

# Message from the Chairman

At the same time a year ago, Sopra Steria had successfully reached several key milestones in the implementation of its corporate plan. We had met our annual earnings targets, and were resolutely adopting a medium-term perspective as we looked at ways of speeding up our development and confirming the performance trajectory that we had set for ourselves.

But this vision was swiftly disrupted as the Covid-19 virus took hold, triggering a serious economic crisis. The pandemic-related restrictions caused a wholesale drop in demand, especially in aerospace and railways, sectors in which Sopra Steria has a very strong presence. Conversely, our Group gained real traction in defence and broadly across the public sector, where we also have strong positions.

Amid these challenging conditions, our top priorities were keeping our employees safe and safeguarding service delivery for our clients. We also took steps to protect our skills base and jobs, even in the most severely affected sectors of activity.

The effects of the Covid-19 crisis were compounded late in the year by the steps we had to take to defend ourselves against the cyberattack that targeted our Group. While the attack was rapidly detected and our clients' security maintained, some of our information and production systems remained down for several weeks as a result of the remedial measures we took.

Despite the challenges, our results – both in terms of revenue and operating margin – reflect our impressively high level of resilience in 2020. Sopra Steria also generated strong cash flow, helping to cut the Group's net financial debt by 17.2%.

Even though major uncertainties remain at the start of the current year, Sopra Steria intends to build on its strong foundations and accelerate the execution of its strategic plan in 2021. The priorities are to bolster our consulting business and press ahead with digitalising our transformation solutions. In the banking sector, we will step up our drive to harness

synergies between the software, consulting, integration and service businesses.

We will also push forward with an aggressive, but targeted acquisitions policy.

From the current year, we anticipate renewed organic growth in our business and an improvement in our operating margins.

Over the medium term, we confidently expect to be able to execute an ambitious, independent and value-creating corporate plan for all our stakeholders. This plan brings together employees, shareholders and partners, and targets a high level of business performance, while making a sustainable, human, purposeful contribution to society.



**“Sopra Steria intends to build on its strong foundations and accelerate the execution of its strategic plan in 2021.”**

**Pierre Pasquier**  
Chairman and Founder of Sopra Steria Group

# Key figures for 2020

Sopra Steria, a European leader in consulting, digital services and software development, helps its clients drive their digital transformation and obtain tangible and sustainable benefits.

The Group provides end-to-end solutions to make large companies and organisations more competitive by combining in-depth knowledge of a wide range of business sectors and innovative technologies with a fully collaborative approach.

Sopra Steria places people at the heart of everything it does and is committed to making digital technology work for its clients in order to build a positive future.

## Revenue

€4.3bn

Organic growth of -4.8%<sup>1</sup>



€3.6bn  
€0.7bn

Digital services  
Development of business solutions

## Operating profit on business activity

€300.2m

7.0% of revenue

## Number of employees

45,960

## Number of offices

184

## Number of countries

25

## Net profit attributable to the Group

€106.8m

2.5% of revenue

## Basic earnings per share

€5.27

## Dividend per share

€2.00<sup>2</sup>

## Equity

€1.4bn

## Net financial debt

€425.6m

equal to 1.1 x 2020 pro forma EBITDA before the impact of IFRS 16

## Market capitalisation at 31/12/2020

€2.7bn



## TOP 5

European digital services companies



## TOP 10

European digital services companies

(1) Alternative performance measures are defined in the glossary of this document

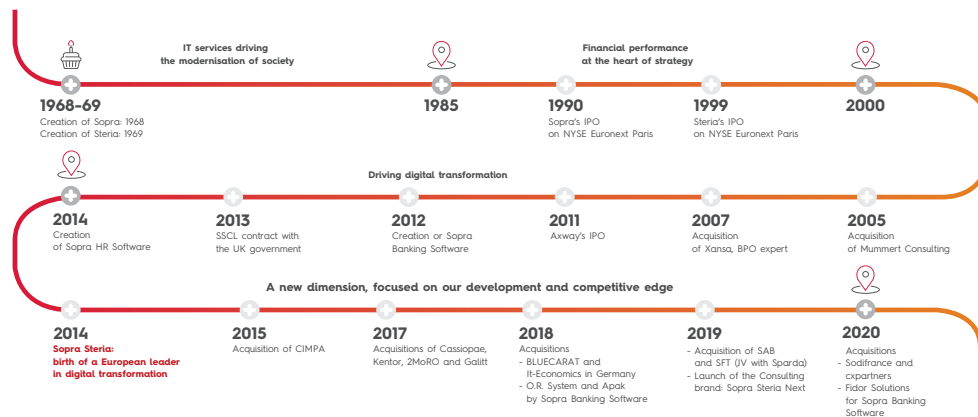
(2) Dividend proposed for approval at the General Meeting of 26 May 2021



See Chapter 5 for more information

# History and corporate plan

## More than 50 years of continuous growth and transformation



Sopra Steria was formed from the 2014 merger between Sopra and Steria, two of France's longest-standing digital services companies founded in 1968 and 1969 respectively. Both companies have always been driven by entrepreneurial spirit and a collective commitment to meeting clients' needs. The Group is now a European leader in digital transformation solutions.

## Key points of the corporate plan

### An independent model

An independent model built on long-term vision and business performance, upholding the Group's responsibilities to the environment and to its stakeholders as a good corporate citizen.

### Entrepreneurial culture

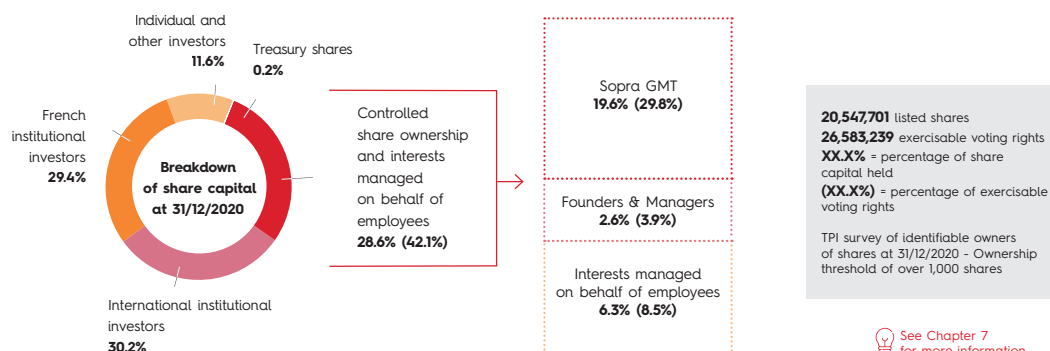
Agility, rapid decision-making, and speed of execution are hard-wired into Sopra Steria's DNA. Our ethos is predicated on an unwavering focus on client service, autonomous decision-making, collective endeavour and respect for others.

### Importance of human capital

A rigorous talent-focused human resources policy combining strong collective mindset and the development of employees' skills.

See Chapter 1 for more information

## A core shareholder backing the corporate plan



See Chapter 7 for more information

# Our mission and values

## Our mission

Technology serves as a gateway to infinite possibilities. As fascinating as this never-ending stream of innovations is, it also raises questions as to what is actually behind the frantic race for novelty and change. Solutions are never straightforward or obvious, and there is certainly never just one way of doing things.

At Sopra Steria, our mission is to guide our clients, partners and employees towards bold choices to build a positive future by putting digital technology to work in service of humanity.

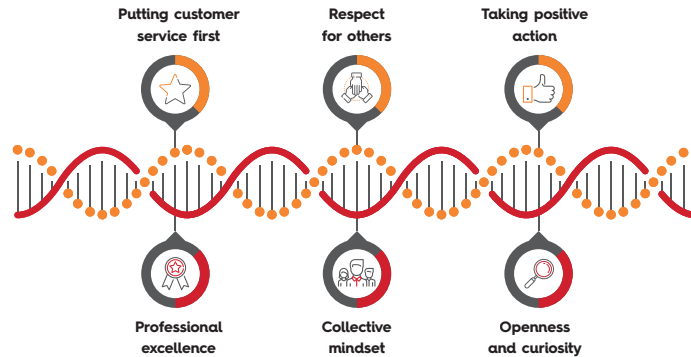
Beyond technology, we set great store by collective intelligence, in the firm belief it can help make the world a better place.

Together, we are building a highly promising future by delivering tangible benefits: sustainable solutions with positive impacts that take full account of interactions between digital technology and society. There's still so much more we can achieve together.

## Dare together

At Sopra Steria, we strive to create a stimulating, group-oriented environment inspiring free thinkers to engage in open and frank discussions. Our goal is to foster the development of skills and entrepreneurship in a community driven by a thirst for collective success.

## Values that bring us together



### Putting customer service first

We make a commitment to our clients over the long term to enhance their performance and enable them to reach the next level by leveraging our specialised knowledge of their sector of activity and innovative technologies.

### Respect for others

Our core belief is that our collective endeavour makes us stronger, and that by working together we can find the best solutions. That's why we always listen carefully to and forge close relationships with our clients, partners and employees.

### Taking positive action

We want to make innovation deliver results for as many people as possible and offer sustainable solutions with a positive impact that responsibly and ethically shape interactions between digital technology and society.

### Professional excellence

We offer our visionary, integrated approach and our broad range of expertise to help guide our clients, partners and employees towards bold choices and convert opportunities into tangible, sustainable results.

### Collective mindset

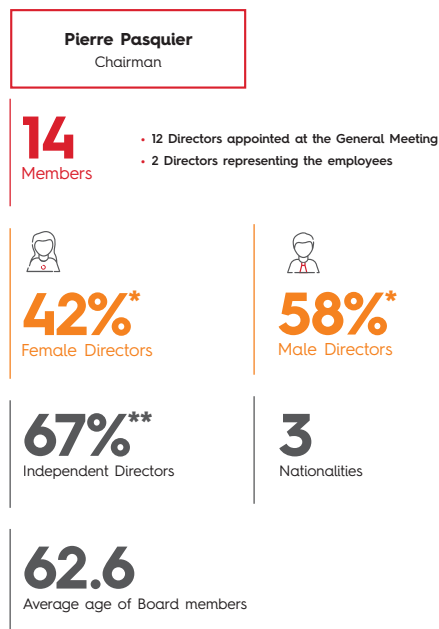
We believe collective intelligence, harnessing team spirit and each individual's talents, can help drive positive change and make the world a better place in a sustainable manner, exceeding what technologies alone can do.

### Openness and curiosity

We encourage a bold, curious and accountable approach and seek to explore new avenues and employee innovative new technologies that can deliver transformative changes for everyone's benefit.

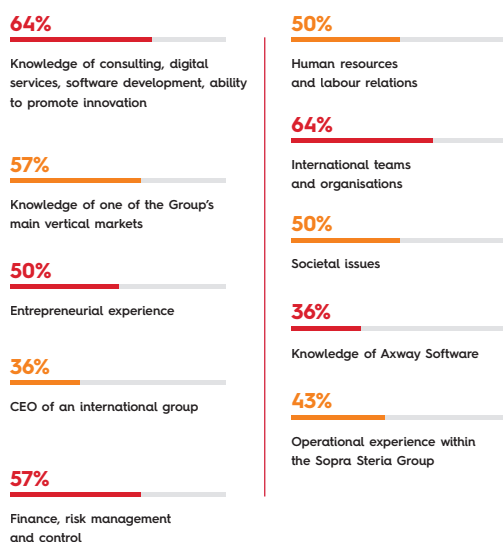
# Governance

## Board of Directors



Composition at 25 February 2021  
(\*) 5/12 women - 7/12 men  
(\*\*) 8/12 Board members qualify as independent based on the AFEP-MEDEF Code's requirements

It is a top priority for the Board of Directors to have a diverse range of skills. The Company has identified ten key competencies that it would like to be represented within the Board of Directors. These skills and areas of experience are as follows:



See Chapter 3 for more information

## Executive Management

The Group is made up of a corporate function and a number of operational divisions. The Executive Management team is responsible for running the Group, with support from the Executive Committee (ExCom), the Operations Committee and the Management Committee.

The Executive Management team consists of Vincent Paris (Chief Executive Officer), John Torrie (Deputy Chief Executive Officer) and Laurent Giovachini, (Deputy Chief Executive Officer).

The Executive Committee (ExCom) has 17 members. It supervises the Group's organisation, management system, major contracts and support functions and entities. It is involved in the Group's strategic planning and implementation. Two of its members are women.

The Operations Committee consists of the Executive Committee members and 18 operational managers of key countries and subsidiaries. Four of its members are women.

The Management Committee consists of the members of the Operations Committee and 18 operational and functional managers (purchasing, internal control, industrial department, finance, property, marketing and communications, investor relations and human resources). Eight of its members are women.

See Chapter 1 for more information

**12%**  
of ExCom members are women

# Corporate responsibility

**Together, building a positive future by making digital work for people.**

At Sopra Steria, we firmly believe that digital technology can create opportunity and progress for all. When closely linked to humanity, it creates a virtuous circle that benefits society as a whole. Sopra Steria has chosen to be a “contributor” company involved in building a sustainable world in which everyone has a part to play.

**Seven key commitments, all directly aligned with the Group's business model, underpin its corporate responsibility strategy:**

- Benchmark employer
- Constructive and open dialogue with stakeholders
- Long-term partner for our clients
- Involving the entire value chain in our corporate social responsibility programme
- Reduction in our environmental impact, contribution to a net-zero greenhouse gas (GHG) emissions economy
- Ethical business conduct
- Supporting local communities

## Three priorities:



### Helping combat climate change

Sopra Steria has committed to achieving net zero emissions by 2028

- Since 2015, greenhouse gas emissions related to our direct activities have fallen, in line with the objectives aligned with a 1.5°C trajectory, as certified by SBTi<sup>(2)</sup>;
- Incorporation of emissions related to indirect activities in the carbon neutral programme;
- Offset of emissions not averted through investment in carbon capture projects.
- Carbon neutrality of emissions from direct activities since 2015 and integration of emissions from indirect activities in this programme by 2028.



### Ambitious policy of bringing more women into the management team

The Group's target is for women to account for 30% of Executive Committee members<sup>(3)</sup> by 2025

- Further increase in the number of female Group employees;
- Roll-out of the Gender Equality Tour training programme;
- Two women joined the Executive Committee in 2020

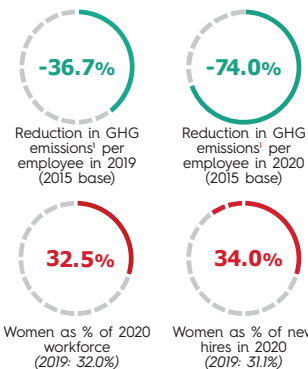


### Digital sustainability in our value proposition

Sopra Steria is accelerating innovation and digital inclusion

- Digital systems helping our clients achieve their sustainability goals;
- Digital inclusion outreach programmes;
- Sopra Steria Next signed up to the Digital Responsibility Charter.

88% reduction in business travel as a result of the Covid-19 pandemic



**162**  
Outreach  
projects

supported by the Group including 17 digital projects by the Sopra Steria-Institut de France Foundation

## Recognition of ESG commitments<sup>(4)</sup> by the leading rating agencies in 2020

Non-financial rating agencies	MSCI	Sustainalytics	Vigeo Eiris	ISS QualityScore 1 for best to 10 for worst	CDP Climate Change	CDP Supplier Engagement Rating	EcoVadis
Score/Category	AA Leader	73/100 Outperformer	62/100 Advanced	3	A List	A	Top 1% Platinum

(1) Greenhouse gas emissions from business travel, offices and on-site data centres

(2) SBTi: Science Based Targets initiative

(3) Group Executive Committee

(4) Environmental, Social and Governance

See Chapter 4 for more information

# Business model and...

## Our vision

The digital revolution has triggered a radical transformation in our environment. It is speeding up changes in our clients' business models, internal processes and information systems. In this fast-changing environment, we bring our clients new ideas and support them in their transformation by making the most effective use of digital technology.

## Our business

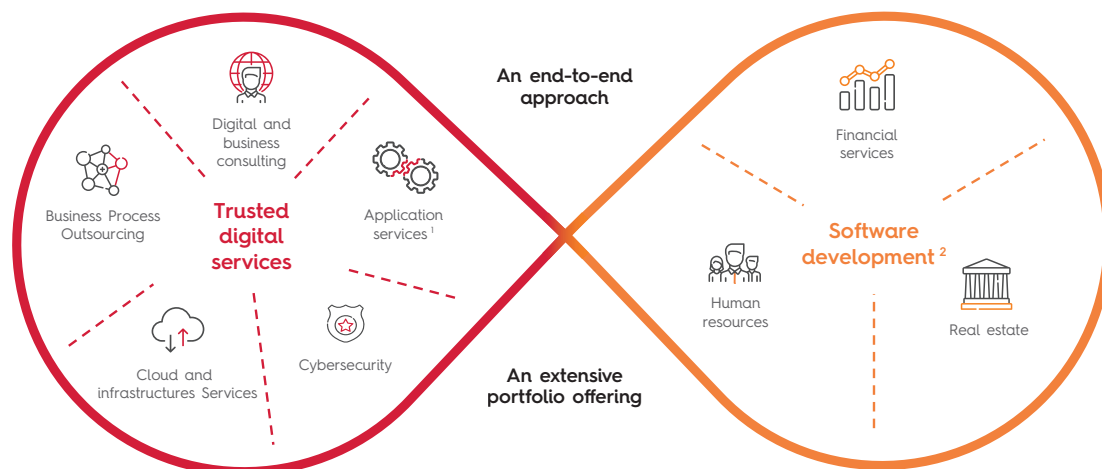
Sopra Steria provides end-to-end solutions to address the core business needs of large companies and organisations, helping them remain competitive and grow, supporting them throughout their digital transformation in Europe and around the world.

## Our market

- Spending on digital services in Western Europe: \$265.6bn in 2020\*
- A market forecast to grow more than 5% over the period 2021 - 2024.\*
- Sopra Steria ranks among the top 10 digital services companies operating in Europe (excluding captive service providers and purely local players).

(\*) Source: Gartner, Q4 2020, in constant US dollars.

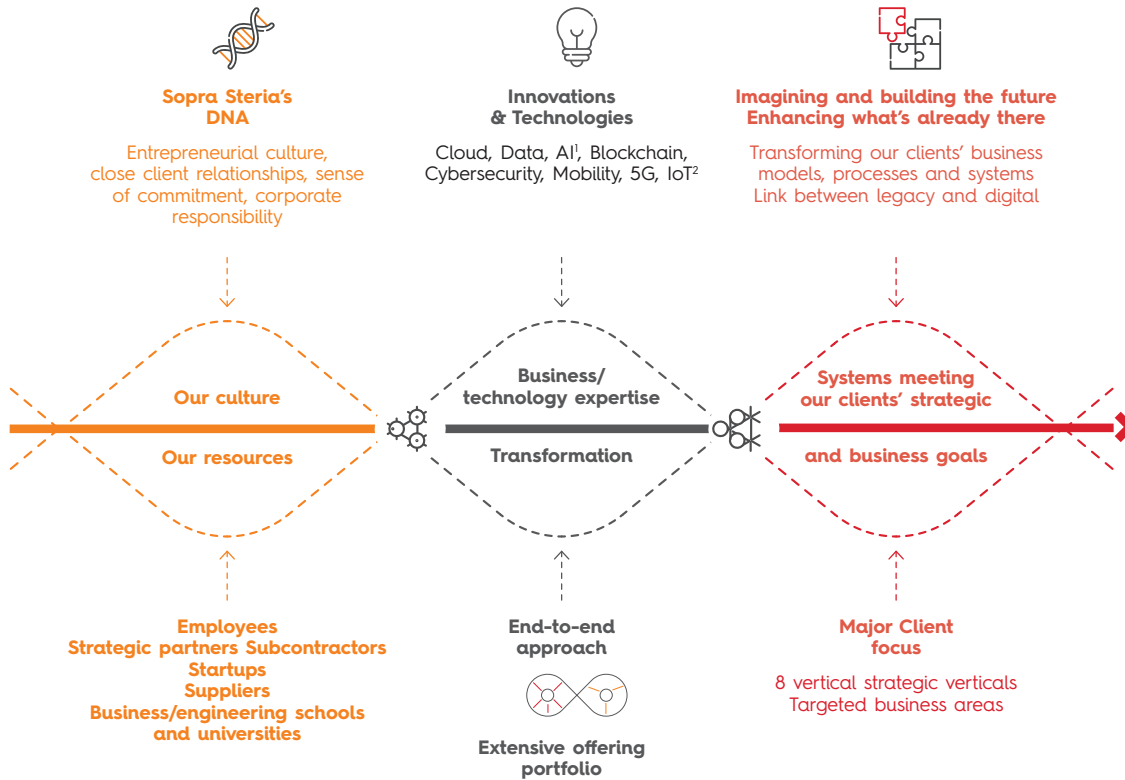
## Our offering



(1) Systems integration and third-party application maintenance  
(2) Licensing model and SaaS/Cloud model

See Chapter 1  
for more information

## ... value chain



### Sample value creation performance measures for our main stakeholders

#### Employees

- Great Place to Work survey
- Attrition rate
- Number of hours of training provided

#### Clients

- Customer Voice survey
- Organic revenue growth

#### Shareholders

- Share price
- Dividend
- Non-financial rating agencies' rating

#### Company

- GHG emissions<sup>(3)</sup>
- CDP ranking
- EcoVadis assessment

(1) AI: Artificial Intelligence  
(2) IoT: Internet of things  
(3) Greenhouse gases

See Chapters 1 and 4 for more information



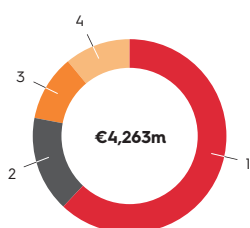
# Breakdown of revenue and the workforce

## Breakdown of revenue

### Revenue by vertical market



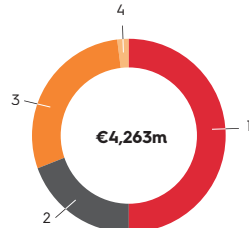
### Group revenue by business line



- 1 Consulting & Systems Integration
- 2 Development of Business Solutions
- 3 Cloud & Infrastructure Management
- 4 Business Process Services

60%  
15%  
10%  
15%

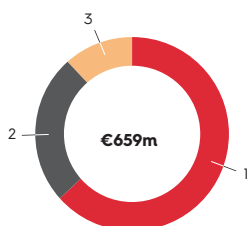
### Group revenue by region



- 1 Consulting & Systems Integration
- 2 Development of Business Solutions
- 3 Cloud & Infrastructure Management
- 4 Business Process Services

48%  
18%  
32%  
2%

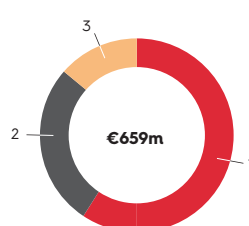
### Solutions revenue by product



- 1 Sopra Banking Software
- 2 Sopra HR Software
- 3 Property Management Solutions

64%  
24%  
12%

### Solutions revenue by region



- 1 France
- 2 Rest of Europe
- 3 Rest of the World

59%  
26%  
15%

## Workforce

Group  
**45,960**  
employees

France  
**19,799**

United Kingdom  
**6,646**

Other Europe  
**10,885**

Rest of the World  
**523**

X-Shore<sup>1</sup>  
**8,107**

(1) India, Poland, Spain and North Africa

See Chapter 5 for more information

# Strategy and Ambitions

## Strategy

Sopra Steria's strategy is built around its independent corporate plan for sustainable value creation for its stakeholders. It is a European project underpinned by expansion through organic and acquisition-led growth. The goal is to generate substantial added value by harnessing a full range of powerful consulting and software solutions deployed using an end-to-end approach and bringing to bear our combined technology and sector-specific expertise.

Our ambition is to be the partner of choice in Europe for major public administrations, financial and industrial operators and strategic businesses, when they are looking for support with driving the digital transformation of their activities (business and operating model) and their information systems, and preserving their digital sovereignty.

## Strategic levers - IT services



## Strategic levers - Software



## Medium-term ambitions

The project has enjoyed the benefit of an upbeat market for digital services, which have had the wind in their sails for several years now as a result of the digital transformation being undertaken by businesses and institutions looking to increase their resilience.

Over the medium term, Sopra Steria is targeting compound annual organic revenue growth of between 4% and 6%, an operating margin on business activity of around 10%, and free cash flow of between 5% and 7% of revenue.

See Chapter 1  
for more information

# Risk Management



## Participants in internal control and risk management



## Identification of the Group's main risks

The most significant risks specific to Sopra Steria are set out below by category and in decreasing order of criticality (based on the crossover between probability of occurrence and the estimated extent of their impact), taking account of mitigation measures implemented. This presentation of net risks is not intended to show all Sopra Steria's risks.

The table below shows the results of this assessment in terms of net importance on a scale of three levels, from least important (+) to most important (+++).

### Risks related to strategy and external factors

	Materiality
• Adaptation of services to digital transformation, innovation	+++
• Significant reduction in client/vertical activity	++
• Acquisitions	++
• Attacks on reputation	++

### Risks related to operational activities

• Cyberattacks, systems security, data protection	+++
• Extreme events and response to major crises	+++
• Marketing and execution of managed/operated projects and services	+

### Risks related to human resources

• Development of skills and managerial practises - <b>SNFP*</b>	++
• Attracting and retaining employees - <b>SNFP*</b>	+

### Risks related to regulatory requirements

• Compliance with regulations - <b>SNFP*</b>	+
--	---

The internal control system and risk management policies implemented by the Group aim to lower the probability of occurrence of these main risk factors and their potential impact on the Group. Each of these risk management policies is laid down in detail in the "Risk factors and internal control chapter" of this document.

#### \*SNFP

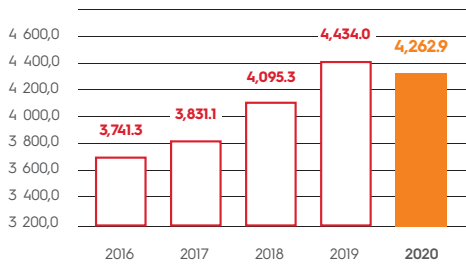
This risk also relates to concerns addressed by the regulatory changes set out in Articles L. 225-102-1 III and R. 225-105 of the French Commercial Code, which cover the Company's Statement of Non-Financial Performance

See Chapter 2  
for more information

# Financial performance

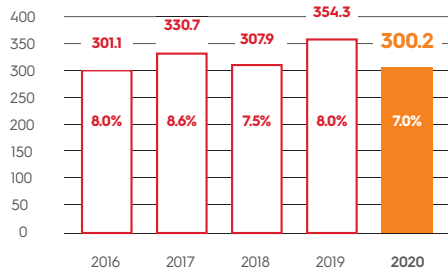
## Revenue

in millions of euros



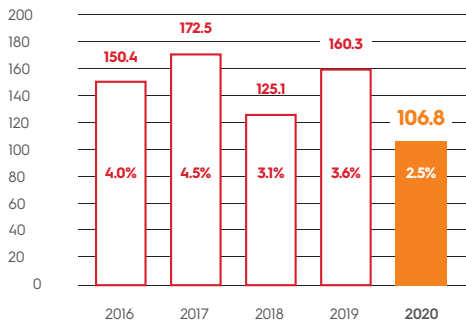
## Operating profit on business activity

in millions of euros and % of revenue



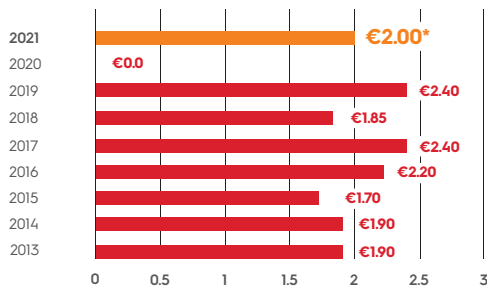
## Net profit attributable to the Group

in millions of euros and % of revenue



## Dividend in euros

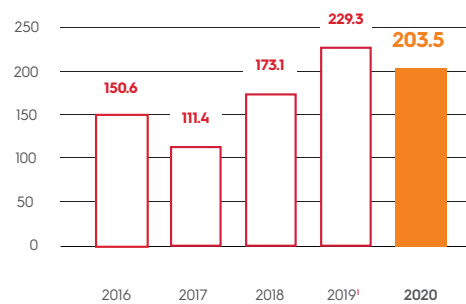
per share



\* Amount proposed to the General Meeting of 26 May 2021

## Free cash flow

in millions of euros



## Sopra Steria share price over 5 years\*

Compared to performance of SBF 120 and CAC 40



\* Rebased 100 at 31 December 2015

(Source: Euronext Paris)

(1) Free cash flow calculated excluding the assignment of trade receivables leading to their deconsolidation (€37m assigned in 2017)

# Dialogue with investors



## Factsheet

<b>Listing</b>	Euronext Paris
<b>Market</b>	Compartment A
<b>ISIN</b>	FR0000050809
<b>Ticker symbol</b>	SOP
<b>Main indices</b>	SBF 120, CAC All-Tradable, CAC All-Share, CAC Mid & Small, CAC Mid 60, CAC Soft. & C.S., CAC Technology, Euronext FAS IAS, Next 150, Euronext Eurozone ESG Large 80, Euronext Eurozone 300, Ethibel Sustainability

Eligible for "PEA" Share Savings Plan in France  
Eligible for Deferred Settlement Service



## 2020 financial calendar

<b>26 February 2021</b> before market open	2020 annual revenue and earnings*
<b>28 April 2021</b> before market open	Q1 2021 revenue
<b>26 May 2021</b>	Annual General Meeting
<b>01 June 2021</b>	Ex-dividend date
<b>03 June 2021</b>	Dividend payment
<b>29 July 2021</b> before market open	2021 half-year revenue and earnings*
<b>29 October 2021</b> before market open	Q3 2021 revenue

\* The full-year and half-year results are presented at bilingual webcast meetings in French and English.

## Meetings with investors

The Investor Relations Department builds a dialogue with the investor community throughout the year. It endeavours to meet with all shareholders, investors and financial analysts in the world's main financial marketplaces during roadshows or conferences, as well as on the occasion of annual and interim financial reports and presentations to the General Shareholders' Meeting.



Institutions met

**169**



Meeting

**146**



Countries covered

**9**



Cities covered

**14**



Roadshow

**19**



Conferences

**6**

**TRANSPARENCE**  
LABEL OR 2020

This seal of quality is awarded to Universal Registration Documents achieving the highest level of transparency according to the Annual Transparency Rankings criteria.

## Percentage of Group's share capital held by institutional investors

**30.2%**

International institutional investors

**29.4%**

French institutional investors

## Percentage of Group's share capital held by individual shareholders

**8%**

percentage of share capital held by individual shareholders

TPI survey of identifiable shareholders at 31/12/2020  
Ownership threshold of over 1,000 shares

## Sopra Steria received an award from The Technical Committee of the Grand Prix de la Transparence\* in 2020



5<sup>th</sup> place

Top 5 position in the Grand Prix de la Transparence for regulated information

### Universal Registration Document and invitation to AGM

Sopra Steria ranks among the top 3 companies nominated for the Grand Prix de la Transparence for regulated information for its Universal Registration Document and its invitation to the General Shareholders' Meeting.

\* Technical Committee of the Grand Prix de la Transparence awards held by Labrador

# Contacts



## Follow us

Group website

<https://www.soprasteria.com>

Investors

<https://www.soprasteria.com/investors>

Sustainable Development & Corporate Responsibility

<https://www.soprasteria.com/about-us/corporate-responsibility>



<https://twitter.com/soprasteria>



<https://www.facebook.com/soprasteria>



<https://www.linkedin.com/company/soprasteria>



<https://www.youtube.com/user/SteriaGroup>

## Investor Relations Director

Olivier Psaume

Tel.: +33 (0)1 40 67 68 16

Email: [investors@soprasteria.com](mailto:investors@soprasteria.com)

### ESG Investor Relations

Tel.: +33 (0)1 40 67 86 88

### Individual Shareholder Relations

Tel.: +33 (0)1 40 67 68 26

## Corporate Responsibility Director

Fabienne Mathey-Girbig

Email: [corporate.responsibility@soprasteria.com](mailto:corporate.responsibility@soprasteria.com)



# 1. Business overview and strategies

<b>1.</b>	<b>Sopra Steria Group at a glance</b>	<b>18</b>
<b>2.</b>	<b>History of Sopra Steria Group</b>	<b>19</b>
<b>3.</b>	<b>Digital services market</b>	<b>20</b>
3.1.	Main markets – Competitive environment of the digital services sector	20
<b>4.</b>	<b>Sopra Steria's activities</b>	<b>21</b>
4.1.	A major European player in digital transformation	21
4.2.	Business expertise at the heart of our strategy	24
4.3.	Research and Development in Solutions	26
<b>5.</b>	<b>Strategy and objectives</b>	<b>26</b>
5.1.	Corporate plan reaffirmed despite the Covid-19 crisis	26
5.2.	Strong and original positioning in Europe	26
5.3.	Confirmed objectives and priority action areas	27
5.4.	Medium-term strategic objectives	29
<b>6.</b>	<b>2020 Full-year results</b>	<b>29</b>
6.1.	Comments on 2020 performance	29
6.2.	Comments on the components of net profit attributable to the Group and Financial position at 31 December 2020	30
6.3.	Proposed dividend in respect of financial year 2020	30
6.4.	Workforce	30
6.5.	Social and environmental footprint	30
6.6.	Acquisition and external growth transactions	30
6.7.	Infrastructure and technical facilities	31
6.8.	Targets for 2021	31
<b>7.</b>	<b>Subsequent events</b>	<b>31</b>
<b>8.</b>	<b>Simplified Group structure at 31 December 2020</b>	<b>32</b>
<b>9.</b>	<b>Group organisation</b>	<b>33</b>
9.1.	Permanent structure	33
9.2.	Temporary structures for specific deals and projects	34



## 1. Sopra Steria Group at a glance

### Corporate name: Sopra Steria Group

Until 2 September 2014, the name of the Company was "Sopra Group". As a result of the successful public exchange offer made by Sopra Group for the shares of Groupe Steria SCA (see press release dated 6 August 2014), the Board of Directors met on 3 September 2014, with Pierre Pasquier presiding, and recorded the entry into effect of several resolutions conditionally adopted at the General Meeting of 27 June 2014.

Among the consequences of the implementation of these resolutions was the change in the corporate name from "Sopra Group" to "Sopra Steria Group".

**Registered office:** PAE Les Glaisins, Annecy-le-Vieux, 74940 Annecy – France. The telephone number is +33(0)4 50 33 30 30.

**Executive Management:** 6 avenue Kleber, 75116 Paris – France. The telephone number is +33(0)1 40 67 29 29.

**Legal form:** French *société anonyme*.

**Company website:** <https://www.soprasteria.com>

**Date of incorporation:** 5 January 1968, with a term of fifty years as from 25 January 1968, renewed at the General Meeting of 19 June 2012 for a subsequent term of ninety-nine years.

**Country where the entity is incorporated:** France

**Country where registered office is located:** France

**Name of the parent company:** Sopra Steria Group

**Name of the controlling company:** Sopra Steria Group

**Principal entity:** Sopra Steria Group

**Corporate purpose:** "The Company's purpose is:

To engage, in France and elsewhere, in consulting, expertise, research and training with regard to corporate organisation and information processing, in computer analysis and programming and in the performance of customised work.

The design and creation of automation and management systems, including the purchase and assembly of components and equipment, and appropriate software.

The creation or acquisition of and the operation of other businesses or establishments of a similar type.

And, generally, all commercial or financial transactions, movable or immovable, directly or indirectly related to said corporate purpose or in partnership or in association with other companies or persons" (Article 2 of the Articles of Association).

**Commercial registration:** 326 820 065 RCS Annecy

**Place where legal documents may be consulted:** Registered office.

**ISIN:** FR0000050809

**Legal Entity Identifier (LEI):** 96950020QIOHAAK9V551

**Financial year:** From 1 January to 31 December of each year.

### Appropriation of earnings according to the Articles of Association

"An amount of at least five per cent shall be deducted from the profit for the financial year, reduced by prior losses, if any, in order to constitute the statutory reserve fund. Such deduction shall cease to be mandatory when the amount in the statutory reserve fund is equal to one-tenth of the share capital.

Profit available for distribution comprises the profit for the year less any losses carried forward and amounts allocated to reserves, pursuant to the law and the Articles of Association, plus retained earnings.

The General Meeting may deduct from this profit all amounts that it deems appropriate for allocation to all optional, ordinary or extraordinary reserves, or to retained earnings.

The balance, if any, is apportioned at the General Meeting between all shareholders in proportion to the number of shares that they own.

The General Meeting may also decide to distribute amounts deducted from the reserves at its disposal, expressly indicating the reserve items from which the deductions are made. However, dividends shall first be withdrawn from the profits for the financial year." (Excerpt from Article 37 of the Articles of Association).

## 2. History of Sopra Steria Group

### A LONG HISTORY OF ENTREPRENEURSHIP

Backed by our strong entrepreneurial culture and our sense of collective purpose, we work every day to deliver a range of solutions, from consulting to systems integration, on behalf of our clients. We aim to be the benchmark partner for large public authorities, financial and industrial operators, and strategic companies in the main countries where we operate. We focus on being relevant at all times and ensuring that our impact is a positive one, both for society and from a business perspective.

### 2014–2020

#### A new strategic plan to promote expansion and competitiveness

The Sopra Steria 2020 Project is launched to improve performance in all areas and increase added value. The acquisition of CIMPA in October 2015 boosts its presence in the product lifecycle management (PLM) market. Following the acquisition of software developer Cassiopae, finalised in January 2017, three new companies joined the Sopra Steria Group in 2017: Kentor, 2MoRO and Galitt.

In 2018, the Group acquires the German IT services company BLUECARAT to strengthen its position in Germany and offer new growth opportunities for its local subsidiary, as well as Apak to expand its range of lending solutions. In 2019, Sopra Steria takes two important steps forward in the core banking market: the acquisition of SAB, finalised on 7 August 2020, and the partnership with seven German banks in the Sparda banking group, involving the construction of a digital platform. At the end of 2019, Sopra Steria also bolsters its operations and consolidates its strategy by launching its new digital transformation consulting brand, Sopra Steria Next. With the acquisition of Sodifrance in 2020, the Group created a market leader in digital services for insurers and social security providers. In the United Kingdom, Sopra Steria acquired cpartners, bolstering its expertise in user experience and ergonomic design. Lastly, Fidor Solutions, the software subsidiary of next-generation bank Fidor Bank specialising in digital banking solutions, joined the Group on 31 December 2020. With this acquisition, Sopra Banking Software has significantly accelerated the pace of its development, in particular by augmenting user features as part of its Digital Banking Engagement Platform (DBEP).

Today, the Group ranks among the top 5 European digital transformation players, having earned a reputation for providing end-to-end solutions to address the core business needs of large companies and organisations, helping them remain competitive and grow.

### 2014

#### Birth of a new European leader in digital transformation

Complementing each other in business strengths, strategic verticals and geographies while sharing a similar corporate culture, Sopra and Steria merge to give birth to Sopra Steria.

### 2000–2014

#### Assisting with digital transformation

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

Steria rises to these challenges by completing major strategic acquisitions, including Bull's IT services business in Europe in 2001, Mummert Consulting in Germany in 2005 and the business process outsourcing (BPO) expert Xansa in 2007.

### 1985–2000

#### Strategic emphasis on financial performance

Given the maturity of the IT services market, Sopra reexamines its fundamentals and refocuses on systems integration and software development. Sopra completes its initial public offering in 1990. Steria prioritises the rationalisation and industrialisation of processes to reorganise its functional structure. After landing a number of major deals, Steria proceeds with its initial public offering in 1999.

Sopra combines internal and external growth to consolidate its European expansion and its areas of expertise: consulting, systems integration and solutions development. Axway, a subsidiary formed by bringing together the Group's software infrastructure divisions, is floated in 2011.

### 1968–1985

#### IT services as a key linchpin in society's process of modernisation

Sopra and Steria are two distinct entities, making their way forward in the emerging IT services industry. They both strive to meet the needs of major clients with innovative products and services. Sopra invests in software development and opens new locations in various markets. At the same time, Steria racks up several contract wins in the public sector.

### 3. Digital services market

#### 3.1. Main markets – Competitive environment of the digital services sector

In 2020, the digital services market in Western Europe was worth an estimated \$265.6 billion <sup>(1)</sup>, down 4.7% <sup>(2)</sup> due to the Covid-19 pandemic. Gartner predicts a rebound to \$282.4 billion in 2021.

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

Country (in billions of dollars)	2021 estimates
France	37.8
United Kingdom	77.3
Germany	50.7
Rest of Europe	116.6
<b>TOTAL</b>	<b>282.4</b>

Source: Gartner, updated Q4 2020.

According to market research, in 2020 the market <sup>(1)</sup> contracted by 5.4% <sup>(2)</sup> in France, 4.5% in Germany and 3.8% in the United Kingdom. For 2021, an upturn is expected, amounting to 4% in France, 3.1% in Germany and 1.8% in the United Kingdom. This

trend should continue over the next few years, with market growth in Western Europe estimated at around 5% per year on average (2021-2024).

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

Business (in billions of dollars)	2021 estimates
Consulting	61.1
Development and systems integration	72.2
Outsourced IT services	117.5
Business process outsourcing	31.6
<b>TOTAL</b>	<b>282.4</b>

Source: Gartner, updated Q4 2020.

In terms of businesses segments, consulting was down 7.6% <sup>(2)</sup> in 2020 and implementation services fell 6.0%. Other activities proved more resilient: outsourced and cloud services fell 3.1% and business process outsourcing fell 2.1%. For 2021, Gartner predicts upturns of 3.0% in consulting, 3.9% in implementation services and 3.0% in outsourced and cloud services. Business process outsourcing is expected to remain stable.

The European market has two main characteristics:

- three countries (the United Kingdom, Germany and France) account for 59% of IT services spending <sup>(1)</sup>;
- outsourcing of technology services (application maintenance and infrastructure management) and business process outsourcing together account for a little over half of IT services spending by European companies <sup>(1)</sup>.

Furthermore, the IT services market remains fragmented despite some consolidation, with the leading player in the European market

holding less than a 10% share. Against this backdrop, Sopra Steria is one of the ten largest digital services companies operating in Europe (excluding captive service providers and purely local players). Its market share stands at over 5% in France and currently averages between 0.5% and 1% in the other major European markets.

Sopra Steria's main competitors in Europe are: Accenture, Atos, Capgemini, CGI, DXC and IBM, all of which are present worldwide. It also faces competition from Indian groups, chiefly in the United Kingdom (such as TCS, Cognizant, Wipro and Infosys), and local companies with a strong regional presence (Indra in Spain, Fujitsu in the United Kingdom, Tieto/Evry in Scandinavia, etc.). Apart from its services business, listed rivals such as Temenos and Alfa Financials also command a significant presence in the software market, where Sopra Steria is also present, especially in banking.

(1) Source: Gartner report, updated Q4 2020

(2) Growth calculated at constant US dollars

## 4. Sopra Steria's activities

### 4.1. A major European player in digital transformation

Sopra Steria, a European leader in consulting, digital services and software development, helps its clients drive their digital transformation and obtain tangible and sustainable benefits, thanks to one of the most comprehensive portfolios of offerings on the market, spanning consulting and systems integration, the development of business and technology solutions, infrastructure management, cybersecurity and business process services (BPS).

The Group provides end-to-end solutions to make large companies and organisations more competitive by combining in-depth knowledge of a wide range of business sectors and innovative technologies with a fully collaborative approach: from strategic analysis, programme definition and implementation, and IT infrastructure transformation and operation, to designing and implementing solutions and outsourcing business processes.

For Sopra Steria, helping clients succeed in their digital transformation means breaking down their strategic and business challenges into digital initiatives through an exclusive end-to-end offering. Thanks to very close relationships with its clients and its multi-disciplinary teams, the Group is able to continually innovate to guarantee that its offerings remain relevant to the strategic challenges of each of its vertical markets.

Sopra Steria's teams are trained in the new microservices platforms, DevOps and cloud computing. They are also adopting new methods of designing, delivering and embedding teams. Sopra Steria is therefore able to offer the two key ingredients for successful digital transformation: speed of execution and openness to external ecosystems.

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

Sopra Steria is an independent Group whose founders and managers control 22.3% of its share capital and 33.6% of its theoretical voting rights. With 46,000 employees in 25 countries, it pursues a strategy based on European key accounts.

#### 4.1.1. CONSULTING AND SYSTEMS INTEGRATION – 60% OF 2020 REVENUE

##### a. Consulting

Sopra Steria Next, the Group's consulting brand, is a leading consulting firm. Sopra Steria Next has over 40 years' experience in business and technological consultancy for large companies and public bodies, with around 3,400 consultants in France and Europe. Its aim is to accelerate the development and competitiveness of its clients by supporting them in their digital transformation while addressing their sustainability challenges in keeping with our clients' Corporate Responsibility policies. This support involves understanding clients' business issues using substantial sector-specific expertise, and then working to design transformation roadmaps (business processes, data architecture,

change management, etc.) to make the most of new digital technologies. It involves supporting the information systems departments of our clients, grasping their new challenges, assisting them with their overall transformation projects as well as the modernisation of their legacy systems.

##### b. Systems integration

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

##### Design and integration

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

##### Performance and transformation

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

##### Streamlining data flow

Once the systems and technologies are implemented, the information system gives access to reliable, relevant and critical data, offering better analysis of user satisfaction and optimisation of service performance.

With the increasing number of diverse data sources relating to fundamental changes in use, data is a more valuable to the company than ever. To increase the value of this data, Sopra Steria has developed specific know-how and expertise to manage the exponential growth in data volumes and associated skills (data science, smart machines, automation, artificial intelligence) by integrating them in a global solution, securing the data regardless of its origin (mobile devices, smart objects, data privacy, the cloud, multimodal and multichannel systems, etc.) and using the data by means of contextualised algorithms.

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

##### Product lifecycle management (PLM)

CIMPA provides comprehensive expertise via its PLM offering, which covers all the various facets of PLM services:

- PLM strategy creation or optimisation;
- deployment of strategy-related tools, processes or methods;
- user training and support.

#### 4.1.2. INFRASTRUCTURE MANAGEMENT AND CLOUD SERVICES – 10% OF 2020 REVENUE

With over 5,000 experts worldwide and more than 15 years' experience in developing our outsourcing service centres in Europe and India, Sopra Steria – a leader in the hybridisation of information systems and a major player in digital transformation – provides support for all technological, organisational and security-focused information system transformation projects, from consulting to execution, in the IT and cloud infrastructure management sector.

This area of expertise covers three service categories that are essential to support information system transformation for our clients:

- **Infrastructure and Cloud Services**, a comprehensive range of solutions spanning all customisable services relating to the cloud, including CloudAssessment, CloudMigrationFactory, CloudArchitecture, CloudEconomics and CloudOps, as well as all IT services relating to servers, networks, storage and backup, with the aim of optimising the availability and performance of our clients' applications. This is in addition to our hosting services within our data centres in Europe, which feature ISO 27001 and HDS (French healthcare data hosting) certification. Our catalogue of integrated services lets us provide end-to-end management of our clients' applications in hybrid environments, as well as changes to these applications and interconnections with applications hosted in the cloud.
- **User Experience Services**, an intelligent services platform to better serve our clients' employees and enhance the effectiveness of client services, including digital workplace, technological and business support and AI services.
- **Consulting Services**, a set of value propositions for the co-management and operation of our clients' transformation projects, provided across the other service categories listed above.

Combining consulting, architecture and multimodal delivery, our teams work more specifically on transformation and managed services projects in private, public and hybrid cloud environments.

At Sopra Steria, we also assist our clients with their strategic cloud-native, cloud-first or "data centre-less" initiatives. Sopra Steria deploys and operates proven and customisable solutions for post go-live optimisation, continuity of service and data management, ranging from DevSecOps services, live services and API services to smart data services, in order to ensure reliability and a high level of application availability.

#### 4.1.3. CYBERSECURITY SERVICES

With around 1000 experts and several state-of-the-art cybersecurity centres in Europe and worldwide (France, United Kingdom, Singapore, Norway, Belgium, Poland, India), Sopra Steria is a global player in protecting critical systems and sensitive information assets for major institutional and private clients.

Cybersecurity covers six key areas of expertise:

- **Cyber Resilience**, which comprises crisis management (anticipating or following up on a major security incident) at the levels of the Executive Committee, Information Systems Department and CISO, and complex remediation including partial or complete reconstruction of the IT system;
- **Governance, Risk and Compliance (GRC)**: High value-added consulting service offerings coupled with GRC solution integration in order to provide well-equipped security governance focused on managing business risks. In the area of regulatory compliance, Sopra Steria's comprehensive support to ensure

compliance with major French and European regulations (LPM/NIS, CNIL/GDPR, export control, etc.) is based on the legal and operational expertise of our consultants;

- **Application Security**: A complete programme for securing applications, including a "Security by Design" project approach and a unique code review as a service (CRaaS) production capacity made possible by our cybersecurity centres;
- **Cloud Security services**: Sopra Steria Cloud Security Services covers compliance with the frameworks concerned, "secure by design" principles, application security and overall monitoring of public cloud and multi-cloud environments;
- **Data Security**: A comprehensive programme, extending from business-related risks to protection and surveillance measures, designed for hybrid environments (legacy, cloud) and leveraging the best of big data and data science technologies;
- **Security Intelligence Centre (SIC)**: A scalable Security Operations Centre (SOC) offering that may be used by the organisations known in France as opérateurs d'importance vitale, or OIVs (identified by the French state as having activities that are vital or hazardous for the population), in line with Sopra Steria's certification as an authorised security incident detection service provider (PDIS) by the ANSSI, the French networks and information security agency. The leading offering of its kind in France, this type of SOC combines information management and artificial intelligence to anticipate, detect, analyse and respond to cyberattacks as quickly and accurately as possible.

This comprehensive offering is suited for any environment and provides a tangible solution for the security issues specific to industrial systems.

#### 4.1.4. DEVELOPMENT OF BUSINESS SOLUTIONS – 15% OF 2020 REVENUE

Sopra Steria offers its business expertise to clients via packaged solutions in three areas: banks and other financial institutions via Sopra Banking Software, human resources personnel via Sopra HR Software, and real estate owners and agents with its property management solutions. The Group offers its clients the most powerful solutions, in line with their objectives and representing the state of the art in terms of technology, know-how and expertise in each of these three areas.

##### Sopra Banking Software: Solutions developer for the financial services industry

Drawing on its technologies and the strength of its commitment, Sopra Banking Software, a wholly-owned subsidiary of the Group, supports its clients – financial institutions – all over the world on a daily basis.

The customer experience, operational excellence, cost control, compliance and risk reduction are among the key transformation priorities for:

- banks in Europe and Africa: from direct- and branch-based retail banks and private banks to microfinance companies, Islamic financial institutions and centralised payment or credit factories;
- financing and lending institutions around the world: serving individuals and companies, the automotive and capital goods sectors, as well as equipment and real estate leasing and even market financing.

With over 5,000 experts and 55 offices worldwide, Sopra Banking Software addresses its clients' challenges across all geographies and in all business areas, covering issues such as communicating new offerings, the quality of customer relationships, production, accounting integration and regulatory reporting.

### Solutions

Sopra Banking Software offers two kinds of services: Sopra Banking Platform, intended to respond to banks' day-to-day needs, and Sopra Financing Platform, which specialises in managing financing.

- SBP is a banking processing platform that relies on an architecture of independent and pre-integrated business components. It makes it possible to manage all banking operations (deposits and savings, management of the loan life cycle, payments, reporting) and offer innovative features in a digital and mobile environment;
- SFP is a flexible and robust financing management platform able to deal with all types of financing tools within the framework of advanced process automation.

These solutions can be used either on-site at the client's premises, on the cloud (public or private) or in SaaS mode.

### Services

An end-to-end provider, Sopra Banking Software offers solutions as well as consulting, implementation, maintenance and training services. This means that financial institutions are able to maintain their day-to-day operations while shifting towards greater innovation and agility, with the aim of securing sustainable growth. Through its market-leading solutions backed by more than 50 years of experience in its field, Sopra Banking Software is committed to working with its clients and staff to build the financial world of the future.

### Sopra HR Software: a market leader in human resource management

Sopra Steria Group also develops human resource management solutions via Sopra HR Software (a wholly-owned subsidiary of Sopra Steria). Sopra HR Software is present in 10 countries, providing comprehensive HR solutions perfectly suited to the needs of human resources departments. Sopra HR Software currently has a workforce of 1,800 people and manages the payrolls of 900 clients with over 12 million employees.

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

### Solutions

The Sopra HR Software offerings are based on the most innovative business practices and cover a wide range of functions, including core HR, payroll, time and activity tracking, talent management, staff experience, and HR analytics. The offering is based on two product lines, HR Access® and Pléiades®, aimed at large and medium-sized public or private organisations in any sector and of varying organisational complexity, irrespective of their location.

Within Sopra HR Lab, the Group anticipates the best of new HR solutions.

### Services

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

Sopra HR Software implements its own solutions either on-premise or in the cloud and also offers a wide range of managed services.

### Property Management Solutions by Sopra Steria: The leading name in digital transformation for Property Management

Sopra Steria is the leading developer, distributor, integrator, and service manager of property management software in France. At the

cutting edge of digital technologies, it offers major public and private sector players in real estate (institutional investors, social housing operators, property management firms and major users) the most comprehensive information system available on the market.

Today, Property Management Solutions by Sopra Steria's teams of more than 700 experts guide its 457 clients in delivering on their digital ambitions to improve returns for their real estate assets, optimise practices, and build better relations with tenants and service providers, in full observance of laws and regulations.

Property Management Solutions by Sopra Steria adds additional value through its unique knowledge of business processes in the sector as well as the co-construction approaches put in place with its clients.

### Solutions

Real Estate Solutions by Sopra Steria offers a digital services platform built around an open, shared real estate reference framework that accommodates the practices of all players to ensure a successful user experience.

### Services

Property Management Solutions by Sopra Steria supports its clients with an end-to-end service offering, from consulting to integration and managed services.

### 4.1.5. BUSINESS PROCESS SERVICES – 15% OF 2020 REVENUE

Sopra Steria offers a full range of business process services (BPS) solutions: consulting for the identification of target operating models, development of transition and transformation plans, and managed services.

Today, our BPS offering goes hand in hand with digital transformation. Digital technologies have opened up opportunities for improving key business processes in all organisations. Whether they involve robotics, chatbots, automatic natural language processing (NLP) or artificial intelligence (AI) more widely, digital technologies can streamline the execution of processes, cut their costs and lead to new approaches.

Sopra Steria has forged relationships with major providers of digital solutions for BPS. Furthermore, we enjoy a strong presence in the technology ecosystem, both in France and worldwide. We thus have access to a dynamic network of partners as well as a singular ability to identify innovative solutions owing to our connections with the world of technology startups. We combine our own platforms with those of our technology partners to provide the right level of innovation within our design/production/operation services. Our specialised design teams work to ensure the best possible client experience for end-users and we offer our clients ways to considerably improve process efficiency by leveraging intelligent automation and machine learning. Thanks to our technology assets, we are helping to develop tomorrow's operating models.

Sopra Steria employs many consultants and practising professionals with expertise in BPS and the digital sector. They help organisations make the best use of new digital technologies to transform their activities, from their operating models to their processes and end-user services. Our ability to handle transformation in both its human and business dimensions allows us to support our clients wherever their digital journey takes them, helping them to move from a theoretical perspective on possible solutions to a focus on specific technologies. We eliminate inefficient practices, reorganise tasks and improve results for each activity entrusted to us, whether it involves individual business processes or highly complex shared services. Added to this is the experience of our employees in change



management, which is essential to the success of any transformation. In the various BPS areas, we can provide the services ourselves or work in tandem with the client's personnel to carry out the engagement. In these cases, we invest in these individuals to help them become more effective and productive, sharing our best practices with them.

Sopra Steria operates two of the largest shared service centres in Europe, taking charge of multiple business processes each day on behalf of end-clients.

## 4.2. Business expertise at the heart of our strategy

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

### 4.2.1. BANKING – 26% OF 2020 REVENUE

The banking and financial services sector has entered a new era, that of Open Banking. Client demands and regulatory pressures are constantly increasing and new market entrants (fintech companies, the "Big Four" tech companies, retail and telecoms players, etc.) are helping to accelerate transformations in this ecosystem, moving it toward greater openness, a paradigm shift often referred to as the Open Banking revolution.

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

With three core areas of expertise – understanding of the banking sector, its clients and the most innovative technologies – the Group offers powerful and agile software solutions, as well as their application by means of value-added use. The Group and its subsidiary Sopra Banking Software provide comprehensive solutions and turn changes in the banking world into opportunities for their clients, whether in risk management, regulatory compliance, data protection, improving the customer experience, optimising performance, delivering differentiation or identifying new sources of income.

### 4.2.2. PUBLIC SECTOR – 25% OF 2020 REVENUE

Faced with new expectations from civil society and businesses, the need to optimise their expenditure, the obligation to keep up with regulatory changes and driven by a wave of reforms, public sector entities are continuing the broad-based transformation of their activities, organisations and the services offered to their users.

When digital technology is a force for change, Sopra Steria provides solutions in two main categories: (i) the digitisation of government services, the re-engineering of processes and, more generally, the modernisation of business-specific information systems via digital transformation programmes, and (ii) the pooling of support functions for central government agencies, local authorities, and key providers in the health and welfare sectors.

As a result, public sector organisations can ensure that they meet their targets and priorities at the lowest cost, while giving their information system the agility it requires to meet the high expectations from civil society and agents.

### 4.2.3. AEROSPACE, DEFENCE AND HOMELAND SECURITY – 16% OF 2020 REVENUE

#### a. Aerospace

The aeronautics and space sector is a particularly fertile ground for innovation. It is subject to constraints regarding reliability,

availability, security and performance, which require suppliers to have full command of the technologies and processes implemented, as well as a thorough understanding of their different clients' core businesses.

For optimal service, companies operating in this sector must align their capacities with the pace of production and optimise their processes and information systems while also improving profitability. Digital continuity and the ability to manage the product life cycle, from design to manufacture and after-sales services, are crucial. Sopra Steria's acquisition in 2015 of CIMPA, a specialist in product lifecycle management, makes total sense in this context particularly as it was followed in 2017 by the acquisition of 2MoRO, extending the Group's offering in aerospace maintenance activities.

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

#### b. Defence

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

With over 40 years' experience in supporting the military in Europe, Sopra Steria combines pragmatism and innovation, thanks to powerful technological and process solutions:

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

#### c. Homeland security

Sopra Steria supports public authorities in meeting the challenges of homeland security. The Group operates in 24 countries, serving many different organisations: police, emergency services, border control, justice, customs and homeland security services.

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

- survey management and information processing;
- road safety;
- automation of command and control solutions;
- management of identity documents, security credentials, and civil and criminal biometrics;
- modernisation of court- and prison-related administration;
- intelligent, distributed computer systems;
- infrastructure security;
- mobile technologies to optimise operations on the ground.

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

#### 4.2.4. ENERGY AND UTILITIES – 6% OF 2020 REVENUE

In response to the European Union's target of becoming carbon-neutral by 2050, companies in the energy sector face the need to:

- limit their own environmental impacts and those of their clients;
- take advantage of increasingly cost-competitive renewable energy sources, take on the industrial challenge of low-carbon nuclear energy and develop energy storage solutions;
- adapt transportation and distribution networks to the energy transition;
- expand and enrich their portfolios of products and services;
- align themselves with European stimulus plans associated with the EU's Green Deal.

In a context of strategic choices to be made between integration and specialisation, investment priorities focused on the regulated arena or the competitive sector, and the extent of internationalisation, digitisation is fast becoming the inevitable route to step up transformation for players in this sector.

Sopra Steria supports energy suppliers and utilities in their strategic responses to trends affecting a number of areas:

- experience and client acquisition: reinventing customer relations and designing new services;
- optimisation of asset performance: controlling operating costs and securing performance;
- modernisation of networks: accompanying the decentralisation and the digitisation of energy networks;
- platform company: organising, sharing and creating value from data and processes across the company and its ecosystems;
- transformation and resilience of organisations: facilitating changes in organisations and business lines to promote agility.

#### 4.2.5. TELECOMS, MEDIA AND ENTERTAINMENT – 4% OF 2020 REVENUE

The telecoms, media and entertainment sector is at the centre of the digital revolution, for two reasons:

- it supports the digitisation of all the other verticals, in particular by feeding the data collected from billions of objects to algorithms;
- it also serves as the testing ground for the implementation of new technologies and uses as part of a platform-based business model.

Sopra Steria serves the transformation goals of its clients in relation to the following main challenges:

- **Deployment of new infrastructures:** fibre and 5G to help meet countries' industrial requirements by providing them with very high-speed fixed and mobile connectivity;
- **Infrastructure management:** moving from a configurable to a programmable approach for essential infrastructure, such as the cloud, SDN/NFV and most recently 5G;
- **Automation:** so that the company is able to interact in real time, in particular thanks to AI, with all members of its ecosystem (customers, suppliers, partners, employees, infrastructures);
- **Greater business agility:** making it easier to readapt, readjust and realign the company and its organisational structures to better seize new opportunities and also to further improve the engagement of managers and their teams in service of clients;
- **Digitisation of services:** laying down the fundamentals of the platform-based business, thus moving to fully digital and end-to-end solutions, from client to infrastructure;

- **Core media business:** taking up new models, such as SVOD, AVOD, content aggregation, targeted advertising and 4K;
- **Core gaming business:** customer retention and churn, fraud reduction and control over cash flows, compliance with regulations, digitisation of distribution channels.

#### 4.2.6. TRANSPORT – 5% OF 2020 REVENUE

The transport sector is undergoing far-reaching changes and must meet new challenges: growing international and urban traffic, new modes of transport (carpooling, low-cost operators, long-distance buses, free-floating systems for car, bike and scooter sharing, to name a few), the inescapable renovation of ageing networks, while preparing for the opening to competition and the arrival of new digital players (Google, Uber, BlaBlaCar, etc.).

Faced with these major challenges, the transport sector must strive to provide door-to-door, multimodal services (rail and underground, bicycles, taxis, buses, scooters) with a low carbon footprint, adopting a passenger-centric approach.

In transport, our aim is to be the digital transformation partner for the main players across the three key business dimensions of their value chain: innovation in the passenger experience to achieve greater simplicity and fluidity, operational management of resources to ensure more robust offerings, and better use of capital assets (fleets, infrastructure).

Our ambition is also to be a recognised player in mobility ecosystems: mobility platforms, autonomous shuttles/vehicles, and smart cities.

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

- **infrastructure management:** asset management, preventive and predictive maintenance (e.g. industrial IoT), factory 4.0 or factory of the future, maintenance of aeroplanes and rolling stock, mobility, paperless records, etc.;
- **traffic management:** from timetable design to transport planning, rolling stock management, and supervision of rail, road and air traffic;
- **passenger experience:** mobile ticketing, boarding and access control, passenger information, and new services in stations and airports;
- **transport services tailored to smart cities:** mass transit, sustainable urban logistics, multimodal urban mobility services (MaaS), collaborative mobility management.

Its digital expertise is recognised in the world of transportation, particularly as regards transportation big data expertise, management of connected objects, consulting and factory migration to cloud solutions, and of course artificial intelligence.

Sopra Steria is one of Europe's top 10 digital services companies in business and information system transformation for major clients in the rail, urban transport, postal services and aviation sectors.

#### 4.2.7. INSURANCE – 5% OF 2020 REVENUE

The insurance sector is fiercely competitive due to the increasing standardisation of offers, structurally low long-term interest rates and the escalating regulatory burden. At the same time, clients, and particularly millennials, are exhibiting new behaviours, with a shift in expectation toward the hyper-personalisation of products and services.

In this increasingly competitive global context, leading insurers continue to look to consolidation and transformation as the way forward. To set themselves apart, they are developing extended services and are taking into account the new risks associated with



use (as opposed to ownership) of property, the rise of service business models, the sharing economy and cybersecurity.

Sopra Steria offers its clients a comprehensive solution for the implementation of new business models, support for strategic plans and digital transformation to put in place a platform-based approach, seen as essential to open the business and its information system to new partnerships and services across an extended value chain.

#### 4.2.8. RETAIL – 3% OF 2020 REVENUE

Retailers face a challenging business environment as well as profound and continual changes in the shopping habits of customers, who increasingly use digital technology. To remain competitive, transformation is essential. The aim is to secure and better manage retail business practices while offering a real ability

to innovate to meet consumer demand for immediate and flexible services.

Sopra Steria assists retailers with their digital transformation and has developed knowledge and experience in multi-channel commerce, optimisation of logistics chains and understanding client needs. In this way, the business processes and information systems of these companies become a lever for performance.

### 4.3. Research and Development in Solutions

The Group has continued its R&D efforts, investing €130.5 million in 2020 (versus €109.3 million in 2019) in developing and expanding its business solutions. These are gross amounts and do not take into account funding related to the French R&D tax credit (CIR).

## 5. Strategy and objectives

### 5.1. Corporate plan reaffirmed despite the Covid-19 crisis

The Covid-19 crisis and its economic consequences have prompted the Group to think about the new outlook for its market and reassess the relevance of its corporate plan for the years ahead.

#### MARKET OUTLOOK:

Although it has inevitably curbed IT investment in the short to medium term in the hardest hit sectors (tourism/hotels/restaurants, events, transportation and the aeronautics industry, in particular), the crisis has highlighted the extent to which digital technology helps to make companies and public authorities resilient, ensuring that their processes continue to operate, maintaining their ability to interact with their entire ecosystem (particularly for the selling and provision of remote services) and improving their operating performance.

The health, organisational and economic effects of the crisis are tending to push many companies and public authorities – apart from in the most severely affected sectors – to step up their digital transformation by focusing in the short to medium term on the projects that are most important to ensuring their resilience, in particular migrating IT systems to the cloud and digitisation/automation of processes.

However, the need to keep their budgets balanced could prompt some, for the duration of the crisis, to postpone certain projects based on breakthrough innovation and reduce the cost of running their processes and legacy systems to the bare minimum.

Furthermore, all company stakeholders are continuing to raise their expectations in terms of corporate social responsibility, a trend that has been amplified by the Covid-19 crisis, primarily on a social level but also with respect to the environment.

Lastly, the difficulties encountered by a certain number of specialist and/or medium-size operators in coping with the crisis are likely to result in acceleration in the consolidation process, which could “reshuffle the cards” among digital services companies and software developers.

#### CONCLUSION:

Within this context, while at the operational level the Group may need to temporarily limit growth in its resources and redistribute them according to how the situation develops in different business sectors, on a strategic level, the Group has reaffirmed its corporate plan, is continuing with its transformation, and is ready to adopt an aggressive acquisition policy.

### 5.2. Strong and original positioning in Europe

Sopra Steria's ambition is to be a European leader in digital transformation. Its high value-added solutions, delivered by applying an end-to-end approach to transformation, enable its clients to make the best use of digital technology to innovate, transform their models (business as well as operating models), and optimise their performance.

The Group's aim is to be the benchmark partner for large public authorities, financial and industrial operators and strategic companies in the main countries in which it operates.

To achieve this aim, Sopra Steria continues to strengthen its key competitive advantages:

- business software solutions which, when combined with the Group's full range of services, make its offering unique;
- a position among the leaders in the financial services vertical (core banking and specialist lenders) bolstered by the success of the Sopra Banking Software solutions;
- very close relationships with its clients, thanks to its roots in the regions where it operates and its ability to meet core business requirements without taking the prescriptive approach favoured by certain global providers;
- a strong European footprint with numerous locations in many of the region's countries which, when combined with these close relationships, raises its profile among large public authorities and strategic companies throughout Europe as a trusted and preferred partner for all projects involving digital sovereignty.

Lastly, the Group's mission statement – formally adopted in 2019 – reflects both its values and its desire to help meet the sustainable development goals of its stakeholders and society at large: "Together, building a positive future by making digital work for people."

### 5.3. Confirmed objectives and priority action areas

#### 5.3.1. DEVELOPMENT OF SOLUTIONS

The Group, currently France's number-two enterprise software developer, confirms its medium-term target of bringing the share of its solution development and integration activities to 20% of its revenue. Efforts will continue to be focused on enriching the Group's solutions, adapting them to cloud systems, leveraging API-based access to data and services, integrating new digital technologies, developing managed services, and expanding operations into new geographic markets.

The development of Sopra Banking Software, whose aim is to conquer markets beyond Europe, remains a priority. The Group also continues to strengthen its leading position in human resource management and property management solutions. With organic growth as the preferred strategy, the Group remains on the lookout for acquisition opportunities.

#### 5.3.2. DEVELOPMENT OF CONSULTING ACTIVITIES

In order to position itself even more securely with client decision-makers at the business department level, the Group is continuing its move up the value chain in consulting, and confirms its medium-term target of bringing the share of these activities to 15% of revenue. To do this, it is gradually developing a range of consulting services and capacity in all of the regions in which it operates, using a model that favours synergies with the Group's other business lines. Consulting will thus spearhead the digital transformation of business lines and information systems for the Group's clients, while positioning its other IT services activities within an end-to-end approach to this transformation. The priorities in this area are upstream consulting (e.g. digital strategy, operating strategy, IT strategy), digital expertise and business expertise in each vertical market, especially in financial services. The notoriety of the Sopra Steria Next brand, created in 2019 to promote the Group's digital transformation consulting expertise, has benefited from this. In France, it is also bolstered by the Group's decision to integrate its CSR mission into its consulting activities. This mission, built around the idea of digital ethics, is backed by a dedicated communications plan.

#### 5.3.3. ACCELERATION IN DIGITAL TECHNOLOGY

Sopra Steria has successfully completed numerous digital projects. Its experience has allowed it to offer a holistic approach to digital transformation to the market, based on a series of best practices, with the ultimate goal of creating the "platform company".

To step up its commitment to digital technology, the Group is continuing to invest with the goal of:

- being at the cutting edge of the market in all of its services and business models;
- strengthening its technology assets;
- transforming its operating models;

- educating all of its employees in digital culture, practices and skills;
- keeping an eye on the market in order to clarify its digital strategy and target the best digital partners.

#### Digitisation of offerings and business model adaptation

The Group is gradually adapting its solutions to factor in advances in digital technology in a number of key areas, such as the customer/user experience, analytics, AI, APIs etc, and to take account in their architecture of changes in client needs, such as growing use of the (hybrid) cloud, increasing demand for software-as-a-service and the gradual adoption of the platform company model (particularly in the financial sector).

The same approach is being applied for each of the Group's service activities – Consulting, Application Services (Build and Application Management), Infrastructure Management, Cybersecurity, Business Process Services – with the following Group objectives:

- using the potential of new technologies – analytics, AI/machine learning, smart machines, blockchain, IoT, augmented/virtual reality etc. – to benefit its clients through innovative applications;
- driving its clients' transformation from its current position: for example, the Application Management offering has evolved to encompass the end-to-end transformation of processes and the corresponding modernisation of existing IT systems, including connecting digital technologies with legacy systems and migrating all or some of the IT system to the cloud;
- presenting new end-to-end approaches: providing strategic support for platform-based transformations at large companies and public authorities, implementing digital continuity in industrial value chains, building service platforms, overseeing the cloud-based and digital transformation of information systems, etc.

The digitisation of offerings and, more broadly speaking, changing client expectations, have led the Group to adapt its business models. The Group will thus be selling more and more solutions operated on behalf of clients and, in services, increasingly leveraging intellectual property (reusable components, implementation accelerators, etc.). It will thus generate more recurring revenue through its solutions, with less of a direct connection to the size of its workforce in services.

#### Technology assets

The Group is continually investing in the exploration of new ideas and expertise in architectures, and in emerging digital and cloud technologies and uses, relying on its teams of "digital champions" (experts led by the Group's Chief Technology Officer).

At the same time, all necessary resources are being designed and put in place to rapidly develop and operate digital solutions on behalf of the Group's clients that are natively designed to function in hybrid cloud environments:

- the Digital Enablement Platform (DEP), the technical foundation for building or modernising IT systems (designed to be able to interact with components of Amplify, Axiway's hybrid integration platform), an industrial DevOps chain and an environment to capitalise on and search for reusable software components, a private cloud that can be extended to the main public clouds;
- implementation accelerators for new digital technologies (smart machines, AI/machine learning, blockchain, IoT, etc.);
- digital factories to enable service offerings combining consulting and software (e.g. migrating information systems to the cloud).

### Transformation of operating models

The Group is gradually changing the operating model for its services and R&D activities (by integrating its aforementioned technology assets):

- extensive experience with agile projects (including many in collaboration with offshore and nearshore centres);
- rollout of processes and resources (software and digital factories) for industrialisation, automation and reusable components developed to boost productivity and quality for IT services and R&D activities.

In particular, this involves greater use of smart machines (robotic process automation, intelligent automation, virtual assistants) in the Group's recurring service activities (in connection with its Business Process Services, Infrastructure Management, Application Management and Support offerings) as well as expanding the reuse of existing technology- or industry-specific software components (IP blocks, open source) and the use of low-code/no-code development platforms for the building of solutions;

- transformation in line with the production model of each activity (distribution of roles between the onshore production teams, the service centres, and the offshore and nearshore R&D teams).

### Skills development

To accompany its transformation, the Group is making a considerable effort to train its employees and managers:

- expansion of its training offering: introductory and more advanced courses on all digital/cloud technologies, training on new digital practises and new industrial environments, training on the digitised services provided by the Group;
- digitisation of training resources: virtual training rooms, in-house e-learning and access to MOOC-style learning platforms.

### Innovation

Numerous initiatives are being encouraged to promote and enhance innovation, such as the Group's digital champions keeping an eye on technology advances and uses, innovation imperatives assigned to project teams, internal innovation competitions to develop new digital uses, hackathons open to clients and partners, as well as platforms for digital demonstrations, brainstorming, co-design, rapid development and technology intelligence open to clients, employees and partners (DigiLabs at all the Group's major locations and a Next centre at its registered office), etc.

### Ecosystem of partners

Special efforts are being made to establish targeted partnerships with leading players in the digital ecosystem by vertical and by major technology area (startups and niche players, institutions of higher education and research laboratories, top software development companies, tech giants, etc.). It is within this framework that a strategic partnership has been forged with Axway.

In order to ensure effective market intelligence, a collaborative startup observatory is made available to the Group's teams of digital champions and all its managers.

In certain very specific cases relating to its digital strategy, the Group may directly or indirectly take equity stakes (through specialised funds) in young startups that it considers as the most innovative in the market, applying a corporate venturing approach.

### 5.3.4. TARGETING OF SPECIFIC VERTICALS

#### Focused business development

To support the positioning it has in view, the Group is continuing its policy targeting specific vertical markets, key accounts and business areas in all countries where it operates.

There are eight priority verticals that currently account for the majority of revenue: Financial Services, Public Sector, Aerospace, Defence & Homeland Security, Energy & Utilities, Telecoms & Media, Transport, Insurance, and Retail.

For each vertical, the Group selects a small number of key accounts (fewer than 100 at Group level), focuses on a few different business areas in which it aims to secure a leading position and implements an inter-entity coordination system for the different countries and subsidiaries concerned.

Some of these verticals are considered particularly strategic. The Group has very clear strengths in several countries (broad position, IT and business expertise, replicable experiences etc.). The transformation needs of businesses, public authorities and ecosystems in place are considerable and rely on similar solutions from one country to the next. These verticals are eligible for corporate investment or external growth transactions. This is the case in particular for Financial Services and Defence & Homeland Security.

#### End-to-end vertical offerings

In order to achieve its leadership objective in its targeted verticals and business areas, the Group mobilises the development efforts of its various entities to build end-to-end value propositions as well as offerings of business solutions designed to address the business challenges faced by its major clients. As an example, the Group applies this approach to meet digital continuity challenges in the aerospace value chain.

Particular emphasis is placed on the financial services vertical, for which the Group offers comprehensive responses to productivity issues and the challenges brought about by "platformisation" in the core banking and specialist lending sectors. These responses are based on Sopra Banking Software's solutions and the Group's full range of consulting activities and services.

### 5.3.5. ACQUISITION STRATEGY

In addition to regular targeted acquisitions in order to enhance its offering and expertise or strengthen its position in certain regions, the Group is ready to play an active role in market consolidation, which will inevitably be boosted by the Covid-19 crisis. In this context, it will be able to carry out larger acquisitions.

### 5.3.6. INTEGRATING THE GROUP'S CSR AMBITIONS INTO ITS STRATEGY

To fulfill the mission it has adopted, achieve the targets set in this regard and respond to its clients' growing demands, the Group is gradually factoring social and environmental concerns into its strategy in three main areas:

- Digital ethics: Sopra Steria promotes a responsible approach in its consulting services.
- Green IT: the Group's different business lines work to assess and optimise the environmental impact of the digital solutions they offer, build and operate for their clients (as part of a "green IT" approach).
- IT for Green: the Group's activities in this area help clients address their sustainability priorities, using new technologies to develop innovative environmentally and climate-friendly solutions.

## 5.4. Medium-term strategic objectives

Sopra Steria's strategy is built around its independent corporate plan focused on sustainable value creation for its stakeholders. This European plan is underpinned by expansion through organic and acquisition-led growth. Its goal is to generate substantial added value by harnessing a comprehensive range of powerful consulting and software solutions deployed using an end-to-end approach and capitalising on our combined technology and sector-specific expertise.

This plan is set within an upbeat market for digital services, which have been boosted for several years now by demand for digital transformation on the part of businesses and institutions looking to increase their resilience.

Within this context, over the medium term, Sopra Steria is targeting compound annual organic revenue growth of between 4% and 6%, an operating margin on business activity of around 10%, and free cash flow of between 5% and 7% of revenue.

## 6. 2020 Full-year results

### 6.1. Comments on 2020 performance

2020 was marked by two exceptional events: the Covid-19 pandemic starting in March, and a cyberattack in October. These two events had a significant impact on the Group's business activity. Measures imposing lockdowns and restricting people's movement led to a decline in business under existing contracts and new orders. The aeronautics and transport industries, in particular, contracted between 20% and 30% starting in the second quarter. The response to the cyberattack involved information and production systems being unavailable to varying degrees over a period of several weeks in the fourth quarter. The negative impact on 2020 business activity of these two events is estimated at around 10 points of growth. The cyberattack itself had a negative 1 point impact on revenue and a negative 0.2 point impact on the operating margin on business activity.

**In spite of this challenging context**, Sopra Steria was highly resilient. The negative organic growth in revenue was limited to 4.8%. The decline in the operating margin on business activity was limited to 1 point and free cash flow was highly resilient, at €203.5 million, although it was boosted by the favourable impact of around €50 million in non-recurring items. In addition, at 31 December 2020, average consultant downtime had returned to normal levels.

**The resilience the Group has shown** is due to several factors. First of all, recurring activities (business process services, IT infrastructure management, application maintenance and software maintenance) make up around 40% of revenue. Next, the Group's sales strategy focuses on clients it has identified as strategic, which are mainly large accounts and public authorities (the public sector makes up around 30% of revenue). Lastly, the Group's team spirit and entrepreneurial culture facilitated rapid decision-making and measures to adapt to a changing environment. Cost-saving plans, for example, were rapidly launched.

**Particular attention was paid to human resource management.** Keeping staff informed and social dialogue were a fundamental priority. The use of state aid programmes was limited and responsible. The Group's priority was preserving skills and jobs, especially in the sectors most affected by declines in business activity, thanks to training and internal mobility.

**In parallel, Sopra Steria continued to implement its strategic plan:** product development for Sopra Financing Platform and Sopra Banking Platform, shifting activities in the United Kingdom to a platform-based model, building up the Sopra Steria Next consulting brand, industrialisation, and targeted acquisitions to reinforce insurance activities in France and in digital banking for Sopra Banking Software. A plan aimed at achieving zero net emissions by 2028 was also announced.

#### DETAILS ON 2020 OPERATING PERFORMANCE

**Consolidated revenue** totalled €4,262.9 million, down 3.9%. Changes in scope had a positive impact of €76.1 million, and currency fluctuations had a negative impact of €33.5 million. The negative organic growth in revenue came to 4.8%. Excluding exceptional items, Q3 and Q4 showed an improvement in business activity compared with the low point observed in Q2.

**Operating profit on business activity** came to €300.2 million (€354.3 million in 2019), equating to a margin of 7.0% (8.0% in 2019).

**The France reporting unit** (39% of the Group's revenue) generated revenue of €1,655.6 million, representing negative organic growth of 10.2%. It was particularly affected by external factors (pandemic and cyberattack) due to the structure of its activity and the significance of the aeronautics sector (20% of the reporting unit's revenue in Q1 2020; revenue down 20% year-on-year). Conversely, the public sector was highly resilient: the defence and government vertical markets showed strong gains while social services (job centres, health insurance, etc.) contracted slightly. Against this backdrop, operating profit on business activity came to 6.8% in 2020 (9.7% in 2019). Excluding exceptional items, the second half of the financial year showed an improvement in business activity, suggesting a gradual recovery in performance may be expected in 2021. The aeronautics sector showed signs of stabilising. Consultant downtime returned to normal levels. Hiring resumed.

**The United Kingdom** (16% of the Group's revenue) was highly resilient, with revenue of €699.8 million, representing positive organic growth of 1.9%. This growth was driven by the strong performance achieved by the two joint ventures specialising in business process services for the public sector (NHS SBS and SSCL). They posted revenue of €339.3 million, representing average organic growth of 16.0%. The defence & security and government sectors proved fairly resilient. The private sector, on the other hand, was under pressure, although new promising contracts were won, in particular in the banking sector. The operating margin on business activity improved to 8.0% (7.3% in 2019).

The **Other Europe reporting unit** (29% of Group revenue) posted organic revenue growth of 2.3% to €1,249.0 million. Growth was brisk in Scandinavia and Belgium, while the other countries saw slightly negative growth. In addition, revenue generated by Sopra Financial Technology (€204.9 million) for operating the information system of the Sparda banks in Germany was up 16.9%. The operating margin on business activity improved in virtually every country in the reporting unit, totalling 8.1% compared with 6.7% in 2019.

Revenue for **Sopra Banking Software** (10% of Group revenue) came to €421.6 million, an organic contraction of 9.1%. Licence sales proved highly resilient while services saw a deterioration, particularly during the lockdown period in the first half of the year. The second half of the year (-7.3%) showed a relative improvement with more limited negative growth than in the first half (-10.9%). The year was especially noteworthy for the Group's adherence to its product development plan (for both Sopra Banking Platform and Sopra Financing Platform) and the first signs of improvement in project margins, in line with the goal of gradually returning to a double-digit margin. Operating profit on business activity came to €10.5 million (versus €4.9 million in 2019), equating to a margin of 2.5%.

The **Other Solutions** reporting unit (6% of Group revenue) posted revenue of €236.9 million, representing negative organic growth of 8.9%. This change resulted from a decline in licence sales and the postponement of certain project launches. Following a significant improvement in the second half of the year (12.7% versus 5.0% in the first half), the operating margin on business activity for the full year came to 8.8% (versus 15.7% in 2019).

## 6.2. Comments on the components of net profit attributable to the Group and Financial position at 31 December 2020

**Profit from recurring operations** totalled €261.2 million. It included a €4.2 million share-based payment expense and a €34.8 million amortisation expense on allocated intangible assets.

**Operating profit** was €202.3 million after a net expense of €58.9 million for other operating income and expenses (compared with a net expense of €31.0 million in 2019), including expenses of €15.6 million attributable to additional costs arising from Covid-19 and €5.3 million related to the impact of the cyberattack.

**The tax expense** totalled €60.4 million, for an effective tax rate of 34.1%.

**The share of profit from equity-accounted companies** (mainly Axway Software) was €2.3 million (€1.8 million in 2019).

After deducting €12.2 million in **minority interests**, **net profit attributable to the Group** came to €106.8 million (€160.3 million in 2019).

**Basic earnings per share** came to €5.27 (€7.92 in 2019).

**Free cash flow** was very strong, at €203.5 million (€229.3 million in 2019). The free cash flow conversion rate with respect to operating profit on business activity, remained stable at 51%.

**Net financial debt** totalled €425.6 million, down 17.2% from its level at 31 December 2019. It was equal to 29.4% of equity (36.1% at 31/12/2019) and 1.1x pro forma EBITDA for 2020 before the impact of IFRS 16 (with the financial covenant stipulating a maximum of 3x).

## 6.3. Proposed dividend in respect of financial year 2020

At its meeting of 25 February 2021, the Board of Directors of Sopra Steria Group decided to propose at the General Meeting of the Shareholders to be held on 26 May 2021 that a dividend of €2.00 per share be distributed. The ex-dividend date will be 1 June 2021. The dividend will be paid as of 3 June 2021.

## 6.4. Workforce

At 31 December 2020, the Group's workforce totalled 45,960 people (46,245 at 31 December 2019), with 17.6% working in X-Shore zones.

## 6.5. Social and environmental footprint

Sopra Steria sees its contribution to society as sustainable, human-focused and purposeful, guided by the firm belief that making digital work for people is a source of opportunity and progress.

On 8 December 2020, CDP confirmed that Sopra Steria had made its A List – recognising the world's most transparent and most proactive companies in the fight against climate change – for the fourth year in a row. The Group stepped up its ongoing climate commitments in 2020 with the announcement of its target of achieving zero net emissions by 2028. Since 2015, Sopra Steria's annual reduction in its greenhouse gas emissions has been aligned with this trajectory.

The Group also continued to increase the number of women in its workforce in 2020. The proportion of women, excluding the impact of acquisitions during the year, went from 32.0% to 32.5% thanks to an increase in women among new recruits (34.0% of new hires versus 33.1% in 2019). This change should be viewed within the context of the proactive policy aimed at gradually increasing the number of women in senior management positions and the target set to have women make up 30% of the Executive Committee by 2025.

## 6.6. Acquisition and external growth transactions

### ■ SAB

On 7 August 2020, the remaining 30% stake in SAB not yet held by the Group was acquired by Sopra Steria from SAB's minority shareholders.

### ■ Sodifrance

On 16 September 2020, Sodifrance was added to Sopra Steria's scope of consolidation. Following the acquisition of a 94.03% controlling interest in the share capital, a public tender offer and compulsory delisting were carried out at the price of €18 per share. The Sodifrance shares were delisted from Euronext Paris on 18 November 2020.

#### ■ Fidor Solutions

On 31 December 2020, Fidor Solutions was added to Sopra Steria's scope of consolidation. Fidor Solutions was the software subsidiary of next-generation bank Fidor Bank specialising in digital banking solutions. This acquisition will significantly accelerate the pace of development and marketing of Sopra Banking Software's digital solutions, in particular by augmenting the user features offered to banks through its Digital Banking Engagement Platform (DBEP) solutions.

### 6.7. Infrastructure and technical facilities

A total of €27.8 million was invested in 2020 in infrastructure and technical facilities, as against €33.0 million in 2019.

Investments in facilities comprised the following:

- land and buildings: €2.1m;
- fixtures and fittings: €12.0m;
- IT equipment: €13.8m.

### 6.8. Targets for 2021

Although the situation is improving, the overall environment is still beset with many uncertainties. Based on the information available at end-February 2021, Sopra Steria has set the following targets for the year:

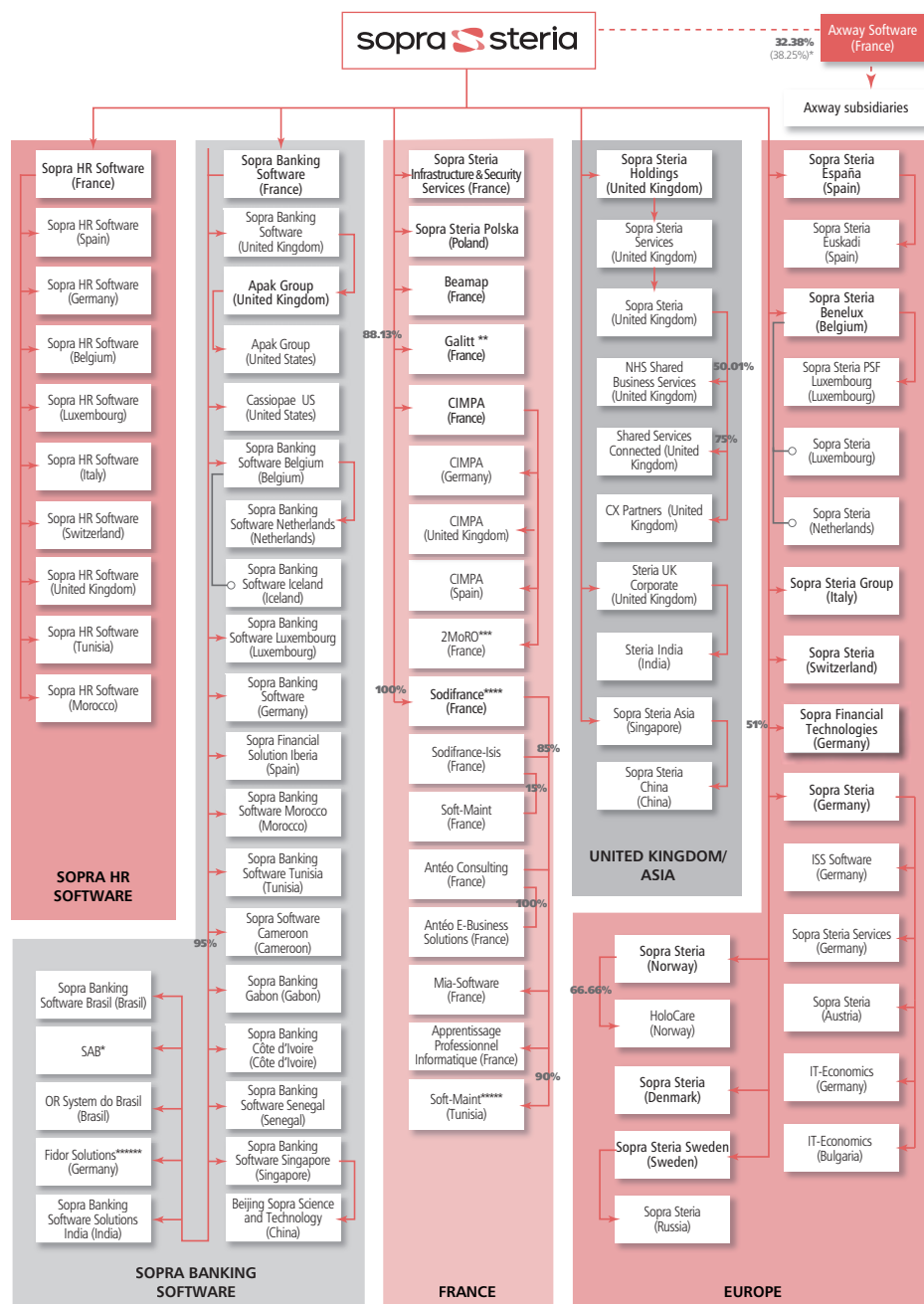
- Organic revenue growth of between 3% and 5%, including a first quarter in which growth remains negative;
- Operating margin on business activity of between 7.5% and 8.0%;
- Free cash flow of around €150 million.

## 7. Subsequent events

No subsequent events occurred after the end of financial year 2020.



## 8. Simplified Group structure at 31 December 2020



## 9. Group organisation

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

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

Sopra GMT, the holding company that takes an active role in managing the Group, takes part in conducting Group operations through:

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

### 9.1. Permanent structure

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

#### 9.1.1. TIER 1: EXECUTIVE MANAGEMENT AND THE EXECUTIVE COMMITTEE

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

##### Members of Executive Management as at 31 December 2020:

- Vincent Paris, Chief Executive Officer of Sopra Steria Group;
- John Torrie, Deputy Chief Executive Officer of Sopra Steria Group;
- Laurent Giovachini, Deputy Chief Executive Officer of Sopra Steria Group.

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

The 17 members of Sopra Steria Group's Executive Committee supervise the Group's organisation, management system, major contracts and support functions and entities. They are involved in the Group's strategic planning and implementation. Two of its members are women.

##### Members of the Sopra Steria Executive Committee:

- Vincent Paris, Chief Executive Officer;
- John Torrie, Deputy Chief Executive Officer;
- Laurent Giovachini, Deputy Chief Executive Officer;
- Eric Pasquier, Sopra Banking Software;
- Pierre-Yves Commanay, Continental Europe;
- Cyril Malargé, Chief Operating Officer;
- Xavier Pecquet, Key Accounts and Partnerships, Vertical Aeroline;
- Jean-Claude Lamoureux, Sopra Steria Next (Consulting);
- Urs Kraemer, Germany;
- John Neilson, United Kingdom;
- Étienne du Vignaux, Finance;
- William Ferré, Industrial Approach;
- Yvane Bernard-Hulin, Legal;
- Fabienne Mathey-Girbig, Corporate Responsibility and Sustainable Development;
- Christophe de Tapol, Strategy;
- Mohammed Sijelmassi, Technology;
- Jean-Charles Tarlier, Human Resources Development.

##### Other committees overseen by Executive Management

The Group Operating Committee consists of the members of the Executive Committee and 18 operational directors for countries or subsidiaries. Four of its members are women.

The Group Management Committee consists of the members of the Group Operating Committee, together with 18 operational directors and functional directors of the Purchasing, Internal Control, Industrial, Finance, Real Estate, Marketing and Communications, Investor Relations and Human Resources functions. Eight of its members are women.

#### 9.1.2. TIER 2: SUBSIDIARIES OR COUNTRIES

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

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

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



## BUSINESS OVERVIEW AND STRATEGIES

### Group organisation

#### 9.1.3. TIER 3: DIVISIONS

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

- vertical market;
- geographic area (region).

#### 9.1.4. TIER 4: BUSINESS UNITS

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

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



#### 9.1.5. OPERATIONAL SUPPORT FUNCTIONS

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

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

#### 9.1.6. FUNCTIONAL STRUCTURES

The functional departments are the Human Resources Department, the Marketing and Communications Department, the Corporate Responsibility and Sustainable Development Department, the Internal Control Department, the Finance Department, the Legal Department, the Real Estate Department, the Purchasing Department, and the Information Systems Department.

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

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

#### 9.1.7. A SOLID, EFFICIENT INDUSTRIAL ORGANISATION

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

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

- production culture: transmission of know-how and expertise in the field;
- choice of personnel: human resources are central to the approach, providing training, support and improved skills for each employee;
- organisation: the Industrial Department and its representatives in the business units control production quality and performance, identify and manage risks, support project managers and roll out industrialised production processes;
- state-of-the-art industrial-scale foundation: the Delivery Rule Book (DRB), the Digital Enablement Platform (DEP) and the Quality System across the Group's various entities;
- global delivery model: rationalising production by pooling resources and expertise within service centres, with services located based on the needs of each client (local services and skill centres in various entities, shared service centres nearshore in Spain, North Africa and Poland, and offshore shared service centres in India).

## 9.2. Temporary structures for specific deals and projects

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

These are handled by temporary teams:

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

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

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

## 2. Risk factors and internal control

<b>1.</b>	<b>Risk factors</b>	<b>36</b>
1.1.	Risk identification and assessment	36
1.2.	Summary overview of risk factors	36
1.3.	Detailed presentation of risk factors	37
<b>2.</b>	<b>Insurance</b>	<b>43</b>
<b>3.</b>	<b>Internal control and risk management</b>	<b>44</b>
3.1.	Objectives and framework for the internal control and risk management system	44
3.2.	Scope	44
3.3.	Components of the internal control and risk management system	44
3.4.	Participants in internal control and risk management	46
3.5.	Assessment and continuous improvement process	48
<b>4.</b>	<b>Procedures relating to the preparation and processing of accounting and financial information</b>	<b>49</b>
4.1.	Coordination of the accounting and financial function	49
4.2.	Preparation of the published accounting and financial information	49

## 1. Risk factors

### 1.1. Risk identification and assessment

The identification and assessment of risks and monitoring of the implementation of associated mitigation plans are conducted on a continuous basis by the various operational and functional departments using the Group's management system, as described in Section 3.3.2 of this chapter. These help with the preparation and yearly updating of the Group's risk mapping. This risk mapping covers all internal and external risks and includes both financial and non-financial issues. It is coordinated by the Internal Control Department. The main operational and functional managers are involved through interviews and validation workshops. The results were reviewed and approved by Executive Management and presented to the Audit Committee of the Board of Directors.

This exercise consists of identifying the risks that could limit Sopra Steria's ability to achieve its objectives, as well as assessing their likelihood of occurrence and their impact should they occur, on a financial, strategic, operating and reputational level. Risks are assessed on a scale of four levels: very low, low, possible, almost

certain in terms of likelihood; and low, moderate, significant, critical in terms of impact. The time frame used is five years. Specific mapping for corruption and influence-peddling risks and risks relating to duty of vigilance are taken into account in this general risk mapping.

The most significant risks specific to Sopra Steria are set out below by category and in decreasing order of criticality (based on the crossover between likelihood of occurrence and the estimated extent of their impact), taking account of mitigation measures implemented. This presentation of net risks is not intended to show all Sopra Steria's risks. The assessment of this order of importance may be changed at any time, in particular due to new external factors, changes in operations or a change in the effects of mitigation measures.

For each risk, a description is provided explaining in what ways it could affect Sopra Steria as well as the risk management measures put in place, i.e. governance, policies, procedures and controls.

### 1.2. Summary overview of risk factors

The table below shows the results of this assessment in terms of net importance on a scale of three levels, from least important (+) to most important (+++).

Category/Risk	Materiality
<b>Risks related to strategy and external factors</b>	
Adaptation of services to digital transformation, innovation	+++
Significant reduction in client/vertical activity	++
Major acquisitions	++
Attacks on reputation	++
<b>Risks related to operational activities</b>	
Cyberattacks, systems security, data protection	+++
Extreme events and response to major crises	+++
Sale and delivery of projects and managed/operated services	+
<b>Risks related to human resources</b>	
Development of skills and managerial practices <b>SNFP</b> <sup>(1)</sup>	++
Attracting and retaining employees <b>SNFP</b>	+
<b>Risks related to regulatory requirements</b>	
Compliance with regulations <b>SNFP</b>	+

(1) **SNFP**: Statement of Non-Financial Performance. This risk also relates to concerns addressed by the regulatory changes set out in Articles L. 225-102-1 III and R. 225-105 of the French Commercial Code, which cover the Company's Statement of Non-Financial Performance.

## IMPACT OF THE COVID-19 PANDEMIC

The Covid-19 pandemic has inevitably affected the Group's risk environment. A number of risks have materialised in one way or another or require increased vigilance. The main impact of the health crisis lies in the downturn in activity for certain sectors or clients that have been hardest hit by the economic situation, such as aerospace and transport.

This event also required a certain number of measures to protect employees' health and safety by rigorously applying government recommendations with the introduction of widespread working from home and observance of health measures at sites, to ensure the continuity of our services to clients, and to adapt the management of operations and implement measures to restructure and reorganise operations where necessary. The impacts of the Covid-19 pandemic observed by the Group in 2020 are described in Section 6.1 (Comments on 2020 performance) of Chapter 1 and in Note 1.3 to the consolidated financial statements (Impact of the Covid-19 crisis on the consolidated financial statements for the period), in Chapter 5.

The Covid-19 pandemic has created considerable uncertainty for Sopra Steria concerning its business environment. These conditions have been taken into account in analysing risk insofar as they may change both the nature of risk and the medium-term assessment thereof. Some risks – already identified before the pandemic – remain a topical issue in order to maintain the resilience of Sopra Steria's business model, in particular those relating to adapting services to digital transformation, innovation, developing skills and managerial practises and even risk relating to cyberattacks, systems security and data protection.

## IMPACT OF THE CYBERATTACK

The risk of a cyberattack is one of the main risks identified by the Group. The detailed presentation below describes the nature of the risk and the procedures put in place by the Group to mitigate the effects (1.3.2 Risks related to operational activities).

The impact of the cyberattack suffered by Sopra Steria in 2020 is set out in Section 6.1 (Comments on 2020 performance) of Chapter 1 (pages 29 to 30) and in Note 4.2.3 to the consolidated financial statements (Other operating income and expenses included in Operating profit), in Chapter 5 (page 174).

## 1.3. Detailed presentation of risk factors

### 1.3.1. RISKS RELATED TO STRATEGY AND EXTERNAL FACTORS

#### I ADAPTATION OF SERVICES TO DIGITAL TRANSFORMATION AND INNOVATION

##### Risk description

The business activities of the Group's clients are changing and are being transformed as a result of their digital transformation and the emergence of new competitors, new businesses and new organisations. Clients are seeking to become more agile, and to do so they are reinventing their business models, organisational structures and resources. These developments concern all of the Group's businesses. If the Group is unable to understand, satisfy and anticipate clients' needs, an unsuitable market positioning and/or difficulties in implementing its strategy could significantly impact its financial performance and image, and ultimately call into question its strategy.

##### Risk management measures

The management of this risk is integrated into the development of the Group's strategy as well as its effective implementation. Each year, the Group conducts a strategy review and/or update, under the supervision of the Strategy Department, the Chairman and the Chief Executive Officer, with the assistance of the Group's Executive Committee, covering some or all business lines and markets in which it operates. This exercise, which draws both on external studies and internal feedback from stakeholders in contact with clients, leads the Group to take a certain number of decisions, in particular involving the transformations to be undertaken or the acquisitions strategy. These decisions are applied, on the one hand, by the central functions, responsible in particular for investing on behalf of the entire Group in support of the planned transformations and, on the other hand, by all Group entities (countries and subsidiaries) as part of the updating of their three-year strategic plans. The Group-wide implementation of the transformations initiated by the central functions as well as the progress made on each entity's strategic plan are monitored on a regular basis by the Chairman, the Chief Executive Officer and the Strategy Department, in liaison with the Group's Executive Committee.

By way of illustration, the following were subject to additional review and/or monitoring in 2020:

- the project for all entities and more specifically the transformation of the "France" business unit (concerning in particular the rollout of updating of information systems);
- the strategy in the United Kingdom (in particular the development of service platforms) and the transformation of Sopra Banking Software (digitisation of services, transformation of R&D);
- the development of Consulting activities within the Group (particularly in France, under the brand name "Sopra Steria Next");
- the strengthening of the Group's position in its priority vertical markets;
- the Group's industrial policy;
- the skills development;
- the technological partnership with Axway;
- acquisitions.

## I SIGNIFICANT REDUCTION IN CLIENT/VERTICAL ACTIVITY

## Risk description

In general, the overall unstable economic situation in Europe as well as possible consolidation within the various sectors, or a slowdown in the business activity of a specific client or major sector, could have a negative impact on the Group.

The difficult situation in certain sectors – in particular aerospace – severely weighed down the Group's business activity in 2020 and is likely to continue to have a material impact for several quarters, depending on the scale and duration of the health and economic crisis.

To cope with budgetary pressure, a major client or even the entire sector could be forced to curtail IT investment projects, resulting for the Group in the loss of associated revenue and requiring the reassignment of the teams in place, a risk all the more difficult to manage if the downward fluctuations could not have been predicted.

Main clients include Airbus Group, Banque Postale, CNAM, Cr dit Agricole, EDF, the UK Home Office, the French Ministry of the Armed Forces, the French Ministry of the Economy, Finance and Recovery, the UK Ministry of Defence, the UK Ministry of Justice, Orange, the UK Metropolitan Police, the UK National Health Service, Sparda Banken, SNCF and Soci t  G n rale.

In 2020, the Group's top client accounted for 5.9% of revenue, the top five clients represented 18% and the top ten contributed 28%.

## Risk management measures

The Group's policy is to maintain a multi-client and multi-sector portfolio across multiple geographical operations and sites, in particular to avoid any uncontrolled concentration risk.

The Group's strategy relating to key accounts is reviewed each year in accordance with country, business line and sector-specific strategic reviews in order to adapt this strategy to market developments. This is the object of a dedicated exercise with all concerned parties. A regular review at monthly steering committee

meetings is also organised within the Group to monitor market developments.

Furthermore, swiftly implemented action plans have helped to mitigate some of the effects of a reduction in business activity, such as transferring projects to the job markets affected, reskilling of employees and limiting subcontractors. These mechanisms have been activated in order to limit the consequences of the current health and economic crisis.

## I MAJOR ACQUISITIONS

## Risk description

The Group's development strategy is based in part on its ability to identify potential acquisition targets and integrate them into its general offering, whether to supplement or improve it. Any major difficulty in integrating companies, generating the expected synergies, retaining staff of acquired entities or achieving a return on these acquisitions in future could have a negative impact on the Group's financial results and outlook.

## Risk management measures

Proposed acquisitions in the process of being identified, assessed or negotiated are reviewed on a regular basis by a dedicated committee. Due diligence procedures are implemented for all proposed acquisitions in order to identify the inherent risks of the potential deal. These audits – carried out in collaboration with external advisors – concern both financial aspects and the valuation of the target, as well as operating, legal and taxation aspects, human resources, governance, compliance and business ethics, and issues relating to the environment and society.

All procedures associated with this upstream process have been revised and supplemented to create the "M&A Playbook", which now applies to M&A and corporate venture deals.

Any acquisitions are then subject to an integration programme, making it possible to anticipate and then monitor all key stages of the process from a strategic, operating, financial and human perspective. These integration policies and procedures are in addition to the "M&A Playbook".

## I ATTACKS ON REPUTATION

## Risk description

Given its size, multiple geographical locations and positioning in projects at the heart of the clients' information systems and more visible projects for end clients (e.g. platform activities in the United Kingdom, major public sector transformation projects, payroll outsourcing activities), the Group could become increasingly exposed to the spreading of negative information in the media, whether proved or not, stemming from media attacks by external or internal stakeholders or negative comments on social media.

If the Group were to be the object of damaging media coverage or negative messages, this could have an adverse impact on its image and attractiveness and have repercussions on its financial performance.

## Risk management measures

The Group has set up a media monitoring system in order to be informed as soon as possible of any publications about it and be able to react. If any criticism or of allegations against the Group

should spread widely, crisis communication procedures may also be activated with the support of specialist agencies.

### 1.3.2. RISKS RELATED TO OPERATIONAL ACTIVITIES

#### ■ CYBERATTACKS, SYSTEMS SECURITY, DATA PROTECTION

##### Risk description

A phishing campaign or the exploitation of a security flaw in the technical infrastructures or solutions used by Sopra Steria could result in a breakdown or disruption of essential systems for activities contractually authorised with clients and/or for the Group's internal operations, or the loss, corruption or disclosure of data. A cyberattack on a client, even if indirectly caused by the provision of services by the Group, could also have major repercussions for Sopra Steria. This risk inevitably increases in the context of digital transformation (including services hosted in the cloud and mobile technologies). Widespread working from home is also a factor that increases cyberthreats. Malicious attacks on the systems of businesses and organisations by hackers, criminal organisations or even state-linked organisations have increased exponentially over the last few months in terms of the number, frequency and sophistication, and this trend only looks set to be amplified in the future. The Group was the victim of an unprecedented cyberattack in October 2020. The malware concerned was a new version of the Ryuk ransomware, previously unknown to antivirus software providers and security agencies. These risks are significant in terms of probability and impact. They are at the heart of Sopra Steria's strategic concerns: in addition to the significant financial consequences of client claims relating to contractual commitments, interruption of internal operations, high recovery costs relating to an incident and non-compliance with regulations, a major security incident could have a considerable adverse impact on the Group's reputation and lead to the loss of future contracts.

##### Risk management measures

Sopra Steria has established an information security policy in line with international standards and has put in place a solid organisational structure for this purpose, which is coordinated at the Group's highest level.

The leadership team involved includes the Chief Information Security Officers (CISOs), along with the Information Systems Department (ISD) and the Group's security operations centre (SOC), with responsibility for detecting and responding to cybersecurity incidents. This organisational structure with its correspondents within entities, meeting different countries' regulatory requirements and client needs as closely as possible, allows for in-depth knowledge of areas of risk and business demands.

The Group is continually investing in its security awareness and training programme covering employees (e-learning modules, awareness campaigns, videos, on-site and remote training), as well as in protection and surveillance tools and to expand the involved teams. The Information Systems Department therefore permanently enhances its procedures in terms of cybersecurity monitoring and intelligence, vulnerability management, follow-up actions on computer emergency response team (CERT) reports, system obsolescence management, and the siloing and tightening of systems. Security tests on deliveries of the Group's services are permanently reinforced by means of processes, tools and employee training.

Sopra Steria ensures the reliability of existing systems by way of preventive testing plans and regularly conducts intrusion tests to

assess the resilience of new systems put into service during the year. The entire system is verified on a regular basis, in particular by way of the annual audit programme and the certification audits for ISO 27001 and ISAE 34-02 covering the Group's strategic and sensitive areas of operations.

The Group reviews its policies and procedures, organisation and investments at least once a year, or as required whenever a security incident occurs, to adapt to changes in the context and risks, as despite everything these remain significant for the Group in view of the unprecedented escalation in threats.

Thanks to this comprehensive approach, the Group was able to reduce the potentially extremely critical impact of the massive attack detected in October 2020. This attack was rapidly blocked by in-house IT and cybersecurity teams. The measures implemented immediately made it possible to contain the malware to only a limited part of the Group's infrastructure and to protect its customers and partners. The remediation plan has allowed for the gradual restoration of workstations, R&D and production servers, internal tools and applications, as well as client connections. In the light of this event, the Group has decided to further step up its existing plans and launched a reinforcement programme, the two main aims of which are to improve its security response and shorten the time required to restart IT systems.

## I EXTREME EVENTS AND RESPONSE TO MAJOR CRISES

### Risk description

The Group may be faced with events that could trigger a major crisis for it. This could be a systemic event such as political, economic or social crisis profoundly changing business conditions in one or more countries in which the Group operates, a major health crisis, natural phenomena relating to climate change, a cyberattack or a major incident making the Group's physical and/or IT infrastructures widely unavailable.

Major external events could also be the cause of a major crisis for the Group, such as those relating to problems with executing sensitive and highly visible projects, a targeted cyberattack, failure to protect personal data and the disclosure of confidential information.

Failings in prevention plans and/or crisis management processes or an inappropriate response to the crisis could have very major repercussions on an economic and operational level and seriously damage the Group's reputation.

### Risk management measures

All risk prevention systems help to control crisis management. This concerns in particular those relating to human resources, management of projects and services and protection of IT systems and infrastructures.

The health crisis and the cyberattack in October 2020 provided the opportunity to apply the Group's crisis management systems. These are based on swiftly adapting the Group's operations, with impetus provided at the highest level, in this case the adoption of dedicated governance with the aim of defining, coordinating and permanently monitoring remediation and crisis communication measures. These crisis management systems are also based on permanent interaction with entities' management teams, who are in the front line in each country in which the Group operates, in order to react and quickly adapt the measures implemented by the Group. Despite this, the impact of an extreme event of the same or a different nature, which is by nature rapid and severe, remains a significant risk for the Group on a five-year horizon.

More specifically, as regards business continuity to ensure our ability to meet our commitments to clients and internal operating requirements, definition of the policy and choice of implementation of the Group's production sites depend on these factors. The decision to increase the number of countries and regions in which it operates is an integral part of this policy to maintain security and reduce risk exposure, allowing for the management of emergency plans. A redundancy principle is applied for all critical infrastructures and all system components, thanks to multi-site replication and supplier redundancies. In the event of outsourcing or subcontracting, the same level of service is demanded of our suppliers. The Group has strict prevention and security procedures covering areas such as physical security, power cuts at critical sites, information systems security, and data storage and backups. These procedures and technical measures are re-evaluated on a regular basis in order to adapt corrective measures.

## I SALE AND DELIVERY OF PROJECTS AND MANAGED/OPERATED SERVICES

### Risk description

For fixed-price projects and managed or operated services, poor quality or failure to meet the standards expected of services and defined in contracts may give rise to various risks for Sopra Steria, such as contractual penalties, client complaints, claims for damages, non-payment, additional costs, early contract termination and reputational risk. These types of projects and services account for two-thirds of the Group's consolidated revenue.

In the current environment, clients' demands are becoming increasingly complex due to speed of execution, the agility required and the technical nature of solutions, as well as due to strict regulatory requirements, for example for the financial sector. These demands increasingly factor in corporate responsibility, particularly in terms of reducing the environmental impact of information systems developed or managed.

A poor assessment of the scale of the work to be done, an underestimate of the cost of providing the service or an incorrect estimate of the technical solutions to be implemented can lead to estimated costs being exceeded or contractual deadlines not being met. This delay can, in itself, result in late delivery penalties and/or budget overruns (additional days), resulting in additional costs and potentially impacting service margins.

### Risk management measures

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

In order to ensure the quality of management and execution of services, the Group has developed a series of methods, processes and controls. In order to further strengthen these aspects, the Group developed and released its Delivery Rule Book at the end of 2019 (a set of 30 mandatory rules covering all phases, from pre-sales to the end of production for services), which continued its rollout throughout 2020.

The selection of Project Directors and of Project Managers responds to specific requirements and criteria according to the level of risk and project complexity. Particular attention is paid before any appointment is made. Project managers receive specific training. These courses are regularly updated to include issues meriting special attention and warnings relating to risks. In addition to

project and line management, Industrial Managers under the authority of division/subsidiary managers and reporting functionally to the Group Industrial Department are responsible for monitoring all projects as well as the application of the production rules.

The review of proposals and contracts by line management, but also by the Industrial Department and the Legal Department, is an integral part of the Group's controls implemented to fulfil its commitments. In addition, projects are reviewed on a regular basis, at key phases in their production life cycle. These reviews, which are organised by the Industrial Department or by its local representatives, provide an external perspective on the status and organisation of the delivery. Monthly steering meetings facilitate an overview of quality at all levels, the monitoring of annual quality targets established during management reviews and the determination of the appropriate action plans to continuously

improve production performance and the quality of Sopra Steria products and services. The effective implementation of actions agreed during steering meetings, audits and reviews is checked by the Industrial Department.

With regard to industrialisation, the Group has continued to invest heavily in the resources required to rapidly develop and operate

digital solutions for its clients designed to work in the cloud environment: Digital Enablement Platform (DEP), implementation accelerators for new digital technologies (smart machines, AI/machine learning, blockchain, IoT, etc.), digital factories to enable service offerings combining consulting and software (e.g. cloud migration and information system modernisation).

### 1.3.3. RISKS RELATED TO HUMAN RESOURCES

#### I DEVELOPMENT OF SKILLS AND MANAGERIAL PRACTICES

##### Risk description

Developing the skills of our employees and managers is a key factor in adapting the Group to its business challenges and maintaining employability. This also helps to make the Group more resilient and competitive in the face of current and future crises. Difficulties in offering training that is both aligned with the needs of our clients and on a pragmatic level adapted to the necessary adjustment of our organisation and systems could call into question the Group's ability to serve its strategy and economic targets. Managerial practises and methods should also be reviewed in the light of changes in ways of working, whether as a result of digital transformation or recent external shocks that have put us to the test.

##### Risk management measures

To strengthen its balance and support its growth, Sopra Steria implements a human resources strategy centred on skills development, employability and the engagement of all employees. This strategy has several pillars:

- an updated and digital Core Competency Reference Guide, providing a shared framework for understanding the Group's businesses, for employee evaluation, and for career development;
- a performance appraisal based on open communication between managers and their team members, shared with the human resources function and resulting in an individual development plan;
- a "people dynamics" approach, which involves identifying transformations in the Group's businesses over a time frame of one to three years (emerging occupations, sustainable jobs, sensitive jobs, areas in which job offers exceed the number of applicants) and drawing up human resources action plans to integrate, maintain and develop the necessary current and future skills;
- a proactive training policy, whose objectives are reviewed and approved by the Group's Executive Committee, supported by a revamped Sopra Steria Academy training organisation, with adjustments made to its structure (governance, creation of specific Group and business line academies) as well as its offerings (more streamlined, focused on the corporate plan and the Group's strategic orientations, Learning Management System). In 2020, 1,207,065 hours of training were delivered despite the repercussions of the health crisis (a decrease of 4.6% compared with 2019);
- during a time of crisis, an unprecedented effort to boost employability and support employees, including widespread working from home, reskilling of staff in struggling markets (representing 16,700 hours of training), local support for managers, speeding up the digitisation of training programmes, systems for listening to employees and monitoring risks of work-related stress.



## I ATTRACTING AND RETAINING EMPLOYEES

## Risk description

Sopra Steria places its employees at the centre of its drive to create value, improve its competitive position and increase market share. Its growth objectives must be achieved against the backdrop of fiercer competition, scarcity of expertise and increased demands of applicants and employees in terms of quality of life at work, health and safety, work-life balance and sustainability, particularly to limit the environmental impact of operations. This trend is also supported by the development of digital technology (connectivity, collaborative platforms etc.), which transforms uses and frees work from a certain number of constraints, in particular geographical constraints or in relation to physical proximity.

Being unable to optimise recruitment systems and ways of working as necessary could compromise our ability to attract and retain the talent we need. Recruitment difficulties and/or a relatively high employee attrition rate (which was 13.6% in 2020 as a result of the Covid-19 pandemic, compared with 17.7% in 2019 and 16.9% in 2018) may prevent the Group from delivering on its strategy or meeting its targets for growth and financial performance.

## Risk management measures

Sopra Steria's employees are the motor fuelling its growth and value creation. Employee engagement and retention are two key focuses of the human resources policy. They have been translated into the following priorities:

- a sustained and pragmatic recruitment drive with 6,133 new hires in 2020, a decline correlated with the effects of the Covid-19 pandemic (compared with 10,884 in 2019);
- an employer brand ("Dare together") that conveys the image of a committed and united Group with a singular and responsible collective ambition;
- a continually improved applicant experience (interactive platforms for job seekers, new Careers site, videos on business lines, live chat, posts on social media etc.);
- an "immediate boarding" integration process based on specific training programmes ("Get On Board" seminar, business line training programmes);
- strengthened relationships with universities (more than 600 events and other initiatives at universities in 2020 despite the public health situation);
- ever-expanding civic engagement through iconic projects (HandiTutorat, Prix Étudiants awarded by Fondation Sopra Steria – Institut de France, etc.);
- an optimised recruitment process and organisation, particularly in France;
- a special focus on well-being in the workplace (preventive approach to occupational risks) and employee engagement in this area (commitment to local action plans following the Group people survey in partnership with Great Place to Work).

## 1.3.4. RISKS RELATED TO REGULATORY REQUIREMENTS

## I COMPLIANCE WITH REGULATIONS

## Risk description

The Group is a multinational company that operates in many countries, serving customers with international presences, subject to various constantly changing laws and regulations. These may be regulations concerning data protection, anticorruption laws, competition law, international sanctions, employment law or employee health and safety obligations, environmental regulations within the framework of combating climate change, and even tax reforms.

The Group's activities and operating profit might be affected by significant changes in laws or regulations, or by decisions taken by authorities.

The Group is also exposed to the risk of breaches of regulations by employees who are not well enough informed or negligence or fraud by such employees.

## Risk management measures

In order to support the Group's development and growth and respond to new regulatory requirements, the Internal Control Department, which covers compliance, internal control and risk management, is supported in part by the network of Compliance Officers (who are also responsible for internal control) throughout the Group's various geographical operations, the network of local representatives and local teams, as well as the expertise of functional divisions depending on their scope, in particular the Legal Department, Human Resources and the Finance Department.

Developments in legislation and case law are monitored on a regular basis so as to plan ahead for any upcoming changes. Internal control rules and procedures are updated regularly to reflect these developments.

The code of ethics, the code of conduct and the code of conduct for stock market transactions aim to prevent any activity or practices that do not comply with requirements (see Chapter 4, Section 5, "Ethics and compliance").

## 2. Insurance

The Group's insurance policy is closely linked to its risk prevention and management practices, in order to ensure coverage for its major risks. The Group's Legal Department is responsible for managing its insurance programme.

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

The scope and coverage limits of these various insurance programmes are reassessed annually in light of changes in the size of the Group, developments in its business activities as well as changes in the insurance market and based on the results of the most recent risk mapping exercise.

All Group companies are insured with leading insurance companies for all major risks that could have a material impact on its operations, business results or financial position.

The main insurance programmes in place within the Sopra Steria Group are the following:

- premises and operations liability and professional indemnity insurance

This programme covers all of the Group's companies for monetary consequences arising as a result of their civil and professional

liability in connection with their activities, due to bodily injury, material or non-material damage caused to third parties. Overall coverage is limited to €150 million per claim and per year of insurance;

- cybersecurity insurance

This programme covers all of the Group's companies for any direct or indirect financial losses, property damage or loss of use, and business interruption losses resulting from a cyberattack;

- property damage and business interruption insurance

This programme covers all of the Group's sites for the direct material damage to property they may suffer as well as any consequential losses in the event of reduced business activity or business interruption occasioned by the occurrence of an insured event. Operating losses are insured on the basis of the loss of gross profit. Overall policy coverage (for all types of damages and operating losses) is limited to €100 million per claim and per year of insurance.

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

- the civil liability of senior executives and company officers;
- assistance to employees on assignment, as well as to expatriate and seconded employees.

### 3. Internal control and risk management

This section of the report outlines Sopra Steria's internal control and risk management systems. These systems are based on the reference framework issued by the AMF. A specific subsection addresses the preparation of accounting and financial information.

The management control system is one of the fundamental components of internal control at Sopra Steria. It supports the internal dissemination of information as well as the various reporting and risk management procedures, and the implementation of controls.

#### 3.1. Objectives and framework for the internal control and risk management system

##### 3.1.1. OBJECTIVES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

In order to address the identified risks presented in the preceding chapter, Sopra Steria has adopted a governance approach as well as a set of rules, policies and procedures together constituting its internal control and risk management system.

In accordance with the AMF reference framework, the internal control and risk management system, which is under the responsibility of the Group's Chief Executive Officer, is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- compliance with laws and regulations;
- implementation of instructions, guidelines and rules set forth by Executive Management;
- proper functioning of the Company's internal processes, particularly those intended to safeguard its assets;
- quality and reliability of financial and accounting information.

The risk management system is designed to identify, analyse and manage the Company's main risks.

More generally, the Group's internal control and risk management system contributes to the control of its business activities, the effectiveness of its operations and the efficient use of its resources.

This system is updated on a regular basis, in application of a continuous improvement process, in order to best measure the level of risk to which the Group is exposed as well as the effectiveness of the action plans put in place to mitigate risks.

Nevertheless, the internal control and risk management system cannot provide an absolute guarantee that the Company's objectives will be achieved and that all risks will be eliminated.

##### 3.1.2. REFERENCE FRAMEWORK AND REGULATORY CONTEXT

The Sopra Steria Group refers and adheres to the reference framework issued by the Autorité des Marchés Financiers (AMF, the French securities regulator).

#### 3.2. Scope

The internal control and risk management system applies across the entire Group, i.e. the parent company Sopra Steria Group, together with all fully consolidated companies.

#### 3.3. Components of the internal control and risk management system

##### 3.3.1. ENVIRONMENT

Sopra Steria Group's internal control and risk management system is founded upon the Group's four-tier operational organisation as well as its centralised functional organisation. Each tier of the operational organisation is directly involved in the implementation of internal control and risk management practices. To this end, the Group has put in place a set of operating principles and rules, along with the appropriate delegations of authority. It is the responsibility of all Group employees to familiarise themselves with these rules and to apply them. For more information on the Group's organisation, see Section 9 (Group organisation) in Chapter 1, "Business overview and strategies" of this Universal Registration Document, pages 32 to 33.

##### 3.3.2. A SHARED MANAGEMENT CONTROL SYSTEM

The management control system is designed not only to manage the dissemination of information, upwards to Executive Management and downwards to the operational and functional units, but also to guide, control and support the Group's employees, identify risks and monitor the associated mitigation plans. It involves steering meetings held at each of the different organisational levels, including the Group's Executive Committee.

These meetings are governed by specific standards (reporting timetable, participants, agenda, documents to be presented at the beginning and end of the meeting) and are supported by the management reporting system. Meetings are held according to a calendar, dependent on the organisational level and timeframe objectives:

- weekly meetings for the current month: Priority is given to the monitoring of sales, production and human resources;
- monthly meetings for the current year: In addition to the topics discussed at the weekly meetings, additional emphasis is placed on financial indicators (entity performance for the previous month, update of annual forecasts, actual vs. budget, progress report on actions in line with the medium-term strategy);
- annual meetings, looking ahead several years: The medium-term strategy and the annual budget process for the entities are discussed in the context of the Group's overall strategic plan.

The implementation of this system at all operational and functional entities is a highly effective vehicle for cohesiveness, the sharing of values and practices throughout the Group, and control.

### 3.3.3. TOOLS

The Group's management applications and office automation software are designed to standardise the documents produced by the Group. The production tools used or developed by the Group allow for the industrialisation of project delivery and of managed or operated services by improving the quality of deliverables. They incorporate the processes that make up the Group's production methodology.

### 3.3.4. A SHARED FRAMEWORK FOR GROUP RULES

#### a. Code of Ethics, anti-corruption Code of conduct and code of conduct for stock market transactions

The aims of the Group's Code of Ethics, which is based on its core values, are to ensure compliance with international treaties, laws and regulations in force in all countries where it operates, and to reaffirm the Group's ethical principles. This Code of Ethics is supplemented by a code of conduct for stock market transactions whose main aim is to reiterate and clarify the rules regarding sensitive information, insider information and the management of securities. Furthermore, the anti-corruption code of conduct sets out the rules and behaviours to be adopted to prevent corruption and influence peddling. For more details on the anti-corruption code of conduct, see Section 5 "Ethics and compliance" in Chapter 4, "Corporate responsibility" of this Universal Registration Document, pages 132 to 136.

#### b. Group rules, policies and procedures

A framework of rules including Group internal control rules and delegations of authority (decision-making levels) is in force across the Group to provide a common foundation for all processes. These rules apply to all employees and all entities as soon as possible when integrating acquisitions.

These general rules are adapted to the Group's various entities, and continue to be supplemented when necessary at Group level

through the formal documentation of procedures, always with a focus on the continuous improvement of internal control and so as to better manage the risks identified in the course of the Group's risk mapping exercises. The rules and procedures cover 10 areas corresponding to Group processes: governance and steering, trade, production, human resources, internal and accounting management, information system and infrastructures, purchasing, communications and marketing, legal and insurance, and corporate responsibility. These Group rules and procedures are then further detailed to take into account local regulatory constraints across all of the Group's geographical operations.

These rules and procedures are available on the Group's intranet. They are reinforced through the Group's various training and communications initiatives.

On the production front, Sopra Steria's Quality System defines all the production, management and quality assurance processes required to successfully manage projects. The primary goal is to contribute effectively to the delivery of high quality IT systems that meet clients' needs in line with time and budget constraints. This methodology defines project management practices and processes suited to various environments and at different levels of management and supervision, as well as software engineering practices and processes. The basic principles of the Quality System are described in a Quality Manual supplemented by procedural guides and operating manuals. UK, Scandinavia and CIMPA apply mechanisms that are similar but rely on specific methods geared to the primary characteristics of their activities. In order to further strengthen these aspects, the Group continued in 2020 with the rollout of its Delivery Rule Book at all entities. This is a set of 30 essential and mandatory rules covering the production cycle from end to end, from pre-sales to the end of service production.

The Group's rules and procedures are regularly updated and supplemented to best reflect the Group's organisation and manage the identified risks.

### 3.4. Participants in internal control and risk management

Everyone in the Group has a part to play in risk management and internal control, from the governance bodies and senior management to the employees of each Group company.



#### INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM STAKEHOLDERS



#### EXECUTIVE MANAGEMENT

The internal control and risk management system is approved and overseen by Executive Management, thus at the Group's highest level. As the top level of authority and responsibility for the internal control and risk management system, it monitors the system's continuing effectiveness and takes any action required to remedy identified shortcomings and remain within acceptable risk tolerance thresholds. Executive Management ensures that all appropriate information is communicated in a timely manner to the Board of Directors and to the Audit Committee.

#### AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Group's Audit Committee examines the main features of the internal control and risk management procedures selected and implemented by Executive Management to manage risks, including the organisation, roles and functions of the key actors, the approach, structure for reporting risks and monitoring the effectiveness of control systems. It has access to the elements necessary to reach an overall understanding of the procedures relating to the preparation and processing of accounting and financial information (presented in the following chapter).

Each year, the Audit Committee reviews the results of the Group's risk mapping exercise and holds regular meetings with the Internal Control Department to monitor the implementation and adaptation of the Group's rules and the internal control process.

The Audit Committee also monitors the activity of the Internal Audit Department through the following actions:

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

#### Three lines of control

In accordance with the AMF reference framework, the internal control and risk management system put in place by the Sopra Steria Group is structured around three lines of control, as presented below.

#### ■ First line of control: Front-line staff and operational management

The first line of control for the internal control and risk management system consists of:

- operational management, tasked with implementing the system defined at Group level for the area under its responsibility. This line of control makes sure that the internal control rules and procedures are effectively implemented, fully understood and consistently applied within its scope of operations,
- the Group's employees, who take due note of and apply all of the rules set out within the organisation.

### ■ Second line of control: Risk management and internal control

The aim of the second line of control is to monitor the internal control and risk management system on an ongoing and continuous basis to verify its effectiveness and coherence as well as the proper application of its rules and procedures.

- Internal Control Department and Compliance Officers at the entities

The internal control and risk management system is steered and coordinated by the Internal Control Department at Group level. As the coordinator of the system, and with regard to the risks that have been identified and assessed, the Internal Control Department defines and updates the system's various components. In carrying out these duties, the Internal Control Department works closely with the Group's functional and operational departments.

The Group has a network of Compliance Officers, appointed in each of the Group's entities and across all its geographical operations. These Compliance Officers are responsible for adapting the guidelines and rules defined at Group level. In particular, they are tasked with making sure that all components of the internal control and risk management system as well as those of the Group's compliance programme are effectively implemented, fully understood and consistently applied. They are also responsible for raising alerts in the event of difficulties encountered in the implementation of any of these components for their scope.

- Functional departments

The functional departments are key participants in the coordination of the internal control and risk management system. They assist the Internal Control Department in updating procedures specific to the processes under their responsibility.

Alongside the self-assessment and control procedures implemented by operational managers at every level, functional departments play a special role in the application of the rules for delegations of authority in force within the Group. They support operational staff in the area of risk management and, from a preventive standpoint, they may serve in an advisory capacity or perform ex-ante or detective controls on the application of rules.

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

- Finance Department

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

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

verifying their treatment in the operating accounts of the operational unit. They also ensure that the costs for the operational unit are completely and accurately recognised.

Financial Controllers devote particular attention to unbilled revenue and contractual milestone payments, and check that invoices issued are paid. In coordination with the manager at the relevant entity, they trigger payment collection, which is managed directly by the Finance Department. They check any credit notes issued.

Financial Controllers assess the organisation and administrative functions of operational units. They monitor compliance with rules and deadlines.

- Industrial Department (Management of the Quality System)

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

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

Industrial managers under the authority of business unit/subsidiary managers and reporting functionally to the Group Industrial Department are responsible for monitoring the Quality System and all projects.

Structural audits are performed so as to verify the application and effectiveness of the Quality System among the concerned Sopra Steria staff members (management, sales, operational quality unit). Projects are reviewed on a regular basis, at key phases in their life cycle. These reviews, which are organised by the Industrial Department, or by the quality structure's local representatives, provide an external perspective on the status and organisation of projects.

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

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

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

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

### ■ Third line of control: Internal audit function

#### Internal Audit Department

Under the internal audit charter adopted by the Group, the Internal Audit Department has the following tasks:

- independent, objective evaluation of the effectiveness of the internal control system via a periodic audit of entities;
- formulation of all recommendations to improve the Group's operations;
- monitoring the implementation of recommendations.

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

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

By carrying out work relating specifically to fraud and corruption, the Internal Audit Department has identified processes that are potentially concerned, associated risks, control procedures to be adopted (prevention and detection) and audit tests to be carried out. These are systematically integrated into internal audit programmes.

Internal Audit, which reports to the Chairman of the Board of Directors and operates under the direct authority of Executive Management, is responsible for internal control and monitors the system in place. It submits its findings to Executive Management and the Audit Committee.

The Chairman of the Board of Directors validates the audit plan, shared with Executive Management, notably on the basis of risk information obtained using the risk mapping procedure, the priorities adopted for the year and the coverage of the "audit universe". This plan is presented to the Audit Committee for review and feedback. Recommendations are monitored and compiled in a report provided to Executive Management and the Audit Committee.

The Internal Audit Department carried out 21 assignments in financial year 2020.

#### External monitoring system

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

### Statutory Auditors

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

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

#### Quality certification inspectors

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

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

## 3.5. Assessment and continuous improvement process

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

The internal control system and its operation are subject to internal and external assessments to identify areas for improvement. These may lead to implementation of action plans to strengthen the internal control system, under the oversight of the Group's Audit Committee.



## 4. Procedures relating to the preparation and processing of accounting and financial information

### 4.1. Coordination of the accounting and financial function

#### 4.1.1. ORGANISATION OF THE ACCOUNTING AND FINANCIAL FUNCTION

##### Limited number of accounting entities

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

##### Centralised coordination of the accounting and financial function

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

The responsibilities of the Finance Department mainly include the production of the accounts, financial controlling, tax issues, financing and cash management, and participation in financial communications and legal matters.

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

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

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

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

The Board of Directors is responsible for the oversight of accounting and financial information. It approves the annual accounts and reviews the interim accounts. It is supported by the Audit Committee, as described in Section 1.3.3 of Chapter 3, "Corporate governance" of this Universal Registration Document, pages 78 to 79.

#### 4.1.2. ORGANISATION OF THE ACCOUNTING INFORMATION SYSTEM

##### Accounting

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

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

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

##### Accounting policies and presentation

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

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

### 4.2. Preparation of the published accounting and financial information

#### 4.2.1. RECONCILIATION WITH THE INTERNAL MANAGEMENT SYSTEM ACCOUNTING DATA

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

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

Each Group entity prepares a monthly operating statement closed on the third working day of the following month. Management indicators (utilisation rate, selling prices, average salary, indicators relating to human resources, invoicing and receipts, etc.) are also reviewed on a monthly basis.

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

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

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

#### 4.2.2. PROCEDURES FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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



**4.2.3. PROCEDURE FOR SIGNING OFF THE FINANCIAL STATEMENTS**

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

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

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

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

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

**4.2.4. FINANCIAL COMMUNICATIONS**

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

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

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

The Group's website has a dedicated "Investors" section that presents all of the aforementioned items as well as other regulatory or informative items.