaged emission factor for networks.

Meanwhile, the market-based method of calculating emissions calculates them taking into account the specific nature of the chosen energy contracts and can reflect the company's specific desire to move towards a policy of lowering its emissions.

2016 targets	2016 Results	2017 ambition and 2020 vision
ENVIRONMENT: Innovate to reduce the environmental footprint		
1. Reduce greenhouse gas emissions by 15% between 2014 and 2020	Emissions from business travel, offices and data centres ■ Reduction in GHG emissions at Group level: • 6.6% relative to 2014 (location-based) • 19% relative to 2014 (market-based, including the impact of renewable energies) ■ Reduction in GHG emissions per employee: • 10.6% relative to 2014 (location-based) (1) • 21.8% relative to 2014 (market-based) (2	■ Reduce Group greenhouse gas emissions (Scopes 1 and 2 and categories 6 and 8 of Scope 3) by 15% by 2020 relative to 2014 (both location-based and market-based) ■ Scientifically model the Group's carbon footprint reduction target in 2017/2018 (Science Based Targets)
	Emissions from business travel ■ Reduction in GHG emissions per employee: 11.9% relative to 2014 (not including overnight hotel stays) ■ Reduction in GHG emissions at Group level: • 3.4% relative to 2015 (not including overnight hotel stays and with CIMPA) • 5.3% relative to 2015 (without CIMPA) ■ Introduction of an internal carbon price for business travel in the United Kingdom	■ Reduce carbon footprint of business travel ■ Extend introduction of pilot internal carbon price to other countries
	Emissions from offices and data centres ■ Reduction in GHG emissions from offices per employee: 46.7% relative to 2015 (market-based) ■ Reduction in GHG emissions from on-site and off-site data centres: 32.3% relative to 2015 (market-based)	■ Reduce carbon footprint of offices and data centres
	Share of energy from renewable sources used to meet consumption ■ Electricity consumption in offices and on-site data centres: 69% in 2016 (Scope 2) vs. 20.4% in 2015 ■ Energy consumption in offices: 50% in 2016 (Scopes 1 & 2) ■ Energy consumption in on-site and off-site data centres: 63% in 2016 (Scopes 1, 2 & 3)	■ Increase the share of energy from renewable sources in the Group's electricity consumption to 85% by 2020
2. Be carbon-neutral for the Group's business travel and data centres	■ Commitment to CarbonNeutral® certification for all Group business travel and data centres ■ CarbonNeutral® certification obtained for all Group offices in 2016 (effective early 2017) ■ Group business travel, offices and data centres: 47,574 tCO_2e offset in early 2017 ■ Business travel: 35,316 tCO_2e offset in early 2017	■ Be carbon-neutral for the Group's business travel and data centres.
3. Set up an Environmental Management System (EMS) for the new reporting scope and roll out ISO 14001 certification to more sites	■ Implemented new ISO 14001:2015 standard at some of the Group's certified sites	■ Strengthen the environmental management system (EMS) and prepare for 2017 implementation of ISO 14001:2015 certification at new sites and continue to extend it to some existing sites
4. Extend the life cycle of products used by the Group	■ A second life was given to 98% of the Group's waste electrical and electronic equipment (WEEE) in 2016 ■ Involved suppliers in identifying channels for recycling the waste supplied ■ Harmonised WEEE policy in the majority of countries ■ United Kingdom on track to achieve its target of zero WEEE at landfill sites by 2020, with 0.65% in 2016 ■ In 2016, 92% of paper and cardboard waste from selective sorting was recycled in the Group	■ Contribute to the circular economy by promoting more effective use and recycling of resources and a reduction in the level of waste produced ■ Gradually extend the 'zero waste to landfill' policy, initiated in the UK, across the Group

(1) Location-based: a method for calculating greenhouse gas emissions based on a system of emissions factors arising from the geographical region covered.

(2) Market-based: a method for calculating greenhouse gas emissions based on a system of emissions factors arising from the supplied energy source.

2016 targets	2016 Results	2017 ambition and 2020 vision
5. Mobilise all staff	■ Provide information at entity-level meetings ■ Supported network of Group correspondents during international environmental activity campaigns (recycling, water, etc.) ■ Rolled out e-learning module in the United Kingdom ■ First Group newsletter dedicated to Corporate Responsibility: Sustainability Buzz	■ Roll out e-learning training to the entire Group
6. Incorporate best practice into offerings and solutions implemented at client sites	■ New digital transformation programmes supporting clients, combining business development with environmental performance	■ Use digital innovation to reduce our clients' environmental impact
7. Maintain a high level of recognition	■ CDP Climate Change: obtained A- score; joined 'leadership' panel	■ Maintain a high level of recognition and transparency, as sought by clients and investors by sharing with them the results achieved under a comprehensive and transparent approach

4.4. An innovative environmental policy supported by a structured Group approach

To limit the environmental impact of its activities, Sopra Steria has adopted a proactive environmental responsibility policy that is consistent with the Group's business requirements.

4.4.1. AN INNOVATIVE ENVIRONMENTAL POLICY

In 2015, Sopra Steria launched an environmental management programme sponsored by Executive Management and rolled out to all Group entities. In particular, this includes a carbon neutrality programme, the gradual introduction of an internal carbon price and the use of renewable energy.

This programme is part and parcel of the broader ongoing commitment to sharing information every year about the efforts made by Sopra Steria and the results achieved. It is based on the Group's key commitments and supported by the Group's Environmental Management System (EMS).

4.4.2. AN ENVIRONMENTAL MANAGEMENT SYSTEM ENSURING THAT PRACTICES ARE HARMONISED

The Environmental Management System in place serves as the reference framework ensuring that practices are harmonised across all entities. It incorporates ISO 14001 and ISO 14064-3 certification.

In all entities and countries where the Group operates, the Environmental Management System has been developed in accordance with ISO 14001. The programme to roll out the latest version, ISO 14001:2015, was launched across a dozen sites in the United Kingdom in 2016 and will gradually be extended to other countries between now and 2018.

- ISO 14001 certification is active in the following Group countries: Belgium, Denmark, France, Germany, India, Norway, Poland, Spain, Sweden and the United Kingdom.
- Sopra Steria has also carried out independent emissions checks in India and the United Kingdom, in accordance with ISO 14064-3.

Some new buildings already have the best environmental certification and will be gradually included within the scope of ISO 14001: 2015.

Sopra Steria seeks to secure the best of the various available certifications concerning quality management (ISO 9001), information security management (ISO 27001), IT service management (ISO 20000) and environment (ISO 14001) and ISO 26000 depending on the scope of certification, added value for the Group's clients and optimisation of the Group's operations.

4.4.3. ORGANISATION FOR COORDINATING AND IMPLEMENTING PROGRESS PLANS

Energy management for buildings and IT infrastructure, and responsible purchasing, are managed by departments on an ad hoc basis and by a network of environment correspondents covering all Group entities.

Sopra Steria's organisational structure for addressing environmental questions is as follows:

a. Environmental Responsibility Unit

The purpose of this unit is to define environmental policy at Group level, manage the progress plan and coordinate its implementation. It reports to the Corporate Responsibility and Sustainable Development Department, which obtains Executive Management sign-off of its broad direction.

b. Functional departments

A number of functional departments are more specifically involved in the environmental approach (the Real Estate, Purchasing, Industrial and Information Systems Departments). They are involved in defining the Group's environmental policy and implement action plans.

c. Network of environment correspondents

Sopra Steria has established a network of correspondents who monitor the programme's roll-out within each Group entity. These correspondents report to the Group Environment Unit on the implementation of actions, analyse results achieved and difficulties encountered, and propose improvement plans at Group-level briefings held every two months.

Furthermore, dedicated pages have been created on the internal network to identify potential problems and gather suggestions for improvements.

To ensure employees are better informed and take into account environmental issues, e-learning modules have begun to be rolled out in the United Kingdom and will gradually be developed in other countries.

Lastly, all staff are encouraged to take part in various annual international events such as World Water Day, Earth Hour, European Sustainable Development Week, World Environment Day and European Week for Waste Reduction.

4.4.4. EMPLOYEES COMMITTED TO THE ENVIRONMENT

The day-to-day involvement of all employees in limiting the environmental impact of the Group's activities is a major challenge requiring operating rules and procedures and an ongoing programme of information.

4.4.5. MAPPING KEY ENVIRONMENTAL CHALLENGES IN LIGHT OF THE GRI

This work, which began in 2016, is set to continue in 2017 with a view to securing approval from SBT (the Science Based Targets initiative). [(1)]

ENVIRONMENT: Innovate to reduce the environmental footprint

Targets	Indicator	GRI
1. Reduce greenhouse gas emissions by 15% between 2014 and 2020 (target set in January 2015)	Group greenhouse gas emissions (Scopes 1 and 2 and Categories 6 and 8 of Scope 3)	G4-EN15, G4-EN16, G4-EN30, G4-EN19, G4-EN3, G4-EN4, G4-EN6
	Greenhouse gas emissions from business travel	
	Greenhouse gas emissions from offices and on-site data centres	
	Greenhouse gas emissions from on-site and off-site data centres	
	Geographical coverage of countries that have adopted the internal carbon price	G4-EN27, G4-SO1
	Percentage of renewable energy used by the Group to cover its power consumption	G4-EN1
2. Be carbon-neutral for all Group business travel, offices and data centres	CarbonNeutral® certification for all Group business travel, offices and data centres	G4-EN 32, G4-EN33
3. Improve the Environmental Management System (EMS), prepare for implementation of ISO 14001:2015 certification at new sites and continue with progress plans at existing sites	Geographical coverage of ISO 14001 certification, implementation of new 2015 version and roll-out of e-learning training	G4-1, G4-34
4. Develop the circular economy in operating methods and client support	Quantities of WEEE and other waste collected Percentage use of re-use, repair and recycling	G4-EN23, G4-EN15, G4-EN16, G4-EN3, G4-EN6, G4-EN19
5. Mobilise all staff	Information and training produced by type of media	G4-SO1
6. Incorporate best practice into our offerings and our clients' solutions	Identify projects that help reduce our clients' environmental footprint	G4-SO1
7. Maintain a high level of recognition and transparency, as sought by clients and investors, by sharing the findings of external assessments	CDP Climate Change score Gaia Index score EcoVadis rating	G4-SO1, G4-33, G4-43, G4-44

(1) Science Based Targets is an internationally recognised initiative offering mathematical models for identifying the environmental footprint of activities so as to be able to set ambitious greenhouse gas emissions reduction targets.

4.4.6. ADOPTING A SCIENTIFIC MODEL TO MANAGE THE REDUCTION IN GREENHOUSE GAS EMISSIONS

In 2016, Sopra Steria embarked on a major project on greenhouse gas emissions from its key suppliers and clients together with Science Based Targets (SBT), an internationally recognised initiative offering mathematical models for identifying the environmental footprint of activities so as to be able to set ambitious greenhouse gas emissions reduction targets. This complex project is set to continue in 2017, with the aim of securing SBT approval in 2017.

4.5. Group greenhouse gas emissions reduced in line with target

In the context of France's Energy Transition for Green Growth Act, which supplements Article R. 225-101-5 of the French Commercial Code (the Grenelle 2 Act), Sopra Steria is endeavouring to identify financial risks arising from the effects of climate change, and significant greenhouse gas emissions resulting from its activities.

Sopra Steria's target of reducing its greenhouse gas emissions by 15% by 2020 relative to 2014 was set taking into account rapid expansion in the Group and its activities and its ambitious Enterprise Project. To support this commitment, Sopra Steria launched new initiatives in 2016 that will be developed in 2017. Firstly, Sopra Steria committed to scientifically model its greenhouse gas emissions reduction target (using science-based targets). To secure SBT approval of its reduction target and the method used, Sopra Steria is working on the greenhouse gas emissions arising from the activities of its key clients and suppliers. This complex work is set to continue in 2017, with the aim of securing SBT approval in 2017 or 2018.

To reduce greenhouse gas emissions in 2016, action plans mainly focused on business travel, energy consumption at offices and data centres (both on-site and off-site) and efforts to improve the efficiency of the Group's IT equipment.

4.5.1. REDUCTION IN OVERALL GREENHOUSE GAS EMISSIONS BY 6.6% (LOCATION-BASED) AND 19% (MARKET-BASED) RELATIVE TO 2014

In 2016, Sopra Steria reduced its greenhouse gas emissions per employee by 7.6% (location-based) and 21.8% (market-based) relative to 2015. The Group is on track to achieve its six-year target of reducing greenhouse gas emissions by 15% and has achieved a 6.6% location-based reduction (market-based: 19%) in two years of operation, launched a pilot of an internal carbon price, increased the proportion of renewable energy to cover its energy consumption and reduced fugitive emissions.

TOTAL GREENHOUSE GAS EMISSIONS FOR SCOPES 1, 2 & 3 (CATEGORIES 6 AND 8)

CO_2 (tonnes of CO_2 equivalent)	Scope 1 emissions	Scope 2 emissions (Offices + on-site data centres)		Scope 3 emissions (Off-site data centres)		Scope 3 emissions (Business travel)		Total emissions		Absolute change		Number of employees	Change per employee	
		Location-based	Market-based	Location-based	Market-based	Location-based	Market-based	Location-based	Market-based	Location-based	Market-based		Location-based	Market-based
2014	2,328	21,335	14,098	5,482	1,998	35,006	33,562	64,151	51,986			35,107		
										-4.0%*	-1.5%*		-3.3%*	-0.8%*
2015	2,237	21,381	15,723	4,725	1,227	33,244	32,005	61,587	51,192			34,860		
										-2.7%*	-17.7%*		-7.6%*	-21.8%*
2016**	2,430	20,755	7,190	4,590	1,603	32,152	30,909	59,927	42,132			36,697		
Including overnight hotel stays**						36,559	35,316							
Absolute change 2016/2015***	+8.6%	-2.9%	-54.3%	-2.9%	+30.6%	-3.3%	-3.4%	Two years' reduction 2016/2014		-6.6%	-19.0%		-10.6%	-22.5%

Location-based: a method for calculating Scope 2 and 3 greenhouse gas emissions based on a system of emissions factors arising from the geographical region covered.

Market-based: a method for calculating Scope 2 and 3 greenhouse gas emissions based on a system of emissions factors arising from the supplied energy source.

* *Change observed between year Y and year Y+1.*

** *Including CIMPA in 2016.*

*** *Excluding overnight hotel stays and including CIMPA.*

In 2016, 69% of the Group's power consumption (offices and on-site data centres, Scope 2) was provided using renewable energy sources.

In the United Kingdom, a pilot project to establish an internal carbon price has been put in place to incentivise entities to take more account of environmental challenges.

Improvement efforts are focused on those emissions over which the Group has direct control (energy used in offices, on-site data centres and business travel) or over which it is able to exert significant influence (data centres managed on behalf of the Group by external hosting providers).

4.5.2. BUSINESS TRAVEL: AN ENVIRONMENTAL AND FINANCIAL CHALLENGE

a. Travel policy

Sopra Steria has a large number of sites in over 20 countries, notably in France, the United Kingdom and India.

With this in mind, Sopra Steria has opted not only to make all its business travel carbon-neutral but also to reduce travel by putting in place a multi-pronged action plan:

- use of new information technologies for internal and external meetings at Group sites;
- encouraging the use of the most eco-friendly means of transport, particularly for short trips and daily commutes to client locations.

As well as being a major environmental challenge, optimising business travel is also a financial challenge that must take into account requirements arising from the Group's specific model of close, local relationships with its clients.

Business travel (excluding overnight hotel stays):

- Group total: down 3.4% vs. 2015 (including CIMPA); down 5.3% vs. 2015 (excluding CIMPA),
- Total per employee: down 8.3% vs. 2015, down 11.9% vs. 2014,
- Breakdown of travel-related emissions: Road 44%, Air 33% and Rail 10%.

Since 2014, the Group has reduced greenhouse gas emissions per employee resulting from business travel by 11.9% (excluding overnight hotel stays).

In 2014, the Group's greenhouse gas emissions arising from business travel totalled 33,562 tonnes of CO_2 equivalent.

In 2016, emissions were reduced to 30,909 tonnes of CO_2 equivalent (not including overnight hotel stays), representing 77% of the Group's total emissions (market-based).

Furthermore, since 2016 Sopra Steria has included overnight hotel stays when calculating emissions resulting from business travel. They account for 13% of total travel-related emissions.

All of the Group's business travel was certified carbon-neutral in early 2017.

Furthermore, efforts undertaken since 2014 to collect data and boost data quality led to an increase in the proportion of actual data provided in 2016. Lastly, from 2016 onwards, greenhouse gas emissions resulting from business travel take into account overnight hotel stays linked to such travel.

Beyond the framework established by the Group, each entity and country implements initiatives to reduce business travel and associated emissions as the local context allows.

b. Introduction of an internal carbon price

The Group decided in 2016 to introduce an internal carbon price for business travel. A pilot project was launched covering all entities in the United Kingdom. In mid-2016, an internal carbon price applied to all employee business travel was included in the financial information sent to each entity and business line. This new piece of data will help entities:

- better take into account the environmental impact of their business travel;
- become more aware of the need for the Group to rationalise its travel requirements.

The pilot is to be extended to more countries from 2017.

4.5.3. INCREASING ENERGY EFFICIENCY

a. New sites that meet the most recent environmental standards

For new sites, Sopra Steria's policy is to favour low-energy buildings that meet new environmental standards and have more efficient equipment and control systems.

The Group's policy is to favour buildings eligible for the new RT 2012 (2012 thermal regulations), BBC (low energy consumption), HQE® (high environmental quality), BREEAM (Building Research Establishment Environmental Assessment Methodology) and LEED (Leadership in Energy and Environmental Design) standards. These choices are made to remain consistent with the criteria for enhancing the quality of the Group's work environment.

In France, several Group sites incorporate these new environmental standards:

- Green Office® Meudon, a building using cutting-edge technology, is certified BREEAM, HQE-BBC® *Bâtiment Tertiaire* (high environmental quality office building) and HQE® *Exploitation* (high environmental quality operations).
- The Limonest and Colomiers sites have the highest level of HQE® certification.
- New buildings under construction will also be covered by the latest environmental certification: the Limonest extension and the planned new site in Lille will carry a BREEAM Very Good rating, the new site in Aix-en-Provence will be HQE® certified and the commercial headquarters in Paris, which is undergoing a complete renovation, will carry both a BREEAM Very Good rating and HQE® certification.

Outside France, the Group also has sites with environmental accreditation or that have implemented innovative systems:

- in India, Noida Site 3 is certified LEED Gold Level. New premises were also opened in 2016 in India's "Silicon Valley" in Bangalore, on the doorstep of international aerospace industry players and other major clients of the Group. This new investment meets the most stringent environmental standards and offers the highest possibility capacity in terms of digital connections;
- in Sweden, Sopra Steria is based in Stockholm in an environmentally friendly building that recovers excess heat produced by activity at the nearby central train station to heat the building. It also has an eco-intelligent building cooling system that uses water from the Klara Sjö canal.

b. More efficient offices and data centres

Sopra Steria is keen to limit the environmental impact of its business and is therefore working to reduce energy consumption at its offices and on-site data centres, over which it has direct influence. Furthermore, Sopra Steria is working with those companies that host its off-site data centres to optimise energy consumption and associated power usage effectiveness (PUE).

Energy consumption at offices and on-site data centres (located on Group premises) is responsible for a significant portion of the Group's emissions. The Group is working to reduce energy consumption and expand the use of renewable energy to power buildings. In 2016, 63% of energy consumed by on-site and off-site data centres came from renewable energy (Scopes 1, 2 and 3).

New off-site data centres have very efficient PUE ratings. In Norway, thanks to a partnership with a major software publisher and host, Sopra Steria has access to cloud services hosted in a new data centre. In Germany, the Group's new host controls security, energy consumption and air conditioning at its data centre using networks of specialised sensors. The new data centre selected in Belgium meets the highest environmental standards and has an optimum PUE rating (1.25).

Following the transposition into domestic law of the European Directive on energy policy (Directive 2012/27/EU), after France and Germany, Spain kicked off an energy audit of its sites in 2016 and will roll out its improvement plan in 2017.

Starting in 2016, all the Group's offices are included in its carbon-neutral certification programme.

As such, at the beginning of 2017, all Sopra Steria's offices and on-site and off-site data centres were certified carbon-neutral for 2016.

Furthermore, the Group reduced its greenhouse gas emissions per employee by 46.7% (market-based) for offices and by 32.3% (market-based) for on-site and off-site data centres relative to 2015.

c. Choosing more energy-efficient IT equipment

The principles underpinning this approach mean acquiring more compact and energy-efficient machines and extending the lifespan of IT equipment.

The Group has opted to acquire more compact and energy-efficient machines that carry an environmental accreditation.

Energy Star

Sopra Steria's desktop computers, laptops and servers comply with manufacturer standards (Energy Star 5.0 and 5.2) and generate low energy consumption. Laptops are also equipped with three-cell batteries, which recharge quickly, or with a fast-charging battery system (ExpressCharge™).

EPEAT

The computers used by the Group comply with the EPEAT (Electronic Product Environmental Assessment Tool) standard, with certified products falling into one of three categories (Gold, Silver or Bronze) based on a range of environmental performance criteria.

The Group's computers all have EPEAT Gold or Silver ratings.

Virtualisation

Under Sopra Steria's IT infrastructure virtualisation plan, which has been in place for several years, IT centres pool and optimise their hardware resources.

This plan results in increased processing capacity while reducing the number of physical machines and thereby reducing power consumption.

d. Increasing use of renewable energy

Sopra Steria has adopted an innovative approach to reducing its environmental impact by increasing the proportion of renewable energy to cover its energy consumption. Thanks to its efforts in 2016, the Group achieved a proportion of renewable energy use equivalent to 69% of total electricity consumption at its offices and on-site data centres (Scope 2), significantly higher than in 2015 (when the proportion of renewable energy equated to 20.4% of consumption). The target now is to achieve 85% coverage of total energy consumption at offices and on-site data centres by renewable energy in the next few years.

The use of renewable energy is made possible by investing in projects that are able to generate zero-carbon activity, where possible using instruments such as Guarantees of Origin (GOs) and International Renewable Energy Certificates (I-RECs).

Proportion of power consumption covered by renewable energy (Scope 2: offices and on-site data centres):

- United Kingdom: 72%
- France: 75%
- Germany 96%
- Sweden, Switzerland and Denmark: 100%.

International Renewable Energy Certificates: Sopra Steria's new partner for renewable energy

Sopra Steria has purchased International Renewable Energy Certificates (I-RECs) based on a hydroelectric power project. The purchase of these certificates covers power consumption at the Group's data centres in India.

In 2015, Sopra Steria was the first company to adopt the renewable energy solution PowerPlus™, developed by Natural Capital Partners to cover renewable energy needs outside Europe and North America. The I-REC standard has since established itself in response to growing demand for solutions.

I-RECs provide a direct, independent and verifiable mechanism for accessing renewable energy that promotes renewable energy production in India; the Group can only purchase them based on the electrical power grid.

A sharp increase in the proportion of renewable energy used in 2016

In 2016, the proportion of renewable energy used by the Group covered 69% of electricity consumption at offices and on-site data centres (Scope 2) and 50% of energy consumption at the Group's offices (Scopes 1 and 2).

Lastly, renewable energy (green power) now accounts for 63% of energy consumption at the Group's on-site and off-site data centres (Scopes 1, 2 and 3).

4.5.4. A BUSINESS WITH LITTLE IMPACT ON WATER CONSUMPTION

Sopra Steria uses very little water: it is used only for sanitary purposes. Furthermore, assessing the amount of water consumed by the Group as a whole remains a complex endeavour, since it depends on utility management system readings provided by the Group's various lessors. Given the limited impact of its activities on water, Sopra Steria has therefore opted not to publish a water consumption indicator, though it does encourage initiatives that help lower its water consumption.

However, Sopra Steria believes that protecting water resources is the major challenge facing humanity over the coming decades. In this context, and as an international economic agent that can play a part in promoting the protection of water resources within its sphere of influence, since 2012 the Group has been working with international organisations to help their efforts to protect water resources. This point is explored in more detail in the "Community engagement" section of this report.

4.6. Carbon neutrality: a complementary alternative

The Group's carbon neutrality is supported by an offsetting mechanism that corrects for residual greenhouse gas emissions by funding renewable energy projects in India.

India has committed to increase its power generation capacity with an emphasis on the greenest, most sustainable production methods. The four projects supported by Sopra Steria through its offsetting programme help India achieve its goal of developing its own renewable energy production capacity.

- **Harapanahalli Wind**: located in the Davangere district of Karnataka, southern India, this wind turbine project delivers carbon-neutral electricity. This wind farm generates almost 81,000 MWh a year while improving air quality and creating local jobs.
- **Theni Wind**: located in Tamil Nadu state, southern India, two wind farms generate almost 100,000 MWh of renewable energy a year. By replacing electricity that used to be produced from primary fossil fuels, this project avoids the production of 140,000 tonnes of greenhouse gas emissions a year. It also helps improve air quality and create jobs.
- **SELCO Solar Energy Access** (in schools supported by Sopra Steria as part of its community activities): this project, run by SELCO Solar Pvt and Natural Capital Partners, provides very low income households with solar equipment consisting of solar-powered water heaters and photovoltaic systems. The benefits are also financial: the project is supported by regional rural banks and microfinance institutions to help the most underprivileged households secure credit at acceptable terms. The project also helps provide pupils and students with lamps so they can do their homework. It covers 65 schools and has helped provide 2,666 solar-powered lamps.
- **India Solar Water Heating**: this project supplies households and small and medium-sized enterprises in rural regions all over India with solar-powered water heaters. It encompasses the manufacture, installation and maintenance of this solar-powered equipment. Equipment is distributed by private entrepreneurs or large businesses that act as distributors and franchisees.

4.7. Low-carbon services that add value to our clients

Carbon neutrality for all the Group's business travel, offices and data centres contributes to a low-carbon economy.

Thanks to this low-carbon policy, introduced a number of years ago, clients' supply chains can now benefit from services with a small environmental footprint.

Furthermore, major digital transformation programmes being undertaken by clients supported by the Group are helping significantly reduce their environmental footprint while developing innovative services linked to new uses.

Sopra Steria thus provides solutions to address the core business needs of large companies and organisations, helping them remain competitive and grow. Combining added value with innovative high-performance services, the Group excels in guiding its clients through their transformation projects to help them make the most of digital technology, while seeking to reduce the environmental footprint of their activities.

REDUCING THE ENVIRONMENTAL FOOTPRINT OF HUMAN ACTIVITIES

Energy	■ For a number of clients in the energy sector, helping develop smart systems for managing consumer energy demand. ■ Rolling out smart meters that enable two-way communication with the central system for residential clients of French gas and electricity providers. These smart meters let consumers manage their energy use more effectively, which in turn helps better regulate demand for providers.
	■ For businesses in the real estate and energy sectors, developing home energy management solutions that address the new challenges of energy efficiency.
Transport	■ Optimising urban transport and multimodality to promote the use of safer, more regular and more attractive modes of transport with a low carbon impact.
Digitisation	■ Process optimisation and paperless exchange thanks to digital technology.

Performance improvement programme for Airbus aircraft, mainly through fuel savings on the A350 and NEO programmes

As part of the services it delivers at Airbus's Flight and Integration Test Centre, Sopra Steria is involved in preparing tests and analysing test data that is used to check engine performance for the A350-900 and 1000 families.

The purpose of these programmes is to optimise aircraft performance, which notably reduces the environmental footprint of engines.

Sopra Steria uses Big Data technology to support Airbus in its NEO programme, thus optimising certification campaigns for its aircraft, which are made more environmentally economical.

Implementation of a waste collection solution in Mumbai (MCGM)

Steria India Ltd has installed a Vehicle Tracking and Monitoring System (VTMS) attached to the Municipal Corporation of Greater Mumbai (MCGM). The system can be used to track waste collection vehicles and other public service vehicles. The project's scope covers over 1,900 municipal vehicles across 24 parking facilities and more than 20 garages spread across multiple neighbourhoods within the city. The project makes it possible to coordinate the collection of approximately 2,500 tonnes of household waste and 900 tonnes of construction waste a day from 1,000 collection points, four interchanges and three unloading areas.

I-transport project in a major Asian city

By offering innovative traffic management solutions, Sopra Steria helps make roads safer while optimising traffic flow. The i-transport solution, which has been rolled out in a major Asian city, allows for more granular and efficient traffic management. The solution plays a role in protecting the environment and contributes to cleaner air and better quality of life for citizens.

Chorus Pro

Launched in 2015, the Chorus Pro programme, run by France's Agency for State Financial Information Technology (AIFE) with Sopra Steria, enables paperless processing of supplier invoices in the public sphere (1 million businesses and 80,000 public entities). The system simplifies relationships between businesses and the authorities and shortens processing timescales for 95 million invoices a year via an omnichannel platform.

Gloucestershire County Council

For Gloucestershire County Council, Sopra Steria has used Sustainable Service Delivery to:

- reduce energy costs, consumption and greenhouse gas emissions from ICT, including a 43% reduction in the energy consumed by the Council's estate of end-user devices (desktop and laptop computers);
- improve reuse and recycling of retired and redundant ICT equipment, ensuring over 1,000 devices were reused and another 1,000 recycled to the highest standards for sustainability;
- provide work placements for local people, including those from disadvantaged backgrounds, and to promote local businesses. This point is developed in the "Community Engagement" section of this chapter.

"Using their Sustainable Service Delivery methodology, Sopra Steria has helped us improve the environmental performance of our ICT, support greater digital inclusion in Gloucestershire, provide employment, apprenticeship and work experience opportunities, promote entrepreneurship, champion the local economy, and generally do more for our local community – all while transforming our technology to make it more modern, collaborative, resilient and efficient."

Andy Gilbert, Head of ICT, Gloucestershire County Council

PUTTING DIGITAL TECHNOLOGY TO WORK TO CREATE VALUE FOR ORGANISATIONS AND USERS

Transforming uses	Digitising information exchange and integrating businesses' knowledge so as to be able to offer services tailored to end users' challenges.
	Digitising manufacturing processes to optimise costs and delivery timescales.
	Paperless processing of supplier invoices in the public sphere to simplify relationships between businesses and the authorities and shorten processing timescales.

Digiconso digital process for Crédit Agricole Consumer Finance

The Digiconso project, run by Sopra Banking Software on behalf of Crédit Agricole Consumer Finance, will be able to handle almost 10,000 personal loan applications a day thanks to a completely digital process. Not only will this process reduce the need for both Crédit Agricole/LCL customers and advisers to travel, it has already prompted staff responsible for managing and developing the project to limit their own travel. Almost 150 employees, customers and Sopra Banking Software, located across 14 sites, conduct 75% of meetings remotely, either by telephone or using videoconferencing. A total of over 12 face-to-face meetings are avoided each week, together with the associated travel.

DEVELOPING EXPERTISE TO SERVE THE CITY OF THE FUTURE

Reducing the environmental footprint of cities and urban services	Harnessing digital technology to improve quality of life for citizens and promote sustainable economic development through smart cities.
	Digital transformation of regions through energy management and roll-out of urban mobility.

Preventing urban congestion – Project Colibry/Smart Cities

This workstream – part of the Smart City Master Plan – is managed by Toulouse Métropole and SMTC TISSEO, together with consortiums of businesses and partners including Sopra Steria, around projects targeting the airport area.

It has two primary goals:

- to reduce congestion on major urban road routes, amid increasing mobility;
- to influence behaviours and define new means of influence that complement infrastructure (data and new digital tools).

Project Colibry aims to reduce the use of private vehicles across the Toulouse/Blagnac/Colomiers airport region, in favour of new mobility solutions (car pooling, car sharing, cycling, etc.) and through actions carried out jointly by the local authority and businesses (cross-referencing of public and private data, optimisation of intercompany travel plans, creation of multi-service, multimodal hubs with co-working areas, etc.).

Source: Toulouse L'Open Métropole – Bilan Smart City 2016

DEVELOPING PROOFS OF CONCEPT (POCS) TO CONTRIBUTE TO DIGITAL CO-INNOVATION

Co-design to mobilise collective intelligence	■ Developing a collaborative approach that fosters creativity in the design of new services and uses.
Sopra Steria DigiLabs and PoCs for digital co-innovation	■ DigiLabs rolled out across around 10 Group countries, to involve clients in innovation and encourage the emergence of solutions to the challenges of the future. ■ PoCs: • Demonstrate the use of new services. • Feed into a research and development strategy covering a number of target themes.

PoC Energy Consumption Device (ECD): a solution that helps with energy management

The Energy Consumption Device (ECD) is a device that displays daily, weekly or monthly energy consumption in kWh or euros.

The ECD project is a demonstrator positioned to meet new regulatory requirements on ECDs connected to "Linky" smart electricity meters in France. To deliver this project, which helps optimise energy consumption for a sample group of clients, Sopra Steria, a pioneer in designing and implementing IoT [1] solutions, is supported by its IoT Centre and offers its clients a full range of services.

- Support with the design and management of IoT projects.
- Designing IoT solutions in response to new uses or new regulatory requirements.
- Developing demonstrators or PoCs under a co-innovation approach.
- Roll-out of the solution with the support of a network of partners and Sopra Steria's IoT Line.

Sopra Steria has developed unique expertise in energy management for homes (SmartHome), office premises (SmartBuilding), power grids (SmartGrid) and cities (SmartCities), taking advantage of functionality offered by the new Linky and Gazpar smart meters.

The ECD consists of a box based on the Raspberry Pi 2 computer with a touchscreen display, and can be used to test:

- the Linky meter's connectivity over WiFi, LoRa and ZigBee;
- display of current consumption from the meter and daily, weekly and monthly totals in kWh and euros;
- remote configuration of prices used in the display unit;
- feedback of information from the display unit.

MEETING THE CHALLENGES OF SUSTAINABLE DEVELOPMENT

Digital technology for a low-carbon economy	■ Developing products and services to support digitisation of activities in different industry sectors. ■ Sopra Steria services benefiting from the carbon neutrality of the Group's business travel, offices and data centres.

(1) IoT: Internet of Things.

PoC Open Data Localise: Open Data in the service of solar power

The open data movement is a trend towards the online sharing of digital data based on a series of 10 criteria guaranteeing free access and reuse by anyone. The map represents IRIS areas of different colours depending on their potential: the darker the area, the higher the index and the more attractive the area.

The project allows maps to be created showing the distribution of catchment areas according to their potential. These maps identify IRIS areas with strong sales potential at a very granular level, make it easier to apply geomarketing techniques to choose locations for points of sale, and optimise travel time for door-to-door salespeople.

The base map and shopping centres are provided by Open Street Map, IRIS geographical divisions are provided by the French government website, and income and housing data are available from the Insee website. All these data are thus freely accessible and usable by anyone.

4.8. The circular economy: a new challenge for the Group

The circular economy aims to achieve a paradigm shift relative to the so-called linear economy, by limiting environmental impact and wastage of resources and increasing efficiency at every stage of the commodity economy.

The circular economy functions as a loop, limiting non-recyclable waste. Its aim is to produce goods and services while reducing consumption and wastage of commodities and energy. The circular economy is based on the "cradle to cradle" principle, as opposed to the "cradle to grave" principle of the linear economy.

Sopra Steria aims to reduce its environmental impact by purchasing sustainable products whenever possible, recycling its waste, supporting renewable energy production and managing its business in a resource-efficient way, thus incorporating circular economy principles into the way it runs its business.

This approach is gradually involving the Group's stakeholders, including in particular its suppliers, partners and clients.

Since 2016, European regulations have required all economic agents to adopt new circular economy principles, notably regarding food waste. Although its service businesses are not directly affected by this directive, the Group has opted to work with catering suppliers that operate within this regulatory framework.

4.8.1. CIRCULAR ECONOMY PRINCIPLES APPLIED BY THE GROUP

The circular economy is based on various principles applied by Sopra Steria within the scope of its business.

- **Local ecology**: implement an industrial organisation within a given geographical area that is characterised by optimised management of stocks and flows of materials, energy and services. The Group's expertise in the technology needed for modern smart cities allows for more efficient use of resources and reduces the environmental impact of the relevant stakeholders.
- **Economy of functionality**: prioritise use over ownership; sell services rather than goods. A significant proportion of the IT equipment used by Sopra Steria is made available for multi-user use.
- **Reuse**: introduce products that no longer meet consumers' primary needs back into the economic cycle. A large proportion of the Group's IT equipment is repaired and subsequently transferred or resold by the supplier. In the United Kingdom, the Group has worked with a client in Harrow to set up IT centres equipped with former Sopra Steria computers that have been recycled. A number of Group entities have put in place arrangements to store electrical and electronic equipment on site so that it can be recommissioned and given a second life outside the Group (France, United Kingdom, Belgium and India).
- **Repair**: find a second life for assets that are no longer functional. Equipment that is no longer in use is recovered, recommissioned or donated to non-profits in most of the countries where the Group operates.
- **Recycling**: reuse waste as a raw material for the manufacture of new products. By implementing selective sorting increasingly widely, the Group is encouraging its suppliers to produce recycled paper from waste paper (United Kingdom). The same is true for the production of new products from cans, plastic and glass.
- **Recovery**: recover a portion of waste materials to manufacture new products (e.g. precious metals, fluorine) or generate energy (e.g. thermal energy). The Group uses suppliers that recover rare metals from computers and phones so they can be reintroduced into the industrial production chain. Other components of waste are used as fuel at incineration plants, providing energy for district heating systems and generators.

4.8.2. MAXIMISING THE LIFE CYCLE OF WEEE

Whenever possible, Sopra Steria uses IT equipment that is highly energy efficient or carries an environmental label (Energy Star or EPEAT). The Group also manages its installed base of IT equipment in accordance with very precise guidelines with a view to controlling costs and protecting the environment.

Equipment is listed in a database managed using HP's AssetCenter software. Technical, financial and usage information is continually updated over the equipment's life cycle, allowing the Group to optimise its life span and ensure it is reprocessed in accordance with circular economy principles.

Sopra Steria uses specialist providers, including in particular supported employment companies, to process its Waste Electrical and Electronic Equipment (WEEE). Once checked, hardware that cannot be put back on the market becomes WEEE and is sent to authorised dismantling sites so that some waste can be reused in the manufacture of new products.

Even once an item of equipment has been removed and reprocessed, the Group maintains information relating to its final destination in its database. In order to ensure that electrical and electronic equipment reaching the end of its useful life is managed in an environmentally friendly manner, the Group sells most of its equipment to certified organisations. Lastly, a portion of PCs coming to the end of their useful lives is donated to schools or charitable associations.

The scope of actual data on WEEE was broadened significantly in 2016 relative to 2015. The Group continued with its policy of aligning WEEE handling processes across the countries in which it operates. Suppliers are encouraged to provide waste tracking forms and produce statistics on the type of processing undertaken (re-use, repair, recycling, recovery).

Circular economy:

- Optimisation of end-of-life WEEE in France by ATF Gaia (2016 figures).
- 65 kg of materials from laptop computers reintroduced and recovered in manufacturing (i.e. a total of 86%).
- 954 kg of materials from cathode ray tubes reintroduced and recovered in manufacturing (i.e. a total of 88%).
- 1,037,130 kg equivalent of CO_2 avoided.
- 1,300,500 litres of water saved.

53% absolute reduction in the Group's WEEE in 2016 relative to 2015, across a scope encompassing Benelux and CIMPA (France, Germany and the United Kingdom); groupings of certain offices and data centres; a reduction in the number of suppliers tasked with collecting WEEE; and an increase in data quality.

- 98% of the Group's WEEE (including CIMPA) has a second life.
- 64% is recycled (recovery of materials or heat production), 34% reused (resold or donated) and 2% incinerated.

The United Kingdom business is continuing to pursue its goal of sending zero waste to landfill sites by 2020. In 2016, only 0.65% of WEEE was sent to landfill sites.

4.8.3. MAXIMISING THE LIFE CYCLE OF OTHER WASTE

In France, Spain and the United Kingdom, Group entities use environmentally accredited printer paper (FSC, PEFC, Blue Angel, Paper Loop).

For the buildings and facilities it controls, the Group has put in place local policies aimed at reducing the amount of non-hazardous waste generated. Sopra Steria also works with building owners to develop selective sorting and optimise waste recovery during reprocessing.

France

Selective sorting in France is handled in two ways:

- by specialist companies managed by the Group, which closely monitor quantities disposed of and allow for better traceability by providing waste tracking documents;
- by local councils or service providers not managed by the Group (for multi-tenant properties).

At end-2016, selective sorting run by specialist companies managed by the Group was in place at one-third of all French sites.

A major selective sorting campaign was also run by site managers and adopted in various other Group countries.

India

The Group has put in place an aggressive policy of reducing consumption of paper, disposable cups, plastic and water. As a result, consumption of A4 paper fell by 25% in 2016 relative to 2015. Use of cardboard cups was reduced by over 10%.

Wastepaper is processed by specialist companies. All printer toner cartridges are processed under the HP Planet Partners Rewards programme.

Spain

The Group has worked with specialist providers to manage wastepaper and recycle empty ink and toner cartridges. For the past two years, selective sorting has been in place at all sites for organic and plastic waste, packaging, glass and batteries.

United Kingdom

In 2011, Sopra Steria initiated a closed-loop paper recycling programme, now extended to all Sopra Steria sites in the United Kingdom.

An important step in the circular economy, the closed paper loop is for recycling paper, ensuring that virtually all paper from Sopra Steria sites is recycled and subsequently reused in new paper. This initiative saw 128 tonnes of paper recycled in the United Kingdom in 2016.

92% of paper and cardboard waste collected through the Group's selective sorting systems is recycled.

All wastepaper and cardboard produced by the Group in Denmark, India, Norway, Spain, Switzerland and the United Kingdom is fully recycled.

Sopra Steria also recommends the use of environmentally accredited printer paper (FSC, PEFC, Blue Angel, Paper Loop).

4.8.4. STAKEHOLDER DIALOGUE

The Group's clients have become significantly more mature on issues connected to climate change, energy transition and the gradual introduction of the circular economy. It is no longer simply an option for them, but rather a requirement that they also pass on to their suppliers.

The circular economy is just one example of a broader approach that is being adopted across the Group's entire ecosystem. Sopra Steria's ambition is to help create long-term value by working with its clients, partners and other stakeholders to develop innovative solutions and services that serve to optimise resource use and reduce environmental risk.

The Group is active in discussing and promoting initiatives adopted by its suppliers in support of combating climate change.

Networks First: the supplier that has made the biggest contribution to sustainability in the United Kingdom

Among the seven awards given to its suppliers, Sopra Steria UK chose Networks First for its commitment to the environment.

The Group is pursuing initiatives in various countries that contribute to the definition of future domestic policies and regulatory measures designed to reduce environmental risk.

In the United Kingdom, the Hertfordshire Chamber of Commerce is promoting the combat against climate change by supporting initiatives dedicated to the low-carbon economy. It has set up an Innovation and Sustainability Forum to support local businesses through the transition. Sopra Steria's Head of Environment runs this Innovation and Sustainability Forum and works with people from other industry sectors, academia and the business world to encourage local businesses and other organisations to better manage their environmental impact.

Sopra Steria is also part of TechUK, which responds to UK government consultations concerning changes to carbon taxes and environmental regulations (CRC, CCL and ESOS). This organisation recognises the carbon tax as a necessary component of the climate change prevention strategy.

In Belgium, Sopra Steria is a member of Agoria, an organisation that aims to improve the economic and social environment through activities at both federal and regional level; its political entities also defend its members' interests at government level. For example, Agoria negotiates the content and terms of sector-wide agreements on energy policy for highly energy-intensive businesses. This organisation also promotes technologies linked to renewable energy within its Renewable Energy Club.

All these initiatives are pursued by the Group in line with its two commitments:

- within We Mean Business, a group of organisations that recognise the switch to a low-carbon economy as one of the only drivers of sustainable economic growth. In the context of this initiative, Sopra Steria has committed to define a greenhouse gas emissions reduction target that meets the requirements of the Science Based Targets scheme;
- with respect to the Conference of the Parties, which defines broad outlines and a framework of action to act on climate change.

4.9. Maintaining a high level of recognition

4.9.1. LINKING ENVIRONMENTAL PERFORMANCE TO ENERGY EFFICIENCY ISSUES

The most important issue for Sopra Steria's environmental policy is to seek to optimise the Group's environmental performance in the most economically efficient way while delivering a high level of excellence to clients. As such, Sopra Steria has adopted an approach that combines the economic reality with opportunities offered by innovation. The effectiveness of this approach, which has been transparently communicated to external domestic and international assessment and certification bodies, means the Group enjoys a high level of market recognition.

Gaia Index

Sopra Steria achieved a score of 88 out of 100. This result puts the Group towards the top of the index, with a score of 86 out of 100 on the Environment component, an improvement relative to 2015. Sopra Steria also achieved the maximum score of 100 for its Environmental Management System and waste management policy.

CDP Climate Change

Sopra Steria achieved a rating of A- in the CDP Climate Change 2016 ranking, putting the Group in the CDP's "Leadership" category, which is reserved for companies leading the way in combating climate change. This rating is established by comparing responses given by businesses in a given sector. It means Sopra Steria is ranked by the CDP as being in the top three technology firms for its environmental performance.

EcoVadis

Sopra Steria achieved a score of 80 out of 100 on the environment component. This score makes Sopra Steria one of the highest rated companies in the sector.

CarbonNeutral® certification

In early 2017, Sopra Steria will secure CarbonNeutral® certification for all its premises for financial year 2016. This is an addition to CarbonNeutral® certification already obtained for its data centres and business travel. This triple certification, awarded by an international organisation that adheres to the strictest standards, underscores the Group's commitment to Corporate Responsibility and, more specifically, its commitment to managing the environmental impact of its activities.

Since its launch in 2002, the CarbonNeutral® protocol has been updated annually to reflect industrial and scientific best practice for the measurement and reduction of greenhouse gas emissions. Sopra Steria's certification provides international recognition for actions carried out under the Group's environmental policy and its carbon offsetting programmes.

4.10. Continuing to move forward in 2017 with a view to the long term

For 2017, Sopra Steria will continue with its environmental programme to continue reducing the environmental impact of its activities, as well as involving all stakeholders in its improvement approach.

This challenge, which is important not only for the environment but also for the Group's financial performance, must be shared at every level of the company and firmly embedded in its activities. With this in mind, Sopra Steria and all its departments and operating entities will be working with the Group's suppliers, partners and clients. The aim is to create a virtuous circle of progress where the required developments and changes will be helped by new digital technologies.

4.11. Overview of environmental indicators

The indicators set out below are collected via the Group's internal management systems and specific requests sent to departments and country correspondents with responsibility for these issues. The information identified by the ✔ sign has been verified by the independent third party with a reasonable level of assurance.

4.11.1. GREENHOUSE GAS EMISSIONS FROM BUSINESS TRAVEL (ROAD, AIR, RAIL AND HOTELS) ✔

	Air, Road, Rail & Hotel	Air, Road & Rail	
(in tonnes of CO2 equivalent)	**2016**	**2016**	**2015**
France*	15,267	14,694	16,512
Germany and Austria	8,183	6,747	6,460
United Kingdom*	4,195	3,263	3,364
Belgium & Luxembourg	2,548	2,488	2,508
India	2,687	1,508	1,526
Spain*	1,733	1,657	1,057
Norway	384	370	507
Italy	508	440	279
Morocco	271	265	264
Switzerland	283	280	261
Tunisia	92	85	125
Poland	151	115	114
Denmark	74	67	92
Sweden	39	37	54
Singapore	91	88	45
Cameroon	34	33	38
Netherlands	0	0	25
Algeria	5	5	5
Côte d'Ivoire	6	6	4
Gabon	4	4	4
SOPRA STERIA TOTAL	**36,559**	**32,152**	**33,244**
SOPRA STERIA TOTAL** (Less green travel in Germany)	**35,316**	**30,909**	**32,005**

* *CIMPA was included in the 2016 scope for France, the United Kingdom and Spain.*

** *Total less green travel in Germany equating to 1,243 tonnes of CO_2 in 2016.*

Air, rail and road travel are based on 91.1% actual data (compared with 75.5% for 2015 actual data).

Estimated data are calculated based on information from countries that show similar patterns of business travel and overnight hotel stays.

A 1.5% increase has been added to all data to reflect as closely as possible data that might have been reported after the closing date for data on business travel.

For the sake of clarity, figures have been rounded to the nearest unit.

4.11.2. ENERGY CONSUMPTION AND GREENHOUSE GAS EMISSIONS FOR OFFICES AND ON-SITE DATA CENTRES [(1)] ✔

	Energy consumption of offices and on-site data centres *(in MWh)*				Renewable energy as % of total electricity consumption (Scope 2)		Greenhouse gas emissions from offices and on-site data centres *(tonnes of CO_2 equivalent)*			
	2016		**2015**		**2016**	**2015**	**2016**		**2015**	
	Scope 1	**Scope 2**	**Scope 1**	**Scope 2**			**Scope 1**	**Scope 2** Market-based	**Scope 1**	**Scope 2** Location-based
France	5,390	26,489	2,935	28,318	75%		739	822	284	2,336
United Kingdom	4,563	10,840	5,462	12,176	72%	70%	992	1,450	1,067	6,270
India	1,655	12,244	2,900	11,684	100%		417	0	653	9,687
Germany	0	2,177		2,337	96%	93%		251		855
Belgium	905	2,139	855	2,168	48%	48%	183	487	158	411
Norway	0	1,967		1,827	0%			839		38
Spain	0	3,184		1,673	0%			1,397		484
Poland	21	657	24	780	0%		4	509	5	533
Italy	132	802	157	723	0%		27	348	29	288
Switzerland	97	339	116	653	100%	99%	23	6	9	25
Denmark	0	83		333	100%	100%		3		69
Tunisia	0	1,085		243				645		142
Sweden	0	133		138	100%	100%		7		10
Morocco	0	415		169				247		98
Luxembourg	224	135	175	165	100%	100%	45	0	32	65
Singapore	0	243		79				111		40
Cameroon	0	91		24				54		14
Algeria	0	9		3				5		2
Côte d'Ivoire	0	8		2				5		1
Gabon	0	4		2				2		1
TOTAL	**12,987**	**63,043**	**12,623**	**63,563**	**69%**	**20.4%**	**2,430**	**7,190**	**2,237**	**21,381**
2014 TOTAL FOR REFERENCE			**11,565**	**64,215**					**2,328**	**21,335**
2016/2015 change	+2.9%	-0.8%						NA*		

Scope 1: direct combustion of fuels (oil, gas, fuel oil and biodiesel) required in operations owned or controlled by the Group.

Scope 2: energy consumed by the Group (electric power, and heating, steam and cooling systems).

The emissions factors used in calculating this indicator are partly based on the location-based definition and the methodology of Defra (the Department for Environment, Food and Rural Affairs) in the United Kingdom. Some factors are also based on reference data from the International Energy Agency (electricity) and others on the GHG protocol (fuel). For calculating market-based emissions, AIB (Association of Issuing Bodies) factors are also used.

Location-based: a method for calculating Scope 2 greenhouse gas emissions based on a system of emissions factors arising from the geographical region covered.

Market-based: a method for calculating Scope 2 greenhouse gas emissions based on a system of emissions factors arising from the supplied energy source.

* *For 2016, Scope 2 is calculated using the market-based method; this means strict comparisons between 2015 and 2016 are not possible. However, market-based results highlight the effects of purchases of renewable energy.*

(1) A data centre or similar setup refers to a set of IT equipment which, according to the IMSL definition, features controlled access, secure space for projects, climate control and an uninterruptible power supply.

4.11.3. ENERGY CONSUMPTION AND GREENHOUSE GAS EMISSIONS FOR ON-SITE AND OFF-SITE DATA CENTRES [(1)] ✔

	Energy consumption of on-site and off-site data centres *(in MWh)*		Renewable electricity as % of total energy consumption (Scopes 1, 2 & 3)		Greenhouse gas emissions from on-site and off-site data centres (Scopes 1, 2 & 3) *(in tonnes of CO_2 equivalent)*	
					2016	**2015**
(in kWh)	**2016**	**2015**	**2016**	**2015**	Market-based	
United Kingdom	14,298	14,595	88%	86%	832	1,037
France	12,684	10,974	30%		332	644
Scandinavia	3,598	3,162	56%		699	26
India	2,070	2,206	87%		70	1,696
Switzerland	433	1,103	100%	100%	-	144
Germany	798	1,007	63%	97%	221	-
Belgium	1,012	951	93%	100%	14	-
Poland	588	361	0%		498	282
Luxembourg	291	171	100%	100%	-	-
TOTAL	**35,771**	**35,208**	**63%**	**50.3%**	**2,666**	**3829**
2014 TOTAL FOR REFERENCE		**37,574**				
2016/2014 change		-4.8%				

Scope 1: Direct combustion of fuels (oil, gas and fuel oil) required in operations owned or controlled by the Group.

Scope 2: Energy consumed by the Group (electric power, and heating, steam and cooling systems).

Scope 3: Indirect emissions resulting from the activities of sources belonging to a company other than Sopra Steria or under that company's control, particularly those generated by the business travel of employees and the energy consumed in data centres not directly operated by the Group.

The emissions factors used in calculating this indicator are partly based on the location-based definition and the methodology of DEFRA (the Department for Environment, Food and Rural Affairs) in the United Kingdom. Some factors are also based on reference data from the International Energy Agency (electricity) and others on the GHG protocol (fuel). For calculating market-based emissions, AIB (Association of Issuing Bodies) factors are also used.

Market-based: a method for calculating Scope 2 greenhouse gas emissions based on a system of emissions factors arising from the supplied energy source.

(1) A data centre or similar setup refers to a set of IT equipment which, according to the IMSL definition, features controlled access, secure space for projects, climate control and an uninterruptible power supply.

4.11.4. WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT, WASTEPAPER AND REPROCESSING ✔

	WEEE									Paper and cardboard					
	2016					2015				2016			2015		
	kg	Reuse (sale, donation, repair)	Recycling/recovery	Incineration	Landfill	kg	Resold	Re-used	Recycled	kg	Recycled	Destroyed	kg	Recycled	Destroyed
India	28,316	15.98%	84.02%	0%	0%	107,181	75%		25%	28,410	100%	0%	27,217	100%	
United Kingdom (1)	7,327	36.32%	62.76%	0.27%	0.65%	25,674	11%	89%	0%	131,839	100%	0%	146,900	100%	
France (2)	24,612	55.85%	38.32%	5.82%	0%	20,939		43%	56%	60,342	83.92%	16.08%	96,269	89%	13%
Germany (3) and Austria	8,832	9.70%	90.28%	0%	0.02%	2,605			98%	43,565	98%	2%	45,214	98%	2%
Norway	1,685	63.50%	36.50%	0%	0%	1,317	NA			5,782	100%	0%	7,670	100%	
Switzerland (4)	681	0%	100%	0%	0%	688			100%	3,700	100%	0%	3,549	99%	
Italy (5)	838	84.20%	15.80%	0%	0%	627	30%	50%							
Sweden (6)	0	0%	0%	0%	0%	566	NA			0 (11)	0%		802	100%	
Spain (7)	1,603	66.74%	24.75%	8.36%	0.15%	454				9,938	100%	0%			
Denmark (8)	1,816	47.40%	52.60%	0%	0%	142	NA			1,580	100%	0%	827	100%	
Poland (9)	0	0%	0%	0%	0%	53			100%						
Benelux (10)	1	0%	100%	0%						80,569	75%	25%			
TOTAL	**75,712**	**33.67%**	**64.16%**	**2.10%**	**0.07%**	**160,246**				**365,725**	**92%**	**8%**	**328,448**		

(1) Scope: Sopra Steria (excluding SSCL JV and NHS SBS) and CIMPA (0 kg of WEEE reported for CIMPA).

(2) Including CIMPA for WEEE.

The increase relative to the previous year is due to some former Steria sites being switched over to former Sopra sites.

(3) Including CIMPA for WEEE.

The increase in WEEE relative to 2015 is due to data centre closures and new site openings (e.g. Cologne).

(4) Does not include Sopra HR Software (small workforce).

(5) Estimate based on pro rata unit/volume figures used in Spain in 2015 for e-waste (excluding batteries and fluorescent lamps). Based on an estimate of 60 batteries = 36 kg, supplied by a United Kingdom supplier based on the volume of batteries recovered. Estimated weight of a lamp: 0.8 kg.

(6) WEEE is currently stored on site and will be recorded in 2017.

(7) Does not include Bilbao (business centre) or Victoria (small workforce).

(8) The increase in WEEE is due to the closure of a large site at end-2015.

(9) WEEE is currently stored on site and will be recorded in 2017.

(10)198 kg of WEEE stored on site. Estimated quantity of paper at Marche-en-Famenne based on pro rata data gathered from Benelux (excluding Marche-en-Famenne) relative to the number of employees.

(11) Data not available.

WEEE volumes may vary substantially from one year to the next depending on whether a portion of IT hardware is replaced.

For the sake of clarity, figures have been rounded to the nearest unit.

5. Community engagement: working alongside local communities and vulnerable populations

In 2016, the Group maintained its commitment to support vulnerable populations, focusing on actions in four areas: digital inclusion, access to education, access to employment and water rights. To fulfil this commitment, involving hundreds of employees, the Group is supported by two foundations in France and India, and is developing sponsorships with non-profit organisations. Community action in response to local issues also involves employees in each country, a notable example being a major community education programme in India.

5.1. Background and key events

Key events:

- Launch of the 13th Sopra Steria–Institut de France Foundation Student Prize in France and expansion of the Foundation's purpose to include the environment
- Launch of the first "green classes" in India, including educational and environmental actions in schools supported by the Group
- Sopra Steria becomes a sponsor of Fondation Yehudi Menuhin in Belgium

5.2. Challenges and key achievements

2016 targets	Results for 2016	Ambitions for 2017
Provide access to education	■ Implemented an education programme in 58 schools in India for 60,000 children from poor rural backgrounds ■ Higher education scholarship programme in India: 49 new students enrolled (out of a total of 410) ■ Sponsorship of Fondation Yehudi Menuhin in Belgium focusing on educational and arts programmes for children ■ Initiatives in Spain, Germany, France	■ Broaden countries' involvement in the four key themes of the Group's community engagement programme – education, digital inclusion, employability and access to water – by fostering synergies ■ Develop "green classes" in India linking educational and environmental issues
Foster digital inclusion	■ Ten projects supported by the Sopra Steria–Institut de France Foundation ■ Four new computer labs converted to solar energy in schools in India (out of a total of 19 schools) ■ Initiatives in the United Kingdom, Poland, Norway, etc.	■ Support new initiatives that respond to local challenges
Contribute to employability	■ Professional development centre in India: 1,422 students enrolled; 116 have found work ■ Initiatives in France, the United Kingdom and Norway	■ Support employee volunteering and fundraising
Be committed to water rights	■ Sponsorships with Green Cross, 1001fontaines, Tchape, Planet Water Foundation and Puits du Désert	■ Foster interaction with our ecosystem: civil society, foundations, clients, partners, etc.

5.3. Digital inclusion: making digital technology accessible to everyone

In 2016, drawing on over 15 years' experience, the **Sopra Steria–Institut de France Foundation** continued to support projects that combine digital and social or environmental innovation. Employees volunteer to sponsor projects, providing support to the non-profits concerned and offering advice and expertise. In 2016, the Foundation supported 10 non-profit projects sponsored by Sopra Steria staff, including a school in India.

doc-depot, the community-based digital deposit box

The doc-depot digital deposit box is a software solution that allows homeless people to save their documents and personal information, with the help of social workers. It was designed and developed by an employee involved in Adileos, a non-profit organisation. In 2016, it was adopted by a dozen social welfare organisations in France's Hauts-de-Seine *département*. Doc-depot is a response to the call for experiments issued by the Ministry of Social Affairs and Health in 2016 for a digital deposit box facilitating access to rights for at-risk people. The Foundation continued to support this project in 2016 to help develop a new weather alert module and complete a security audit. This support will continue in 2017 to help the non-profit in its growth phase.

Two new projects kicked off in 2016, with the Foundation's support. The first, with non-profit Oasis d'Amour in Lyon, consists of creating an environment for learning and expression for young artists using specially adapted software at the Le Bouquet special school for developmentally challenged children in Lyon. The second, with non-profit Donner Recevoir, aims to combat isolation among elderly residents of retirement homes by enabling them, with the support of their care providers, to talk to their families over a Skype connection using digital tablets. In 2017, the Foundation will continue to support these two non-profits, as well as three ongoing projects: JobIRL, the leading social network providing career advice to 14-25-year-olds; Dry Care Auxivia, which promotes improved monitoring of hydration for elderly people; and Interface Handicap, an innovative portal on digital solutions and services accessible to people with all types of disability.

In other Group countries, many local initiatives were launched or continued with clients, partners and employees.

Gloucestershire County Council

For Gloucestershire County Council, Sopra Steria has used Sustainable Service Delivery to support digital inclusion, and has:

- provided learning, skills development and work experience opportunities through apprenticeships, mentorship and work placements for more than 10 local young people, some of them from disadvantaged backgrounds;
- designed a digital inclusion project that will provide access to ICT equipment, the web and skills training to disabled, unemployed and older people in Gloucestershire;
- sponsored a Mozilla Badge for Enterprise [(1)] in partnership with a local college, which will encourage students to develop entrepreneurial skills, whether to start their own business or be a highly desirable, enterprising employee;
- supported local small businesses and the local economy by offering business opportunities to SMEs.

This project has also enabled a reduction in the County's IT system. This point is developed in the "Environment" section of this chapter.

In Poland, the Group has been supporting orphanages in the Katowice region since 2012 by installing computer rooms and organising English classes with the help of volunteers from the company. In 2016, a new computer room was installed and around 10 volunteers gave English lessons to children. The project is funded through an annual staff collection and support from local subcontractors.

As part of its community engagement programme, in 2016 Norway continued to support Ferd Social Entrepreneurs (FSE), one of the country's leading private investment companies. The partnership is based on the donation of around a hundred hours of pro bono consulting to a project run by Minos, a firm that is developing an online platform for schoolteachers to help them detect the risk of child abuse or harassment. The platform is due to be operational in 2017.

5.4. Education: a key factor in integration

In India, a major educational programme has been in place for the past several years as part of the fight against poverty. The Group considers education to be a key factor in social integration in India, with its high levels of inequality. The educational programme is aimed at children from poor rural areas attending public-sector schools located close to the company's sites. In 2016, over 60,000 children benefited from the programme in 52 schools ranging

(1) A "digital badge" is an online record of achievements, tracking the recipient's communities of interaction that issued the badge and the work completed to get it. Digital badges can support connected learning environments by motivating learning and signalling achievement both within particular communities as well as across communities and institutions. (Source: Erin Knight White Paper).

from primary to high school. A new project was launched in Bangalore to support education for 80 orphans. The aim is to offer comprehensive support in each school, including IT laboratories, smart whiteboards in classrooms, solar panels, English, sports and drama classes, and initiatives to raise environmental awareness, with a focus on educating girls. New computer rooms have also been converted to run on solar power, bringing the total to 19.

Support also includes playground equipment, computer and exam preparation classes, milk-based nutritional supplements, school uniforms and shoes. It is supported by hundreds of volunteers who help guide children through their school career.

The educational programme will continue in 2017, with the aim of evolving towards "green schools", incorporating the use of solar power, access to drinking water, vegetable gardens and sanitation facilities.

In France, in 2016 the Group became a sponsor of a rugby club in a problem area near Paris with a high level of social diversity. The club uses rugby to reach out to many young people from difficult areas at risk of social dislocation and help them find purpose in life. They find a place for themselves within a team, learn to work together and make positive plans for the future. In particular, this sponsorship deal aims to help the club finance the infrastructure it needs for its development.

As regards Congés Solidaires outreach projects, the Group has for several years been involved in the Planète Urgence programme, which gives employees opportunities to pass on their skills to projects initiated by local stakeholders in developing countries. Employees use their leave to go on assignment and the company pays the associated costs. Since its launch, the programme has allowed Group employees to take part in around 40 projects in Africa, Asia and Haiti.

In Germany, as part of a training programme for managers, a social week was held to support children with learning difficulties at the *Windmühlenschule* special school in Mainz. Furthermore, the salary-rounding scheme was continued to fund charity projects, on a voluntary basis and with matching contributions from Sopra Steria.

In Spain, Sopra Steria remains committed to the Balia Foundation for vulnerable children through two actions: volunteer academic tutoring and donations of IT equipment for educational centres in Madrid and Seville.

5.5. Training as a path to employment

In India, the programme of university scholarships set up by the Group enables students from schools supported by Sopra Steria to continue their higher-education studies. It is entirely funded through an annual fundraising event, the Share and Support Day, with contributions from Sopra Steria employees, clients and supporters. To date, 410 scholarship students have benefited from the programme, 184 of whom have completed their studies and found work.

To offer training opportunities to pupils at Sopra Steria schools who are unable to pursue long-term studies, a Career Development Centre has been set up in Chennai, in partnership with the NIIT foundation and sponsored by Sopra Steria Norway. The centre offers short vocational training courses and skills development programmes. In 2016, these courses were taken by 1,422 students, 116 of whom found work.

Lastly, Sopra Steria supported a programme of professional development for women in sewing centres, to help increase their employability. Three centres opened in 2016, helping women open their own sewing workshops.

In other Group countries, employability initiatives are also run with the help of volunteers.

In Norway, staff once again joined forces in 2016 to participate in the programme to provide funding for student scholarships in India. Funds raised as part of the annual "The Challenge" event were supplemented via a voluntary salary deduction scheme. Furthermore, Sopra Steria has for several years been running computer classes for the unemployed and for immigrant women, in cooperation with the Church City Mission in Oslo. In 2016, 17 employees were involved in running these classes on a volunteer basis.

In the United Kingdom, volunteers contributed to the Prince's Trust course, which provides support for young people aged 16-30 who are at risk or seeking employment. Around 30 volunteering assignments were undertaken with the help of employees, helping more than 300 young people.

In France, the Group has for several years worked with the non-profit Nos Quartiers ont des Talents to help young people from disadvantaged neighbourhoods find work.

5.6. Other initiatives linked to local or emergency situations

In 2016, a number of countries implemented fundraising programmes or supported actions with the help of employees in response to local community emergencies.

In the **United Kingdom**, employees are allowed to devote a day to local community activities. The Group also offers scholarships and matched funding for projects proposed by employees. In 2016, thanks to this scheme put in place by the Group, the annual Community Matters fundraising campaign was an opportunity for hundreds of employees to organise activities to fundraise to support numerous charities. More than 80 community non-profits and projects were helped by these actions in support of a variety of causes, notably in education and schools, healthcare, medical research, sport, and help for the homeless. Sopra Steria regularly gets involved in community projects alongside its clients, an example being Phoenix, with which it has worked to raise funds, food and clothes for homeless people in Birmingham.

In Italy, following the earthquake that struck the central part of the country in August 2016, large numbers of staff joined forces to provide financial support to the Parma region with Sopra Steria's help.

In Belgium, the Group became a sponsor of Fondation Yehudi Menuhin, which supports projects intended to give a voice to the voiceless through artistic expression, notably through educational programmes for children.

In Spain, a food collection project is run every year to support the food bank, which redistributes food to the city's various charities free of charge, and help the poor.

In India, vaccination campaigns were run in partnership with the Max India Foundation in schools in Pune and Noida and surrounding villages. Mobile dental centres were set up and awareness campaigns launched in schools, targeting thousands of children.

Through the Swatch Bharat campaign, part of the government's Clean India programme, Sopra Steria ran sanitation and awareness campaigns on hygiene-related topics and contributed to the construction and maintenance of sanitary facilities in schools.

In France, two sponsorship deals put in place in 2014 to promote culture continued, supporting the following:

- the Royaumont Foundation to promote the conservation of Royaumont Abbey, support young artists by helping them gain access to employment, and promote old and new artistic works;
- the Auvers-sur-Oise festival to promote talented new musicians and help them launch their artistic careers.

5.7. The right to water: a major humanitarian effort

Since 2012, the Group has been committed to the right to water, which it believes constitutes the key challenge facing humanity over the coming decades. Water is life. Yet today, this non-renewable resource is polluted, wasted and over-exploited. More than 1 billion people have no access to safe drinking water and 8 million people, half of them children, die from water-borne diseases every year. The increasing scarcity of this vital resource in some parts of the world, generating growing political tension, and pollution that makes water unsafe to drink in the most disadvantaged regions, constitute major risks for many populations. Although the Group's business has only a limited impact on water resources, it has opted, as a responsible corporate citizen, to make this humanitarian and environmental commitment a key pillar of its social and community policy. This commitment is widely shared by the Group's employees and stakeholders.

The Group's commitment to the right to water is underpinned by financial sponsorship from international organisations working for greater awareness of water-related issues: access, sanitation and the prevention and reduction of pollution. The Group currently sponsors Green Cross, 1001fontaines, TCHAPE, Les Puits du Désert and Planet Water Foundation.

GREEN CROSS

Since 2012, the Group has been supporting this organisation, established by Mikhail Gorbachev in 1993, through a commitment to the French arm and, since 2016, to the global organisation as part of the Smart Water for Green Schools programme, notably in Côte d'Ivoire. The aim is to finance programmes that supply drinking water and provide schooling for children from the poorest families. In 2016, Sopra Steria Spain also committed itself to funding a sustainable irrigation project in Bolivia, in partnership with the Bolivian national institute for innovation in agriculture and forestry.

1001FONTAINES

The Group also supports 1001fontaines, an international aid organisation that aims to bring about long-term improvements in the health of rural populations in developing countries, by helping them produce and consume safe drinking water. In 2014 and 2015, Sopra Steria funded the construction of a safe water production plant in a region of northeastern Madagascar with no water supply network. The plant now provides drinking water for 1,250 villagers and will eventually serve 4,000 people.

Funding for a second plant was kicked off in 2016 and will continue in 2017, with the aim of providing drinking water to the population of another village in Madagascar.

TCHAPE

This NGO works in Chad to promote environmental protection, access to drinking water and schooling for child soldiers. The Group and one of its French entities are funding the construction of wells in Chad as part of an agriculture and agroforestry project in the Wadi-Djeddi and d'El-Khiezi regions. This COP21-accredited project is monitored by one of the organisation's teams in France, which tracks the project's progress to help people in this region access water and improve their food self-sufficiency.

LES PUITS DU DÉSERT

This non-profit, supported by the Group in 2016, is working with a local NGO and French public development aid organisations to fund the construction of wells in northern Niger, providing access to water for 60,000 people living in isolated areas. The Group's support will continue in 2017.

PLANET WATER FOUNDATION

Sopra Steria supports a large number of schools in India. In 2015, the Group decided to work with Planet Water Foundation to install AquaTowers to provide schoolchildren with drinking water.

The AquaTower system uses very low-maintenance ultrafiltration water treatment technology. PWF provides training in how to use and maintain the system. The Group continued with its programme in 2016, with three new AquaTower installed in schools, giving a total of eight towers providing over 19,000 schoolchildren with access to safe drinking water. The programme will be rolled out to more schools in 2017.

6. Approach and methodology

The Sopra and Steria groups, which officially merged on 1 January 2015, produced a single Registration Document for the new Group with effect from fiscal year 2014, including a section on Corporate Responsibility.

Since then, the Corporate Responsibility report, which forms Chapter 3 of the 2016 Registration Document, has aimed to set out the most relevant information on the Group's activities. This report sets out the progress targets identified in the roadmap put together for Sopra Steria Group for 2016/2017.

The information required to draw up this report is collected according to the reporting procedure. This procedure is reviewed each year so that changes in the Group's scope and reporting approach may be added to it. The regulatory requirements established by the French Grenelle 2 Environment Act set out a framework with specific topics that make the Group's reporting easier to understand.

Based on current regulations and taking into account the distinctive nature of its activities, Sopra Steria has identified 42 themes from the Grenelle Environment Act applicable to the structure of its reporting. Monitoring these themes provides a suitable measure of the Group's progress on the four aspects of Corporate Responsibility: the market, the workforce, the environment and community engagement.

This report includes a significant amount of information pertaining to Article 225 of the Grenelle 2 Environment Act and that is in keeping with the general principles of the guidelines of the GRI (Global Reporting Initiative) and complies as closely as possible with the components of ISO 26000.

In this regard, a cross-reference table is provided at the end of this chapter. The 2016 report contains 53 indicators for Sopra Steria Group, including six Key Performance Indicators (KPIs), 29 quantitative indicators and 21 qualitative indicators.

Furthermore, in accordance with the seventh paragraph of Article L. 225-102.1 of the French Commercial Code, Sopra Steria has appointed Mazars as an independent third party to verify the completeness and fairness of the information published, as provided for by Article R. 225-105-1 of the French Commercial Code.

Scope of reporting

To ensure compliance with regulations, the Group has developed a reporting process that makes it possible to collect the relevant data and leverage the results in this document.

The "market" component includes five indicators, one of which is quantitative and four qualitative.

The "workforce" component includes 35 indicators, including three Key Performance Indicators (KPIs), with 23 quantitative indicators and 12 qualitative indicators.

For the "environment" component, seven indicators have been established: three Key Performance Indicators (KPIs), with six quantitative indicators and one qualitative indicator.

- The indicator covering Waste Electrical and Electronic Equipment (EN.qt.2) incorporates a "circular economy" view in its presentation of waste prevention, recycling and elimination measures.
- The indicators covering energy consumption at offices and on-site data centres, and at on-site and off-site data centres, are shown under the heading "Sustainable use of resources".

The "community engagement" component includes six indicators, two of which are quantitative and four qualitative.

Sopra Steria's Corporate Responsibility policy applies to all Group entities. The headcounts given in the workforce section of this report include 12 employees of Delta Development Systems (Algeria), Sopra Banking Côte d'Ivoire and Sopra Banking Gabon, three non-consolidated subsidiaries of the Group. Sopra Banking Software Pte Ltd (Singapore) is not included in the scope this year (its headcount is not significant).

Depending on the indicator, the geographical scope is either:

- all Sopra Steria businesses worldwide (= Sopra Steria Group);
- Sopra Steria Group businesses by country (e.g. Sopra Steria France, Sopra Steria UK, Sopra Steria España). For each country, all Sopra Steria Group subsidiaries are included (Sopra Banking Software, Sopra HR Software and I2S in particular). For the environmental indicators, the report does not include Steria's joint ventures (SSCL and NHS SBS);
- data on CIMPA, acquired by Sopra Steria in 2015, are specifically identified;
- the activities of Sopra Banking Software, a subsidiary of Sopra Steria Group, are also indicated;
- the Corporate Responsibility reporting process covers the calendar year from 1 January to 31 December 2016. Any exceptions to calendar year reporting are indicated for the data involved.

The environmental scope does not include Cassiopae for this financial year.

To check consistency between financial and non-financial reporting, some structural indicators common to both areas are compared and verified at various levels of detail.

Reporting process and tools

The three successive stages in the reporting process are as follows:

- identifying the data and preparing to collect them;
- collecting and consolidating the data and checking for consistency so as to produce indicators;
- using the indicators for publication in the Corporate Responsibility Report.

The reporting tools are as follows:

- the reporting protocol, containing the information needed for contributors to collect indicators. This is primarily intended for internal communication within Sopra Steria;
- indicator definition sheets, describing in detail the characteristics of the indicators set out in the Corporate Responsibility Report;
- indicator collection sheets, allowing contributors to supply qualitative information and quantitative data;
- SharePoint and MyGroups shared spaces, managed by the CR-SD Department, used to archive all information gathered;
- The Group makes use of a variety of tools to meet regulatory reporting requirements in this report, such as Greenstone software, ERMs and BEE files for environmental indicators, and Indicia software for workforce indicators.

The combination of the reporting protocol, indicator sheets and data collection sheets, managed on a collaborative platform, provides the information necessary to give a clear understanding of the tasks and constitutes the guide for the contributor.

Other information on the reporting protocol is available on request from Sopra Steria's CR-SD Department.

Data collection

The CR-SD Department is in charge of coordinating the Corporate Responsibility reporting process. Correspondents for each component (market, workforce, environment, and community engagement) are responsible for collecting data. They distribute indicator-specific definition and collection sheets to the network of contributors. Available in French and English, these definition and collection sheets state the definitions, scope, unit, calculation methods, data sources used, contact persons and verifications performed.

A collaborative reporting platform put in place via the Group's intranet is used to disseminate and share data and incorporate any changes made. The reporting documents, including the verification process, are available on the platform.

The Group uses Indicia to collect and consolidate workforce data, which is then consolidated within the report after being checked by an external party.

Specific calculations for certain indicators

In order to provide a clear understanding of the information communicated, Sopra Steria has endeavoured to specify, whenever necessary in the report, the definitions, calculation methods or estimation methods for certain reported indicators. Where there is a change in the calculation method for indicators already included in a previous report as a result of clarifying information and, in particular, improvements in estimates, a new publication is issued detailing the changes so as to improve the comparative baseline for the following year.

Exclusions

Sopra Steria publishes qualitative and quantitative data in its report on all the subjects required by the French government decree implementing Article 225 of the Grenelle 2 Environment Act. However, several indicators, when they are deemed not material to the Group's service-sector business, are not addressed in this report. This non-material information concerns matters relating to consumer safety, land use and the protection of biodiversity, noise pollution and any other specific form of pollution, and the amount of provisions and guarantees for environmental risk. These exclusions are specified in the cross-reference table appended to the report. Food waste prevention and measures adopted to promote consumer health and safety are not directly relevant to Sopra Steria, which has therefore not made any specific commitments in this area.

Methodological notes and limitations

The 2014 report provides the benchmark for assessing progress. The methodological notes and limitations for each indicator are presented in the report.

Controls and verification

Once the data has been collected and checked through consistency tests that establish a reliable audit trail, the CR-SD Department consolidates them, performs final checks and ensures their overall consistency before sending the final report to be checked by the independent third party.

Report by the independent third party on the consolidated workforce-related, environmental and social information presented in the Management Report

Fiscal year ended 31 December 2016

To the Shareholders,

In our capacity as an independent third party, member of the Mazars network and one of the Statutory Auditors of Sopra Steria Group, certified by COFRAC under number 3-1058 [(1)], we hereby report to you on the consolidated workforce-related, environmental and social information for the year ended 31 December 2016, presented in the Management Report (hereinafter referred to as the "CR Information"), pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code.

RESPONSIBILITY OF THE COMPANY

The Board of Directors is responsible for preparing a 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 referred to as the "Guidelines"), which are summarised in the Management Report and are available on request from the Company's registered office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulations, the Code of Ethics governing the audit profession in France and the provisions of Article L. 822-11 of the French Commercial Code. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with ethical standards, the professional guidance issued by the Compagnie Nationale des Commissaires aux Comptes (CNCC, the French national institute of statutory auditors) relating to this type of engagement as well as applicable legal and regulatory requirements.

RESPONSIBILITY OF THE INDEPENDENT THIRD PARTY

On the basis of our work, it is our responsibility to:

- certify that the required CSR Information is presented in the Management Report or, in the event that any CSR Information is not presented, that an explanation is provided in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Statement of 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 (Reasoned opinion on the fair presentation of CR Information).
- express, at the Company's request, a reasonable assurance conclusion that the information selected by the Company and identified by a √ sign in the "2016 Corporate Responsibility Report" chapter of the Management Report is presented, in all material respects, in accordance with the Guidelines.

Our work was carried out by a team of five people between October 2016 and February 2017, and required a total of about ten weeks.

We conducted the work described below in accordance with the professional guidance issued by the CNCC for this type of engagement, the administrative order of 13 May 2013 setting forth the manner in which an independent third party should perform its engagement, and, with regard to the reasoned opinion on the fair presentation of CR Information and the reasonable assurance conclusion, in accordance with the ISAE 3000 international standard [(2)].

I – Statement of completeness of CR Information

On the basis of interviews conducted with the management of the departments concerned, we obtained an understanding of the Company's sustainability strategy, in line with the social and environmental issues raised by its activities and the Company's civic commitments and, where applicable, any initiatives or programmes arising from them.

We compared the CR Information presented in the Management Report with the list provided in Article R. 225-105-1 of the French Commercial Code.

For any consolidated information that was not disclosed, we verified that the explanations provided complied with the provisions of Article R. 225-105, paragraph 3 of the French Commercial Code.

We ensured that the CR Information covered the scope of consolidation, i.e. the Company, its subsidiaries as defined by Article L. 233-1 and the entities it controls as defined by Article L. 233-3 of the French Commercial Code within the limitations set out in the methodological information presented in the "Approach and methodology" section of the Management Report.

Based on this work and given the limitations mentioned above, we attest to the completeness of the required CR Information in the Management Report.

(1) The scope of this certification is provided (in French only) on COFRAC's website: www.cofrac.fr.

(2) ISAE 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information.

II – Reasoned opinion on the fair presentation of CR Information

Nature and scope of work

We conducted around ten interviews with the people responsible for preparing the CR Information, the departments in charge of collecting the information and, where appropriate, those responsible for internal control and risk management, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, impartiality and comprehensibility, taking industry best practices into account where applicable;
- verify the implementation of a data-collection, compilation, processing and control procedure designed to produce CR Information that is exhaustive and consistent, and obtain an understanding of the internal control and risk management procedures involved in preparing the CR Information.

We determined the nature and scope of our tests and procedures according to the nature and importance of the CR Information with respect to the characteristics of the Company, the social and environmental issues raised by its activities, its sustainable development policy and industry best practices.

With regard to the CR Information that we considered to be the most important (see Annex):

- at the parent company level and that of the Group's Sustainable Development Department, 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 presented in the Management Report;
- at the level of a representative sample of entities and departments that we selected (see Annex) on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to ensure that procedures are being properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations made and reconcile the data with the supporting documents.

The selected sample represents an average of 59% of the workforce and between 64% and 86% of quantitative environmental data.

For the other consolidated CR Information, we assessed consistency based on our understanding of the Company.

We also assessed the relevance of explanations given 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 work. Due to the use of sampling techniques and other limitations intrinsic to the operation of any information and internal control system, the risk of not detecting a material misstatement in the CR Information cannot be totally eliminated.

CONCLUSION

Based on the work performed, we have not identified any material misstatement that would cause us to conclude that the CRInformation, taken as a whole, is not presented fairly in accordance with the Guidelines.

III – Reasonable assurance report on selected CR Information

Nature and scope of work

Regarding the information selected by the Company and identified by a ✓ sign, we performed the same types of procedure as those described in paragraph 2 above for the CR Information that we considered to be the most important, but in a more in-depth manner, in particular with respect to the number of tests conducted.

The selected sample thus represents an average of 59% of the workforce and between 64% and 86% of environmental data identified by the ✓ sign.

We believe that these procedures enable us to express a reasonable assurance conclusion with respect to the information selected by the Company and identified by the ✓ sign.

CONCLUSION

In our opinion, the information selected by the Company and identified by the ✓ sign has been prepared, in all material respects, in accordance with the Guidelines.

Paris La Défense and Annecy, 12 April 2017

Independent third party

Mazars SAS

Bruno Pouget	Edwige Rey
Partner	*CSR & Sustainable Development Partner*

ANNEX

CR Information considered to be the most important	Representative sample of entities
■ Workforce	■ Cassiopae
■ Workforce by age bracket and type of employment contract ■ Average FTE workforce ■ Percentage of managerial-level employees in workforce ■ Average age of employees on permanent contracts ■ Average length of service of employees on permanent contracts ■ New hires ■ Turnover rate for staff on permanent contracts	■ Sopra Steria Group and its French subsidiaries ■ Sopra Banking Software (France) ■ CIMPA (France) ■ Sopra Banking Software (Morocco) ■ Shared Services Connected Ltd ■ Steria India Limited ■ Steria AS Norway ■ Sopra Steria Polska ■ NHS SBS (United Kingdom)
■ Absence rate	■ Sopra Steria Group and its French subsidiaries ■ Sopra Banking Software (France)
■ Number of hours and days of training ■ Average number of training days per employee	■ Sopra HR Software (Spain) ■ Sopra India Private Ltd ■ Sopra Steria Group ■ Sopra Banking Software (France)
■ Percentage of employees with a disability	■ Sopra Steria Group and its French subsidiaries ■ Sopra Banking Software (France) ■ CIMPA (France)
■ Energy consumption (offices and on-site data centres) ■ Energy consumption of data centres (on-site and off-site) ■ Greenhouse gas emissions (business travel) ■ Greenhouse gas emissions from energy consumption (offices and on-site data centres) ■ Greenhouse gas emissions from energy consumption of data centres (on-site and off-site)	■ France (Sopra Steria Group, Sopra Banking Software, CIMPA France, Sopra HR Software) ■ India (Sopra India Private Ltd) ■ United Kingdom (Sopra Steria UK) ■ Poland (Sopra Steria Polska) ■ Spain (Sopra Steria España SAU, Sopra HR Software, CIMPA PLM España SL)
■ Quantity of WEEE generated	■ France (Sopra Steria Group, Sopra Banking Software, CIMPA France) ■ India (Sopra Steria) ■ United Kingdom (Sopra Steria UK)

4

2016 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of net income

(in millions of euros)	Notes	2016	2015
Revenue	*4.1*	**3,741.3**	**3,584.4**
Staff costs	*5*	-2,257.3	-2,185.6
External expenses and purchases	*4.2.1*	-1,118.0	-1,087.9
Taxes and duties		-37.2	-32.4
Depreciation, amortisation, provisions and impairment		-44.1	-58.4
Other current operating income and expenses	*4.2.2*	16.5	25.3
Operating profit on business activity		**301.1**	**245.5**
as % of revenue		*8.0%*	*6.8%*
Expenses related to stock options and related items	*5.4*	-12.1	-1.2
Amortisation of allocated intangible assets		-21.1	-19.4
Profit from recurring operations		**267.8**	**225.0**
as % of revenue		*7.2%*	*6.3%*
Other operating income and expenses	*4.2.3*	-27.6	-72.4
Operating profit		**240.2**	**152.6**
as % of revenue		*6.4%*	*4.3%*
Cost of net financial debt	*11.1.1*	-6.7	-8.1
Other financial income and expenses	*11.1.2*	-7.6	-14.9
Tax expense	*6*	-80.9	-47.2
Net profit from associates	*9.1*	10.8	7.2
Net profit from continuing operations		**155.8**	**89.6**
Net profit from discontinued operations		-	-
Consolidated net profit		**155.8**	**89.6**
as % of revenue		*4.2%*	*2.5%*
Non-controlling interests	*13.1.5*	5.4	5.2
NET PROFIT ATTRIBUTABLE TO THE GROUP		**150.4**	**84.4**
as % of revenue		*4.0%*	*2.4%*
EARNINGS PER SHARE *(in euros)*			
Basic earnings per share	*13.2*	7.50	4.27
Fully diluted earnings per share	*13.2*	7.49	4.26

Consolidated statement of comprehensive income

(in millions of euros)	Notes	2016	2015
Consolidated net profit		**155.8**	**89.6**
Other comprehensive income:			
Actuarial gains and losses on pension plans	*5.3.1*	-199.0	125.7
Tax impact		32.1	-33.8
Related to associates		0.2	0.3
Subtotal of items recognised in equity and not reclassifiable to profit or loss		**-166.8**	**92.2**
Translation differences	*13.1.4*	-94.2	45.6
Change in net investment hedges		24.3	-8.6
Tax impact on net investment hedges		-8.4	3.3
Change in cash flow hedges		3.3	-0.4
Tax impact on cash flow hedges		-1.1	-0.2
Related to associates		2.0	4.8
Subtotal of items recognised in equity and reclassifiable to profit or loss		**-74.1**	**44.5**
Other comprehensive income, total net of tax		**-240.8**	**136.7**
COMPREHENSIVE INCOME		**-85.1**	**226.3**
Non-controlling interests		-6.0	8.2
Attributable to Group		**-79.1**	**218.1**

Consolidated statement of financial position

Assets *(in millions of euros)*	Notes	31/12/2016	31/12/2015
Goodwill	*8.1*	1,557.0	1,586.9
Intangible assets	*8.2*	199.6	214.0
Property, plant and equipment	*8.3*	120.7	118.5
Equity-accounted investments	*9.2*	202.3	154.4
Other non-current financial assets	*7.1*	22.8	77.7
Post-employment and similar benefit obligations	*5.3.2*	4.1	7.9
Deferred tax assets	*6.3*	144.8	142.7
Non-current assets		**2,251.3**	**2,302.1**
Trade accounts receivable	*7.2*	1,132.7	1,099.8
Other current assets	*7.3*	231.1	191.6
Cash and cash equivalents	*11.2*	265.4	222.7
Current assets		**1,629.3**	**1,514.0**
Assets held for sale	*8.4*	4.4	5.1
TOTAL ASSETS		**3,884.9**	**3,821.3**

Liabilities and equity *(in millions of euros)*	Notes	31/12/2016	31/12/2015
Share capital		20.5	20.4
Share premium		530.5	528.3
Consolidated reserves and other reserves		369.1	561.3
Profit for the year		150.4	84.4
Equity - Group share		**1,070.6**	**1,194.4**
Non-controlling interests		**32.5**	**38.7**
TOTAL EQUITY	*13.1*	**1,103.1**	**1,233.1**
Non-current financial debt	*11.3*	402.6	437.8
Deferred tax liabilities	*6.3*	15.9	15.8
Post-employment and similar benefit obligations	*5.3.2*	468.6	317.3
Non-current provisions	*10.1*	49.7	38.6
Other non-current liabilities	*7.4*	86.4	86.4
Non-current liabilities		**1,023.3**	**895.9**
Current financial debt	*11.3*	368.8	315.7
Current provisions	*10.1*	66.7	88.2
Trade payables		285.9	257.5
Other current liabilities	*7.5*	1,037.1	1,030.9
Current liabilities		**1,758.5**	**1,692.2**
Liabilities held for sale	*8.4*	0.1	0.1
TOTAL LIABILITIES		**2,781.8**	**2,588.2**
TOTAL LIABILITIES AND EQUITY		**3,884.9**	**3,821.3**

Consolidated statement of changes in equity

(in millions of euros)	Share capital	Premiums	Treasury shares	Consolidated reserves and retained earnings	Other comprehensive income	Total Group share	Non-controlling interests	Total
AT 31/12/2014	**20.4**	**658.6**	**-33.6**	**460.9**	**-49.1**	**1,057.1**	**29.7**	**1,086.8**
Share capital transactions	0.1	1.0	-	-	-	1.0	1.4	2.4
Reduction of share premium	-	-118.8	-	118.8	-	-	-	-
Share-based payments	-	-	-	0.9	-	0.9	-	0.9
Transactions in treasury shares	-	-	-21.3	-1.2	-	-22.5	-	-22.5
Ordinary dividends	-	-	-	-37.5	-	-37.5	-	-37.5
Free share allotment plan	-	-	-	-	-	-	-	-
Changes in scope	-	-	-	-	-	-	-	-
Put option on minority interests	-	-	-	-23.0	-	-23.0	-0.7	-23.7
Other movements	-	-12.4	-	12.7	-	0.4	-	0.4
Shareholder transactions	**0.1**	**-130.2**	**-21.3**	**70.7**	**-**	**-80.8**	**0.8**	**-80.0**
Net profit for the period	-	-	-	84.4	-	84.4	5.2	89.6
Other comprehensive income	-	-	-	-	133.7	133.7	3.0	136.7
Comprehensive income for the period	**-**	**-**	**-**	**84.4**	**133.7**	**218.1**	**8.2**	**226.3**
AT 31/12/2015	**20.4**	**528.3**	**-54.9**	**616.0**	**84.6**	**1,194.4**	**38.7**	**1,233.1**
Share capital transactions	0.1	2.2	-	-	-	2.3	-	2.3
Share-based payments	-	-	-	9.7	-	9.7	-	9.7
Transactions in treasury shares	-	-	16.0	-5.7	-	10.3	-	10.3
Ordinary dividends	-	-	-	-34.0	-	-34.0	-	-34.0
Changes in scope	-	-	-	-	-	-	-	-
Put option on minority interests	-	-	-	-30.9	-	-30.9	-0.2	-31.1
Other movements	-	-	-	-3.0	0.9	-2.1	-	-2.1
Shareholder transactions	**0.1**	**2.2**	**16.0**	**-64.0**	**0.9**	**-44.8**	**-0.1**	**-44.9**
Net profit for the period	-	-	-	150.4	-	150.4	5.4	155.8
Other comprehensive income	-	-	-	-	-229.5	-229.5	-11.3	-240.8
Comprehensive income for the period	**-**	**-**	**-**	**150.4**	**-229.5**	**-79.1**	**-6.0**	**-85.1**
AT 31/12/2016	**20.5**	**530.5**	**-38.9**	**702.4**	**-144.0**	**1,070.6**	**32.5**	**1,103.1**

Consolidated cash flow statement

(in millions of euros)	Notes	2016	2015
Consolidated net profit (including non-controlling interests)		**155.8**	**89.6**
Net increase in depreciation, amortisation and provisions		69.8	103.3
Unrealised gains and losses related to changes in fair value		-2.1	-7.3
Share-based payment expense	*5.4*	12.1	1.2
Gains and losses on disposal		1.4	5.4
Share of net profit of equity-accounted companies	*9.1*	-10.8	-7.2
Cash from operations after cost of net debt and tax		**226.2**	**184.8**
Cost of net financial debt	*11.1.1*	6.7	8.1
Dividends from non-consolidated securities		-0.4	-
Tax expense	*6*	80.9	47.2
Cash from operations before cost of net debt and tax (A)		**313.5**	**240.2**
Tax paid (B)		-72.0	-35.2
Changes in operating working capital requirements (including liabilities related to employee benefits) (C)	*12.2*	-17.0	-81.9
Net cash from operating activities (D) = (A+B+C)		**224.5**	**123.2**
Purchase of tangible and intangible fixed assets	*12.3*	-46.8	-42.5
Proceeds from sale of tangible and intangible fixed assets		0.1	0.2
Purchase of financial assets		-0.1	-0.3
Proceeds from sale of financial assets		0.7	-
Cash impact of changes in scope		-103.1	-92.3
Dividends received (equity-accounted companies, non-consolidated securities)		3.1	2.2
Proceeds from/(payments on) loans and advances granted		0.8	3.4
Net interest received		0.8	0.1
Net cash from (used in) investing activities (E)		**-144.5**	**-129.1**
Proceeds on the exercise of stock options		2.3	2.4
Purchase and sale of treasury shares	*12.3*	10.3	-22.5
Dividends paid during the year	*12.3*		
▪ Dividends paid to shareholders of the parent company		-34.0	-37.5
▪ Dividends paid to minority interests of consolidated companies		-0.4	-
Proceeds from/(payments on) borrowings		32.6	94.2
Net financial interest paid		-8.1	-6.6
Additional contributions related to defined-benefit pension plans	*12.3*	-21.0	-23.3
Other cash flows relating to financing activities		-2.9	2.7
Net cash from (used in) financing activities (F)		**-21.3**	**9.3**
Effect of foreign exchange rate changes (G)		-14.5	15.4
NET CHANGE IN CASH AND CASH EQUIVALENTS (D+E+F+G)		**44.2**	**18.7**
Opening cash position		217.5	198.8
Closing cash position	*11.2*	261.7	217.5

Notes to the consolidated financial statements

The Group's consolidated financial statements for the year ended 31 December 2016 were approved by the Board of Directors at its meeting held on 12 April 2017.

NOTE 1 ACCOUNTING POLICIES

The main accounting policies applied in the preparation of the consolidated financial statements are presented below. They have been applied consistently for all of the financial years presented.

1.1. Basis of preparation

The consolidated financial statements for the year ended 31 December 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as published by the IASB and adopted by the European Union.

Information on these standards is provided on the website of the European Commission: http://ec.europa.eu/finance/company-reporting/ifrs-financial-statements/index_en.htm.

1.2. Application of new standards and interpretations

1.2.1. New mandatory standards and interpretations

New standards, amendments to existing standards and interpretations required for accounting periods starting on or after 1 January 2016 had no material impact on the financial statements. These mainly included:

- *Disclosure Initiative* (Amendments to IAS 1);
- *Clarification of Acceptable Methods of Depreciation and Amortisation* (Amendments to IAS 16 and IAS 38);
- *Defined Benefit Plans: Employee Contributions* (Amendments to IAS 19);
- *Accounting for Acquisitions of Interests in Joint Operations* (Amendments to IFRS 11);
- *Annual Improvements to IFRSs 2010-2012 Cycle* including IFRS 2 *Share-based Payment*: Definition of "vesting conditions", IFRS 3 *Business Combinations:* Accounting for contingent consideration in a business combination, and IFRS 8 *Operating Segments*: Aggregation of operating segments;
- *Annual Improvements to IFRSs 2012-2014 Cycle* including IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: Change in methods of disposal, and IAS 19 *Employee Benefits* – Discount rate: regional market issue.

1.2.2. Standards and interpretations published by the IASB but not applied early

The Group has not opted for early application of standards, amendments and interpretations published by the IASB and adopted by the European Union, but whose mandatory effective date was later than 1 January 2016. The main standards involved are IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments*.

Furthermore, the Group has not opted for early application of the amendments to IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases*. These amendments have been published by the IASB, but had not yet been adopted by the European Union at 31 December 2016.

During the financial year, the Group launched an IFRS 15 *Revenue from Contracts with Customers* transition project with a view to adopting the new rules from 1 January 2018. The project consists of an initial diagnostic assessment phase, based on a number of mainly fixed-price contracts, software licence and implementation agreements, and outsourcing agreements, followed by an implementation phase. At 31 December 2016, the diagnostic assessment phase had progressed on schedule and the identification of potential impacts was underway. Discussions are also being held by the Group with other French companies under the aegis of Syntec Numérique on the interpretation and implementation issues raised by this new standard.

The application of IFRS 9 *Financial Instruments* is mandatory for annual periods beginning on or after 1 January 2018. In late 2016, the Group launched a project for the diagnostic assessment and application of the new rules, which primarily relate to its foreign currency and interest rate hedges.

Lastly, IFRS 16 *Leases* applies to annual reporting periods beginning on or after 1 January 2019. In a nutshell, this new standard will prompt the lessee to recognise an asset in respect of the right to use the leased item and a corresponding lease liability. The Group conducted an impact study on the basis of leasing commitments in respect of operating lease agreements disclosed in the notes to its financial statements for the year ended 31 December 2015 and now plans to launch a diagnostic assessment phase followed by an implementation phase for the new standard in 2017.

1.3. Material estimates and accounting judgments

The preparation of financial statements entails the use of estimates and assumptions in measuring certain consolidated assets and liabilities as well as certain income statement items. Group management is also required to exercise judgment in the application of its accounting policies.

Such estimates and judgments, which are continually updated, are based both on historical information and on a reasonable anticipation of future events according to the circumstances. However, given the uncertainty implicit in assumptions as to future events, the related accounting estimates may differ from the ultimate actual results.

The main assumptions and estimates that may leave scope for material adjustments to the carrying amounts of assets and liabilities in the subsequent period are as follows:

- measurement of the recoverable amount of property, plant and equipment and intangible assets, and of goodwill in particular (see Note 8);
- measurement of retirement benefit obligations (see Note 5.3);
- revenue recognition (see Note 4.1);

- measurement of deferred tax assets (see Note 6.3);
- amounts payable to non-controlling interests (see Note 7.4);
- provisions for contingencies (see Note 10.1).

1.4. Format of the financial statements and foreign currency translation

1.4.1. Format of the financial statements

With regard to the presentation of its consolidated financial statements, Sopra Steria Group applies Recommendation 2013-03 of the French Accounting Standards Authority (*Autorité des Normes Comptables* – ANC) of 7 November 2013 on the format of the income statement, the cash flow statement and the statement of changes in equity.

The format of the income statement was adapted several years ago to improve the presentation of the company's performance. A financial aggregate known as *Operating profit on business activity* was added before *Profit from recurring operations.* This is an indicator used internally by management to assess performance. It corresponds to *Profit from recurring operations* before:

- the expense relating to the cost of services rendered by the grantees of stock options and free shares;
- the amortisation of allocated intangible assets.

Operating profit is then obtained by taking *Profit from recurring operations* and subtracting *Other operating income and expenses*. The latter contains any material items of operating income and expenses that are unusual, abnormal, infrequent or unpredictable, presented separately in order to give a clearer picture of performance based on ordinary activities.

Lastly, in the analysis of the change in its net financial debt, the Group splits out *EBITDA*. This figure corresponds to *Operating profit on business activity*, after adding back in the depreciation, amortisation and provisions included in the latter indicator.

1.4.2. Foreign currency translation

a. Functional and presentation currencies

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which that entity operates, i.e. its "functional currency".

The consolidated financial statements are presented in euros, the functional and presentation currency of the parent company Sopra Steria Group.

b. Translation of the financial statements of foreign subsidiaries

The accounts of all Group entities whose functional currency differs from the Group's presentation currency are translated into euros as follows:

- assets and liabilities are translated at the end-of-period exchange rate;
- income, expenses and cash flows are translated at the average exchange rate for the period;
- all resulting foreign exchange differences are recognised as a distinct equity component under *Other comprehensive income* and included in *Accumulated translation reserves* within equity (see Note 13.1.4).

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, translation gains and losses arising from the translation of net investments in foreign operations are recognised as a distinct component of equity. Translation gains and losses in respect of intercompany loans are considered an integral part of the Group's net investment in the foreign subsidiaries in question.

When a foreign operation is divested, the cumulative translation difference is transferred to profit or loss as part of the gain or loss arising on disposal.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the operation and, as such, are translated at the end-of-period exchange rate.

The Group does not own any consolidated entities operating in a hyperinflationary economy.

The applicable exchange rates for the translation of foreign currencies are as follows:

€1/Currency	Average rate for the period 2016	2015	Period-end rate 31/12/2016	31/12/2015
Danish krone	7.4452	7.4587	7.4344	7.4626
Norwegian krone	9.2906	8.9496	9.0863	9.6030
Swedish krona	9.4689	9.3535	9.5525	9.1895
Moroccan dirham	10.8512	10.8204	10.6751	10.7719
Tunisian dinar	2.3751	2.1772	2.4263	2.2126
US dollar	1.1069	1.1095	1.0541	1.0887
Canadian dollar	1.4659	1.4186	1.4188	1.5116
Singapore dollar	1.5275	1.5255	1.5234	1.5417
Swiss franc	1.0902	1.0679	1.0739	1.0835
Pound sterling	0.8195	0.7258	0.8562	0.7340
Brazilian real	3.8561	not applicable	3.4305	not applicable
Indian rupee	74.3717	71.1956	71.5935	72.0215
Chinese yuan	7.3522	6.9733	7.3202	7.0608
Polish zloty	4.3632	4.1841	4.4103	4.2639

c. Translation of foreign currency transactions

Transactions denominated in foreign currencies are translated to the functional currency at the exchange rate applying on the transaction date. Foreign exchange gains and losses arising on settlement, as well as those arising from the translation of monetary assets and liabilities that are denominated in foreign currencies at the end-of-period exchange rate, are recognised in profit or loss under *Other current operating income and expenses* for transactions hedged against foreign currency risk and under *Other financial income and expenses* for all other transactions.

NOTE 2 SCOPE OF CONSOLIDATION

Consolidation methods

Sopra Steria Group SA is the consolidating company.

The companies over which Sopra Steria Group has exclusive control are fully consolidated. An investor controls an investee where that investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consequently, an investor controls an investee if and only if all the following criteria are met:

- it has power over the investee;
- it is exposed, or has rights, to variable returns from its involvement with the investee;
- it has the ability to exercise its power over the investee in such a way as to affect the amount of returns it obtains.

Investments in entities over which the Group exerts significant influence (associates) are accounted for using the equity method. Significant influence is deemed to exist, unless clearly demonstrated not to be the case, when a parent company directly or indirectly holds 20% or more of the voting rights of the investee. Intercompany transactions as well as balances and unrealised profits on transactions between Group companies are eliminated.

The accounts of all consolidated companies are prepared as at 31 December. Those accounts have, where applicable, been restated to ensure the consistency of accounting and measurement rules applied by the Group.

The scope of consolidation is presented in Note 17.

2.1. Main acquisitions

- **CIMPA** – The entities of the CIMPA group have been included in Sopra Steria Group's scope of consolidation since 1 October 2015.

  No change in the fair value of the assets acquired and liabilities assumed has been recorded since 31 December 2015.
- **Cassiopae** – On 24 February 2016, Sopra Steria announced a business combination project with Cassiopae, a leading developer of specialised finance and real estate management software. Through its subsidiary Sopra Banking Software, Sopra Steria acquired 75% of KSEOP, Cassiopae's holding company.

  Cassiopae was consolidated in Sopra Steria's accounts with effect from 1 April 2016.

  Based on the assets acquired and liabilities assumed, the application software acquired was measured at €9.7 million, the brand at €3.6 million and client relationships at €16.0 million. The definitive purchase price allocation period runs until 31 March 2017.

  The provisional goodwill related to this acquisition was determined based on the following elements:

(in millions of euros)	**Cassiopae***
Total assets acquired	**63.8**
Total liabilities assumed	**69.6**
TOTAL NET ASSETS ACQUIRED/(NET LIABILITIES ASSUMED)	**-5.8**
Minority interests	-1.4
PURCHASE PRICE	**51.3**
GOODWILL	**55.6**

* *Excluding the acquisition of Cassiopae MEA.*

  The costs charged to profit and loss for this acquisition are €0.9 million, and are included in *Other operating income and expenses.*

  In addition, the Group made an irrevocable commitment to the other shareholders of KSEOP (Cassiopae's holding company), through a shareholders' agreement, to acquire their shares, in the form of a put option on these shares for a period of eight years as from the acquisition date. This put option was exercised on 26 January 2017, which gave Sopra Banking Software full ownership of KSEOP. The liability recognised in respect of this put option was measured at the purchase price of 25% of KSEOP's capital, i.e. €26.5 million.

  In addition, on 30 November 2016, Cassiopae group's holding company KSEOP took control of Cassiopae MEA (Tunisia), which was previously accounted for under the equity method, for a purchase price of €2.0 million, leading to the recognition of €1.4 million in goodwill.

  Cassiopae is included in Sopra Banking Software's business portfolio, and is part of the Sopra Banking Software operating segment and cash-generating unit.
- **Other acquisitions** – During the 2016 financial year, the Group made the following acquisitions:
  - LASCE Associates – On 1 July 2016, the Group acquired LASCE Associates, a French consulting firm specialised in operational excellence for industry and logistics. It has been fully consolidated since this date.
  - Active3D – In July, the Group acquired the entire share capital of the start-up Active3D on behalf of its Other Solutions – Property Management division in France.
  - Solid – At 30 September 2016, the Group took control of Solid, a Norwegian consulting company specialised in SAP integration. It is fully consolidated.

  Other acquisitions resulted in the recognition of assets acquired and liabilities assumed for €3.6 million, including €3.0 million for the recognition of an application software product.

  Goodwill came to €8.8 million.

Business combinations

The Group applies IFRS 3 *Business Combinations* to the identified assets acquired and liabilities assumed as a result of business combinations. The acquisition of an asset or a group of assets that does not constitute a business is recognised under the standards applicable to those assets.

All business combinations are recognised by applying the acquisition method, which consists in:

- the measurement and recognition at fair value of the identifiable assets acquired and liabilities assumed. The Group identifies and allocates these items on the basis of contract provisions, economic conditions, and its accounting and management policies and procedures;
- the measurement of any non-controlling interest in the acquiree either at its fair value or based on its share of the fair value of the identifiable assets acquired and liabilities assumed;
- the measurement and recognition at the acquisition date of the difference (referred to as goodwill) between:
  - the purchase price of the acquiree plus the amount of any non-controlling interests in the acquiree, and
  - the net amount of the identifiable assets acquired and liabilities assumed.

The decision on how to measure non-controlling interests is made on an acquisition-by-acquisition basis and leads to the recognition of either full goodwill (should the fair value method be used) or partial goodwill (should a share of the fair value of the identifiable assets acquired and liabilities assumed be used).

The acquisition date is the date on which the Group effectively obtains control of the acquiree.

The purchase price of the acquiree is the fair value, at the acquisition date, of the elements of consideration transferred to the seller in exchange for control of the acquiree, to the exclusion of any consideration for a transaction separate from the business combination.

If the initial accounting for a business combination can only be determined provisionally for the reporting period in which the combination takes place, the acquirer recognises the combination using provisional amounts. The acquirer must then recognise adjustments to those provisional amounts as the accounting for the business combination is completed within 12 months of the acquisition date.

2.2. Other changes in scope

- **Axway Software** – On 31 May 2016, Sopra Steria Group acquired the stake held by Geninfo (Société Générale group) in Axway Software, represented by 1,793,625 shares (8.62% of the share capital).

  This transaction, which is in keeping with Société Générale's strategy to reduce its shareholdings in the industrial sector, took place as an over-the-counter block sale at the price of €21.50 per share for a total amount of €38.6 million.

  Sopra Steria Group's stake in Axway Software thus increased to 32.89% of the share capital (35.42% of the voting rights) at 31 December 2016.

  Following this transaction, Sopra Steria Group continues to exercise significant influence over Axway Software.

  This transaction resulted in the recognition of €9.2 million in additional goodwill, determined as follows:

(in millions of euros)

Purchase price paid	38.6
Total net assets acquired/net liabilities assumed	29.4
GOODWILL	**9.2**

  This goodwill is taken into account in the equity value.

- During the second half of 2016, the Group streamlined its corporate structure, primarily in the United Kingdom, by winding up dormant companies.

NOTE 3 SEGMENT INFORMATION

3.1. Results by reporting unit

a. France

(in millions of euros)	2016		2015	
Revenue	1,528.1		1364.3	
Operating profit on business activity	123.3	*8.1%*	102.0	*7.5%*
Profit from recurring operations	114.4	*7.5%*	100.8	*7.4%*
Operating profit	102.7	*6.7%*	52.4	*3.8%*

b. United Kingdom

(in millions of euros)	2016		2015	
Revenue	927.9		1042.0	
Operating profit on business activity	74.7	*8.0%*	76.2	*7.3%*
Profit from recurring operations	63.1	*6.8%*	63.3	*6.1%*
Operating profit	59.4	*6.4%*	57.1	*5.5%*

c. Other Europe

(in millions of euros)	2016		2015	
Revenue	728.1		697.4	
Operating profit on business activity	41.8	*5.7%*	18.5	*2.7%*
Profit from recurring operations	39.1	*5.4%*	17.4	*2.5%*
Operating profit	31.1	*4.3%*	5.3	*0.8%*

d. Sopra Banking Software

(in millions of euros)	2016		2015	
Revenue	350.9		282.4	
Operating profit on business activity	31.9	*9.1%*	25.7	*9.1%*
Profit from recurring operations	22.9	*6.5%*	20.3	*7.2%*
Operating profit	19.9	*5.7%*	20.1	*7.1%*

e. Other Solutions

(in millions of euros)	2016		2015	
Revenue	206.4		198.3	
Operating profit on business activity	29.4	*14.2%*	23.1	*11.6%*
Profit from recurring operations	28.3	*13.7%*	23.1	*11.6%*
Operating profit	26.7	*12.9%*	17.7	*8.9%*

f. Not allocated

(in millions of euros)	2016	2015
Revenue	-	-
Operating profit on business activity	-	-
Profit from recurring operations	-	-
Operating profit	0.3	-

g. Group

(in millions of euros)	2016		2015	
Revenue	3,741.3		3,584.4	
Operating profit on business activity	301.1	*8.0%*	245.5	*6.8%*
Profit from recurring operations	267.8	*7.2%*	225.0	*6.3%*
Operating profit	240.2	*6.4%*	152.6	*4.3%*

Under IFRS 8, segment information is based on internal management data used by the Chief Executive Officer, the company officer with ultimate responsibility for the Group's operational decisions.

The Group organisational structure reflects both its businesses and the geographic distribution of its activities.

The segments presented correspond to five reporting units:

- the France reporting unit, comprising the Consulting, Systems Integration, IT Infrastructure Management and Cybersecurity activities in this geographic area;
- the United Kingdom reporting unit, comprising the Consulting, Systems Integration, IT Infrastructure Management, Cybersecurity and Business Process Services activities in this geographic area;
- the Other Europe reporting unit, comprising the Consulting, Systems Integration, IT Infrastructure Management and Cybersecurity activities in European countries other than France and those in the United Kingdom (Germany, Norway, Sweden, Denmark, Spain, Italy, Belgium, Luxembourg and Switzerland);
- the Sopra Banking Software reporting unit, comprising the core banking solutions businesses;
- the Other Solutions reporting unit, comprising the Human Resources and Property Management solutions businesses.

3.2. Revenue by geographic area

(in millions of euros)	France	United Kingdom	Other European countries	Other countries	Total
Financial year 2015	1,616.4	1,083.6	804.2	80.2	3,584.4
Financial year 2016	**1,839.1**	**968.9**	**855.9**	**77.4**	**3,741.3**

3.3. Non-current assets by geographic area

(in millions of euros)	France	United Kingdom	Other European countries	Other countries	Total
Goodwill	668.4	608.3	277.8	2.5	1,557.0
Intangible assets	90.5	93.8	14.9	0.3	199.5
Property, plant and equipment	74.2	15.3	21.1	10.1	120.7

NOTE 4 OPERATING PROFIT

4.1. Revenue

REVENUE BY REPORTING UNIT

(in millions of euros)	2016		2015	
France	1,528.1	*40.8%*	1,364.3	*38.1%*
United Kingdom	927.9	*24.8%*	1,042.0	*29.1%*
Other Europe	728.1	*19.5%*	697.4	*19.5%*
Sopra Banking Software	350.9	*9.4%*	282.4	*7.9%*
Other Solutions	206.4	*5.5%*	198.3	*5.5%*
TOTAL REVENUE	**3,741.3**	*100.0%*	**3,584.4**	*100.0%*

Revenue recognition

a. Services in Consulting, Systems Integration, Application and Infrastructure Maintenance, and Outsourcing

Production, consulting and assistance services provided on a time and materials basis

These services are recognised when performed, which generally means when invoiced.

Operations are reviewed at each balance sheet date:

- services already performed but not yet, or only partially, invoiced are assigned a value on the basis of the contractual billing rates and billable time or units of work. They give rise to revenue recognition, with a corresponding entry to *Accrued income* reflected in the balance sheet as part of *Trade accounts receivable*;
- services already billed but not yet entirely performed are deducted from invoiced revenue and included in the balance sheet as *Deferred income* within *Other current liabilities*.

Services covered by fixed-price contracts

Fixed-price contracts are characterised by commitments relating to the price, the end result and the deadline. Services performed under such contracts are recognised as follows using the percentage-of-completion method:

- revenue and profit generated by a contract are recognised on the basis of a technical assessment, in line with the Group's quality procedures, of the contract's degree of completion. During performance of a project, this assessment is generally based on 90% of the contract amount with the remaining 10% deferred until completion upon receipt in operational condition;
- the amount of revenue recognised at each balance sheet date is based on the difference between 90% of the contract value and the amount required to cover the total number of man-days remaining to be performed. This amount is included in the balance sheet as *Accrued income* within *Trade accounts receivable*. Payments on account received are deducted from the amount of *Trade accounts receivable*, which are therefore stated in the balance sheet at their net amount.

Moreover, costs incurred in the start-up phase of a contract may be recognised in the balance sheet as work-in-progress when they relate to future activities of the contract and provided it is probable that they will generate future economic benefits. These capitalised transition costs are reported in the balance sheet under *Trade accounts receivable*.

Should a contract become loss-making, losses at completion are systematically recorded in *Provisions for contingencies and losses*.

b. Services relating to the Group's Software and Solutions operations

Services provided within the scope of the Group's Software and Solutions operations (Banking, Property Management and Human Resources) include:

- the right of use under licence of the software and solutions provided;
- maintenance;
- ancillary services: installation, configuration, adjustments, training, etc.

In general, separate contracts are entered into with clients for licences and maintenance on the one hand and ancillary services on the other hand

In this situation, the various contract components are accounted for as follows:

- the licence fee is recognised when delivery takes place, which is considered to be the case when all contractual obligations have been fulfilled, i.e. when any remaining services to be provided are non-material and not liable to endanger the client's acceptance of goods supplied or services rendered;
- maintenance is generally billed in advance and is recognised on a pro rata basis;
- ancillary services are generally provided on a time and materials basis and are recognised when performed, which generally means when invoiced. They are sometimes performed within the scope of fixed-price contracts in which case they are recognised using the percentage-of-completion method described in Section a.

Sometimes, contracts comprising multiple elements (licence, maintenance, ancillary services, etc.) may be negotiated for a fixed price

In this situation, the amount of revenue attributable to the licence is obtained by calculating the difference between the total contract amount and the fair value of its other components, e.g. maintenance and ancillary services. The fair value of the other components is determined by reference to the prices invoiced to customers based on their best estimates, as the component is sold separately (based on a price list) or is sold at a sale price determined by the management. The residual amount attributed to the licence is recognised at the time of delivery.

In fairly rare instances, ancillary services may be considered essential to the operation of a software package

This may be the case for very complex projects, the completion of which may be subject to particular risks. The project is then examined as a whole and is the focus of specific monitoring by the Industrial Department. Such projects are recognised using the percentage-of-completion method described in Section a.

4.2. Other operating income and expenses included in Operating profit

Aside from the staff costs split out in Note 5, *Operating profit* mainly includes the following items:

4.2.1. External expenses and purchases included in Operating profit on business activity

(in millions of euros)	2016		2015	
Project subcontracting purchases	-556.8	*49.8%*	-509.1	*46.8%*
Purchases held in inventory of equipment and supplies	-22.0	*2.0%*	-21.6	*2.0%*
Goods purchases and changes in inventory	-70.4	*6.3%*	-57.0	*5.2%*
Leases and charges	-103.0	*9.2%*	-116.6	*10.7%*
Maintenance and repairs	-68.8	*6.2%*	-90.1	*8.3%*
Subcontracting	-19.0	*1.7%*	-14.3	*1.3%*
Remuneration of intermediaries and fees	-61.1	*5.5%*	-53.0	*4.9%*
Advertising and public relations	-15.7	*1.4%*	-12.9	*1.2%*
Travel and entertainment	-104.1	*9.3%*	-97.0	*8.9%*
Telecommunications	-35.0	*3.1%*	-46.1	*4.2%*
Other expenses	-62.0	*5.5%*	-70.2	*6.5%*
TOTAL	**-1,118.0**	*100%*	**-1,087.9**	*100%*

4.2.2. Other current operating income and expenses included in Operating profit on business activity

Other current operating income and expense totalling €16.5 million mainly included net foreign exchange gains of €6.6 million, reversals of provisions used of €3.8 million and rental income from sublet premises of €4.7 million.

4.2.3. Other operating income and expenses included in Operating profit

(in millions of euros)	2016	2015
Expenses arising from business combinations (fees, commissions, etc.)	-1.3	-2.0
Net restructuring and reorganisation costs	-22.9	-67.2
■ *of which integration and reorganisation of activities*	*-5.2*	*-14.4*
■ *of which separation costs*	*-17.7*	*-52.8*
Other operating expenses	-4.3	-8.9
Total other operating expenses	**-28.4**	**-78.1**
Other operating income	0.8	5.7
Total other operating income	**0.8**	**5.7**
TOTAL	**-27.6**	**-72.4**

In 2016, net restructuring and reorganisation costs were significantly lower than in 2015. They consisted of costs arising from resource adjustments, amounting to €3.9 million in France for the IT Infrastructure Management business and €3.2 million in the United Kingdom, plus €3.8 million in Germany and €2.9 million in Spain in the Other Europe segment. Costs arising from business reorganisations also declined sharply to just €5.2 million. These mainly reflected the cost of reorganising IT platforms in France and for the Other Solutions segment. Lastly, other operating expenses chiefly consisted of non-recurring impairment losses on application assets that had become obsolete in the new business organisation.

An expense of €1.5 million arising from the Sopra-Steria merger was recognised in 2015. The balance of this item is attributable to the acquisition of CIMPA. Net restructuring and reorganisation costs include €46.3 million attributable to the Sopra-Steria integration process. The rest of this item consisted of non-recurring resource adjustment costs incurred primarily in the Other Europe (mainly Germany, Scandinavia and Spain) and United Kingdom operating divisions.

NOTE 5 EMPLOYEE BENEFITS

5.1. Staff costs

(in millions of euros)	2016	2015
Salaries	-1,695.5	-1,640.4
Employee-related expenses	-537.8	-523.6
Net expense for post-employment and similar benefit obligations	-24.0	-21.5
TOTAL	**-2,257.3**	**-2,185.6**

The Group recognises the amount of short-term employee benefits, as well as the contributions due in respect of its pension plans, under *Staff costs*. As the Group has no commitments beyond these contributions, no provisions were recognised for these plans.

The principles applicable to post-employment benefit expenses and similar items are presented in Notes 5.3.2 for other long-term employee benefits and 5.3.1 for post-employment benefits.

5.2. Workforce

Workforce at period-end	2016	2015
France	18,227	17,606
International	21,586	20,844
TOTAL	**39,813**	**38,450**

Average workforce	2016	2015
France	17,894	17,589
International	21,009	20,534
TOTAL	**38,903**	**38,123**

5.3. Retirement benefits and similar obligations

Retirement benefits and similar obligations are broken down as follows:

(in millions of euros)	31/12/2016	31/12/2015
Post-employment benefit assets	-4.1	-7.9
Post-employment benefit liabilities	450.5	290.5
Net post-employment benefits	**446.3**	**282.6**
Other long-term employee benefits	18.1	26.8
TOTAL	**464.5**	**309.4**

5.3.1. Post-employment benefits

Post-employment benefits arise mainly from the Group's obligations towards its employees to provide retirement benefits in France (23.5% of the Group's total obligations) and defined-benefit pension plans in the United Kingdom (66.1% of the Group's total obligations), Germany (9.6%) and other European countries (Belgium, Norway: 0.8%). At 31 December 2016 they totalled €446.3 million, versus €282.6 million at 31 December 2015.

In the **United Kingdom**, the Group has five defined-benefit pension plans arising from Steria. The obligations under each plan are asset-funded. Three of these plans are closed to all new employees and the vesting of future benefits has ceased. For each plan, the benefits payable are primarily based on the plan member's final salary and, in certain cases, the member's average salary and any incidental benefits. Each plan holds its assets in a trust fund for employees and is supervised by the regulating body defined in UK pensions legislation. The plan trustees are corporate trustees whose directors include representatives of the plan members and independent members. External consultants are hired by the trustees to manage the plans on a day-to-day basis and deal with legal and actuarial matters. Under UK law, the plans must be assessed every three years. This assessment is used as a basis to determine the contributions payable by the employer to the funds.

The risks associated with these plans are as follows:

- asset management;
- inflation on which pension entitlements are indexed; this risk is limited by the use of inflation-indexed financial instruments;
- interest rates insofar as the future cash outflows are discounted;
- changes in demographic assumptions and mortality tables.

These plans distinguish between active members who still vest benefits, members who are still working but whose benefits have been frozen, and retired members. These three member categories represent 3.7%, 61.3% and 35.0% of the total number of plan members, respectively.

Projected benefit payments by the funds, which had a total of €1,758.4 million in assets at 31 December 2016, are as follows, in millions of pounds sterling, over the next ten years:

- less than two years: £91.7 million;
- two to five years: £147.8 million;
- five to ten years: £276.4 million.

Assets covering payment obligations came to €1,463.2 million at 31 December 2016.

These plans include the payment of contributions to compensate for the deficit existing in the funds (contributions less mandatory expenses and deductions) and to fund the current service cost for the period. In 2016, over 12 months, this paid contribution totalled €24.3 million, including €19.3 million to fund the deficit. The amount of the contribution to be paid in respect of 2017 is currently being determined as part of the triennial negotiations.

In France, the Group's defined-benefit obligations cover the payment of retirement benefits *(indemnités de départ en retraite)*. The Group recognises provisions for its commitments to employees in accordance with the terms of voluntary and compulsory retirement under the Syntec collective bargaining agreement, as amended in 2004 following the French Pension Reform Act of 21 August 2003.

The resulting liability fluctuates according to demographic assumptions such as mortality tables (public statistics) and the discount rate (Bloomberg eurozone index).

This plan is exposed to interest rate risk, inflation risk and the risk of changes in demographic assumptions.

In **Germany**, there are four plans, two of which are material (€37.0 million). Since these plans are not funded, they are covered by a provision. The purpose of the main plan is to pay a minimum pension equal to 14.1% of the salary paid up to the social security ceiling and 35.2% beyond that ceiling. This plan only involves employees who entered into service prior to 1 January 1986, and pension entitlements have been frozen since 30 September 1996. The plan is exposed to interest rate risk, inflation risk and the risk of changes in demographic assumptions.

There are also plans in Poland, Norway and Belgium. The plans in the latter two countries are funded and serve to pay an annuity to plan members on retirement. The Polish plan covers benefits payable on retirement. These plans are grouped together under "Other".

a. Change in net liabilities arising from the main post-employment benefit obligations in 2016

(in millions of euros)	Defined-benefit pension funds – United Kingdom	Lump-sum retirement benefits – France	Defined-benefit pension funds – Germany	Other	Total
CALCULATION ASSUMPTIONS FOR ACTUARIAL LIABILITIES					
Discount rate	2.68%	1.74%	1.04% to 2.03%	0.50% to 2.60%	
Inflation rate	2.19%	0.2%	NA	NA	
Rate of salary increase	3.19%	2% to 2.50%	2% to 2.50%	2% to 3.00%	
Age at retirement	variable	65 yrs	60 to 65 yrs	variable	
AMOUNTS RECOGNISED IN THE BALANCE SHEET					
Present value of the obligation at 31/12/2016	1,758.4	106.9	42.8	20.5	1,928.7
Fair value of plan assets at 31/12/2016	1,463.2	2.2	-	17.0	1,482.4
Net liabilities on the balance sheet at 31/12/2016	**295.2**	**104.7**	**42.8**	**3.5**	**446.3**
NET LIABILITY COST COMPONENTS					
Current service cost	4.2	7.1	0.2	0.3	11.8
Past service cost	-0.8	-	-	-	-0.8
Losses (gains) on plan settlements	-	-	-	-	-
Interest on obligation	54.9	2.2	0.8	0.4	58.2
Interest on plan assets	-50.1	-0.1	-	-0.3	-50.5
Total expenses recognised in the income statement	**8.2**	**9.2**	**1.0**	**0.4**	**18.7**
Effect of net liability remeasurements	188.5	6.8	2.9	0.7	199.0
■ of which return on plan assets (excluding amounts included in interest income)	-212.2	-	-	-0.4	-212.6
■ of which experience adjustments	-16.1	-3.0	0.5	-0.2	-18.8
■ of which effect of changes in demographic assumptions	-1.1	0.4	-	0.2	-0.5
■ of which effect of changes in financial assumptions	417.9	9.3	2.4	1.2	430.9
Total expenses recognised directly in equity	**188.5**	**6.8**	**2.9**	**0.7**	**199.0**
CHANGES IN NET LIABILITIES					
Net liability at 31 December 2015	**151.9**	**87.7**	**40.1**	**2.9**	**282.6**
Changes in scope	-	2.5	-	-	2.5
Net expense recognised in the income statement	8.2	9.2	1.0	0.4	18.7
Net expense recognised in equity	188.5	6.8	2.9	0.7	199.0
Contributions	-24.3	-1.5	-1.2	-0.5	-27.5
■ of which employer contributions	-24.3	-1.5	-1.2	-0.5	-27.5
■ of which employee contributions	-	-	-	-	-
Exchange differences	-29.1	-	-	-	-29.1
Other movements	-	-	-	-	-
NET LIABILITY AT 31 DECEMBER 2016	**295.2**	**104.7**	**42.8**	**3.5**	**446.3**

For reference, in 2015 net liabilities arising from the main post-employment benefit obligations changed as follows:

(in millions of euros)	Defined-benefit pension funds – United Kingdom	Lump-sum retirement benefits – France	Defined-benefit pension funds – Germany	Other	Total
CALCULATION ASSUMPTIONS FOR ACTUARIAL LIABILITIES					
Discount rate	3.87%	2.41%	2.03% to 2.15%	1.30% to 3%	
Inflation rate	2.01%	1.70%	NA	NA	
Rate of salary increase	3.01%	2% to 2.50%	2% to 2.50%	2% to 3.50%	
Age at retirement	variable	65 yrs	60 to 65 yrs	variable	
AMOUNTS RECOGNISED IN THE BALANCE SHEET					
Present value of the obligation at 31/12/2015	1,607.1	89.8	40.1	19.2	1,756.2
Fair value of plan assets at 31/12/2015	1,455.2	2.1	-	16.3	1,473.6
Net liabilities on the balance sheet at 31/12/2015	**151.9**	**87.7**	**40.1**	**2.9**	**282.6**
NET LIABILITY COST COMPONENTS					
Current service cost	5.8	8.5	0.2	0.4	14.8
Past service cost	-	-	-	-	-
Losses (gains) on plan settlements	-	-	-	-	-
Interest on obligation	63.2	1.6	0.7	0.4	65.9
Interest on plan assets	-53.6	-	-	-0.3	-54.0
Total expenses recognised in the income statement	**15.4**	**10.1**	**0.9**	**0.4**	**26.7**
Effect of net liability remeasurements	-101.2	-20.7	-3.3	-0.5	-125.7
■ of which return on plan assets (excluding amounts included in interest income)	-2.2	-	-	-0.4	-2.6
■ of which experience adjustments	-0.6	-6.0	-0.2	-0.1	-6.9
■ of which effect of changes in demographic assumptions	-	-4.0	-	-0.1	-4.1
■ of which effect of changes in financial assumptions	-98.4	-10.6	-3.1	0.2	-112.0
Total expenses recognised directly in equity	**-101.2**	**-20.7**	**-3.3**	**-0.5**	**-125.7**
CHANGES IN NET LIABILITIES					
Net liability at 31 December 2014	**250.1**	**98.4**	**43.7**	**5.2**	**397.4**
Changes in scope	-	1.6	-	-	1.6
Net expense recognised in the income statement	15.4	10.1	0.9	0.4	26.7
Net expense recognised in equity	-101.2	-20.7	-3.3	-0.5	-125.7
Contributions	-29.0	-1.7	-1.2	-0.5	-32.4
■ of which employer contributions	-29.0	-1.7	-1.2	-0.5	-32.4
■ of which employee contributions	-	-	-	-	-
Exchange differences	16.6	-	-	-	16.6
Other movements	-	-	-	-1.7	-1.7
NET LIABILITY AT 31 DECEMBER 2015	**151.9**	**87.7**	**40.1**	**2.9**	**282.6**

b. Change in pension assets and liabilities in the United Kingdom

In the United Kingdom, net liabilities arising from defined-benefit pension plans reflect the net value of benefit obligations and the plan assets covering them. These assets and liabilities changed as follows:

(in millions of euros)	31/12/2016	31/12/2015
Present value of the obligation at the beginning of the period	**1,607.1**	**1,595.5**
Changes in scope	-	-
Translation adjustments	-246.5	98.7
Current service cost	4.2	5.8
Past service cost	-0.8	-
Interest	54.9	63.2
Employee contributions	-	-
Effect of obligation remeasurements	393.1	-106.1
■ of which experience adjustments	-16.1	-0.6
■ of which effect of changes in demographic assumptions	-1.1	-
■ of which effect of changes in financial assumptions	410.4	-105.5
Plan amendments	-	-
Transfers	-	-
Benefits provided	-53.6	-50.0
PRESENT VALUE OF THE OBLIGATION AT THE END OF THE PERIOD	**1,758.4**	**1,607.1**
Fair value of plan assets at the beginning of the period	**1,455.2**	**1,345.4**
Changes in scope	-	-
Translation adjustments	-217.4	82.1
Interest	50.1	53.6
Effects of plan asset remeasurements	204.6	-4.9
■ of which return on plan assets (excluding amounts included in interest income)	212.2	2.2
■ of which effect of changes in financial assumptions	-7.6	-7.1
Employer contributions	24.3	29.0
Employee contributions	-	-
Transfers	-	-
Benefits provided	-53.6	-50.0
FAIR VALUE OF PLAN ASSETS AT THE END OF THE PERIOD	**1,463.2**	**1,455.2**

The fall in the discount rate, probably caused in part by Brexit, led to a €352.4 million increase in net liabilities. However, the fall in the value of the British pound against the euro, which was also probably related to the Brexit vote, reduced the value of the net liabilities by €29.1 million.

UK pension fund assets fall into four investment categories:

(in millions of euros)	31/12/2016	31/12/2015
Shares	482.9	493.0
Bonds	689.2	771.4
Fixed assets	226.8	225.2
Other assets	64.4	-34.4
TOTAL	**1,463.2**	**1,455.2**

The discount rate used for employee obligations is based on the return on AA bonds in line with the life of the liabilities rounded to the nearest decimal point. In the United Kingdom, the benchmark used is the Mercer yield curve.

A 0.25-point decrease in the discount rate would increase the benefit obligation by €90.2 million. A 10% reduction in the value of the assets would reduce their amount by €146.3 million.

At 31 December 2016, one plan is in a net asset position, totalling €3.8 million. This asset is deemed recoverable through a future decrease in contributions.

c. Change in pension assets and liabilities in France

(in millions of euros)	Lump-sum retirement benefits in France at 31/12/2016	Lump-sum retirement benefits in France at 31/12/2015
Present value of the obligation at the beginning of the period	**89.8**	**100.5**
Changes in scope	2.5	1.6
Current service cost	7.1	8.5
Past service cost	-	-
Interest	2.2	1.6
Employee contributions	-	-
Effect of obligation remeasurements	6.8	-20.7
■ of which experience adjustments	-3.0	-6.0
■ of which effect of changes in demographic assumptions	0.4	-4.0
■ of which effect of changes in financial assumptions	9.3	-10.6
Plan amendments	-	-
Transfers	-	-
Benefits provided	-1.5	-1.7
PRESENT VALUE OF THE OBLIGATION AT THE END OF THE PERIOD	**106.9**	**89.8**
Fair value of plan assets at the beginning of the period	**2.1**	**2.1**
Changes in scope	-	-
Translation adjustments	-	-
Interest	0.1	-
Effects of plan asset remeasurements	-	-
■ of which return on plan assets (excluding amounts included in interest income)	-	-
■ of which effect of changes in financial assumptions	-	-
Employer contributions	-	-
Employee contributions	-	-
Transfers	-	-
Benefits provided	-	-
FAIR VALUE OF PLAN ASSETS AT THE END OF THE PERIOD	**2.2**	**2.1**

For retirement benefit payment liabilities in France, a 0.50-point increase or decrease in the discount rate would decrease the benefit obligation by €5.2 million or increase it by €6.0 million, respectively.

The retirement benefit obligation in France breaks down as follows by maturity:

(in millions of euros)	31/12/2016	31/12/2015
Present value of theoretical benefits to be paid by the employer:		
■ less than 1 year	1.6	1.5
■ 1 to 5 years	8.5	6.8
■ 5 to 10 years	24.6	20.1
■ 10 to 20 years	45.6	38.8
■ more than 20 years	26.7	22.6
TOTAL COMMITMENT	**106.9**	**89.8**

Defined-benefit plans are paid for either directly by the Group, which provisions the costs of benefits to be granted, or via pension funds to which the Group contributes. In both cases, the Group recognises a pension liability corresponding to the present value of future payments, which is estimated by taking into consideration relevant internal and external factors as well as the laws and regulations specific to each Group entity.

Certain post-employment benefit plans comprise assets intended to settle the obligations. They are financed by pension funds that are legally separate from the entities making up the Group. The assets held by these funds are mainly shares or bonds. Their fair value is generally calculated using their market value.

Obligations in respect of post-employment defined-benefit plans are measured annually using the actuarial valuation method known as the projected unit credit method, which stipulates that each period of service gives rise to an additional unit of benefit entitlement, and measures each unit separately to obtain the final obligation. These calculations include assumptions of life expectancy, employee turnover and projected future salaries.

The present value of retirement obligations is determined by discounting future cash outflows using the rate for market yields on high-quality corporate bonds of the currency used to pay the benefit and a term consistent with the estimated average term of the relevant post-employment obligation.

The expense representing the current service cost for the period is recognised in *Staff costs*.

The effects of plan amendments, recognised through past service cost (cost of service in prior periods modified by the introduction of changes or new benefit plans), are recorded immediately in *Staff costs* in the income statement when they occur.

The gains or losses recognised in the event of defined-benefit plan curtailments or settlements are recorded in the income statement when the event occurs under *Other operating income* or *Other operating expenses*, respectively.

An interest cost is recognised in the income statement under *Other financial expenses* and corresponds to the cost of unwinding the discount of the retirement benefit obligations net of plan assets.

The actuarial calculation of defined-benefit retirement obligations includes uncertainties which may affect the value of financial assets and obligations towards employees. The actuarial gains and losses arising from the effects of demographical assumption changes, the effects of financial assumption changes and the difference between the discount rate and the actual return rate of the plan assets, less their management and administration costs, are recognised directly in equity under Other comprehensive income, and are not reclassifiable to profit or loss.

5.3.2. Other long-term employee benefits

Other long-term employee benefits include, in France, the portion available in more than one year of employee profit-sharing liabilities allocated to a frozen current account for five years (€6.6 million versus €16.2 million at 31 December 2015), benefits relating to length of service in Germany and India, pre-pension obligations in Germany and Belgium, and severance benefits in Italy and India.

The remaining long-term employee benefits primarily consist of:

- long-term paid leave such as long-service or sabbatical leave;
- jubilee or other long-service benefits;
- incentives and bonuses payable twelve months or more after the end of the period in which the employees render the related service;
- profit-sharing liabilities. These are recognised at the present value of the obligation at the balance sheet date. For the year in which this profit-sharing is appropriated, the difference between the present value of the profit-sharing and the nominal value that will be paid to employees at the close of the lock-up period is recognised as a financial liability and balanced by an additional staff expense. It is then reversed as a deduction against financial expenses over the following five years;
- deferred compensation paid twelve months or more after the end of the period in which it is earned.

All expenses relating to other long-term benefits, including changes in actuarial assumptions, are recognised immediately in the income statement under *Staff costs* in respect of the service cost and under *Other financial income and expenses* in respect of the cost of unwinding the discount.

5.4. Expenses related to stock options and related items

The cost of the benefits granted to employees under stock option, free share and employee share ownership plans amounted to €12.1 million (€1.2 million in 2015), broken down as follows:

- expenses related to option plans: non-material amount;
- expenses related to free share plans: €2.1 million;
- expenses related to the We Share employee share ownership plan: €10.0 million.

5.4.1. Share subscription option plan

The amount recorded in respect of 2016 for the cost of services rendered by staff in exchange for these options was not material. Information on outstanding share subscription option plans is set out below:

	Plan 5		Plan 6		Plan 7
Date of General Meeting	26/05/2005	15/05/2008	15/05/2008	15/05/2008	10/05/2011
Date granted by the Board of Directors	18/03/2008 (1)	17/03/2009 (1)	15/04/2010 (1)	29/03/2011 (1)	20/10/2011
Total number of shares that may be subscribed or purchased	50,000	20,000	30,000	49,500	5,000
Number of shares granted to company officers	-	-	-	-	-
Initial exercise price	45.30	27.16	53.68	72.40	43.22
Number of shares initially allocated or readjusted following the Axway spin-off	52,642	21,302	31,953	52,720	5,000
Initial or readjusted exercise price following the Axway spin-off	41.16	24.13	49.03	66.61	43.22
of which number of shares granted to company officers	-	-	-	-	-
Date at which options may be exercised	19/03/2013	18/03/2014	16/04/2015	30/03/2016	21/10/2016
Expiry date	17/03/2016	16/03/2017	14/04/2018	28/03/2019	19/10/2019
Subscription or purchase price	41.16	24.13	49.03	66.61	43.22
Operating procedures	NA	NA	NA	NA	NA
Number of shares subscribed in 2016	-	-	25,953	37,809	-
Cumulative number of shares subscribed at 31/12/2016	43,142	21,302	31,953	37,809	-
of which number of shares granted to company officers	-	-	-	-	-
Cumulative number of share subscription or purchase options cancelled or lapsed	9,500	-	-	14,911	-
of which number of company officers' shares retired	-	-	-	-	-
Share subscription or purchase options remaining at 31/12/2016	**-**	**-**	**-**	**-**	**5,000**
of which number of company officers' shares remaining	-	-	-	-	-

(1) Quantity and exercise price for option allocations adjusted following the Axway spin-off and listing transactions.

Adjustments were made to the exercise price and volume of share subscription options yet to be exercised as at 14 June 2011 to reflect the spin-off and listing of Axway Software as well as its capital increase with pre-emptive rights for existing shareholders. These adjustments are set out in the table above.

On this basis, a total of 5,000 Sopra Steria Group shares could still be issued upon exercise of outstanding options.

On exercising their options, holders of Sopra options as at 14 June 2011 are eligible to receive one free Axway Software share held by the Company for each option originally granted. At 31 December 2016, there were no more Axway Software shares that could thus be distributed by way of the exercise of Sopra Steria Group options. The average price of Sopra Steria Group shares in 2016 was €101.56.

At the Combined General Meeting of 22 June 2016, the shareholders authorised the Board of Directors to grant share subscription or share purchase options to employees and/or company officers of the Company or of any Group entities, up to a maximum of 3% of the share capital. To date, no options have been granted pursuant to this authorisation.

Options to subscribe for Sopra Steria Group shares are allotted to some staff members, subject to their continued employment within the Group at the date on which those options are exercised. The benefit granted under stock option plans constitutes additional compensation and is measured and recognised in the financial statements.

The grantees of the options concerned may exercise their rights five years after options are granted and during a period of three years, i.e. at any time during the sixth to eighth years following the grant.

The fair value of such options as at their grant date is determined by a specialist institution using a type of Black-Scholes model that takes into account discrete dividends, yield curves and projected financial performance. This value is constant over a plan's duration.

The value attributed to the options is analysed as a cost of services rendered by employees in return for the options and is recognised on a straight-line basis over the vesting period, i.e. on the basis of one fifth per year. Since transactions relating to grants of share subscription options are settled in equity instruments, the value of the options is recognised in the income statement under the *Expenses related to stock options and related items* heading in *Profit from recurring operations*, with a corresponding entry directly to equity under the *Consolidated reserves and other reserves* heading. There is thus no net impact on shareholders' equity.

The calculation performed reflects the total number of options held at each balance sheet date by eligible employees taking into account the very high rate of exercise of the options.

Under the regulations governing the various stock option plans, shares resulting from the exercise of options may not be sold or converted into bearer shares during the statutory lock-up period.

5.4.2. Free share award plans

Expenses related to free share plans totalled €2.1 million (compared with €1.2 million in 2015) and are charged to *Profit from recurring operations.*

Information on the rules of the various free share award plans is set out below:

	Former Steria plans				Former Sopra plan	Sopra Steria plan
	Plan 13	**Plan 12**	**Plans 10 and 11**	**Plan 9**	**June 2012 plan**	**June 2016 plan**
Date granted by General Management and/or the Board of Directors	15 October 2014	17 September 2013	2 July 2012 and 1 August 2012	29 July 2011	19 June 2012	24 June 2016
Number of shares that may be granted in Steria shares (former Steria plans) or Sopra Steria Group shares (former Sopra plan)	79,500	151,900	166,600	157,600	166,875	88,500
Exchange ratio between Sopra Steria and Steria shares: Number of Steria shares for 1 Sopra Steria share	*4*	*4*	*4*	*4*	*Not applicable*	*Not applicable*
Performance measurement period	1 January 2015 to 31 December 2016	1 January 2013 to 31 December 2015	1 January 2012 to 31 December 2014	1 January 2011 to 31 December 2013	Plan not subject to performance conditions	1 January 2016 to 31 December 2018
Vesting period	3 years (French grantees)	3 years (French grantees)	3 years (French grantees)	3 years (French and Spanish grantees)	2 years (France, Italy, Spain)	24 June 2016 to 31 March 2019
	4 years (other grantees)	4 years (other grantees)	4 years (other grantees)	4 years (other grantees)	4 years (other grantees)	
Mandatory holding period following the grant of shares	2 years (French grantees)	2 years (French grantees)	2 years (French grantees)	2 years (French and Spanish grantees)	2 years (France, Italy, Spain)	None
	None (other grantees)	None (other grantees)	None (other grantees)	None (other grantees)	None (other grantees)	

	Former Steria plans				Former Sopra plan	Sopra Steria plan
	Plan 13	**Plan 12**	**Plans 10 and 11**	**Plan 9**	**June 2012 plan**	**June 2016 plan**
Performance conditions stipulated in the plan	1) Change in Sopra Steria Group's consolidated revenue in 2015 and 2016	1) Average revenue growth in 2013, 2014 and 2015	1) Average revenue growth in 2012, 2013 and 2014	1) Average operating margin in 2011, 2012 and 2013 (70% of shares granted)		1) Consolidated revenue growth in 2016, 2017 and 2018
	2) Level of the Group's operating profit on business activity in 2015 and 2016	2) Average operating margin in 2013, 2014 and 2015	2) Average operating margin in 2012, 2013 and 2014	2) Share price trend until 31 December 2013 (30% of shares granted)		2) Level of consolidated operating profit on business activity in 2016, 2017 and 2018
						3) Level of consolidated free cash flow in 2016, 2017 and 2018
		The criteria are applied separately according to the type of grantee		The criteria are applied separately according to the type of grantee		
Number of potential shares that could have been granted as at 1 January 2016	70,500	112,400	38,850	-	4,620	-
Number of shares granted in 2016	-	37,406	29,250	-	4,620	-
Number of shares cancelled in 2016	11,400	49,602	9,600	-	-	-
Number of shares vested at 31 December 2016	-	37,406	29,250	-	4,620	-
Number of potential shares that could have been granted as at 31 December 2016	59,100	25,392	-	-	-	88,500
Equivalent in Sopra Steria Group shares	*14,775*	*6,354*	-	-	-	*88,500*
Share price	15.30	12.69	12.24	17.67	43.84	97.63
Risk-free rate	0.32% 0.15%	1.29% 0.97%	0.95%/1.55%/ 1.17%	2.05%/2.34%	-	-
Dividends paid	2.5%	2.5%	2.5%	2.5%	3.4%	2.5%
Volatility	NA	NA	NA	39.1%	NA	NA
(Expense)/Income recognised in the income statement for the financial year in millions of euros	0.2	-0.1	-0.1	-	-	1.6

Furthermore, two additional plans have been set up in the United Kingdom, known as share incentive plans, which are not included in the table above and represent an expense of €0.5 million.

At the Combined General Meeting of 22 June 2016, an overall limit of 3% of the share capital (i.e. 615,954 shares on the basis of the share capital at 31 December 2016) was set for all employee and company officer shareholding programmes (share subscription and share purchase options, BSAAR redeemable equity warrants, free shares, and share capital increases reserved for employees enrolled in the company savings plan).

On 24 June 2016, Sopra Steria Group set up a free performance share plan. Grants of awards under this plan are subject to continued employment and performance conditions regarding revenue growth, *Operating profit on business activity* and *Free cash flow* for financial years 2016, 2017 and 2018. Its main features are summarised in the table above. At 31 December 2016, a total of 88,500 shares could potentially vest in awards granted under this plan.

This in turn brings the maximum number of Sopra Steria Group shares that may be issued at 31 December 2016, pursuant to the authorisations given by the Combined Shareholders' Meeting of 22 June 2016, through the exercise of options, BSAAR redeemable equity warrants or awards of newly issued free shares, to 527,454.

Awards of free Sopra Steria Group shares are granted to some staff members, subject to their continued employment within the Group at the grant date, and either subject or not subject to conditions relating to the Group's performance. The benefit granted under free share award plans constitutes additional compensation and is measured and recognised in the financial statements.

At the end of each reporting period, the Group reviews, based on non-market performance conditions, its estimates of the number of shares that will eventually vest. The impact of this re-estimate is recorded in the income statement as an offset against equity.

The value of free shares in awards granted to employees to compensate them for services rendered is measured by reference to the fair value of the equity instrument at the grant date. This fair value is based on the share price at this same date. Non-market vesting conditions must not be taken into account when estimating the fair value of the shares at the grant date. When these equity instruments are subject to conditions of non-transferability, the cost of non-transferability is taken into account in their fair value. Where appropriate, the inability to collect dividends is also taken into account in the fair value calculation. Finally, the expense recognised on a cumulative basis also takes into account the estimated number of shares that will be definitively vested.

The expense reflecting share-based payments made to employees under free share plans is recognised on a straight-line basis in profit or loss over the vesting period, under *Expenses related to stock options and similar items*, which enters into the calculation of *Profit from recurring operations*. Since this is an equity-settled plan, the double-entry for this expense is recognised in equity under the *Consolidated reserves and other reserves* heading.

5.4.3. Employee share ownership plan

As part of its Sopra Steria 2020 corporate plan, the Group set up We Share 2016, an international employee share ownership scheme under which employees fulfilling certain conditions are able to purchase Sopra Steria Group shares with a contribution from the Group.

The main features of the We Share 2016 scheme were as follows:

- open to all eligible employees in 13 countries;
- investment in Sopra Steria Group shares, via the FCPE (mutual fund) or directly, depending on the country;
- matching employer contribution of one free Sopra Steria Group share for each share purchased;
- investment starting at the price of one share with a maximum investment of €3,000 per employee;
- any dividends attached to scheme shares are for the benefit of the employee;
- tax advantages through the Group Savings Plan (Plan d'Épargne Groupe or PEG in French);
- no withdrawals for five years except in certain cases.

When the subscription period ended, 96,525 shares had been subscribed for by employees and matched by employer contributions of another 96,525 shares. The shares sold and the shares granted at no cost to employees under this scheme were previously shares held in treasury.

The fair value of the free shares was measured by reference to the average closing price during the subscription period extending from 7 to 19 April 2016 (€102.66), with a 20% discount for the compulsory holding period.

An expense of €10.0 million was charged to *Profit from recurring operations*. It comprises €7.9 million in respect of share-based payments to employees, with the amount determined by reference to the fair value of the shares, €1.7 million in social security payments and costs for the remainder.

5.5. Compensation of senior management (related parties)

(in millions of euros)	31/12/2016	31/12/2015
Short-term employee benefits	2.6	2.6
Post-employment benefits	-	-
Other long-term employee benefits	-	-
Termination benefits	-	2.1
Equity compensation benefits	0.2	0.1
TOTAL	**2.8**	**4.9**

The compensation information provided in the table above relates to the Chairman of the Board of Directors, the Chief Executive Officer and all directors holding a salaried position within the Group.

At the Combined General Meeting of 22 June 2016, the shareholders voted to set the amount of directors' fees to be apportioned among the directors at €500,000, i.e. the same amount as the previous financial year.

Post-employment benefits correspond to retirement benefits established in accordance with collective bargaining agreements (see Note 5.3.1). There are no commitments in favour of executive managers with respect to post-employment benefits or other long-term employee benefits.

NOTE 6 CORPORATE INCOME TAX

6.1. Tax expense

(in millions of euros)	2016	2015
Current tax	-60.4	-62.1
Deferred tax	-20.5	14.9
TOTAL	**-80.9**	**-47.2**

a. Current tax

The Group determines its current tax expense by applying the tax laws in force in countries where its subsidiaries and associates conduct their business and generate taxable revenues. The tax laws applied are those enacted or substantively enacted at the end of the reporting period.

b. Deferred tax

Deferred tax is recognised on all temporary differences between the tax base and the carrying amount of assets and liabilities on consolidation.

Deferred tax assets are only recognised if it is probable that they will be recovered as a result of taxable profit expected in future periods over a reasonable time horizon. They are reviewed at the end of each reporting period.

Tax assets and liabilities are measured based on the tax rates enacted or substantively enacted applicable to the reporting period during which the asset will be realised or the liability settled. Their effect is recognised in profit or loss as *Deferred tax* unless it relates to items recorded under *Other comprehensive income*; in the latter case, the effect is also included among gains and losses recognised directly in equity.

Deferred tax assets and liabilities, regardless of their expiry date, are offset when:

- the Group has the legal right to settle current tax amounts on a net basis; and
- the deferred tax assets and liabilities relate to the same tax entity.

6.2. Reconciliation of theoretical and effective tax expense

(in millions of euros)	2016	2015
Net profit	**155.8**	**89.6**
Adjustment for:		
■ Net profit from associates	10.8	7.2
■ Tax expense	-80.9	-47.2
Profit before tax	**225.9**	**129.6**
Theoretical tax rate	**34.43%**	**38.00%**
Theoretical tax expense	**-77.8**	**-49.2**
Reconciliation		
Permanent differences	-2.0	-0.7
Impact of uncapitalised losses for the year	-1.0	-5.3
Use/capitalisation of previously uncapitalised loss carryforwards	2.8	1.5
Impact of tax credits	15.4	15.5
Tax rate differences – France/Other countries	9.1	15.1
Prior year tax adjustments	-1.5	-0.8
CVAE (net of tax)	-14.4	-12.5
Tax reassessment	-9.6	-7.8
Other tax	-2.0	-3.0
Actual tax expense	**-80.9**	**-47.2**
Effective tax rate	**35.82%**	**36.44%**

The reconciliation between the theoretical tax charge and the effective tax charge is conducted using the tax rate for the current year in France for the Group's parent company. The latter consists of the corporate tax rate of 33.33%, to which is added the *contribution sociale de solidarité des sociétés* of 1.1%, a corporate social solidarity contribution also known as the C3S. In 2015, the tax rate also included an exceptional contribution of 3.57%.

In addition, the *cotisation sur la valeur ajoutée des entreprises* or CVAE, a contribution based on the value added by the business, which is a component of the *contribution économique territoriale* or CET, the regional economic contribution replacing the local business tax in France, is recognised as part of the corporate income tax expense.

The Group operates in many countries with differing tax legislation and taxation rates. As such, local weighted average taxation rates applicable to Group companies can vary from year to year depending on the relative level of taxable profit.

As in 2015, in 2016 other tax mainly includes the 3% contribution on dividends in France and unrecovered withholdings. Movements in provisions for taxes to cover tax risks in France had a negative impact on permanent differences and tax expense of €9.6 million.

6.3. Deferred tax assets and liabilities

6.3.1. Change in net deferred tax

(in millions of euros)	31/12/2016	31/12/2015
At 1 January	**126.9**	**146.6**
Changes in scope	-4.8	-3.0
Tax – income statement impact	-20.5	14.9
Tax – equity impact	30.9	-34.0
Translation adjustments	-3.6	2.4
AT 31 DECEMBER	**128.9**	**126.9**

6.3.2. Breakdown of net deferred tax by type

(in millions of euros)	31/12/2016	31/12/2015
Intangible assets	-35.5	-34.9
Property, plant and equipment	1.2	1.6
Finance-leased property, plant and equipment	1.2	1.2
Non-current financial assets	0.3	0.1
Other current assets	-4.7	1.9
Derivatives	-3.0	-1.1
Equity instruments	-	-
Financial debt	0.6	1.6
Retirement benefit obligations	94.4	64.5
Provisions	8.1	10.0
Other current liabilities	4.4	8.8
Tax loss carryforwards	62.0	73.5
TOTAL	**129.1**	**127.1**
Deferred tax assets recognised	**144.8**	**142.7**
Deferred tax liabilities recognised	**15.9**	**15.8**
TOTAL NET DEFERRED TAX	**128.9**	**126.9**
Deferred tax assets recognised in assets held for sale	**0.2**	**0.2**

6.3.3. Deferred tax assets not recognised by the Group

(in millions of euros)	31/12/2016	31/12/2015
Tax losses carried forward	39.2	42.0
Temporary differences	-	-
TOTAL	**39.2**	**42.0**

6.3.4. Change in tax loss carryforwards

(in millions of euros)	France	United Kingdom	Germany	Scandinavia	Other countries	Total
31 December 2015	**275.3**	**3.9**	**29.1**	**34.4**	**26.2**	**368.9**
Changes in scope	10.1	1.2	-	-	2.1	13.4
Created	1.4	0.9	-	3.1	2.2	7.6
Used	-47.5	-	-10.9	-	-4.6	-63.0
Expired	-	-	-	-	-0.5	-0.5
Translation adjustments	-	-0.7	-	-0.8	0.5	-1.0
Other movements	-1.2	-0.5	1.9	-	0.3	0.5
31 DECEMBER 2016	**238.1**	**4.8**	**20.1**	**36.7**	**26.2**	**325.9**
Deferred tax basis – capitalised	168.1	-	20.1	-	3.3	191.5
Deferred tax basis – uncapitalised	69.9	4.8	-	36.6	22.7	134.0
Deferred tax – capitalised	57.9	-	3.2	-	1.0	62.1
Deferred tax – uncapitalised	24.0	1.0	-	8.1	6.1	39.2

In France, a portion of the uncapitalised tax losses, i.e. €17.3 million in deferred taxes, consisted of the tax loss carryforwards that originated from Steria prior to 1 January 2014. The authorities' decision to disallow their transfer to Sopra Steria is being challenged through litigation. The other portion of €4.3 million in France originated from the losses inherited from recently acquired companies.

In Scandinavia, the tax loss carryforwards of the companies established in Sweden and Denmark did not lead to the recognition of any deferred tax assets.

NOTE 7 COMPONENTS OF THE WORKING CAPITAL REQUIREMENT AND OTHER FINANCIAL ASSETS AND LIABILITIES

These items include non-current financial assets, trade accounts receivable, other current assets, other non-current liabilities, trade accounts payable and other current liabilities.

7.1. Other non-current financial assets

(in millions of euros)	31/12/2016	31/12/2015
Available-for-sale assets	9.6	9.9
Other loans and receivables	8.5	66.5
Derivatives	4.8	1.4
TOTAL	**22.8**	**77.7**

The Group classifies its financial assets into the following categories:

- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- loans and receivables; and
- available-for-sale assets.

Classification depends on the purposes for which financial assets were acquired. Management determines the appropriate classification at the time of initial recognition and performs a reassessment at each interim or annual reporting date.

The financial assets recognised by the Group consist of the items described below:

a. Assets measured at fair value through profit or loss

This category comprises both financial assets held for trading (i.e. acquired with a view to resale in the near term) and those designated upon initial recognition as at fair value through profit or loss. Changes in the fair value of assets of this category are recognised in profit or loss.

These assets are mostly marketable securities and other cash equivalents.

b. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They comprise the financial assets arising when the Group transfers funds, or provides goods and services, to an individual or entity. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

The Group distinguishes between:

- long-term loans and receivables classified as non-current financial assets;
- short-term trade accounts receivable and other equivalent receivables. Short-term trade accounts receivable continue to be measured at the nominal amount originally invoiced, which usually equates to the fair value of the consideration to be received.

c. Available-for-sale assets

Available-for-sale assets are non-derivative financial assets not falling into any other category, whether or not the Group intends to dispose of them.

Changes in the fair value of these assets are recognised directly in equity with the exception of impairment losses, which are recognised in profit or loss and considered final. Equity instruments whose fair value cannot be reliably measured (assets not quoted on an active market or for which there is no active market) are recognised at cost.

The Group has included in this category its investments in unconsolidated entities over which it exercises no control or significant influence, and listed bonds for which there is not considered to be an active market.

d. Impairment of financial assets

At each balance sheet date, the Group assesses whether or not there exists objective evidence that a financial asset or group of financial assets may be impaired.

Loans and receivables are impaired when their estimated recoverable amount is less than their net carrying amount. For trade accounts receivable, impairment losses are recognised on an individual basis to reflect any problems of recovery. These write-downs are charged to profit and loss as part of *Operating profit on business activity* and reversed in the event of an improvement in the recoverable amount.

Impairments of available-for-sale assets charged to profit and loss are considered final. The recoverable amount of these assets is estimated based on criteria such as the Group's share of an entity's net assets and its outlook on growth and profitability. Impairment losses are recognised directly in profit or loss as part of *Other financial income and expenses* and cannot subsequently be reversed.

7.1.1. Available-for-sale assets

(in millions of euros)	Gross value	Impairment	Carrying amount
31 December 2015	**9.9**	**-**	**9.9**
Changes in scope	-	-	-
Increase	0.4	-	0.4
Decrease	-0.7	-	-0.7
Other movements	-	-	-
Translation adjustments	-	-	-
31 DECEMBER 2016	**9.6**	**-**	**9.6**

The measurement of the fair value of available-for-sale assets is based on the following assumptions:

- quoted data (Level 1): 90%;
- observable data (Level 2): 0%;
- internal models (Level 3): 10%.

Available-for-sale assets mainly consist of 22,300 convertible bonds issued by CS Communication & Systèmes, purchased in July 2014, for a five-year period, representing 66.9% of the total amount issued (€8.4 million).

7.1.2. Other loans and receivables

(in millions of euros)	31/12/2016	31/12/2015
Loans	0.1	0.1
R&D tax credit receivable	1.1	58.3
Other non-current receivables	1.8	2.9
Deposits and other non-current financial assets	5.9	5.5
Provisions for other loans and receivables	-0.4	-0.3
TOTAL	**8.5**	**66.5**

R&D tax credit receivables classified as *Other loans and receivables* are those which will be used or redeemed after more than one year. During the 2016 financial year, they were reclassified to *Other current assets*.

Deposits and other non-current financial assets mainly include guarantees given for leased premises (including €2.8 million in France).

Other non-current receivables mainly consist of advances paid by the NHS SBS entity to new customers of its platform to facilitate their migration.

These deposits and other receivables are held at their nominal value, given that the effect of discounting is not material.

7.2. Trade accounts receivable

(in millions of euros)	31/12/2016	31/12/2015
Trade accounts receivable – gross value	674.1	689.2
Accrued income	468.4	419.7
Credit notes to be issued	-	-
Impairment of trade accounts receivable	-9.8	-9.2
TOTAL	**1,132.7**	**1,099.8**

In December 2016, the Group completed an assignment of trade accounts receivable in France for a value of €25.0 million, compared with €30.1 million in December 2015. As both of these transfers were made with recourse, the receivables are still recognised on the balance sheet.

Net trade accounts receivable, expressed in terms of months of revenue, corresponded to about 2.2 months of revenue at 31 December 2016, versus 2.1 months at 31 December 2015. This ratio is calculated by comparing *Net trade accounts receivable* with the revenue generated in the final quarter of the reporting period. *Net trade accounts receivable* is obtained by eliminating VAT from the *Trade accounts receivable* balance and subtracting the deferred income balance appearing under liabilities.

Accrued income is comprised essentially of work performed in respect of fixed-price projects recognised using the percentage-of-completion method (see Note 4.1.a) and also includes the transition costs. These consist of costs relating to services in progress initiated during the start-up phase of certain major contracts, and correspond to activities that will generate future economic benefits.

AGED TRADE ACCOUNTS RECEIVABLE

			Of which: past due, with the following breakdown			
(in millions of euros)	Carrying amount	Of which: not past due at the balance sheet date	Less than 30 days	Between 30 and 90 days	Between 90 and 120 days	More than 120 days
Trade accounts receivable	674.1	488.6	98.2	60.5	6.7	20.2

STATEMENT OF CHANGES IN PROVISIONS FOR TRADE ACCOUNTS RECEIVABLE

(in millions of euros)	31/12/2016	31/12/2015
Provisions for trade accounts receivable at 1 January	**9.2**	**9.5**
Changes in scope	0.6	0.1
Additions net of reversals	-0.8	1.4
Reclassification	1.0	-1.8
Translation adjustments	-0.2	-
PROVISIONS FOR TRADE ACCOUNTS RECEIVABLE AT 31 DECEMBER	**9.8**	**9.2**

7.3. Other current assets

(in millions of euros)	31/12/2016	31/12/2015
Stock and work in progress	0.2	0.4
Advances and payments on account	6.9	7.5
Staff and social security	5.5	6.3
Tax receivables (other than corporate income tax)	82.5	52.2
Corporate income tax	73.2	61.6
Loans, guarantees and other financial receivables maturing in less than one year	3.2	3.6
Other receivables	10.3	8.5
Impairment of other receivables	-1.1	-1.0
Prepaid expenses	41.2	46.8
Derivatives	9.2	5.8
TOTAL	**231.1**	**191.6**

Tax receivables include those relating to the CIR (R&D tax credit) and the CICE (competitiveness and jobs tax credit) in France, some of which have been reclassified from the equivalent non-current asset items. Furthermore, in France, the Group sold tax receivables arising from the entirety of the 2016 CICE and a portion of the CIR (for a total amount of €58.2 million). These transactions were deconsolidated, thus resulting in the derecognition of the assigned receivables. In 2015, the Group had sold its tax receivables arising from the CICE in respect of that year for €21.5 million and this transaction was also deconsolidated, thus resulting in the derecognition of the assigned receivables.

The United Kingdom accounted for €23.1 million of prepaid expenses, of which €4.8 million related to royalties paid by SSCL to the Cabinet Office.

7.4. Other non-current liabilities

(in millions of euros)	31/12/2016	31/12/2015
Advances granted by the UK Department of Health to NHS SBS	-	24.0
Put option granted to the Cabinet Office in respect of SSCL	52.5	58.1
Put option granted to Cassiopae shareholders	26.5	-
Other liabilities – portion due in more than one year	3.1	1.6
Derivatives	4.3	2.7
TOTAL	**86.4**	**86.4**

At 31 December 2015, *Other non-current liabilities* included advances received by NHS SBS from the UK Department of Health totalling €24 million. In 2016, these advances were partially repaid and the remainder reclassified under *Other current liabilities*. These advances are made available to new clients to assist with their migration to the new operational platform under the terms of operating agreements.

Under the agreement signed with the UK government to transform its back-office functions, the Group granted the Cabinet Office a put option to sell the shares it holds in the joint venture SSCL that was set up for this purpose. This right may be exercised between 1 January 2022 and 31 December 2023. At 31 December 2016, the Group recognised a non-current liability for this put option in the amount of €52.5 million.

In connection with the acquisition of Cassiopae (see Note 2.1), the Group has issued put options to the other shareholders in this subgroup. Accordingly, the Group recognised a non-current liability of €26.5 million at 31 December 2016. This put option was exercised on 26 January 2017, which gave Sopra Banking Software full ownership of KSEOP. The consideration paid was used to measure this non-current liability at 31 December 2016.

At 31 December 2016, derivatives consisted of interest rate and foreign exchange hedges (see Note 11.5.3 and 11.5.4).

Put options granted to non-controlling interests

When non-controlling interests have an option to sell their investment to the Group, a financial liability is recorded in other non-current liabilities for the present value of the option's estimated exercise price. The offset of the financial liability generated by these commitments is deducted from:

- mainly, the corresponding amount of non-controlling interests; and
- for the remainder, the Group's share of consolidated reserves.

Subsequent changes in this put option arising from changes in estimates or relating to the unwinding of discount are offset against the corresponding non-controlling interests and the remainder is deducted from the Group's share of consolidated reserves.

7.5. Other current liabilities

(in millions of euros)	31/12/2016	31/12/2015
Fixed asset liabilities – portion due in less than one year	3.7	5.8
Advances and payments on account received for orders	3.1	2.0
Employee-related liabilities	416.8	424.5
Tax-related liabilities	227.9	220.4
Corporate income tax	111.3	115.9
Deferred income	248.4	249.3
Other liabilities	25.6	12.9
Derivatives	0.3	0.3
TOTAL	**1,037.1**	**1,030.9**

Deferred income mainly corresponds to services invoiced but not yet performed, based on their stage of completion (see Note 4.1).

Other liabilities include advances received by NHS SBS from the UK Department of Health totalling €11.3 million.

NOTE 8 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

8.1. Goodwill

8.1.1. Statement of changes in goodwill

Movements during the 2016 financial year were as follows:

(in millions of euros)	Gross value	Impairment	Carrying amount
31 December 2014	**1,558.3**	**83.1**	**1,475.2**
Acquisitions			
CIMPA	72.5	-	72.5
Translation adjustments	**41.1**	**1.9**	**39.2**
31 December 2015	**1,671.9**	**85.0**	**1,586.9**
Acquisitions			
Cassiopae (including Cassiopae MEA)	57.0	-	57.0
Other acquisitions	8.8	-	8.8
Translation adjustments	**-100.4**	**-4.7**	**-95.7**
31 DECEMBER 2016	**1,637.3**	**80.3**	**1,557.0**

The decrease of €95.7 million in translation adjustments mainly results from changes in the value of the euro against the following currencies:

(in millions of euros)	31/12/2016	31/12/2015
GBP	-101.3	41.0
NOK	5.2	-5.6
Other currencies	0.3	3.8
TOTAL	**-95.7**	**39.2**

8.1.2. Breakdown of goodwill by CGU

The net carrying amounts of goodwill by CGU are as follows:

(in millions of euros)	31/12/2016	31/12/2015
France	458.8	451.2
United Kingdom	593.5	692.3
Other Europe [(1)]	269.5	262.8
Sopra Banking Software	222.7	168.1
Sopra HR Software	12.5	12.5
TOTAL	**1,557.0**	**1,586.9**

(1) Other Europe groups together the following CGUs, which are tested separately: Germany, Scandinavia, Spain, Italy, Switzerland, Belgium and Luxembourg.

For each business combination, the Group may elect to recognise under its balance sheet assets either partial goodwill (corresponding only to its percentage of ownership interest) or full goodwill (also including the goodwill corresponding to minority interests) according to the method for business combinations presented in Note 2.1. This decision is made on an acquisition-by-acquisition basis.

Should the calculation of goodwill result in a negative difference (bargain purchase), the Group recognises the resulting gain entirely in profit or loss.

Goodwill is allocated to cash-generating units for the purposes of impairment tests as set out in Note 8.1.3. Such tests are performed when there is an indication of impairment, and in any event at the balance sheet date of 31 December.

8.1.3. Impairment testing

The Group performed impairment tests as at 31 December 2016. No impairment losses were recognised.

These tests were performed using the following parameters:

	Discount rate		Perpetual growth rate	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
France	8.3%	8.2%	2.0%	2.0%
United Kingdom	9.0%	8.9%	2.0%	2.0%
Other Europe	7.3 to 9.6%	7.7% to 8.7%	2.0%	2.0%
Sopra Banking Software	8.3%	8.2%	2.0%	2.0%
Sopra HR Software	8.3%	8.2%	2.0%	2.0%

The Group tested 0.5-point changes in these assumptions. A 0.5-point decrease in the perpetual growth rate, a 0.5-point increase in the discount rate, or both, would not lead to any recognition of impairment.

Additional testing was performed to measure sensitivity to key assumptions (such as the discount rate, perpetual growth rate, operating margin and revenue growth rate) for each cash-generating unit. Considering their value in use, management believes that there is no reasonably possible change that could make the carrying amount of a CGU exceed its recoverable amount.

The Group performed tests using the following hypotheses:

- an increase of 2 points in the discount rate; or
- a decrease of 2 points in the perpetual growth rate (no perpetual growth); or
- the combination of an increase of 2 points in the discount rate and a decrease of 2 points in the perpetual growth rate; or
- a decrease of 2 points in the projected operating margin; or
- a decrease of 2 points in the projected growth rate.

All other things being equal, the Group would not recognise an impairment in any of these situations.

IAS 36 *Impairment of Assets* requires that an entity assess at each reporting date whether there is any indication that an asset may be impaired. If so, the asset's recoverable amount must be estimated.

Irrespective of whether there is any indication of impairment, an entity must also:

- test intangible assets with indefinite useful lives annually;
- test the impairment of goodwill acquired in a business combination.

In practice, impairment testing is above all relevant to goodwill, which constitutes the majority of Sopra Steria Group's consolidated non-current assets.

Impairment testing is performed at the level of the cash-generating units (CGUs) to which assets are allocated. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The Group's segmentation into cash-generating units is consistent with the operating structure of its businesses, its management and reporting system, and its segment reporting (see Note 3). Impairment testing involves comparing CGUs' carrying amounts with their recoverable amounts. A cash-generating unit's recoverable amount is the higher of its fair (generally market) value less costs of disposal and its value in use.

The value in use of a CGU is determined using the discounted cash flow (DCF) method:

- cash flows for an explicit forecast period of five years, with the first year of the period based on the budget;
- cash flows beyond the five-year explicit period are calculated using a perpetual growth rate reflecting the anticipated rate of real long-term economic growth adjusted for long-term inflation forecasts.

The discount rate is based on the weighted average cost of capital. This is compared with the estimates produced by financial analysts. The final discount rate used for each CGU is derived from this comparison and falls between the weighted average cost of capital and the average of analyst estimates.

Perpetual growth rates are based on an average of analyst estimates.

Impairment losses are recognised to the extent of any excess of a CGU's carrying amount over its recoverable amount. Impairment losses are first allocated against goodwill and are charged to profit or loss as part of *Other operating income and expenses*.

Reversal of impairment losses for goodwill arising on fully consolidated investments is prohibited.

8.2. Other intangible assets

(in millions of euros)	Gross value	Amortisation	31/12/2016	31/12/2015
Enterprise software/Technology	131.4	81.7	49.7	46.3
Client relations	155.5	37.1	118.5	132.4
Favourable contracts	0.9	0.5	0.5	0.5
Order backlog	0.5	0.5	-	-
Brands	12.6	0.4	12.2	9.0
Acquired software	105.2	86.5	18.7	25.7
TOTAL	**406.1**	**206.6**	**199.6**	**214.0**

No significant development expenditures for software and solutions (Banking, Human Resources and Property Management) have been recognised under intangible assets.

Intangible assets comprise technologies, client relationships, favourable contracts, order backlogs and brands allocated as part of the purchase price allocation process for a business combination as well as software packages acquired on the market and used in the course of the Group's day-to-day operations.

Changes in *Intangible assets* are set out in the table below:

(in millions of euros)	Gross value	Amortisation	Carrying amount
31 December 2014	**378.8**	**159.3**	**219.5**
Changes in scope	5.8	4.7	1.2
Allocated intangible assets	16.3	-	16.3
Acquisitions	3.7	-	3.7
Disposals – scrapping	-17.2	-15.9	-1.3
Other movements	8.2	7.3	0.9
Translation adjustments	12.3	3.9	8.4
Amortisation charge	-	34.6	-34.6
31 December 2015	**407.9**	**194.0**	**214.0**
Changes in scope	0.5	-0.3	0.7
Allocated intangible assets	32.3	-	32.3
Acquisitions	6.4	-	6.4
Disposals – scrapping	-11.3	-11.1	-0.2
Other movements	-	-	-
Translation adjustments	-29.7	-12.6	-17.0
Amortisation charge	-	36.6	-36.6
31 DECEMBER 2016	**406.1**	**206.6**	**199.6**

Allocated intangible assets recognised in respect of new acquisitions during the 2016 financial year are described in Note 2.1.

In 2015, on the acquisition of CIMPA, the Group had recognised €16.3 million of allocated intangible assets, of which €9 million was attributable to the CIMPA brand and €7.3 million to a client relationship amortised over 10 years.

a. Assets acquired separately

These are software assets recorded at cost. They are amortised using the straight-line method over one to ten years, depending on their estimated useful lives.

b. Assets acquired in connection with business combinations

These are software assets, client relationships, brands and distributor relationships measured at fair value as part of a purchase price allocation for entities acquired in business combinations. They are amortised using the straight-line method over three to fifteen years, depending on their estimated useful lives. Acquired brands whose useful lives cannot be estimated are not amortised.

c. Internally generated assets

Pursuant to IAS 38 *Intangible Assets*:

- research and development costs are expensed as incurred;
- software development costs are capitalised if all of the following can be demonstrated:
  - the technical feasibility of completing the intangible asset for use or sale,
  - the intent to complete the intangible asset and use or sell it,
  - the ability to use or sell the intangible asset,
  - generation of probable future economic benefits,
  - the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset,
  - the ability to reliably measure the expenditure attributable to the intangible asset during its development.

No significant development expenditures for software and solutions (Banking, Human Resources and Property Management) have been recognised under intangible assets, since the conditions described above were not satisfied in their entirety.

8.3. Property, plant and equipment

(in millions of euros)	Land and buildings	Office furniture, fixtures and sundry equipment	IT equipment	Total
GROSS VALUE				
31 December 2014	**30.9**	**173.2**	**163.4**	**367.5**
Changes in scope	0.7	2.2	5.4	8.3
Acquisitions	4.1	16.7	19.1	39.8
Disposals – scrapping	-9.4	-7.8	-26.1	-43.2
Other movements	17.4	-12.5	-12.5	-7.6
Translation adjustments	2.0	2.2	4.7	8.9
31 December 2015	**45.7**	**173.9**	**154.1**	**373.7**
Changes in scope	-	1.9	0.4	2.3
Acquisitions	0.3	15.5	21.0	36.8
Disposals – scrapping	-0.8	-8.1	-25.2	-34.0
Other movements	-	0.2	-0.1	0.1
Translation adjustments	-2.3	-2.2	-6.3	-10.8
31 DECEMBER 2016	**43.0**	**181.3**	**143.8**	**368.1**
DEPRECIATION				
31 December 2014	**23.3**	**105.4**	**128.9**	**257.5**
Changes in scope	0.3	1.7	4.5	6.5
Charges	2.0	13.7	15.8	31.5
Disposals – scrapping	-9.3	-7.0	-24.8	-41.1
Other movements	14.2	-9.1	-11.5	-6.4
Translation adjustments	1.5	1.6	4.2	7.3
31 December 2015	**32.0**	**106.2**	**117.0**	**255.3**
Changes in scope	-	1.2	0.3	1.6
Charges	1.3	13.8	17.2	32.3
Disposals – scrapping	-0.8	-7.7	-25.0	-33.4
Other movements	-	0.4	-0.4	0.0
Translation adjustments	-1.6	-1.6	-5.2	-8.3
31 DECEMBER 2016	**31.0**	**112.5**	**104.0**	**247.4**
NET VALUE				
31 December 2014	**7.6**	**67.8**	**34.6**	**109.9**
31 December 2015	**13.7**	**67.7**	**37.0**	**118.5**
31 DECEMBER 2016	**12.1**	**68.8**	**39.8**	**120.7**

The Group's investments in property, plant and equipment (€36.8 million) mainly consist of €15.2 million for office equipment in France and abroad and €21.0 million for IT hardware (€7.7 million of which is in the form of finance leases).

Property, plant and equipment essentially comprises land and buildings, fixtures, office furniture and equipment and IT equipment.

Property, plant and equipment is measured at acquisition cost (excluding any borrowing costs) less accumulated depreciation and any impairment losses. No amounts have been remeasured.

Depreciation is based on the straight-line method in accordance with the expected useful economic lives of each fixed asset category as follows:

- buildings: 25 to 30 years;
- fixtures and fittings: 4 to 10 years;
- IT hardware and equipment: 3 to 8 years;
- Vehicles: 4 to 5 years;
- office furniture and equipment: 4 to 10 years.

Depreciation is applied against assets' acquisition cost after deducting any residual value. Assets' residual values and expected useful lives are reviewed at each balance sheet date.

Finance leases relating to IT investments are presented in the balance sheet in the following amounts:

(in millions of euros)	31/12/2016	31/12/2015
Gross value	34.9	31.1
Depreciation	-19.5	-17.2
NET VALUE	**15.4**	**13.8**

Finance leases

Leases of tangible fixed assets under which the Group takes on substantially all the risks and rewards incidental to ownership of the assets are treated as finance leases. They are recognised at the lower of the leased asset's fair value and the present value of the minimum lease payments.

Assets acquired under finance leases are depreciated over the shorter of their estimated useful lives or the applicable lease terms:

- real estate leases: built assets are depreciated on a straight-line basis over twenty-five years;
- IT equipment leases: hardware is depreciated on a straight-line basis over four years - the most common lease term.

In contrast, leases under which the lessor retains substantially all the risks and rewards incidental to ownership are treated as operating leases. Payments under such leases are expensed on a straight line basis over the lease term, and no fixed asset is recognized.

8.4. Non-current assets classified as held for sale

The non-current assets classified as held for sale recognised in the balance sheet are directly related to the reorganisation of Sopra Steria premises in India. The Group is still undertaking measures to sell these assets and considers such sale as still highly probable. The property market in Noida, where these premises are located, has become difficult as a result of the decision by local administrative authorities to significantly increase transfer taxes. This has resulted in sales taking much longer to complete. Nevertheless, the Group successfully completed the sale of a portion of its premises in January 2017. This transaction is not reflected in the financial statements for the financial year ended 31 December 2016, but will appear in those to be prepared in respect of the 2017 financial year. It did not trigger any upward or downward revision in the carrying amounts at 31 December 2016.

The value of non-current assets held for sale represents the lower of the net carrying amount or fair value less costs to sell. At 31 December 2016, the Group estimated the value of these assets. At the same time, it obtained external valuations that support these estimates.

(in millions of euros)	31/12/2016	31/12/2015
Land	1.0	1.0
Buildings	3.2	4.0
Building fixtures and fittings	-	-
Deferred tax assets	0.2	0.2
Total assets	**4.4**	**5.1**
Deferred tax liabilities	-	-
Other liabilities	-0.1	-0.1
Total liabilities	**-0.1**	**-0.1**
CARRYING AMOUNT OF NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	**4.3**	**5.1**

a. A non-current asset classified as held for sale is:

- an asset whose carrying amount will be recovered principally through a sale transaction rather than through continuing use;
- available for immediate sale in its present condition (subject only to terms that are usual and customary for sales of such assets);
- whose sale is highly probable.

For the sale to be considered highly probable:

- the appropriate level of management must be committed to a plan to sell the asset;
- an active programme to locate a buyer and complete the plan must have been initiated;
- the sale is expected to be completed within one year (this period may be extended if there is evidence that the entity remains committed to its plan to sell the asset);
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value.

b. A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Once an asset is classified in non-current assets held for sale or discontinued operations, it is no longer depreciated.

In the balance sheet, these assets are carried at the lower of carrying amount and fair value less costs to sell. They are presented separately in assets and liabilities, with no offsetting.

The Group separates the results of discontinued operations from continuing operations and presents them separately in the income statement. This includes the post-tax profit or loss of these operations and, where applicable, the result of their fair value measurement. The Group discloses this information for prior periods in comparison to the current period. The same applies for the cash flows arising from discontinued operations.

NOTE 9 EQUITY-ACCOUNTED INVESTMENTS

9.1. Net profit from associates

Profit for 2016 includes the following:

- €10.4 million in respect of the share of the Axway Software group's profit for the period (32.89% of €31.5 million);
- €0.4 million in respect of the share of Diamis' profit for the period (40% of €1.1 million).

In 2015, this item included the following:

- €6.9 million in respect of the share of the Axway Software group's profit for the period (24.93% of €27.9 million);
- €0.3 million in respect of the share of Diamis' profit for the period (40% of €0.7 million).

9.2. Carrying amount of investments in associates

(in millions of euros)	31/12/2016	31/12/2015
Axway Software	200.2	152.7
Diamis	2.1	1.7
TOTAL	**202.3**	**154.4**

The following table shows changes in the investment in Axway Software:

(in millions of euros)	Gross value	Impairment	Carrying amount
31 December 2014	**145.3**	**-**	**145.3**
Changes in scope	-	-	-
Capital transactions	0.8	-	0.8
Dividends paid	-2.1	-	-2.1
Net profit	6.9	-	6.9
Translation adjustments	4.9	-	4.9
Changes in shareholding	-3.1	-	-3.1
Other movements	-	-	-
31 December 2015	**152.7**	**-**	**152.7**
Changes in scope	-	-	-
Capital transactions	1.1	-	1.1
Dividends paid	-2.7	-	-2.7
Net profit	10.4	-	10.4
Translation adjustments	2.0	-	2.0
Changes in shareholding	36.2	-	36.2
Other movements	0.5	-	0.5
31 DECEMBER 2016	**200.2**	**-**	**200.2**

At 31 December 2016, the Axway Software shares held by Sopra Steria Group represented 32.89% of the share capital, compared with 24.93% at 31 December 2015, following the acquisition in May 2016 of the stake held by Geninfo (Société Générale group).

(in millions of euros)	31/12/2016	31/12/2015
Market value (Category 1)	211.5	126.4
Market value less costs to sell	207.3	123.8
Value in use	224.3	164.9
Discounted cash flow calculation parameters:		
■ Discount rate	10.3%	9.4%
■ Perpetuity growth rate	2.3%	2.2%
RECOVERABLE AMOUNT	**224.3**	**164.9**

These estimates support the carrying amount of the equity-accounted Axway Software shares at 31 December 2016.

SUMMARY FINANCIAL INFORMATION RELATING TO THE AXWAY SOFTWARE GROUP

(in millions of euros)	31/12/2016	31/12/2015
Assets	557.8	488.6
Equity	374.8	340.6
Liabilities	183.0	148.0
Revenue	301.1	284.6
Net profit	31.5	27.9

Recognition and impairment of investments in associates

Investments in associates are initially recognised at acquisition cost, and their value is then adjusted to reflect changes in the Group's share of their net assets. The remainder of this share appears under *Equity-accounted investments* on the asset side of the balance sheet. Its change over the financial year is stated in the income statement under *Net profit from associates*.

Equity-accounted shares in a company constitute a single asset and must be tested for impairment in accordance with IAS 36 *Impairment of Assets*.

Goodwill on associates is included in the value of equity-accounted investments, the value of which is measured inclusive of goodwill. As such, goodwill on associates must not be tested for impairment separately.

At each balance sheet date, where there is an indication of impairment of an investment in an associate, the parent company must carry out an impairment test consisting of comparing the carrying amount of the relevant equity-accounted investment with its recoverable amount.

According to IAS 36, the recoverable amount of an investment in an associate is the higher of its value in use, calculated on the basis of future cash flows, and the fair value of the investment less costs of disposal. Where an associate's shares are listed, fair value less costs of disposal is equal to market price less costs to sell: in the absence of any firm sale agreement, this is the price at which the shares are currently trading.

Any impairment losses are charged to profit and loss as *Other operating income and expenses*.

Where there is an improvement in the recoverable amount of an equity-accounted investment such that the impairment loss may be written back, the full amount of the impairment loss, including the portion relating to goodwill, must be written back.

NOTE 10 PROVISIONS AND CONTINGENT LIABILITIES

10.1. Current and non-current provisions

(in millions of euros)	01/01/2016	Changes in scope	Charges	Reversals (used)	Reversals (not used)	Other	Translation adjustments	31/12/2016	Non-current portion	Current portion
Provisions for disputes	18.4	-	14.3	-3.6	-7.5	-	-1.0	20.6	0.6	20.0
Provisions for guarantees	0.8	-	-	-	-0.3	-	-	0.5	0.3	0.2
Provisions for losses on contracts	12.5	0.2	4.4	-6.4	-	-0.5	-1.3	8.9	-	8.9
Provisions for taxes	21.5	-	10.0	-0.4	-	-	-	31.1	31.1	-
Provisions for restructuring	24.6	-	7.4	-13.0	-1.1	0.6	-0.3	18.3	5.9	12.4
Other provisions for contingencies	48.9	0.2	10.6	-9.8	-7.9	-0.6	-4.3	37.1	11.9	25.2
TOTAL	**126.8**	**0.4**	**46.6**	**-33.1**	**-16.8**	**-0.5**	**-6.9**	**116.4**	**49.7**	**66.7**

Provisions for disputes cover disputes before employment tribunals and severance benefits (€5.4 million) as well as amounts in excess of insurance franchises and client risks provisioned in respect of commercial disputes (€15.2 million).

Provisions for losses to completion on contracts relate to the United Kingdom (€7.5 million).

Provisions for taxes mainly relate to tax risks in France, and in particular the R&D tax credit and withholdings applied by foreign clients. Additional provisions for taxes were recognised in the first half of the year for the risks associated with ongoing audits.

Provisions for restructuring correspond to residual costs under the transformation programme within the original scope of Steria in France (€3.2 million), the cost of one-off restructuring measures in Germany (€3.1 million) and in the United Kingdom (€1.4 million), and Sopra Steria integration costs notably relating to facilities (€8.6 million mainly in France).

Other provisions for contingencies mainly cover costs relating to premises (€8.1 million, including €7.6 million in restoration costs, mostly in the United Kingdom), clients and projects (including €10.5 million in the United Kingdom and €4.3 million in France), contractual risks (€4.2 million), and tax and employee risks (€6.7 million).

Present obligations resulting from past events involving third parties are recognised in provisions only when it is probable that such obligations will give rise to an outflow of resources to third parties, without consideration from the latter that is at least equivalent and if the outflow of resources can be reliably measured.

Since provisions are estimated based on future risks and expenses, such amounts include an element of uncertainty and may be adjusted in subsequent periods. The impact of discounting provisions is taken into account if significant.

In the specific case of restructuring, an obligation is recognised as soon as the restructuring has been publicly announced and a detailed plan presented or the plan implementation has commenced. This cost mainly corresponds to severance payments, early retirement, costs related to notice periods not worked, training costs for departing employees and other costs relating to site closures. A provision is recognised for the rent and related costs to be paid, net of estimated sub-leasing income, in respect of any property if the asset is sub-leased or vacant and is not intended to be used in connection with main activities.

Scrapped assets and impairment of inventories and other assets directly related to the restructuring measures are also recognised in restructuring costs.

10.2. Contingent liabilities

The only contingent liabilities recognised arose as a result of the Sopra-Steria business combination in 2014.

At 31 December 2016, they totalled €14.8 million, or €14.3 million after tax. Reflecting tax, employee and contractual risks, they mainly relate to India (€6.8 million after tax), but also the United Kingdom and France.

To the extent that a liability is not probable or may not be reliably estimated, a contingent liability is disclosed by the Group among its commitments given. By exception, in connection with business combinations, the Group may recognise contingent liabilities on the balance sheet if they result from a present obligation arising from past events and their fair value can be reliably estimated, even where it is not probable that an outflow of resources will be necessary to extinguish the obligation.

NOTE 11 FINANCING AND MANAGEMENT OF FINANCIAL RISKS

11.1. Financial income and expenses

11.1.1. Cost of net financial debt

(in millions of euros)	2016	2015
Interest income	9.6	9.2
Income from cash and cash equivalents	**9.6**	**9.2**
Interest charges	-14.3	-15.2
Gains/losses on hedges of gross financial debt	-2.1	-2.1
Cost of gross financial debt	**-16.3**	**-17.3**
COST OF NET FINANCIAL DEBT	**-6.7**	**-8.1**

The increase in financial income is mainly attributable to investments in India, which averaged €122.4 million in 2016, compared with €114.8 million in 2015.

The cost of gross financial debt fell by €1.0 million. The average amount of debt outstanding in respect of bank borrowings, bonds and NEU CP (Negotiable EUropean Commercial Paper, the new name for commercial paper) was €923 million in 2016, versus €898 million in 2015. The average borrowing rate after hedging was 1.77% in 2016, compared with 1.95% in 2015.

11.1.2. Other financial income and expenses

(in millions of euros)	2016	2015
Foreign exchange gains and losses	**2.7**	**-0.3**
Other financial income	**1.8**	**0.6**
Discounts granted	-0.8	-0.9
Net interest expense on retirement benefit obligations	-7.7	-11.9
Interest on employee profit-sharing liability	-0.7	-1.0
Expense on unwinding of discounted non-current liabilities	-0.8	-1.0
Change in the value of derivatives	-0.6	0.9
Other financial expenses	-1.6	-1.2
Total other financial expenses	**-12.1**	**-15.1**
TOTAL OTHER FINANCIAL INCOME AND EXPENSES	**-7.6**	**-14.9**

The €7.2 million decline in *Other financial income and expenses* derived from €4.2 million in net interest expense on retirement benefit obligations, €1.5 million in foreign exchange gains and losses and changes in the value of derivatives, and €1.5 million from other income and expense.

The net interest expense on retirement benefit obligations is detailed in Note 5.3, "Post-employment and similar benefit obligations".

11.2. Cash and cash equivalents

(in millions of euros)	31/12/2016	31/12/2015
Investment securities	112.8	132.7
Cash	152.6	90.0
Cash and cash equivalents	**265.4**	**222.7**
Current bank overdrafts	-3.7	-5.2
TOTAL	**261.7**	**217.5**

Net cash and cash equivalents include available liquid funds (cash at bank and in hand), liquid marketable securities that meet the definition of cash equivalents, bills of exchange presented for collection and falling due before the balance sheet date and temporary bank overdrafts.

Net debt, as presented in Note 11.3, is more representative of the Group's financial position.

Marketable securities and other short-term investments include money-market holdings, short-term deposits and advances under the liquidity provider's agreement. The risk of a change in value on these investments is negligible.

Of the €265.4 million in cash and cash equivalents (excluding current bank overdrafts) at 31 December 2016, €109.8 million was held by the parent company and €155.6 million by the subsidiaries. Among the subsidiaries, Indian entities contributed €114.1 million to net cash and cash equivalents at 31 December 2016 (€129.7 million at 31 December 2015). If that cash is repatriated in the form of dividends, a withholding tax will apply, for which a provision has been recognised.

A portion of NHS SBS' cash at bank and in hand is used to grant advances to its production platform client entities with respect to their transition operations, in the amount of €9.4 million as at 31 December 2016 (€24.0 million at 31 December 2015).

Cash and cash equivalents comprise cash, bank demand deposits, other highly liquid investments with maturities not exceeding three months, and bank overdrafts. Bank overdrafts are included in current liabilities as part of *Financial debt – short-term portion*.

Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash, and that are subject to an insignificant risk of changes in value, with the exception for foreign exchange impacts.

UCITS classified by the AMF (France's financial markets regulator) as belonging to the money market and short-term money market categories are, for practical purposes, presumed to automatically meet all four quoted eligibility criteria. Other cash UCITS cannot be presumed to be eligible for classification as cash equivalents: an analysis must be carried out to establish whether or not the four quoted criteria are met.

Cash equivalents are recognised at fair value; changes in fair value are charged to profit and loss under *Cost of net financial debt*.

11.3. Financial debt – Net debt

(in millions of euros)	Current	Non-current	31/12/2016	31/12/2015
Bonds	6.2	183.8	190.0	192.3
Bank borrowings	24.8	210.4	235.2	274.1
Finance lease liabilities	6.4	8.3	14.7	13.2
Other sundry financial debt	327.7	0.1	327.8	268.6
Current bank overdrafts	3.7	-	3.7	5.2
FINANCIAL DEBT	**368.8**	**402.6**	**771.4**	**753.5**
Investment securities	-112.8	-	-112.8	-132.7
Cash	-152.6	-	-152.6	-90.0
NET DEBT	**103.4**	**402.6**	**506.0**	**530.8**

Financial debt essentially comprises:

- bond debt and bank borrowings: initially recognised at fair value net of transaction costs incurred. Borrowings are subsequently recognised at amortised cost; any difference between the capital amounts borrowed (net of transaction costs) and the amounts repayable is recognised in profit or loss over the duration of the borrowings using the effective interest method;
- the NEU CP short-term negotiable securities (previously referred to as commercial paper) have a maturity of less than 12 months and are thus recognised at amortised cost;
- liabilities on finance leases: a liability is recognised at the inception of each lease is based on the present value of future lease payments, discounted using the interest rates implicit in each lease;
- bank overdraft facilities.

Financial debt repayable within twelve months of the balance sheet date is classified as current liabilities.

11.3.1. Bonds

The Group has a bond issued by Groupe Steria to institutional investors in 2013, in the amount of €180 million, maturing in July 2019, and with a fixed annual coupon of 4.25%. Upon the acquisition of Steria, this liability was revalued at fair value at the takeover date, with a resulting revaluation gain of €13.0 million. This amount will be amortised over the period to July 2019 as a reduction to interest expense. At 31 December 2016, the amount remaining to amortise is €7.0 million (€9.5 million at 31 December 2015).

11.3.2. Bank borrowings

In 2014, the Group took out a €1,200 million five-year borrowing facility with two options to extend the expiry date by one year. This facility comprises a €200 million amortising tranche, an £80 million amortising tranche and a €900 million multi-currency revolving credit line. In the second half of 2016, an amendment was signed with the banks to alter the conditions applicable to the various tranches and set the repayment date for the loan at 30 September 2021, with two options to extend this by one year. At 31 December 2016, the outstanding amount drawn on the loan is from the two amortising tranches (€160 million and £64 million after contractual amortisations for the period). The €900 million multi-currency revolving credit facility is undrawn.

11.3.3. Finance lease liabilities

The outstanding amount of liabilities on finance leases came to €14.7 million at 31 December 2016, versus €13.2 million at 31 December 2015. The €1.5 million increase in the outstanding amount derived from the arrangement of €7.7 million in new lease agreements and the €6.2 million in amortisation on previous leases.

	31/12/2016			31/12/2015
(in millions of euros)	Minimum payments for finance leases	Future financial expense	Present value of future lease payments	Present value of future lease payments
Less than 1 year	6.4	0.1	6.4	5.2
One to five years	8.3	-	8.3	8.0
More than five years	-	-	-	-
TOTAL	**14.7**	**0.1**	**14.7**	**13.2**

Leases

Leases of tangible fixed assets under which the Group takes on substantially all the risks and rewards incidental to ownership of the assets are treated as finance leases. These leases give rise to the recognition of a financial liability corresponding to the present value of the minimum lease payments.

Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability so as to product a constant periodic rate of interest on the remaining balance of the liability.

The corresponding contractual lease commitments, net of finance costs, are included within *Financial debt*. The corresponding finance costs are recognised in profit or loss, under the caption *Cost of financial debt*, over the lease term.

In contrast, leases under which the lessor retains substantially all the risks and rewards incidental to ownership are treated as operating leases. These leases are not recognised as either assets or liabilities, specifically including via financial liabilities, and do not give rise to the recognition of financial expense.

11.3.4. Other financial debt

In 2015, the Group arranged an unrated multi-currency NEU CP (previously referred to as commercial paper) programme of short-term negotiable securities that was not underwritten, the maximum amount of which was increased to €700 million in July 2016. This programme has been presented in documentation available on the Banque de France's website, which was last updated on 2 August 2016. The average amount outstanding under the NEU CP programme was €443.9 million in 2016, compared with €291.9 million in 2015. The Group benefited from the fall in short-term euro rates. The outstanding amount at 31 December 2016, is €302.7 million (€231.7 million and £5.0 million at 31 December 2015). The NEU CPs are included in *Other financial debt*.

The legal framework for the short- and medium-term negotiable securities market was modernised with effect from 1 June 2016. In accordance with the French Monetary and Financial Code, securities issued after 1 June 2016 are referred to as "short-term negotiable securities". Commercially, they are known as NEU CP (Negotiable EUropean Commercial Paper) issues. The securities issued prior to 31 May 2016 under the former "commercial paper" framework will automatically lapse with effect from 1 June 2017, thus one year after the reform entered into force.

At 31 December 2016, the impact of the sale of trade accounts receivable with recourse in France for an amount of €25.0 million (€30 million at 31 December 2015) is recognised in *Other financial debt* (see Note 7.2).

11.4. Derivatives reported in the balance sheet

(in millions of euros)	31/12/2016 Carrying amount	31/12/2016 Fair value	Breakdown by class of financial instrument: Assets and liabilities at fair value through profit and loss	Available-for-sale assets	Loans, receivables and other debt	Financial liabilities at amortised cost	Derivatives	Other items not considered as financial instruments
Non-current financial assets	21.6	21.6	-	9.6	7.3	-	4.8	-
Trade accounts receivable	1,132.7	1,132.7	-	-	1,132.7	-	-	-
Other current assets	232.2	232.2	-	-	149.9	-	9.2	73.2
Cash and cash equivalents	265.4	265.4	265.4	-	-	-	-	-
FINANCIAL ASSETS	**1,652.1**	**1,652.1**	**265.4**	**9.6**	**1,289.9**	**-**	**13.9**	**73.2**
Financial debt – long-term portion	402.6	402.6	-	-	-	402.6	-	-
Other non-current liabilities	86.4	86.4	-	-	82.1	-	4.3	-
Financial debt – short-term portion	368.8	368.8	3.7	-	-	365.1	-	-
Trade payables	285.9	285.9	-	-	285.9	-	-	-
Other current liabilities	1,037.1	1,037.1	-	-	925.4	-	0.3	111.3
FINANCIAL LIABILITIES	**2,180.9**	**2,180.9**	**3.7**	**-**	**1,293.5**	**767.7**	**4.6**	**111.3**

Items measured at fair value through profit or loss, and derivative hedging instruments, are valued by reference to quoted interbank interest rates (Euribor, etc.) and to foreign exchange rates set daily by the European Central Bank. All financial instruments in this category are financial assets and liabilities classified as such upon first recognition.

Available-for-sale assets are recognised at fair value in the balance sheet.

Financial debt is recognised at amortised cost using their effective interest rate. Hedging instruments may be put in place to hedge against fluctuations in interest rates by swapping part of the Group's floating rate debt for fixed rate debt.

The Group has entered into and continues to implement transactions designed to hedge its exposure to foreign currency risk through the use of derivatives, including exchange-traded futures and options as well as over-the-counter instruments with top-tier counterparties, as part of its overall risk management policy and due to the substantial scale of its production activities in India and Poland.

Derivative financial instruments are recognised at fair value in the consolidated balance sheet.

Changes in the fair value of derivatives not qualifying for hedge accounting are recognised directly in the income statement for the period.

Income tax receivables and liabilities are not financial instruments.

The profit and loss impact of these financial instruments is as follows:

(in millions of euros)	31/12/2016 Profit or loss impact	Breakdown by category of instrument: Fair value through profit or loss	Available-for-sale assets	Loans, receivables and other debt	Liabilities at amortised cost	Derivatives
Total interest income	9.6	-	-	9.6	-	-
Total interest expense	-14.3	-	-	-	-14.3	-
Remeasurement	-2.1	-	-	-	-	-2.1
NET GAINS OR LOSSES	**-6.7**	**-**	**-**	**9.6**	**-14.3**	**-2.1**

The Group uses derivative instruments such as currency forwards, swaps and options to hedge its exposure to interest rate risk and fluctuations in foreign currencies. Derivative instruments are recognised at fair value.

Any gains or losses resulting from fair value movements in derivatives not designated as hedging instruments are recognised directly in profit or loss as *Other financial income and expenses*.

The fair value of currency forwards is calculated by reference to current rates for contracts with similar maturity profiles. The fair value of interest rate swaps is determined by reference to the market value of similar instruments.

For hedge accounting purposes, hedges are classified as either:

- fair value hedges, which hedge exposure to changes in the fair value of a recognised asset or liability or a firm commitment (except currency risk);
- cash flow hedges, which hedge exposure to fluctuations in cash flows attributable either to a specific risk associated with a recognised asset or liability or a highly probable future transaction or currency risk on a firm commitment;
- hedges of a net investment in a foreign operation.

Hedging instruments that satisfy hedge accounting criteria are recognised as follows:

a. Fair value hedges

Changes in the fair value of a derivative designated as a fair value hedge are recognised in profit or loss (*Other operating income and expenses* or *Other financial income and expenses* according to the type of hedged item). The ineffective portion of the hedges is recognised immediately in profit or loss as part of *Other financial income* or *Other financial expenses*. Fair value gains and losses on the hedged item attributable to the hedged risk adjust the carrying amount of the hedged item and are also recognised in profit or loss.

b. Cash flow hedges

The gain or loss corresponding to the effective portion of the hedging instrument is recognised directly in equity, while the ineffective portion is taken to profit or loss, in *Other financial income and expense*.

Gains and losses recognised directly in equity are released to profit or loss in the period during which the hedged transaction impacts profit or loss.

If the Group does not expect the realisation of the forecast transaction or commitment, the gains and losses previously recognised directly in equity will be released to profit or loss. If the hedging instrument matures, is sold, cancelled or exercised and is not replaced or renewed or if its designation as a hedging instrument is revoked, amounts previously recognised in equity will be held in equity until realisation of the forecast transaction or firm commitment.

c. Hedges of a net investment

Hedges of a net investment in a foreign operation, including hedges of monetary items recognised as part of a net investment, are recognised in the same way as cash flow hedges.

The gain or loss corresponding to the effective portion of the hedging instrument is recognised directly in equity, while the ineffective portion is taken to profit or loss.

On the disposal of the foreign operation, cumulative gains and losses recognised directly in equity are released to profit or loss.

11.5. Management of risk factors

11.5.1. Liquidity risk

The Group's policy is to have borrowing facilities at its disposal that are much larger than its needs and to manage cash centrally at Group level where permitted under the local legislation. In this system, subsidiaries' cash surpluses or borrowing requirements are managed centrally, being invested or met by the Sopra Steria Group parent company, which carries the bulk of the Group's borrowings and bank credit lines.

At 31 December 2016, the Group had lines of credit totalling €1.5 billion, 31% of which was drawn down.

These lines of credit break down as shown below:

	Amount authorised at 31/12/2016		Drawdown at 31/12/2016		Drawdown rate	Repayment terms	Interest rate at 31/12/2016
	in €m	in £m	in €m	in £m			
AVAILABLE LINES OF CREDIT							
Bond	**180.0**	**-**	**180.0**	**-**	**100%**	**Repayable on maturity in 2019**	**2.6%**
Syndicated loan							
Tranche A	160.0	-	160.0	-	100%	Amortising until maturity in 2021	1.20%
Tranche B	-	64.0	-	64.0	100%	Amortising until maturity in 2021	1.58%
Multi-currency revolving line of credit	900.0	-	-	-	0%	Repayable on maturity in 2021	
Finance leases	**14.7**	**-**	**14.7**	**-**	**100%**	**Amortising until maturity in 2020**	**0.52%**
Other	**35.6**	**-**	**35.6**	**-**	**100%**	**2017 and beyond**	
Overdraft	**164.0**	**-**	**3.7**	**-**	**2%**	**N/A**	**0.58%**
Total lines of credit authorised per currency	**1,454.2**	**64.0**	**393.9**	**64.0**			
TOTAL LINES OF CREDIT AUTHORISED (EURO EQUIVALENT)		**1,529.0**		**468.7**	**31%**		**1.68%**
OTHER TYPES OF FINANCING USED							
NEU CP (commercial paper)	**N/A**	**N/A**	**302.7**	**-**	**N/A**	**2016**	**0.09%**
Total financing per currency			**696.6**	**64.0**			
TOTAL FINANCING (EURO EQUIVALENT)				**771.4**			**1.06%**

Interest rates payable on the syndicated loan equal the interbank rate of the currency concerned at the time of drawdown (minimum 0%), plus a margin set for a period of six months based on the leverage ratio.

The coupon payable on the bonds issued on 12 April 2013 has a fixed nominal rate of 4.25% and an effective rate of 2.60%, recognised at fair value upon consolidation.

The syndicated loan and bond issue are subject to terms and conditions, which include financial covenants.

There are two financial ratios calculated every six months using the consolidated financial statements on a 12-month rolling basis:

- the leverage ratio, equal to net debt/pro forma EBITDA;
- the interest coverage ratio, equal to pro forma EBITDA/cost of net financial debt.

The leverage ratio must not exceed 3.0 at any reporting date. The interest coverage ratio must not fall below 5.0.

Net debt is defined on a consolidated basis as all loans and related borrowings (excluding intercompany liabilities), less available cash and cash equivalents.

Pro forma EBITDA is calculated by adding back the non-cash expenses of depreciation, amortisation and provisions to the consolidated operating profit on business activity (see Note 1.4.1). It is calculated on a 12-month rolling basis and is therefore restated so as to be presented in the financial statements on a like-for-like basis over 12 months. Accordingly, pro forma EBITDA for 2016 was restated in order to present the result for the Cassiopae subgroup for the 12-month period.

At 31 December 2016, the net debt/pro forma EBITDA ratio covenant was met, with the ratio coming in at 1.47 compared with a covenant of 3.0. The calculation is as follows:

(in millions of euros)	31/12/2016	31/12/2015
Short-term borrowings (< 1 year)	368.7	315.7
Long-term borrowings (> 1 year)	402.7	437.8
Cash and cash equivalents	-265.4	-222.7
Other financial guarantees	-	-
Net debt (including financial guarantees)	**506.0**	**530.8**
Pro forma EBITDA	**344.8**	**301.9**
NET DEBT/PRO FORMA EBITDA RATIO	**1.47**	**1.76**

For the interest coverage ratio, pro forma EBITDA is as defined above and the cost of net debt is also calculated on a rolling 12-month basis.

At 31 December 2016, the covenant for pro forma EBITDA/cost of net debt, requiring a ratio of at least 5.0, was also met, with the ratio coming in at 51.38. The calculation is as follows:

(in millions of euros)	31/12/2016	31/12/2015
Pro forma EBITDA	**344.8**	**301.9**
Cost of net debt	**6.7**	**8.1**
PRO FORMA EBITDA/COST OF NET DEBT RATIO	**51.38**	**37.10**

In addition to satisfying the financial ratio prerequisites described above, the Group's two main financing agreements also contain a number of:

- performance requirements, entirely customary for this type of financing;
- events of default such as payment default, inaccurate tax returns, cross-default, bankruptcy, occurrence of an event having a material adverse effect, etc.;
- early repayment in full in the event that there is a change of control in ownership of the Company.

The bank loan agreement also stipulates a number of circumstances in which the loan must be repaid in advance, in whole or in part as applicable, or renegotiated with the banks:

- early repayment if all or a substantial number of the Company's assets are sold;
- repayment using proceeds from asset disposals (beyond a specified threshold);
- repayment of a sum equal to each new borrowing taken out by the Company (beyond a specified threshold);
- renegotiation of the financing terms and conditions in the event of financial market disruption (i.e. market disruption clause). This clause is only applicable if a minimum number of banks are unable to obtain refinancing on the capital market as of the date on which the financing is requested, given interest rate fluctuations. The purpose of this clause is to find a replacement rate.

At 31 December 2016, the maturity schedule for the Group's financial debt was as follows:

(in millions of euros)	Carrying amount	Total contractual flows	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Bonds	190.0	202.0	10.9	7.0	184.0	-	-	-
Bank borrowings	235.2	259.9	30.7	27.8	28.8	28.4	144.1	-
NEU CP (commercial paper)	302.7	302.7	302.7	-	-	-	-	-
Finance lease liabilities	14.7	14.8	6.5	4.8	2.9	0.6	-	-
Other sundry financial debt	25.1	25.2	25.0	0.1	-	-	-	-
Current bank overdrafts	3.7	3.7	3.7	-	-	-	-	-
Financial debt	**771.4**	**808.2**	**379.6**	**39.7**	**215.7**	**29.1**	**144.1**	**-**
Investment securities	-112.8	-112.8	-112.8	-	-	-	-	-
Cash	-152.6	-152.6	-152.6	-	-	-	-	-
CONSOLIDATED NET DEBT	**506.0**	**542.8**	**114.1**	**39.7**	**215.7**	**29.1**	**144.1**	**-**

A breakdown of the Group's gross borrowings at 31 December 2016, by type of debt and currency, is shown below:

(in millions of euros)	Currency of origin			
	Euro	Pound sterling	Other	Total
Bond	190.0	-	-	190.0
Bank borrowings	143.2	67.3	-	210.5
Short-term bank borrowings (< 1 year)	17.3	7.5	-	24.8
Borrowings and interest related to finance leases	14.7	-	-	14.7
NEU CP (commercial paper)	302.7	-	-	302.7
Accrued interest and other	25.0	-	-	25.0
Bank overdrafts (cash liabilities)	3.7	-	-	3.7
GROSS DEBT	**696.6**	**74.8**	**-**	**771.4**

At 31 December 2016, the analysis of the Group's portfolio of investment securities was as follows:

(in millions of euros)	Short-term investments	Advances under the liquidity agreement	Total portfolio of investment securities
Net asset value	112.8	2.5	115.3
NET POSITION	**112.8**	**2.5**	**115.3**

Short-term investments are managed by the Group's Finance Department, and comply with internally defined principles of prudence.

At constant exchange rates relative to 31 December 2016, and taking into account short-term investments held at that date, a 50 basis point decrease in floating rates would reduce annual financial income by €0.6 million.

11.5.2. Bank counterparty risk

All foreign currency and interest rate hedges are put in place with leading banks belonging to the Group's banking syndicate, with which market transaction agreements have been signed.

Most of the Group's financial investments relate to the subsidiaries in India and, from time to time, the Sopra Steria Group parent company. Financial investments are carried out either via short-term bank deposits with banks mainly belonging to the banking syndicate, or via money market instruments managed by leading financial institutions, which are themselves subsidiaries of banks mainly belonging to the syndicate. These investments are subject to approval by the Group, and comply with internally defined principles of prudence.

Thanks to these various measures, the Group considers that it has introduced a mechanism that significantly reduces its bank counterparty risk in the current economic context. However, the Group remains subject to a residual risk which may affect its performance under certain conditions.

11.5.3. Interest rate risk

The Group's aim is to protect itself against interest rate fluctuations by hedging part of its floating rate debt and investing its cash over periods of less than three months.

The derivative financial instruments used to hedge the debt are interest rate swap contracts or options, which may or may not be eligible for hedge accounting.

The eligible counterparties for interest rate hedging and investments are leading financial institutions which belong to the Sopra Steria banking syndicate. These financial instruments are managed by the Group Finance Department.

All of the Group's interest rate hedges are either put in place through the parent company (Sopra Steria Group) or result from undertakings given by Groupe Steria.

The total amount of gross borrowings subject to interest rate risk is €570.4 million. Interest rate hedges in force at 31 December 2016, reduced this exposure to €156.4 million.

The Group has taken out a number of interest rate swaps, a breakdown of which is given below:

(in millions of euros)	Fair value 31/12/2016 Non-current assets	Current assets	Non-current liabilities	Current liabilities	Notional amount	Maturity < 1 year	From 1 to 5 years	> 5 years
Swap (cash flow hedge) in euros	-	-	1.0	0.1	104.0	39.0	65.0	-
Swap (cash flow hedge) in foreign currency	-	-	-	-	-	-	-	-
Options eligible for hedge accounting in euros	2.3	-	2.9	-	310.0	-	310.0	-
Options eligible for hedge accounting in foreign currency	-	-	-	-	-	-	-	-
Swaps not eligible for hedge accounting in euros	-	-	-	-	-	-	-	-
Options not eligible for hedge accounting in euros	-	-	-	-	-	-	-	-
TOTAL INTEREST RATE HEDGES	**2.3**	**-**	**3.9**	**0.1**	**414.0**	**39.0**	**375.0**	**-**

The remeasurement of these financial instruments in equity is recognised in *Other comprehensive income.*

The remeasurement of these financial instruments in profit or loss is recognised in *Other financial income and expenses*.

The profit or loss and equity impacts of the Group's interest rate hedging instruments are broken down as follows:

(in millions of euros)	Balance sheet amounts 31/12/2015	Changes in fair value	Changes in scope	Other changes	31/12/2016	Changes in fair value: Equity impact	Profit or loss impact: Ineffective portion of cash flow hedges	Fair value hedges	Trading
Swap (cash flow hedge) in euros	-2.0	0.8	-	-	-1.2	0.8	0.1	-	-
Swap (cash flow hedge) in foreign currency	-	-	-	-	-	-	-	-	-
Options eligible for hedge accounting in euros	-0.3	-0.3	-	-	-0.6	0.3	-0.6	-	-
Options eligible for hedge accounting in foreign currency	-	-	-	-	-	-	-	-	-
Swaps not eligible for hedge accounting in euros	-	-	-	-	-	-	-	-	-
Options not eligible for hedge accounting in foreign currency	-	-	-	-	-	-	-	-	-
TOTAL PRE-TAX IMPACT	**-2.3**	**0.5**	**-**	**-**	**-1.8**	**1.1**	**-0.5**	**-**	**-**

The sensitivity of the interest rate derivatives portfolio to a plus or minus 50 basis point change in the euro yield curves at 31 December 2016, is as follows:

	-50 bp		+50 bp	
(in millions of euros)	**Equity impact**	**P&L impact (hedge ineffectiveness)**	**Equity impact**	**P&L impact (hedge ineffectiveness)**
Swaps (cash flow hedge) in euros	-0.8	-	0.8	-
Swaps (cash flow hedge) in foreign currency	-	-	-	-
Swaps not eligible for hedge accounting	-	-	-	-
Options eligible for hedge accounting in euros	-0.4	-1.2	3.6	-0.4
Options eligible for hedge accounting in foreign currency	-	-	-	-
Options not eligible for hedge accounting in foreign currency	-	-	-	-
TOTAL	**-1.2**	**-1.2**	**4.4**	**-0.4**
i.e.		*-2.4*		*3.9*

The Group's residual exposure to interest rate risk is as follows:

(in millions of euros)	**Rate**	**31/12/2016**	**Less than 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**More than 5 years**
	Fixed rate	-	-	-	-	-	-	-
Investment securities	Floating rate	112.8	112.8	-	-	-	-	-
Cash	Floating rate	152.6	152.6	-	-	-	-	-
	Fixed rate	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial assets	**Floating rate**	**265.4**	**265.4**	**-**	**-**	**-**	**-**	**-**
Bonds	Fixed rate	-190.0	-6.2	-2.3	-181.5	-	-	-
Bank borrowings	Floating rate	-235.2	-24.8	-22.1	-23.4	-23.3	-140.5	-1.1
NEU CP (commercial paper)	Floating rate	-302.7	-302.7	-	-	-	-	-
	Fixed rate	-14.7	-6.4	-4.7	-2.9	-0.6	-	-
Finance lease liabilities	Floating rate	-	-	-	-	-	-	-
	Fixed rate	-	-	-	-	-	-	-
Other financial debt	Floating rate	-25.1	-24.9	-0.1	-	-	-	-
	Fixed rate	-	-	-	-	-	-	-
Current bank overdrafts	Floating rate	-3.7	-3.7	-	-	-	-	-
Financial liabilities	**Fixed rate**	**-204.7**	**-12.6**	**-7.0**	**-184.4**	**-0.6**	**-**	**-**
(gross exposure before hedging)	**Floating rate**	**-566.7**	**-356.1**	**-22.3**	**-23.4**	**-23.3**	**-140.5**	**-1.1**
	FIXED RATE	**-204.7**	**-12.6**	**-7.0**	**-184.4**	**-0.6**	**-**	**-**
NET EXPOSURE BEFORE HEDGING	**FLOATING RATE**	**-301.3**	**-90.7**	**-22.3**	**-23.4**	**-23.3**	**-140.5**	**-1.1**
	Fixed-rate payer swaps in euros	104.0	39.0	15.0	-	50.0	-	-
	Fixed-rate payer swaps in foreign currency	-	-	-	-	-	-	-
Interest rate hedging instruments	Fixed-rate payer options	310.0	-	10.0	50.0	-	250.0	-
	FIXED RATE	**-618.7**	**-51.6**	**-32.0**	**-234.4**	**-50.6**	**-250.0**	**-**
GROSS EXPOSURE AFTER HEDGING	**FLOATING RATE**	**-152.7**	**-317.1**	**2.7**	**26.6**	**26.7**	**109.5**	**-1.1**
	FIXED RATE	**-618.7**	**-51.6**	**-32.0**	**-234.4**	**-50.6**	**-250.0**	**-**
NET EXPOSURE AFTER HEDGING	**FLOATING RATE**	**112.7**	**-51.7**	**2.7**	**26.6**	**26.7**	**109.5**	**-1.1**

The fair value of interest rate hedging derivatives is measured using the following assumptions:

- level 1: quoted data: 0%;
- level 2: observable data: 100%;
- level 3: internal models: 0%.

11.5.4. Foreign currency risk

The Group is subject to three main types of risks linked to fluctuations in exchange rates:

- translation risk in the various financial statements making up the Group's consolidated financial statements for business conducted in countries with a functional currency other than the euro;
- transactional risk linked to purchases and sales of services, where the transaction currency is different from that of the country in which the service is recognised;
- financial foreign currency risk arising from the Group's foreign-currency borrowings (risk arising from changes in the value of the financial debt denominated in sterling).

As part of its general risk management policy, the Group systematically hedges against transactional foreign currency risks that constitute material risks for the Group as a whole. To manage its exposure to foreign exchange risk, the Group uses derivative instruments.

Foreign currency risk hedging mainly relates to GBP/INR and EUR/PLN hedges on the Group's production platforms in India and Poland and certain commercial contracts denominated in US dollars. Changes in fair value corresponding to these hedges are taken to profit or loss for invoiced items and to equity for future cash flows.

The remeasurement through profit or loss of these financial instruments hedging balance sheet items is balanced by the revaluation of foreign currency receivables over the period.

The Group's Finance Department provides this hedging via futures or options entered into either on organised markets or over the counter with top-tier counterparties that are members of the banking syndicate.

The Group's policy is not to conduct speculative transactions on financial markets.

Finally, the structure of the Group's borrowing, part of which is denominated in sterling, provides a natural, if only partial, hedge against currency translation risk on net assets, recognised directly in the balance sheet.

The balance sheet value of the Group's foreign currency hedges, and applicable notional amounts hedged, are as follows:

	Fair value 31/12/2016					Maturity		
(in millions of euros)	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Notional amount	< 1 year	From 1 to 5 years	> 5 years
Fair value hedges								
Foreign currency forwards	-	5.2	-	-	34.6	34.6	-	-
Foreign currency options	-	2.3	-	-	10.5	10.5	-	-
Cash flow hedges								
Foreign currency forwards	1.9	1.4	-	-	61.9	17.6	44.3	-
Foreign currency options	0.5	0.3	0.3	0.1	20.1	9.4	10.7	-
Instruments not designated for hedging *	**-**	**-**	**-**	**-**	**0.9**	**0.9**	**-**	**-**
TOTAL FOREIGN CURRENCY HEDGES	**2.4**	**9.2**	**0.3**	**0.2**	**128.1**	**73.1**	**55.0**	**-**

* *The Group hedges the transactional foreign exchange risk but chooses in certain cases not to apply hedge accounting.*

The fair value of these financial instruments is adjusted by crediting or debiting *Other current operating income and expenses*, with the exception of the time value and the impact of financial instruments not eligible for hedge accounting, which are recognised in *Other financial income and expenses*.

The profit or loss and equity impacts of the Group's foreign currency hedges are broken down as follows:

(in millions of euros)	Balance sheet amounts					Changes in fair value			
							Profit or loss impact		
	31/12/2015	Change in fair value	Changes in scope	Other changes	31/12/2016	Equity impact	Ineffective portion of cash flow hedges	Fair value hedges	Trading
Fair value hedges									
Foreign currency forwards	4.0	1.2	-	-	5.1	-	-	1.2	-
Foreign currency options	1.1	1.0	-	0.1	2.2	-	-	1.0	-
Cash flow hedges									
Foreign currency forwards	1.1	2.2	-	-	3.3	2.2	-	-	-
Foreign currency options	0.3	0.1	-	-	0.4	0.1	-	-	-
Instruments not designated for hedging	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL PRE-TAX IMPACT	**6.5**	**4.4**	**-**	**0.1**	**11.1**	**2.3**	**-**	**2.2**	**-**

Exposure to foreign exchange risk is as follows:

INTERCOMPANY COMMERCIAL TRANSACTIONS

(in millions of euros)	GBP	EUR	USD	MAD	TND	Other	Total
Assets	41.0	35.6	10.5	2.4	0.1	2.0	91.6
Liabilities	4.6	15.0	3.2	2.5	10.9	0.7	36.9
Foreign currency commitments	-	-	-	-	-	-	-
Net position before hedging	**36.4**	**20.6**	**7.3**	**-0.1**	**-10.9**	**1.3**	**54.7**
Hedging instruments	62.0	60.8	4.2	-	-	-	127.1
NET EXPOSURE AFTER HEDGING	**-25.6**	**-40.2**	**3.1**	**-0.1**	**-10.9**	**1.3**	**-72.4**

CURRENT ACCOUNTS

(in millions of euros)	GBP	EUR	USD	MAD	TND	Other	Total
Assets	69.6	-	1.1	3.8	11.2	0.4	86.1
Liabilities	-	-	-	-	-	-	-
Foreign currency commitments	-	-	-	-	-	-	-
Net position before hedging	**69.6**	**-**	**1.1**	**3.8**	**11.2**	**0.4**	**86.1**
Hedging instruments	-	-	-	-	-	-	-
NET EXPOSURE AFTER HEDGING	**69.6**	**-**	**1.1**	**3.8**	**11.2**	**0.4**	**86.1**

FINANCING

(in millions of euros)	GBP	EUR	USD	MAD	TND	Other	Total
Assets	-	0.1	-	-	-	-	0.1
Liabilities	70.4	-	-	-	-	-	70.4
Foreign currency commitments	-	-	-	-	-	-	-
Net position before hedging	**-70.4**	**0.1**	**-**	**-**	**-**	**-**	**-70.3**
Hedging instruments*	147.4	-	-	-	-	-	147.4
NET EXPOSURE AFTER HEDGING	**-217.7**	**0.1**	**-**	**-**	**-**	**-**	**-217.6**

* *Hedge of net investment in foreign currency.*

TOTAL (MARKET POSITIONS + CURRENT ACCOUNTS + FINANCING)

(in millions of euros)	GBP	EUR	USD	MAD	TND	Other	Total
Assets	110.6	35.7	11.6	6.2	11.3	2.4	177.8
Liabilities	74.9	15.0	3.2	2.5	10.9	0.7	107.3
Foreign currency commitments	-	-	-	-	-	-	-
Net position before hedging	**35.7**	**20.7**	**8.4**	**3.7**	**0.3**	**1.7**	**70.5**
Hedging instruments	209.4	60.8	4.2	-	-	-	274.4
NET EXPOSURE AFTER HEDGING	**-173.7**	**-40.1**	**4.2**	**3.7**	**0.3**	**1.7**	**-203.9**

SENSITIVITY ANALYSIS

(in millions of euros)	GBP	EUR	USD	MAD	TND	Other	Total
Currency change assumption (appreciation)	5%	5%	5%	5%	5%	5%	
NET IMPACT ON PROFIT	**0.2**	**0.3**	**0.4**	**0.2**	**-**	**0.1**	**1.3**
EQUITY IMPACT	**-8.9**	**-2.3**	**-0.2**	**-**	**-**	**-**	**-11.5**

11.5.5. Equity risk

The Group does not hold any investments in equities or any equity interests in listed companies other than Axway Software shares accounted for under the equity method (see Note 9).

At 31 December 2016, the value of treasury shares recognised as a deduction against consolidated equity for the year was €38.9 million.

Given the limited number of treasury shares held (2.09% of the share capital), the Group is not materially exposed to equity risk. Furthermore, since the value of treasury shares is deducted from equity, changes in the share price have no impact on the consolidated income statement.

NOTE 12 CASH FLOWS

12.1. Change in net financial debt

Net cash from operating activities derives from *Operating profit on business activity*, after deducting the depreciation, amortisation and the provisions it includes, which gives *EBITDA*, and other non-cash items adjusted for tax paid, restructuring and integration costs, and the change in the working capital requirement.

Free cash flow is defined as net cash from operating activities adjusted for the impact of purchases (net of disposals) of property, plant and equipment and intangible assets during the period, financial income and expenses payable or receivable, and additional contributions paid to cover any deficits in certain defined-benefit pension plans.

Adjusted for net cash generated by financing activities and the impact of exchange rate fluctuations on net debt, this explains the change in net financial debt.

(in millions of euros)	2016	2015
Operating profit on business activity	**301.1**	**245.5**
Depreciation, amortisation and provisions (excluding allocated intangible assets)	42.9	58.0
EBITDA	**344.0**	**303.5**
Non-cash items	-0.9	-7.5
Tax paid	-72.0	-35.1
Change in operating WCR	-17.0	-81.9
Reorganisation and restructuring costs	-29.6	-55.8
Net cash from operating activities	**224.5**	**123.2**
Payments relating to investments in tangible and intangible fixed assets	-46.8	-42.5
Receipts relating to disposals of tangible and intangible fixed assets	0.1	0.2
Net change from investment activities involving tangible and intangible fixed assets	**-46.7**	**-42.3**
Net financial interest	-6.2	-8.3
Additional contributions related to defined-benefit pension plans	-21.0	-23.3
Free cash flow	**150.6**	**49.3**
Impact of changes in scope	-120.6	-92.3
Impact of payments relating to non-current financial assets	-0.4	-1.5
Impact of receipts relating to non-current financial assets	1.8	4.6
Dividends paid	-34.4	-37.5
Dividends received	3.1	2.2
Capital increases	2.3	2.4
Purchase and sale of treasury shares	10.3	-22.5
Other cash flows relating to investing activities	-0.2	0.7
Net cash flow	**12.5**	**-94.5**
Impact of changes in foreign exchange rates	12.3	6.2
CHANGE IN NET FINANCIAL DEBT	**24.8**	**-88.4**
Opening cash position	217.5	198.8
Closing cash position	261.7	217.5
Change in cash and cash equivalents	**44.2**	**18.7**
Long-term borrowings (> 1 year) – beginning of period	-437.8	-595.2
Long-term borrowings (> 1 year) – end of period	-402.6	-437.8
Change in long-term borrowings (> 1 year)	**35.1**	**157.4**
Short-term borrowings (< 1 year) – beginning of period	-310.5	-45.9
Short-term borrowings (< 1 year) – end of period	-365.1	-310.5
Change in short-term borrowings (< 1 year)	**-54.6**	**-264.6**
CHANGE IN NET FINANCIAL DEBT	**24.8**	**-88.4**

Free cash flow improved sharply relative to 2015 (€150.6 million vs. €49.3 million) and net financial debt came to €506.0 million at end-2016, down €24.8 million from its level a year earlier.

CHANGES IN SCOPE

(in millions of euros)	2016	2015
Cost of acquisitions paid (excluding earnouts)	-102.8	-100.0
Net debt/net cash of acquired companies	-17.8	7.7
Earnouts	-	-
TOTAL	**-120.6**	**-92.3**

In 2016, changes in scope consisted primarily of the acquisition of the Cassiopae group's activities (see Note 2.1). In 2015, these items reflected the acquisition of CIMPA.

12.2. Reconciliation of the working capital requirement with the statement of cash flows

The impact of the components of the working capital requirement shown on the balance sheet on cash generation can be broken down as follows:

(in millions of euros)	31/12/2016	31/12/2015	Net change	Of which items not included in working capital	Of which working capital items	Change in working capital items without cash impact		Impact on statement of cash flows
						Foreign exchange	*Other*	
Other non-current financial assets	21.6	77.7	-56.1	3.4	-59.5	-0.3	-0.0	59.2
■ Other loans and receivables	7.3	66.5	-59.2	0.3	-59.5	-0.3	-0.0	59.2
■ Other non-current financial assets	14.3	11.2	3.1	3.1	-	-	-	-
Non-current assets	*21.6*	*77.7*	*-56.1*	*3.4*	*-59.5*	*-0.3*	*-0.0*	*59.2*
Trade accounts receivable	1,132.7	1,099.8	33.0	-	33.0	-40.6	18.4	-55.1
■ Trade accounts receivable	664.3	680.0	-15.7	-	-15.7	-15.1	9.8	10.4
■ Accrued income	468.4	419.7	48.7	-	48.7	-25.4	8.6	-65.5
Other current receivables	232.2	191.6	40.7	14.7	26.0	-5.0	11.9	-19.1
Current assets	*1,365.0*	*1,291.3*	*73.7*	*14.7*	*59.0*	*-45.6*	*30.3*	*-74.3*
Non-current assets classified as held for sale	4.4	5.1	-0.7	-	-0.7	0.0	-	0.7
Total assets	**1,391.0**	**1,374.2**	**16.8**	**18.0**	**-1.2**	**-45.8**	**30.3**	**-14.3**
Retirement and other employee benefit obligations – liabilities	-18.1	-26.8	8.6	-	8.6	-0.1	1.2	-7.5
■ Other long-term employee benefits	-18.1	-26.8	8.6	-	8.6	-0.1	1.2	-7.5
Other non-current liabilities	-86.4	-86.4	-0.1	-1.6	1.6	10.4	-31.3	-22.4
Non-current liabilities	*-104.6*	*-113.1*	*8.6*	*-1.6*	*10.2*	*10.3*	*-30.1*	*-30.0*
Trade payables	-285.9	-257.5	-28.4	-	-28.4	20.3	-10.1	38.6
Advances and payments on account received for orders	-3.1	-2.0	-1.1	-	-1.1	0.0	-1.3	-0.2
Deferred income on client projects	-248.4	-249.3	0.9	-	0.9	6.9	-14.7	-8.6
Other current liabilities	-785.6	-779.6	-6.0	6.6	-12.6	5.8	-20.9	-2.5
Current liabilities	*-1,323.0*	*-1,288.3*	*-34.7*	*6.6*	*-41.3*	*33.1*	*-47.0*	*27.3*
Liabilities related to non-current assets classified as held for sale	-0.1	-0.1	-0.0	-	-0.0	-0.0	-	0.0
Total liabilities	**-1,427.6**	**-1,401.5**	**-26.1**	**4.9**	**-31.1**	**43.4**	**-77.1**	**-2.6**
TOTAL WCR	**-36.6**	**-27.3**	**-9.3**	**23.0**	**-32.3**	**-2.4**	**-46.8**	**-17.0**

12.3. Other flows

Aside from the impact of changes in scope, cash flows from investing activities chiefly consisted of purchases of €40.1 million in property, plant and equipment and €6.7 million in intangible assets, more than half of which were carried out in France.

In addition to new borrowings and repayments of existing borrowings, net cash generated by financing activities reflects the amounts raised from shareholders via capital increases. These correspond to the exercise of share subscription options. They also include the impact of €9.8 million from treasury share transactions under the We Share employee share ownership plan, the payment of a €1.70 dividend per share, for a total amount of €34.4 million, and the additional contributions of €21.0 million made to curtail the deficit of the defined-benefit pension plans, €20.9 million of which was allocated to the UK plans.

NOTE 13 EQUITY AND EARNINGS PER SHARE

13.1. Equity

The consolidated statement of changes in equity is presented on page 147.

13.1.1. Changes in the share capital

At 31 December 2016, Sopra Steria Group had a share capital of €20,531,795, compared with €20,446,723 at 31 December 2015. It is represented by 20,531,795 fully paid-up shares with a par value of €1 each.

Movements during the 2016 financial year were as follows:

- delivery of 4,620 free shares under the free share plan set up by Sopra Group on 19 June 2012;
- delivery of 16,690 free shares under the performance-linked free share award plans put in place by Steria Group;
- exercise of share subscription options during the year: 63,762 shares were created corresponding to a capital increase of €0.1 million and an issue premium of €2.2 million.

13.1.2. Transactions in treasury shares

At 31 December 2016, the value of treasury shares recognised as a deduction from consolidated equity was €38.9 million, consisting of 428,301 shares, including 316,227 shares held by UK trusts falling within the consolidation scope, 106,574 shares acquired through the private placement made on 25 June 2015 by Geninfo (Société Générale group), and 5,500 shares acquired under the liquidity agreement.

All of the treasury shares held by Sopra Steria Group are recognised at their acquisition cost, deducted from consolidated equity.

13.1.3. Dividends

At Sopra Steria Group's General Meeting of 22 June 2016, the shareholders resolved to distribute an ordinary dividend of €34.8 million in respect of financial year 2015, equating to €1.70 per share. The dividend was paid on 7 July 2016 for a total of €34.5 million, net of the dividend on treasury shares. The dividend paid in respect of the previous year was €38.7 million, equating to €1.90 per share.

Upon approval of the financial statements for the year ended 31 December 2016, it is proposed that the shareholders agree to distribute an ordinary dividend of €2.20 per share, representing a total of €45.2 million.

13.1.4. Accumulated translation reserves

In line with the principles described in Note 1.4.2.b, accumulated translation reserves include the gains or losses arising on translation from the functional currencies of the Group's entities to the presentation currency as well as the currency hedging effects of net investments in foreign operations. Movements are recorded in *Other comprehensive income*. Accumulated translation reserves also reflect the translation effects of gains or losses on disposals of foreign operations.

At 31 December 2016, accumulated translation reserves by currency were as follows:

(in millions of euros)	31/12/2016	31/12/2015	Change
Swiss franc	8.4	7.9	0.5
Pound sterling	-53.7	38.7	-92.3
Indian rupee	17.3	11.4	5.9
Norwegian krone	-8.8	-15.2	6.3
Polish zloty	-0.4	-0.1	-0.2
Singapore dollar	0.4	-0.4	0.8
Tunisian dinar	-0.7	-0.2	-0.5
US dollar	1.0	-4.8	5.8
Other currencies	13.5	8.7	4.8
ACCUMULATED TRANSLATION RESERVES (GROUP SHARE)	**-22.9**	**46.0**	**-68.9**

The "Other currencies" category mainly includes the accumulated translation reserves of associates, and chiefly Axway Software, in the amount of €14.3 million (€9.9 million at 31 December 2015).

13.1.5. Non-controlling interests

The contributions to the income statement and balance sheet of entities in which there are non-controlling interests come mainly from joint ventures formed with the UK authorities in the United Kingdom region: NHS SBS, 50%-owned by the UK Department of Health, and SSCL, 25%-owned by the Cabinet Office. The Group has 50% and 75% control, respectively. They also relate to companies in the newly acquired Cassiopae subgroup (see Note 2.1).

Control over NHS SBS results from one additional share issued to the Group and the shareholders' agreement, under which Sopra Steria is authorised to make most operational and financial decisions. Furthermore, in relation to SSCL, the Group granted the Cabinet Office an option to sell the shares it holds in the company.

The Group also committed to support the development of its subsidiary by granting a defined funding budget.

Likewise, the Group has granted a put option to the other Cassiopae shareholders. The option was exercised on 27 January 2017, with the Group acquiring an additional 25% stake in KSEOP, the Cassiopae group's holding company, thereby attaining full ownership.

Due to the accounting treatment of the put option granted in respect of SSCL and Cassiopae subgroup shares, the amount of non-controlling interests on the balance sheet mainly relates to the UK Department of Health's share in the net assets of NHS SBS, i.e. €31.3 million.

In the income statement, the amounts attributable to the non-controlling interests in SSCL and NHS SBS are €0.3 million and €3.2 million respectively, and €2.0 million for the Cassiopae companies. These companies did not pay any dividends.

Summary financial information for these three companies is as follows:

	31/12/2016		
(in millions of euros)	Cassiopae	SSCL	NHS SBS
Non-current assets	111.6	18.2	36.1
Current assets	27.6	188.7	58.3
Non-current liabilities	15.3	36.4	8.2
Current liabilities	40.9	122.0	23.5
Revenue	50.7	230.5	95.4
Net profit	8.0	1.3	6.5

Non-controlling interests arise where a portion of equity ownership in a subsidiary is not attributable directly or indirectly to the parent company.

When non-controlling interests have an option to sell their investment to the Group, a financial liability is recorded in other non-current liabilities (see Note 7.4) for the present value of the option's estimated exercise price. The offset of the financial liability generated by these commitments is deducted from:

- mainly, the corresponding amount of non-controlling interests; and
- for the remainder, the Group's share of consolidated reserves.

Subsequent changes in this put option arising from changes in estimates or relating to the unwinding of discount are offset against the corresponding non-controlling interests and the remainder is deducted from the Group's share of consolidated reserves.

13.1.6. Capital management objectives, policy and procedures

The company's capital is uniquely comprised of the items disclosed in the balance sheet. There are no financial liabilities considered to be components of capital and, conversely, there are no equity components not considered to be part of the company's capital.

The company is not subject to any external constraints on its capital.

Treasury shares are detailed in Note 13.1.2.

The only diluting instruments are the stock options presented in Note 5.4.1, the free shares granted under the Sopra plan set up on 19 June 2012 and the free shares granted under Steria's (and now Sopra Steria's) legacy bonus performance share allotment plans (see Note 5.4.2).

13.2. Earnings per share

	2016	2015
Net profit attributable to the Group in millions of euros (a)	150.4	84.4
Weighted average number of ordinary shares in issue (b)	20,476,389	20,394,626
Weighted average number of treasury shares (c)	431,474	638,010
Weighted average number of shares in issue excluding treasury shares (d) = (b) - (c)	20,044,915	19,756,616
BASIC EARNINGS PER SHARE IN EUROS (A / D)	**7.50**	**4.27**

	2016	2015
Net profit attributable to the Group in millions of euros (a)	150.4	84.4
Weighted average number of shares in issue excluding treasury shares (d)	20,044,915	19,756,616
Dilutive effect of instruments that give rise to potential ordinary shares (e)	48,066	52,460
Theoretical weighted average number of equity instruments (f) = (d) + (e)	20,092,981	19,809,076
FULLY DILUTED EARNINGS PER SHARE IN EUROS (A / F)	**7.49**	**4.26**

The method used to calculate earnings per share is set out below.

Treasury shares are detailed in Note 13.1.2.

The potentially dilutive instruments are presented in Note 5.4.

Earnings per share as stated in the income statement are calculated on the basis of the Group's share in the net profit as follows:

- basic earnings per share are based on the weighted average number of shares in issue during the financial year, calculated according to the dates when the funds arising from cash share issues were received and, in respect of shares issued for contributions in kind via equity, the date on which the corresponding new Group companies were consolidated for the first time;
- diluted earnings per share are calculated by adjusting the Group's share of net profit and the weighted average number of shares outstanding for the diluting effect of share subscription option plans in force at the end of the financial year and free share plans. The treasury stock method is applied on the basis of the average share price for the year.

NOTE 14 RELATED-PARTY TRANSACTIONS

14.1. Transactions with equity-accounted associates and non-consolidated entities

(in millions of euros)	31/12/2016	31/12/2015
Transactions between Sopra Steria Group and the Axway Software group		
Sales of goods and services	2.9	2.9
Purchases of goods and services	-2.1	-1.9
Operating receivables	0.1	0.2
Operating payables	-0.9	-0.5
Financial income	-	-
Financial receivables (current account)	-	-
Transactions between Sopra Steria Group subsidiaries and the Axway Software group		
Sales of goods and services	4.2	4.1
Purchases of goods and services	-4.4	-0.8
Operating receivables	0.4	0.4
Operating payables	-3.2	-0.1
Financial income	-	-
Financial receivables (current account)	-	-
Transactions between Sopra Steria Group and holding company Sopra GMT		
Sales of goods and services	0.1	-
Purchases of goods and services	-1.1	-0.7
Operating receivables	-	-
Operating payables	-0.3	-
Financial income	-	-
Financial receivables (current account)	-	-

14.2. Subsidiaries and associated entities

Transactions and balances between Sopra Steria Group and its subsidiaries were eliminated in full on consolidation, since all of the subsidiaries are fully consolidated.

Non-consolidated equity investments are included under *Available-for-sale financial assets* (see Note 7.1).

NOTE 15 OFF BALANCE SHEET COMMITMENTS

15.1. Contractual obligations

Contractual obligations consist of operating lease agreements with the following face values and maturities:

Contractual obligations *(in millions of euros)*	Payments due by period			31/12/2016	31/12/2015
	Less than 1 year	One to five years	More than five years		
Leases of immovable property	62.6	189.8	69.7	322.2	300.7
Leases of movable property	8.6	17.0	0.3	25.9	39.6
TOTAL	**71.2**	**206.8**	**70.1**	**348.1**	**340.3**

15.2. Commitments given related to current operations

(in millions of euros)	31/12/2016	31/12/2015
Bank guarantees for project completion	64.1	59.4
Parent company guarantee of commitments entered into by subsidiaries	-	5.0
Other guarantees	11.5	9.8
TOTAL	**75.5**	**74.2**

With respect to the information technology service contracts it enters into with its clients, the Group may, following formal requests by its clients, provide bank guarantees in respect of the performance of obligations under the contracts signed with clients.

The amount of these guarantees was €64.1 million at 31 December 2016 (€59.4 million at 31 December 2015). To date, no use has ever been made of any such guarantee.

15.3. Commitments received

(in millions of euros)	31/12/2016	31/12/2015
Unused credit lines	900.0	900.0
Unused current bank overdrafts	160.3	159.0
TOTAL	**1,060.3**	**1,059.0**

As part of a cash pooling arrangement set up in 2012, between the entities of the Group and BMG (Bank Mendes Gans), Sopra Steria Group acts as guarantor for the amounts borrowed by its subsidiaries.

NOTE 16 SUBSEQUENT EVENTS

No material subsequent events occurred other than the acquisition of an additional 25% stake in KSEOP, the Cassiopae group's holding company, which took place on 27 January 2017 and is described in Notes 2.1, 7.4 and 13.1.5.

NOTE 17 LIST OF GROUP COMPANIES

Entities are broken down by Group reporting unit.

Company	Country	% control	% held	Consolidation method
FRANCE				
Sopra Steria Group	France	-	-	Parent company
Sopra Steria Infrastructure & Security Services	France	100.00%	100.00%	FC
Sopra Steria Services	France	100.00%	100.00%	FC
XYZ 12 2016	France	100.00%	100.00%	FC
CIMPA SAS	France	100.00%	100.00%	FC
CIMPA GmbH	Germany	100.00%	100.00%	FC
CIMPA Ltd	United Kingdom	100.00%	100.00%	FC
CIMPA PLM España SL	Spain	100.00%	100.00%	FC
Diamis	France	40.00%	40.00%	EM
Beamap SAS	France	100.00%	100.00%	FC
Xansa SAS	France	100.00%	100.00%	FC
Sopra Steria Polska	Poland	100.00%	100.00%	FC
Sopra India Private Ltd	India	100.00%	100.00%	FC
Steria Medshore SAS	Morocco	100.00%	100.00%	FC
Sopra Steria Group – Morocco branch	Morocco	100.00%	100.00%	FC
LASCE Associates*	France	100.00%	100.00%	FC
Active3D*	France	100.00%	100.00%	FC
Eurocis	France	33.00%	33.00%	NC
UNITED KINGDOM				
Sopra Group Holding Ltd	United Kingdom	100.00%	100.00%	FC
Sopra Group Ltd	United Kingdom	100.00%	100.00%	FC
Rand Informatique Systems Ltd	United Kingdom	100.00%	100.00%	NC
Newell & Budge Holdings Ltd	United Kingdom	100.00%	100.00%	NC
Sopra Steria Holdings Ltd	United Kingdom	100.00%	100.00%	FC
Sopra Steria Ltd	United Kingdom	100.00%	100.00%	FC
Sopra Steria Services Ltd	United Kingdom	100.00%	100.00%	FC
Caboodle Solutions Ltd	United Kingdom	100.00%	100.00%	FC
ASL Information Services Limited	United Kingdom	100.00%	100.00%	FC
Druid Group Limited	United Kingdom	100.00%	100.00%	FC
OSI Group Holdings Limited	United Kingdom	100.00%	100.00%	FC
Xansa Trustee Company Limited	United Kingdom	100.00%	100.00%	FC
FI Group Limited	United Kingdom	100.00%	100.00%	FC
Druid Quest Limited	United Kingdom	100.00%	100.00%	FC
OSI Group Limited	United Kingdom	100.00%	100.00%	FC
Steria BSP Ltd	United Kingdom	100.00%	100.00%	FC
NHS Shared Employee Services Limited	United Kingdom	75.50%	75.50%	FC
NHS Shared Business Services Ltd	United Kingdom	50.00%	50.00%	FC
Steria Recruitment Ltd	United Kingdom	100.00%	100.00%	FC
Steria UK Ltd	United Kingdom	100.00%	100.00%	FC
Steria UK Corporate Ltd	United Kingdom	100.00%	100.00%	FC
Shared Services Connected Ltd SSCL	United Kingdom	75.00%	75.00%	FC
First Banking Systems	United Kingdom	100.00%	100.00%	FC
Firth Solutions Ltd	United Kingdom	100.00%	100.00%	FC
FI Academy Ltd	United Kingdom	100.00%	100.00%	FC
FI Kernel Ltd	United Kingdom	100.00%	100.00%	FC
O.S.I. Ebt Trust No. 3	United Kingdom	100.00%	100.00%	FC

* *Merged with Sopra Steria Group at 31 December 2016.*

Company	Country	% control	% held	Consolidation method
Xansa Aesop – Trust	United Kingdom	100.00%	100.00%	FC
Steria Employee Trustee Company Ltd	United Kingdom	100.00%	100.00%	FC
Druid Group Ebt No. 5	United Kingdom	100.00%	100.00%	FC
Druid Quest – Trust No. 6	United Kingdom	100.00%	100.00%	FC
Steria Employee Trustee Company Ltd	United Kingdom	100.00%	100.00%	FC
Xansa 2004 Employee Benefit Trust	United Kingdom	100.00%	100.00%	FC
Zansa Ltd	United Kingdom	100.00%	100.00%	FC
Xansa Cyprus (No. 1) Ltd	Cyprus	100.00%	100.00%	FC
Xansa Cyprus (No. 2) Ltd	Cyprus	100.00%	100.00%	FC
Xansa India Sez DP Ltd	India	100.00%	100.00%	FC
Steria India Ltd	India	100.00%	100.00%	FC
Sopra Steria Asia Pte Ltd	Singapore	100.00%	100.00%	FC
Steria Malaysia	Malaysia	100.00%	100.00%	NC
Steria Hong Kong	Hong Kong	100.00%	100.00%	NC
Sopra Steria Wenhao	China	51.00%	51.00%	FC
Xansa Pte Ltd	Singapore	100.00%	100.00%	FC
Xansa Inc	United States	100.00%	100.00%	FC
Xansa Holdings Inc.	United States	100.00%	100.00%	FC
Xansa Inc.	Canada	100.00%	100.00%	FC
OTHER EUROPE				
Sopra Steria GmbH	Germany	100.00%	100.00%	FC
ISS Software GmbH	Germany	100.00%	100.00%	FC
Sopra Steria GmbH	Austria	100.00%	100.00%	FC
Sopra Steria Benelux	Belgium	100.00%	100.00%	FC
Sopra Steria Benelux – Luxembourg branch	Luxembourg	100.00%	100.00%	NC
Sopra Steria Benelux – Netherlands branch	Netherlands	100.00%	100.00%	NC
Sopra Steria PSF Luxembourg	Luxembourg	100.00%	100.00%	FC
Xansa SA Luxembourg	Luxembourg	100.00%	100.00%	FC
Sopra Steria AG	Switzerland	100.00%	100.00%	FC
Sopra Steria Group S.p.A.	Italy	100.00%	100.00%	FC
Sopra Steria España S.A.U.	Spain	100.00%	100.00%	FC
Sopra Steria Euskadi SL	Spain	100.00%	100.00%	FC
Sopra Group Catalunya SA	Spain	100.00%	100.00%	FC
Sopra Steria A/S	Denmark	100.00%	100.00%	FC
Sopra Steria AS	Norway	100.00%	100.00%	FC
The Solid Group	Norway	100.00%	100.00%	FC
Sopra Steria AB	Sweden	100.00%	100.00%	FC
SOPRA BANKING SOFTWARE				
Sopra Banking Software	France	100.00%	100.00%	FC
KSEOP Holding SAS	France	75.00%	75.00%	FC
Cassiopae SAS	France	75.00%	75.00%	FC
ITI SAS	France	75.00%	75.00%	FC
Cassiopae RE Nantes SA	France	75.00%	75.00%	FC
Cassiopae RE Paris SAS	France	75.00%	75.00%	FC
Sopra Banking Software Ltd	United Kingdom	100.00%	100.00%	FC
Sopra Banking Software 123 Ltd	United Kingdom	100.00%	100.00%	FC
Field Solutions Investment Ltd	United Kingdom	75.00%	75.00%	FC
Cassiopae Ltd	United Kingdom	75.00%	75.00%	FC
Sopra Banking Software Belgium	Belgium	100.00%	100.00%	FC
Sopra Banking Software Luxembourg	Luxembourg	100.00%	100.00%	FC
Sopra Banking Netherlands BV	Netherlands	100.00%	100.00%	FC
Sopra Banking Software GmbH	Germany	100.00%	100.00%	FC

Company	Country	% control	% held	Consolidation method
Sopra Banking Software – Iceland branch	Iceland	100.00%	100.00%	FC
Cassiopae GmbH	Germany	75.00%	75.00%	FC
Cassiopae Solutions Private Ltd	India	75.00%	75.00%	FC
Sopra Banking Software Singapore Pte Ltd	Singapore	100.00%	100.00%	FC
Sopra Banking Software Morocco	Morocco	100.00%	100.00%	FC
Cassiopae MEA	Tunisia	75.00%	75.00%	FC
Sopra Software Cameroun	Cameroon	95.00%	95.00%	FC
Cassiopae US Inc.	United States	75.00%	75.00%	FC
Cassiopae Holding Ltda	Brazil	75.00%	75.00%	FC
Cassiopae Software Ltda	Brazil	75.00%	75.00%	FC
Cassiopae SAS – South Korea branch	South Korea	75.00%	75.00%	FC
Sopra Banking Software Gabon	Gabon	100.00%	100.00%	NC
Sopra Banking Côte d'Ivoire	Côte d'Ivoire	100.00%	100.00%	NC
Delta Development Systems	Algeria	100.00%	100.00%	NC
OTHER SOLUTIONS				
Sopra HR Software	France	100.00%	100.00%	FC
Sopra HR Software Ltd	United Kingdom	100.00%	100.00%	FC
Sopra HR Software SPRL	Belgium	100.00%	100.00%	FC
Sopra HR Software Sarl	Luxembourg	100.00%	100.00%	FC
Sopra HR Software GmbH	Germany	100.00%	100.00%	FC
Sopra HR Software Sarl	Switzerland	100.00%	100.00%	FC
Sopra HR Software Srl	Italy	100.00%	100.00%	FC
Sopra HR Software SL	Spain	100.00%	100.00%	FC
Sopra HR Software Sarl	Tunisia	100.00%	100.00%	FC
Sopra HR Software Sarl	Morocco	100.00%	100.00%	FC
AXWAY	**FRANCE**	**32.89%**	**32.89%**	**EM**

FC: Fully consolidated.
EM: Equity method.
NC: Non-consolidated.

The Group does not directly or indirectly control any special-purpose entities.

Statutory Auditors' report on the consolidated financial statements

To the Shareholders,

In accordance with our appointment as Statutory Auditors by your General Meetings, we hereby report to you for the year ended 31 December 2016 on:

- the audit of the accompanying consolidated financial statements of Sopra Steria Group;
- the justification of our assessments;
- the specific verification required by law.

The consolidated 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 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 material 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.

We certify that the consolidated financial statements are, with respect to IFRS as adopted in the European Union, true and fair and provide an accurate view of the net worth, financial situation and earnings of the consolidated group constituted by the persons and entities included in the consolidation.

II - JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

- at each balance sheet date, the Company systematically performs an impairment test of goodwill to determine whether there is any indication that investments in equity-accounted companies may be impaired, using the methods described in Section 8.1.3 of the explanatory notes to the consolidated financial statements. In the course of our assessments, we examined the appropriateness of the approach adopted in addition to the implementation methods of this impairment test and the overall consistency of the assumptions used and the resulting assessments;
- the Company allocates a provision for its retirement and similar benefit commitments to its employees based on the projected credit unit method, as indicated in Section 5.3 of the explanatory notes to the consolidated financial statements. In the course of our assessments, we examined the data used, assessed the actuarial assumptions retained, and verified the overall consistency of these assumptions and the resulting measurements, as well as the appropriateness of the information provided in the notes;
- the Company recognises deferred tax assets in accordance with the procedures described in Section 6 of the explanatory notes to the consolidated financial statements. In the course of our assessments, we verified the consistency of all of the data and assumptions that underpin the measurement of deferred tax assets.

These assessments were made as part 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

We also performed the specific procedures in accordance with professional standards applicable in France and required by law in relation to the information on the Group contained in the Management Report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris and Courbevoie, 12 April 2017

The Statutory Auditors

Auditeurs & Conseils Associés Aca Nexia	Mazars
Olivier Juramie	Bruno Pouget

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2016 INDIVIDUAL FINANCIAL STATEMENTS

Balance sheet

Assets *(in thousands of euros)*	2016	2015
Intangible assets	105,086	576,588
Property, plant and equipment	48,857	47,708
Financial investments	1,790,154	1,278,215
Non-current assets	**1,944,097**	**1,902,511**
Stocks and work in progress	33	8
Trade accounts receivable	425,973	399,183
Other receivables, prepayments and accrued income	190,965	157,840
Cash and cash equivalents	107,716	36,061
Current assets	**724,687**	**593,092**
Debt issuance costs	622	889
Translation adjustments – Asset	7,173	179
TOTAL ASSETS	**2,676,579**	**2,496,671**

Liabilities and equity *(in thousands of euros)*	2016	2015
Share capital	20,532	20,447
Share premium	531,381	528,315
Reserves	162,856	164,070
Net profit/(loss) for the year	142,022	33,358
Equity	**856,791**	**746,190**
Provisions	**105,676**	**89,387**
Financial debt	961,732	970,364
Trade payables	119,303	91,259
Tax and social security payables	315,451	329,348
Other liabilities, accruals and deferred income	309,343	259,000
Liabilities	**1,705,829**	**1,649,971**
Translation adjustments – Liability	8,283	11,123
TOTAL LIABILITIES AND EQUITY	**2,676,579**	**2,496,671**

Income statement

(in thousands of euros)	2016	2015
Net revenue	1,393,280	1,289,104
Other operating income	38,506	57,966
Operating income	**1,431,786**	**1,347,070**
Purchases consumed	443,390	376,122
Staff costs	839,900	839,901
Other operating expenses	797	750
Taxes and duties	37,311	33,747
Depreciation, amortisation, provisions and impairment	21,037	26,391
Operating expenses	**1,342,435**	**1,276,911**
Operating profit	**89,351**	**70,159**
Financial income and expenses	38,862	-6,270
Pre-tax profit/(loss) on ordinary activities	**128,213**	**63,889**
Exceptional income and expenses	19,743	-33,263
Employee profit sharing and incentives	-9,302	-5,554
Corporate income tax	3,368	8,286
NET PROFIT/(LOSS)	**142,022**	**33,358**

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

1. Significant events

1.1. "We Share 2016" employee share ownership plan

On 21 January 2016, the Board of Directors decided to implement an employee share ownership plan reserved for employees of the Company and its majority-owned subsidiaries in France that are enrolled in the Group savings plan (PEG) as well as employees of the Company's subsidiaries in Belgium, Denmark, Germany, Italy, Luxembourg, the Netherlands, Norway, Poland, Singapore, Spain, Sweden and Switzerland that are enrolled in the international Group savings plan (PEGI).

In the United Kingdom and India, a share incentive plan (SIP) has been put in place under the specific legal conditions applicable to SIPs.

Employees were able to acquire Sopra Steria shares under a "conventional" purchase model and receive a matching employer contribution of one bonus share per share purchased, up to a maximum gross value of €3,000.

The offer of Sopra Steria shares to Group employees was carried out via the transfer of existing treasury shares, bought back in advance by Sopra Steria under a share buyback programme authorised by the shareholders at the General Meeting of 25 June 2015.

Excluding SIPs, this offer involved 193,170 shares in the Company (excluding delinquency), corresponding to 96,585 shares purchased by employees and 96,585 bonus shares awarded as the employer's matching contribution. After delinquency, the transaction resulted in employees subscribing for 96,525 shares and 96,525 bonus shares being awarded.

Sopra Steria Group employees subscribed for 57,240 shares and received 57,240 shares as the employer's matching contribution.

In the Company's full-year financial statements, the impact of this plan was as follows:

- on balance sheet assets:
  - a reduction in *Other financial investments* in the amount of €14.913 million,
  - an increase in *Cash and cash equivalents* of €9.809 million relating to the selling price of shares subscribed for by employees;

- in the income statement:
  - a capital gain on the sale of shares subscribed for by employees in the amount of €2.352 million,
  - a staff cost relating to the employer's matching contribution of €4.422 million.

1.2. Renegotiation of the syndicated loan

In the second half of 2016, an amendment was signed with all banks to improve documentation, amend the terms applicable to the various tranches and set the repayment date for the loan as 30 September 2021, with two options to extend this by one year.

The costs associated with this renegotiation amounted to €2.105 million.

1.3. Acquisitions during the year

Over the course of the year, the Company acquired:

- 100% of shares in LASCE Associates;
- 100% of shares in Active3D;
- the business assets of EchoSystems;
- 1,793,625 shares in Axway Software.

1.4. Restructuring transactions

1.4.1. UNIVERSAL TRANSFERS OF ASSETS

All the assets of LASCE Associates and Active3D have been transferred to the Sopra Steria Group.

The characteristics of these restructuring operations are as follows:

- date of effect: 31 December 2016;
- retroactive tax effect to 1 July 2016 for LASCE Associates and to 1 January 2016 for Active3D;
- the results of these operations were as follows:
  - for LASCE Associates, recognition of a technical loss in the amount of €7.392 million,
  - for Active3D, recognition in equity of a surplus in the amount of €856 thousand.

1.4.2. SALE OF SOPRA INDIA SHARES TO STERIA INDIA

As part of the restructuring of its business in India, the Company sold all its Sopra India shares to Steria India for €33.831 million.

1.5. First year of application of ANC Regulation 2015-06 concerning the treatment of goodwill and technical merger losses

Within the framework of the implementation of the Accounting Directive 2013/34/EU of 26 June 2013 and the publication in the Official Journal of 23 July 2015 of Ordinance 2015-900 and Decree 2015-903, the ANC has amended Regulation 2014-03 of 5 June 2014 relating to the French national accounting code (*plan comptable général*).

The changes made to ANC Regulation 2014-03 of 5 June 2014 relating to the French national accounting code for accounting years beginning on or after 1 January 2016 concern:

- the definition of goodwill;
- the valuation of tangible assets, intangible assets and goodwill after their date of entry;
- technical losses due to a merger;
- information to be provided in the notes to the full-year financial statements;
- coordination measures.

The work carried out relating to the first-time application of this regulation led the Company to:

- look for a limit on the duration of use of its goodwill in order to possibly apply depreciation;
- allocate technical losses resulting from a merger to underlying assets;
- carry out impairment testing of goodwill even if there is no indication of impairment.

The results of this work led to the allocation of part of the technical loss from the merger with Steria SA to the valuation of investments that were transferred by it at their net carrying amount.

The Company thus recognised a transfer between line items of €481.747 million from *Intangible assets* to *Other financial investments*. This allocation had no impact on impairment testing of the financial investments concerned.

2. Accounting principles and policies

The financial statements for the period under review were prepared and are presented in accordance with the accounting methods in force within the Group and in compliance with the principles laid down in Articles 121-1 and 121-5 et seq. of France's 2014 national chart of accounts (*plan comptable général*).

Accounting conventions have been applied in accordance with the provisions of the French Commercial Code and ANC Regulation 2016-07 on the revision of the national chart of accounts applicable at the period-end.

Generally accepted accounting principles were applied on a prudent basis and in accordance with the following underlying assumptions:

- going concern basis;
- consistency of accounting methods from one year to the next;
- accrual basis; and
- in accordance with general guidelines for the preparation and presentation of annual financial statements.

No changes were made to accounting policies during the periods under review, with the exception of application of ANC Regulation 2015-06, as set out above.

2.1. Software development costs

All research and development costs are charged to the income statement in the year they are incurred.

Development costs for software and solutions may be capitalised if all of the following can be demonstrated:

- the technical feasibility of completing the intangible asset for use or sale;
- the intent to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the manner in which the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to reliably measure the expenditure attributable to the intangible asset during its development.

No development costs for software and solutions were recognised under intangible assets, since the conditions described above were not satisfied in their entirety.

The only research and development costs recognised are from the accounts of companies acquired and subsequently merged.

Intangible assets also include development costs for fundamentally important computer applications used for the specific needs of companies formerly belonging to the Steria group. These development costs are amortised over their expected useful lives, subject to a maximum of seven years.

2.2. Acquired software

Software is recognised at purchase cost. It is amortised on a straight-line basis over one to ten years.

2.3. Goodwill

Goodwill consists of acquired assets of a business that cannot be shown in any other balance sheet items. As such, it is calculated by deducting from the total value of a business those elements of that business that can be recognised separately in the balance sheet.

Sopra Steria Group conducts goodwill impairment tests every year.

The duration of use of goodwill is presumed to be unlimited.

The Company writes down the value of an asset if its current value (the higher of market value and value in use) is less than its carrying amount.

Goodwill is allocated to a group of assets so that it can be tested at a level of relevance that enables its performance to be tracked.

Previously recognised write-downs are definitive and may not be reversed.

2.4. Technical losses due to a merger

After allocation, technical losses arising from a merger are recognised in a specific account by the relevant asset category to facilitate their monitoring over time in the following categories:

- 208100 "Merger loss on intangible assets";
- 218700 "Merger loss on property, plant and equipment";
- 278000 "Merger loss on financial assets";
- 478100 "Merger loss on current assets".

The technical merger loss is depreciated using the same rules and under the same terms as the assets to which it is allocated.

Each share of the merger loss allocated to an underlying asset is written down when the current value of the underlying asset becomes less than its carrying amount, plus the share of the merger loss allocated. The impairment loss is charged firstly to the share of the technical merger loss.

Goodwill impairment therefore also includes impairment losses charged to the part of the technical merger loss allocated to goodwill.

2.5. Property, plant and equipment

Property, plant and equipment is recognised in the balance sheet at purchase cost.

Depreciation is calculated using the straight-line method over the useful lives assigned to each category of fixed assets.

Buildings	25 years
Fixtures and fittings	10 years
Hardware and equipment	3 to 5 years
Vehicles	5 years
Office furniture and equipment	5 to 10 years

2.6. Equity interests

Equity interests are recognised at cost.

At each year-end, an impairment loss is recognised whenever the acquisition cost exceeds the value in use.

The book value of equity interests is estimated on the basis of a number of criteria, primarily the following:

- consolidated equity;
- future cash flows.

2.7. Revenue

2.7.1. CONSULTING AND SYSTEMS INTEGRATION

Technical assistance, consulting, training and projects provided on a time and materials basis

These services are recognised when performed, which generally means when invoiced.

Operations are reviewed at each balance sheet date:

- services already performed but not yet, or only partially, invoiced are measured on the basis of the contractual billing rates and billable time. They give rise to revenue recognition, with a corresponding entry to *Accrued income* reflected in the balance sheet as part of *Trade accounts receivable*;
- services already billed but not yet entirely performed are deducted from invoiced revenue and included in the balance sheet as *Deferred income* within *Other liabilities, accruals and deferred income*.

Services covered by fixed-price contracts

Fixed-price contracts are characterised by commitments relating to the price, the end result and the deadline. Services performed under such contracts are usually recognised as follows using the percentage-of-completion method:

- revenue and profit generated by a contract are recognised on the basis of a technical assessment, in line with the Group's quality procedures, of the contract's degree of completion. During performance of a project, this assessment is generally based on 90% of the contract amount with the remaining 10% deferred until completion;
- the amount of revenue recognised at each balance sheet date is based on the difference between 90% of the contract value and the amount required to cover the total number of man-days remaining to be performed. This amount is included in the balance sheet as *Accrued income* within *Trade accounts receivable*. Payments on account received are included under *Other liabilities, accruals and deferred income*.

Moreover, costs incurred in the start-up phase of a contract may be recognised in the balance sheet as work-in-progress when they relate to future activities of the contract and provided it is probable that they will generate future economic benefits. These capitalised transition costs are reported in the balance sheet under trade accounts receivable.

Should a contract become loss-making, losses at completion are systematically recorded in *Provisions for contingencies and losses*.

2.7.2. SOFTWARE AND SOLUTIONS

Services provided within the scope of Software and Solutions operations include:

- the right of use under licence of the software and solutions provided;
- maintenance;
- ancillary services: installation, configuration, adjustments, training, etc.

In general, separate contracts are entered into with clients for licences and maintenance on the one hand and ancillary services on the other hand

In this situation, the various elements comprising the contracts are accounted for as follows:

- the licence fee is recognised when delivery takes place, which is considered to be the case when all contractual obligations have been fulfilled, i.e. when any remaining services to be provided are non-material and not liable to endanger the client's acceptance of goods supplied or services rendered;
- maintenance is generally billed in advance and is recognised on a pro rata basis;
- ancillary services are usually provided on a time and materials basis and are recognised when performed, which generally means when invoiced. They are sometimes performed within the scope of fixed-price contracts, in which case they are recognised using the percentage-of-completion method described above.

Sometimes, contracts comprising multiple elements (licence, maintenance, ancillary services, etc.) may be negotiated for a fixed price

In this situation, the amount of revenue attributable to the licence is obtained by calculating the difference between the total contract amount and the fair value of its other components, e.g. maintenance and ancillary services. The fair value of the other components is determined when possible by reference to the prices invoiced to customers based on their best estimates, as the component is sold separately (based on a price list) or is sold at a sale price determined by the management. The residual amount attributed to the licence is recognised at the time of delivery.

In fairly rare instances, ancillary services may be considered essential to the operation of a software package

This may be the case for very complex projects, the completion of which may be subject to particular risks. The project is then examined as a whole and is the focus of specific monitoring by the Industrial Department. Such projects are recognised using the percentage-of-completion method described above.

2.8. Trade accounts receivable

Trade accounts receivable are recognised using the methods specified above.

A separate estimate is made for trade accounts receivable at the end of the financial year and an impairment loss is recognised in the event of a risk of non-recovery, particularly when linked to collective proceedings. Doubtful debts for which legal proceedings have not been instigated are treated as accrued credit notes.

2.9. Retirement benefits

Sopra Steria Group sets aside provisions for all of its retirement benefit commitments in accordance with the retirement clauses of the Syntec collective bargaining agreement.

Sopra Steria Group's obligation towards its employees is determined on an actuarial basis, using the projected unit credit method: the employer's present obligation is recognised in proportion to the probable length of service of the employees, taking into account actuarial assumptions such as the level of future salary, life expectancy and staff turnover. Changes in actuarial assumptions that affect the valuation of the obligation are recognised as actuarial gains and losses. Actuarial gains and losses representing more than 10% of the amount of obligations are recognised and amortised over the expected average working lives of the employees participating in the plan.

2.10. Foreign currency transactions

Foreign currency income and expense items are recorded at their euro equivalent at the transaction date.

Foreign currency receivables and payables are recorded in the balance sheet at their euro equivalent determined using the closing exchange rate. Any gains or losses arising on the retranslation of foreign currency receivables and payables are recorded in the balance sheet under *Translation adjustments*.

A provision for contingencies and losses is recognised in respect of foreign currency translation losses in the amount of such losses, unless the term of the transactions is sufficiently close. In this case, the unrealised gains and losses are considered to form part of the overall foreign exchange position and the charge to the provision is restricted to the amount by which losses exceed gains.

2.11. Provisions for contingencies and losses

Provisions for contingencies and losses are set aside to cover probable outflows of resources to third parties, without consideration for the Company. They may include, inter alia, provisions to cover the following:

- commercial risks (estimated costs of guarantee expenses, "losses on completion" on some long-term contracts);
- employee-related costs (restructuring costs, post-employment benefits covering pension obligations, supplementary pensions and similar benefits);
- costs related to business premises (unoccupied premises, renovations);
- financial risks such as the risk of foreign exchange losses;
- risks of tax adjustments linked to tax audits.

2.12. Consolidated financial statements

The Company prepares consolidated financial statements. The Group consists of Sopra Steria Group (the parent) and its subsidiaries as well as the Group's share in associates.

3. Notes to the balance sheet

3.1. Non-current assets

3.1.1. INTANGIBLE ASSETS

(in thousands of euros)	Research and development costs	Concessions, patents and similar rights	Goodwill	Total
GROSS VALUE				
At 1 January 2016	**3,525**	**34,922**	**619,677**	**658,124**
Changes in scope (1)(2)	-	8,236	7,392	15,628
Acquisitions	-	2,950	250	3,200
Disposals	-	-2,061	-	-2,061
Inter-account transfers (3)	-	-	-481,747	-481,747
At 31 December 2016	**3,525**	**44,047**	**145,572**	**193,144**
AMORTISATION				
At 1 January 2016	**3,482**	**23,813**	**54,241**	**81,536**
Changes in scope	-	2,963	-	2,963
Charges	43	4,370	-	4,413
Reversals	-	-854	-	-854
At 31 December 2016	**3,525**	**30,292**	**54,241**	**88,058**
NET VALUE				
At 1 January 2016	**43**	**11,109**	**565,436**	**576,588**
At 31 December 2016	**-**	**13,755**	**91,331**	**105,086**

(1) Transfer of software developed in-house at Active3D.

(2) Technical losses resulting from the transfer of assets from LASCE Associates as intangible assets.

(3) Allocation of the technical loss resulting from the merger with Steria SA to financial assets.

Intangible assets comprise:

- research and development costs;
- software acquired or contributed;
- goodwill acquired or contributed during mergers.

Research and development costs for software and solutions, which totalled €17.056 million in 2016, are recognised as expenses.

Software acquisitions mainly relate to workstation software as well as development and industrialisation tools.

3.1.2. PROPERTY, PLANT AND EQUIPMENT

(in thousands of euros)	Land	Buildings	Technical installations	Sundry fittings	Vehicles	Office furniture and equipment	Other property, plant and equipment	Fixed assets in progress	Total
GROSS VALUE									
At 1 January 2016	**323**	**6,829**	**2,385**	**64,005**	**87**	**35,366**	**14**	**-**	**109,009**
Changes in scope	-	-	33	55	-	71	-	-	159
Acquisitions	-	-	1,394	7,304	-	2,084	-	98	10,880
Disposals	-	-	-	-3,037	-	-797	-	-	-3,834
At 31 December 2016	**323**	**6,829**	**3,812**	**68,327**	**87**	**36,724**	**14**	**98**	**116,214**
DEPRECIATION									
At 1 January 2016	**127**	**5,788**	**1,395**	**32,377**	**22**	**21,592**	**-**	**-**	**61,301**
Changes in scope	-	-	22	7	-	28	-	-	57
Charges	10	124	669	6,192	17	2,559	-	-	9,571
Reversals	-	-		-2,780	-	-792	-	-	-3,572
At 31 December 2016	**137**	**5,912**	**2,086**	**35,796**	**39**	**23,387**	**-**	**-**	**67,357**
NET VALUE									
At 1 January 2016	**196**	**1,041**	**990**	**31,628**	**65**	**13,774**	**14**	**-**	**47,708**
At 31 December 2016	**186**	**917**	**1,726**	**32,531**	**48**	**13,337**	**14**	**98**	**48,857**

Property, plant and equipment consists of:

- *Land and buildings:* Sopra Steria Group owns three buildings at the Annecy-le-Vieux site;
- *Office furniture, fixtures and equipment:* this refers to equipment on premises leased by Sopra Steria Group in major French cities.

Some computer hardware is acquired on four-year leases and is not included under *Property, plant and equipment* in the individual financial statements.

3.1.3. FINANCIAL INVESTMENTS

(in thousands of euros)	Equity interests and long-term investment securities	Receivables in respect of equity interests	Loans and other financial investments	Total
GROSS VALUE				
At 1 January 2016	**1,183,227**	**-**	**113,184**	**1,296,411**
Changes in scope	-	-	77	77
Acquisitions/Increases	76,892	-	600	77,492
Disposals/Decreases	-17,209	-	-32,852	-50,061
Inter-account transfers	-	-	483,786	483,786
At 31 December 2016	**1,242,910**	**-**	**564,795**	**1,807,705**
IMPAIRMENT				
At 1 January 2016	**18,196**	**-**	**-**	**18,196**
Charges	4,840	-	-	4,840
Reversals	-5,485	-	-	-5,485
At 31 December 2016	**17,551**	**-**	**-**	**17,551**
NET VALUE				
At 1 January 2016	**1,165,031**	**-**	**113,184**	**1,278,215**
At 31 December 2016	**1,225,359**	**-**	**564,795**	**1,790,154**

Details concerning equity interests are provided in the list of subsidiaries and other equity interests presented in Note 5.9.

This item also includes bonds purchased directly from the issuer, CS Communication & Systèmes, at the time of issuance. These bonds have the following characteristics:

- negotiable bonds;
- par value: €360;
- number of bonds acquired: 22,300;
- subscription date: 25 July 2014;
- maturity date: 25 July 2019;
- nominal interest rate: 4% (capitalised and paid at maturity).

a. Breakdown of changes in the gross amounts recognised for equity interests and long-term investment securities

Changes in scope:

This concerns security deposits provided in connection with the transfers of assets of Active3D and LASCE Associates.

Increases:

Securities concerned *(in thousands of euros)*	**Transaction**	**Amount**
Sopra Steria AB (Sweden)	Recapitalisation	2,154
Axway Software	Purchase of shares	38,563
LASCE Associates	Purchase of shares	8,258
Active3D	Purchase of shares	2,443
Sopra Steria I2S	Recapitalisation	25,000
CS Communication & Systèmes	Capitalised interest on bonds	463
XYZ 12 2016	Subscription to the share capital at formation	10
TOTAL		**76,892**

Decreases:

Securities concerned *(in thousands of euros)*	**Transaction**	**Amount**
LASCE Associates	Dissolution without liquidation	8,258
Active3D	Dissolution without liquidation	2,443
Sopra India Ltd	Disposal of shares	5,366
Ecomouv SAS	Repayment of capital	720
Axway Software	Delivery of shares upon the exercise of options by Sopra Steria Group	281
CS Communication & Systèmes	Capitalised interest on bonds	141
TOTAL		**17,209**

b. Impairment of equity interests

In accordance with CRC Regulation 2002-10, issued by the *Comité de la Réglementation Comptable* (the French accounting regulation committee), on the depreciation, amortisation and impairment of fixed assets, the following changes in impairment charges were recognised in financial year 2016:

(in thousands of euros)	**At 1 January 2016**	**Charges**	**Reversals**	**At 31 December 2016**
Sopra Group GmbH	5,485	-	5,485	-
Steria Medshore (Morocco)	935	47	-	982
Sopra Steria AB (Sweden)	11,280	2,154	-	13,434
Sopra Steria A/S (Denmark)	496	2,639	-	3,135
TOTAL	**18,196**	**4,840**	**5,485**	**17,551**

c. Loans and other financial investments

At the balance sheet date, this item comprises primarily:

- loans to UK subsidiaries in the amount of £60 million;
- liquidity agreement (shares and cash) in the amount of €3.042 million;
- treasury shares in the amount of €8.232 million;
- financial assets merger loss in the amount of €481.747 million.

In the course of the year, this item was characterised by:

- the reclassification of technical merger losses relating to investments held previously by Steria SA that were transferred to Sopra Steria Group at their net carrying amount at the time of the merger in December 2014;
- the reclassification of the cash account relating to the liquidity agreement;
- security deposits provided during the transfers of assets of Active3D and LASCE Associates;
- the disposal of treasury shares subscribed for by Group employees under the “We Share 2016” programme;
- allocation of treasury shares as the employer’s matching contribution under the “We Share 2016” programme.

3.2. Other assets

3.2.1. TRADE ACCOUNTS RECEIVABLE

(in thousands of euros)	2016	2015
Non-Group clients and related accounts	261,647	264,224
Accrued income	148,264	122,475
Group clients	16,062	12,471
Doubtful debtors	535	535
Provision for doubtful debtors	-535	-522
TOTAL	**425,973**	**399,183**

Trade accounts receivable are recognised as assets and are stated at their carrying amount.

Accrued income is essentially comprised of production recognised for fixed-price projects using the percentage-of-completion method. Invoices are generally prepared for these contracts upon completion of the services rendered, which are covered over the lifespan of the projects through payments on account.

At 31 December 2016, the sale of trade receivables not yet due totalled €25.000 million, compared with €30.055 million at end-2015.

3.2.2. OTHER RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME

(in thousands of euros)	2016	2015
Staff costs and related accounts	294	305
Social security	280	338
State and local authorities		
■ Corporate income tax	4,836	316
■ VAT	17,351	14,458
■ Other tax	41,413	72,284
Group and associates	112,315	54,357
Impairment of current accounts	-48	-48
Other receivables	8,501	10,736
Prepaid expenses	6,023	5,094
TOTAL	**190,965**	**157,840**

The *Other tax* item includes in particular tax credits not used at 31 December 2016. It mainly consists of research tax credit receivables totalling €32.835 million.

This item decreased by €30.871 million in 2016. This reduction relates primarily to the pre-financing of research tax credit receivables not yet set off against corporation tax in the amount of €36.285 million.

The item "Corporate income tax" in the amount of €4.836 million consists of a corporation tax instalment payment surplus.

Group and associates increased by nearly €58 million. This increase is mainly due to the current account advance to the Sopra Banking Software subsidiary (which increased by €65 million in 2016) in view of the latter's funding of the acquisition of the Cassiopae group.

Prepaid expenses relate to services invoiced in 2016 and attributable to subsequent years. They mainly concern costs associated with hardware and software maintenance contracts and leases of movable and immovable property.

3.2.3. DEBT ISSUANCE COSTS AND TRANSLATION ADJUSTMENTS – ASSET

(in thousands of euros)	2016	2015
Debt issuance costs	622	889
Translation adjustments – Asset	7,173	179
TOTAL	**7,795**	**1,068**

Foreign currency translation losses amounted to €7.173 million at end December 2016, compared with €179k at end-2015. This change relates mainly to the 16% fall in sterling, which had a negative impact on receivables denominated in sterling, in particular the £60 million loan granted to UK subsidiaries.

Debt issuance expenses consist of costs to negotiate and arrange the bond issue carried out on 12 April 2013 for an initial amount of €1.672 million. These costs are amortised over the term of the debt in proportion to the interest accrued.

3.2.4. IMPAIRMENT OF CURRENT ASSETS

(in thousands of euros)	At 1 January 2016	Changes in scope	Charges	Reversals	At 31 December 2016
Impairment of trade receivables	522	13	1	1	535
Impairment of current accounts	48	-	-	-	48
Impairment of sundry debtors	-	-	-	-	-
TOTAL	**570**	**13**	**1**	**1**	**583**

3.3. Equity

3.3.1. STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)	Share capital	Issue, merger and contribution premiums	Legal reserve	Discretionary reserves	Retained earnings	Net profit/ (loss) for the year	Total
At 1 January 2016	**20,447**	**528,315**	**1,191**	**162,291**	**588**	**33,358**	**746,190**
Appropriation of 2015 earnings and dividends	-	-	854	-1,667	-380	-33,358	-34,551
Exercise of share subscription options	64	3,727	-	-	-	-	3,791
Impact of disposal of Axway shares following exercise of share subscription options	-	-1,517	-	-	-	-	-1,517
Free share awards to employees	21	-	-	-21	-	-	-
Merger surplus	-	856	-	-	-	-	856
Profit/(loss) for the year	-	-	-	-	-	142,022	142,022
AT 31 DECEMBER 2016	**20,532**	**531,381**	**2,045**	**160,603**	**208**	**142,022**	**856,791**

The amount of dividends paid in 2016, in respect of 2015 profit, was €1.70 per share, for a total amount of €34.551 million.

3.3.2. SHARE CAPITAL

At 31 December 2016, Sopra Steria Group had a share capital of €20,531,795, compared with €20,446,723 at 31 December 2015, comprising 20,531,795 fully paid-up shares with a nominal value of €1 each.

Movements during the 2016 financial year were as follows:

- delivery of 21,310 free shares under the free share award plans;
- exercise of share subscription options during the year: 63,762 shares were created, corresponding to a capital increase of €64 thousand and an issue premium of €3.727 million.

In accordance with the decision made at the Combined General Meeting of 27 June 2014 pursuant to Article L.225-123 of the French Commercial Code arising from the Act of 29 March 2014, dual voting rights were introduced on 7 July 2014 for all fully paid-up shares held in registered form in the same shareholder's name for at least two years.

At 31 December 2016, the total number of voting rights that could be exercised at Ordinary and Extraordinary General Meetings was 25,873,873, while the total number of theoretical voting rights at that date was 25,985,947.

Sopra Steria Group held a total of 112,074 treasury shares at 31 December 2016. At the balance sheet date, reserves not available for distribution amounted to €8.803 million.

3.3.3. SHARE SUBSCRIPTION OPTION PLANS

	Plan 5	Plan 6			Plan 7
Date of General Meeting	26/05/2005	15/05/2008	15/05/2008	15/05/2008	10/05/2011
Date granted by the Board of Directors	18/03/2008 (1)	17/03/2009 (1)	15/04/2010 (1)	29/03/2011 (1)	20/10/2011
Total number of shares that may be subscribed or purchased	50,000	20,000	30,000	49,500	5,000
Number of shares granted to company officers	-	-	-	-	-
Exercise price	45.30	27.16	53.68	72.40	43.22
Number of shares initially allocated or readjusted following the Axway spin-off	52,642	21,302	31,953	52,720	5,000
Initial or readjusted exercise price following the Axway spin-off	41.16	24.13	49.03	66.61	NA
of which number of shares granted to company officers	-	-	-	-	-
Date at which options may be exercised	19/03/2013	18/03/2014	16/04/2015	30/03/2016	21/10/2016
Expiry date	17/03/2016	16/03/2017	14/04/2018	28/03/2019	19/10/2019
Subscription or purchase price	41.16	24.13	49.03	66.61	43.22
Operating procedures	NA	NA	NA	NA	NA
Number of shares subscribed during the year			25,953	37,809	
Number of shares subscribed at 31/12/2016	43,142	21,302	31,953	37,809	-
of which number of shares granted to company officers	-	-	-	-	-
Cumulative number of share subscription or purchase options cancelled or lapsed	9,500	-	-	14,911	-
of which number of company officers' shares retired	-	-	-	-	-
Share subscription or purchase options remaining at 31/12/2015	**-**	**-**	**-**	**-**	**5,000**
of which number of company officers' shares remaining	-	-	-	-	-

(1) Quantity and exercise price for option allocations adjusted following the Axway spin-off and listing transactions.

At the Combined General Meeting held on 19 June 2012, the shareholders authorised the Board of Directors to issue options under Plan 8. To date, no shares have been awarded. At the Combined General Meeting held on 27 June 2014, the shareholders authorised the Board of Directors to issue options under Plan 9. To date, no shares have been awarded.

Adjustments were made to the exercise price and volume of share subscription options yet to be exercised as at 14 June 2011 to reflect the Axway Software spin-off and capital increase with pre-emptive rights for existing shareholders. These adjustments are set out in the table above.

On this basis, the number of Sopra Steria Group shares issuable against outstanding options is 5,000.

On exercising their options, holders of Sopra Steria Group options as at 14 June 2011 are eligible to receive one free Axway Software share held by the Company for each option originally granted. At 31 December 2016, there are no more Axway Software shares that could thus be distributed by way of the exercise of Sopra Steria Group options. The average price of Sopra Steria Group shares in 2016 was €101.56.

3.3.4. FREE SHARE AWARD PLANS

	Sopra plan (in Sopra shares)	Plans added following the Steria merger (in Steria shares)			Sopra Steria plan
	June 2012 plan (1)	**Plans 10 and 11** (2)	**Plan 12** (2)	**Plan 13** (6)	**June 2016 plan** (7)
Date of General Meeting	19/06/2012	15/05/2012	15/05/2012	22/05/2014	22/06/2016
Grant date	19/06/0212	02/07/2012 and 01/08/2012	17/09/2013	15/10/2014	24/06/2016
Total number of shares granted subject to conditions	166,875	166,600	151,900	79,500	88,500
Of which number of shares granted to:					
■ executive company officers (3)	-	-	-	-	3,000
■ top ten employee grantees (4)	-	53,000	50,500	21,800	19,000
Vesting date					
■ Spain/Italy	01/07/2014				31/03/2019
■ France	01/07/2014	02/07/2015 and 01/08/2015	17/09/2016	15/10/2017	31/03/2019
■ Other countries	01/07/2016	01/08/2016	17/09/2017	15/10/2018	31/03/2019
Holding period expiry date					
■ France	30/06/2016	01/07/2017	17/07/2018	15/10/2019	
■ Spain	30/06/2016				
■ Other countries	(5)	(5)	(5)	(5)	
Number of potential shares that could have been granted as at 1 January 2016	4,620	38,850	112,400	70,500	-
Granted in 2016	4,620	29,250	37,406	-	-
Awards cancelled in 2016	-	9,600	49,602	11,400	-
Vested at 31/12/2016	133,665	73,800	37,406	-	-
SHARES REMAINING AT 31 DECEMBER 2016	**-**	**-**	**25,392**	**59,100**	**88,500**
EQUIVALENT IN SOPRA STERIA SHARES REMAINING AT 31/12/2016 FOLLOWING THE MERGER (8)	**-**	**-**	**6,354**	**14,775**	**88,500**

(1) Plan with conditional grant depending on continued employment.

(2) Plan with conditional grant depending on continued employment and performance requirements as measured by changes in operating margin and consolidated revenue over a three-year period.

(3) The company officer in question is Groupe Steria's former General Manager, who is not subject to the continued employment requirement.

(4) From the former Steria group.

(5) No holding period.

(6) Plan with conditional grant depending on continued employment and performance requirements as measured by changes in operating profit on business activity and consolidated revenue over a two-year period.

(7) Plan with conditional grant depending on continued employment and performance requirements as measured by changes in operating profit on business activity, consolidated revenue and consolidated free cash flow over a three-year period.

(8) The adjustment of the number of Steria shares to Sopra Steria shares is calculated based on an exchange ratio of one Sopra Steria share for every four Steria shares, rounded up to the nearest whole number, for each grantee.

3.4. Provisions for contingencies and losses

(in thousands of euros)	At 1 January 2016	Changes in scope	Additions for the year	Reversals for the year		At 31 December 2016
				Used	Not used	
Provisions for retirement benefits	52,600	176	6,034	922	-	57,888
Provisions for restructuring (1)	12,292	-	-	3,350	305	8,637
Provisions for commercial disputes (2)	2,224	-	1,200	574	150	2,700
Provisions for employee disputes	4,791	-	878	1,741	410	3,518
Provisions for foreign exchange losses	179	-	7,173	180	-	7,172
Provisions for taxes (3)	15,146	-	10,000	-	329	24,817
Other provisions for contingencies (4)	2,155	-	-	1,137	75	943
TOTAL	**89,387**	**176**	**25,285**	**7,904**	**1,269**	**105,675**

(1) Provisions for restructuring mainly relate to costs related to vacant premises.
(2) Provisions for commercial disputes mainly correspond to contractual risks.
(3) Additions to provisions for taxes correspond to readjustments of the estimated risks associated with tax audits.
(4) Other provisions for contingencies mainly relate to a social security contribution adjustment risk.

It should be noted that provisions recognised on a prudent basis in no way prejudice the future outcome of current disputes.

3.4.1. PROVISIONS FOR RETIREMENT BENEFITS

Sopra Steria Group recognises provisions for its commitments to employees in accordance with the terms of voluntary and compulsory retirement under the Syntec collective bargaining agreement, as amended in 2004 following the French pension reform act of 21 August 2003. Provisions for retirement benefits are recognised on an actuarial basis as described in Note 2.9.

Assumptions referring to mortality rates are based on published statistical data.

Turnover tables are based on five-year age brackets and are updated at each balance sheet date to reflect separation data for the last five years.

The discount rate used to calculate the present obligation is the yield on high-quality corporate bonds (rated AA or higher) denominated in the payment currency and with a maturity close to the average estimated term of the retirement obligation concerned.

The Group uses the 20-year Bloomberg rate for the eurozone as the benchmark for discounting its retirement benefit obligations. At 31 December, this rate stood at 1.74%.

The total retirement benefit obligation amounted to €57.888 million.

3.5. Liabilities

3.5.1. FINANCIAL DEBT

(in thousands of euros)	At 1 January 2016	Changes in scope	Increase	Decrease	At 31 December 2016
Syndicated loan	278,099	-	-	43,349	234,750
Commercial paper	238,563	-	64,137	-	302,700
Employee profit-sharing	19,558	-	-	5,896	13,662
Bonds	180,000	-	-	-	180,000
Other financial debt	249,143	600	-	23,673	226,070
Accrued interest on financial debt	5,001	-	-	451	4,550
TOTAL	**970,364**	**600**	**64,137**	**73,369**	**961,732**

In 2014, the Group took out a €1,200 million five-year borrowing facility with two options to extend the expiry date by one year, consisting of a €200 million amortising tranche, an £80 million amortising tranche and a €900 million multi-currency revolving credit line.

In the second half of 2016, an amendment was signed with all banks to amend the terms of the various tranches and set the repayment date for the loan as 30 September 2021, with two options to extend this by one year.

At 31 December 2016, the outstanding amount drawn on the loan is from the two amortising tranches (€160 million and £72 million after contractual amortisations for the period). The €900 million multi-currency revolving credit facility is undrawn.

The *Other financial debt* item consisted of bank overdrafts in the amount of €225.201 million.

The bond issue in the original amount of €180.000 million has the following characteristics:

- subscription date: 12 April 2013;
- coupon rate: 4.25%;
- redemption date: 12 July 2019.

The terms and conditions to which the syndicated loan and bond issue are subject include a commitment to comply with certain financial covenants.

There are two financial ratios calculated every six months using the published consolidated financial statements on a 12-month rolling basis:

- the leverage ratio, equal to net financial debt/pro forma EBITDA;
- the interest coverage ratio, equal to pro forma EBITDA/cost of net financial debt.

The leverage ratio must not exceed 3.0 at any reporting date.

The second ratio must not fall below 5.0.

Net financial debt is defined on a consolidated basis as all loans and related borrowings (excluding intercompany liabilities), less available cash and cash equivalents.

Pro forma EBITDA is consolidated operating profit on business activity adding back depreciation, amortisation and provisions included in operating profit on business activity. It is calculated on a 12-month rolling basis and is therefore restated so as to be presented in the financial statements on a like-for-like basis over 12 months. Accordingly, EBITDA for 2016 was restated to show the result for the Cassiopae subgroup for the 12-month period.

At 31 December 2016, the net financial debt/pro forma EBITDA covenant was met, with the ratio coming in at 1.47, versus a covenant of 3.0. It is calculated as follows:

(in millions of euros)	31/12/2016	31/12/2015
Short-term borrowings (< 1 year)	369	316
Long-term borrowings (> 1 year)	403	438
Cash and cash equivalents	-265	-223
Other financial guarantees	0	0
Net debt (including financial guarantees)	**506**	**531**
Pro forma EBITDA	**345**	**302**
Net financial debt/Pro forma EBITDA ratio	**1.47**	**1.76**

For the interest coverage ratio, pro forma EBITDA is as defined above and the cost of net financial debt is also calculated on a rolling 12-month basis.

At 31 December 2016, the pro forma EBITDA to cost of net financial debt covenant, requiring a ratio of at least 5.0, was met, with the ratio coming in at 51.38. It is calculated as follows:

(in millions of euros)	31/12/2016	31/12/2015
Pro forma EBITDA	**345**	**302**
Cost of net financial debt	**6.7**	**8.1**
Pro forma EBITDA/Cost of net financial debt ratio	**51.38**	**37.10**

3.5.2. TRADE ACCOUNTS PAYABLE

(in thousands of euros)	2016	2015
Non-Group suppliers and related accounts	39,601	34,810
Accrued expenses	44,930	37,219
Group suppliers (including accrued expenses)	34,772	19,230
TOTAL	**119,303**	**91,259**

3.5.3. TAX AND SOCIAL SECURITY PAYABLES

(in thousands of euros)	2016	2015
Staff costs and related accounts	98,663	102,577
Social security	107,714	117,947
State and local authorities		
■ Corporate income tax	-	-
■ VAT	103,943	99,235
■ Other tax	5,131	9,589
TOTAL	**315,451**	**329,348**

3.5.4. OTHER LIABILITIES, ACCRUALS AND DEFERRED INCOME

(in thousands of euros)	2016	2015
Liabilities in respect of fixed assets	3,287	5,023
Group and associates	172,885	133,198
Other liabilities	24,372	21,139
Deferred income	108,799	99,640
TOTAL	**309,343**	**259,000**

Deferred income comprises the portion of interim billings issued in advance on fixed-price and maintenance contracts.

3.5.5. TRANSLATION ADJUSTMENTS – LIABILITY

(in thousands of euros)	2016	2015
Translation adjustments – Liability	8,283	11,123
TOTAL	**8,283**	**11,123**

4. Notes to the income statement

4.1. Revenue

Revenue breaks down as follows by vertical market:

	2016	2015
Services	25.7%	24.3%
Manufacturing	22.8%	23.4%
Finance	20.6%	21.2%
Public sector	19.3%	19.3%
Telecoms & Media	9.0%	9.4%
Retail	2.6%	2.4%
TOTAL	**100.0%**	**100.0%**

Of the €1,393 million of revenue generated in 2016, €76 million derived from international operations.

4.2. Compensation of directors and company officers

Directors' fees paid in 2016 in respect of financial year 2015 amounted to €500k.

Compensation paid in 2016 to company officers totalled €1.112 million.

4.3. French tax credit for competitiveness and jobs (CICE)

In respect of the 2016 financial year, Sopra Steria Group recorded a CICE tax credit of €18.211 million, recognised as a deduction against staff costs.

Sopra Steria Group sold its 2016 CICE tax credit receivables amounting to €23.018 million, including all such receivables relating to tax-consolidated entities.

Of this amount, €21.956 million had already been financed at the balance sheet date. The remaining €1.061 million, recognised under Other receivables, will be received in the first quarter of 2017.

The CICE is used in accordance with regulations in force (Article 244 quater C of the French General Tax Code).

4.4. Financial income and expenses

(in thousands of euros)	2016	2015
Dividends received from equity interests	19,871	16,911
Interest on bank borrowings and similar charges	-11,692	-17,692
Interest on employee profit-sharing	-946	-1,315
Discounting of the pension provision	-1,325	-1,052
Interest received and paid on Group current accounts	1,160	443
Positive and negative foreign exchange impact (including provision)	26,580	-14,247
Impairment of equity interests	645	8,785
Other additions to and reversals of financial provisions	-	-
Other financial income and expenses	4,569	3,052
Merger deficit	-	-1,155
FINANCIAL ITEMS	**38,862**	**-6,270**

The detail of dividends received is listed in the table of subsidiaries and other equity interests (see Note 5.9).

Foreign exchange gains and losses mainly arise from transactions carried out in pounds sterling during the year.

Interest on bank borrowings and similar charges fell significantly, by around €6 million. This relates primarily to the favourable trend in interest rates.

4.5. Exceptional income and expenses

The main movements in exceptional income and expenses were:

- an addition to provisions for taxes in the amount of €9.673 million;
- the capital gain on the sale of Sopra India Ltd shares in the amount of €28.346 million;
- the capital gain on the sale of treasury shares acquired by employees under the "We Share 2016" plan in the amount of €2.352 million.

(in thousands of euros)	Expenses	Income
Discontinued intangible assets	1,207	-
Disposal/scrapping of property, plant and equipment	261	-
Disposal of financial investments	13,116	45,174
Provision for taxes	10,000	327
Restructuring costs:		
■ actual expenses/income for the year	1,833	-
Expenses related to vacant premises		
■ actual expenses/income for the year	3,757	-
■ additions to/Reversals of provisions	-	3,655
Other	1,544	2,305
EXCEPTIONAL ITEMS	**31,718**	**51,461**

4.6. Employee profit-sharing

The amount of legally prescribed employee profit-sharing was nil in 2016, due to the fact that net taxable profit was less than 5% of equity.

4.7. Incentives

Incentives for 2016 were provisioned in the amount of €6.816 million.

Additional incentives in respect of 2015 were paid in 2016 in the amount of €2.485 million.

4.8. Corporate income tax

4.8.1. TAX CONSOLIDATION

Sopra Steria Group and its subsidiaries Sopra Banking Software, Sopra HR Software, Sopra I2S, Beamap, CIMPA and Sopra Steria Services have opted to file as a tax consolidation group as from financial year 2013. Each of the companies computes and recognises its own income tax charge as if it were taxed separately.

The tax saving arising from application of the Group tax regime, equal to the difference between the sum of tax paid to the parent company by consolidated companies and tax calculated on Group earnings and actually payable to the Treasury, will accrue to the parent company.

However, given the provisions laid down in Article 2 of these agreements, tax savings recognised by the parent company during the financial year, arising from the use of tax losses and net long-term capital losses reported by consolidated companies, are only temporary, since they will be taken into account by consolidated companies when the latter determine their taxes for subsequent financial years.

In 2016, Sopra Steria Group recognised tax savings of €3.518 million as a result of tax consolidation adjustments.

4.8.2. RESEARCH TAX CREDIT

Sopra Steria Group recognised an R&D tax credit of €8.708 million in 2016.

4.8.3. BREAKDOWN OF TAX BETWEEN RECURRING AND EXCEPTIONAL OPERATIONS

Corporate income tax is broken down as follows:

(in thousands of euros)	**2016**	**2015**
Tax on recurring operations	14,611	912
Tax on exceptional operations	-721	-
Impact of tax consolidation	-11,059	-298
Tax charge from tax reassessments	185	-
Research tax credit	-8,695	-8,704
Other tax expenses	2,868	
Other tax credits	-557	-196
TOTAL	**-3,368**	**-8,286**

Other tax expenses comprise primarily the withholding tax paid on the sale of Sopra India Ltd shares in the amount of €3.232 million.

4.8.4. DEFERRED AND UNREALISED TAX ITEMS

(in thousands of euros)	Basis							
	At 1 January 2016		Change in scope		Change		At 31 December 2016	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
I. CERTAIN OR CONTINGENT DIFFERENCES								
Tax-driven provisions	-	-	-	-	-	-	-	-
Investment subsidies	-	-	-	-	-	-	-	-
Temporary non-deductible expenses								
To be deducted the following year								
▪ employee profit-sharing	-	-	-	-	-	-	-	-
▪ organic tax	2,001	-	-	-	174	-	2,175	-
To be deducted thereafter								
▪ provision for post-employment benefits	52,600	-	175	-	5,112	-	57,887	-
▪ provision for foreign exchange losses	179	-	-	-	6,994	-	7,173	-
▪ other	12,605	-	-	-	-3,655	-	8,950	-
Temporary non-taxable income								
▪ short-term capital gains	-	-	-	-	-	-	-	-
▪ capital gains on mergers	-	-	-	-	-	-	-	-
▪ deferred long-term capital gains	-	-	-	-	-	-	-	-
Deducted expenses (or taxed income) for tax purposes that has not been recognised								
▪ foreign currency translation losses	-	179	-	-	-	6,994	-	7,173
▪ foreign currency translation gains	11,122	-	-	-	-2,839	-	8,283	-
▪ deferred charges	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
TOTAL	**78,507**	**179**	**175**	**-**	**5,786**	**6,994**	**84,468**	**7,173**
II. ITEMS TO BE OFFSET								
Losses that may be carried forward for tax offset	170,511	-	2,206	-	-81,490	-	91,227	-
Long-term capital losses	-	-	-	-	-	-	-	-
III. CONTINGENT TAX ITEMS								
Capital gains on non-depreciable assets contributed on merger	-	148,729	-	-	-	-	-	148,729
Special reserve for construction profits	-	-	-	-	-	-	-	-

5. Other information

5.1. Maturities of receivables and payables at the balance sheet date

5.1.1. RECEIVABLES

(in thousands of euros)	Gross amount	Up to 1 year	More than 1 year
Non-current assets			
Receivables related to equity interests	-	-	-
Other financial investments	71,774	-	71,774
Current assets			
Doubtful debts and disputes	535	-	535
Other trade receivables	425,972	425,972	-
Staff costs and related accounts	294	294	-
Social security	280	280	-
State and local authorities			
■ Corporate income tax	4,836	4,836	-
■ VAT	17,351	17,351	-
■ Other tax	41,413	41,413	-
Group and associates	112,315	112,315	-
Other receivables	8,501	8,501	-
Prepaid expenses	6,023	5,309	714
TOTAL	**689,294**	**616,271**	**73,023**

5.1.2. LIABILITIES

(in thousands of euros)	Gross amount	Up to 1 year	More than 1 year and within 5 years	More than 5 years
Bank debt				
■ 2 years maximum at origin	-	-	-	-
■ more than 2 years at origin	235,351	24,075	211,276	-
Bonds	180,000	-	180,000	-
Other financial debt	546,383	540,780	5,481	122
Trade payables	119,303	119,303	-	-
Staff costs and related accounts	98,663	98,663	-	-
Social security	107,714	107,714	-	-
State and local authorities				
■ Corporate income tax	-	-	-	-
■ VAT	103,943	103,943	-	-
■ Other tax	5,131	5,131	-	-
Liabilities in respect of fixed assets	3,287	3,287	-	-
Group and associates	172,885	172,885	-	-
Other liabilities	24,371	24,371	-	-
Deferred income	108,799	108,799	-	-
TOTAL	**1,705,830**	**1,308,951**	**396,757**	**122**

5.2. Information on finance leases

5.2.1. ASSETS HELD UNDER FINANCE LEASES

(in thousands of euros)	Original value	Depreciation charge for the period	Depreciation charge accumulated	Net value
IT equipment	27,063	5,712	11,682	15,381

5.2.2. FINANCE LEASE COMMITMENTS

	Actual lease payments		Lease payments remaining			
(in thousands of euros)	for the period	accumulated	less than 1 year	from 1 to 5 years	Total payable	Residual purchase price
IT equipment	5,701	12,743	6,382	8,095	14,477	270

5.3. Off balance sheet commitments

5.3.1. OFF BALANCE SHEET COMMITMENTS GIVEN

(in thousands of euros)	31/12/2016
Endorsements and bank guarantees	47,058
Counter-guarantee on non-bank guarantees covering contracts*	356,932
Bank counter-guarantee	-
Nominal value of future equipment operating lease payments	1,805
Nominal value of future real estate operating lease payments	144,998
Nominal value of future finance lease payments	14,747
Foreign exchange hedge	4,032
Interest rate hedge	414,000
TOTAL COMMITMENTS GIVEN	**983,572**

* *With respect to the information technology service contracts it enters into with its clients, the Group may, following formal requests by its clients, provide parent company guarantees to its subsidiaries in respect of the performance of their obligations under the contracts signed directly with their clients.*
To date, no use has ever been made of any such guarantee.

5.3.2. OFF BALANCE SHEET COMMITMENTS RECEIVED

(in thousands of euros)	31/12/2016
Endorsements and other bank guarantees	-
Cash facilities (overdrafts):	
■ authorised	164,000
■ utilised (balance sheet)	397
■ not utilised (off balance sheet)	163,603
Medium-term loan:	
■ authorised	1,134,751
■ utilised (balance sheet)	234,751
■ not utilised (off balance sheet)	900,000
Nominal value of future real estate sub-lease payments	53,393
Net carrying amount of leased assets	15,381
Foreign exchange hedge	4,032
Interest rate hedge	414,000
TOTAL COMMITMENTS RECEIVED	**1,481,635**

Other off balance sheet commitments

As part of a cash pooling arrangement put in place in 2012 between certain Group entities and BMG (Bank Mendes Gans), the Company stood as guarantor for amounts borrowed by its subsidiaries.

Sopra Steria Group also acts as guarantor for the amount of the contribution payable by its UK subsidiaries in respect of pension plans in the event that those subsidiaries should default. Similarly, it acts as guarantor for the put option granted to the UK Cabinet Office to acquire the 25% participation not yet held in SSCL, in the event that the Sopra Steria Ltd subsidiary should default.

5.4. Retirement benefit obligations

5.4.1. AMOUNTS RECOGNISED IN THE BALANCE SHEET

(in thousands of euros)	31/12/2016
Present value of the obligation financed (with corridor)	65,183
Fair value of plan assets	-
Difference	-
Present value of the obligation financed	**65,183**
Unrecognised actuarial losses (difference)	-6,617
Intercompany transfers and partial transfers of assets	175
Unrecognised past service cost	-853
Net liability on the balance sheet (provision after charge for the year)	**57,888**
Balance sheet amounts	**-**
Liabilities	57,888
Assets	-
NET OBLIGATION IN THE BALANCE SHEET	**57,888**

5.4.2. AMOUNTS RECOGNISED IN THE INCOME STATEMENT

(in thousands of euros)	31/12/2016
Current service cost	4,489
Interest on obligation	1,325
Net actuarial losses recognised for the period	-
Past service cost	220
Losses/(gains) on curtailments and settlements	-
Total recognised under *Operating expenses*	**6,034**
Actual return on plan assets	-
Net liability at the beginning of the period (with corridor)	**52,600**
Net expense recognised in the income statement	5,113
Contributions	-
Intercompany transfers and partial transfers of assets	175
NET LIABILITY AT THE END OF THE PERIOD	**57,888**

The calculation assumptions for this obligation were as follows:

- each employee is entitled to retirement benefits;
- the amount payable is calculated as set out in the collective bargaining agreement covering the category of employees in question;
- voluntary retirement age: 65;
- salary increase rate: 2.5%;
- discount rate: 1.74%.

5.5. Accrued income and expenses

(in thousands of euros)	
ACCRUED INCOME	
Trade accounts payable – Credit notes to be received	591
Trade accounts receivable	153,073
Tax and social security receivables	280
Other receivables	-
Cash and cash equivalents	223
TOTAL	**154,167**
ACCRUED EXPENSES	
Accrued interest on financial debt	4,551
Trade accounts payable	58,972
Trade accounts receivable – Credit notes to be issued	12,878
Tax and social security payables	137,269
Other liabilities	-
TOTAL	**213,670**

5.6. Workforce

The average workforce for 2016 consisted of 12,240 employees.

The workforce at 31 December 2016 comprised 13,086 employees.

5.7. Exceptional events and legal disputes

There were employee and contractual risks and disputes at the balance sheet date that are not provisioned in the balance sheet because they constitute contingent liabilities. Uncertainties remain as to their amount and the timing of the outflow of resources.

Furthermore, there are no exceptional events or legal disputes that may have a material effect on the Company's financial position, revenue, assets or net profit.

5.8. Post balance sheet events

None.

5.9. Schedule of subsidiaries and equity interests

Where applicable, euro figures were converted from local currencies using the period-end exchange rates.

Company *(in thousands of euros)*	**Share capital**	**Other share-holders' equity**	**% of capital held**	**Carrying amount of shares held**		**Loans and advances granted by the Company**	**Amount of guarantees and securities given**	**Revenue excluding VAT**	**Profit or loss**	**Dividends received by the Company**
				Gross	**Net**					
Subsidiaries										
Sopra Banking Software (France)	161,867	-32,873	100	154,442	154,442	93,931	28,000	193,843	-13,110	-
Sopra HR Software (France)	13,110	21,575	100	3,171	3,171	-	-	159,633	14,913	3,146
Sopra Steria Holdings Ltd (United Kingdom)	20,840	202,056	100	388,506	388,506	-	-	-	-7,324	-
Sopra Steria Group S.p.A. (Italy)	3,660	-545	100	12,503	12,503	5,909	-	58,078	893	-
Sopra Steria España SAU (Spain)	24,000	41,633	100	116,747	116,747	-	-	153,034	3,037	2,000
Beamap (France)	10	709	100	2,775	2,775	-	-	2,278	242	500
Diamis (France)	3,235	2,118	40	1,294	1,294	-	-	7,900	1,060	-
Sopra Steria AB (Sweden)	733	-402	100	13,434	-	-	-	8,763	-1,932	-
Sopra Steria AG (Switzerland)	4,288	16,388	99	37,561	37,561	34,965	4,656	45,213	3,100	2,320
Sopra Steria A/S (Denmark)	2,421	-2,579	100	9,531	6,396	-	538	14,105	-1,563	-
Sopra Steria Benelux (Belgium)	9,138	1,592	99	45,756	45,756	45,739	120	60,446	24	-
Sopra Steria AS (Norway)	2,201	23,490	100	126,303	126,303	13,900	6,603	190,776	10,979	6,262
Sopra Steria GmbH (Germany)	10,000	12,785	100	183,153	183,153	182,994	14,000	232,056	8,390	-
Sopra Steria Asia (Singapore)	1,313	4,664	100	3,590	3,590	2,356	7,176	11,842	934	816
Sopra Steria Infrastructure & Security Services (France)	26,155	-8,662	100	39,617	39,617	-	-	215,001	-8,662	-
Steria Medshore SAS (Morocco)	656	1,051	100	2,688	1,707	111	-	-	-60	-
Sopra Steria Polska Sp. z o.o. (Poland)	4,180	2,046	100	10,800	10,800	2,446	-	22,749	1,485	1,810
Sopra Steria UK Corporate Ltd (United Kingdom)	20,829	164,621	100	389,600	389,600	-	-	-	1,991	-
CIMPA (France)	152	16,204	100	100,000	100,000	-	-	93,811	2,955	-
Sopra Steria Services	10	-3	100	10	10	-	-	-	-1	-
XYZ 12 2016	10	-1	100	10	10	-	-	-	-1	-
EQUITY INTERESTS										
Intest SA (France)	NA	NA	19	58	58	-	-	NA	NA	27
Axway Software	42,042	182,624	33	73,859	73,859	-	-	160,841	10,881	2,778

5.10. Summary of results for the last five financial years

(in thousands of euros)	2016	2015	2014	2013	2012
Financial position of the Group at the year-end					
■ Share capital	20,532	20,447	20,372	11,920	11,893
■ Number of shares issued	20,532	20,447	20,372	11,920	11,893
■ Number of bonds convertible into shares	-	-	-	-	-
Results of operations for the year					
■ Revenue excluding VAT	1,393,280	1,289,104	1,447,462	853,281	819,228
■ Profit before tax, depreciation, amortisation and provisions	169,579	39,930	-108,916	56,399	32,010
■ Corporate income tax	-3,368	-8,286	-18,678	5,313	8,406
■ Profit after tax, depreciation, amortisation and provisions	142,022	33,358	-118,714	40,947	34,841
■ Amount of profit distributed as dividends	34,551	34,759	38,706	22,647	20,219
Earnings per share					
■ Profit after tax but before depreciation, amortisation and provisions	8.42	2.36	-4.43	4.29	1.98
■ Profit after tax, depreciation, amortisation and provisions	6.92	1.63	-5.83	3.44	2.93
■ Dividend paid per share	1.70	1.70	1.90	1.90	1.70
Employee data					
■ Number of employees	13,086	12,793	15,213	8,901	8,395
■ Total payroll	575,237	580,995	699,464	382,987	358,743
■ Amount paid in respect of social security benefits (social security, social bodies, etc.)	264,663	258,907	309,484	170,862	167,008

Statutory Auditors' report on the individual financial statements

To the Shareholders,

In accordance with our appointment as Statutory Auditors by your General Meetings, we hereby report to you for the year ended 31 December 2016 on:

- the audit of the accompanying individual financial statements of Sopra Steria Group;
- the justification of our assessments;
- the specific verifications and information required by law.

The individual 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 INDIVIDUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; these standards require that we plan and perform the audit to obtain reasonable assurance that the 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 individual financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of material 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 individual financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as of 31 December 2016 and of the results of its operations for the financial year then ended, in accordance with French accounting principles.

Without prejudice to the opinion expressed above, we draw your attention to the paragraphs 1.5, 2.3 and 2.4 of the Notes on the first year of application of ANC regulation 2015-06 concerning the treatment of business goodwill and technical merger losses.

II - JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

- the assets of Sopra Steria Group include equity investments, for which the accounting policies are described in Note 2.6. Our work involved assessing the criteria used to estimate the book value of these securities. In the course of our assessments, we verified the rationale for the approach adopted as well as the consistency of all of the assumptions used and the resulting valuations;
- the Company allocates a provision for its retirement benefit commitments towards its employees based on the projected unit credit method, as indicated in Notes 2.9, 3.4.1 and 5.4 to the individual financial statements. In the course of our assessments, we examined the data used, assessed the actuarial assumptions retained and verified the overall consistency of these assumptions and the resulting measurements, as well as the appropriateness of the information provided in the note;
- as mentioned in the first part of this report, paragraphs 1.5, 2.3 and 2.4 describe the accounting method changes resulting from the first application of ANC regulation 2015-06 concerning the treatment of business goodwill and technical merger losses. In the framework of our appreciations of the accounting rules and principles applied by your company, we verified the correct application of the changes in accounting rules and the appropriateness of their presentation.

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 DISCLOSURES

We have also performed the other specific verifications required by law in accordance with professional practice standards applicable in France.

We have no matters to report regarding the fair presentation and consistency with the individual financial statements of the information given in the Management Report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the individual financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code relating to remuneration and benefits granted to the company officers and any other commitments made to them, we have verified its consistency with the financial statements, or with the underlying information used to prepare those financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest to the accuracy and fair presentation of that information.

Pursuant to the law, we have verified that the Management Report contains the applicable disclosures as to ownership and control, and the identity of the holders of share capital.

Paris and Courbevoie, 12 April 2017

The Statutory Auditors

Auditeurs & Conseils Associes Aca Nexia	**Mazars**
Olivier Juramie	Bruno Pouget

Statutory Auditors' special report on related-party agreements and commitments

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby submit to you our report on related-party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the principal terms and conditions as well as the grounds for the benefit to the Company of those agreements and commitments brought to our attention or that we may have discovered in the course of our audit. We are not required to express an opinion on their usefulness and appropriateness or ascertain whether any other such agreements and commitments exist. In accordance with the terms of Article R. 225-31 of the French Commercial Code, it is your responsibility to assess the benefit of entering into such agreements when they are submitted for your approval.

Where applicable, it is also our responsibility to provide you with the information required by Article R. 225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the shareholders at a General Meeting.

We have carried out the procedures we deemed necessary in accordance with the professional guidelines of the Compagnie Nationale des Commissaires aux Comptes (CNCC, the French national institute of statutory auditors) relating to this engagement. These procedures consisted in verifying that the information given to us was consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL AT THE GENERAL MEETING

We hereby inform you that we were not informed of any agreements or commitments authorised during the financial year ended to be submitted for approval at the General Meeting subject to the provisions of Article L. 225-38 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED AT A GENERAL MEETING

Agreements and commitments approved during previous years that remained in force during the year

In accordance with Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments approved by the shareholders in previous financial years remained in force during the year.

Tripartite framework agreements for assistance entered into between your Company, Sopra GMT (a shareholder in your Company) and Axway Software (an investee of your Company)

Under this agreement, Sopra GMT carried out services for your Company relating to strategic decision-making, coordination of the general policy between your Company and Axway Software, and the development of synergies between these two companies, and performs various strategy-related, consulting and assistance services particularly with respect to finance and control.

This agreement has an unspecified term and will end, in the event of termination, with prior notice of 12 months.

The charging of services to Sopra Steria Group is performed on the basis of actual costs plus a mark-up of 7% (excluding expenses relating to Sopra GMT's administration of its investments, estimated at around 5% of the company's total expenses).

Sopra Steria Group charges Sopra GMT fees for the provision of premises and IT resources as well as assistance for the Group's functional departments.

Under this agreement, Sopra GMT charged your Company a net amount of €991,370 with respect to financial year 2016.

At its meeting on 24 February 2017, your Company's Board of Directors confirmed that this agreement still met the criteria under which it was authorised, and indicated that it would maintain the previously granted authorisation.

Persons concerned:

Name	Functions
Pierre Pasquier	Chairman of the Board of Directors of Sopra Steria Group Chairman and CEO of Sopra GMT
François Odin	Vice-Chairman of the Board of Directors of Sopra Steria Group Chief Operating Officer and director of Sopra GMT
Eric Pasquier	Director of Sopra Steria Group Chief Operating Officer and director of Sopra GMT

Provision of premises agreement entered into by your Company and Axway Software, an investee of your Company

Your Company charges Axway Software for services provided under a provision of premises agreement.

For financial year 2016, your Company recognised a net income of €2,394,889 under this agreement.

At its meeting on 24 February 2017, your Company's Board of Directors confirmed that this agreement still met the criteria under which it was authorised, and indicated that it would maintain the previously granted authorisation.

Persons concerned:

Name	Functions
Pierre Pasquier	Chairman of the Board of Directors of Sopra Steria Group Chairman of the Board of Directors of Axway Software
Kathleen Clark-Bracco	Permanent representative of Sopra GMT on the Board of Directors of Sopra Steria Group Vice-Chairman of the Board of Directors of Axway Software
Hervé Saint Sauveur	Director of Sopra Steria Group Director of Axway Software

Provision of IT resources agreement entered into by your Company and Axway Software, an investee of your Company

Your Company charges Axway Software for services provided under a provision of IT resources agreement.

For the first two months of financial year 2016, your Company recognised a net income of €978 under this agreement.

At its meeting on 25 February 2016, your Company's Board of Directors approved the downgrading of this agreement to unregulated status after taking into account the fact that the provision of IT resources is charged at market conditions and that these services represent a small amount of income.

Persons concerned:

Name	Functions
Pierre Pasquier	Chairman of the Board of Directors of Sopra Steria Group Chairman of the Board of Directors of Axway Software
Kathleen Clark-Bracco	Permanent representative of Sopra GMT on the Board of Directors of Sopra Steria Group Vice-Chairman of the Board of Directors of Axway Software
Hervé Saint Sauveur	Director of Sopra Steria Group Director of Axway Software

Agreement entered into with Eric Hayat Conseil

This agreement relates to the provision to senior management of advisory and assistance services, particularly in relation to strategic deals connected with business development, in return for compensation calculated on the basis of €2,500 (excluding taxes) per day.

For the financial year ended 31 December 2016, your Company recognised an expense of €265,000 under this agreement.

At its meeting on 24 February 2017, your Company's Board of Directors confirmed that this agreement still met the criteria under which it was authorised, and indicated that it would maintain the previously granted authorisation.

Person concerned: Eric Hayat, Chairman of Eric Hayat Conseil and Vice-Chairman of the Board of Directors of Sopra Steria Group.

Courbevoie and Paris, 12 April 2017

Mazars	**Auditeurs & Conseils Associés** **Aca Nexia**
represented by	represented by
Bruno Pouget	Olivier Juramie

6 SOPRA STERIA GROUP AND THE STOCK MARKET

1. General information

The Group was listed on the Paris Stock Exchange on 27 March 1990. Its ISIN is FR0000050809.

Sopra Steria Group shares are listed on Compartment A of NYSE Euronext Paris and are eligible for the Deferred Settlement Service (SRD).

At 31 December 2016, Sopra Steria Group had a share capital of €20,531,795 comprising 20,531,795 shares with a nominal value of €1.

Shares held in registered form for more than two years carry double voting rights; all other shares carry single voting rights. At 31 December 2016, 5,454,152 shares (representing 26.56% of the share capital) had double voting rights.

Codes and classification of the Sopra Steria Group share

ISIN / Euronext code: FR0000050809

Ticker symbol: SOP

Market: Euronext Paris

CFI: ESEUFB

(E = Equities, S = Shares, E = Enhanced voting, U = Free, F = Fully paid, B = Bearer)

Instrument type: Stock

Compartment: A (Large Cap)

Characteristics of the Sopra Steria Group share

Industry: 9000, Technology

Supersector: 9500, Technology

Sector: 9530, Software & Computer Services

Subsector: 9533, Computer Services

Eligible for Share Savings Plan

Eligible for Deferred Settlement Service

Main tickers for the Sopra Steria Group share

Euronext: SOP

Bloomberg: SOP: FP

Reuters: SOPR.PA

Main indices including the Sopra Steria Group share

SBF 120

CAC ALL-TRADABLE

CAC ALL SHARES

CAC MID & SMALL

CAC MID 60

CAC SOFT & C. S.

CAC TECHNOLOGY

EURONEXT FAS IAS

NEXT 150

2. Current ownership

Shareholders	At 31/12/2016 Shares	% of capital	% of theoretical voting rights	% of exercisable voting rights	At 31/12/2015 Shares	% of capital	% of theoretical voting rights	% of exercisable voting rights	At 31/12/2014 Shares	% of capital	% of theoretical voting rights	% of exercisable voting rights
Sopra GMT [1]	4,034,409	19.7%	28.4%	28.5%	4,034,409	19.7%	29.5%	29.8%	3,334,409	16.4%	25.4%	25.5%
Pasquier family	119,538	0.6%	0.9%	0.9%	119,538	0.6%	1.0%	1.0%	131,038	0.6%	1.0%	1.0%
Odin family	234,870	1.1%	1.8%	1.8%	241,800	1.2%	1.9%	2.0%	242,595	1.2%	1.9%	1.9%
Management	265,997	1.3%	1.9%	1.9%	497,172	2.4%	3.8%	3.8%	511,720	2.5%	2.9%	2.9%
o/w Sopra Développement [2]	1	0.0%	0.0%	0.0%	1	0.0%	0.0%	0.0%	1	0.0%	0.0%	0.0%
o/w SEI [3]	33,828	0.2%	0.3%	0.3%	258,828	1.3%	2.1%	2.1%	258,828	1.3%	1.2%	1.2%
o/w managers [4]	232,168	1.1%	1.6%	1.6%	238,343	1.2%	1.7%	1.7%	252,891	1.2%	1.7%	1.7%
Agreement between Sopra GMT, Pasquier and Odin families, and management	*4,654,814*	*22.7%*	*32.9%*	*33.1%*	*4,892,919*	*23.9%*	*36.1%*	*36.6%*	*4,219,762*	*20.7%*	*31.2%*	*31.2%*
Soderi	1	0.0%	0.0%	0.0%	1	0.0%	0.0%	0.0%	1	0.0%	0.0%	0.0%
Agreement between Sopra GMT and Soderi	*4,034,410*	*19.7%*	*28.4%*	*28.5%*	*4,034,410*	*19.7%*	*29.5%*	*29.8%*	*3,334,410*	*16.4%*	*25.4%*	*25.5%*
Geninfo (Société Générale Group) [5]	0	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	1,434,700	7.0%	10.9%	11.0%
Agreement between Sopra GMT, Pasquier and Odin families, and Geninfo	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*5,142,742*	*25.2%*	*39.2%*	*39.3%*
Total agreements	**4,654,815**	**22.7%**	**32.9%**	**33.1%**	**4,892,920**	**23.9%**	**36.1%**	**36.6%**	**5,654,463**	**27.8%**	**42.1%**	**42.1%**
Shares managed on behalf of employees	1,563,582	7.6%	8.6%	8.6%	1,581,990	7.7%	6.5%	6.6%	1,779,925	8.7%	7.0%	7.0%
o/w mutual funds (FCPE) and SIP Trust [6]	1,270,911	6.2%	7.4%	7.5%	1,264,412	6.2%	5.2%	5.3%	1,441,904	7.1%	5.7%	5.7%
o/w other UK trusts [7]	292,671	1.4%	1.1%	1.1%	317,578	1.6%	1.3%	1.3%	338,021	1.7%	1.3%	1.3%
Free float	14,201,324	69.2%	58.1%	58.3%	13,663,313	66.8%	56.2%	56.9%	12,920,253	63.4%	50.8%	50.9%
Treasury shares	112,074	0.5%	0.4%	0.0%	308,500	1.5%	1.2%	0.0%	17,148	0.1%	0.1%	0.0%
TOTAL	**20,531,795**	**100.0%**	**100.0%**	**100.0%**	**20,446,723**	**100.0%**	**100.0%**	**100.0%**	**20,371,789**	**100.0%**	**100.0%**	**100.0%**

(1) Sopra GMT, a French "société anonyme", is a holding company for Sopra Steria Group and Axway Software.

(2) Sopra Développement is a company formed by a group of senior managers whose corporate purpose is to hold shares in Sopra Steria Group and Axway Software.

(3) Sopra Executive Investments SEI is a company formed by a group of senior managers whose corporate purpose is to hold shares in Sopra Steria Group.

(4) These are the managers or former managers who signed the shareholders' agreement with Sopra GMT, the Pasquier and Odin families, SEI and Sopra Développement.

(5) Geninfo is a holding company wholly owned by the Société Générale Group. On 25 June 2015, Geninfo sold all its shares to Sopra GMT (700,000 shares), Sopra Steria Group (300,000 shares) and various investors (434,700 shares), thus terminating the shareholders' agreement between it, Sopra GMT and the Pasquier and Odin families.

(6) SIP Trust is a UK trust that manages shares purchased by employees under a Share Incentive Plan.

(7) The other UK trusts are trusts whose assets are held for the purpose of promoting employee share ownership.

(8) Not applicable.

The number of shares held by SEI decreased significantly in 2016 due to the reduction of its share capital. SEI share disposals are disclosed in greater detail in §11 of this chapter (page 254).

Sopra GMT's ownership structure is as follows:

Sopra GMT ownership structure	31/12/2016		31/12/2015		31/12/2014	
Shareholders	**Shares**	**% of capital**	**Shares**	**% of capital**	**Shares**	**% of capital**
Pierre Pasquier family group	318,050	*68.61%*	318,050	*68.95%*	318,050	*68.95%*
François Odin family group	132,050	*28.49%*	132,050	*28.63%*	132,050	*28.63%*
Sopra Steria Group management	13,474	*2.90%*	11,174	*2.42%*	11,174	*2.42%*
TOTAL	**463,574**	*100.00%*	**461,274**	*100.00%*	**461,274**	*100.00%*

3. Employee share ownership

At 31 December 2016, employees of the Company and of related companies within the meaning of Article L. 225-180 of the French Commercial Code held a total of 1,155,249 Sopra Steria Group shares and 1,740,531 voting rights under Sopra and Steria employee savings plans, representing 5.6% of the share capital and 6.7% of voting rights.

This employee share ownership is mainly a result of the 2014 merger with Groupe Steria and the tendering by the FCPE Groupe Steriactions mutual fund of all of its Groupe Steria shares to the public exchange offer.

In 2016, this plan was supplemented by an employee share ownership plan enabling employees who participated in this offer to acquire 193,170 shares representing 0.94% of the share capital (including the matching employer contribution).

After taking into account shares acquired by employees under a Share Incentive Plan in the UK managed by the SIP Trust, and those held by other UK trusts whose assets are intended to promote employee shareholding, all holdings managed on behalf of employees at 31 December 2016 represented 7.6% of the share capital and 8.6% of the voting rights.

4. Voting rights

In accordance with the decision made at the Combined General Meeting of 27 June 2014 pursuant to Article L. 225-123 of the French Commercial Code arising from the aforementioned Act of 29 March 2014, double voting rights were introduced on 7 July 2014 for all fully paid-up shares held in registered form in the same shareholder's name for at least two years.

At 31 December 2016, the total number of voting rights that could be exercised was 25,873,873 and the total number of theoretical voting rights was 25,985,947.

5. Threshold crossings

In 2016, the following crossings of statutory shareholding thresholds were declared to and published by the Autorité des Marchés Financiers:

Threshold crossing(s) Date	AMF Declaration	Shareholder(s) having crossed the threshold(s)	Crossing of threshold(s) in capital	Crossing of threshold(s) in voting rights	Type	Number of shares	% of capital held	Number of voting rights	% of voting rights held
01/03/2016	216C0591	Amundi AM		5%	Decrease	1,022,035	*4.99%*	1,022,035	*4.09%*
09/09/2016	216C2018	Amundi AM		5%	Increase	969,231	*4.73%*	1,424,982	*5.63%*

Amundi AM provides services in connection with managed investments on behalf of employees representing 7.6% of the share capital of Sopra Steria Group at 31 December 2016.

6. Shareholders' agreements

6.1. Agreement between Sopra GMT, Pasquier and Odin families, and the management

A shareholders' agreement constituting an action in concert was concluded, for a two-year term, on 7 December 2009 between the Pasquier and Odin family groups, Sopra GMT, Sopra Développement and a group of senior managers. It is automatically renewable for subsequent terms of two years.

This agreement includes the following main provisions:

- an undertaking by the parties to act in concert so as to implement shared strategies and, in general, to approve any significant decisions;
- an undertaking by the parties to act in concert in connection with the appointment of the members of Sopra Steria Group's management bodies and the renewal of these appointments, by which the senior managers agree to facilitate the appointment of any individuals proposed by the Pasquier and Odin family groups and Sopra GMT;
- an undertaking to act in concert so that the parties shall jointly hold, at all times, a minimum of 30% of the capital and voting rights of Sopra Steria Group;
- an undertaking by the parties to act in concert in connection with any proposed acquisition or disposal corresponding to more than 0.20% of the capital or voting rights of Sopra Steria Group;
- an undertaking by the parties to act in concert in order to adopt a shared strategy in the event of any takeover bid relating to Sopra Steria Group shares;
- a pre-emptive right to the benefit of the Pasquier and Odin family groups and Sopra GMT in the event of any disposal (i) by a senior manager of Sopra Steria Group shares (right of first refusal for Sopra GMT, right of second refusal for the Pasquier family group, right of third refusal for the Odin family group and right of fourth refusal for Sopra Développement) or (ii) by Sopra Développement of Sopra Steria Group shares (right of first refusal for Sopra GMT, right of second refusal for the Pasquier family group and right of third refusal for the Odin family group). The exercise price for the pre-emptive right shall be equal to (i) the price agreed between the transferor and the transferee in the event of an off-market transfer, (ii) the average share price over the ten trading days preceding the announcement of the disposal in the event of a sale on the market, or (iii) the value determined for the shares in the context of the transaction, in all other cases.

The senior managers shall refrain from carrying out any transaction likely to entail the filing of a mandatory takeover bid.

A rider to this agreement was signed on 14 December 2012, extending the agreement to include Sopra Executive Investments (SEI), a company created by a group of Sopra Group senior managers. The main provisions of the agreement remain unchanged, with SEI granted a pre-emptive right having the same ranking as that of Sopra Développement.

6.2. Agreement between Sopra GMT and Soderi

Soderi is the company owned by Sopra Steria Group's employee shareholders from the former Steria. For many years, Soderi has overseen the structures that manage these employees' holdings. The chairman of the Supervisory Board of the FCPE Groupe Steriactions and the chairman of the UK-based Sopra Steria Employee Trust are members of Soderi's Board of Directors.

On 9 June 2014, Sopra GMT and Soderi entered into a shareholders' agreement under which they declare that they are acting in concert vis-à-vis Sopra Steria Group.

This shareholders' agreement was entered into for five years with effect from the date of clearing and settlement of Sopra Group's public exchange offer on Groupe Steria shares (thus 12 August 2014) and may be tacitly renewed for successive periods of three years, unless terminated by either of the parties.

The shareholders' agreement mainly provides for the following undertakings:

- an undertaking by Sopra GMT not to exercise its double voting right at a General Meeting of Shareholders to approve a resolution not put forward or authorised by the Board of Directors;
- an undertaking by both parties not to propose at a General Meeting of Shareholders draft resolutions not authorised by the Board of Directors, unless a takeover bid for Sopra Steria Group is filed;
- an undertaking by Sopra GMT to confer with the representative of Soderi on the Board of Directors prior to any deliberation concerning certain important decisions (such as major deals affecting ownership, the Group's activities or the annual presentation of the strategic plan to the Board of Directors).

The agreement also includes other stipulations, particularly concerning employee shareholding, with the aim of:

- encouraging employees to invest in the Group's success through the most suitable mechanisms (investment and/or share ownership) to be discussed by the Board of Directors as and when the Group's financial performance permits; and
- working to define a new vehicle to bring together employee shareholders in the Group.

7. Control

7.1. Breakdown of voting rights

At 31 December 2016:

- the Group of shareholders acting in concert through the agreements referenced above, within which Sopra GMT, the Group's holding company, is the main shareholder, held 32.9% of theoretical voting rights;
- the holdings managed on behalf of employees represented 8.6% of theoretical voting rights, within these holdings. This holding is mainly managed by Amundi AM, as part of its employee share ownership management. Consequently, this entity is the only shareholder holding more than 5% of theoretical voting rights aside from Sopra GMT.

The average percentage of voting rights attaching to shares held by shareholders present or represented at Sopra Steria Group General Meetings since 2010 was approximately 83% until 2015 and 87% in 2016.

7.2. Members of the Board of Directors

The group of shareholders acting in concert held eight out of a total of nineteen seats on the Board of Directors at 31 December 2016 and at the date of this report: four Directors representing Sopra GMT, including the Chairman of the Board of Directors; one Director representing Soderi under the agreement between Sopra GMT and Soderi; and two other Directors who are also members of Soderi's Board of Directors. Lastly, one Director represents the management under agreement with the founders.

No other shareholders are specifically represented on the Board of Directors.

7.3. Measures to govern the control exercised by Sopra GMT

Various measures are in place to govern the effective control exercised by Sopra GMT:

- the undertaking given by Sopra GMT under the shareholders' agreement with Soderi not to exercise the double voting right attaching to its Sopra Steria Group shares to approve resolutions not adopted or authorised by the Board of Directors of Sopra Steria Group;
- the separation of the functions of Chairman of the Board of Directors and Chief Executive Officer;
- the adoption of the AFEP-MEDEF code as the Company's corporate governance code;
- the presence on the Board of Directors of seven Independent Directors, meeting all the independence criteria laid down in the AFEP-MEDEF code, two Directors from outside the group of shareholders acting in concert and two Directors representing the employees;
- the composition of the specialist committees, which include a majority of Independent Directors (Audit Committee and Compensation Committee) or, at the very least, Directors from outside the group of shareholders acting in concert (Nomination, Ethics and Governance Committee);
- periodic assessment by the Board of Directors of its ability to meet the shareholders' expectations.

8. Share buyback programme

8.1. Implementation of the share buyback programme in 2016

This description of the implementation of the share buyback programme is given pursuant to Article L. 225-211 of the French Commercial Code.

Through Resolution 12 of the Combined General Meeting of 22 June 2016, the shareholders renewed the authorisation granted to the Board of Directors to buy back the Company's shares as set out in Article L. 225-209 of the French Commercial Code and the AMF's General Regulation, for an 18-month period expiring 21 December 2017.

During the year ended 31 December 2016, this share buyback programme was used as follows:

8.1.1. IMPLEMENTATION OF LIQUIDITY AGREEMENT

At 31 December 2015, 8,500 shares were allocated to the liquidity agreement.

Between 1 January 2016 and 31 December 2016, Sopra Steria Group bought back 315,179 shares under the liquidity agreement at an average price of €100.03 and sold 318,179 shares at an average price of €100.06.

At 31 December 2016, 5,500 shares were still held by the company for the purposes of the liquidity agreement. Their unit cost is €103.633.

8.1.2. SHARES ALLOCATED FOR EMPLOYEES

At 31 December 2015, **300,000** shares were allocated in order to *"award or sell shares in the Company to employees and/or company officers of the Group, in order to cover share option plans and/or free share plans (or similar plans) for the benefit of Group employees and/or company officers as well as all allotments of shares in connection with a company or Group savings plan (or similar plan), in connection with company profit-sharing and/or all other forms of share allotment to the Group's employees and/or company officers"* (second bullet point of Resolution 16 adopted at the General Meeting of 25 June 2015).

In 2016, the company implemented a Group employee share ownership plan through the disposal of shares.

During the year, **96,585** shares were sold to employees at €101.62 per share and **96,585** shares were awarded to them free of charge as part of the matching employer contribution in a ratio of one share contributed per share acquired.

Furthermore, in 2016, as part of the Share Incentive Plan (SIP) employee share ownership plan implemented by Sopra Steria Group in the United Kingdom, 256 shares were transferred free of charge to UK employees participating in the SIP in a ratio of one free share per share acquired.

Including these items, the Company held **106,574** shares allocated for this purpose at 31 December 2016. Their cost price is €77.25.

At 31 December 2016, Sopra Steria Group held 112,074 treasury shares, representing 0.55% of the share capital.

8.2. Description of the 2017 share buyback programme

8.2.1. LEGAL FRAMEWORK

This description is provided in accordance with the provisions of Articles 241-2 et seq. of the General Regulation of the French securities regulator (Autorité des Marchés Financiers – AMF) as well as European Regulation 596/2014 of April 2014 ("MAR" regulation) and in accordance with the terms of Article 221-3 of the AMF General Regulation.

This programme will be submitted for approval at the General Meeting of 13 June 2017.

a. Number of shares and share of capital held by the Company

At 31 March 2017, the Company's capital was made up of 20,531,795 shares.

At that date, the Company held 164,163 treasury shares, representing 0.80% of the share capital.

b. Breakdown by purpose of treasury shares held by the Company

At 31 March 2017, the treasury shares held by the Company broke down by purpose as follows:

- implementation of liquidity agreement: 3,200 shares;
- award or sale to employees and/or company officers of the Group, coverage of share option plans and/or free share plans (or similar plans) for the benefit of Group employees and/or company officers as well as all allotments of shares in connection with a company or Group savings plan (or similar plan), in connection with company profit-sharing and/or all other forms of share allotment to the Group's employees and/or company officers: 160,963 shares.

c. Objectives of the new share buyback programme

The objectives of the new share buyback programme to be submitted to shareholders at the General Meeting of 13 June 2017 are:

- to obtain market-making services from an investment services provider acting independently under the terms of a liquidity agreement entered into in compliance with the code of conduct of AMAFI (the French association of financial market professionals) recognised by the AMF;

- to award or sell shares in the Company to employees and/or company officers of the Group, in order to cover share option plans and/or free share plans (or similar plans) for the benefit of Group employees and/or company officers as well as all allotments of shares in connection with a company or Group savings plan (or similar plan), in connection with company profit-sharing and/or all other forms of share allotment to the Group's employees and/or company officers;
- to retain the shares bought back in order to exchange them or present them as consideration at a later date for a merger, spin-off or contribution of assets and, more generally, for external growth transactions. Shares bought back for such purposes are not to exceed, in any event, 5% of the number of shares making up the Company's share capital;
- to deliver the shares bought back, upon the exercise of rights attaching to securities giving access to the Company's share capital through redemption, conversion, exchange, tender of warrants or any other means, as well as to execute any transaction covering the Company's obligations relating to those securities;
- to retire the shares thus repurchased, by way of a capital reduction;
- to implement any market practice that would come to be accepted by the AMF, and in general, to perform any operation that complies with regulations in force.

d. Maximum proportion of share capital, maximum number and characteristics of capital stock

The maximum proportion of share capital that may be bought back is equal to 10% of Sopra Steria Group's capital on the buyback day.

At 31 December 2016, the share capital was €20,531,795 divided into 20,531,795 shares, each with a par value of €1. On this basis, Sopra Steria Group would be authorised to acquire 10% of its share capital at most, i.e. 2,053,179 shares, not including shares already held.

This limit will be assessed on the date of the buybacks to take account of any capital increase or reduction operations that might occur during the programme period. The number of shares considered when calculating this limit corresponds to the number of shares purchased, less the number of shares resold during the programme period in connection with the liquidity objective.

e. Maximum purchase price

The maximum purchase price per share is €200.

f. Buyback procedure details

The purchase, sale or transfer by the Company of its own shares may be conducted at any time (including during a public tender offer) and by any method, including over the counter, in blocks of shares or through the use of derivative financial instruments, on one or more occasions, in the proportions and during the periods determined at the discretion of the Board of Directors.

g. Duration of buyback programme

The programme will run for 18 months as from approval of the resolution presented at the General Meeting of 13 June 2017, i.e. until 12 December 2018.

9. Changes in share capital

At 31 December 2016, Sopra Steria Group had share capital of €20,531,795 comprising 20,531,795 shares with a par value of €1 each. The following table shows changes in the share capital over the past five years:

Year	Description	Amount of capital post-operation	Nominal value	Number of shares: Created	Number of shares: Total	Contributions: Nominal value	Contributions: Premiums or reserves
2011	Capital increase through the exercise of options	€47,415,780	€4	9,300	11,863,245	€37,200	€265,050
2011	Capital reduction not motivated by losses	€11,863,245	€1	0	11,863,245	- €35,589,735	€35,589,735
2011	Capital increase through the exercise of options	€11,893,486	€1	30,241	11,893,486	€30,241	€962,041
2012	None	€11,893,486	€1				
2013	Capital increase through the exercise of options	€11,919,583	€1	26,097	11,919,583	€26,097	€811,966
2014	Capital increase during the first phase of Sopra's public exchange offer for Steria	€18,531,485	€1	6,611,902	18,531,485	€6,611,902	€517,976,403
2014	Capital increase during the second phase of Sopra's public exchange offer for Steria	€19,429,720	€1	898,235	19,429,720	€898,235	€66,128,061
2014	Capital increase through the exercise of options	€19,456,285	€1	26,565	19,456,285	€26,565	€1,450,489
2014	Capital increase through the issuance of free shares for employees	€19,585,300	€1	129,015	19,585,300	€129,015	- €129,015
2014	Capital increase at the time of the merger-absorption of Steria by Sopra	€20,371,789	€1	786,489	20,371,789	€786,489	€58,941,611
2015	Capital increase through the exercise of options	€20,434,841	€1	63,052	20,434,841	€63,052	€2,216,615.26
2015	Capital increase through the issuance of free shares for employees	€20,446,723	€1	11,882	20,446,723	€11,882	- €11,882
2016	Capital increase through the issuance of free shares for employees	€20,468,033	€1	21,310	20,468,033	€21,310	- €21,310
2016	Capital increase through the exercise of options	€20,531,795	€1	63,762	20,531,795	€63,762	€3,727,171.08

10. Securities with an equity component – potential dilution

There are no other securities with an equity component other than those mentioned in Note 13 to the consolidated financial statements and Note 3.3 to the individual financial statements.

At 31 December 2016, if the maximum number of shares resulting from share subscription and/or purchase warrants and free performance shares had been issued, i.e. 114,629 shares, the resulting dilution on the basis of the share capital at 31 December 2016 would have been 0.56%.

11. Information on transactions in securities by Directors or persons mentioned in Article L. 621-18-2 of the French Monetary and Financial Code

Pursuant to Article 223-26 of the AMF's General Regulation, transactions relating to Sopra Steria Group shares in 2016 and referred to in Article L. 621-18-2 of the French Monetary and Financial Code were as follows:

Category (1)	Name	Function	Description (2)	Transaction date	Number of shares	Unit price	Transaction amount
a	Sopra Executive Investments (SEI)	Company of which Vincent Paris, Chief Executive Officer of Sopra Steria, is a Director	D	29/07/2016	216,413	€105.091	€22,743,058.58
a	Sopra Executive Investments (SEI)	Company of which Vincent Paris, Chief Executive Officer of Sopra Steria, is a Director	D	02/08/2016	3,673	€103.234	€379,177.38
a	Sopra Executive Investments (SEI)	Company of which Vincent Paris, Chief Executive Officer of Sopra Steria, is a Director	D	03/08/2016	500	€103.000	€51,500
a	Sopra Executive Investments (SEI)	Company of which Vincent Paris, Chief Executive Officer of Sopra Steria, is a Director	D	04/08/2016	4,414	€103.2569	€455,775.96

(1) Category a: members of the Board of Directors and the Chief Executive Officer.

(2) Description: A: Acquisition; D: Disposal; S: Subscription; E: Exchange; G: Gift; SO: Exercise of stock options.

12. Authorisations to issue securities granted to the Board of Directors at the Combined General Meeting of 22 June 2016

12.1. Issue with pre-emptive subscription rights

Securities transaction concerned	Date of GM and resolution	Duration of delegation (Expiry)	Maximum issue amount	Maximum amount of capital increase	Use during the year
Capital increase (ordinary shares and other securities giving access to the share capital)	22 June 2016 Resolution 14	26 months (August 2018)	Nominal amount of €600 million, if securities giving access to the share capital are to be issued	€7 million	Not used
Capital increase (ordinary shares and other securities giving access to the share capital) in the event of oversubscription in accordance with Resolution 14	22 June 2016 Resolution 18	26 months (August 2018)	15% of the amount of the capital increase under Resolution 14, up to a maximum of €600 million	15% of the amount of the capital increase under Resolution 14, up to a maximum of €7 million	Not used
Capital increase through the capitalisation of reserves or the issue of new shares	22 June 2016 Resolution 21	26 months (August 2018)	All available reserves	All available reserves	Not used
Issue of share subscription warrants to be granted to shareholders free of charge in the event of a takeover bid ("Breton" warrants)	22 June 2016 Resolution 22	18 months (December 2017)	Number of shares representing the share capital	100% of the share capital	Not used

12.2. Issue without pre-emptive subscription rights

Securities transaction concerned	Resolution	Duration of delegation (Expiry)	Maximum issue amount	Maximum amount of capital increase	Use during the year
Capital increase (ordinary shares and other securities giving access to the share capital)	22 June 2016 Resolution 15	26 months (August 2018)	Nominal amount of €600 million, if securities giving access to the share capital are to be issued	€4 million	Not used
Capital increase by way of a private placement offering provided for under Article L. 411-2 of the French Monetary and Financial Code	22 June 2016 Resolution 16	26 months (August 2018)	Nominal amount of €600 million, if securities giving access to the share capital are to be issued	20% of the capital, up to a maximum of €4 million	Not used
Capital increase (ordinary shares and other securities giving access to the share capital) in the event of oversubscription in accordance with Resolution 15 or 16	22 June 2016 Resolution 18	26 months (August 2018)	15% of the amount of the capital increase under Resolution 15 or 16, up to a maximum of €600 million	15% of the amount of the capital increase under Resolution 15 or 16, up to a maximum of €4 million	Not used
Capital increase as consideration for securities tendered in the event of contributions in kind	22 June 2016 Resolution 19	26 months (August 2018)	10% of the share capital, up to a maximum of €600 million	10% of the share capital, up to a maximum of €4 million	Not used
Capital increase as consideration for securities tendered in the event of a public exchange offer	22 June 2016 Resolution 20	26 months (August 2018)	Nominal amount of €600 million, if securities giving access to the share capital are to be issued	€4 million	Not used

12.3. Authorisations for issues reserved for employees and company officers without pre-emptive subscription rights

	Date of GM and resolution	Expiry date	Authorised percentage	Authorised percentage company officers	Use during the year
Capital increase for employees enrolled in a company savings plan	22 June 2016 Resolution 23	26 months (August 2018)	*3%* [(1)]		Not used
Share subscription options	22 June 2016 Resolution 24	38 months (August 2019)	*3%* [(1)]	0.6%	Not used
Free shares	22 June 2016 Resolution 25	38 months (August 2019)	*3%* [(1)]	0.15%	88,500 shares

(1) This upper limit, calculated on the basis of the share capital at the date of the authorisation, is cumulative for all issues reserved for employees and company officers.

13. Information required by Act 2006-387 of 31 March 2006 relating to public takeover offers

Pursuant to Article L. 225-100-3 of the French Commercial Code, the elements mentioned in this article are detailed below:

1. The Company's ownership structure is presented in Chapter 6, Section 2 of this Registration Document (page 247).
2. There are no restrictions in the Articles of Association:
   - on the exercise of voting rights; shares held in registered form for at least two years have double voting rights (Article 29 of the Articles of Association);
   - on transfers of shares: shares are freely tradable, other than as specified by applicable laws or regulations (Article 11 of the Articles of Association).

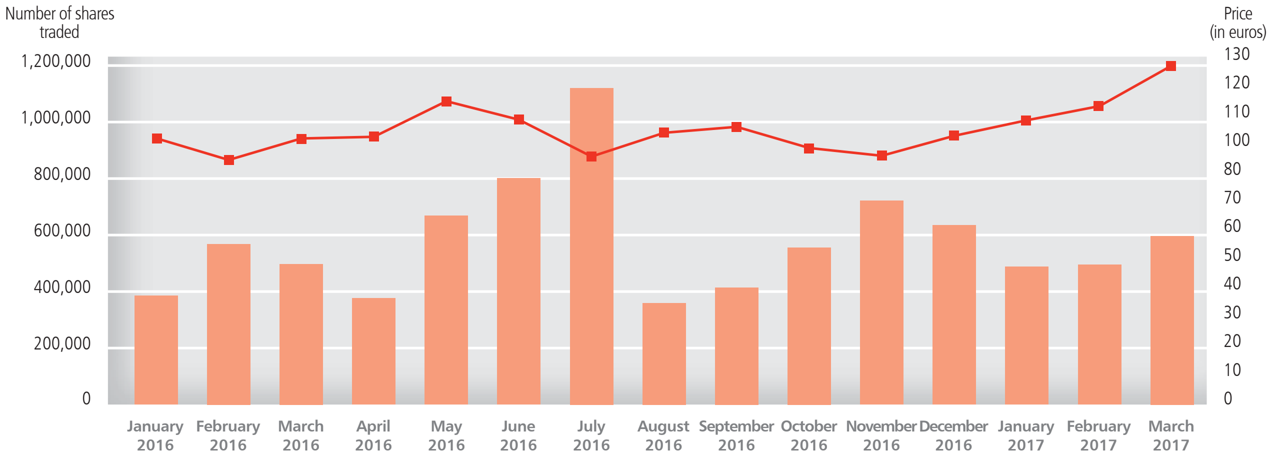
The Company has not been informed of any clauses of agreements pursuant to Article L. 233-11 of the French Commercial Code other than those set out in Section 6 of this chapter (pages 249 to 250).

3. Any direct or indirect interests in the capital of the Company of which the latter has been informed pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code are presented in Section 2 of this chapter of the Registration Document (pages 247 to 248).
4. There are no holders of securities conferring special controlling rights.
5. There is no control mechanism provided under an employee share ownership scheme.
6. Agreements between shareholders of which the Company is aware and which may give rise to restrictions on share transfers and voting rights are presented in Chapter 6, Sections 2 and 6 of this Registration Document (page 247 and pages 249 to 250).
7. The regulations applicable to the appointment and replacement of the members of the Board of Directors are set forth in Article 14 of the Articles of Association. The regulations relating to the amendment of the Company's Articles of Association are contained within Article 33 of the Articles of Association, which states that *"only shareholders voting at an Extraordinary General Meeting shall be authorised to amend any and all provisions of the Articles of Association"*.
8. The powers of the Board of Directors are described in Article 17 of the Articles of Association. *"The Board of Directors determines the overall business strategy of the Company and supervises its implementation. It examines any and all matters related to the efficiency and effectiveness of business operations and reaches decisions about any and all issues concerning the Company, within the limits of the corporate purpose and except for those matters which, by law, can only be decided on by the shareholders at a General Meeting."*

In addition, the Board of Directors was granted delegated powers at the Combined General Meetings of 22 June 2016 (through Resolutions 13 to 25).

9. Agreements concluded by the Company that might be amended or cease to apply in the event of a change of control the Company mainly concern the syndicated loan agreement signed in July 2014 and amended in July 2016 and the Euro PP bond issued by Groupe Steria in April 2013.
10. There are no agreements providing for the payment of compensation to the members of the Board of Directors or to employees upon their resignation or their dismissal without just cause or should their employment contract be terminated due to a takeover bid, other than those stipulated in the related party agreements in the Statutory Auditors' special report on said agreements at the end of Chapter 5 of this Registration Document (pages 242 to 243).

14. Monthly share prices and trading volumes on Euronext Paris



15. Share price performance

Month	Number of trading days	Price *(in euros)* High	Low	Average closing price	Trading volumes Number of shares traded	Share capital *(in millions of euros)*
January 2016	20	108.00	95.77	101.19	385,044	39.08
February 2016	21	103.20	85.60	92.87	568,521	52.23
March 2016	21	105.95	89.65	101.11	497,776	50.31
April 2016	21	105.00	97.42	101.74	376,424	38.19
May 2016	22	119.65	101.50	115.40	668,920	76.68
June 2016	22	119.30	86.00	108.30	801,639	83.55
July 2016	21	106.00	83.59	94.18	1,120,399	107.06
August 2016	23	105.40	100.55	103.29	359,579	37.08
September 2016	22	109.80	101.00	105.57	414,227	43.59
October 2016	21	105.95	92.41	97.45	556,097	54.31
November 2016	22	100.70	88.60	94.48	721,776	68.25
December 2016	21	108.50	91.56	102.15	634,929	63.82
January 2017	22	111.20	105.00	108.10	487,641	52.81
February 2017	20	120.40	106.20	113.53	495,379	56.32
March 2017	23	134.15	119	129.14	596,783	76.36

(Source: Euronext Paris)

16. Dividend per share

Financial year	Number of shares bearing a dividend	Dividend per share
2012	11,893,486	€1.70
2013	11,919,583	€1.90
2014	20,371,789	€1.90
2015	20,446,723	€1.70

At its meeting on 24 February 2017, the Board of Directors of Sopra Steria Group resolved to propose the distribution of a dividend of €2.20 per share at the General Meeting of 13 June 2017.

Dividends not collected before the five-year prescription period expires are paid to the French state.

7 ADDITIONAL INFORMATION

1. Sopra Steria Group at a glance

Corporate name: Sopra Steria Group

Until 2 September 2014, the name of the Company was "Sopra Group". As a result of the successful public exchange offer made by Sopra Group for the shares of Groupe Steria SCA (see press release dated 6 August 2014), the Board of Directors met on 3 September 2014, with Pierre Pasquier presiding, and recorded the entry into effect of several resolutions conditionally adopted at the General Meeting of 27 June 2014.

Among the consequences of the implementation of these resolutions was the change in the corporate name from "Sopra Group" to "Sopra Steria Group".

Registered office: PAE Les Glaisins, Annecy-le-Vieux, 74940 Annecy – France

Head office: 9 bis, rue de Presbourg, 75116 Paris – France

Legal form: French *société anonyme* with a Board of Directors.

Date of incorporation: 5 January 1968, with a term of fifty years as from 25 January 1968, renewed at the General Meeting of 19 June 2012 for a subsequent term of ninety-nine years.

Corporate purpose: "The Company's purpose is:

To engage, in France and elsewhere, in consulting, expertise, research and training with regard to corporate organisation and information processing, in computer analysis and programming and in the performance of customised work.

The design and creation of automation and management systems, including the purchase and assembly of components and equipment, and appropriate software.

The creation or acquisition of and the operation of other businesses or establishments of a similar type.

And, generally, all commercial or financial transactions, movable or immovable, directly or indirectly related to said corporate purpose or in partnership or in association with other companies or persons" (Article 2 of the Articles of Association).

Commercial registration: 326 820 065 RCS Annecy

Place where legal documents may be consulted: registered office.

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

Appropriation of earnings according to the Articles of Association:

"In respect of profits for the year minus any prior year losses, at least five per cent is allocated to the legal reserve. Said allocation shall no longer be mandatory when this reserve represents one-tenth of the capital.

Profit available for distribution comprises the profit for the year less any losses carried forward and amounts allocated to reserves, pursuant to the law and the Articles of Association, plus retained earnings.

The General Meeting may deduct from this profit all amounts that it deems appropriate for allocation to all optional, ordinary or extraordinary reserves, or to retained earnings.

The balance, if any, is apportioned at the General Meeting between all shareholders in proportion to the number of shares that they own.

The General Meeting may also decide to distribute amounts deducted from the reserves at its disposal, expressly indicating the reserve items from which the deductions are made. However, dividends shall first be deducted from the profits for the financial year." (Excerpt from Article 37 of the Articles of Association).

2. Board of Directors

ARTICLE 14 OF THE ARTICLES OF ASSOCIATION – BOARD OF DIRECTORS

The Company is administered by a Board of Directors comprising a minimum of three members and a maximum of eighteen, subject to the exception provided for by law in the event of a merger.

The term of office of Directors is six years, expiring at the end of the Ordinary General Meeting convened to approve the financial statements for the previous financial year and held in the year in which their term of office comes to an end.

Exceptionally, the General Meeting may decide to shorten the first term of office of a Director to 1 year, 2 years, 3 years, 4 years or 5 years in order to align his/her term of office with that of the other Directors in office at the time of the appointment.

1. Directors appointed at the General Meeting

During the life of the Company, Directors are appointed, reappointed or dismissed by the shareholders in Ordinary General Meetings.

No one can be appointed a Director if, having exceeded the age of seventy-five years, his/her appointment results in more than one-third of Board members exceeding this age. Once this limit is exceeded, the oldest Director is deemed to have resigned from office.

Directors may be natural or legal persons. When a legal person is appointed as Director, the latter names a permanent representative who is subject to the same conditions, obligations and liabilities as all other Board members, without prejudice to the joint and several liability of the legal person thus represented.

In the event that one or more Directors' positions become vacant, the Board of Directors may, between two General Meetings, carry out temporary appointments in accordance with the conditions set forth in Article L. 225-24 of the French Commercial Code. A Director appointed to replace another Director performs his/her duties for the remainder of the term of office of the individual previously serving in this position.

An employee of the Company may only be appointed as a Director if his/her employment contract corresponds to an actual post. The number of Directors tied to the Company by an employment contract cannot exceed one-third of the Directors in office.

Each Director must own at least one share.

2. Director representing the employees

As provided by law, whenever the number of members of the Board of Directors appointed at the General Meeting pursuant to Articles L. 225-17 and L. 225-18 of the French Commercial Code and in accordance with these Articles of Association is less than or equal to 12, a Director representing the employees is nominated by the Company's works council.

Whenever this number is greater than 12, a second Director representing the employees is nominated by the Company's works council. If this number should fall to 12 or below, the second Director representing the employees shall continue to serve for his/her full term of office.

The Director or Directors representing the employees are not required to hold shares in the Company for the duration of their term of office.

Exceptionally, the first Director(s) representing the employees will be appointed for a term of four years, expiring at the end of the General Meeting convened to approve the financial statements for the year ended 31 December 2017.

The provisions of this Article 14–2 shall cease to apply whenever, at the end of a financial year, the Company no longer fulfils the prerequisites for appointing Directors representing the employees; however, any Director representing the employees appointed under the terms of this article shall remain as such for his or full term of office.

Further to the provisions set out in paragraph 2 of Article L. 225- 29 of the French Commercial Code, should the Company body designated in these Articles of Association fail to nominate a Director representing the employees pursuant to the law and this article, the Board of Directors shall still be able to achieve a quorum.

ARTICLE 15 OF THE ARTICLES OF ASSOCIATION – ORGANISATION OF THE BOARD OF DIRECTORS

The Board of Directors elects from among its members a Chairman, who must be a natural person in order for the appointment to be valid. The Board determines the Chairman's compensation.

The Chairman shall be appointed for a term that may not exceed his/her term of office a Director. The Chairman may be reappointed. The Board may remove the Chairman from office at any time.

No one over the age of 85 may be appointed Chairman. If the Chairman in office exceeds this age, he/she shall automatically be deemed to have resigned.

The Board may appoint one or two Vice-Chairmen from among the Directors.

It can also appoint a secretary who need not be a Director or shareholder.

In the event of the Chairman's absence, Board meetings shall be chaired by any person specifically delegated for this purpose by the Chairman. In the absence of this individual, the Board meeting shall be chaired by one of the Vice-Chairmen.

ARTICLE 16 OF THE ARTICLES OF ASSOCIATION – DELIBERATIONS OF THE BOARD OF DIRECTORS

The Board of Directors meets as often as the Company's interests require it to do so, at the request of its Chairman. The Chief Executive Officer, or if the Board has not met for more than two months, at least one-third of the Directors, may request the Chairman, who is bound by such request, to convene a meeting of the Board of Directors on the basis of a predetermined agenda.

Convening notices are issued by any and all means including verbally.

Board meetings shall take place at the registered office or in any other place specified in the convening notice.

The Board can only validly conduct business in the presence of at least half the Directors. Decisions are taken on the basis of a majority of votes of members present or represented.

In the event of a tie, the Chairman of the Board of Directors shall have the casting vote. If the Chairman of the Board of Directors is not present, the individual chairing the meeting in his/her absence shall have no casting vote in the event of a tie.

An attendance sheet is signed by the Directors taking part in the Board meeting, either in person or by proxy.

Internal rules and regulations shall be defined for the Board of Directors.

These internal rules and regulations may include a provision whereby Directors who participate in the meeting by videoconference or any other means of telecommunication that enables them to be identified as required by law, shall be considered to be present for the purpose of calculating the quorum and majority.

This provision shall not apply for the adoption of any of the following decisions:

- the approval of the parent company and consolidated financial statements and the drafting of the Management Report and Group management report.

The deliberations of the Board of Directors are recorded in the form of minutes, which are prepared in accordance with the legal provisions in force and signed by the person having chaired the meeting and by at least one Director. In the absence of the person having chaired the meeting, the minutes shall be signed by at least two Directors.

Copies or extracts of these minutes shall be certified by the Chairman of the Board of Directors, the Chief Executive Officer, a Director temporarily appointed to act as Chairman or an agent authorised for such purpose.

ARTICLE 17 OF THE ARTICLES OF ASSOCIATION – POWERS OF THE BOARD OF DIRECTORS

The Board of Directors determines the overall business strategy of the Company and supervises its implementation. It examines any and all matters related to the efficiency and effectiveness of business operations and reaches decisions about any and all issues concerning the Company, within the limits of the corporate purpose and except for those matters which, by law, can only be decided on by the shareholders in a General Meeting.

In its dealings with third parties, the Company is committed even by actions of the Board of Directors falling outside the scope of the corporate purpose, unless it can prove that the third party knew that the action exceeded the corporate purpose or that it could not ignore it in the circumstances, it being excluded that publication of the Articles of Association alone constitutes such proof.

The Board of Directors undertakes all the checks and verifications it deems necessary. Each Director is entitled to receive all the documents and information necessary to carry out his/her duties.

The Board of Directors may confer on any and all proxy holders of its choice, any and all delegations of powers within the limits of those defined by the law and the present Articles of Association.

The Board may decide to set up committees to examine questions submitted to them by the Board or its Chairman.

ARTICLE 18 OF THE ARTICLES OF ASSOCIATION – POWERS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

The Chairman of the Board of Directors organises and directs the work of the Board of Directors, on which he/she reports to the General Meeting. He/she ensures the smooth running of the Company's management bodies and, in particular, that the Directors are able to carry out their duties.

ARTICLE 2 OF THE BOARD OF DIRECTORS' INTERNAL RULES AND REGULATIONS – ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

1. Organising and directing the work of the Board of Directors

The Chairman of the Board of Directors organises and directs the work of the Board of Directors.

The Chairman of the Board of Directors sets the schedule and agenda for meetings of the Board of Directors.

2. Operations of the Company's management bodies, governance of the Company and control of Executive Management

The Chairman of the Board of Directors ensures the smooth running of the Company's management bodies, namely its Board of Directors and the latter's standing committees, the relations of these bodies with Executive Management and the implementation of best practices in corporate governance.

The Chairman of the Board of Directors makes sure that Directors are able to carry out their duties, and that they have adequate information.

The Chairman of the Board of Directors ensures open lines of communication at all times between the Board of Directors and Executive Management. As such, the Chairman also keeps abreast of, and must be informed of, the Group's circumstances and any decisions being considered whenever they are likely to have a significant impact on the conduct of business activities. To this end, the Chairman is kept informed of developments throughout the preparation of planned operations subject to prior approval by the Board of Directors and may offer comments on such plans.

He may draw on the expertise of the Board committees and their chairmen and enjoys unrestricted access to Executive Management.

3. Relations with shareholders

The Chairman provides information to shareholders at their General Meetings about the manner in which the work of the Board of Directors is prepared and organised as well as the internal control procedures put in place by the Group.

The Chairman presides over General Meetings.

In collaboration with the Chief Executive Officer, the Chairman ensures the appropriate management of the Company's relations with its major shareholders.

4. Support provided to Executive Management

In agreement with the Chief Executive Officer, the Chairman of the Board of Directors may take part in actions to address any issues of interest to the Company or the Group, notably those relating to business activities, strategic decisions or projects (in particular involving investments or divestments), partnership agreements and relations with employee representative bodies, risks and financial disclosures.

In agreement with the Chief Executive Officer, he/she may also take part in any meetings.

5. Representation of the Company and the Group

The Chairman of the Board of Directors represents the Board in its relations with third parties, apart from exceptional circumstances or in the case of specific assignments conferred upon individual Directors. In coordination with the Chief Executive Officer, the Chairman of the Board of Directors makes every effort to promote the values and image of the Group in all circumstances. In agreement with the Chief Executive Officer, the Chairman of the Board of Directors may represent the Group in its high-level relations, particularly with major partners or clients and government authorities, on the domestic and international fronts, and in terms of both internal and external communications.

In the absence of the Chairman of the Board of Directors, Board meetings shall be chaired by the individual delegated for this purpose by the Chairman and, in the absence of this individual, by one of the two Vice-Chairmen.

If the Chairman of the Board of Directors is not present, the individual chairing the meeting shall not have the casting vote in the event of a tie.

Conditions for the exercise of the Chairman of the Board of Directors' prerogative powers

The duties assumed by the Chairman of the Board of Directors require the Chairman to devote his/her time to the Company. The initiatives undertaken and the actions carried out by the Chairman in the performance of his/her duties are taken into consideration by the Board of Directors in determining the Chairman's compensation.

The Chairman of the Board of Directors fulfils his/her responsibilities in recognition of those assumed by the Chief Executive Officer and the Board of Directors.

ARTICLE 20 OF THE ARTICLES OF ASSOCIATION – COMPENSATION OF SENIOR EXECUTIVES

1. The General Meeting may award Directors a fixed annual sum in the form of directors' fees, which are treated as operating expenses; the amount remains unchanged until further notice. The apportionment of the sum between Directors is determined by the Board of Directors.

2. The Board of Directors determines the compensation of the Chairman of the Board of Directors, the Chief Executive Officer and any Deputy Chief Executive Officers, if appointed. Such compensation may be fixed and/or variable.

3. For assignments or mandates entrusted to Directors, the Board of Directors may also award exceptional payments that will be submitted for shareholder approval at an Ordinary General Meeting.

Directors may not receive from the Company compensation, whether permanent or not, other than that set out in the previous paragraphs, unless they are tied to the Company by an employment contract under conditions authorised by law.

ARTICLE 21 OF THE ARTICLES OF ASSOCIATION – POSITIONS HELD CONCURRENTLY

A single individual may not serve as a Director or supervisory board member of more than five *sociétés anonymes*.

Excluded from the aforementioned provisions are the appointments as Director or supervisory board member held by this person in the companies controlled, within the meaning of Article L. 233-16 of the French Commercial Code, by the company of which this individual is a Director.

Pursuant to the above provisions, the positions of Directors of companies whose shares are not traded on a regulated market or are controlled, within the meaning of Article L. 233-16 of the French Commercial Code, by the same company only count as one position, provided the number of such positions held does not exceed five.

A single individual may not serve as a Chief Executive Officer, management board member or sole general manager of more than one *société anonyme*. Exceptionally, a second position as Chief Executive Officer or an appointment as a management board member or sole general manager may be held in a company controlled, within the meaning of Article L. 233-16 of the French Commercial Code, by the company of which this individual is Chief Executive Officer. Another position as Chief Executive Officer, management board member or sole general manager can be held in any company, provided such company's shares are not traded on a regulated market.

Any natural person in breach of the provisions in respect of concurrently held positions must relinquish one of the positions within three months of his/her appointment, or the position in question within three months of the event that led to the lapse of one of the conditions defined by law in the case of exceptions. On expiry of the three-month period, the person is automatically dismissed and must return the compensation received, although the validity of the deliberations in which he/she took part is not called into question.

3. Executive Management

ARTICLE 19 OF THE ARTICLES OF ASSOCIATION – EXECUTIVE MANAGEMENT

1. Operating procedures

Responsibility for the Executive Management of the Company is assumed by either the Chairman of the Board of Directors or by another natural person appointed by the Board of Directors and holding the title of Chief Executive Officer.

The Board of Directors chooses one or other of the aforementioned methods of executive management.

The decision of the Board of Directors relating to the choice of management method is taken on the basis of a majority of Directors present or represented. Shareholders and third parties are informed of this choice in the conditions provided for by the regulations in force.

The choice made by the Board of Directors applies for an unlimited period.

2. Executive Management

The Chief Executive Officer is a natural person who may or may not be a Director.

The term of office of the Chief Executive Officer is determined by the Board of Directors at the time of his/her appointment. However, if the Chief Executive Officer is also a Director, his/her term of office as Chief Executive Officer may not exceed that as Director.

No one over the age of 77 may be appointed as Chief Executive Officer. Once the Chief Executive Officer has reached this age limit, he/she is deemed to have resigned from office.

The Chief Executive Officer may be dismissed at any time by the Board of Directors. In the event of unfair dismissal, he/she may be entitled to damages, except when he/she also serves as Chairman of the Board of Directors.

The Chief Executive Officer is vested with the broadest powers to act in all circumstances on behalf of the Company. He/she exercises his/her powers within the limits of the corporate purpose and subject to those expressly granted to General Meetings and the Board of Directors by the law. He/she represents the Company in its dealings with third parties. The Company is bound even by the actions of the Chief Executive Officer falling outside the scope of the corporate purpose, unless it can prove that the third party knew that such action exceeded the corporate purpose or that it could not ignore it in the circumstances, it being excluded that publication of the Articles of Association alone constitutes such proof.

3. Deputy Chief Executive Officers

On a proposal from the Chief Executive Officer, whether this position is held by the same person serving as Chairman of the Board of Directors or by another person, the Board may appoint one or more natural persons to assist the Chief Executive Officer, with the title of Deputy Chief Executive Officer.

The Board of Directors may appoint as many as five Deputy Chief Executive Officers, who may or may not be selected from among its members.

The age limit is set at 65 years. Any Deputy Chief Executive Officer having reached this age limit is deemed to have resigned from office.

Deputy Chief Executive Officers may be dismissed at any time by the Board of Directors on a proposal from the Chief Executive Officer. In the event of unfair dismissal, Deputy Chief Executive Officers may be entitled to damages.

When the Chief Executive Officer ceases to carry out or is prevented from carrying out his/her duties, the Deputy Chief Executive Officers retain their duties and remits until the appointment of a new Chief Executive Officer, unless decided otherwise by the Board of Directors.

In agreement with the Chief Executive Officer, the Board of Directors determines the scope and duration of the powers conferred on the Deputy Chief Executive Officers. In their dealings with third parties, the Deputy Chief Executive Officers have the same powers as the Chief Executive Officer.

ARTICLE 3 OF THE BOARD OF DIRECTORS' INTERNAL RULES AND REGULATIONS – ROLE OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer has authority over the entire Group. He/she directs, administers and coordinates all of its activities. Together with the Chairman, he/she develops the Group's strategy, which is subject to the approval of the Board of Directors, and ensures its implementation.

The Chief Executive Officer is vested with the broadest powers to act in all circumstances on behalf of the Company. He/she represents the Company in its dealings with third parties. He/she chairs the Group's Executive Committee.

The Chief Executive Officer exercises his/her powers within the limits of the corporate purpose, all applicable laws, the Articles of Association and these internal rules and regulations.

The Chief Executive Officer is also responsible for providing the Board of Directors and all its committees with any information they may require and for implementing all decisions taken by the Board.

Conditions for the exercise of the Chief Executive Officer's prerogative powers

The Chief Executive Officer works closely with the Chairman of the Board of Directors to ensure open lines of communication at all times between the Board of Directors and Executive Management. He/she also keeps the Chairman informed of the Group's circumstances and any decisions being considered whenever they are likely to have a significant impact on the conduct of business activities.

The types of decisions identified in this section require the prior authorisation of the Board of Directors, or of the Chairman whenever the Board delegates its powers to him/her in this respect, under the conditions defined by the Board. The Chairman must report to the Board of Directors on any authorisations given by him/her in connection with these delegations. These decisions are prepared and discussed in advance by the Chief Executive Officer and the Chairman of the Board of Directors.

Under the aforementioned conditions, the decisions requiring prior approval by the Board of Directors are those that are highly strategic in nature or that are likely to have a significant impact on the financial position or commitments of the Company or any of its subsidiaries, and in particular decisions falling into two main categories, as listed below:

- decisions relating to strategy implementation:
  - adaptation of the Group's business model,
  - the acquisition or disposal of companies or businesses, for transactions in amounts greater than €10 million,
  - any investment or divestment decision in an amount greater than €10 million,
  - entering into strategic alliances;
- decisions relating to organisational matters:
  - the appointment or dismissal of any member of the management team (Executive Committee members),
  - any significant change in the organisation.

4. General Meetings

ARTICLE 25 OF THE ARTICLES OF ASSOCIATION – GENERAL MEETINGS

General Meetings are convened and held under the conditions laid down by the law.

The decisions collectively made by the shareholders shall be taken in General Meetings characterised either as Ordinary General Meetings, Extraordinary General Meetings or Special General Meetings depending on the nature of the decision to be taken.

Special General Meetings are called for the holders of shares of a given category to decide upon any changes to the rights attached to shares in this category.

The decisions taken by General Meetings are binding for all the shareholders, including absentee and dissenting shareholders and those lacking legal capacity.

ARTICLE 26 OF THE ARTICLES OF ASSOCIATION – VENUE AND PROCEDURE FOR CONVENING GENERAL MEETINGS

General Meetings shall be convened by the Board of Directors. Failing this, they may also be convened by the Statutory Auditors or by a court-appointed agent, in accordance with the law.

General Meetings shall take place at the registered office or in any other place specified in the convening notice.

General Meetings shall be convened by means of a notice published either in a journal authorised to publish legal announcements in the area where the registered office is located, or in the *Bulletin des annonces légales obligatoires* (BALO, the French journal of official legal announcements), at least two weeks before the General Meeting.

However, if all the shares are registered, these announcements are not mandatory, and the General Meeting may be convened by giving notice to each shareholder by registered letter, at the Company's expense.

At least thirty-five days before the date of any General Meeting of shareholders, the Company shall publish, in the BALO, the notice specified in Article R. 225-73 of the French Commercial Code.

Shareholders who have held registered shares for at least one month on the date a convening notice is published shall be invited to attend the General Meeting by ordinary letter.

However, they may give the Company a written authorisation to send these notifications by electronic mail instead of by letter. In this case, they must communicate their electronic address to the Company. They may, at any time, by registered letter, request that the Company send notifications by letter instead.

Shareholders may also ask to be notified of any General Meeting by registered letter if they have forwarded to the Company the amount necessary to cover the cost of sending such a letter.

When business cannot be conducted at a General Meeting because of the lack of the required quorum, a second General Meeting, and an adjourned second General Meeting, if necessary, shall be convened with at least six days' notice, in the same way as the first.

The notice and the letters inviting the shareholders to this second General Meeting shall feature the date and agenda of the first General Meeting. If the Meeting is postponed by court decision, the court may set an alternative date.

The notice and letters convening the Meeting must contain all the information required by law.

ARTICLE 27 OF THE ARTICLES OF ASSOCIATION – AGENDA

The agenda for the General Meeting is decided by the person(s) convening the Meeting.

One or more shareholders representing at least the portion of share capital required by law and acting in accordance with legal requirements and time periods, may request that specific items of business or draft resolutions be added to the General Meeting's agenda.

The works council may also request the inclusion of proposed resolutions in the agenda.

Items of business not appearing on the agenda may not be considered at the General Meeting. However, the General Meeting can in all circumstances dismiss and replace one or more Directors.

ARTICLE 28 OF THE ARTICLES OF ASSOCIATION – ACCESS TO GENERAL MEETINGS – POWERS – COMPOSITION

The General Meeting shall be composed of all shareholders, regardless of the number of shares they hold, who attend the Meeting either in person or by proxy.

All shareholders have the right to participate in General Meetings provided they furnish proof, in accordance with legal requirements, that their shares are registered on accounts in their names or on their behalf in the name of their registered intermediary, pursuant to Article L. 228-1, paragraph 7, of the French Commercial Code, at 00.00 (midnight), Paris time, on the third business day before the Meeting, or on the registered share accounts kept by the Company, or on the bearer share accounts kept by an authorised intermediary.

Any shareholder may be represented by his/her spouse, the partner with whom he/she has entered into a *pacte civil de solidarité* (PACS, the French civil union contract), another shareholder or any other private individual or legal entity of his/her choice. If a shareholder does not name a proxy holder in a proxy form submitted, the chairman of the General Meeting shall vote in favour of proposed resolutions submitted for approval by the Board of Directors, and against any other proposed resolutions. For any other vote, the shareholder shall choose a proxy holder who agrees to vote as directed by the shareholder.

The legal representatives of legally incapable shareholders and the persons representing legal entities that hold shares in the Company may attend General Meetings whether they are shareholders or not.

If so decided by the Board of Directors when convening the Meeting, shareholders may also take part by videoconference or any other means of telecommunication, including the Internet, which permits them to be identified as provided by the law.

Shareholders who participate in a General Meeting by videoconference or other means of telecommunication that enables them to be identified in a manner and in accordance with procedures in compliance with regulatory provisions shall be deemed present for the purposes of calculating the quorum and majority.

All shareholders may vote by mail by filling in a form addressed to the Company, under the conditions established by law and in regulations; to be taken into account, this form must reach the Company at least three days before the date of the General Meeting.

Two works council members, appointed by the works council as laid down by law, may attend General Meetings. At their request, they shall be heard during deliberations on all matters requiring a unanimous vote of the shareholders.

ARTICLE 29 OF THE ARTICLES OF ASSOCIATION – VOTING RIGHTS

The voting right attached to capital shares or dividend shares shall be proportional to the portion of the capital they represent. With the same par value, each share shall entitle the holder to the same number of votes, with a minimum of one vote.

However, double voting rights are allocated to all fully paid-up shares that are proved to have been registered in the name of the same holder for at least two years up to that time. In the event of a capital increase by capitalisation of reserves, earnings or issue premiums, double voting rights shall be allocated upon issuance to registered shares freely granted to a shareholder in proportion to existing shares for which this shareholder was entitled to benefit from this right.

ARTICLE 30 OF THE ARTICLES OF ASSOCIATION – RIGHTS TO SHAREHOLDER INFORMATION – DISCLOSURE OBLIGATIONS

All shareholders are entitled to receive all the information necessary for them to take an informed decision relating to the management and situation of the Company.

The documentation required and its availability to shareholders is established by law and in regulations.

Any shareholder who holds more than 3% or more than 4% of the Company's capital shall inform the Company in the same manner and based on the same methods of calculation as required with respect to legal thresholds.

ARTICLE 31 OF THE ARTICLES OF ASSOCIATION – ATTENDANCE SHEET – OFFICERS – MINUTES

The attendance sheet, duly initialled by the shareholders present and by proxy holders and including the names of shareholders attending the General Meeting using a means of telecommunication, accompanied by the authorisations granted to proxy holders, and, where appropriate, voting forms, shall be certified as accurate by the officers of the Meeting.

The General Meeting shall be chaired by the Chairman of the Board of Directors or, in the Chairman's absence, by a Vice-Chairman or by a Director specifically delegated for this purpose by the Board. Failing this, the Meeting shall elect its own Chairman.

The duties of vote-teller shall be performed by the two shareholders, present and accepting such duties, who hold the largest number of shares, either on their own behalf or as proxy holders.

The officers of the Meeting thus appointed shall designate a secretary, who is not required to be a shareholder.

The minutes are drawn up and copies or extracts of these minutes are delivered and certified in accordance with the law.

ARTICLE 32 OF THE ARTICLES OF ASSOCIATION – ORDINARY GENERAL MEETINGS

An Ordinary General Meeting is a meeting called to take decisions which do not amend the Articles of Association.

This type of General Meeting shall be held at least once a year, within the time period required by law and regulations, to approve the financial statements for the previous year.

Ordinary General Meetings are only able to validly conduct business, when convened for the first time, if the shareholders attending the Meeting, represented by proxy or having voted by mail represent at least one-fifth of the total voting rights. No quorum is required when Ordinary General Meetings are convened for the second time.

The Meeting issues decisions by simple majority of the votes of the shareholders present or represented by proxy holders, including the votes of shareholders who have voted by mail.

ARTICLE 33 OF THE ARTICLES OF ASSOCIATION – EXTRAORDINARY GENERAL MEETINGS

The Extraordinary General Meeting alone shall be authorised to amend the Articles of Association. However, it may not increase shareholders' commitments, except in the case of transactions resulting from a duly completed regrouping of shares.

Extraordinary General Meetings are only able to validly conduct business, when convened for the first time, if the shareholders attending the Meeting or represented by proxy or having voted by mail represent at least one-quarter of the total voting rights, and one-fifth of the total voting rights when convened for the second time. In the event of this quorum not being reached at the second Meeting, it may be adjourned to a date not more than two months later than the date on which it was originally convened; the quorum of one-fifth is also required for the Meeting when adjourned in this manner.

The Meeting issues decisions by a majority of two-thirds of the votes of the shareholders present or represented by proxy holders, including the votes of shareholders who have voted by mail, except as otherwise provided by law.

ARTICLE 34 OF THE ARTICLES OF ASSOCIATION – SPECIAL GENERAL MEETINGS

When there are several categories of shares, no changes may be made to the rights of a given category of shares unless approved by an Extraordinary General Meeting open to all shareholders and also by a Special General Meeting of the holders of the category of shares in question.

Special General Meetings are only able to validly conduct business, when convened for the first time, if the shareholders attending the Meeting or represented by proxy represent at least one-third of the total voting rights, and one-fifth of the total voting rights when convened for the second time.

In all other respects, Special General Meetings are convened and conduct business in the same way as Extraordinary General Meetings.

5. Person responsible for the Registration Document and information on the auditing of the Company's financial statements

5.1. Person responsible for the Registration Document

Name and position of the person responsible for the Registration Document

Vincent Paris, Chief Executive Officer

5.2. Information relating to the Statutory Auditors

5.2.1. PRINCIPAL STATUTORY AUDITORS AND SUBSTITUTE AUDITORS

Principal Statutory Auditors

- Auditeurs et Conseils Associés – 31, rue Henri-Rochefort, F-75017 Paris

  Represented by Olivier Juramie.

  Term of office expires at the General Meeting convened to approve the 2021 financial statements.

  First appointed: June 1986.
- Cabinet Mazars – 61, rue Henri-Regnault, Tour Exaltis, 92400 Courbevoie.

  Represented by Bruno Pouget.

  Term of office expires at the General Meeting convened to approve the 2017 financial statements.

  First appointed: June 2000.

Substitute Auditors

- Pimpaneau & Associés – 31, rue Henri-Rochefort – 75017 Paris.

  Term of office expires at the General Meeting convened to approve the 2021 financial statements.
- Jean-Louis Simon – 61, rue Henri-Regnault, Tour Exaltis, F-92400 Courbevoie.

  Term of office expires at the General Meeting convened to approve the 2017 financial statements.

5.2.2. FEES OF STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS

The table below details the fees paid to the Statutory Auditors responsible for the audit of Sopra Steria Group's consolidated financial statements in respect of the 2015 and 2016 financial years:

	Mazars network						Nexia network					
	Amount (excl. VAT)			%			Amount (excl. VAT)			%		
(in thousands of euros)	2016	2015	2014	2016	2015	2014	2016	2015	2014	2016	2015	2014
Statutory audit, certification, audit of the individual and consolidated financial statements [(1)]	**1,807**	**1,859**	**1,820**	**85%**	**87%**	**87%**	**905**	**732**	**937**	**100%**	**84%**	**95%**
■ Sopra Steria Group	485	508	1,009	23%	24%	48%	351	293	479	39%	34%	48%
■ Fully consolidated subsidiaries	1,322	1,351	811	62%	63%	39%	554	439	458	61%	50%	46%
Other services relating directly to the statutory audit engagement [(2)]	**251**	**223**	**225**	**12%**	**10%**	**11%**	**4**	**140**	**36**	**-**	**16%**	**4%**
■ Sopra Steria Group	245	215	219	12%	10%	10%		92	36	-	10%	4%
■ Fully consolidated subsidiaries	6	8	6	-	-	-		49		-	6%	-
■ Services other than the certification of the accounts [(2)]				-	-	-	4			-	-	-
Subtotal (a)	**2,058**	**2,082**	**2,045**	**97%**	**98%**	**98%**	**909**	**872**	**973**	**100%**	**100%**	**98%**
Other services provided to fully consolidated subsidiaries by the networks [(3)]												
Legal, tax, employee-related	**58**	**53**	**44**	**3%**	**2%**	**2%**		**2**	**18**	**-**	**-**	**2%**
Other					-	-				-	-	-
Subtotal (b)	**58**	**53**	**44**	**3%**	**2%**	**2%**	**-**	**2**	**18**	**-**	**-**	**2%**
TOTAL (A+B)	**2,116**	**2,134**	**2,089**	**100%**	**100%**	**100%**	**909**	**874**	**991**	**100%**	**100%**	**100%**

(1) Including the services of independent experts or members of the Statutory Auditors' networks at the request of the Statutory Auditors in connection with the certification of the accounts.

(2) Services provided to Sopra Steria Group or its subsidiaries by the Statutory Auditors or by members of their networks.

(3) Non-audit services provided to Sopra Steria Group subsidiaries by network members.

6. Provisional reporting timetable

Publication date	Event	Meeting date
27 February 2017 before market open	2016 annual revenue and earnings	27 February 2017
27 April 2017 before market open	2017 Q1 revenue	-
	Annual General Meeting	13 June 2017
28 July 2017 before market open	2017 interim revenue and earnings	28 July 2017
26 October 2017 before market open	2017 Q3 revenue	-

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

7. Inventory of regulatory disclosures in 2016 (1)

7.1. Press releases for ongoing disclosure obligation

- 15/12/2016 Sopra Steria Group: Financial calendar 2017
- 28/07/2016 Sopra Steria: First-half 2016 in line with 2017 objectives
- 22/06/2016 Combined General Meeting of Wednesday, 22 June 2016
- 01/06/2016 Étienne du Vignaux joins Sopra Steria as Chief Financial Officer
- 31/05/2016 Sopra Steria Group acquires the 8.62% stake in Axway sold by Société Générale
- 22/03/2016 Sopra Steria: Establishment of an employee shareholding plan
- 29/02/2016 Full-year results 2015
- 24/02/2016 Sopra Steria: Tie-up planned with Cassiopae
- 12/01/2016 Sopra Steria Group: Financial calendar 2016
- 11/01/2016 Laurent Lemaire to leave Sopra Steria Group, François Lefebvre to take over finance function

7.2. Registration Document including the Annual Financial Report and updates

- 22/04/2016 Publication of the 2015 Registration Document including the Annual Financial Report

7.3. Interim financial report

- 7/09/2016 Publication of half-year financial report for 2016

7.4. Quarterly financial reporting

- 03/11/2016 Revenue for Q3 2016
- 03/05/2016 Revenue for Q1 2016

7.5. Monthly disclosures of total voting rights and shares

- 12 monthly disclosure forms
- 16/05/2016 Filing at BALO publication date of prior notice of General Meeting of 22 June 2016

7.6. Descriptions of share buyback programmes and reports on the liquidity provider agreement

Liquidity agreement

- 01/07/2016 Half yearly report on the liquidity contract with Oddo Corporate Finance
- 05/01/2016 Half yearly report on the liquidity contract with Oddo Corporate Finance

Treasury share transactions

- 16/12/2016 Weekly disclosure of transactions in own shares for the month of December 2016
- 18/11/2016 Weekly disclosure of transactions in own shares for the month of November 2016
- 21/10/2016 Weekly disclosure of transactions in own shares for the month of October 2016
- 21/09/2016 Weekly disclosure of transactions in own shares for the month of September 2016
- 25/05/2016 Weekly disclosure of transactions in own shares for the month of May 2016

7.7. Reports on the manner in which the work of the Board of Directors is prepared and organised, and on internal control procedures

- 22/04/2016 Included in the Registration Document

7.8. Fees paid to the Statutory Auditors

- 22/04/2016 Included in the Registration Document

7.9. Announcements of information provided or made available with regard to meetings of the shareholders

- 26/05/2016 Combined General Meeting to be held on 22 June 2016: Availability of informational documents

7.10. Announcements specifying the procedures used to make prospectuses available

- 22/04/2016 Sopra Steria Group: Publication of the 2015 Registration Document
- 07/09/2016 Sopra Steria Group: Half-year financial report now available for 2016

8. Documents on display

The legal documents relating to the Company, in particular its Articles of Association, financial statements and reports presented to its General Meetings by the Board of Directors and the Statutory Auditors may be requested from the Director of Communication, 9 bis rue de Presbourg, F-75116 Paris. All published financial information is available on the Group's website: www.soprasteria.com.

(1) All of this information is made available online on the Group's website www.soprasteria.com (Investors section).

8 GENERAL MEETING OF 13 JUNE 2017

Agenda

Requiring the approval of the Ordinary General Meeting

1. Approval of the individual financial statements for the financial year ended 31 December 2016; approval of non-deductible expenses;
2. Granting of final discharge to members of the Board of Directors;
3. Approval of the consolidated financial statements for the financial year ended 31 December 2016;
4. Appropriation of earnings and determination of the dividend;
5. Approval of agreements governed by Articles L. 225-38 et seq. of the French Commercial Code;
6. Opinion on items of compensation due or granted in respect of financial year 2016 to Pierre Pasquier, Chairman;
7. Opinion on items of compensation due or granted in respect of financial year 2016 to Vincent Paris, Chief Executive Officer;
8. Approval of the principles and criteria for the determination, distribution and allocation of items of compensation for the Chairman in respect of financial year 2017;
9. Approval of the principles and criteria for the determination, distribution and allocation of items of compensation for the Chief Executive Officer in respect of financial year 2017;
10. Ratification of the co-optation of Emma Fernández as a Director for a term of one year;
11. Setting of directors' fees at €500,000;
12. Authorisation granted to the Board of Directors, for a period of 18 months, to allow the Company to buy back its own shares pursuant to Article L. 225-209 of the French Commercial Code.

Requiring the approval of the Extraordinary General Meeting

13. Delegation of powers to the Board of Directors, for a period of 18 months, to issue share subscription warrants to be allotted to shareholders free of charge in the event of a takeover bid, up to a nominal amount equal to the amount of the share capital;
14. Delegation of powers to the Board of Directors, for a period of 26 months, to decide to increase the share capital, without pre-emptive subscription rights for existing shareholders, via issues to persons employed by the Company or by a company of the Group, subject to enrolment in a company savings plan, up to a maximum of 3% of the share capital;
15. Appointment of Christian Bret as a Non-Voting Director for a term of one year;
16. Amendment of the Company's Articles of Association to ensure compliance with legal and regulatory requirements;
17. Delegation of powers to the Board of Directors to amend the Company's Articles of Association to ensure compliance with legal and regulatory requirements and the corresponding amendment to Article 17 of the Company's Articles of Association, "Powers of the Board of Directors";
18. Powers granted to carry out all legal formalities.

We hereby inform you that the vote on the resolutions submitted for approval at the Extraordinary General Meeting requires a quorum representing at least one quarter of the total number of voting shares and a majority of two thirds of the votes of shareholders present or represented by proxy holders. The vote on resolutions submitted for approval at the Ordinary General Meeting requires a quorum of at least one fifth of the total number of voting shares and a majority of the votes of shareholders present or represented by proxy holders. However, as an exception to the foregoing, the vote on Resolution 13, even though it is on the agenda of the Extraordinary General Meeting, requires a quorum of one fifth of the total number of voting shares and a majority of the votes of shareholders present or represented.

1. Summary of resolutions

1.1. Approval of the individual and consolidated financial statements (Resolutions 1, 2 and 3)

The Board of Directors submits for your approval:

- the Company's individual financial statements and the Group's consolidated financial statements for the year ended 31 December 2016, included as Chapter 4 (pages 143 to 212) and Chapter 5 (pages 213 to 244) of the 2016 Registration Document;
- the list of non-tax-deductible expenses totalling €427,385 and the corresponding tax charge. These expenses consist of rental or lease payments and depreciation in respect of company cars granted to 202 of the Company's executives;
- full and unconditional discharge to be given to the Board members with respect to their duties for the 2016 financial year.

This Registration Document also contains:

- cross-reference tables relating to the various chapters of the Management Report of the Board of Directors, the Annual Financial Report and the Report of the Chairman of the Board of Directors on corporate governance, internal control and risk management (pages 295, 298 and 299);
- the Statutory Auditors' reports on the Company's individual financial statements, on the Group's consolidated financial statements and on the aforementioned Report of the Chairman of the Board of Directors (pages 241, 212 and 50).

1.2. Proposed appropriation of earnings (Resolution 4)

The Company's profit in respect of 2016 totalled €142,021,686.69. Taking into account the change in the share capital, which stood at €20,531,795 at 31 December 2016, the Board of Directors proposes that €8,507.20 be transferred to the legal reserve. This would bring that reserve to €2,053,179.50, i.e. 10% of the share capital.

After taking into account retained earnings (in the amount of €208,471.00), the amount of profit available for distribution would be €142,221,650.49. The Board of Directors proposes that a dividend of €2.20 per share be paid in respect of financial year 2016, giving a total dividend of €45,169,949, subject to any adjustment that might be required if the number of shares carrying dividend rights should be different from the 20,531,795 shares making up the share capital at 31 December 2016. The remaining balance of profit available for distribution would be allocated to discretionary reserves.

For individuals whose tax residence is in France, this dividend will automatically give rise, on a cumulative basis, excluding shares held in a PEA (*plan d'épargne en actions*, a French personal equity plan), to a 21% withholding tax on the gross dividend, which is subject to income tax reporting requirements in relation to 2016 income, as well as social security deductions of 15.5%, including 5.1% corresponding to the deductible portion of the CSG (*contribution sociale généralisée*, or general social security contribution), which are also withheld. It should be noted that only shareholders whose household taxable income is below the threshold (in respect of 2015 income) of €50,000 (single person) or €75,000 (couple filing jointly), and who have filed for an exemption from this withholding tax by sending a signed letter (no later than 30 November 2016, for dividends payable in 2017 in respect of financial year 2016), may be eligible for exemption.

The ex-dividend date would therefore be 3 July 2017, before market open. The dividend will be paid on 5 July 2017.

1.3. Related-party agreements (Resolution 5)

The Statutory Auditors have submitted their special report, included on pages 242 and 243 of this Registration Document, providing an overview of any agreements and commitments subject to approval at the General Meeting as well as a listing of the agreements and commitments entered into and authorised during previous financial years that remained in force during the past financial year.

You are asked to approve the conclusions of this Statutory Auditors' special report.

It should be noted that there are no new related-party agreements to be put to your vote.

1.4. Compensation of executive company officers (Resolutions 6 to 9)

1.4.1 OPINION ON ITEMS OF COMPENSATION DUE OR GRANTED TO EXECUTIVE COMPANY OFFICERS IN RESPECT OF 2016 (RESOLUTIONS 6 AND 7)

The AFEP-MEDEF Code, to which the Company adheres, recommends that companies submit for shareholder approval the items of compensation due or granted to executive company officers in respect of the financial year just ended.

You are therefore asked to issue an opinion on the items of compensation due or granted in respect of financial year 2016 to Pierre Pasquier, Chairman of the Board of Directors, and Vincent Paris, Chief Executive Officer, as set out in the following tables:

Items of compensation of Pierre Pasquier	Amount	Comments
Annual fixed compensation	€350,000	Last updated in January 2011.
Annual variable compensation	€150,000	See §2.2.1 of Chapter 2, "Corporate governance", pages 73 to 79. Amount reduced, at the request of the recipient, to the average annual variable compensation paid since 2011, in line with the proposal to remove the variable component by including this average amount within the fixed component.
Variable deferred compensation	Not applicable	There are no plans to apply variable deferred compensation.
Multi-year variable compensation	Not applicable	There are no plans to grant variable multi-year compensation.
Exceptional compensation	Not applicable	No exceptional compensation
Share options, performance shares and any other long-term items of compensation	Not applicable	Pierre Pasquier has never been awarded any share subscription options or performance shares, or any other long-term items of compensation.
Directors' fees	€21,791	In accordance with the internal rules and regulations of the Board of Directors. Directors' fees are allocated in full on the basis of attendance at meetings of the Board of Directors and Board committees.
Valuation of all benefits in kind	€8,550	Company car.
Severance pay	Not applicable	No such commitment exists.
Non-compete payment	Not applicable	No such commitment exists.
Supplementary pension plan	Not applicable	The principle of a supplementary pension plan is not being considered.

Items of compensation of Vincent Paris	Amount	Comments
Annual fixed compensation	€400,000	The amount of annual fixed compensation granted to Vincent Paris was updated following his appointment as Chief Executive Officer in 2015.
Annual variable compensation	€162,400	See §2.2.1 of Chapter 2, "Corporate governance", pages 73 to 77. The variable component of his compensation equates to 68% of the applicable limit. All criteria (the quantitative target tied to operating profit on business activity and the qualitative targets aligned with the priorities set by the Group) were applied without any changes during the financial year, as planned. The personal qualitative targets were exceeded.
Variable deferred compensation	Not applicable	There are no plans to apply variable deferred compensation.
Multi-year variable compensation	Not applicable	There are no plans to grant variable multi-year compensation.
Exceptional compensation	Not applicable	No exceptional compensation
Share options, performance shares and any other long-term items of compensation	€270,750	At its meeting of 24 June 2016, the Board of Directors decided to put in place a long-term incentive plan for the Group's senior managers relating to performance over three years. It granted 3,000 rights (0.01% of the share capital) to Vincent Paris, out of a total of 88,500 rights covered by this plan. Strict performance conditions will be measured over three financial years (the year of allotment and the two following years) against targets for organic consolidated revenue growth, operating profit on business activity (expressed as a percentage of revenue) and free cash flow. These targets are at least equal to those provided to the market in the form of earnings guidance, where applicable. The Board of Directors also decided that Vincent Paris must retain at least 50% of vested shares allocated to him under this plan throughout his entire term of office as Chief Executive Officer. Vincent Paris has agreed not to engage in any hedging transactions with respect to performance shares held until the expiry of this plan.
Directors' fees	Not applicable	
Valuation of all benefits in kind	€11,127	Company car; contribution to *Garantie Sociale des Chefs et Dirigeants d'Entreprise* (GSC).
Retirement payment	Not applicable	No such commitment exists.
Non-compete payment	Not applicable	No such commitment exists.
Supplementary pension plan	Not applicable	The principle of a supplementary pension plan is not being considered.

For details, please refer to Section 2, "Roles and compensation of executive company officers", in Chapter 2 of this Registration Document.

1.4.2 APPROVAL OF THE PRINCIPLES AND CRITERIA FOR THE DETERMINATION, DISTRIBUTION AND ALLOCATION OF ITEMS OF COMPENSATION FOR COMPANY OFFICERS IN RESPECT OF FINANCIAL YEAR 2017 (RESOLUTIONS 8 AND 9)

As required by the new Article L. 225-37-2 of the French Commercial Code, introduced by the "Sapin II" Act (Act 2016-1691 of 9 December 2016), we submit for your approval the principles and guidelines used to determine, structure and grant the fixed and variable components of total compensation and benefits of any kind to be received by the Chairman of the Board of Directors and the Chief Executive Officer respectively, as well as by any Deputy Chief Executive Officers who might be appointed, for their service in these positions in 2017, and thus constituting the compensation policy applicable to each of them. These principles and criteria have been approved by the Board of Directors at the recommendation of the Compensation Committee and are set out in Chapter 2, pages 78 and 79 of this Registration Document.

Moreover, the amounts resulting from the application of these principles and criteria will be submitted to the shareholders for approval at the General Meeting convened to approve the financial statements for financial year 2017, to be held in 2018.

1.5. New appointments (Resolutions 10 and 15)

1.5.1. RATIFICATION OF THE CO-OPTATION OF EMMA FERNÁNDEZ AS A DIRECTOR (RESOLUTION 10)

It is proposed that you ratify the co-optation of Emma Fernández as a Director, as decided by the Board of Directors at its meeting of 19 January 2017, to replace Christian Bret.

Her proposed term of office would thus expire at the end of the General Meeting convened to approve the financial statements for the year ending 31 December 2017.

A brief profile of this candidate is provided below:

Emma Fernández – 53 – Spanish national

Emma Fernández is currently Managing Partner at Kleinrock Advisors and serves on the Boards of Directors of Axway Software and Ezentis, a company specialising in infrastructure management for major international companies in the energy and telecommunications sectors.

Ms Fernández previously held various positions at Indra, one of Spain's leading digital services companies, over a period of 25 years. As such, she has developed expertise in areas such as strategy, mergers and acquisitions, corporate governance, innovation, marketing, communications, corporate social responsibility, and talent management.

Ms Fernández graduated from Madrid Polytechnic University with a degree in telecommunications engineering and also earned an MBA from IE Business School.

The proposal to appoint Emma Fernández as a Board member, upon a recommendation from the Nomination, Ethics and Governance Committee, is based on:

- recognition of her skills and experience;
- the need to improve gender balance on the Board of Directors.

Should this proposal be approved, the Board of Directors will consist of ten men and seven women (excluding Directors representing employees), thus exceeding 40% representation for both women and men.

1.5.2. APPOINTMENT OF CHRISTIAN BRET AS A NON-VOTING DIRECTOR (RESOLUTION 15)

It is also proposed that you appoint Christian Bret as a Non-Voting Director.

The aim of this appointment is to ensure that the Board of Directors and its specialised committees may continue to benefit from Christian Bret's knowledge and experience until the Board's membership is renewed in 2018.

It should be noted that Christian Bret meets all the independence criteria set out in the AFEP-MEDEF Code.

1.6. Setting of directors' fees (Resolution 11)

It is proposed that you set the total amount of directors' fees at €500,000 for financial year 2017 (see §1.2.5, Chapter 2, "Corporate governance", pages 71 and 72). This amount, which is the same as that allocated in respect of financial year 2016, is apportioned annually in accordance with the Board of Directors' internal rules and regulations.

1.7. Buyback by Sopra Steria Group of its own shares (Resolution 12)

You are asked to renew, for a period of 18 months, the authorisation granted to the Board of Directors at the General Meeting of 22 June 2016 permitting the Company to buy back its own shares, in accordance with applicable laws and regulations (Articles L. 225-209 et seq. of the French Commercial Code).

Under this authorisation, the number of shares bought back shall not exceed 10% of the share capital; as an, indication, this would equate to 2,053,179 shares on the basis of the share capital at 31 December 2016. The maximum price per share that can be paid for the shares bought back would be set at €200; this price may be adjusted as a result of an increase or decrease in the number of shares representing the share capital, in particular due to capitalisation of reserves, free share awards or reverse stock splits.

The aims of the share buyback programme are set out in the draft of Resolution 12, included on pages 283 and 284 of this Registration Document.

In addition, information on the use made of the previous authorisation granted at the General Meeting of 22 June 2016 in its Resolution 12 is provided in Section 8.1 of Chapter 6 of this Registration Document (page 251).

Finally, the authorisation granted to the Board of Directors at the General Meeting of Shareholders on 22 June 2016 (Resolution 13) concerning the ability to cancel its own shares acquired by Sopra Steria Group over a period of 26 months is still in force and is therefore not subject to renewal.

1.8. Capital increase through issuance of shares and other securities (Resolutions 13 and 14)

1.8.1 DELEGATION REGARDING A FREE SHARE AWARD IN THE EVENT OF A TAKEOVER BID FOR THE COMPANY'S SHARES – *BONS BRETON* (RESOLUTION 13)

You are asked to grant to the Board of Directors, in connection with a takeover bid, the possibility of issuing share subscription warrants to be allotted to the shareholders free of charge (known as *Bons Breton*).

This is a mechanism designed to result in the bidder abandoning their bid or improving their valuation of the company.

The amount of the capital increase would be limited to the amount of the share capital; as an indication, this would equate to €20,531,795 on the basis of the share capital at 31 December 2016. The maximum number of warrants to be issued could not exceed the number of shares representing the share capital; as an indication, this would equate to 20,531,795 shares on the basis of the share capital at 31 December 2016.

This delegation of powers would be valid for a period of 18 months and would supersede the previous such delegation granted under Resolution 22 of the General Meeting of 22 June 2016.

1.8.2 DELEGATION FOR THE PURPOSES OF A CAPITAL INCREASE RESERVED FOR EMPLOYEES (RESOLUTION 14)

In accordance with Article L. 225-129-6 of the French Commercial Code, we propose that you renew, for a further period of 26 months, the delegation of powers granted to the Board of Directors to carry out a capital increase reserved for employees enrolled in a company or Group savings plan whose terms and conditions will be set by the Board, with the aim, in particular, of giving the employees of the Company and of the Group a stake in the development of Sopra Steria.

This delegation of powers would be subject to an overall limit of 3% of the share capital; as an indication, this would equate to €615,953 on the basis of the share capital at 31 December 2016. Any issues decided under Resolutions 24 and 25 adopted at the General Meeting of 22 June 2016 also fall under this overall limit.

As a reminder, these resolutions authorised the Board of Directors to decide on:

- the granting of share subscription or share purchase options (Resolution 24); and
- the granting of free share awards (Resolution 25).

1.9. Amendment of Sopra Steria Group's Articles of Association (Resolution 16)

It is proposed that you adopt new wording for certain of Sopra Steria Group's Articles of Association, to make them more explicit and to update them in accordance with applicable legislation and regulations.

These proposed amendments to the Articles of Association relate to:

- Article 4, "Registered office": authorise the Board of Directors to move the location of the registered office anywhere in France (rather than only within the administrative *département* in which the registered office is currently located or within a neighbouring *département*), to reflect the extension of powers in this area provided under the "Sapin II" Act. This decision of the Board of Directors would remain subject to ratification at the General Meeting;
- Article 5, "Term": to make more explicit the extension of Sopra Steria Group's term of existence approved at the Extraordinary General Meeting of 19 January 2012;
- Article 8, "Changes to share capital": to adopt wording that will remain valid irrespective of any legislative or regulatory changes, particularly in the event of any new numbering of articles in the French Commercial Code, and specifically to make more explicit the legal option for the Board of Directors to sub-delegate its powers in connection with capital increases;
- Article 10, "Form of shares": to state more explicitly the Company's right to obtain information about the holders of bearer shares (Article L. 228-2 of the French Commercial Code);
- Article 21, "Multiple offices": to specify the rules applicable to positions held concurrently and bring the Articles of Association into compliance with the applicable legal requirements;
- Article 24, "Statutory Auditors": to amend the Articles of Association to take into account the removal of the requirement to appoint one or more Substitute Auditors for companies where the Principal Statutory Auditor is a legal person, in accordance with the "Sapin II" Act. In the event of incapacity of the Principal Statutory Auditor, auditing of Sopra Steria Group will be conducted by another representative of the same audit firm.

  The current Substitute Auditors will nonetheless continue to serve for the remainder of their original term;
- addition of a new Article 35 concerning bondholders: to include mention of the principal rights and responsibilities of any bondholders, in accordance with legislation and regulations.

A comparative table is provided below showing, for each affected article, the current wording and the new wording after applying the proposed amendments.

1.10 Delegation for the purposes of bringing the Articles of Association into compliance with legal and regulatory requirements (Resolution 17)

You are asked:

- to delegate to the Board of Directors the powers to amend the Company's Articles of Association in accordance with new legal and regulatory requirements in force (new paragraph 2 of Article L. 225-36 of the French Commercial Code, introduced by the "Sapin II" Act). This would make it easier to adopt amendments to the Articles of Association, though any such amendments would still be subject to ratification at an Extraordinary General Meeting of Shareholders following such decisions; and
- amend Article 17, "Powers of the Board of Directors", in line with the preceding point, to include this new power granted to the Board (see comparative table below).

COMPARATIVE TABLE – AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Current wording	New wording
ARTICLE 4 – REGISTERED OFFICE	
The Company's registered office is located at: PAE Les Glaisins, Annecy-le-Vieux, 74940 ANNECY.	The Company's registered office is located at: PAE Les Glaisins, Annecy-le-Vieux, 74940 ANNECY.
It may be transferred **to any place in the same département (district) or in a neighbouring département** by simple decision of the Board of Directors, subject to ratification at the next Ordinary General Meeting, **and anywhere else pursuant to a resolution adopted at an Extraordinary General Meeting, subject to compliance with legislation in force.**	It may be transferred **anywhere in France** by simple decision of the Board of Directors, subject to ratification at the next Ordinary General Meeting.
If in accordance with the law the Board of Directors decides to transfer the registered office, the Board of Directors shall be authorised to amend the articles of association accordingly.	If in accordance with the law the Board of Directors decides to transfer the registered office, the Board of Directors shall be authorised to amend the articles of association accordingly.
The Board of Directors may create, transfer and close all establishments, agencies, warehouses and branches, wherever it may deem necessary.	The Board of Directors may create, transfer and close all establishments, agencies, warehouses and branches, wherever it may deem necessary.
ARTICLE 5 – TERM	
5.1. The Company's term **is set at 99 years as from 19 June 2012.** As such, the Company's term shall expire on 19 June 2111 unless the Company is dissolved before such date or its term is extended.	**5.1.** The Company's term, **initially set at 50 years, was extended by a resolution at the Extraordinary General Meeting of 19 January 2012;** as such, it shall expire on 19 June 2111 unless the Company is dissolved before such date or its term is extended.
5.2. At least one year before the expiry date of the Company's term, the Board of Directors shall convene an extraordinary general meeting of the shareholders for the purpose of deciding whether the Company's term should be extended. Failing this, after having unsuccessfully made a demand on the Company, any shareholder may request the Presiding Judge of the Commercial Court with jurisdiction over the registered office, ruling pursuant to an ex parte application, to appoint a judicial representative charged with convening the meeting and reaching the decision described above.	**5.2.** At least one year before the expiry date of the Company's term, the Board of Directors shall convene an extraordinary general meeting of the shareholders for the purpose of deciding whether the Company's term should be extended. Failing this, after having unsuccessfully made a demand on the Company, any shareholder may request the Presiding Judge of the Commercial Court with jurisdiction over the registered office, ruling pursuant to an ex parte application, to appoint a judicial representative charged with convening the meeting and reaching the decision described above.
ARTICLE 8 – CHANGES TO SHARE CAPITAL	
1. The share capital may be increased by any means and by all procedures authorised by law.	**1.** The share capital may be increased by any means and by all procedures authorised by law.
The share capital may be increased by issuing new ordinary or preference shares or by increasing the par value of existing shares. It may also be increased by exercising the rights attached to securities that confer equity rights, in accordance with the requirements prescribed by law.	The share capital may be increased by issuing new ordinary or preference shares or by increasing the par value of existing shares. It may also be increased by exercising the rights attached to securities that confer equity rights, in accordance with the requirements prescribed by law.
Only an extraordinary general meeting, acting pursuant to a report of the Board of Directors, has the power to decide an immediate or future capital increase. It may delegate this power to the Board of Directors, in accordance with the requirements **laid down in Article L. 225-129-2 of the French Commercial Code.**	Only an extraordinary general meeting, acting pursuant to a report of the Board of Directors, has the power to decide an immediate or future capital increase. It may delegate this power to the Board of Directors, in accordance with the requirements **laid down in law. The Board of Directors may sub-delegate this power to the Chief Executive Officer, or, by agreement with the latter, to one or more Deputy Chief Executive Officers, in accordance with legal requirements and within the limits of the conditions previously laid down by the Board of Directors.**
If an extraordinary general meeting decides to increase the share capital, it may delegate to the Board of Directors the power to set the terms and conditions applicable to the securities issue.	If an extraordinary general meeting decides to increase the share capital, it may delegate to the Board of Directors the power to set the terms and conditions applicable to the securities issue.
Shareholders have a pre-emptive right, in proportion to the number of shares they hold, to subscribe for cash shares issued in connection with a capital increase. Shareholders may waive this right individually. In accordance with legal requirements, an extraordinary general meeting may decide to suspend this pre-emptive subscription right.	Shareholders have a pre-emptive right, in proportion to the number of shares they hold, to subscribe for cash shares issued in connection with a capital increase. Shareholders may waive this right individually. In accordance with legal requirements, an extraordinary general meeting may decide to suspend this pre-emptive subscription right.

Current wording	New wording
If a general meeting or, in the event of a delegation of powers, the Board of Directors, has expressly decided, shares not subscribed non-reducibly shall be allocated to shareholders who subscribe reducibly for a higher number of shares than that to which they are entitled by their pre-emptive subscription right, in proportion to their subscription rights and, in any event, within the limit of their requests.	If the shareholders or, in the event of a delegation of powers, the Board of Directors, have expressly so decided, any shares not subscribed by existing shareholders in proportion to their existing shareholdings shall be allocated to those shareholders who have subscribed for a higher number of shares than that to which they are entitled by virtue of their pre-emptive subscription rights, in proportion to their subscription rights and, in any event, within the limit of shareholder applications.
The right to be allotted new shares subsequent to a capitalisation of reserves, profits or issue premiums shall be held by the legal owner, subject to the rights of the beneficial owner.	The right to be allotted new shares subsequent to a capitalisation of reserves, profits or issue premiums shall be held by the legal owner, subject to the rights of the beneficial owner.
At the time of any decision to increase the share capital in consideration for cash contributions, except if the capital increase results from a prior issue of securities that confer equity rights, an extraordinary general meeting shall vote on a resolution proposing a capital increase reserved for the Company's employees.	At the time of any decision to increase the share capital in consideration for cash contributions, except if the capital increase results from a prior issue of securities that confer equity rights, an extraordinary general meeting shall vote on a resolution proposing a capital increase reserved for the Company's employees.
Furthermore, every three years, an Extraordinary General Meeting shall be held to vote on a resolution proposing a capital increase reserved for the Company's employees if, pursuant to a report presented to the general meeting by the Board of Directors in accordance with **Article L. 225-102 of the French Commercial Code**, shares held by the employees of the Company and affiliated companies, within the meaning of Article L. 225-180 of the French Commercial Code, represent less than three percent of the share capital.	Furthermore, every three years, an Extraordinary General Meeting shall be held to vote on a resolution proposing a capital increase reserved for the Company's employees if, pursuant to a report presented to the general meeting by the Board of Directors in accordance **with the law,** shares held by the employees of the Company and affiliated companies, **as defined in law,** represent less than three percent of the share capital.
2. Capital decreases shall be authorised or decided by an extraordinary general meeting, but such capital decreases shall in no event diminish the equality of shareholders.	**2.** Capital decreases shall be authorised or decided by an extraordinary general meeting, but such capital decreases shall in no event diminish the equality of shareholders.
A decrease in share capital to an amount less than the statutory minimum can be decided only if it is subject to the condition precedent that it shall be followed by a capital increase raising share capital to an amount at least equal to the statutory minimum, unless the Company is converted into a company of another form that does not require a higher amount of capital than the share capital after the capital decrease.	A decrease in share capital to an amount less than the statutory minimum can be decided only if it is subject to the condition precedent that it shall be followed by a capital increase raising share capital to an amount at least equal to the statutory minimum, unless the Company is converted into a company of another form that does not require a higher amount of capital than the share capital after the capital decrease.
In the event of non-compliance with this provision, any interested party may bring an action for dissolution of the Company. The Court shall not order dissolution if, on the day it rules on the merits, the situation has been rectified.	In the event of non-compliance with this provision, any interested party may bring an action for dissolution of the Company. The Court shall not order dissolution if, on the day it rules on the merits, the situation has been rectified.
3. The share capital may be redeemed **in accordance with the provisions of Articles L. 225-198 et seq. of the French Commercial Code.**	**3.** The share capital may be redeemed **in accordance with the requirements laid down in law.**
ARTICLE 10 - FORM OF THE SHARES	
All shares shall be registered until fully paid up.	**Fully paid-up shares may be in registered or bearer form, at the choice of the holder.**
Once fully paid up, shares may be in registered or bearer form, at the choice of the holder. Bearer shares must be in "identifiable bearer" form, as required by Article L. 228-2 of the French Commercial Code.	**In the case of bearer shares, the Company may at any time, in accordance with legislation and regulations in force, request from the central depository information about the number of shares held and any restrictions to which they may be subject, together with the name or company name, nationality, year of birth or year of incorporation, postal address and, where known, e-mail address of the holders of such shares giving immediate or eventual rights to vote at shareholders' meetings. This information shall be provided to the Company accordance with legal requirements.**
However, the persons referred to in Article L. 225-109 of the French Commercial Code are required, in accordance with the provisions of that article, to have the shares put into registered form or to deposit the shares owned by them or their dependent underage children with a bank, authorised financial institution or investment services provider.	However, the persons referred to in Article L. 225-109 of the French Commercial Code are required, in accordance with the provisions of that article, to have the shares put into registered form or to deposit the shares owned by them or their dependent underage children with a bank, authorised financial institution or investment services provider.

Current wording	New wording
ARTICLE 17 - POWERS OF THE BOARD OF DIRECTORS	
The Board of Directors shall establish the Company's business policies and ensure they are carried out. Subject to the powers expressly reserved to shareholders' meetings and within the limits of the corporate objects, the Board of Directors may consider any matter relating to the proper operation of the Company and shall resolve matters that concern the Company by its decisions.	The Board of Directors shall establish the Company's business policies and ensure they are carried out. Subject to the powers expressly reserved to shareholders' meetings and within the limits of the corporate objects, the Board of Directors may consider any matter relating to the proper operation of the Company and shall resolve matters that concern the Company by its decisions.
In its relations with third parties, the Company shall be bound by the acts of the Board of Directors that exceed the scope of the corporate objects, unless the Company proves that the third party was aware, or that in light of the circumstances could not have been unaware, that the act was not within said corporate objects. However, the mere publication of the articles of association shall not constitute such proof.	In its relations with third parties, the Company shall be bound by the acts of the Board of Directors that exceed the scope of the corporate objects, unless the Company proves that the third party was aware, or that in light of the circumstances could not have been unaware, that the act was not within said corporate objects. However, the mere publication of the articles of association shall not constitute such proof.
The Board of Directors shall carry out all controls and verifications it deems necessary. Each Director is entitled to be provided with all documents and information necessary for the performance of his duties.	The Board of Directors shall carry out all controls and verifications it deems necessary. Each Director is entitled to be provided with all documents and information necessary for the performance of his duties.
The Board may grant all agents of its choice all delegations of powers, within the limits of the powers it holds pursuant to law and these articles of association.	The Board may grant all agents of its choice all delegations of powers, within the limits of the powers it holds pursuant to law and these articles of association.
The Board may create committees charged with studying matters that the Board or the Chairman submits for their opinion and review.	The Board may create committees charged with studying matters that the Board or the Chairman submits for their opinion and review.
	Under a delegation of powers granted at an Extraordinary General Meeting, the Board of Directors may amend the Company's Articles of Association to ensure compliance with legal and regulatory requirements, subject to ratification at the following Extraordinary General Meeting.
ARTICLE 21 - MULTIPLE OFFICES	
An individual shall not simultaneously hold more than five offices as a Director or a member of the Supervisory Board of *sociétés anonymes* that have their registered offices in France.	An individual shall not simultaneously hold more than five offices as a Director or a member of the Supervisory Board of *sociétés anonymes* that have their registered offices in France.
By exception to the foregoing provisions, offices held by a person as a Director or member of the Supervisory Board of a company that is controlled, within the meaning of Article L. 233-16 of the French Commercial Code, by the company in which that person is a Director shall not be taken into account for these purposes.	By exception to the foregoing **provisions and for the purposes of applying this article,** offices held by a person as a Director or member of the Supervisory Board of a company that is controlled, within the meaning of Article L. 233-16 of the French Commercial Code, by the company in which that person is a Director shall not be taken into account for these purposes.
For the purpose of applying the foregoing provisions, positions as Director held in companies whose shares are not admitted to trade on a regulated market and that are controlled, within the meaning of Article L. 233-16 of the French Commercial Code, by the same company shall count as a single office, provided the number of offices held in this manner does not exceed five.	For the purpose of applying the foregoing provisions, positions as Director held in companies whose shares are not admitted to trade on a regulated market and that are controlled, within the meaning of Article L. 233-16 of the French Commercial Code, by the same company shall count as a single office, provided the number of offices held in this manner does not exceed five.
An individual may not simultaneously hold more than one position as Chief Executive Officer, member of a management board or sole Chief Executive Officer of *sociétés anonymes* that have their registered offices in France. In derogation of the foregoing, a second position as Chief Executive Officer, member of a management board or sole Chief Executive Officer may be held in a company that is controlled, within the meaning of Article L. 233-16 of the French Commercial Code, by the company of which he is Chief Executive Officer. Another position as Chief Executive Officer, member of a management board or sole Chief Executive Officer may be held in a company provided that the shares **of that company** are not admitted to trading on a regulated market.	An individual may not simultaneously hold more than one position as Chief Executive Officer, member of a management board or sole Chief Executive Officer of *sociétés anonymes* that have their registered offices in France. In derogation of the foregoing, a second position as Chief Executive Officer, member of a management board or sole Chief Executive Officer may be held in a company that is controlled, within the meaning of Article L. 233-16 of the French Commercial Code, by the company of which he is Chief Executive Officer. Another position as Chief Executive Officer, member of a management board or sole Chief Executive Officer may be held in a company if the shares **of neither of these two companies** are admitted to trading on a regulated market.

Current wording	New wording
	Without prejudice to the conditions above or to other legal requirements, an individual shall not simultaneously hold more than five offices as a Chief Executive Officer, sole executive officer, Director or member of the Supervisory Board of *sociétés anonymes* having their registered offices in France. For the purposes of this Article, where a Director acts as Chief Executive Officer, this shall count as a single office.
	This number shall be reduced to three for offices held within companies, even where registered outside France, whose shares are traded on a regulated market for persons acting as Chief Executive Officer, Director or sole executive officer in a company whose shares are traded on a regulated market and which employs at least 5,000 permanent employees in the company and its direct or indirect subsidiaries, and whose registered offices are located in France, or at least 10,000 employees in the company and its direct or indirect subsidiaries, and whose registered offices are located in France and elsewhere.
	For the purposes of applying this latter limit, positions as Director or member of the Supervisory Board held by the Chief Executive Officer, Director or sole executive officer of companies whose main business is the acquisition and management of investment holdings, within the meaning of Article L. 233-2 of the French Commercial Code, shall be disregarded for these purposes.
Any individual in breach of the provisions concerning multiple offices shall resign one of the positions within three months of his appointment or, in the event of a derogation, from the position at issue within three months of the event that causes the person to cease complying with the conditions set by law. On expiry of the three-month period, the person is automatically dismissed and must return the compensation received, although the validity of the deliberations in which he or she took part is not called into question.	Any individual in breach of the provisions concerning multiple offices shall resign one of the positions within three months of his appointment or, in the event of a derogation, from the position at issue within three months of the event that causes the person to cease complying with the conditions set by law. On expiry of the three-month period, the person is automatically dismissed and must return the compensation received, although the validity of the deliberations in which he or she took part is not called into question.
ARTICLE 24 – STATUTORY AUDITORS	
The Company shall be audited by one or more Principal Statutory Auditor, who shall be appointed and shall perform their duties in accordance with the law.	The Company shall be audited by one or more Principal Statutory Auditor, who shall be appointed and shall perform their duties in accordance with the law.
One or more Substitute Auditors, who shall replace the Principal Statutory Auditor(s) in the event he/she/they refuse(s) or is/are unable to perform his/her/their duties, or in the event of his/her/their resignation or death, shall be appointed at the same time as the Principal Statutory Auditor(s) and for the same duration.	
ARTICLE 35 (NEW) – BONDHOLDERS' MEETING	
	In the event of the issuance of bonds, the holders of these bonds are considered as a group, in accordance with legal requirements, for the defence of their shared interests.
	This group is represented by one or more representatives elected at a general meeting of bondholders.
	Should there be more than one group of bondholders, they may not transact business at the same general meeting.

2. Proposed resolutions

Resolutions falling within the powers of the Ordinary General Meeting

Resolution 1

(Approval of the individual financial statements for the financial year ended 31 December 2016; approval of non-deductible expenses)

The shareholders, having reviewed the Management Report of the Board of Directors, the report required by Article L. 225-37 of the French Commercial Code and the Statutory Auditors' reports, approve the individual financial statements for the year ended 31 December 2016, as presented at the General Meeting, showing a profit of €142,021,686.69.

In addition, the shareholders approve the transactions reflected in these financial statements and summarised in the aforementioned reports.

The shareholders also approve the expenses incurred during the year that are not deductible for tax purposes, covered by Article 39-4 of the French General Tax Code, amounting to €427,385, and the corresponding tax charge of €142,462.

Resolution 2

(Granting of final discharge to the members of the Board of Directors)

The shareholders grant the members of the Board of Directors full and unconditional discharge from their duties for the financial year ended 31 December 2016.

Resolution 3

(Approval of the consolidated financial statements for the financial year ended 31 December 2016)

The shareholders, having reviewed the Report of the Board of Directors, including the report on Group management required by Article L. 225-37 of the French Commercial Code and the Statutory Auditors' reports, approve the consolidated financial statements for the year ended 31 December 2016, which show a consolidated net profit (attributable to owners of the parent) of €150,412,013, as well as the transactions reflected in these consolidated financial statements and/or summarised in the reports.

Resolution 4

(Appropriation of earnings and determination of the dividend)

The shareholders note that the profit available for distribution, determined as shown below, amounts to:

Profit/(loss) for the year	€142,021,686.69
Transfer to the legal reserve	-€8,507.20
Prior unappropriated retained earnings	€208,471.00
DISTRIBUTABLE PROFIT	**€142,221,650.49**

and agree, after acknowledging the consolidated net profit attributable to owners of the parent amounting to €150,412,013, to appropriate this profit as follows:

Dividends paid	€45,169,949.00
Discretionary reserves	€97,051,701.49
TOTAL	**€142,221,650.49**

The legal reserve thus amounts to €2,053,179.50, i.e. 10% of the share capital.

The dividend per share is €2.20, giving a total dividend of €45,169,949.00 based on the number of shares making up the share capital at 31 December 2016, namely 20,531,795 shares. In the event of a change in the number of shares carrying dividend rights, the amount of the total dividend will be adjusted accordingly and the amount allocated to discretionary reserves will be determined on the basis of the total dividend actually paid out.

The dividend will be paid on 5 July 2017.

In accordance with tax regulations in force, this dividend payment entitles individual shareholders resident in France for tax purposes to a 40% deduction on the gross amount of the dividend for the calculation of income tax (Article 158-3-2° of the French General Tax Code).

Furthermore, for these same shareholders, this dividend will automatically give rise, on a cumulative basis, excluding shares held in a PEA (*plan d'épargne en actions*, a French personal equity plan), to two categories of withholdings, based on the gross amount of the dividend:

- a first withholding of 21%, subject to income tax reporting requirements and having the status of a partial payment of tax due in respect of 2016 income; and
- a second withholding of 15.5% for social security deductions, including 5.1% corresponding to the deductible portion of the CSG (*contribution sociale généralisée*, or general social security contribution).

The following amounts were distributed as dividends in respect of the previous three financial years:

	2013*	2014*	2015*
Total dividend	€22,647,207.70	€38,706,399.10	€34,759,429.10
Number of dividend-bearing shares	11,919,583	20,371,789	20,446,723
Dividend paid	€1.90	€1.90	€1.70

* *The dividend payment entitles individual shareholders resident in France for tax purposes to a 40% deduction on the gross amount of the dividend for the calculation of income tax (Article 158-3-2° of the French General Tax Code).*

Resolution 5

(Approval of agreements governed by Article L. 225-38 et seq. of the French Commercial Code)

The shareholders, having reviewed the Statutory Auditors' special report on agreements governed by Article L. 225-38 et seq. of the French Commercial Code, acknowledge the absence of any new agreements of this type subject to approval at this Meeting and approve the conclusions of the aforementioned report.

Resolution 6

(Opinion on items of compensation due or granted in respect of financial year 2016 to Pierre Pasquier, Chairman)

The shareholders, consulted pursuant to Article 26 of the AFEP-MEDEF corporate governance code for listed companies, and having reviewed the Report of the Board of Directors, approve the items of compensation due or granted to Pierre Pasquier in respect of the 2016 financial year, in his capacity as Chairman.

Resolution 7

(Opinion on items of compensation due or granted in respect of financial year 2016 to Vincent Paris, Chief Executive Officer)

Having been consulted pursuant to Article 26 of the AFEP-MEDEF corporate governance code for listed companies, and having reviewed the Report of the Board of Directors, the shareholders approve the items of compensation due or granted to Vincent Paris in respect of financial year 2016, in his capacity as Chief Executive Officer.

Resolution 8

(Approval of the principles and criteria for the determination, distribution and allocation of items of compensation for the Chairman in respect of financial year 2017)

Having reviewed the report presented in accordance with Article L. 225-37-2 of the French Commercial Code, the shareholders approve the principles and criteria for the determination, distribution and allocation of items of fixed, variable and exceptional compensation forming the total compensation and all benefits of any kind attributable to the Chairman in respect of financial year 2017.

Resolution 9

(Approval of the principles and criteria for the determination, distribution and allocation of items of compensation for the Chief Executive Officer in respect of financial year 2017)

Having reviewed the report presented in accordance with Article L. 225-37-2 of the French Commercial Code, the shareholders approve the principles and criteria for the determination, distribution and allocation of items of fixed, variable and exceptional compensation forming the total compensation and all benefits of any kind attributable to the Chief Executive Officer and, where applicable, to any Deputy CEO that may be appointed, in respect of financial year 2017.

Resolution 10

(ratification of the co-optation of Ms Emma Fernández as a Director for a term of one year)

The shareholders ratify the co-optation of Emma Fernández as a Director, decided by the Board of Directors at its meeting of 19 January 2017, to replace Christian Bret, who has resigned, and to serve for the remainder of the latter's term of office, i.e. until the end of the General Meeting convened to approve the financial statements for the year ending 31 December 2017.

Resolution 11

(Setting of directors' fees at €500,000)

The shareholders set at €500,000 the amount of directors' fees to be allocated between the members of the Board of Directors for the current financial year.

Resolution 12

(Authorisation granted to the Board of Directors, for a period of 18 months, to allow the Company to buy back its own shares pursuant to Article L. 225-209 of the French Commercial Code)

In accordance with the provisions of Articles L. 225-209 et seq. of the French Commercial Code, EU regulations on market abuse, and Title IV, Book II of the General Regulation of the Autorité des Marchés Financiers (AMF, the French securities regulator) as well as its implementing instructions, the shareholders, having reviewed the Report of the Board of Directors:

- authorise the Board of Directors, with the ability to subdelegate this power as provided by law and by the Company's Articles of Association, to buy back shares in the Company or arrange to have shares in the Company bought back, on one or more occasions and as and when it sees fit, up to a maximum of 10% of the total number of shares representing the Company's share capital at the time of the buyback;
- agree that shares may be bought back for the following purposes:
  - to obtain market-making services from an investment services provider acting independently under the terms of a liquidity agreement entered into in compliance with the code of conduct of AMAFI (the French association of financial market professionals) recognised by the AMF,
  - to award, sell or transfer shares in the Company to employees and/or company officers of the Group, in order to cover share purchase plans and/or free share plans (or equivalent plans) as well as any allotments of shares under a company or Group savings plan (or equivalent plan) in connection with a profit-

sharing mechanism, and/or all other forms of share allotment to the Group's employees and/or company officers,

- to retain the shares bought back in order to exchange them or present them as consideration at a later date for a merger, spin-off or contribution of assets and, more generally, for external growth transactions. Shares bought back for such purposes are not to exceed, in any event, 5% of the number of shares making up the Company's share capital,
- to deliver the shares bought back, upon the exercise of rights attaching to securities giving access to the Company's share capital through redemption, conversion, exchange, tender of warrants or any other means, as well as to execute any transaction covering the Company's obligations relating to those securities,
- to retire the shares bought back by way of a share capital reduction, in accordance with Resolution 13 of the Combined General Meeting of Shareholders of 22 June 2016,
- to implement any market practice that may come to be accepted by the AMF, and in general, to perform any operation that complies with regulations in force;

- agree that the maximum price per share paid for shares bought back be set at €200; in the event of any transactions in the share capital, including in particular capitalisation of reserves, free share awards and/or stock splits or reverse stock splits, this price shall be adjusted proportionately;
- agree that shares may be bought back by any means, such as on the stock market or over the counter, including block purchases or through the use of derivatives, at any time, even when a takeover bid is under way, subject to compliance with regulations in force;
- grant all powers to the Board of Directors, including the ability to subdelegate these powers, in order to implement this authorisation, to determine the terms and conditions of share buybacks, to make the necessary adjustments, to place any stock market orders, to enter into any and all agreements, to carry out all formalities and file all declarations with the AMF, and generally to take any and all other actions required;
- agree that this delegation of powers to the Board of Directors is to be valid for a period of eighteen (18) months with effect from the date of this General Meeting;
- acknowledge that this authorisation supersedes, in relation to the unused portion, any previous authorisation having the same purpose.

Resolutions falling within the powers of the Extraordinary General Meeting

Resolution 13

(Delegation of powers to the Board of Directors, for a period of 18 months, to issue share subscription warrants to be allotted to the shareholders free of charge in the event of a takeover bid, up to a nominal amount equal to the amount of the share capital)

In accordance with the provisions of the French Commercial Code, and in particular its Articles L. 233-32-II and L. 233-33, the shareholders, having reviewed the Report of the Board of Directors and the Statutory Auditors' special report:

- delegate to the Board of Directors the power to carry out, within the existing legal and regulatory limits, during a takeover bid for the Company's shares, one or more issues of warrants entitling the holder to subscribe for one or more Company shares on preferential terms, and to freely allot said warrants to all shareholders of the Company who are shareholders before the takeover bid expires. These warrants shall automatically lapse as soon as the takeover bid or any other potential competing offer fails, lapses or is withdrawn;
- decides that the maximum nominal amount of the capital increase that may result from the exercise of these subscription warrants shall not be allowed to exceed the amount of the share capital at the date of the issue of these warrants, and that the maximum number of subscription warrants that may be issued shall not be allowed to exceed the number of shares constituting the share capital when the warrants are issued;
- acknowledge that this resolution automatically entails the waiver by the shareholders of their pre-emptive right to subscribe for the ordinary shares in the Company to which the subscription warrants issued pursuant to this resolution may confer entitlement;
- agree that the Board of Directors will have all powers, including the ability to subdelegate these powers under the conditions laid down by law and by the Company's Articles of Association, in particular to determine the terms for the exercise of these subscription warrants, which must be relative to the terms of the offer or of any potential competing offer, as well as the other characteristics of these warrants, including the exercise price and methods for setting this price, in addition to, generally speaking, the characteristics and terms of any issue it decides to carry out on the basis of this delegation of powers, which it may defer or waive; to set the terms of any capital increase resulting from the exercise of these subscription warrants; to record the execution of any capital increase so brought about; to make the corresponding amendments to the Articles of Association; and more generally to make any appropriate arrangements, request any authorisations, carry out any formalities and take the necessary steps to ensure the success of the planned issues;
- agree that this delegation of powers to the Board of Directors is to be valid for a period of eighteen (18) months with effect from the date of this General Meeting;
- acknowledge that this delegation of powers supersedes, in relation to the unused portion, any previous delegation of powers having the same purpose.

Resolution 14

(Delegation of powers to the Board of Directors, for a period of 26 months, to decide to increase the share capital, without pre-emptive subscription rights for existing shareholders, via issues to persons employed by the Company or by a company of the Group, subject to enrolment in a company savings plan, up to a maximum of 3% of the share capital)

In accordance with the provisions of Articles L. 3332-18 et seq. of the French Labour Code as well as the provisions of the French Commercial Code, in particular its Articles L. 225-129-2, L. 225-129-6 and L. 225-138-1, the shareholders, having reviewed the Report of the Board of Directors and the Statutory Auditors' special report:

- delegate powers to the Board of Directors, including the ability to sub-delegate this power under the conditions laid down in law and in the Company's Articles of Association, to decide on the issuance, on one or more occasions, in the amounts and at the times it sees fit, of (i) ordinary shares or (ii) equity securities giving immediate or future access by any means to other equity securities of the Company, reserved for employees enrolled in a savings plan offered by the Company or by any related French or foreign company or group as defined in Article L. 225-180 of the French Commercial Code (the "**Recipients**"), under the conditions laid down in Article L. 3332-19 of the French Labour Code;
- agree to exclude, in favour of the Recipients, the pre-emptive right of existing shareholders to subscribe for the ordinary shares or other securities that may be issued under this delegation of powers;
- agree that this delegation of powers shall not give access to a total number of shares representing more than 3% of the Company's share capital (as assessed at the date when the Board of Directors makes use of this delegation of powers), it being specified that (i) any issue or allotment carried out pursuant to Resolutions 24 and 25 adopted at the Combined General Meeting of 22 June 2016 will count towards this 3% limit such that the issues or allotments carried out pursuant to Resolutions 24 and 25 and this Resolution, taken together, will be subject to an overall limit of 3%, and (ii) this is in addition to any additional number of shares to be issued to protect the rights of holders of securities giving access to the Company's share capital, in accordance with the law or any applicable contractual agreement;
- agree that if the subscriptions obtained do not absorb the entirety of an issue of securities, the capital increase will be limited to the amount of subscriptions received;
- agree that the subscription price will be set in compliance with laws and regulations and agree to set the maximum discount for the subscription price of an issue offered in connection with an employee savings plan, which is the case for the securities issued under this delegation of powers, at 5% of the average price of the Company's shares on the regulated market of Euronext Paris over the 20 trading days preceding the date of the decision setting the opening date of the subscription period. However, the shareholders expressly authorise the Board of Directors to reduce the aforementioned discount, within legal and regulatory limits;
- agree that the Board of Directors may provide for the allotment of ordinary shares, whether to be issued or already issued, or of securities giving access to the Company's share capital, whether to be issued or already issued, to the Recipients free of charge, in lieu of all or a portion of the employer contribution and/or the discount applied to the subscription price, within the limits set forth in Articles L. 3332-11 and L. 3332-21 of the French Labour Code, it being specified that the maximum aggregate nominal amount of capital increases that may be carried out in line with these allotments will count towards the limit of 3% of the Company's share capital referred to above;
- consequently grant all powers to the Board of Directors, with the option to subdelegate these powers under the conditions laid down by law and by the Company's Articles of Association, to put this authorisation into effect, subject to the limits and conditions set out above, in particular so as to:
  - determine the characteristics of securities to be issued and the proposed amount of any subscriptions and, in particular, determine their issue prices, dates and periods, and the terms and conditions of subscription, payment, delivery and vesting of securities, in accordance with applicable legal and regulatory limits,
  - determine, if necessary, the nature of the securities to be allotted free of charge, as well as the terms and conditions of their allotment,
  - draw up the list of companies whose employees will be recipients of the issues carried out under this delegation of powers,
  - determine whether subscriptions may be made directly by the recipients or only through UCITS mutual funds,
  - charge any costs incurred in connection with capital increases against the premiums pertaining to those capital increases and deduct from the total to be charged the amount required to bring the legal reserve up to one-tenth of the new share capital after each capital increase,
  - record the completion of capital increases up to the value of shares actually subscribed or of other securities issued under the terms of this authorisation,
  - enter into any agreements and, either directly or via an agent, complete all procedures and formalities, including formalities subsequent to capital increases and consequential amendments to the Articles of Association and, more generally, take all necessary steps,
  - in general terms, enter into any agreement, including in particular agreements to ensure that planned issues are successfully completed, take any steps and complete any formalities required for the issuance, listing and management of securities issued under the terms of this authorisation and for the exercise of any associated rights;
- agree that this delegation of powers to the Board of Directors is to be valid for a period of 26 months with effect from the date of this General Meeting;
- acknowledge that this delegation of powers supersedes, in relation to the unused portion, any previous delegation of powers having the same purpose.

Resolution 15

(Appointment of Christian Bret as a Non-Voting Director for a term of one year)

The shareholders appoint Mr Christian Bret as a Non-Voting Director, with effect from today and for a period of one year expiring at the end of the Ordinary General Meeting convened in 2018 to approve the financial statements for the year ending 31 December 2017.

Resolution 16

(Amendment of the Company's Articles of Association to ensure compliance with legal and regulatory requirements)

The shareholders, having reviewed the Report of the Board of Directors and the proposed amendments to the Articles of Association, included herein, to ensure compliance with current legal and regulatory requirements and clarify wording, and relating in particular to Article 4, "Registered office", Article 5, "Term", Article 8, "Changes to share capital", Article 10, "Form of shares", Article 21, "Multiple offices", Article 24, "Statutory Auditors" and the addition of a new Article 35, approve the specific amendments made to each article and the amendment of the Articles of Association as a whole.

Resolution 17

(Delegation of powers to the Board of Directors to amend the Company's Articles of Association to ensure compliance with legal and regulatory requirements, and the corresponding amendment to Article 17, "Powers of the Board of Directors")

The shareholders, having reviewed the Management report of the Board of Directors:

- agree to delegate powers to the Board of Directors to approve all necessary amendments to the Company's Articles of Association to ensure compliance with legal and regulatory requirements, subject to ratification at the next Extraordinary General Meeting; and
- agree to amend Article 17 of the Articles of Association accordingly by adding a sixth paragraph as follows:

  "Under a delegation of powers granted at an Extraordinary General Meeting, the Board of Directors may amend the Company's Articles of Association to ensure compliance with legal and regulatory requirements, subject to ratification at the next Extraordinary General Meeting."

  The remainder of Article 17 remains unchanged.

Resolution 18

(Powers required to carry out formalities)

The shareholders give all powers to the bearer of an original or copy of the minutes of this Meeting to carry out all legally required formalities.

3. Special reports of the Board of Directors

SPECIAL REPORT OF THE BOARD OF DIRECTORS ON FREE SHARE ALLOTMENTS - FINANCIAL YEAR ENDED 31 DECEMBER 2016

In accordance with the provisions of Article L. 225-197-4 of the French Commercial Code, we are pleased to present our report on transactions carried out pursuant to the provisions of Articles L. 225-197-1 to L. 225-197-3 of the aforementioned Code relating to allotments of free shares.

1) Allotments of free shares in 2016:

You are reminded that Resolution 25 of the Extraordinary General Meeting of 22 June 2016 authorised the Board of Directors to proceed with allotments of free shares to employees and officers of the Company or the Group to which it belongs, under the following terms and conditions:

- Recipients: employees and/or eligible company officers (as defined in Article L.225-197-1-II of the French Commercial Code) of the Company or of any related companies as defined in Article L.225-197-2 of the French Commercial Code, or certain categories of such individuals;
- Maximum number of shares: the maximum number of shares shall not exceed 3% of the share capital at the date of the award decision, with a sub-limit of 5% of that 3% limit for awards to executive officers of the Company, it being understood that this 3% limit is an overall limit covering all issues to employees and company officers for which authorisation is given to the Board;
- Validity of the authorisation: 38 months, i.e. until 22 August 2019. This authorisation supersedes the previous one having the same purpose.

Under this authorisation, the Board of Directors agreed to award, under the terms of a decision dated 24 June 2016 (supplemented on 26 October 2016), 88,500 free performance shares to certain employees and officers of the company and related companies, as defined in Article L. 225-197-2 of the French Commercial Code, designated by it. This award is subject to continued employment and performance conditions based on three performance criteria (organic revenue growth, operating profit on business activity expressed as a proportion of revenue, and free cash flow) assessed in respect of financial years 2016, 2017 and 2018.

Under this plan, 3,000 rights to free performance shares were awarded to an executive officer of the Company (Vincent Paris, Chief Executive Officer).

2) Vesting of free shares in 2016:

The following decisions were made by the Board of Directors or the Chief Executive Officer, acting on the authority of the Board of Directors:

- Decision of the Board of Directors of 24 June 2016 to vest free shares under the free share plan adopted by the Board of Directors on 19 June 2012: vesting of 4,620 free shares with a par value of €1 each, to 308 recipients (15 shares per recipient), by creating new shares and increasing the share capital by €4,620, charged to reserves;
- Decision of the Chief Executive Officer of 4 July 2016 making use of the authorisation given by the Board on 24 June 2016 to vest free shares under the free performance share plan put in place by Steria Group on 2 July 2012: vesting of 7,322 free shares with a par value of €1 each to 31 non-French recipients, by creating new shares and increasing the share capital by €7,322, charged to reserves;
- Decision of the Chief Executive Officer of 19 September 2016 making use of the authorisation given by the Board on 24 June 2016 to vest free shares under the free performance share plan put in place by Steria Group on 17 September 2013: vesting of 9,368 free shares with a par value of €1 each to 44 French recipients, by creating new shares and increasing the share capital by €9,368, charged to reserves.

It should be noted that performance shares did not vest to any officer of the Company in connection with his or her corporate office.

The number of free performance shares vested by the Company in 2016 to the ten employees, other than company officers, to whom the most free shares were awarded, is as follows:

	Number of shares	Unit value (market price at grant date)
Steria plan of 2 July 2012	3,565	€95.69
Steria plan of 17 September 2013	3,770	€102.75

SPECIAL REPORT OF THE BOARD OF DIRECTORS ON ALLOTMENTS OF SHARE SUBSCRIPTION AND/OR PURCHASE OPTIONS - FINANCIAL YEAR ENDED 31 DECEMBER 2016

In accordance with the provisions of Article L. 225-184 of the French Commercial Code, we are pleased to present our report on transactions undertaken pursuant to the provisions of Articles L. 225-177 to L. 225-186 of the aforementioned Code relating to share subscription and/or purchase options.

1) Options allotted in 2016:

You are reminded that Resolution 24 of the Extraordinary General Meeting of 22 June 2016 authorised the Board of Directors to proceed with allotments of options to subscribe for and/or purchase shares in the Company to employees and officers of the Company or the Group to which it belongs, under the following terms and conditions:

- Recipients: employees and/or officers of the Company or of any related companies or groups as defined in Article L. 225-180 of the French Commercial Code;
- Maximum number of shares: the maximum number of shares to which these options would give access shall not exceed 3% of the share capital at the date of the grant decision, it being specified that:
  - this 3% limit is an overall limit applicable to all shares issued to employees and company officers for which authorisation is given to the Board,
  - company officers may not receive more than 20% of all options issued by the Board of Directors;
- Subscription/purchase price: the subscription price is set at the average of the listed share price over the 20 trading days preceding the grant decision; the purchase price shall not be less than 80% of the average purchase price of treasury shares held by the Company;
- Validity of the plan: 8 years maximum;
- Validity of authorisation: 38 months, i.e. until 22 August 2019. This authorisation supersedes the previous one having the same purpose.

No share subscription or purchase options were granted in 2016 by the Company, by any related companies as laid down in Article L. 225-180 of the French Commercial Code or by any controlled companies as defined in Article L. 233-16 of the aforementioned Code.

2) Share subscription options exercised in 2015

2.1) Options exercised in 2016 by officers of the Company

No shares were subscribed for or purchased by officers of the Company in 2016 via the exercise of options granted by the Company, by any related companies as laid down in Article L. 225-180 of the French Commercial Code or by any controlled companies as defined in Article L. 233-16 of the aforementioned Code.

2.2) Options exercised in 2016 by employees of the Company

In 2016, 63,762 share subscription options were exercised, resulting in subscriptions for 63,762 newly issued shares for a total amount of €3,790,933.08, giving an average subscription price of €59.45 per share, resulting in a €63,762 increase in the share capital and an issue premium of €3,727,171.08.

Of these 63,762 options, 7,989 were exercised by current employees of the Group at an average subscription price of €66.61 per share, and 55,773 options were exercised by former employees of the Group.

No shares were subscribed for or purchased by employees who were not officers of the Company in 2016 via the exercise of options granted by related companies or groups as laid down in Article L. 225-180 of the French Commercial Code;

The Board of Directors

Statement by the person responsible for the Registration Document

I declare, having taken all reasonable care to ensure that such is the case, that the information contained in this Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the assets, liabilities, financial position and results of operations of the parent company and of all entities included in the scope of consolidation. Relevant information in the Management Report, detailed in the cross-reference table on pages 296 and 297 entitled "Information regarding the Management Report", provides a true and fair presentation of the development of the businesses, results of operations and financial positions of the parent company and of all entities included in the scope of consolidation, as well as a description of the main risks and uncertainties to which these companies are exposed.

I have obtained a letter from the Statutory Auditors certifying that they have verified, in accordance with professional standards and doctrine applicable in France, the financial and accounting information provided in this Registration Document and that they have read the document as a whole.

The reports of the Statutory Auditors on the consolidated and individual company financial statements for the year ended 31 December 2016 provided in this Registration Document are included on pages 212 and 241, respectively.

Historical financial information for 2014 and 2015 is included in this Registration Document, excerpted from pages 115 to 226 of the 2014 Registration Document and pages 117 to 218 of the 2015 Registration Document, respectively. The reports of the Statutory Auditors on this historical financial information are included on page 189 of the 2014 Registration Document and on page 185 of the 2015 Registration Document.

Paris, 13 April 2017

Vincent Paris

Chief Executive Officer

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Glossary

Financial glossary

- **Restated revenue**: revenue for the prior year, expressed on the basis of the scope and exchange rates for the current year.
- **Organic revenue growth**: increase in revenue between the period under review and restated revenue for the same period in the prior financial year.
- **EBITDA**: this measure is equal to consolidated operating profit on business activity, adding back depreciation and amortisation and current provisions (excluding allocated intangible assets).
- **Operating profit on business activity**: this measure is equal to profit from recurring operations adjusted to exclude the expense relating to the cost of services rendered by the grantees of stock options and free shares and additions to amortisation of allocated intangible assets.
- **Profit from recurring operations**: this measure is equal to operating profit before other operating income and expenses, which includes any particularly significant items of operating income and expenses that are unusual, abnormal, infrequent or not predictive, presented separately to give a clearer picture of performance based on ordinary activities.
- **Recurring net earnings per share**: this measure is equal to basic net earnings per share before taking into account other operating income and expenses net of tax.
- **Free cash flow**: defined as net cash from operating activities (as described in the consolidated cash flow statement), less investments (net of disposals) in tangible and intangible fixed assets, adjusted for net interest and less additional contributions to address any deficits in defined-benefit pension plans.

Cross-reference tables for the Registration Document

To aid understanding of the Annual Report filed as a Registration Document, the following topic-based table allows the reader to identify the main headings required by Commission Regulation (EC) 809/2004 of 29 April 2004.

Information relating to the Management Report

This Registration Document includes all the items of the Management Report required by legal and regulatory provisions. The table below presents the items in Sopra Steria Group's Management Report at 31 December 2016:

Reference texts		Business overview and comments on the financial year	Pages
CCom	L. 225-100, L. 225-100-2, L. 232-1, L. 233-6 and L. 233-26	Objective, exhaustive analysis of the course of business, performance and financial position of the Company and Group; financial key performance indicators	14-23, 26-37
CCom	L. 225-100 and L. 225-100-2	Non-financial key performance indicators relating specifically to the Company's business, including disclosures on environmental and labour issues	81-138
CCom	L. 233-6	Significant equity interests acquired during the financial year in companies whose registered offices are on French soil	32
CCom	L. 232-1 and L. 233-26-32	Foreseeable developments in Company and Group affairs; major events occurring between the balance sheet date and the date at which the report was approved for publication	36-37
CCom	L. 225-100 and L. 225-100-2	Description of main risks and uncertainties to which the Company is exposed	37-42
CCom	L. 225-100 and L. 225-100-2	Use of financial instruments by the business: targets and policy pertaining to the management of financial risks and the Company's exposure to price, credit, liquidity, and cash flow risks	39-40, 193-201
CCom	L. 225-102-1, L. 225-102-2 and R. 225-104 and 105	Disclosures pertaining to the social and environmental consequences of doing business (including "Seveso" sites), corporate commitments to sustainable development, anti-discrimination efforts and promoting diversity	81-138
CCom	L. 232-1	Research and development activities	22, 33
CGI	243 bis	Dividends distributed in respect of the past three financial years; amount of earnings distributed in respect of those years that is eligible for the 40% tax exemption	258

Reference texts		Corporate governance and compensation	
CCom	L. 225-102-1	List of all corporate offices and positions held in any company by each company officer during the financial year	55-65
CCom	L. 225-102-1	Total compensation and benefits of any type paid during the financial year to each company officer; commitments of any type made by the Company to its company officers, whether in the form of compensation, indemnities or benefits owed or potentially owed in respect of or subsequent to their appointment, termination or reappointment to a different position	73-79
CCom	L. 225-184	Options granted, subscribed for or purchased during the financial year by the company officers and each of the Company's top ten non-officer employees; options granted to all employees, by category	74-79, 225-226
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Reference texts		Disclosures pertaining to the Company and share capital	Pages
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CCom	L. 225-211	Breakdown of purchases and sales of treasury shares over the financial year	251-252
CCom	R. 228-90	Potential adjustments for securities conferring access to the share capital in the event of share buybacks or financial transactions	251-252
CCom	L. 225-100	Table summarising current delegations of powers granted by a Shareholders' Meeting to the Board of Directors or Management Board, pertaining to an increase in share capital	255-256
CCom	L. 225-100-3 and L. 233-13	Company ownership structure and changes in ownership	247, 253
CCom	L. 225-100-3	Restrictions under the Company's Articles of Association on the exercise of voting rights and share transfers, or clauses of agreements brought to the Company's attention	256
CCom	L. 225-100-3	Direct or indirect stakes held in the Company's capital and of which the Company is aware	247, 249
CCom	L. 225-102	Statement of employee stakes in share capital at financial year-end; portion of capital corresponding to shares held by personnel under a PEE company savings plan and by employees and former employees in FCPE enterprise mutual funds	247-248
CCom	L. 225-100-3	Control mechanisms planned for a potential employee share ownership programme, when control rights are not exercised by the employees	N/A
CCom	L. 225-100-3	List of all holders of shares with special control rights, and a description thereof	N/A
CCom	L. 225-100-3	Shareholders' agreements of which the Company is aware and which may lead to restrictions on the transfer of shares and the exercise of voting rights	249-250
CCom	L. 225-100-3	Agreements entered into by the Company that are modified or terminated in the event of a change in control over the Company, unless this disclosure, where not required by law, would seriously harm the Company's interests	195, 249-250, 256
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Reference texts		Items relating to the financial statements	
CCom	R. 225-102	Results of the Company over the past five financial years	240

Cross-reference tables for the Annual Financial Report

This Registration Document includes all the items of the Annual Financial Report referred to in Articles L. 451-1-2 of the French Monetary and Financial Code and required by Article 222-3 of the AMF's General Regulation. The table below lists the items in the Annual Financial Report:

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WORKFORCE COMPONENT

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	119	4.5.3. Increasing energy efficiency		
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