5.

SPECIAL REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

To the Shareholders

I would remind or inform you that this Special Report supplements the traditional Management Report that I presented to you on behalf of the Board of Directors (see pages 71 to 89 of the Reference Document). It was drawn up pursuant to:

- the requirements of Article L.225-37 of the French Commercial Code *(Code de Commerce)* (as amended by the Law of July 3, 2008 and the Order of January 22, 2009),
- the recommendations of the Corporate Governance Code issued in December 2008 by AFEP and MEDEF (French private business associations),
- and the rules of good governance applied and complied with by the Group for more than 40 years.

I have divided this Report into five sections:

- the Board of Directors and its Activities,
- the role and composition of the four Specialized Board Committees,
- the compensation of directors, non-voting directors and executive corporate officers,
- the general organization of the Group,
- internal control and risk management procedures.

5.1 The Board of Directors and its activities

Legal structure

Created in Grenoble in October 1967, the Company and the Group it formed were managed for nearly 30 years by a "traditional" limited liability company *(société anonyme).* Throughout this period, I was the Chairman and Chief Executive Officer and major shareholder, controlling - directly and then indirectly - the majority of the share capital.

On May 24, 1996, under the combined pressure of the two other major shareholders at the time (Daimler Benz and CGIP) and in the interests of Capgemini Group (in order to facilitate its growth without limiting its financial capacity to that of its Chairman), I recommended that the Shareholders' Meeting approve the merger-absorption of the two holding companies (SKIP and SOGETI) which had until then allowed me to retain absolute control of the Group, within a new company Cap Gemini S.A. with a Management Board, which I chaired - and a Supervisory Board initially chaired by Klaus Mangold and then - after the exit of the shareholder Daimler Benz - by Ernest Antoine Sellière, the Chairman of CGIP.

In March 2000, at the same time as the integration within our structures of Ernst & Young Consulting (which almost doubled the size of the Group), I recommended that we return to the previous governance structure: a "traditional" limited liability company with, this time, the appointment of a General Manager, Geoff Unwin, replaced by Paul Hermelin on January 1, 2002.
Finally, on July 24, 2002, I took the initiative to recommend to the Board of Directors - which accepted - to split the functions of Chairman and Chief Executive Officer, as recently made possible by the New Economic Regulations Law (NRE). I considered that after creating, expanding, leading and managing the Group for 35 years, the time had come for me to give more power and visibility to the person who, from 1999, I considered the best qualified to succeed me one day. This two-man team has now been operating efficiently and in harmony for more than 9 years and legally may continue until the Combined Shareholders' Meeting in the Spring of 2014, called to approve the 2013 financial statements, marking the simultaneous end of both our current terms of office.

In summary, there have been four main periods in the governance of the Group:

Duration	Period	Legal form	Group Management
29 years	From creation (1967) to May 24, 1996	"Traditional" Limited liability company *(Société anonyme)*	Chairman and Chief Executive Officer: Serge Kampf
4 years	From May 24, 1996 to May 23, 2000	Limited liability company with a Management Board and a Supervisory Board (Société à Directoire et Conseil de Surveillance); the Supervisory Board was initially chaired by Klaus Mangold (Damlet-Benz) and then by Ernest-Antoine Seillière from September 8, 1997	Management Board with 4 members: Serge Kampf (Chairman) Paul Hermelin, Pierre Hessler and Geoff Unwin
2 years	From May 23, 2000 to July 24, 2002	"Traditional" Limited liability company (Société anonyme)	Chairman and Chief Executive Officer: Serge Kampf General Manager: Geoff Unwin (until December 12, 2001) and then Paul Hermelin
9 years	From July 24, 2002 to date	Limited liability company (Société anonyme) with separation of the functions of Chairman and Chief Executive Officer	Chairman: Serge Kampf Chief Executive Officer: Paul Hermelin

Composition of the Board of Directors

The term of office of members of the Board of Directors, which was initially six years, was reduced to four years by decision of the Combined Shareholders' Meeting of May 11, 2006, in response to the legislator's desire to more frequently offer shareholders the opportunity to decide on the composition of their Board.
Thirteen directors currently sit on the Board of Directors of Cap Gemini S.A.:

- two of these directors, **Bernard Liautaud** and **Pierre Pringuet**, were appointed at the Combined Shareholders' Meeting of April 30, 2009 and their terms of office will therefore expire the day of the Combined Shareholders' Meeting held in the Spring of 2013;
- two additional directors, **Daniel Bernard** and **Thierry de Montbrial,** were initially appointed at the Combined Shareholders' Meeting of May 12, 2005 and their terms of office were renewed for a further four years at the same Combined Shareholders' Meeting on April 30, 2009. Their terms of office will therefore also expire the day of the Combined Shareholders' Meeting held in the Spring of 2013;
- eight other directors, who have been Board members for several years, saw their terms of office renewed last year for a period of four years, therefore expiring in the Spring of 2014, the day of the Combined Shareholders' Meeting called to approve the 2013 financial statements: the directors in question are **Yann Delabrière**, **Paul Hermelin, Michel Jalabert, Serge Kampf, Phil Laskawy, Ruud van Ommeren, Terry Ozan, and Bruno Roger.**
- the thirteenth director was elected by the Combined Shareholders' Meeting last year to replace Jean-René Fourtou, who did not seek the renewal of his term of office. The term of office of the director in question, **Laurence Dors,** will also expire in the Spring of 2014.

The Board of Directors is assisted by **two non-voting directors** who were previously directors and who were appointed non-voting directors in July 2002. The non-voting directors are **Pierre Hessler** and **Geoff Unwin,** who replaced Phil Laskawy (a non-voting director subsequently appointed director) and Chris van Breugel. Their terms of office were renewed for a period of two years at the Combined Shareholders' Meeting of May 27, 2010 and will therefore expire in the Spring of 2012, the day of the Combined Shareholders' Meeting called to approve the 2011 financial statements. The Company's directors have on several occasions indicated their satisfaction with the contribution of the two non-voting directors to Board meetings (the attendance rate for non-voting directors was quite remarkable in 2010 at 100% !). However, they reserve the right to hold certain meetings or part of them without non-voting directors being present.

The role of the Board of Directors

Its principal role is to determine the key strategies of Cap Gemini S.A. and its subsidiaries, to ensure that these strategies are implemented, to validate the legal and operational structure of the Group and the appointment of key managers and, more generally, to deal with any issues that arise in respect of the day-to-day operation of the Company. The Board pays particular attention to the management of the Group's 110,000 employees and thousands of managers across the globe, given Capgemini's business as a service provider. The Board takes decisions collectively and seeks to comply with and ensure compliance with all rules of good governance together with a certain number of values which each Board member has solemnly undertaken to respect. A "Code of Business Ethics" was drafted at its initiative and distributed to all Group employees (and is signed by all new recruits) with the following main objectives:

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

It is not incidental to note that each of the 13 directors signed this Code, evidencing their support (both individual and collective) for all the measures contained therein..

Meetings

The Board meets at least six times a year. Meetings are convened by the Chairman in accordance with a timetable decided by the Board before the end of the prior year. However, this timetable may be amended during the year in response to unforeseen circumstances or at the request of more than one director. In 2010, the Board met nine times (five times during the first six-months and four times during the second six-months), representing a total of 117 theoretical attendances for all directors. The average attendance rate was 90% (105 out of 117 attendances), with each of the 12 absences noted due to cases of force majeure.

The Notice of Meeting, which I generally send to directors 15 days before the meeting date, contains the agenda determined after consultation with the Chief Executive Officer and any directors who have proposed specific points to be discussed by the Board. If the agenda includes questions requiring specific analysis, a memorandum or supporting documentation prepared by members of Group Management is sent to directors prior to the meeting (or is handed to them at the beginning of the meeting) providing them with the information they need to form an opinion on the issue (provided there is no risk that sensitive information, or any information that should remain confidential prior to the Board meeting, could fall into the hands of anyone other than the members of the Board). Directors are also sent or handed a summary report comparing the share price of the Cap Gemini share to that of various general and sector indexes and to its main competitors and, where appropriate, a table providing a breakdown of the last known consensus.

Operating rules

For many years, the Company's Board of Directors has applied the best governance practices now recommended by the AFEP/MEDEF corporate governance code. Accordingly, the Board has:

- prepared, adopted, applied (and amended where useful or necessary) highly detailed Internal Rules of Operation (see below);
- set up four specialized Board Committees – the Audit Committee, the Selection & Compensation Committee, the Ethics & Governance Committee, and the Strategy & Investments Committee – each with a clearly defined role (see section 5.2);
- adopted a system for allocating attendance fees, whereby the majority of such fees are indexed to attendance at Board and Committee meetings (see section 5.3);
- periodically reviewed the personal situation of each director in light of the definition of independence provided under French corporate governance guidelines (a director is independent when he/she has no relationship of any sort with the Company, the Group or its Management, that is likely to impair his/her judgment) and the numerous criteria applied in the different countries in which the Group operates. Based on the aforementioned reviews, ten out of the thirteen directors qualify as independent (Daniel Bernard, Yann Delabrière, Michel Jalabert, Phil Laskawy, Bernard Liautaud, Thierry de Montbrial, Ruud van Ommeren, Terry Ozan, Pierre Pringuet and Laurence Dors).

Self-assessment procedure

Again within the framework of these best governance practices, the Board has performed on two occasions (in 2005 and 2008) - and has decided to perform a third time in 2011 - a self-assessment of its operations and the impact of its decisions. Each director was presented with a detailed questionnaire validated upfront by the Board. This questionnaire and the individual responses of directors were then used as the basis for two-hour interviews between the coordination team and each director, aimed at gathering their comments and proposals on a completely anonymous basis. For example, the 2008 assessment, coordinated by Jean-Pierre Durant des Aulnois, a senior executive who has been with the Group for many years and who combines consulting experience with a strong capacity for objective thinking, and Jean-Philippe Saint-Geours, a partner with the consulting firm of Leaders Trust International, used a questionnaire in which the questions were divided into seven sections:

- understanding of the Group, its businesses, competitors, organizational structure and management team,
- Group targets and strategy,
- the role and responsibilities of directors and non-voting directors,
- the current and future composition of the Board of Directors,
- Board meetings (general atmosphere, quality of debates, compliance with the agenda and timetable, etc.),
- compensation of Board members,
- risk management.

Each of these sections contained numerous questions (between 7 and 23 for the most detailed), including an open question encouraging respondents to add any specific comments. Information collected from the questionnaires and the one-on-one interviews were summarized in a report submitted to the Ethics & Governance Committee for review. The report was then presented to the Board on December 10, 2008, and discussed at length by the directors. The main findings of the report are set out below:

- the directors were unanimous in considering that the Board operated effectively, and a number of directors ranked it as one of the best they knew or on which they sat. Discussions were seen as open and skillfully managed, while the frequency and length of the meetings were considered adequate. Directors emphasized the honesty, open-minded nature and independence of Board members;
- the Company was deemed to maintain a clear separation between the roles of Chairman and Chief Executive Officer, who visibly cooperate closely in a friendly and efficient manner;
- information received by the Board of Directors, particularly on the Group's financial position and business outlook was considered to be clear and satisfactory;
- the role of the specialized Board Committees was also seen in a very positive light, with significant progress having been made since the last Board review in 2005. The skills of each Committee member allow them to contribute usefully to the work of the Board and Group Management, and to have a significant influence on the decisions made by each;
- directors considered the Audit Committee to be well informed and praised the accounting and financial expertise of its members, which make it ideally placed to alert the Board to any irregularities that may arise. The nature of the Audit Committee's work, its clearly defined position with respect to the Group Finance Department, and the relationship of trust it has progressively built up with the Group's Statutory Auditors allow the Committee to carry out its duties to the satisfaction of all parties;
- in terms of risk management, the large majority of Board members felt they had an adequate knowledge of the main risks to which the Group is exposed, and that the formal documentation of procedures had enabled significant progress to be made in identifying and controlling these risks;
- the directors felt they had a clear view of the Group's strategy and were able to access quality information enabling them to assess the projects they are asked to deliberate on, particularly through the work and analyses of the Strategy & Investments Committee. This Committee must take greater measures to ensure that all directors are kept well-informed of its deliberations and the choices it periodically has to make, thereby enabling them to participate fully in debates on these issues;
- the make-up of the Board, the expertise of its members, their high standing, independent thinking, and proven availability, together with the complementary nature of their experience and diverse cultural backgrounds, are viewed very positively and enable the Board to successfully carry out its main responsibilities;
- on a personal front, the Company's directors felt "proud" or "rather proud" to be a member of the Board and confirmed they had sound knowledge of their rights and obligations as well as prevailing corporate governance principles;
- the assessment report also shed light on certain improvements that could be made to the way in which the Board and its specialized Committees operate. These improvements have been or are being gradually put in place.

The Board decided during its December 15, 2010 meeting, at the proposal of the Ethics & Governance Committee, to launch a third self-assessment procedure, which will once again be entrusted to Jean-Philippe Saint-Geours, a partner with the consulting firm of Leaders Trust International (but without the need this time for the assistance of a senior Group executive).

Internal rules of operation

When the legal form of the Company returned to that of a traditional limited liability company *(société anonyme*) in May 2000, a new set of Internal Rules of Operation were debated and adopted by the Board of Directors. These rules have since been amended three times:

- on July 24, 2002, following the decision to separate the functions of Chairman and Chief Executive Officer,
- on July 25, 2006, to incorporate a number of amendments and additions primarily concerning:
  - the possibility of holding Board meetings using video conference or telecommunications facilities;
  - the main obligations under the Code of Business Ethics with which directors and non-voting directors of Cap Gemini S.A. undertake to comply throughout their term of office;
  - the requirement for directors to inform the French stock market authority (Autorité des Marchés Financiers), and the

Company itself, of any transactions they may have carried out personally involving the Company's shares within five trading days of the execution of such transactions;

- an update to the rules governing share trading;

- on June 9, 2010, to incorporate further amendments concerning:
  - decisions requiring the prior authorization of the Board of Directors,
  - the role and responsibilities of the Specialized Board Committees.

These amended Internal Rules of Operation set out or clarify the scope of (and bases for exercising) the various powers entrusted to the Board of Directors, the four specialized Committees created by the Board, the Chairman, the Vice-Chairman and the Chief Executive Officer.

- the Board of Directors represents shareholders and its principal role is to determine the key strategies of the Company, to monitor their implementation, to ensure the smooth running of the day-to-day operations of the Company and to resolve, through deliberations, any issues that may arise in respect of such operations. With the exception of the Chairman and the Chief Executive Officer, the directors have no individual power and actions and decisions must therefore be taken on a collective basis.
- The role of the four specialized Committees created by the Board is to study and document the issues that the Board has scheduled for discussion and to present to full Board meetings, recommendations on the subjects and sectors within their remit. The Committees are consultation bodies and hold no decision-making powers. Their members (and the Chairman) are appointed by the Board of Directors and are selected exclusively from among Cap Gemini S.A. directors and non-voting directors. They are appointed in a personal capacity and may under no circumstances be represented at the meetings of the Committee(s) to which they belong. The Board reserves the right to amend at any time the number and/or make-up of these Committees, as well as the scope of their duties. Finally, the Internal Rules of Operation of each of the four Committees - and any amendments thereto which the Committee may later propose - must be formally approved by the Board.
- The Chairman represents the Board of Directors and prepares, organizes and leads its work. He sets the date and agenda of meetings, ensures that directors are able to carry out their duties and have all information necessary for this purpose, and oversees the proper operation of the Company's bodies, the correct implementation of Board decisions and compliance with the rules of good conduct adopted by Cap Gemini. He acts as a liaison between Board members and Group Management and to this end, stays constantly informed of the Group's position and decisions made (or planned) which are likely to have a major impact on business. He chairs Combined Shareholders' Meetings, to which he reports on the activities and decisions of the Board of Directors.
- The Vice-Chairman: in the absence of the Chairman - and for the duration of this absence - the Chairman's powers are exercised by a Vice-Chairman appointed by the Board of Directors in accordance with the possibility granted by the Combined Shareholders' Meeting of May 27, 2010 (at the end of this Combined Shareholders' Meeting, the Board of Directors - at my recommendation - elected Paul Hermelin to this position, while confirming him in his functions as Chief Executive Officer).
- The Chief Executive Officer has the most extensive powers to act in all circumstances in the name of the Company. The Internal Rules of Operation stipulate nonetheless that he must seek and obtain prior approval from the Board of Directors - or from its Chairman acting under delegated powers – for any decision which is of major strategic importance or which is liable to have a material impact on the financial position or commitments of the Company or those of one or more of its principal subsidiaries. This applies in particular to:
  - the approval and update of the three-year plan based on the strategy approved by the Board;
  - the contracting of strategic alliances;
  - significant changes to the structure of the Group or to its range of business activities;
  - significant internal restructuring operations or changes to the make-up of the group management team (including Strategic Business Unit Managers),
  - financial transactions with a material impact – or a potential material impact – on the financial statements of the Company or the Group (in particular the issue of securities conferring immediate or future access to the share capital, or issues of market debt instruments);
  - acquisitions or disposals of assets or investments not recorded in the budget, individually worth more than €100 million and subject to a cumulative annual ceiling of €300 million,
  - increases or reductions in the share capital of a direct subsidiary of Cap Gemini S.A., concerning an amount in excess of €50 million,
  - specific authorizations concerning the granting of pledges, security and guarantees.

5.2 Role and composition of the four specialized committees

Some eleven years ago in May 2000, I proposed to the Board of Directors the creation of three specialized Committees (an Audit Committee, a Selection & Compensation Committee and a Strategy & Investments Committee). Each Committee would be tasked with studying in-depth certain specific matters as well as reviewing and preparing the corresponding Board discussions, submitting proposals to the Board, and providing advice and recommendations to the Board on decisions to be made. The initial appointment of directors and non-voting directors to these Committees was decided by the Board of Directors at its meeting of September 13, 2000, following which each Committee drafted specific Internal Rules of Operation defining its roles and responsibilities.

Following the appointment on May 12, 2005 of two new directors (Daniel Bernard and Thierry de Montbrial) and a new non-voting director (Marcel Roulet), the Board of Directors decided on July 27, 2005 to reallocate the directors and non-voting directors to these three Committees, appointing a non-voting director and three or four directors to each one.

At its meeting of July 26, 2006, the Board adopted my recommendation to set up a fourth Committee called the Ethics & Governance Committee, whose terms of reference encompass all matters relating to the legal or operational organization of the Group - previously included in the brief of the Selection & Compensation Committee and decided to appoint me to chair this new Committee.

Following the appointment of two new directors at the Combined Shareholders' Meeting of April 30, 2009 (Bernard Liautaud and Pierre Pringuet) and the expiry on the same day of the term of office of Marcel Roulet, a non-voting director (who did not seek reappointment), the Board of Directors decided on June 17, 2009 to appoint Bernard Liautaud to the Strategy & Investments Committee and Pierre Pringuet to the Audit Committee.

All of these appointments were reviewed by the Board of Directors on June 9, 2010 (after the Combined Shareholders' Meeting of May 27, 2010 renewed the terms of office of 9 of the 13 directors and appointed Laurence Dors as a new director) and again on December 15, 2010. During this meeting, the Board reiterated that in order to comply with the principle of collective decision-making, the Committees must, under no circumstances, usurp the power of the Board which has sole decision-making power and that the directors are collectively responsible for the decisions made and the duties entrusted to them by law and/or the Combined Shareholders' Meeting.

The Audit Committee

In accordance with the Order of December 8, 2008 and the AMF recommendation of July 22, 2010 issued following the report of the Audit Committee working group, the role of the Audit Committee is to control the processes governing the preparation and distribution of accounting and financial information, to assess the appropriateness and the consistency of the accounting policies and methods used to prepare the annual and half-year consolidated and company financial statements, to check the efficiency of internal control and risk management procedures, to ensure by all means the quality of Information presented to the Board and finally to assess the various engagements carried out by the Statutory Auditors and give its opinion on whether their audit engagement should be renewed..

The Audit Committee currently has four directors: **Yann Delabrière** (Chairman), **Michel Jalabert, Phil Laskawy** and **Pierre Pringuet**. It met six times in 2010, with an average attendance rate of 83% (20 out of 24 attendances).

The Committee reviewed the company and consolidated financial statements for the year ended December 31, 2009 and the consolidated financial statements for the half-year ended June 30, 2010. It focused in particular on the accounting treatment of events with a material impact on the annual or half-year financial statements and on changes in working capital requirements, the treatment of deferred tax and the financial impact of the UK employee pension plan. It also reviewed the proper performance of a certain number of major contracts.

The Committee interviewed:

- **Philippe Christelle,** Internal Audit Director, questioning him on working methods, terms of reference, the findings of audits carried out during the year and any avenues for further improvement;
- **François Hucher,** Technical Director in charge of support services, IT and procurement, questioning him in particular on operations and developments at production centers, on the results of audits performed by the so-called "flying squads" on risk-sensitive topics and finally on the program to reduce production costs through the better reuse of existing tools;
- **Lucia Sinapi-Thomas,** Corporate Finance and Risk Management Director, questioning her on risk management during the pre-sale phase of major business proposals, on potential strategic partnership arrangements and on framework client or supplier contracts with certain specific characteristics, among other issues.

The Statutory Auditors have issued recommendations to make the accounting and financial procedures even more efficient.

The Selection & Compensation Committee

This Committee is tasked with monitoring the human resources policies applied by Cap Gemini S.A. subsidiaries to executive managerial positions (executive appointments, changes in theoretical and actual compensation, setting objectives to determine the variable portion of compensation, criteria for the grant of performance shares, career and succession planning, etc.) and making sure that the policy is both consistent – while complying with specific local requirements – and closely aligned with individual and collective performances in the Business Unit to which the manager concerned belongs. It is consulted by Group Management prior to any decisions concerning the appointment or replacement of Executive Committee members and Strategic Business Unit directors. It informs the Chief Executive Officer of its recommendations concerning proposals made by him in relation to the fixed and variable compensation of these managers. It presents its recommendations to the Board on the Chairman's proposals regarding the compensation, personal objectives and performance of the Chief Executive Officer and its own proposals on the Chairman's compensation structure and the amount thereof. Finally, the Committee reviews the various schemes enabling employees to share in Group profits (employee share ownership, Group savings schemes, etc.) and proposes to the Board of Directors the incentive instruments it considers appropriate and capable of being implemented in Capgemini Group companies.

The Selection & Compensation Committee currently has four directors: **Ruud van Ommeren** (Chairman), **Michel Jalabert, Terry Ozan** and **Pierre Pringuet** and the non-voting director, Pierre Hessler. This Committee met five times in 2010, with an average attendance rate of 89% (24 out of 27 attendances).

In accordance with the Committee's brief, it ensured throughout 2010 the consistency of the Group's senior executive management and compensation policy. Its Chairman regularly reported on the Committee's work and presented recommendations to the Board of Directors concerning the following areas:

- the general compensation policy of the Group and its subsidiaries;
- the compensation of the two executive corporate officers (the Chairman and the Chief Executive Officer) and that of the members of the Executive Committee and the Group Management Board. These recommendations focused at the beginning of the year on:
  - an appraisal of the individual performance of each of these managers compared with objectives set at the beginning of the year;
  - calculation of the variable portion of compensation paid in the first quarter of the next year;
  - adjustment of the fixed and two variable portions of the "theoretical" compensation for the following year,
  - setting objectives to be used at the year-end as a basis for calculating the actual variable portion due,

The Committee also reviewed the principle of granting performance shares to certain managers, as well as the method of doing so. It drew up a list of 566 employees to receive a total of 1,555,000 performance shares in October 2010 and submitted it to the Board of Directors for approval. It suggested that the Board add - in accordance with a recent AMF recommendation - internal performance conditions to the external performance conditions already applied (change in the Cap Gemini share price compared to the stock market price of its main competitors).

Finally, the Committee monitored the development and succession plans for executives at the Group's Strategic Business Units and performed an extensive review of all the systems in place at each Strategic Business Unit and at Group level to identify high-performing individuals, develop retention schemes, and ensure internal mobility.

The Ethics & Governance Committee

The Committee's main remit is to verify that the Group's seven core values (Honesty, Boldness, Trust, Freedom, Team Spirit, Modesty and Fun) are correctly applied and adhered to, defended and promoted by the Group's corporate officers, senior management and employees in all of its businesses and in all subsidiaries under its control, in all internal and external communications – including advertising – and in all other acts undertaken in the Group's name. It is also tasked more generally with overseeing the application of best corporate governance practice within Cap Gemini S.A. and its main subsidiaries.

The Ethics & Governance Committee is responsible for all matters relating to the selection, appraisal, independence and compensation of the Company's directors and non-voting directors. It must keep up-to-date (and be ready to implement) the list of measures to be taken, should the question of replacing the Chairman or the Chief Executive Officer suddenly arise. It must handle and propose to the Board any changes it considers appropriate or relevant to the Board's operation and composition (co-opting a new director or replacing a resigning director, increase in the number of female directors, etc.) or to the governance structure currently in force within the Group (for example, switching back to a traditional legal form combining the functions of Chairman and Chief Executive Officer), etc.

The Ethics & Governance Committee currently has three directors: I am the Chairman and the two other members are **Daniel Bernard** and **Bruno Roger**. This Committee met four times in 2010, with an attendance rate of 89% (16 out of 18 attendances). The Committee interviewed:

- **Philippe Christelle**, the Internal Audit Director, who presented a special report describing the ethical framework within which the Group has decided to operate, as well as the exceptions noted and the modifications which became necessary during the last 12 months.
- **Hervé Canneva,** the Group Ethics and Compliance Officer, appointed by the Committee on March 1, 2009, who presented a report on the distribution of the Code of Business Ethics adopted by the Group and translated into 13 languages: a paper copy of this Code was sent to all key managers of the Group accompanied by a letter from Mr. Hermelin, while an electronic version was communicated to all employees with a link to an e-learning module (aimed at the appropriation of this Code by all employees); implementation of a mandatory procedure requiring the signature of this Code by all new employees; launch of a training program aimed at establishing and strengthening throughout the Group perfect integrity in the conduct of business and awareness of the importance of adopting at all times a behavior in accordance with Cap Gemini ethics.

The Committee also debated the make-up and activities of the Board of Directors and examined a variety of possible governance scenarios for the Group.

The Strategy & Investments Committee

The role of this Committee is to:
- study in-depth the strategic options open to the Group to ensure Its continued growth, improve its profitability and maintain its independence;
- determine the amount of investments required to implement each of these possible strategies;
- identify and assess the alliances or acquisitions which could facilitate or accelerate the implementation of these strategies;
- finally, recommend a choice to the Board (or at least establish an order of priority).

More generally, the Committee identifies and deliberates on any direction or issue considered relevant to the Group's future, provided it does not compromise the smooth running of operations and guarantees operating and financial stability.

The Strategy & Investments Committee currently has six directors: **Bernard Liautaud** (Chairman), **Daniel Bernard, Laurence Dors, Paul Hermelin, Thierry de Montbrial** and **Bruno Roger** and a non-voting director, Geoff Unwin. It met six times in 2010, with an average attendance rate of 97% (35 out of 36 attendances). After spending some time reviewing the work of the Strategy Director on the competitive environment and recent developments therein, the Committee validated the preparation of a 5-year plan. It reported its recommendations to the Board on how to approach the issues to be debated during the XXIIIrd Meeting with the 450 managers of the Group in Barcelona, between September 29 and October 2. It also performed a detailed review of several potential acquisitions and recommended to the Board the definition of limits within which potential negotiations should take place. Finally, it established its own roadmap for 2011.

5.3 Compensation of directors, non-voting directors and executive corporate officers

In compensation for the time spent actively participating in Board and Committee meetings and in very partial consideration for the directors' increasing workload and responsibilities, the Company was authorized by the Combined Shareholders' Meeting of May 2006 to pay attendance fees to directors of up to €700,000 per year. Following a proposal presented by myself, the Selection & Compensation Committee recommended to the Board formulae for allocating attendance fees involving:

- the elimination of the fixed portion attributed based on an individual's position as director, non-voting director or Committee member: only the Chairmen of the specialized Committees and the Chairman of the Board of Directors continue to receive a fixed fee of €20,000 per annum, given their special responsibilities and the additional workload required to discharge their duties;
- the payment to directors and non-voting directors of a fixed amount of €3,000 per attendance at official meetings of the Board or one of the four specialized Committees. This fixed amount may be reduced if circumstances require the Company to hold an exceptional number of meetings, resulting in aggregate attendance fees exceeding the €700,000 threshold;
- the payment of attendance fees for the half-year then ended, as opposed to once per annum as was previously the case.

After observing that Cap Gemini was one of the few CAC 40 companies not to pay a fixed portion to its directors, and that certain directors regretted this fact, I proposed to the Board on July 28, 2010 to once again amend the rules governing the allocation of attendance fees:

- payment once again of a fixed portion: €15,000 per year to each director, €10,000 per year to each non-voting director (i.e. two-thirds of the amount allocated to directors), €15,000 per year to the Chairmen of the specialized Committees and €30,000 per year to the Chairman of the Board;
- retention of a fixed amount of €3,000 for each attendance at an official meeting of the Board or one of the four specialized Committees (no distinction being made here between directors and non-voting directors). This fixed amount may be reduced if circumstances require the Company to hold an exceptional number of meetings, resulting in aggregate attendance fees exceeding the €700,000 threshold.

In this respect, it should be noted that Paul Hermelin and myself spontaneously decided to waive, for both 2009 and 2010, our right to receive attendance fees for our duties as directors of Cap Gemini S.A., a decision warmly received by the Board. This being said, and despite this voluntary decision, the amount of attendance fees due in respect of fiscal year 2010 pursuant to the formulae detailed above, largely exceeded the maximum annual threshold of €700,000. The Board of Directors therefore decided to reduce by approximately 20% the amount due to each director in respect of the second six months of 2010, thereby reducing the total amount of attendance fees paid to directors and non-voting directors in respect of 2010 to €698,500 (€407,500 for the first six months and only €291,000 for the second six months). It was also decided to request the next Combined Shareholders' Meeting to increase the threshold for attendance fees paid to directors and non-voting directors to €800,000 from €700,000, the threshold for the last 5 years.

With respect more specifically to the two executives who are also corporate officers, the Board verified and had it confirmed that in France, in a limited liability company *(société anonyme)* governed by French law, the compensation of the Chairman and the Chief Executive Officer is determined freely by the Board of Directors, pursuant to "exclusive" powers clearly defined by Articles L.225-47 and L.225-53 of the French Commercial Code *(Code de commerce)* and that these exclusive powers confer an institutional – and not a contractual – nature on this compensation. The determination and review of this compensation is not subject to regulated agreement procedures, provided, of course, it is specifically paid for the performance of corporate officer duties and in consideration for actual services rendered to the Company. This is obviously the case for Cap Gemini's two executive corporate officers, it being noted that the rules applied to determine their compensation are identical to those applied for all Group managers (a breakdown of compensation paid to Paul Hermelin and myself in respect of fiscal year 2010 is presented in section "Compensation of the two executive corporate officers" page 81 of the Management Report).

5.4 General organization of the Group

Cap Gemini S.A. is the parent company of what is generally known as “the Capgemini Group” comprising approximately 170 companies, which are listed on page 174 to 176 of this Reference Document (after removing dormant companies and companies in the course of dissolution).

OPERATIONAL STRUCTURE

I would remind you, should this be necessary, that one of the founding principles underlying the creation of this Group is decentralization. This seeks to ensure that operating managers act as entrepreneurs, taking each year the risk to commit to a budget and personal and collective objectives. They are provided by the Company with the means necessary to react rapidly to market requirements, changes in demand and the opportunities offered by technological innovation which, in our businesses, is particularly rapid and abundant.

Today, the organizational structure of the Group remains based on this decentralized model, with basic business units deliberately kept small to allow their managers to remain in close contact with clients and employees of their allocated region. With access to numerous management tools and the daily monitoring of results obtained (contracts signed, activity rates, progress on contracts in progress, etc.), these managers are fully responsible for their business units meeting quantifiable objectives relating to financial performance (growth, profitability, etc), the quality of human resource management (recruitment, training, motivation, good match of employees to the business unit’s needs, etc,), business development, client satisfaction, management rigor (administrative and accounting), strict application of internal control procedures, absolute compliance with the values adopted by the Group, etc.

These basic business units – grouped, depending on their number, into larger business units – reflect the Group’s presence in around thirty countries, which are in turn grouped into eight geographic areas:

- North America: USA, Canada;
- the United Kingdom and Ireland;
- France, to which our branch in Morocco is associated;
- Benelux;
- Nordic countries: Denmark, Norway, Sweden, Finland;
- Germany and Central European countries: Switzerland, Austria, Poland, Czech Republic, Romania, Hungary, etc.;
- Southern Europe (Italy, Spain, Portugal) to which Latin America is associated: Mexico, Brazil, Argentina, Chile, etc.;
- and finally the Asia/Pacific region: India, China, Singapore, Hong-Kong, Australia.

Useful for reporting purposes and comparing performance year-on-year, this geographic grouping is accompanied by a breakdown of the Group by business into seven strategic business units:

- 4 global strategic business units:
  - Consulting
  - Infrastructure Services, i.e. the design, installation and maintenance of client infrastructures
  - BPO (business process outsourcing)
  - Local Professional Services, provided by the SOGETI sub-group and its subsidiaries
- 2 systems integration and applicative maintenance strategic business units (generally known as “APP.S” for “Application Services”) in the following regions and countries:
  - APP.S 1: North America, UK and the Asia/Pacific region (excluding China), including global responsibility for the Financial Services sector;
  - APP.S 2: France, Benelux, the Nordic countries, Germany and Central Europe, Southern European and Latin America (excluding Brazil).
- 1 strategic business unit with responsibility for high-growth emerging countries (currently Brazil and China) and new business models.

GROUP MANAGEMENT

As I already indicated above:

- in December 2001, the Cap Gemini S.A. Board of Directors decided to replace Geoff Unwin by Paul Hermelin as Chief Executive Officer of the Group.
- he has been renewed in these functions twice (in May 2006 and May 2010)
- at my recommendation, the Board elected in July 2002 to separate the functions of Chairman and Chief Executive Officer as authorized by the New Economic Regulations Law (NRE) of May 15, 2001.

Paul Hermelin has now therefore been Chief Executive Officer of the Capgemini Group for nearly ten years. Pursuant to the law, he has the most extensive powers to act in all circumstances in the name of the Company and its subsidiaries. He is assisted in the conduct of business, the monitoring of control procedures and the definition of strategic objectives submitted periodically to the Board of Directors, by two Deputy General Managers and a General Secretary:

- **Nicolas Dufourcq:** the position of Deputy General Manager adds a certain number of duties to his primary role as Chief Financial Officer, which are detailed below;
- **Paul Spence,** Deputy General Manager, Director of Development
- **Alain Donzeaud,** General Secretary in charge of Human Resource management, Capgemini University, legal affairs and controlling the application of prevailing ethical rules within all Capgemini Group companies.

All four are members of the **Executive Committee,** whose role is to assist Group Management define broad strategies for submission to the Board of Directors, make all decisions enabling an improvement in Group performance, determine in this context the actions to be undertaken and the priorities to be respected, coordinate their implementation, assess the performance of Group managers and prepare succession plans for major positions within the organization. The Executive Committee meets once a month with:

- the Marketing and Communications Director
- the Strategy and Transformation Director
- the Directors of the seven Strategic Business Units defined above (Paul Spence having direct responsibility for the seventh unit, i.e. high-growth emerging countries: Brazil and China)
- the Director of our operations in India

representing a total of 13 individuals.

Together with the Legal Director, all four take part in two special-purpose committees:

- the Group Review Board which – with the Risk Management Director – examines the major business proposals in the course of drafting or negotiation, multi-national or multi-business framework agreements entered into with clients or suppliers, major contracts involving guarantees given by the Group etc.
- the Merger & Acquisitions Committee which examines acquisition and divestment projects in the course of identification, selection, assessment or negotiation, with the assistance of the Strategy and Transformation Director, the Merger and Acquisitions Director and the Director of the Business Unit which would perform the transaction in question.

Finally, in a certain number of cases where it was considered useful or necessary, a board was appointed bringing together local managers of the different Group businesses and tasked with ensuring improved cooperation (particularly with respect to actions carried out individually by one or other business for major clients, a list of which was drawn up at the beginning of the year). The Chief Executive Officer (or the Deputy General Manager,Director of Development) meets at least four times a year with the Chairmen of these boards within the Development Committee, which has the role of deciding and launching strategic commercial initiatives requiring the consultation and close collaboration of all Group entities.

THE CENTRAL DEPARTMENTS

Group Management is supported by the following central departments:

The Group finance department

This department is headed by **Nicolas Dufourcq,** whose primary tasks are the preparation of budgets and monitoring performance, management control, operational reporting, financial and management accounting, consolidation and accounting standards, treasury management, taxation, and financial communications. As Deputy General Manager, Nicolas Dufourcq is also responsible for conducting merger, acquisition and divestment transactions and assessing and managing the risks presented by certain business proposals. He is also responsible for the Group Lean program, procurement, internal information systems and the Technical and Support department, which, led by **François Hucher** is tasked with designing and disseminating prevailing methodologies within the Group, certifying certain categories of employee (project leaders, architects, etc.) and performing audits of risk-sensitive projects conducted by specialized teams known as "flying squads" (122 audits of this type were carried out in 2010).

The business development department

Headed by Paul Spence encompasses:

- the management of client offerings and the launch of growth initiatives **(Paul Nannetti);**
- relationships with major strategic and technological partners of the Group **(Jean-Claude Viollier);**
- the stimulation and promotion of Group offerings in the following sectors: Energy, Utilities & Chemicals / Manufacturing / Consumer Products, Retail, Distribution & Transportation / Telecom, Media & Entertainment / Public sector **(Stanislas Cozon);**
- leading big deals, involving close cooperation between several business units **(Derek Crates);**
- the launch of client offerings targeting new business models such as "Smart Energy Services" and "Managed Business Services", with high technology content but billed based on indicators tied to our clients' businesses **(Gilles Taldu);**
- the development of the Group in emerging countries (Brazil, China) placed under the direct responsibility of **Paul Spence.**

The general secretariat

(Alain Donzeaud) is in charge of:

- Legal affairs, covering two departments: one dealing with problems encountered in international operations and all legal matters related to the Group's operating activities **(Isabelle Roux-Chenu**) and the other concerned with the functioning of the Group's governing bodies (the Board of Directors, specialized Board Committees, Shareholders' Meetings, etc.) and in charge of legal matters impacting the general Group structure **(Philippe Hennequin);**
- The Human Resources Department, which is tasked with coordinating policies that fall within its remit implemented by the Group's subsidiaries, in particular career management and employee retention policies for high potential managers **(Jérémy Roffe-Vidal);**
- Capgemini University, which is tasked with providing Group managers and employees with the additional training they require (in new technologies and commercial functions, large-scale project management skills, personal leadership skills development, etc.) and also forms a natural and convivial platform for exchange for all Group members (**Jacques Collin** and **Steven Smith**);
- The Ethics & Compliance Department is primarily tasked with developing a corporate culture that explains and strengthens the duty of integrity and requires all Group managers and employees to behave in an ethical manner. It implements initiatives aimed at consolidating prevention methods and avoiding any infractions or non-compliance in this area **(Hervé Canneva).**

The strategy department

(Cyril Garcia) is primarily tasked with fostering deliberations on strategic issues by Group Management, the Board of Directors, its Chairman and the Strategy & Investments Committee. To this end, it maintains close relations with leading firms specializing in analyzing the market and trends therein.

The marketing and communications department

(Philippe Grangeon) is responsible for the Group's internal and external communications, coordinating, in order to strengthen brand awareness and reputation, actions implemented in this area by operating subsidiaries and coordinating marketing deliberations and initiatives, etc.

The technology department

(Andy Mulholland) is tasked with identifying major technological developments, fostering an active relationship with the Group's major partners (for example by identifying common development projects), assisting with the development of commercial offerings calling on advanced solutions, etc.

The internal audit department

(Philippe Christelle) reports directly to the Chairman and the Chief Executive Officer and is tasked with controlling the correct application by business units of Group principals and rules, particularly with respect to risk management and control. The implementation of recommendations issued by the Internal Audit Department by the business units concerned is systematically monitored.

5

5.5 Internal control and risk management procedures

I would like to make an

INTRODUCTORY COMMENT

On this subject: In France, Title III of the New Economic Regulations Law of May 15, 2001 authorizes limited liability companies to separate – if they so wish - the functions of Chairman of the Board of Directors and Chief Executive Officer. The unification of these functions within the hands of the Chairman and Chief Executive Officer had been rendered mandatory in 1940, at a time when Caesarism was a dominant model in this part of Europe.

In the United States - the home of the corporate governance principles to which we are now all supposed to adhere - the unification of these two functions remains largely prevalent and several major US companies have returned these functions to the hands of a single individual (the Chairman and CEO) after experimenting with their separation for a number of years, suggesting this approach is not the answer to all problems. In the United Kingdom however, 80% of companies have a separate Chairman and Managing Director and quite naturally UK institutional investors are pushing for this separation of functions in the continental companies in which they propose to invest (*).

As I have already mentioned above, Cap Gemini S.A. adopted this model in July 2002 and is extremely happy with it after nearly nine years, although I think I can say that this is more due to:
- the fact that the Chief Executive Officer selected by the Board is also a director and member of this Board (which is not mandatory),
- the fact that the Chairman is also the founder of the Group, conferring legitimacy on his active participation in the "smooth functioning of Group Management",
- the 20-year relationship of trust, friendship and mutual respect between the current holders of these functions,

than what the law says regarding the roles, powers and responsibilities of the Chairman. The law was drafted very generally and is a source of ambiguity and confusion and seems to more closely reflect the vagueness of the legislator's intentions than his certainties.

It is in this "uncertain" framework that I describe below the procedures implemented to ensure internal control and risk management within Capgemini Group. As a matter of form, I would make clear that the presentation of this description and the fact that I am supposed to "ensure – on behalf of the Board of Directors – the smooth functioning of the company and the group it controls", does not mean that the Chairman is personally liable for any dysfunctions that may arise.

* Further details may be found in the September 2001 memorandum issued by Philippe Bissara, delegate general to the French National Association of Joint-Stock Companies *(ANSA, Association Nationale des Sociétés par Actions).*

OBJECTIVES AND MEANS

I would firstly remind you that a Special Committee formed at the initiative of the French stock market authority (AMF) devised a blueprint for internal control which French companies subject to the requirements of the Financial Security Law *(Loi de Sécurité Financière)* are recommended to use and apply within their subsidiaries. Capgemini Group has therefore defined and implemented a control system with a view to ensuring:
- compliance of all management acts with relevant laws and regulations;
- compliance with the Group's seven core values and guidelines set by the Board of Directors and/or Group Management;
- application by the subsidiaries of instructions communicated;
- the smooth functioning of the Group's internal control processes safeguarding assets; and
- the reliability of the Group's financial information.

While contributing to the improved efficiency of its operational support functions, the optimal use of resources and good risk control, this system does not however offer an absolute guarantee of the control of all possible risks imaginable, no more than it can – irrespective of the skills of the employees performing the controls – guarantee alone the realization by the Group of all objectives set.

For these reasons, since its creation in 1967, Capgemini has placed significant importance on compliance with the values and principles which guide and inspire our actions and, in particular, our business practices. Our seven values (headed by honesty) represent the Group's fundamental DNA and justify its reputation as an ethical and responsible company.

For over 20 years, a set of rules and procedures known as the "Blue Book" has had force of law within Cap Gemini and its subsidiaries. The Blue Book reminds employees of their obligations in this area and inventories the tools and methods helping them avoid identified risks in the exercise of the Group's businesses. In 2010, a Code of Business Ethics was drafted and adopted by the Board of Directors and issued to all Capgemini employees as part of the "Ethics and Compliance" program aimed at:
- developing within new recruits an ethical culture guaranteeing integrity of behavior;
- increasing awareness of compliance with international and national laws;
- highlighting initiatives aimed at strengthening the system to prevent and avoid infractions, non-compliance and negligence in these areas.

Since even longer still, the Capgemini Group has had a central **Internal Audit** function which currently comprises a multi-disciplinary team of 25 auditors and whose Director, **Philippe Christelle** (see Section 5.4), reports directly to both the Group's Chairman and its Chief Executive Officer. Over the last few years, this team has become highly international to accompany the expansion of the Group into new regions of the world and includes a Bombay desk with nine auditors. The Internal Audit department is tasked with:

- reviewing the internal control procedures implemented in the Strategic Business Units and their component legal entities to ensure that they comply with the general principles and rules laid down by the Group and with certain specific procedures enabling the elimination or mitigation of the risks to which they are exposed locally.
- auditing the Group's major contracts considered to present significant risk: Internal Audit uses one or more technical experts (Group Delivery Auditors), who are selected from among a list of eight accredited professionals according to their skills (and also their complete independence from the unit being audited).

Each Strategic Business Unit is audited in line with a bi-annual program that the Chairman and/or the Chief Executive Officer have the power to modify in the event of a contingency (delays and irregularities, major divergence from budgetary commitments, etc.). During 2010, the Internal Audit Department performed:

- 45 audits of units belonging to all Group Strategic Business Units, with each audit involving on average 46 days in the field and concluding with the issue of an action plan that management of the unit audited undertook to implement as quickly as possible in order to improve or correct the points identified by the audit.
- 2 due diligence assignments, that is, prior audits of companies that the Group intends to acquire.

At the request of the Chairman or Chief Executive Officer, the Internal Audit Department may also perform special engagements to review specific situations. Once annually, the Internal Audit Director presents:

- to the Audit Committee, a comprehensive report on the department's work (particularly regarding internal control efficiency and risk management in the preparation and processing of financial and accounting information),
- to the Ethics & Governance Committee, a specific report on compliance with the Group's Code of Business Ethics.

Finally, the Internal Audit Department may at any moment draw up a special report for presentation to the Chairman or the Chief Executive Officer on any matter that it considers should be brought to their attention.

General principles

The aim of the general internal control principles is to ensure efficient and traceable decision-making. They concern:

- **Delegation of decision-making powers and authorization:** the decision-making process applied within the Group is based on rules concerning the delegation of powers. These rules are regularly updated, comply with the principle of subsidiarity and define three levels of decision-making depending on the issues involved, corresponding to the three levels of Capgemini's organization:
  - the Business Unit, for all issues that fall within its remit;
  - the Strategic Business Unit (or the Country Board) for all issues that concern several or all Business Units under their authority;
  - the Group (Group Management, Executive Committee, central departments, etc.), for all decisions outside the scope of responsibility of a Strategic Business Unit or region which must be taken at Group level due to their nature (acquisitions, divestments, etc.), or for other major operations whose financial impacts exceed well-defined materiality thresholds.

  This process has been formalized in an authorization matrix which requires both prior consultation and the provision of sufficient information to the parties involved. Recommendations submitted to the final decision-maker must include the views of all interested parties as well as an objective assessment of the advantages and drawbacks of each of the possible solutions.
- **Framework of general policies and procedures:** in the more general context of the Code of Business Ethics, the Blue Book sets out the main principles and basic guidelines underpinning the Group's internal control procedures, and covers specific issues relating to the following areas:
  - the Group's organization and corporate governance scenarios as well as authorization guidelines;
  - sales policy;
  - contractual engagement guidelines;
  - service production;
  - finance function organization and procedures;
  - human resources management;
  - external communications;
  - business knowledge management, sharing and protection;
  - information systems;
  - procurement organization and controls; and
  - environmental protection guidelines.

Operational risk management

The project risk control process

The Group has devised a formal process to identify and control risks associated with the delivery of information systems projects ordered by clients, from pre-sale to acceptance and payment by the client of the last invoice for the project. This process differentiates between:

- pre-sale risk controls;
- technical controls during the project execution phase; and
- business control.

Pre-sale risk controls

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

- a reporting tool consolidating all commercial opportunities at Group level. Data concerning commercial opportunities are entered as and when identified, and are kept up to date throughout the sale process;
- validation, at the various organizational levels of the Group's operational structure and at the different stages of the selling process (from identification of an opportunity as investment-worthy from a Group perspective and the submission of service proposals, often in several stages, to the signature of a contract) of the main characteristics of the opportunity, in particular as regards technical, financial and legal matters.

As described above, the decision to commit the Group to commercial opportunities meeting pre-defined criteria concerning size and complexity is the sole prerogative of the Group Review Board. For particularly complex projects, reviews of solutions may be carried out during the final pre-sale phase in order to bring to the Group Review Board's attention any potential operational risks..

Production and quality control

The Group has approved policies for monitoring contract performance that are applied throughout the life of the project to ensure that it runs smoothly. The key features of these policies include:

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

Business control

- financial oversight for each project, primarily monitoring budgeted versus actual project production costs. Progress reports and management indicators are built into the monitoring process, which relies mainly on the periodic analysis of estimated costs to completion and their accounting impact;
- ongoing control over compliance with contractual commitments – particularly billing and payment milestones.

Reputational risk

Compliance with clear principles of business ethics is firmly embedded in Capgemini's culture. On its creation in 1967, the Group identified seven core values which form the keystone of its identity. Today, each of the 110,000 managers and employees continue to refer to these values and have committed to applying them personally on a daily basis and ensuring their compliance by individuals in their business unit or who participate on joint projects. From this point of view, the Code of Business Ethics issued in 2010 represents the continuation and formal documentation of cultural reflexes already firmly embedded in Capgemini. In addition, the Group has decided only to locate in those countries satisfying a certain number of criteria concerning work ethics and security in the conduct of business. Listed in Paris and a global leader in its business sector, the Group is frequently called upon by the media and the financial community to provide information on its expertise, strategic direction, forecasts, results, etc. Therefore, to control and limit risks to its reputation, only persons duly authorized by Group Management are permitted to speak on behalf of the Group.

Human resources risk

Each Business Unit has a human resources management function responsible for the local implementation of Group-wide HR policies and procedures. Special attention is paid to recruitment, training, career development for managers, equal opportunity performance appraisal and promotion procedures, and dialogue between management, staff and their elected representatives. An internal survey is conducted each year aimed at measuring commitment and expectations among the Group's 110,000 employees. This survey is a management tool and gives rise to a number of action plans implemented locally based on results recorded and problems identified. In addition, a roll-out project in SaaS mode (Software as a Service) has just been launched by the Human Resources Department to ensure the comprehensive management of all processes concerning the management of high-performing individuals. This roll-out, supported by the human resources community, will enable a uniform approach to monitoring performance, the development plans of each of our 110,000 employees, the management of international mobility and succession plans, in a manner consistent with the strategic objectives of the Group and the interests of our clients.

Information systems risk

While the Group is not highly dependent on information systems in the course of its business, it has nevertheless implemented data recovery procedures for its activities in the event of a disruption to IT services. The Group has drawn up an IT infrastructure security policy which is verified annually by each Group entity. However, certain Group entities have heightened security imperatives reflecting their clients' line of business, and they are consequently certified ISO 27001-compliant by an independent agency.

Offshore risk

Telecommunications networks used by the Group are automatically duplicated in cases where "Rightshored" production resources are deployed. In the event of a breakdown in the preferred (fastest) communications network between Europe and India, service continuity is ensured by tried and tested alternative routes. The Group's Indian subsidiary has also set up a Business Continuity Management (BCM) structure to ensure service continuity in line with the Good Practice Guidelines of the Business Continuity Institute (BCI). These measures take account of various hypothetical threats along with the differing degrees of potential damage at site, urban and country level.
Where required by the local contract in force, a business continuity plan is prepared by selecting appropriate measures according to the criticality of the service. The Group uses reviews and simulations to test the efficiency of these plans.

Environmental risk

Although Capgemini's activities leave a minimal environmental footprint, the Group pays special attention to energy consumption, the management of its IT hardware, waste and business travel. The Group has run internal campaigns to raise employee awareness of these issues.

Client risk

The Group is exposed to several types of client risk:

- the risk of dissatisfaction: Capgemini pays particular attention to assessing client satisfaction, implementing a rigorous client relationship management process that it carries out throughout the project, known as OTACE *(On Time and Above Client Expectations).* This is a key pillar of the Group's client loyalty policy, particularly for major client accounts.
- the risk of dependence on a single client or group of clients: The Group also has several thousand clients, which to a certain extent enables it to resist market turbulence and reduce its exposure to volatility in certain sectors. The client portfolio consists of a large number of entities from the public sector and the diverse market segment spread of entities from the private sector further mitigates Group risk. The Group implements the Karma client portfolio management procedure to eliminate the unacceptable risk of being exposed to a single client or group of clients.
- insolvency risk: supervision of client solvency also helps minimize client credit risk.

Supplier and subcontractor risk

Over recent years, the Group has signed strategic partnership contracts with a diversified group of major suppliers in order to preserve its independence and guarantee the sustainability of its services. In parallel, Capgemini has implemented a tool allowing for worldwide procurement management and monitoring. Suppliers are selected based on rigorous procedures using multiple criteria, several of which concern ethical standards and sustainable development.

Country risk

The Capgemini Group restricts operations to countries able to offer satisfactory guarantees in terms of individual security. Work on client engagements in certain countries classified as "at risk" is subject to approval by the Group Review Board. Rules and procedures have been drawn up for "at risk" territories in which the Group conducts engagements in order to satisfy the demands of its major clients. Specific contracts have been agreed with organizations specialized in managing these risks to assess independently the risk exposure in each country. All travel to countries classified as "red" is strictly forbidden. This notion of risk is reassessed continuously based on the geopolitical position, using warning systems informing of changes in "at risk" countries. Furthermore, these organizations help us resolve any potential difficulties encountered by employees assigned to work in these countries and provides prior risk prevention training courses.

Acquisition risk

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

Economic climate risk

Although a substantial proportion of the Group's operations depends on its clients' investment capacity, the fact that the Group is organized around medium-sized Business Units close to their target market allows for rapid responsiveness to downturns in the business environment. A variety of scenario forecasts have been devised and are kept up to date by the Group. These are designed to ensure the most appropriate response to a sharp downturn in the Group's markets or the general economic environment.

Legal risk management

Legal risks are identified, analyzed and managed by the Group Legal Affairs Department, which is comprised of central, regional and local teams in each of the main geographic areas in which Capgemini has operations.

Draft contracts containing terms and conditions that are not in compliance with the contractual guidelines issued by the Group are subject to specific examination at regional and Group level. Regional and local legal affairs teams, in liaison with the sales, delivery and risk management teams, are required to submit to the Group Legal Affairs Department and/or Group Review Board, an analysis of the risks arising on these contracts and their recommended risk mitigation plan. The Group Review Board authorizes the Special Business Deals submitted to it for approval or opinion and, in this framework, is called on to assess the legal risks of certain major contracts.

Financial risk management

The Group has standardized rules and procedures for the identification, control and management of financial risks. These are framed in a conservative financing policy based notably on the upstream authorization by the Board of Directors of all major financing decisions, and the measured use of debt thanks to the Group's high liquidity levels. The management of other financial risks (equity, interest rate, currency, credit and counterparty risks) is primarily centralized by the Group Finance Department as described in Notes 9, 15 and 19 to the consolidated financial statements. In addition, with respect to risks arising on employee benefit obligations, the Group actively manages financial commitments under the United Kingdom defined benefit pension plan, which represents almost 77% of the total Group obligation.

Compliance with rules governing share trading

The Group requires all employees to refrain from carrying out any transactions involving the Company's shares during certain periods of the year. All Group employees are reminded of these restrictions in writing before the start of each such period.

Procedures concerning the preparation and processing of financial and accounting information

These procedures are used to ensure the application of and compliance with Group accounting rules relating to the preparation of budgets and forecasts, financial reporting, consolidation, management control and financial communications. During each accounts closing period, the Group Finance Department sends out a questionnaire to all subsidiaries dealing with the application of general internal control principles and procedures concerning the processing of reported financial and accounting information. These questionnaires are analyzed for any irregularities and corrective measures devised where appropriate.

a. Financial and accounting structure

The Group's financial functions are organized to reflect its operating structure, that is, both by Business Unit and country. Each Business Unit has a dedicated financial controller (reporting to the corresponding Strategic Business Unit's financial controller) who is responsible for ensuring that the results of its activities are accurately reported in the accounts in accordance with Group accounting rules and methods. The financial controller verifies that services are correctly billed and paid for, checks profit estimates for ongoing projects and assesses their accounting impact, and ensures the quality of the information contained in the financial reports and accounting packages used as the basis for preparing the Group's consolidated financial statements. These Business Unit financial controllers report to the financial controller of the Strategic Business Unit, whose main responsibility is to ensure that financial and accounting information is reported to the parent company on a timely basis. Their direct superior is the Group Chief Financial Officer in order to safeguard the independence required when preparing accounting results. Operational control is, therefore, decentralized.

The geographic areas have a Legal Financial Director, who also reports to the Group Chief Financial Officer and whose duties and responsibilities include ensuring that all financial staff in the region are well-versed in the Group's accounting policies and methods, checking compliance with local taxation and statutory reporting requirements, helping maintain an effective internal control environment, liaising with shared service centers and the Statutory Auditors, setting accounts closing and financial reporting timetables, signing off on the consolidation packages of the subsidiaries under his or her authority, signing the representation letter and bringing any and all matters that he or she sees fit to the attention of the Chief Financial Officer.

All financial staff is required to apply the Group's accounting procedures and policies contained in the TransFORM manual, which sets out:

- the fundamental rules of internal control;
- what information must be reported, when, and how often;
- management rules and procedures;
- accounting policies, rules and methods;
- performance indicators.

b. Budgets, forecasting, financial reporting and consolidation

In order to exercise effective control over their operations, the Group requires Business Units to submit weekly, monthly, quarterly, half-yearly and annual reports of all budget, forecast, operational and accounting information required for the general management of the Group:

• **Budget and forecasting process:** budgets form the basic building blocks in the management control process. They are debated and negotiated at length between the different Group Business Unit managers and their superiors, with each budgetary item decided based on past performance, the Group's chosen strategic priorities and available information concerning expected market trends. Group Management sets quantified targets for each geographic area, Strategic Business Unit and their component Business Units. The budget preparation process is a key moment in the relationship between the different levels of the Group's management and makes it possible to substantially link the variable portion of the compensation paid to Business Unit managers to the attainment of the budgetary targets of their Business Unit and the next level Business Unit to which they belong. A forecast operating income statement (for the current month, the following six months and the full year) is prepared monthly by each Business Unit manager. Variances from budget are analyzed so that any corrective action plans that may be needed can be drawn up as quickly as possible.

• **Operational reporting process:** Information reporting is structured by geographic area and business. This allows revenues and costs to be analyzed on a monthly basis both by type and function, and performance indicators to be updated and measured against budget (A/B), the latest forecasts (A/F) and prior-year figures (A/A'). Balance sheet items are analyzed on a quarterly basis. A monthly management report is prepared for each Strategic Business Unit jointly by the manager and financial controller, and is submitted to Group Management for review. This report gives a detailed breakdown of actual performance, forecasts for the following six months and actions taken in the event of material variances between actual and budget figures. Reconciliations are performed systematically to ensure that financial information derived from the operational reporting system is consistent with the consolidated financial information provided by the legal entities within the Group.

• **Consolidation process:** at each yearly or half-yearly closing, the scope of consolidation is updated at Group level by the Finance Department and validated by the Legal Affairs Department. Written instructions are issued providing the schedule for period-end tasks (particularly the reconciliation of inter-company transaction balances), highlighting current accounting issues requiring specific attention, and describing the control procedures applied during the preparation of the consolidated financial statements. The consolidation process is based on accounting packages by geographic area, which must be signed off by the person responsible for preparing them. Income statements, balance sheets and other key management indicators required for subsequent analysis are stored in a single database maintained at Group level. Access to this information system is strictly controlled.

c. Financial information

• **Controlling financial information:** the interim and annual financial statements are subject to specific controls covering financial information and its presentation. These include:
- a systematic review carried out with the assistance of the Legal Affairs Department of all material operations and transactions occurring during the period;
- a procedure to identify, collate and report off-balance sheet commitments and any other information liable to have significant repercussions on the financial position of the Group or one of its subsidiaries at the period-end;
- a review of the tax position of each of the Group's legal entities;
- a review of the value of intangible assets;
- a detailed analysis of the statement of cash flows.

The controls described above carried out by the Group Finance Department are supplemented by the work of two independent bodies tasked with carrying out checks on the internal control environment and verifying the quality of the financial statements: the Internal Audit department and the Statutory Auditors:
- Internal Audit: based on its program covering the Group's Business Units, drawn up in agreement with the Chairman and the Chief Executive Officer (as it reports to both directly), the Internal Audit department is responsible for carrying out controls to ensure that procedures relating to the safeguarding of assets, the valuation of work-in-progress, the actual amount of trade accounts receivable, and the proper recognition of liabilities, are applied in each Business Unit in accordance with the rules and methods established by the Group. In particular, the Internal Audit department is required to pay special attention to revenue recognition methods and to controlling the percentage-of-completion of projects, so as to ensure that these are accounted for on the basis of rigorous, up-to-date technical assessments. The Internal Audit brief also includes a review of the procedures and controls in place within the Business Unit to ensure the security and validity of transactions and accounting entries;
- the Statutory Auditors, who it need merely be noted here, carry out an ongoing review of internal control procedures with an impact on the preparation and quality of the financial statements as part of their audit engagement.

• **Communicating financial information:** this is subject to rigorous internal control, with a particular focus on three key media used to report financial information:
  - the half-year financial report and annual report,
  - financial press releases,
  - analysts and investors meetings.

  • **The Annual Report** has been the cornerstone of the Group's financial communications strategy for the past 36 years (the first edition concerned the 1975 fiscal year). The preparation of the report, its content, illustrations, design and distribution are therefore subject to particular attention on the part of Group Management and, above all, the Chairman. All the sections of the Group's Annual Report are written internally by staff and managers of the Group who are each responsible for designing and setting out a chapter on their area of competence, within the general framework proposed by the Communications Department. The Reference Document, which is appended to the Annual Report, combines all the information that must be provided pursuant to legal and regulatory requirements and is drawn up under the responsibility of the Finance Department.

- **Financial press releases** are only published further to the formal validation of the Board of Directors or the Chairman, and they must therefore be submitted sufficiently in advance to allow time for such approval. Financial press releases are published outside the trading hours of the Paris stock exchange, except in exceptional circumstances.

- **Analysts and investors meetings** are subject to specific preparation, and their content is presented to the Board of Directors or the Chairman prior to such meetings. This preparatory work is then used as a framework for comments and explanations provided by the Chief Executive Officer, the Chief Financial Officer, or employees in charge of investor relations during the meetings.

Grenoble, February/March 2011
Serge Kampf

(This report was reviewed by the Statutory Auditors who issued a report thereon, which may be found on the following page).

5.6 Statutory Auditors' report

prepared in accordance with article L.225-235 of the french commercial Code on the report prepared by the chairman of the board of directors of Cap Gemini S.A. (year ended december 31, 2010)

This is a free translation into English of the statutory auditors' report issued in French prepared in accordance with Article L.225-235 of the French Commercial Code on the report prepared by the Chairman of the Board on the internal control procedures relating to the preparation and processing of accounting and financial information issued in French and is provided solely for the convenience of English speaking users.
This report should be read in conjunction with, and construed in accordance with, French law and the relevant professional standards applicable in France.

To the Shareholders

In our capacity as Statutory Auditors of Cap Gemini S.A., and in accordance with Article L.225-235 of the French Commercial Code *(Code de commerce)*, we hereby report to you on the report prepared by the Chairman of your Company in accordance with Article L.225-37 of the French Commercial Code for the year ended December 31, 2010.

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

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

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

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

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

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

Other information

We attest that the Chairman of the Board's report sets out the other information required by Article L.225-37 of the French Commercial Code.

The Statutory Auditors

Neuilly-sur-Seine, March 15, 2011	Paris La Défense, March 15, 2011
PricewaterhouseCoopers Audit	KPMG Audit Division of PMG S.A.
Serge Villepelet Edouard Sattler	Jean-Luc Decornoy Partner Jacques Pierre Partner