Teleperformance
Transforming Passion into Excellence

2016 Registration Document
Annual financial report

inspiring impact

CONTENTS

Teleperformance

Registration Document

Including the **annual financial report**

Incorporation by reference

In accordance with Article 28 of European Regulation No. 809/2004 of April 29th, 2004, the reader is asked to refer to previous Registration Documents for certain information.

1. Relating to the 2015 financial year

- The management report, the consolidated and Company accounts as well as the corresponding statutory auditors' reports and the statutory auditors' special report on regulated agreements and commitments, contained in the Registration Document filed on February 26th, 2016 under number D.16-0088.

2. Relating to the 2014 financial year

- The management report, the consolidated and Company accounts as well as the corresponding statutory auditors' reports and the statutory auditors' special report on regulated agreements and commitments, contained in the Registration Document filed on February 27th, 2015 under number D.15-0092.
- Information included in these two Registration Documents other than that referred to above may have been replaced or updated by information included in this Registration Document.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Registration Document was filed with the *Autorité des marchés financiers* on March 2nd, 2017, in accordance with Article 212-13 of the AMF's General Regulation.

It may be relied upon within the scope of a financial transaction if supplemented by an information document approved by the AMF. It was drawn up by the issuer and is binding on its signatories.

This document is available online on the websites of Teleperformance (www.teleperformance.com) and the *Autorité des marchés financiers* (www.amf-france.org).

TELEPERFORMANCE IN 2016

GROUP PROFILE

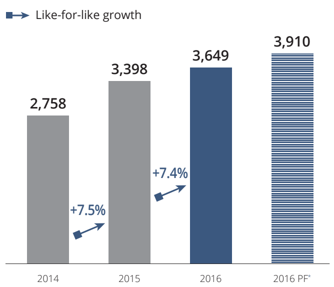
Teleperformance, world leader in outsourced omnichannel customer experience management, provides companies and governments around the world with a wide range of cutting-edge solutions in two distinct service categories: "core-services", consisting of customer relations services, technical support and customer acquisition, and high-value "specialized services", which include online interpreting, visa application management, analytics and debt collection services.

MISSION

"Teleperformance is a company of people serving other people by helping them find solutions to their daily problems. Every day across five continents, we provide an exceptional customer experience in the millions of interactions generated through "our clients' customers". We bring our unfailing commitment, passion and constant search for excellence to each of these interactions to create opportunities and value for our employees, our clients, our clients' customers and our shareholders."

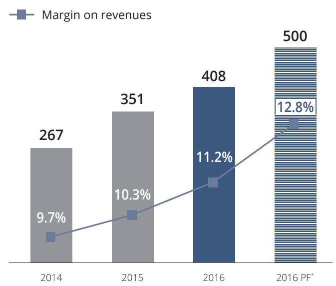
KEY FIGURES

▶ Revenues (in millions of euros)



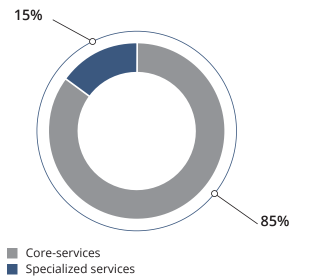
* *Pro forma, LanguageLine Solutions consolidated over 12 months*

▶ Current EBITA (in millions of euros)



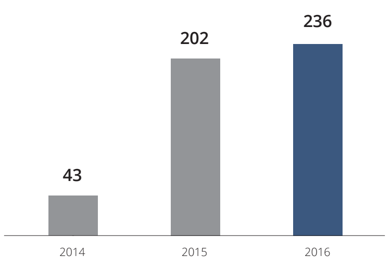
* *Pro forma, LanguageLine Solutions consolidated over 12 months*

▶ Breakdown of 2016* *pro forma* revenue by service category

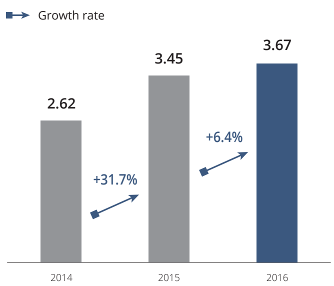


* *LanguageLine Solutions consolidated over 12 months*

▶ Net free cash flow (in millions of euros)



▶ Diluted earnings per share (in euros) and annual growth rate per year (%)



Core-services:

- Customer services
- Technical support
- Customer acquisition

Specialized services:

- Interpreting services
- Visa application management
- Analytics
- Debt collection

This information is provided in various chapters of the Registration Document and defined in section 5.1.1 Alternative Performance Measures (APMs).

March 2016

Teleperformance named supplier of the year for 2015 by Western Union in Greece.

April 2016

Teleperformance earns the Verego label for corporate social responsibility for all of its locations.

May 2016

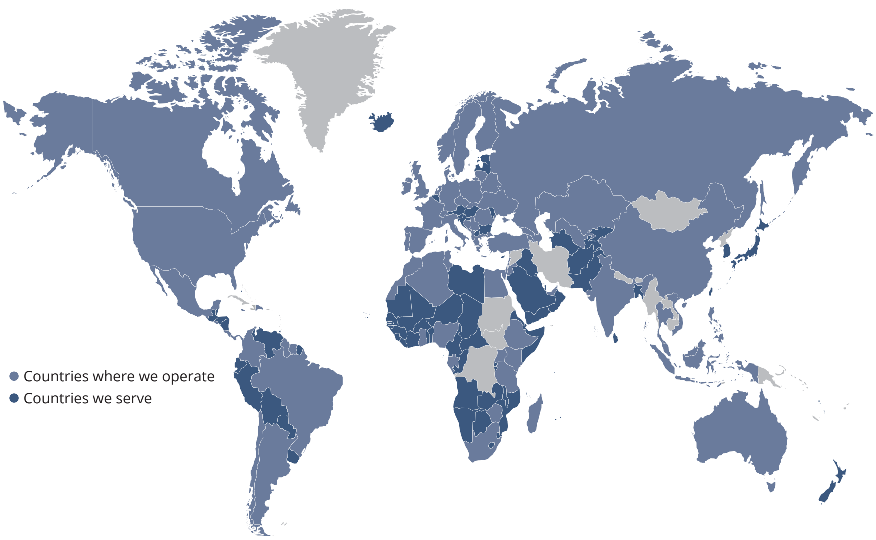
Teleperformance expands its global footprint by establishing a contact center in Australia

June 2016

Teleperformance is recognized by Everest Group as a global leader in contact center outsourcing.

LOCATIONS

Present in 74 countries, Teleperformance serves 160 markets. As the only global player in the market, we use our broad geographical footprint to satisfy our clients. The Group manages programs in 265 languages on behalf of major multinationals operating in various industries.



VALUES

"The five Teleperformance values are the pillars of our corporate culture and guarantee the excellence of our services and solutions."

Cosmos | ***Integrity***
I say what I do & I do what I say

Earth | ***Respect***
I treat others with kindness and empathy

Metal | ***Professionalism***
I do things correctly the first time

Air | ***Innovation***
I create and I improve

Fire | ***Commitment***
I am passionate and committed

Founded in
1978

Operations in
74 countries

2016 revenue
€3.6 billion

163,000
workstations

217,000
employees

47%
of management positions are held by **women***

32,413,418
training hours
(up 14% vs 2015)

64%
of members on the Board of Directors are **independent**

July 2016
Teleperformance India named a "Best Company to Work For" prize awarded by the Great Place to Work® Institute.

September 2016
Teleperformance acquires LanguageLine Solutions LLC.

December 2016
Teleperformance carries out a new US$250 million private placement in the United States.

* *Excluding USA data, in accordance with local legislation*

MESSAGE FROM THE CHAIRMAN AND FROM THE CHIEF EXECUTIVE OFFICER

Daniel Julien
Chairman

Paulo César Salles Vasques
Chief Executive Officer

Dear shareholders,

We are pleased to briefly summarize our 2016 performance which was truly a transformational year for Teleperformance:

High Financial Performance

Teleperformance delivered another record year of results growing to 3.6 billion euros in revenues. Our organic growth of + 7.4% was significantly superior to industry market growth; our recurring EBITA margin was up 90 bp to reach 11.2% and we boosted our free cash flow by + 16.8%.

Our 2016 high performance is due to the combined impact of the tight partnerships we enjoy with our important and diversified client base around the world coupled with the active and successful coverage of all world markets by our Teleperformance global business development teams.

Sustained Innovation

Teleperformance expanded our integrated omnichannel solutions which are powered by our own proprietary CRM software, TP Client®. To take full advantage of this great differentiator, we designed and implemented 11 state-of-the-art omnichannel services demonstration centers in key locations around the world. Our Research and Development initiative on Artificial Intelligence (bots) integration with TP Omnichannel is progressing well; the first version is due for release by mid-2017. Also of note, in 2016 we internally and externally deployed our TP Big Data advanced predictive analytics models to help optimize customer acquisition, retention and growth for our clients.

Geographic Expansion

Teleperformance saw high double-digit growth for our key markets of China and India in 2016. We further extended our industry leading global operating footprint by opening centers in new countries including Australia and Madagascar and we are in the process of opening soon in Malaysia as well. As of the end of the year, we covered 160 key world markets.

Today, Teleperformance is a truly global enterprise operating in 74 countries and employing 217,000 individuals dedicated to delivering high quality customer experience and managed with the same culture, the same process and the same technology.

Transformational Acquisition

Teleperformance acquired 100% of Language Line Services (LLS) in September, 2016. With more than 8,000 online interpreters, LLS delivers mission-critical online interpretations by phone and video. LLS serves crucial needs of Federal, State and local governments in both the USA and the UK along with the healthcare, insurance and financial services industries.

LLS increases the language capabilities in our Group to 265 languages and dialects, and, due to the LLS business model, this acquisition is highly relevant for Teleperformance shareholders as it significantly increases Teleperformance profitability ratios immediately.

Wide Global Leadership Recognition

Teleperformance was named a global leader in every major independent global industry business analyst assessment in 2016. This included studies from Everest Group, Gartner and HFS plus we received multiple global, regional and local awards from Frost and Sullivan and multiple country specific awards from prestigious institutes including Great Place to Work® and AON Best Employer. We were also named a Forbes's Magazine Top 50 Most Trustworthy Company (based in Western Europe) in recognition of our strong overall corporate governance.

In short, the 39 major awards and top ratings we received in 2016 independently validate our global industry strength and consistency across all world regions and reflect well on our market positioning, our people strategy, our client performance and our overall business management approach.

2017 and beyond:

Expansion of Business Territory

Teleperformance will remain focused on delivering the very best and most versatile customer/citizen experience for both our core services and our high-value specialized services which now require specific monitoring and tracking. Accordingly, starting in 2017, the activities and results of the Group will be reported as follows:

- TP Core Services; covering customer services, technical support, sales and marketing;
- TP Specialized Services; covering services requiring a higher level of complexity for people, processes and technologies. These services include LLS (interpretation), TLS (Government face-to-face services), AllianceOne (accounts receivables management) and GN Research (big data analytics).

As of year-end 2016, TP Core Services represented 85% in Group pro forma revenues while Specialized Services represented 15%.

Short and Longer Term Performance Perspectives

Based on global market growth dynamics and the synergies afforded by the strengths of our Core and Specialized Services, we see the following performance results challenging but attainable:

- in 2017, like for like revenue growth above + 6%, EBITA margin before non-recurring items of at least 13% and ongoing strong net free cash flow generation;
- in 2020, revenue above €5 billion in 2020, through above-market organic growth and targeted acquisitions, and an EBITA margin before non-recurring items of at least 14%.

In summary, 2016 has been a very busy year for Teleperformance and our management team and we foresee many other extremely busy years to deliver our 2017 through 2020 guidance. Looking forward, it is likely we will encounter other high-value specialized services acquisition opportunities. If these opportunities contribute to our client-dedicated business services profile and simultaneously create great value with appropriate debt ratios for our shareholders, we will actively pursue them.

We would both like to thank each and every stakeholder who contributed to Teleperformance's great dynamic; our clients, our employees and managers, our shareholders, our business partners, and the communities where we live and work all around the world. We give you our deep and personal ongoing commitment to fight day-by-day to deliver great results and continue to drive our mutual success.

Sincerely,

Daniel Julien Paulo César Salles Vasques



1

Introduction to the Group

1.1 Key financial figures

	2016	2015	2014
KEY CONSOLIDATED FIGURES *(in millions of euros)*			
Revenue	**3,649**	**3,398**	**2,758**
*Like-for-like growth*** *(%)*	*+7.4%*	*+7.5%*	*+9.9%*
Current EBITA*	**408**	**351**	**267**
% of revenue	*11.2%*	*10.3%*	*9.7%*
Operating profit	339	308	237
% of revenue	*9.3%*	*9.1%*	*8.6%*
Consolidated net profit	217	203	152
Net profit – Group share	**214**	**200**	**150**
DATA PER SHARE *(in euros)*			
Basic earnings per share	3.73	3.51	2.62
Diluted earnings per share*	**3.67**	**3.45**	**2.62**
Dividend per share	1.30**	1.20	0.92
ASSETS *(in millions of euros)*			
Total non-current assets	3,688	1,902	1,817
including goodwill	*1,952*	*1,123*	*1,019*
Total current assets	1,323	1,197	1,110
TOTAL ASSETS	**5,011**	**3,099**	**2,927**
SHAREHOLDERS' EQUITY AND NET DEBT *(in millions of euros)*			
Equity attributable to owners of the Company	1,912	1,758	1,595
Non-controlling interests	10	7	5
Total shareholders' equity	1,922	1,765	1,600
Net debt*	**1,667**	**363**	**423**
CASH FLOW *(in millions of euros)*			
Internally generated funds from operations	442	400	321
Net cash flow from operating activities	459	391	205
Capital expenditure (net)	-190	-172	-157
Net interest expense	-33	-17	-5
Net free cash flow	**236**	**202**	**43**

* *Please refer to section 5.1.1 Alternative performance Measures (APMs) for definitions.*
** *To be recommended to the June 23rd, 2017 shareholders' meeting.*

1.2 Company background

1978

The Teleperformance Group was founded in Paris by Daniel Julien, current Chairman of the Group. During the initial years, the Company's principal activity consisted of providing telemarketing services to French clients operating mainly in the media, financial services and insurance industries.

1986

The Company became the French market leader and began to expand globally by opening subsidiaries in Belgium and Italy.

1988

The Company continued to expand in Europe, with new subsidiaries opened in Spain, Germany, Sweden and the UK.

1989

Daniel Julien and Jacques Berrebi joined forces at the head of Rochefortaise de Communication, the parent company of Teleperformance International listed on the Paris Stock Exchange. Ten years later, Rochefortaise Communication and Teleperformance International merged to form SR Teleperformance. This company became Teleperformance in 2006.

1990

Teleperformance set up its first outsourced customer care centers and carried out its first customer satisfaction surveys.

1993

Teleperformance opened its first contact center in the US.

1995

Teleperformance became the European market leader and continued to strengthen its position over the following years with new subsidiaries in Switzerland, Norway, Greece, Finland, the Netherlands- and Denmark.

1996

Teleperformance gained a foothold in Asia with the opening of contact centers in the Philippines, followed by Singapore. The Group thereby became a leading global player in outsourced customer management.

1998

Teleperformance began operations in Latin America by acquiring companies in Brazil and Argentina. Four years later, Teleperformance continued its growth through the acquisition of a company in Mexico.

2003

The Group shifted its operations focus back on contact centers, gradually selling off its marketing services and health communication operations. In the same year, Teleperformance became the No. 2 global customer experience management provider.

2004

The Group continued to expand by moving into Eastern Europe: Poland, Czech Republic and Slovakia, and two years later, Russia.

2007

The Group became the world leader in outsourced customer experience management thanks to the rapid growth of its international operations, both organically and through acquisitions.

2008

Teleperformance acquired The Answer Group, a high-level provider of technical support to the US market in the telecommunications, Internet access, cable TV, specialized retail and Original Equipment Manufacturer (OEM) industries.

2009

Teleperformance reorganized its operations in France. The companies Cashperformance, Comunicator, Infomobile, TechCity Solutions France, Teleperformance France, Teleperformance Midi-Aquitaine, Teleperformance Nord and Teleperformance Rhône-Alpes were merged to form Teleperformance France.

2010

Teleperformance significantly strengthened its presence in the UK through the acquisition of beCogent, active in particular in the sectors of retail, financial services, telecoms and Internet service providers. At the same time, Teleperformance continued its expansion in Latin America: after the acquisition of Teledatos in Colombia in 2009, a company was created in Costa Rica.

2011

Teleperformance adopted a Board of Directors structure; Daniel Julien became Chairman and CEO.

2012

Teleperformance opened a new "*high tech-high touch*" multilingual hub in Portugal dedicated to customer experience management, supplementing its network of similar establishments in Athens, Cairo, Maastricht and Istanbul. These multilingual hubs are the cornerstone of the Group's growth strategy in Europe and enable client companies to cover all European markets from a small number of centers.

Co-founder Jacques Berrebi resigned from his position as Board advisor, relinquished almost all of his operating duties within the Group and sold all of his shares in the Company.

2013

Teleperformance continued its rapid development at the international level in high-growth markets with the opening of eight new contact centers in Latin America, Portugal and Spain and 6 campuses in the USA and the Philippines.

On May 30th, 2013, the Board of Directors decided to separate the roles of Chairman of the Board of Directors and Chief Executive Officer, appointing Daniel Julien as Chairman and Paulo César Salles Vasques as CEO. Teleperformance thus complied with its commitment taken in 2011 with regard to its shareholders.

This new governance structure was supported by a three-year transition period which enabled an active and effective transmission of the founder's 35-year in-depth knowledge of the Group, the different local situations, management particularities and the world markets.

2014

In August, Teleperformance reinforced its position as world leader and its presence on the North American market by acquiring Aegis USA Inc., a leader in the management of outsourced contact centers in the USA.

In April, TLScontact, a subsidiary of Teleperformance specializing in the management of outsourced services to governments, started up a contract signed with the British government's Visas and Immigration Department. As a result, Teleperformance strengthened its global presence by establishing visa application centers in 15 new countries.

2015

Teleperformance continued to consolidate its global footprint, in particular by expanding its integrated network of offshore/nearshore contact centers, opening centers in Latin America, in Georgetown, Guyana, to serve the North American market, and in Paramaribo, Suriname to serve the Dutch market. The Company also opened centers in two new CEMEA countries: in Dubai (United Arab Emirates) and in Vilnius, Lithuania, to serve the Middle East and Scandinavia/Russia respectively.

In addition, the Group confirmed its global leadership by adopting the legal form of a European company and the name Teleperformance SE.

2016

Teleperformance continued its international expansion by opening a contact center in Australia to serve the domestic market and the Asia-Pacific region.

In September, Teleperformance continued to strengthen its position as world leader and its presence on the North American market by acquiring LanguageLine Solutions LLC, the leader in over-the-phone and video interpretation solutions in the USA.

The Group extended and diversified its debt with the issue of a private placement in the United States (USPP) totaling US$250 million in December.

1.3 Operations and strategy

1.3.1 World leader in outsourced customer experience management

1.3.1.1 Outsourced customer experience management

The Group delivers integrated solutions to corporations and governments worldwide to manage all aspects of the customer relations cycle on their behalf, as well as high-value specialized services. The services offered fall into two categories:

- customer services (requests for information, subscriptions and sign-ups, customer care, etc.), technical support (repair, optimization, etc.), and customer acquisition (sales and marketing operations);
- high-value specialized services include interpreting, visa application management, data analytics, and debt collection.

For every area of expertise, Teleperformance offers omnichannel solutions and meets the requirements expressed by consumers over-the-phone, *via* email, SMS, online chat, in person, on social media, etc. Its solutions are tailored to each business sector and offered in a variety of languages.

Teleperformance has extensive resources with which to fulfill its mission. The Group offers businesses around the world its know-how in terms of human resource management, management of dedicated customer experience infrastructures as well as high-performance technology ensuring quality, security and reliability. The Group relies on its global network to serve a large number of markets from contact centers based locally or in a neighboring (nearshore) or remote (offshore) country.

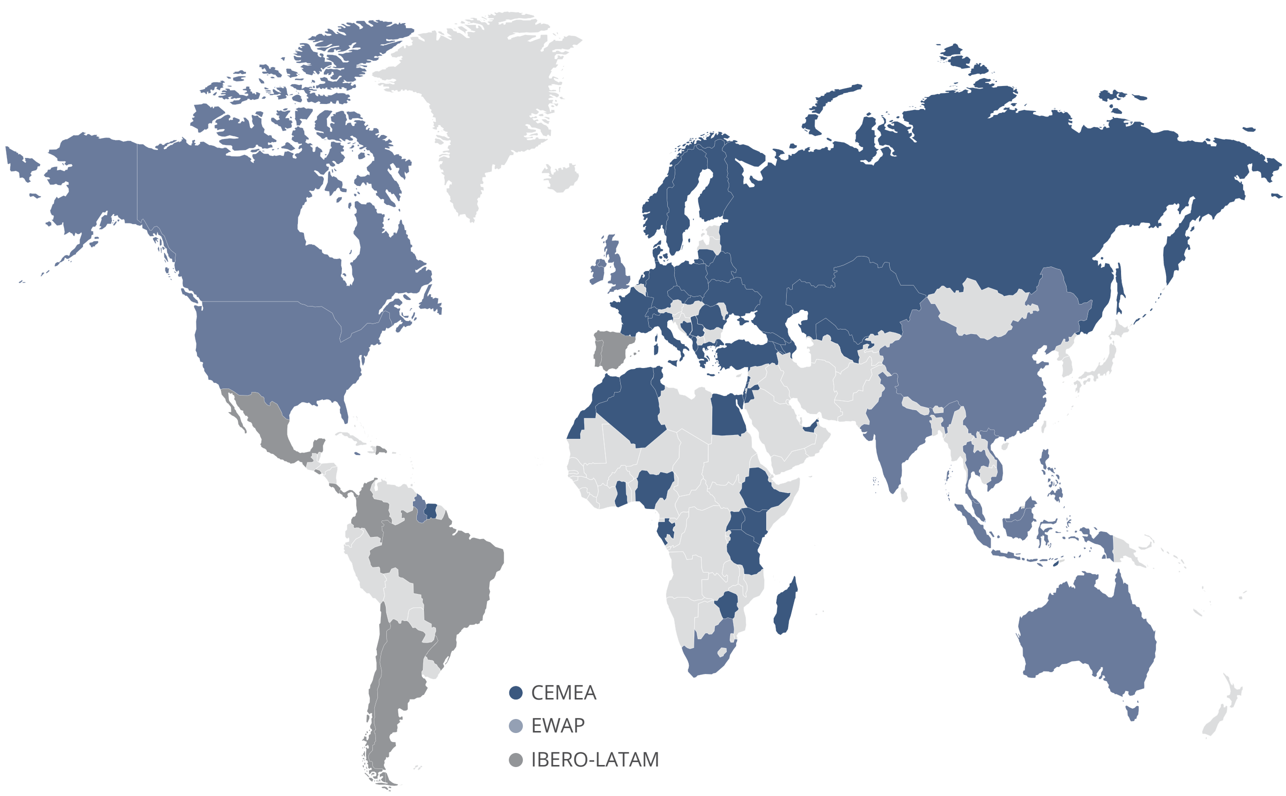
1.3.1.2 A worldwide presence

Teleperformance's revenue in 2016 was €3.6 billion. The Group today owns approximately 163,000 computer workstations covering 160 markets and has 217,000 employees at over 340 contact centers in 74 countries. The Group manages programs in 265 languages and dialects on behalf of major international companies operating in various industries. In its structure as well as in its external communication, the Group distinguishes three major linguistic regions:

- the English-speaking and Asia-Pacific region (EWAP);
- the Ibero-LATAM region; and
- the Continental Europe, Middle East and Africa region (CEMEA).

On September 19th, 2016, LanguageLine Solutions LLC was also integrated into the Group's structure.

▶ **The Group's operations worldwide as of December 31st, 2016***



* *Excluding LanguageLine Solutions*

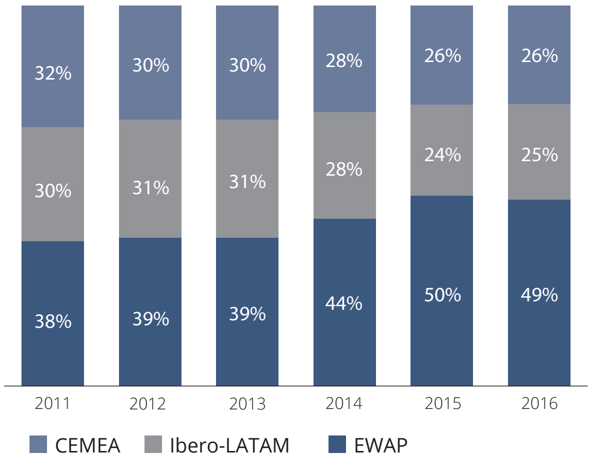
▶ Breakdown of countries where the Group operates by linguistic region

English-speaking market and Asia-Pacific (EWAP)	Ibero-LATAM	Continental Europe, Middle East & Africa (CEMEA)
South Africa	Argentina	**French-speaking market**
Australia	Brazil	France
Canada	Chile	Lebanon
China	Colombia	Madagascar
United States	Costa Rica	Morocco
Guyana	Mexico	Tunisia
India	Portugal	**Southern Europe**
Indonesia	Dominican Rep.	Albania
Ireland	El Salvador	Egypt
Jamaica	Spain	United Arab Emirates
Malaysia		Greece
Philippines		Italy
Singapore		Romania
United Kingdom		Turkey
		Northern & Eastern Europe
		Germany
		Belgium
		Denmark
		Finland
		Lithuania
		Luxembourg
		Norway
		Netherlands
		Poland
		Czech Republic
		Russia
		Slovakia
		Sweden
		Switzerland
		Suriname
		Ukraine
		Operations of TLScontact, GN Research and LanguageLine Solutions*

Subsidiaries of Teleperformance:
- *TLScontact is a government agency customer experience management specialist, notably in managing visa applications.*
- *GN Research specializes in customer interaction analytics solutions.*
- *LanguageLine Solutions specializes in interpreting solutions on behalf of companies and governments*

The breakdown of Group revenues by region continues to reflect the Group's unique position as a world leader in its market. English-speaking and Asia-Pacific revenues have picked up pace over the last six years and in 2016 accounted for 49% of Group revenues, up from 38% in 2011, excluding LanguageLine Solutions.

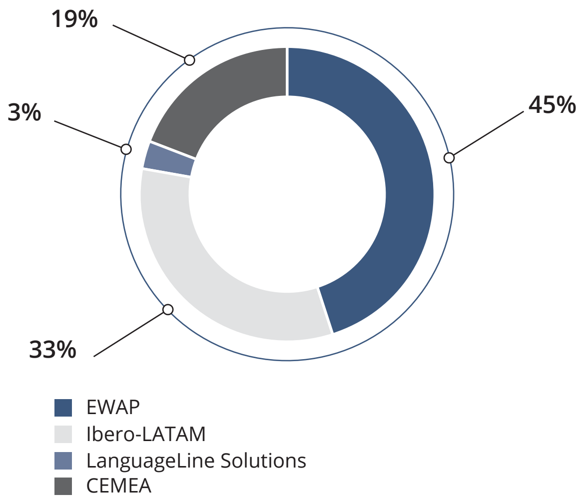
▶ Breakdown of revenue over the last six years by linguistic region*



* *Excluding revenues of LanguageLine Solutions, acquired on September 19th, 2016.*

With 217,000 employees at December 31st, 2016 across the Group's three language regions, including LanguageLine Solutions, Teleperformance ranks among the top 150 employers worldwide.

▶ Breakdown of total headcount by linguistic region at December 31st, 2016



The Group's workforce is mainly deployed across high-growth strategic markets. The Philippines, the United States, Mexico and Brazil accounted for 49% of the Group's total workforce at December 31st, 2016.

▶ **Total headcount of the Group's* top 10 countries at December 31st, 2016**

Country	Number of employees
Philippines	39,203
United States	32,970
Mexico	17,116
Brazil	15,966
Colombia	15,391
India	11,039
UK	8,712
Portugal	7,503
Tunisia	6,158
China	5,267

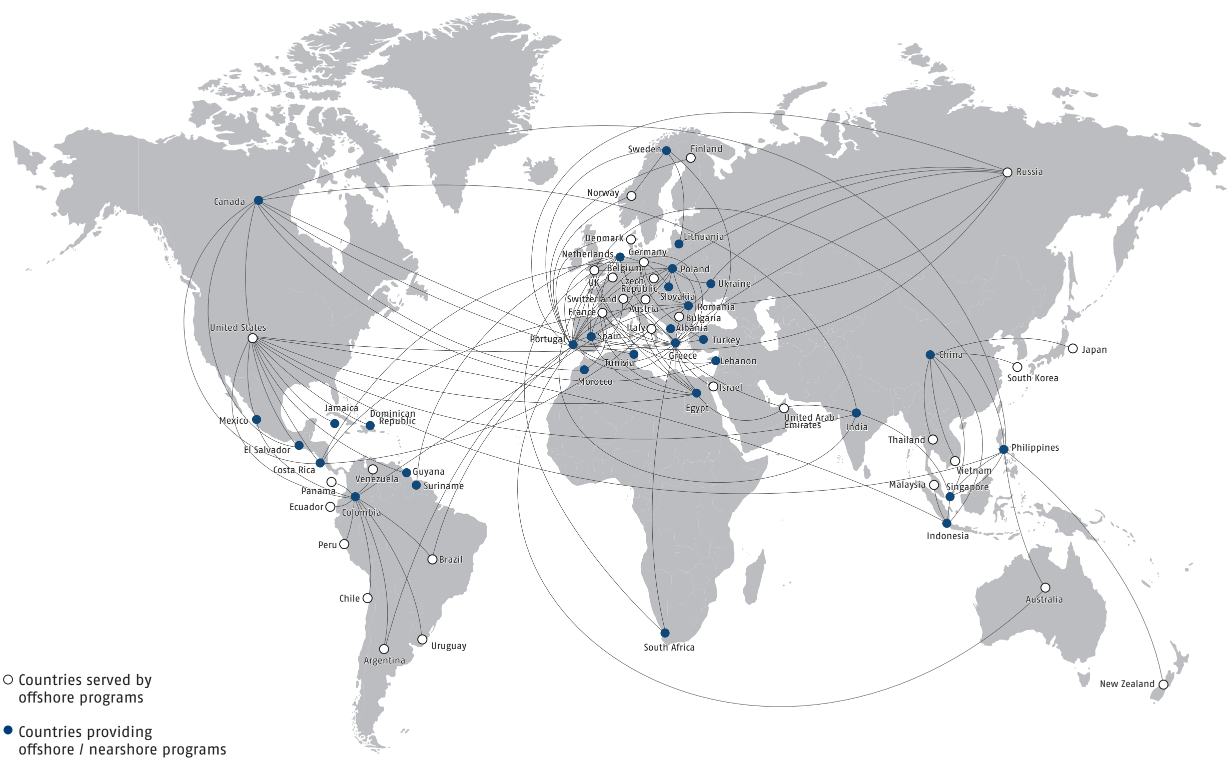
* *Excluding LanguageLine Solutions, acquired on September 19th, 2016.*

1.3.1.3 A comprehensive domestic and offshore solutions offering made possible by an integrated global network

Teleperformance offers clients a unique range of customer experience management solutions worldwide thanks to an integrated domestic, nearshore and offshore operations network in 31 countries.

The offshore service is defined as the ability to serve a market from contact centers located in another country, using the language of the country where the market is located. Teleperformance's offshore solutions mainly serve the North American market from Mexico (nearshore) and the Philippines (offshore), in English and Spanish, and some European markets (nearshore solutions).

▶ **Map of offshore/nearshore Group locations and main markets served at December 31st, 2016**



Teleperformance's worldwide offering is based on high-performance technology characterized by integrated networks and excellence in terms of HR management and security standards.

▶ **Breakdown of revenue by program type***

(% of annual revenue)	**2016**	2015	2014
Domestic	62%	65%	66%
Nearshore/offshore/other	38%	35%	34%

* *Excluding revenues of LanguageLine Solutions, acquired on September 19th, 2016.*

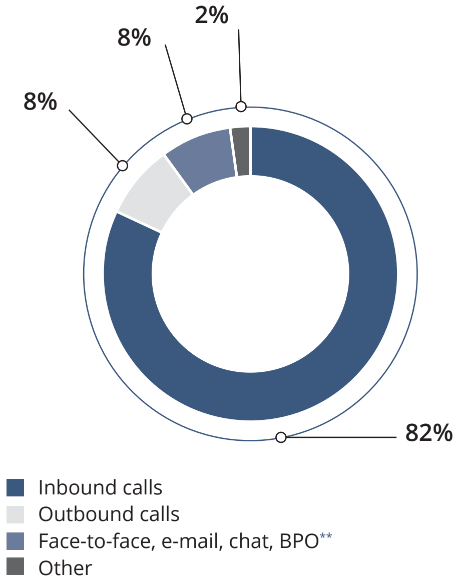
1.3.1.4 A balanced operations portfolio

For several years now, changes in consumer protection laws and regulations have prompted the Group to adapt by developing inbound call activities, which now account for the vast majority of the Group's operations.

The large proportion of inbound business in the Group's current revenue provides for stable ongoing income given the duration of the inbound call contracts, which is much longer than that of outbound call contracts.

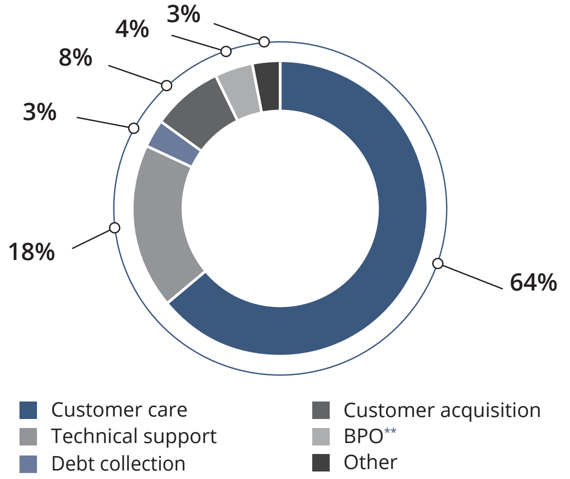
Though still a small proportion of Group revenue, the share of non-voice services (face-to-face, email and chat) is growing steadily. The development strategy of the Group's omnichannel offering is beginning to bear fruit.

▶ **Breakdown of 2016 revenue by contact type***



* *Excluding revenues of LanguageLine Solutions, acquired on September 19th, 2016.*
** *BPO: business process outsourcing.*

▶ **Breakdown of 2016 revenue by service type***



* *Excluding revenues of LanguageLine Solutions, acquired on September 19th, 2016*
** *BPO: business process outsourcing.*

A diversified client portfolio

With more than 850 clients, excluding LanguageLine Solutions, Teleperformance has the most diversified portfolio in the industry. The consolidation of LanguageLine Solutions from September 2016, the US market leader in over-the-phone and video interpretation services in the United States, has strengthened this diversity *via* an additional portfolio of 25,000 clients.

Teleperformance develops offers that meet the specific needs of every business sector. The Group is particularly well positioned in the telecommunications, technology and consumer electronics, financial services, healthcare and insurance, public services and retail sectors.

This diversification trend continued in 2016, with industries other than telecommunications, Internet and pay TV accounting for 72% of Group revenues, excluding LanguageLine Solutions, up from 67% in 2015.

▶ **Breakdown of revenues by business sector***

(% of annual revenue)	**2016**	2015	2014
Telecoms, Internet	19%	23%	29%
Technology, consumer electronics, media	14%	13%	14%
Financial services	13%	12%	10%
Pay TV	9%	10%	11%
Healthcare and insurance	7%	9%	7%
Public sector	6%	6%	5%
Travel agencies, hotels, airlines	6%	6%	5%
Retail, e-commerce	6%	5%	4%
Energy	4%	4%	5%
Other	16%	12%	10%
TOTAL	**100%**	**100%**	**100%**

* *Excluding revenues of LanguageLine Solutions, acquired on September 19th, 2016.*

The acquisition of LanguageLine Solutions helped strengthen this diversified profile, specifically in the healthcare, financial services and government agency sectors. These sectors represent respectively 46%, 21% and 16% of LanguageLine Solutions' 2015 revenues.

▶ **Breakdown of client portfolio (% of total revenues*)**

	2016	2015	2014
Top client	7%	6%	7%
Top 5	20%	20%	22%
Top 10	30%	31%	34%
Top 20	44%	45%	47%
Top 50	61%	63%	65%
Top 100	75%	77%	79%

* *Excluding revenues of LanguageLine Solutions, acquired on September 19th, 2016.*

1.3.1.5 International organization and management

Organization

Group operations in the areas of customer relations, technical support and customer acquisition breakdown into three major linguistic regions: the English-speaking market and Asia-Pacific region, the Ibero-LATAM region and the Continental Europe, Middle East and Africa region. The organization also includes directors with transversal functions (finance, business development, IT systems and R&D), and global responsabilities who are in position in different regions of the world. All of these executive officers, who hail from various countries and are highly experienced in their specific fields, constitute the Executive Committee, which is chaired by the CEO.

This organizational structure also includes Group subsidiaries providing high-value specialized services under the direct supervision of the CEO: LanguageLine Solutions, TLScontact and GN Research.

▶ **Senior management**

Daniel Julien	**Chairman of the Board of Directors**
Paulo César Salles Vasques	**Chief Executive Officer, Chairman of the Executive Committee**

▶ **Executive Committee**

Jeff Balagna	Chairman of the English-speaking and Asia-Pacific region
Fabricio Coutinho	Chief Research and Development Officer
Lyle Hardy	Chief Information Officer
Olivier Rigaudy	Chief Financial Officer
Leigh Ryan	Chief Legal and Compliance Officer
Yannis Tourcomanis	Chief Executive Officer of the Continental Europe, Middle East & Africa region (CEMEA)
Alan Truitt	Chief Business Development Officer

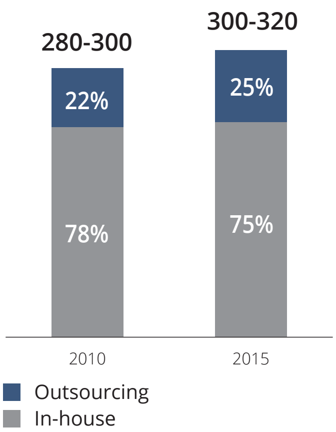
1.3.2 Market and Group positioning

1.3.2.1 Definition and outlook of the Group's markets

In 2015, customer experience management represented a worldwide market worth around $300-320 billion, 25% of which was outsourced.

▶ **Change in customer experience management world market outsourcing rate (2010-2015)**

in billions of US dollars



Source: Everest (2016).

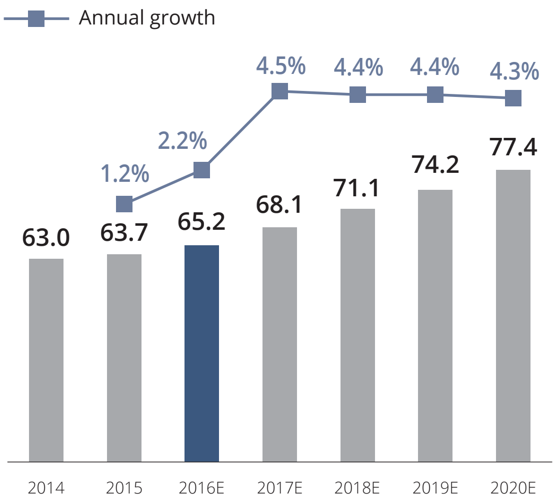
The outsourced market is currently estimated at around US$85-95 billion, depending on sources (Everest or Frost & Sullivan). It is divided into two market segments: client interaction management and debt collection.

The outsourced debt collection market is currently estimated at around $25-30 billion (source: Kaulkin & Ginsberg). Teleperformance earned 3% of its revenue from this market in 2016.

The customer interaction management market comprises customer relations, technical support and customer acquisition. Teleperformance earns 97% of its revenue from this market. Frost and Sullivan estimated this market to be worth $65 billion in 2016, up 2% over 2015: the rise in the US dollar and the slowdown in the telecommunications sector slightly curtailed market growth as measured in US dollars.

For the period 2017-2020, Frost and Sullivan estimates market growth in value at over 4% per year.

Customer interaction management market outlook* (2014-2020E) – in billions of US dollars**



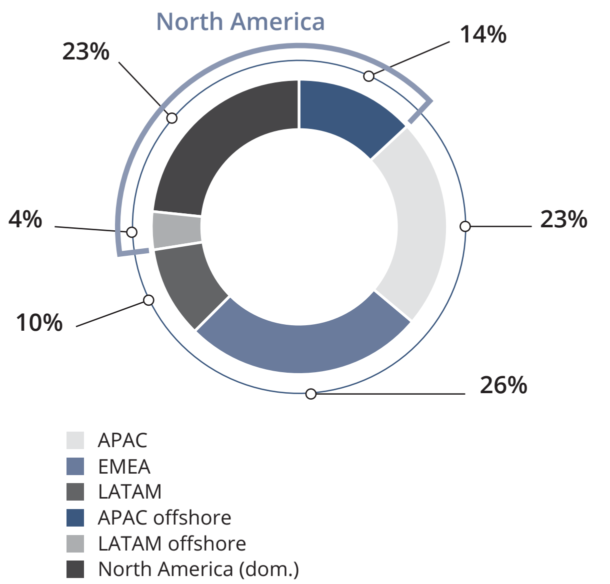
* *Excluding debt collection market.*
** *E=Estimates*

Source: Frost & Sullivan (August – September 2016).

The ongoing expansion of the outsourcing market will continue to be underpinned by two trends:

- a permanent need for companies to improve customer service in a secure and controlled environment while minimizing costs by outsourcing customer experience management to a top-class provider;
- outsourcing leaders now offer reliable solutions backed by extensive experience, in quality and security, and dedicated integrated resources (offshore/nearshore and omnichannel solutions).

Regional breakdown of the world customer interaction management market* (estimated at US$68 billion in 2017)



* *Excluding debt collection market.*

Source: Frost & Sullivan (August – September 2016).

The biggest market is the North American market: it represents 40% of the world market, over half of which is served from contact centers located in the United States (domestic market), the rest being handled from centers located in the Asia-Pacific region, (the Philippines, India, etc.) and Latin America (Mexico, Colombia, etc.).

Outsourced customer experience management world market growth by region* (2016-2020 estimates)

(in billions of US dollars)	**2016**	2017	2018	2019	2020	CAGR** 2016-2020
North America (domestic)	15.5	15.8	16.1	16.4	16.6	
% growth		+1.9%	+1.9%	+1.8%	+1.7%	+1.8%
LATAM nearshore for North America	2.4	2.6	2.8	3.1	3.3	
% growth		+9.6%	+9.3%	+8.5%	+8.0%	+8.8%
APAC offshore for North America	8.7	9.1	9.5	9.9	10.3	
% growth		+4.5%	+4.3%	+4.2%	+4.1%	+4.3%
Total North America	**26.6**	**27.5**	**28.4**	**29.3**	**30.3**	
% growth		+3.4%	+3.4%	+3.3%	+3.2%	+3.3%
LATAM (domestic)	6.5	6.9	7.3	7.7	8.1	
% growth		+5.1%	+6.0%	+6.2%	+5.5%	+5.7%
APAC (domestic)	14.8	15.7	16.7	17.7	18.7	
% growth		+6.1%	+6.1%	+6.0%	+5.9%	+6.0%
EMEA	17.3	17.9	18.6	19.4	20.1	
% growth		+3.6%	+3.7%	+4.0%	+4.1%	+3.8%
TOTAL OUTSOURCED MARKET	**65.3**	**68.0**	**71.0**	**74.1**	**77.3**	
% growth		**+4.2%**	**+4.4%**	**+4.4%**	**+4.3%**	**+4.3%**

* *Excluding debt collection market.*
** *Compound Annual Growth Rate.*
Source: Frost & Sullivan (August – September 2016).

The Asia-Pacific region is one of the most buoyant, with average annual growth of 6% expected between 2016 and 2020; this includes 17% growth in China and 7% in India.

The Latin America region serving the North American market ("nearshore") is also particularly active and is expected to grow at an average rate of 9% per year.

Outsourced market growth is expected to be bolstered by ongoing growth in interactions between consumers and brands, both by phone and especially *via* other channels such as email, SMS, social media and chat. Phone calls will remain by far the main channel, even if other "non-voice" channels are expected to see double-digit growth.

▶ Average annual growth of the outsourced customer experience management market by channel (2016-2020 estimates) – LATAM market case

Phone calls	+6.2%
Chat	+12.2%
Email	+7.8%
Face-to-face	+8.4%
SMS	+7.5%
Social media	+18.0%
Other	+10.5%

Source: Frost & Sullivan (August – September 2016).

The mobile Internet revolution, reflected in rapid growth of mobile online devices such as smartphones and tablets, reinforces this outlook for growth. This explains the surge in interactions between brands, consumers and dedicated customer services in many fields, including:

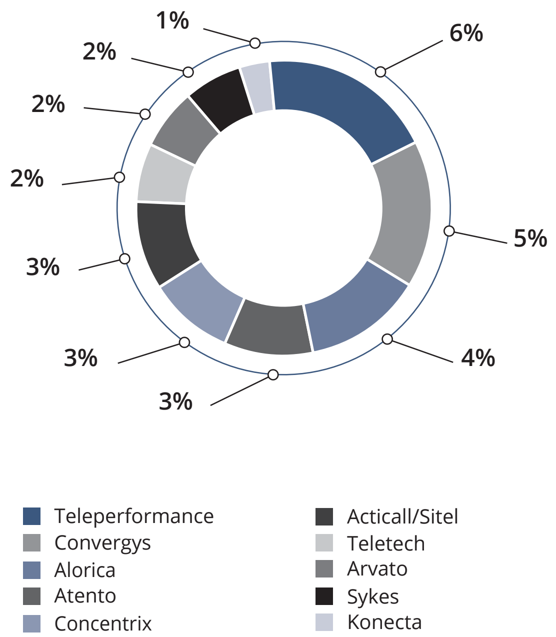
- recreation: books, music, photos, video games, news etc.;
- finance: payment *via* mobile, Internet, credit cards; tourism: online travel agencies, online check-in, etc.;
- education: e-learning, online studies ("MOOC");
- public sector: all-digital (identification, authorization and payment processes);
- logistics: all-digital (handling, tracking, parcel and goods delivery, claims service);
- healthcare: medical assistance, service offering, management of epidemics, etc.;
- retail: e-commerce, supply chain.

1.3.2.2 Group's competitive environment and position

Teleperformance is the world leader in the outsourced customer experience market, which remains highly fragmented. Backed by revenue of over €3.6 billion, the Group's worldwide market share stands at c. 4%. The Group has a 6% share of the customer interaction management market excluding debt collection.

In 2016, the top 10 players held 31% of the outsourced market.

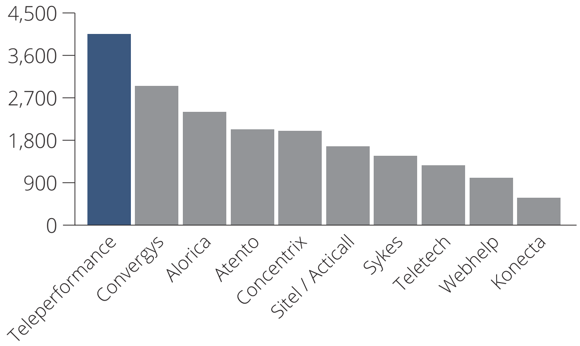
▶ Market share of the top 10 market players worldwide in customer experience management (2016 reported and estimated data) – in %



In 2016, consolidation of the industry continued, driven by market leaders.

Teleperformance	2016: LanguageLine Solutions 2014: Aegis USA
Convergys	2016: BUW 2014: Stream Global Services
Alorica	2016: Expert Global Solutions 2015: West Corporation
Concentrix	2016: Minacs
Acticall	2015: Sitel Worldwide
Konecta	2016: B-Connect and Allus Global

Ranking of the top ten outsourced contact center market players (2016 reported and estimated data) – US$ millions



Sources: Group estimates, publications, press releases.

Ranking by number of operating countries (2016)

#	Competitors	Country
1	**Teleperformance**	**74**
2	Convergys	33
3	Webhelp	28
4	Arvato (groupe Bertelsman)	26
5	Concentrix	25
6	Teletech	24
7	Acticall/Sitel	22
8	Transcom	21
9	Sykes	20
10	Sutherland	19

Source: Group and corporate data.

The Group's worldwide market share gives it a big lead over most direct competitors – American and regional for the most part, in terms of both revenue and number of operating countries.

1.3.3 Group's mission statement and strategy

1.3.3.1 Mission statement and strategic fundamentals

Teleperformance is a company of people serving other people by helping them find solutions to their daily problems.

To achieve this and develop its business, the Group's strategy is focused on development of human capital and a culture of customer satisfaction. These two pillars guarantee the quality, security and reliability of the service provided and reflect the Group's five values:

- integrity;
- respect;
- professionalism;
- innovation;
- commitment.

The Group's human capital development strategy (*People Strategy*) is focused on a continuing quest for excellence in recruitment, building employee loyalty, developing talent and enhancing employees' skills. Our aim is to enable everyone to perform their duties well and for the Group to achieve its objectives. This policy relies on hands-on management and extensive employee satisfaction surveys. Various initiatives have thus been launched to improve working conditions and employee induction while ensuring the professional and personal fulfillment of employees.

The customer satisfaction culture allows the Group to constantly anticipate client expectations and to meet them while guaranteeing world-class quality and security. Teleperformance sets itself apart by:

- searching for innovative solutions (omnichannel solutions including artificial intelligence, multilingual platforms in Europe and Asia, e-performance schemes, etc.);
- continuously optimizing operating processes (K-sat quality of customer satisfaction indicators, dedicated management of strategic accounts, etc.);
- developing a unique, high-value service offering (omnichannel and premium solutions, customer data analytics, social media management, new critical services such as over-the-phone and video interpretation solutions, etc.);
- introducing security guidelines such as the Group's GECSP (Global Essential, Compliance and Security Policies) - a set of security rules applicable worldwide and designed to anticipate potential risk of fraud or violation of any statutory security rules - regular internal and external audits, in-house development of customized technical solutions and establishing specific certifications;
- increasing production capacity abroad to assist local and global clients in developing their operations and strengthening the Group's integrated domestic and offshore service offering (local and remote).

This culture is increasingly important to the Group's strategy given that its markets are currently undergoing a mobile revolution triggering new consumer habits ("connected everywhere, every time"), new client demands and new services in some markets such as mobile healthcare management, household equipment, online gaming, etc.).

1.3.3.2 Development strategy

Teleperformance has five competitive advantages that enable it to successfully implement its development strategy:

- the *People Strategy*, which is founded on two key pillars of human capital management: focus and discipline;
- the omnichannel offer comprising solutions and technology that enable control of the entire chain of interactions and communication between the client and its customer;

- a culture of customer satisfaction where proactivity and customer communication are key;
- the handling of 265 languages, *via* an integrated offshore/nearshore network, enabling it to meet the global needs of a great number of clients;
- expertise and experience in a wide range of client sectors.

The Group has prioritized four strategic initiatives for the next three years:

- develop high-potential markets, such as China and India, and those in the offshore/nearshore regions;
- develop a omnichannel solution that integrates artificial intelligence;
- develop business with North American, European and Asian multinationals;
- develop specialized services and synergies between the Group's various business lines.

The goal of the strategy is to add value through sustainable and profitable development of the Group's operations, organic growth and targeted acquisitions.

The Group's acquisitions strategy primarily targets medium-sized companies offering a robust business and financial model and synergies with the Group's client base, operations and business activity. The Group specifically keeps an eye out for all opportunities in high-value specialized services that would enable it to strengthen its growth and profitability profile.

1.3.3.3 2020 Objectives

The outsourced market continues to offer attractive growth opportunities in many parts of the world, and presents definite consolidation potential. This positive trend is bolstered by an increasingly complex and digitized environment, with steady growth in customer interactions.

The acquisition of LanguageLine Solutions LLC in September 2016 reflects the Group's strategic decision to develop high-value specialized services. *Via* its targeted acquisitions, the Group has gradually positioned itself as a world-renowned high-end player in Business Process Outsourcing (BPO).

The Group therefore decided to present a new organization of its business operations, comprising: "core-services", consisting of customer relations, technical support and customer acquisition, and "specialized services", which include the recently acquired LanguageLine Solutions interpreting services, visa application management services provided by TLScontact, analytics solutions and debt collection services. Specialized services post an EBITA margin of around 30% and could generate revenue growth of at least 6% per year over the next three years.

▶ 2016 *Pro forma Revenues and current EBITA*: new presentation**

In millions of euros	Revenue	Current EBITA	% of revenue
CORE-SERVICES	**3,314**	**322**	**9.7%**
English-speaking market & Asia-Pacific region	1,628	150	9.2%
Ibero-LATAM	884	109	12.3%
Continental Europe, Middle East & Africa	802	31	3.8%
Holdings**	-	32	-
SPECIALIZED SERVICES	**596**	**178**	**29.9%**
TOTAL	**3,910**	**500**	**12.8%**

* *LanguageLine Solutions consolidated over 12 months.*
** *Mainly related to core-services in 2016.*

Teleperformance expects to maintain like-for-like growth above the market average and post revenues of €5 billion in 2020. Meanwhile, management intends to continue its targeted acquisition strategy, focusing on high-valued specialized services. Thanks to the positive impact on margins of the ramp-up of specialized services, which are expected to account for 20% of revenues, coupled with the benefits derived from specific profitability-enhancing initiatives, the Group aims to achieve a current EBITA margin of at least 14% in 2020.

1.3.4 2016 highlights

1.3.4.1 Revenue and earnings

The annual objectives were attained once again with 7.4% like-for-like revenue growth and an 11.2% margin, up 90 basis points compared with the previous year. These figures confirm the relevance of the Group's strategic development decisions, in particular the development of the new high-valued specialized services business, which combines a dynamic growth profile with high profitability levels.

Reported revenue growth amounted to 7.4%. This includes the integration of LanguageLine Solutions LLC, acquired on September 19th, 2016, and a currency loss mainly resulting from the decline in the British pound, the Mexican peso, the Colombian peso and the Argentine peso against the euro compared to 2015.

The Group's 2016 revenue and margin growth was a result of the following:

- growth in all of the Group's linguistic regions;
- strong business gains maintained with global clients in some markets ("network effect") in the Continental Europe, Middle East and Africa region, such as Egypt, Greece, Russia and the Netherlands, in a range of sectors including consumer electronics, the Internet, retail and financial services. Portugal posted strong performances with its multilingual solutions;
- sharp revenue growth in the visa applications management business (TLScontact);
- rapid business development in China and India;
- the integration of LanguageLine Solutions LLC.

Net profit Group share came in at €214 million, up 6.8% from 2015. Diluted earnings per share amounted to €3.67, up from €3.45 in 2015.

The Group's financial structure at December 31st, 2016 includes financing arrangements for the acquisition of LanguageLine Solutions LLC on September 19th, 2016. The Group's balance sheet remains strong with shareholders' equity of €1,922 million and €1,667 million in net debt.

1.3.4.2 Development and investments

Acquisition of LanguageLine Solutions

On September 19th, 2016, Teleperformance acquired LanguageLine Solutions LLC from private investment fund Abry Partners and minority shareholders.

LanguageLine Solutions is the leading provider of over-the-phone and video interpretation solutions in North America, serving a range of companies and institutions in the healthcare, insurance, financial services, telecommunications and public sectors. Founded in 1982 in Monterey, California, LanguageLine Solutions LLC posted revenues of US$388 million and EBITDA of US$147 million in 2015.

LanguageLine Solutions LLC provides essential services to a wide range of clients in the areas of customer relations and technical support, in sectors where Teleperformance already has a strong presence. In 2015, this Company offered services in over 240 languages to 25,000 clients in the United States, Canada and the United Kingdom, backed by an efficient network of nearly 8,000 interpreters. This acquisition strengthens Teleperformance's leading position worldwide in the high-value services sector, as indicated by its growth and profitability profile. The goal is to gradually expand LanguageLine Solutions' operations across all Teleperformance markets, and to generate synergies between the Group's various business lines.

New sites and increasing production capacity

To support the rapid expansion of its business, the Group continued to strengthen its offshore facilities and presence in high-growth markets in 2016 by opening and expanding locations in the Group's three linguistic regions.

The Group opened 24 new contact centers and installed new workstations at a number of existing locations. This amounts to total additional capacity of more than 20,000 workstations.

By region, the new locations breakdown as follows:

- new centers were opened in Continental Europe, the Middle East and Africa: in Madagascar, where the Group set up its first operation to serve the French market, and in Germany, the Netherlands, Greece, Turkey, Russia, Poland, the Czech Republic and Switzerland; the Group also increased the capacity of existing sites in Egypt, Dubai (United Arab Emirates), Romania, Albania, Turkey, Lithuania, Russia, Morocco and Italy;
- in the English-speaking and Asia-Pacific regions, the Group opened two new contact centers in the United States, seven in the Asia-Pacific region: in Australia, India, Philippines, China and lately in Malaysia ; as this is a particularly fast-growing region, the Group intends to continue opening locations in 2017, specifically in China;
- in the Ibero-LATAM region, the Group opened six new locations in Portugal, Brazil, Mexico, the Dominican Republic and El Salvador.

Capital expenditure

The ongoing growth in the Group's production capacity resulted in a sharp increase in Group capital expenditure in 2016 compared to previous years.

(in millions of euros)	**2016**	2015	2014
Net capital expenditure	190	172	157
% of revenue	5.2%	5.0%	5.7%

The Group strictly monitors the volume and return on capital expenditure per project, notably to support its rapid business growth in booming markets.

In 2017, the Group plans to pursue growth primarily in Asia and multilingual hubs notably in Portugal.

Acquisitions of material and controlling interests

No new shareholdings in excess of 5% of the capital or voting rights and no new direct or indirect controlling interests were acquired in companies having their registered offices in France.

1.3.4.3 Awards

In 2016, Teleperformance once again received numerous awards from prestigious institutions and reputable independent consultancy firms around the world, both for its leadership and the excellence of its service in its market as well as for its human resource development strategy, innovation capacity and commitment to social and environmental responsibility.

- Everest Group named Teleperformance the worldwide leader in management of outsourced contact centers for the fourth consecutive year.
- Six 2016 Frost & Sullivan prizes awarded to Teleperformance:
  - *Competitive Strategy Innovation and Leadership* - Russia;
  - *Service Provider of the Year* for the fifth year in a row – Asia-Pacific;
  - *Nearshoring Services Market Leadership* – Latin America;
  - *BPO Competitive Strategy Innovation and Leadership* – Egypt;
  - *Global Corporate Social & Environmental Responsibility Leadership*;
  - *Company of the Year* - North America.
- Teleperformance awarded Enterprise-Wide Certification for Social Responsibility by Verego.
- *Great Place to Work*® (GPTW) prizes awarded to Group companies for 2016:
  - Teleperformance Dominican Republic;
  - Teleperformance El Salvador;
  - Teleperformance Brazil (*Best Workplace for Women*);
  - Teleperformance LATAM region (*Best Workplace for Women*);
  - Teleperformance Mexico (nearshore);
  - Teleperformance India;
  - Teleperformance in Latin America for the sixth year in a row.
- 2016 *Global Best Employers*™ *Program* prize awarded by AON Hewitt to Teleperformance in Albania, China, India, Portugal and Ukraine.
- 2016 *Industry Champion* prize awarded by Contact Center World to Teleperformance India.
- Teleperformance ranked among the best outsourced services providers at the International Association of Outsourcing Professionals' (IAOP) Global Outsourcing 100® awards for the second year in a row.
- The Teleperformance China call center in Nanning awarded the 2016-2017 *Best Office Interior, China* by the Asia-Pacific Property Awards.
- Teleperformance United States awarded the 2016 *CRM Service Award* prize.
- Teleperformance's operations in the Netherlands was named *Best Performing Employer 2016* in the contact center sector from the National Institute of Business Success Award (NBSA).
- Teleperformance Greece awarded Vendor of the Year distinction in customer care by The Western Union Company.
- Teleperformance Romania awarded the 2016 *Best Large Contact Center* prize by consulting firm Marketing Insiders Group for the sixth year in a row.
- Teleperformance United States awarded AT&T's *Supplier Diversity Crystal* award for the fourth year in a row.
- *Freedom Award* awarded to Teleperformance United States by the State of Utah for the hiring of military veterans.
- Teleperformance Russia won two medals at the Contact Center World Awards.
- Teleperformance Russia and Ukraine awarded six prizes by Contact Center World.
- Teleperformance Russia receives four *Crystal Headset* nominations by the Call Center Guru professional association.
- Teleperformance, has been named to Forbes magazine's 2016 list of "The 50 Most Trustworthy Companies In Western Europe". Based on Aggressive Accounting and Governance Risk (AGR), the list identifies companies that have consistently demonstrated transparent accounting practices and solid corporate governance.

1.4 *Real estate and facilities*

Group companies' premises are generally rented, as it is the Group's policy not to own centers where it operates. However, the Group owns the following premises:

English-speaking and Asia-Pacific:

- an 8,733 m² building in Shreveport (United States);
- an 11,538 m² building in Fort Lauderdale (United States);
- a 12,356 m² building in Killeen (United States);
- a 12,821 m² building in Dallas (United States).

Ibero-LATAM:

- a 2,766 m² building in Buenos Aires (Argentina);
- a 4,330 m² building in Bogota (Colombia).

Continental Europe, Middle East & Africa:

- a 949 m² building in Lyons (France);
- a 4,000 m² building in Le Mans (France).

The Group has 163,000 workstations and carries out operations across 340 contact centers in 74 countries.

In 2016, the Group invested €54 million in fixtures, fittings and facilities for all operating locations.

1.5 Organization Chart (at December 31st, 2016)

1.5.1 Teleperformance SE and its subsidiaries

The parent company Teleperformance SE operates as a holding company vis-à-vis its subsidiaries while also performing management, control, support and advisory functions for the Group's companies, receiving fees for these services.

Moreover, Teleperformance collects a brand royalty charged to all subsidiaries. Note 22 *Relations with related companies* of the notes to the Company financial statements (page 205 of this Registration Document) gives details of the Company's relations with its subsidiaries.

The Company is also head of the French tax group, which includes French subsidiaries in which the parent company holds over 95% of the capital.

Detailed information on Teleperformance's main subsidiaries is summarized in the table of subsidiaries and shareholdings in the notes to the Company financial statements (pages 206 and 207 of this Registration Document).

1.5.2 Operational organization chart

TELEPERFORMANCE SE

- **English-speaking and Asia-Pacific**
  - South Africa
  - Australia
  - Canada
  - US
  - Jamaica
  - China
  - Guyana
  - India
  - Indonesia
  - Ireland
  - Malaysia
  - Philippines
  - Singapore
  - United Kingdom
- **CEMEA**
  - **French-speaking market**
    - France
    - Morocco
    - Tunisia
    - Lebanon
    - Madagascar
  - **Southern Europe**
    - Albania
    - Egypt
    - Greece
    - Italy
    - Rumania
    - Turkey
    - United Arab Emirates
  - **Northern Eastern Europe**
    - Germany
    - Denmark
    - Finland
    - Lithuania
    - Norway
    - Netherlands
    - Poland
    - Czech Republic
    - Russia
    - Slovakia
    - Sweden
    - Switzerland
    - Suriname
    - Ukraine
- **Ibero-LATAM**
  - Argentina
  - Brazil
  - Chile
  - Colombia
  - Costa Rica
  - Mexico
  - Dominican Republic
  - El Salvador
  - Spain
  - Portugal
- **Other**
  - **TLScontact**
    - South Africa
    - Algeria
    - Egypt
    - United Arab Emirates
    - Ethiopia
    - Gabon
    - Ghana
    - Jordan
    - Kenya
    - Lebanon
    - Nigeria
    - Morocco
    - Mauritius
    - Uganda
    - Sierra Leone
    - Tanzania
    - Tunisia
    - Albania
    - Germany
    - Canada
    - China
    - Indonesia
    - Philippines
    - Thailand
    - Vietnam
    - Armenia
    - Azerbaijan
    - Belarus
    - Spain
    - Georgia
    - France
    - Ireland
    - Italy
    - Kazakhstan
    - Montenegro
    - Uzbekistan
    - Poland
    - United Kingdom
    - Russia
    - Serbia
    - Switzerland
    - Turkey
    - Ukraine
  - **GN Research**
    - Albania
    - France
    - Italy
  - **LanguaLine Solutions**
    - Canada
    - Costa Rica
    - United States
    - Panama
    - Dominican Republic
    - United Kingdom

The percentage shareholdings are specified on pages 182 to 185 of the notes to the consolidated financial statements part 6.6. § M. *List of consolidated companies*.

1.6 *Risk factors*

1.6.1 Financial risk management

The Group is exposed to the following risks:

- credit risk;
- liquidity risk;
- market risk;
- equity risk.

This note provides information on the Group's exposure to each of the above risks, its objectives, policy and procedures for measuring and managing risk, as well as its share capital and equity management.

Quantitative disclosures appear elsewhere in the consolidated financial statements.

It is the Board of Directors' role to define and oversee the Group's risk management framework. Monitoring, measuring and overseeing financial risk is the responsibility of the Group's Finance Department, for the Group and each of the Group companies.

The objective of the Group's risk management policy is to identify and analyze the risks that the Group faces, to set appropriate risk limits and controls, and to manage the risks and ensure that the limits defined are respected. The policy and the risk management systems are reviewed regularly so as to respond to changes in the market and in the Group's activities. Through training and management rules and procedures, the Group aims to develop a rigorous and constructive control environment where all employees have a clear understanding of their role and duties.

The Internal Audit Department performs both periodic and *ad hoc* reviews of risk management controls and procedures, reporting to the Audit Committee.

All strategic decisions relating to the hedging policy for financial risks are the responsibility of the Group's Finance Department.

1.6.1.1 Credit risk

Credit risk is the Group's risk of financial loss in the event that a client or counterparty to a financial instrument fails to meet their contractual obligations. This risk primarily concerns customer receivables and short-term investments.

Trade receivables and other current assets

The Group's exposure to credit risk is mainly influenced by the individual characteristics of its clients. The Group's largest client accounts for 7% of revenue. In addition, sales to telecommunications clients and Internet service providers represent a total of 19% of revenue. No country accounts for more than 10% of trade receivables, with the exception of the United States which represented approximately 43% of total trade receivables at December 31st, 2016.

Credit risk is continuously monitored by the Group Finance Department, through monthly reports and quarterly Executive Committee meetings.

The Group does not require specific credit guarantees for its trade receivables and other current assets.

The Group determines the level of its impairment losses by estimating losses incurred on trade receivables and other current assets.

Guarantees

The Group provides performance guarantees on contracts when requested by certain clients. Guarantees are disclosed in note I.4 (*Guarantees and other contractual obligations*).

1.6.1.2 Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its liabilities when they fall due.

The Group policy in respect of its financing is to maintain, at all times, sufficient liquidity to finance Group assets, short-term cash requirements and development, both in terms of amount and duration, and at the lowest possible cost.

For several years now the Group has implemented a centralized cash management policy when permitted by local legislation. Companies included in the cash pooling represent slightly less than 60% of Group revenues.

In countries where cash pooling is not permitted, short-term cash management is provided by the subsidiaries' operational management team, which generally has access to short-term bank facilities, plus, in some cases, confirmed credit line facilities from the parent company.

All medium and long-term financing is authorized and overseen by the Group's Finance Department.

The Group obtains financing in the form of loans and credit lines from top-tier credit and financial institutions, repayment of which falls due between 2017 and 2026 as stated under note G.4 (*Financial liabilities*).

The available balance of the EUR/USD multi-currency syndicated credit line at December 31st, 2016 amounted to €265 million.

Net debt at December 31st, 2016 amounted to €1,666.8 million versus €362.7 million at December 31st, 2015.

Given the timing of our borrowings and the Group's ability to generate free cash flow, liquidity risk is low.

Information relating to liquidity risk is provided in note G.4 of the consolidated financial statements (*Financial liabilities*).

1.6.1.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and the cost of equity instruments, will affect the Group's results or the value of its financial instruments. The objective of managing market risk is to manage and control the market risk exposure, keeping it within acceptable limits, while maximizing return.

Foreign exchange risk

The Group is particularly exposed to foreign exchange risk on revenues denominated in a currency other than each company's functional currency, *i.e.* principally the US dollar.

The Group hedges currency risk on sales, notably between the Mexican, Philippine and Colombian peso and the US dollar. These hedges are described in more detail in note G.5 (*Currency hedging operations*) of the consolidated financial statements.

The Group is also exposed to currency risk on its borrowings denominated in currencies other than the euro or the functional currency of Group companies.

Group policy is as follows:

- the Group hedges loans granted to subsidiaries with loans or advances in the same currency and with the same maturities, or with foreign exchange contracts if markets conditions allow;
- the principal bank loans granted to Group companies are denominated in the functional currency of the borrower;
- interest due on borrowings is denominated in the same currency as the cash flows generated by the underlying operations of the Group, primarily the euro, the US dollar and the pound sterling. This provides an economic hedge without resorting to derivatives.

Finally, the Group is exposed to foreign exchange risk when translating foreign subsidiaries' financial statements for consolidation purposes.

The translation difference on Group consolidated revenue is disclosed in note G.8 (*Exposure to exchange risk due to consolidation*) of the consolidated financial statements, which shows the breakdown of revenue by currency over the last two years.

The impact of changing foreign exchange rates on the Group's revenue, profit before tax and net profit Group share are disclosed in note G.8 (*Exposure to exchange risk due to consolidation*).

Sensitivity to interest rate changes

The Group is exposed to interest rate risk on its financial liabilities and on its cash holdings. However, a significant portion of its debt is at fixed rates. Amounts subject to interest rate risk are as stated below:

Net debt	**12/31/2016**	Fixed rate	Subject to interest rate risk	12/31/2015	Fixed rate	Subject to interest rate risk
Total financial liabilities	1,949	619	1,330	620	350	270
Total cash and cash equivalents	-282		-282	-257		-257
NET DEBT	**1,667**	**619**	**1,048**	**363**	**350**	**13**

A 100 basis points movement in interest rates would have an impact of €9.2 million on 2016 earnings and €0.1 million on 2015 earnings.

1.6.1.4 Equity risk

The Group limits its exposure to equity risk by investing available cash reserves in short-term liquid investments, certificates of deposit, and low risk financial instruments such as mutual funds, while choosing top-tier financial institutions and avoiding significant concentration. Group management does not expect any counterparty to default.

Short-term liquid investments at December 31st, 2016 amounted to €7.2 million, principally represented by money market funds and mutual funds.

Share capital and equity management

The Group's policy on share capital and equity management is to maintain a strong equity base so as to keep the confidence of investors, creditors and the market, and to support future business development. The Group pays close attention to its net debt and debt-to-equity ratio.

The debt-to-equity ratio is as follows:

(in millions of euros)	**12/31/2016**	12/31/2015
Net debt	1,667	363
Total shareholders' equity	1,922	1,765
Debt-to-equity ratio	**0.87**	**0.21**

From time to time the Group buys back its own shares on the market. Oddo Corporate Finance has acted on its behalf under a liquidity agreement since January 8th, 2007. The agreement complies with the Code of Conduct established by the AFEI (French Association of Investment Firms) as approved by the AMF. The amount of funds committed to this arrangement is €1.3 million at December 31st, 2016. The number of treasury shares held at the end of the year is set out in note F.1 (*Share capital*) of the consolidated financial statements.

1.6.2 Risks relating to operations

Teleperformance's level of activity is contractually related to that of its clients. A decrease in a client's activity, whether or not arising from a general economic downturn, can affect the Group's activity.

Contractual clauses enable guarantees to be obtained in relation to certain criteria, such as volume, end-user satisfaction, as well as quality of services, IT infrastructure, security systems and feedback provided by employees.

Such criteria may however be amended by the client. The price, which is a determining factor for certain business sectors (such as in the field of telecommunications), or allocation of entrusted volumes are other aspects that can impact the Group's business.

The duration of contracts in the inbound calls business, which accounts for most of the Group's revenue, varies between two and five years.

1.6.2.1 Competition risks

The outsourced contact center market is fragmented and competitive; however, the number of competitors operating worldwide remains limited (see 1.3.2.2 *Group's competitive environment and position*). In each of the countries where it is established, the Group is faced with strong competition comprising international, national and often local businesses. These are generally companies specializing in the management of contact centers, or companies offering outsourced general services and developing niche activities that are incorporated in a package offer.

This environment may lead to certain constraints on prices, whether in connection with the award of a new contract or with the renewal of a contract with an existing client. The rise in such constraints in all of the Group's markets could affect its business and profitability.

In order to manage any risk of price constraints while catering for its clients' needs, the Group has developed several strengths to set itself apart from its competitors:

- time-tested management and unrivaled credibility;
- human capital development strategy that guarantees quality and reliability of service;
- a highly client-oriented culture;
- a unique integrated network combining domestic, nearshore and offshore solutions;
- constant innovation strategy aimed at increasing the value-added of the Group's services;
- worldwide presence to support the Group's global clients;
- secure processes in line with contractual provisions with clients (see 1.6.2.5 *Security and data protection risk*).

1.6.2.2 Risks from regulatory and legislative changes

In each country where the Group operates, the contact center business may be subject to specific statutes and regulations in the fields of labor law, competition, consumer protection, data privacy and company law.

The enactment of any regulation having a restrictive effect on the Group's activity could impact growth.

Governments and regulatory authorities may adopt regulations aimed at restricting outsourcing and improving consumer protections. For instance, numerous countries have adopted regulations giving individuals the option not to receive telemarketing calls. The risk of these regulations having a negative impact on the Group's growth, which used to be considered material, is now much lower given the nature of the Group's current activities.

Indeed, for several years now the Group has significantly increased its inbound call business and reduced the proportion of its outbound call business. Representing 82% of revenues, inbound call activities are now predominant in the Group (see 1.3.1.4 *A balanced operations portfolio*).

1.6.2.3 Risk relating to potential client dependency

Although Teleperformance's business depends on its ability to renew its contracts and to sign new ones on profitable terms, no Group client represents more than 7% of revenue.

With more than 850 clients, excluding LanguageLine Solutions, Teleperformance has the most diversified client base in the industry. Client concentration has tended to decrease over the last two years (see.1.3.1.4 *A balanced operations portfolio*).

1.6.2.4 Customer loyalty risks

Teleperformance's activity depends on its ability to retain and renew contracts with existing clients and to successfully win and negotiate new contracts. This ability is generally assessed in light of various criteria such as quality, security, cost and any item enabling differentiation from competitors. At December 31st, 2016, the average duration of a client relationship is 10 years.

This loyalty is the result of a highly client-focused Group culture, reflected in rigorous procedures, a good understanding of client expectations and a highly responsive company structure: specific management of strategic accounts, regular activity reports, a marketing research laboratory, regular and detailed client satisfaction surveys and introduction of rapid response operational teams.

1.6.2.5 Risk relating to data security and protection

Securing the technological platform

Teleperformance delivers its services to clients through a complex technological platform that integrates various aspects of information technologies: powerful telephone technology, hardware and software.

All of the Group's subsidiaries and workstations are currently networked *via* dedicated data connections and phone lines.

The Group ensures that the requisite security measures and insurance cover are applied in the context of its activities.

The Group requires each subsidiary to adhere to internal data security and protection standards, as well as to international security and quality standards, in particular ISO 27001 and ISO 22301. In addition, Teleperformance complies with PCI Data Security standards whenever it is required to do so by its clients.

Personal data protection and security

The Group's activity requires subsidiaries, acting as such as data controllers, to collect, process and transfer personal data regarding our employees. When acting on behalf of its clients, Teleperformance acts as a data processor and collects and processes personal data of the customers of its clients.

The Group must not only meet any legal requirement as well as any contractual commitments toward its clients, but also more than 300 compliance criteria in the field of security. Non-compliance with statutory and contractual requirements could lead to adverse consequences for the Group's performance.

The past years were marked by an increase in electronic fraud cases throughout the world, as evidenced by the most significant cases published in the international press. In addition, many other incidents are settled confidentially, in the normal course of business. In December 2016, Teleperformance entered into a settlement agreement with a Group client who had claimed that Teleperformance was liable for damages related to incidents of improper access to customer information that occurred in 2014 in three of the Group's contact centers. Teleperformance is pursuing potential insurance coverage in connection with this matter.

In 2015, the Group implemented a set of security rules binding upon each subsidiary ("Global Essential Compliance and Security Policies" or "GECSPs"), designed to anticipate any possible risks of fraud or violation of any legal security rules. The Group established an internal compliance audit function, which reviews our operational sites on a rotating 24 month schedule for adherence to the established GECSPs and client requirements. In addition, external auditors carry out audits of selected sites in order to assess compliance with the GECSPs and other security processes implemented in our sites.

In addition, a Global Compliance and Security Council, chaired by the Deputy Chief Compliance and Privacy Officer meets monthly to review security incidents, if any, ensure regular compliance with the GECSPs, and quarterly to review results of the internal and external audits and other compliance matters. As Teleperformance places a special attention on security matters, all regional CEOs and all relevant operational and compliance officers attend the Global Compliance and Security Council meetings.

Also, as of February 1st 2016, Teleperformance appointed a Worldwide Chief Legal and Chief Compliance Officer, who reports directly to the Group CEO.

1.6.2.6 Risks relating to Human Resources, employees and executive officers

The quality of the Group's services relies largely on its ability to attract, train, motivate and foster loyalty in the best talents and maintain a level of training aimed at constantly improving its standards.

Moreover, the staff turnover rate is closely and regularly monitored by the Group. It not only impacts hiring and training costs, but also the quality of the services delivered to clients, and therefore operating profit.

In Europe (Continental Europe, Middle East and Africa), the turnover rate is lower than in countries where economic growth is higher and where working conditions are more flexible.

In a business sector characterized by high staff turnover, the Group has sought to develop its hiring capacity (employees, executives, etc.) and loyalty programs. The Group is backed by a number of strengths, including its market leadership and ability to offer employees a first-class award-winning work environment, staff benefits, on-the-job training and career prospects within a global group.

The departure of certain managers and executive officers could have a negative impact on the Group's revenue and earnings. The Group therefore introduced performance share plans in July 2013, February 2014, and in April and November 2016, order to motivate and retain the best performing executive officers.

Moreover, in case of departure, executive officers are bound by non-compete clauses and undertakings not to poach Group employees.

1.6.3 General risks

1.6.3.1 Risks relating to growth through company acquisitions

As part of its external growth strategy, Teleperformance takes all steps to identify acquisition targets, in terms of country, product or job synergies, as well as identifying risks associated with these acquisitions.

The goodwill appearing on the Group's balance sheet assets is evaluated every year to determine whether it should be written down. The assumptions made in estimating future earnings and cash flows at the time of these evaluations may not be confirmed by subsequent actual results.

Capitalized goodwill as of December 31st, 2016 amounted to €1,952 million and represents 39% of total assets.

No goodwill impairment was recognized for 2016.

1.6.3.2 Group risks due to foreign operations

As part of its development and due to the actual nature of its business, the Group carries out a major portion of its business outside France, particularly in emerging markets.

Risks inherent to conducting business in these countries, such as social, political and economic instability, late payments or unexpected changes to legislation, can have consequences on the Group's operations and thus affect its earnings.

On the basis of ratings published at the end of January 2017 by COFACE, which constantly monitors the evolution of emerging countries and releases ratings per country, the Group's concentrations per production region are as follows:

- 75% of revenue in countries where the situation is regarded as favorable and low-risk or implying acceptable risks; these include major contributors to Group revenue, notably the USA, Philippines and UK. Italy, Kenya and Romania joined this category in 2016;
- 13% of revenue in countries where the climate is uncertain, including Tunisia, Turkey and El Salvador;
- 12% of revenue in countries where economic and political outlooks are considered to be very uncertain; these are mostly countries as Russia, Greece and Egypt.

1.6.3.3 Other risks

Suppliers

Our top five suppliers account for around 14% of Group purchases.

These are mainly temping agencies, IT hardware suppliers and telephone operators.

However, we consider our risk to be limited, since for a given service or product we contact several suppliers, all leaders in their market.

Legal risks

The Group operates in a certain number of countries where failure to comply with applicable domestic legislation could expose the Group to legal action by employees or shareholders.

Employment risks

Within the normal framework of its business, the Group is involved in a certain number of employment disputes.

In accordance with applicable accounting principles, these disputes are recognized under provisions for risks. They amounted to €8.3 million at December 31st, 2016 and mainly concerned disputes with former employees, in particular in Argentina and France.

In the future, the Group may further restructure or reorganize its business in some countries. These restructuring or reorganization operations may involve closing down or merging contact centers in order to adapt to the needs of an ever-changing market. Although Group management pays particular attention to such restructurings, it could nevertheless damage the Group's relationships with its employees, which could lead to employment disputes, particularly work stoppages, strikes or, generally, disruptions that might negatively impact the Group's reputation, revenue, financial position or earnings.

1.6.4 Insurance – Risk coverage

1.6.4.1 Overall Group insurance strategy

Teleperformance's insurance strategy is designed to safeguard the Group's assets in view of risks to which they might be exposed.

The strategy meets the aim to standardize and optimize coverage, manage insurance policies centrally and minimize costs.

The Group has set up international insurance programs covering property damage, loss of profits and civil liability. Insurance policies are taken out *via* brokers with top-class international insurance companies.

Coverage caps are established in line with the Group's inherent business risks, taking into account its claims experience and market conditions, and comply with local regulations.

A third-party organization may be entitled to audit and analyze the insurance programs to ensure the risk coverage is appropriate and sufficient.

The Group does not have a captive insurer and there are no material risks that the Group self-insures.

Total premiums paid for 2016 amounted to €6.8 million.

1.6.4.2 Insurance programs

General and professional liability insurance

The Group has set up a centrally managed general and professional liability insurance program in Europe. In principle, all subsidiaries are covered by this program, either under the Group policy or under separate policies managed locally in accordance with local regulations.

Coverage for any new entity is always assessed in advance so as to establish insurance conditions and their inclusion in the global program.

The terms and conditions of this program can be amended to take into account changes in business activities, the insurance market and risks incurred.

Property damage and business interruption insurance

The Group has set up a property and business interruption insurance program in Europe also covering many non-European CEMEA countries. The scheme extends to subsidiaries in other parts of the world whenever this is possible with regard to local legislation and the opportunities for optimizing cover and costs.

Non-consolidated subsidiaries are insured separately in accordance with applicable local legislation and regulations.

Other risks

The Group is covered by other insurance policies. Depending on the type of risks involved, these policies are taken out either at local level, in accordance with the legislation in force in each country, or at global level in order to optimize insurance costs and the level of coverage required.

1.7 *Legal and arbitration proceedings*

In the ordinary course of business, the Group is involved or risks being involved in various administrative or court proceedings. Within the scope of some of these proceedings, monetary claims are made or might be made against the Group. Provisions have been booked for these claims pursuant to IFRS (various provisions totaling €18.7 million were booked at December 31st, 2016). The Group estimates that provisions booked for the risks, disputes and arbitration proceedings of which it is aware or that are currently pending are sufficient so as not to affect the Group's consolidated financial position should the Group experience a negative outcome in any of such cases.

To the Company's knowledge, there is not, to date, any other governmental or legal court action or arbitration, apart from what is mentioned in this section and in note I.5 *Litigation* to the consolidated financial statements, nor any court action of which the Company is aware that is pending or threatened, that may have or has had a material impact on the financial position or earnings of the Company or Group in the last 12 months.

2

Information on the Company and its Share Capital

2.1 Information about the Company

2.1.1 General information about the Company

Corporate name

Teleperformance SE

Registration location and number

Paris Trade and Companies Register No. 301 292 702

APE business activity code: 6420Z

Registered office and central administration

21-25, rue Balzac – 75008 Paris – France

Telephone: +33 1 53 83 59 00

Legal form – applicable law

The Combined shareholders' meeting held on May 7th, 2015 approved the conversion of the legal form of the Company by adopting the form of a European Company (*Societas Europaea*). Since June 23rd, 2015, effective date of conversion, Teleperformance is a European Company having its registered office in France. It is governed by the provisions of the European Council Regulation (EC) No 2157/2001 dated October 8th, 2001 governing the statutes of European companies, the provisions of the European Council Directive No 2001/86/CE of October 8th, 2001, the provisions of the French Commercial Code for companies in general and European companies in particular and by its articles of association.

Date of incorporation and term

The Company was incorporated on October 9th, 1910. It will expire on October 9th, 2059, except in the event of extension or early dissolution.

Financial year

From January 1st to December 31st every year.

Access to legal documents and regulated information

Legal documents relating to the Company are available for review at the Company's registered office (21-25, rue Balzac – 75008 Paris, France).

Permanent and occasional regulated information is available on the Company's website at www.teleperformance.com, section "Investor Relations".

2.1.2 Memorandum and articles of association

2.1.2.1 Corporate purpose

Under the terms of Article 3 of the articles of association, the Company's purpose in France and abroad is as follows:

1. all industrial, commercial, personalty and realty transactions of all kinds;
2. publishing and the publication of all documents, books, works, reviews and periodicals of all kinds as well as the direct and indirect promotion, merchandising, advertising and marketing of books, publications and films;
3. all activities as a service provider in the retail or specialized communication and advertising sector.

   Within the scope of this business activity, designing and performing promotional, public relations, marketing, telemarketing and teleservices actions, purchase of advertising space, space brokerage, and the publication and production of audiovisual works;
4. the creation of branch offices and agencies in France and in all countries as well as directly or indirectly participating in any form whatsoever in all operations which may be connected to the above-mentioned objects by creating new companies, subscribing to issues for companies being formed, or purchasing shares of existing companies or in any other way as well as taking of financial interests;
5. providing advice to third parties and its direct and indirect subsidiaries in financial, commercial, administrative and legal matters.

2.1.2.2 Administration and management of the Company

Board of Directors

The Company is managed by a Board of Directors comprising 3 to 18 members, subject to the statutory exception in the event of a merger. Directors may be individuals or legal entities.

Pursuant to Article 17 of the articles of association, the Board of Directors manages and administers the Company. Subject to the powers expressly reserved by law to general meetings of shareholders and within the limits of the corporate purpose, it examines any issue relating to the normal running of the Company and through its deliberations, deals with matters that affect it. It has the powers and authority as specified under the French Commercial Code. The Board meets at least once a quarter in order to review the Company's operations and future outlook.

The Board of Directors' missions include, but are not limited to, the following:

- approving the annual company and consolidated financial statements;
- convening general meetings of shareholders;
- deciding to issue bonds;
- approving regulated related-party agreements;
- authorizing sureties, endorsements and guarantees;
- setting up all Committees and determining their powers;
- deciding on all interim dividend distributions.

Furthermore, the Board of Directors determines or authorizes expressly and prior to their completion:

- approval of consolidated annual budgets;
- any significant (commercial, industrial, financial, real estate or other) transaction that the general management plans, not comprised under the approved strategy or budget, including, in particular, moveable or immoveable investment by external or internal growth, where the amount represents more than 20% of the Group's net assets as reports in the latest consolidated financial statements approved by the Board of Directors;
- conclusion of alliances of any kind involving a material proportion of consolidated revenues;
- proposal of dividend distributions to general meetings of shareholders.

Executive management

Executive management structure

Under the terms of Article 19 of the articles of association, executive management is exercised under the responsibility of either the Chairman of the Board or another individual appointed by the Board of Directors and who has the title of Chief Executive Officer *(directeur général)*.

The Board of Directors chooses between these two ways of exercising the executive management. The shareholders and third parties must be informed of this choice in accordance with the terms laid down by law.

The Chief Executive Officer has full powers to act in any circumstances in the Company's name. He must exercise his powers within the limits of the corporate purpose and subject to the powers expressly reserved by law to general meetings of shareholders and the Board of Directors.

2.1.2.3 Description of rights, privileges and restrictions, if any, on existing shares and each class of shares

Form of securities

Under the terms of Articles 6, 10 and 11.1 of the articles of association, all bearer and registered shares, as decided by the shareholder, belong to the same class, except where legal or regulatory provisions impose, in certain cases, shares to be under the registered form.

Shares are fully negotiable unless legal or regulatory provisions provide otherwise.

Under Article 12 of the articles of association, shares are indivisible with respect to the Company. Joint owners of shares must be represented vis-à-vis the Company and at general meetings by only one of them who shall be deemed to be the sole owner, or by a single agent. In the event of a disagreement, the single agent can be designated by a court on application from the first co-owner to act.

Unless the Company is notified of an agreement to the contrary, beneficial owners *(usufruitiers)* of shares validly represent bare owners *(nu-propriétaires) vis-à-vis* the Company. However, the voting right belongs to the beneficial owners in ordinary general meetings and to the bare owners at extraordinary or special general meetings.

The voting right for pledged shares is exercised by the owner and not by the pledgee.

Voting rights of shareholders

Under the terms of Article 25 of the articles of association, each shareholder has as many votes as they possess or represent shares. However, a double voting right is granted to all paid up shares for which proof is provided of registration in the name of the same shareholder for at least four years.

The provision concerning double voting rights was introduced in the Company's articles of association by the Extraordinary shareholders' meeting held on June 26th, 1985. Said meeting established a five-year holding period, which was reduced to four years by a resolution of extraordinary shareholders' meeting held on June 17th, 1996.

The double voting right automatically ceases for any share that has been converted into a bearer share or transferred. The new owner recovers the double voting right only once the share has been registered in the shareholder's name for four years; however, the fixed time period is not interrupted and the acquired right is maintained when the transfer is from a registered owner to a registered owner as a result of a succession, a division of community of property between spouses, of donation inter vivos benefitting a spouse or a person with a degree of relationship which entitles them to inherit.

In the event of an increase in share capital by capitalization of reserves, profits or issue premiums, the double voting right is granted, as soon as they are issued, to the registered shares allotted free of charge to a shareholder in proportion to the old shares with respect to which he benefits from this right.

If the Company is merged or split up, the double voting rights can be exercised within the beneficiary company or companies if their articles of association provide for such voting rights.

2.1.2.4 Shareholders' meetings

Convening general meetings

Under the terms of Article 23 of the articles of association, general meetings are convened in accordance with the law and with the provisions of the European Council Regulation (EC) No 2157/2001 of October 8th, 2001 governing the statutes of European companies. Shareholders who have held registered shares for at least a month when the notice to attend is published are furthermore invited to attend any meeting by ordinary letter or, at their request and cost, by registered letter.

The Company publishes the information and documents required by law in the *Bulletin des annonces légales obligatoires* (legal gazette) and on its website, within the legal time limits.

If a meeting has been unable to deliberate because the required quorum was not reached, the second meeting, and if necessary the second adjourned meeting is convened in the manner and within the time period provided under current regulations. The notice and invitations to attend this second meeting must reproduce the date and the agenda of the first meeting.

Agenda

Under the terms of Article 24 of the articles of association, the agenda for meetings appears in the notice and convening letters. It is established by the party in charge of the convening.

However, one or more shareholders are entitled to have points or draft resolutions included in the agenda, pursuant to applicable legal and regulatory provisions.

The meeting cannot consider a matter which is not included in the agenda. Nevertheless, it can, in all cases, dismiss one or more directors and replace them.

An agenda for a meeting cannot be modified the second time it is convened.

Assistance or representation at general meetings (Article 25 of the articles of association)

In accordance with legal and regulatory provisions, any shareholder is entitled to participate in general meetings and to take part to its deliberations in person or through a proxy, regardless of the number of shares held, by simply providing proof of his or her identity, so long as the shares are fully paid-up and registered in an account in the shareholders' name or in the name of the intermediary registered on his or her behalf pursuant to the seventh paragraph of Article L.228-1 of the French Commercial Code, as at midnight (Paris time) on the second business day preceding the meeting, either in the registered securities accounts held by the Company, or in the bearer securities accounts held by the authorized intermediary.

A shareholder can be represented by another shareholder, by his or her spouse, by his or her civil partner (*partenaire pacsé*) or by any individual or legal entity it chooses. The proxy must provide evidence of his or her authority in this case.

2.1.2.5 Earnings

Under the terms of Article 32 of the articles of association, the net income for each financial year, after deducting the Company's overheads and other charges including amortization and provisions, constitutes the net profits or losses for the financial year.

At least one twentieth of net income less any retained losses brought forward shall be deducted from the net income to form a reserve fund known as "legal reserve". This withdrawal to the legal reserve shall cease to be compulsory when said reserve reaches an amount equal to one-tenth of share capital. It shall resume if the "legal reserve" falls below this proportion for any reason.

The balance, plus any retained earnings brought forward, constitutes earnings that may be distributed to shareholders by way of dividends.

However, shareholders' general meetings can deduct from the profit, before any dividends are paid, any sums it considers necessary, either to be carried forward to the next financial year, or to be entered into one or more general or special reserve accounts, for which the meeting shall freely determine the appropriation or use.

In addition, general meetings may decide to distribute sums from optional reserves, either to supply or supplement a dividend, or as an exceptional dividend. In this case, the general meeting resolution must expressly state the reserve accounts from which the amounts are withdrawn.

Shareholders' meetings, or otherwise the Board of Directors, lay down the dividend terms of payment.

However, dividends must be paid out within a maximum period of nine months after the financial year end. This period can be prolonged by judicial decision.

No dividends can be claimed back from shareholders, unless payments of fictitious dividends or fixed or interim interests, prohibited by law, provided that the Company proved that the beneficiaries know of the irregular nature of this dividend or could not have been unaware of it in the circumstances.

Dividends which are unclaimed within five years are time-barred.

Any retained losses, after the general meeting has approved the financial statements, shall be posted to a special reserve asset account, which will remain until they are offset and eventually written off against earnings of future financial years.

The general meeting called to approve the annual financial statements has the power to grant each shareholder the option to receive all or part of the dividend distributed, or any interim dividends, either in cash or in the form of shares.

2.1.2.6 Identification of holders of securities

Under the terms of Article 13 of the articles of association, the Company reserves the right, at any time and at its own expenses, to request from the central custodian, any and all information concerning its shareholders or holders of securities conferring immediately or in future the right to vote at general meetings, their identity and address, the number of securities held by each one and any restrictions affecting such securities.

2.1.2.7 Crossing shareholding thresholds

The articles of association do not include any disclosure requirements in the event of crossing shareholder thresholds, which remains governed by legal and regulatory provisions in force.

2.1.2.8 Changes in share capital, shareholder rights and articles of association

Share capital and shareholder rights can be changed under legal and regulatory provisions as the Company's articles of association do not provide for any more restrictive specific rules. Similarly, the articles of association are modified under the legal and regulatory provisions.

2.1.2.9 Provisions which have the effect of delaying, deferring or preventing a change in control

There are no special provisions in the articles of association, which have the effect of delaying, deferring or preventing a change in control of the Company.

2.2 Share capital

2.2.1 Amount of issued share capital

As of December 31st, 2016, the Company's share capital amounted to €144,450,000, divided into 57,780,000 fully paid-up shares of the same class, each with a par value of €2.50.

As of December 31st, 2016, these 57,780,000 shares represented 61,389,134 theoretical (or gross) voting rights and 61,375,134 actual (or net) voting rights. As of January 31st, 2017, they represent 61,388,641 theoretical (or gross) voting rights and 61,373,841 actual (or net) voting rights.

The difference between the number of shares and voting rights results from the existence of double voting rights.

The difference between the number of theoretical (or gross) voting rights and the number of actual (or net) voting rights corresponds to the number of treasury shares.

2.2.2 Securities not representing share capital

None.

2.2.3 Authorized and non-issued share capital

Status of the delegations and authorizations approved by the combined shareholders' meetings held on May 7th, 2015 and April 28th, 2016 and the propositions of delegations submitted to the combined shareholders' meeting to be held on June 23rd, 2017:

	Date of shareholders' meeting (resolution No.)	Maximum nominal amount *(in euros)*	Duration (expiry)
Issues with preferential subscription rights for shareholders			
Capital increase by issues of shares and securities giving access to the share capital, for which the primary security is not a debt instrument with maintenance of preferential subscription rights for shareholders*	May 7th, 2015 (16th) **June 23rd, 2017 (18th)**	40 million(1) **40 million(2)**	26 months (July 2017) **26 months (Aug. 2019)**
Issues without preferential subscription rights for shareholders			
Capital increase by issues of securities giving access to the share capital without preferential subscription rights for shareholders by public offering but obligation to confer a mandatory priority right of 5 trading days minimum*	May 7th, 2015 (17th) **June 23rd, 2017 (19th)**	28 million(3) 28 million(4)	26 months (July 2017) **26 months (Aug. 2019)**
Issues reserved for employees and, where applicable, executive directors			
Free grants of performance shares to employees and/or executive directors	April 28th, 2016 (16th)	2.5% of the share capital(5)	38 months (June 2019)
Capital increases reserved for members of a company or group savings scheme*	May 7th, 2015 (18th) **June 23rd, 2017 (20th)**	2 million **2 million**	26 months (July 2017) **26 months (Aug. 2019)**
Other issues			
Capital increase by capitalization of premiums, reserves or profits*	May 7th, 2015 (15th) **June 23rd, 2017 (17th)**	142 million **142 million**	26 months (July 2017) **26 months (Aug. 2019)**

(1) *On this amount is applied the maximum amount set in the 17th resolution approved by the shareholders' meeting of May 7th, 2015.*
(2) *On this amount is applied the maximum amount set in the 19th resolution to be approved by the shareholders' meeting of June 23rd, 2017.*
(3) *This amount is applied to the maximum amount set in the 16th resolution approved by the shareholders' meeting of May 7th, 2015. Maximum of €300 million for debt instruments.*
(4) *This amount is applied to the maximum amount set in the 18th resolution to be approved by the shareholders' meeting of June 23rd, 2017. Maximum of €300 million for debt instruments.*
(5) *Limitation of the number of performance shares that may be granted to executive directors to 0.612% of the share capital within this envelope. Used in 2016 in respect of 1,065,808 shares, or 1.84% of the share capital.*
* *Suspended during a public offering.*

2.2.4 Treasury shares

2.2.4.1 Current authorizations

Status of the authorizations approved by the combined shareholders' meetings held on May 7th, 2015 and on April 28th, 2016 and propositions of authorizations submitted to the combined shareholders' meeting to be held on June 23rd, 2017:

	Date of shareholders' meeting (resolution No.)	Duration (expiry)	Terms
Share repurchases*	April 28th, 2016 (15th)	18 months (Oct. 2017)	Maximum purchase price per share: €100 Limit of 10% of the total number of shares
	June 23rd, 2017 (15th)	**18 months (Dec. 2018)**	**Maximum purchase price per share: €150** **Limit of 10% of the total number of shares**
Cancellation of shares	May 7th, 2015 (14th)	26 months (July 2017)	10% of the total number of shares on date of cancellation decision
	June 23rd, 2017 (16th)	**26 months (August 2019)**	**10% of the total number of shares on date of cancellation decision**

* *Suspended during a public offering.*

2.2.4.2 Treasury shares

As of December 31st, 2016, the Company owned 14,000 treasury shares all held in connection with the liquidity contract. No shares were allocated to cover performance share plans, nor for the purposes of cancellation.

As of February 15th, 2017, the Company held 6,900 treasury shares, all held in connection with the liquidity contract.

2.2.4.3 Shares held by the Group

During the year 2016, Teleperformance Group, Inc. (TGI), a US 100% subsidiary of the Company, owned 227,214 Teleperformance SE shares, purchased at a gross-weighted average price of €75.3521 and for a total amount of €17,121,054.84 pursuant to the agreement entered into with Oddo Corporate Finance, on March 7th, 2016 and aimed at implementing the long-term incentive plan set up by TGI (see section 3.5.2.4 *Grant of stock options and performance shares to executive directors*). It is reminded that during the year 2015 and pursuant to that an agreement entered into with Oddo Corporate Finance on August 3rd, 2015, with effect on September 4th, 2015, TGI owned 72,786 Teleperformance SE shares, purchased at a gross-weighted average price of €64.7798 and for a total amount of €4,715,058.57.

As of July 30th, 2016, these 300,000 shares were definitively acquired by the beneficiaries of the long-term incentive plan set up by TGI.

As of December 31st, 2016, no shares were held by any company of the Group.

2.2.4.4 Share buy-back program – Description of the new program

Update on the current buy-back program

The shareholders' meeting held on April 28th, 2016 authorized the Board of Directors to purchase its own shares, for an 18-month period, and terminated the previous authorization granted by the combined shareholders' meeting held on May 7th, 2015.

Pursuant to said authorization, the Board of Directors at its meeting held on April 28th, 2016 resolved to set up a new share buy-back program limited to 10% of the share capital with a maximum purchase price per share of €100.

The objectives of this share buy-back program are as follows:

- ensure the coverage of stock option plans and/or bonus share plans (or similar plans) in favor of Group employees and/or corporate officers, as well as all share allocations under Company or Group savings plans (or similar plans) and profit-sharing schemes and/or all other forms of share allocation to group employees and/or executive directors;
- ensure the coverage of securities giving rights to the share capital of the Company in accordance with the regulations in force;
- retain the purchased shares and subsequently deliver them as consideration of an exchange or a payment in connection with possible external growth transactions, it being specified that shares acquired for this purpose cannot exceed 5% of the Company's share capital;
- stimulate the secondary market or ensure the liquidity of the Teleperformance share through the activities of an investment service provider under a liquidity agreement pursuant to the regulations in force;
- possibly cancel the shares repurchased pursuant to the authorization granted by the shareholders' meeting held on May 7th, 2015 in its 14th extraordinary resolution;
- carry out, in general, any transaction permitted under current regulations.

Liquidity contract

On January 5th, 2007, the Company entered into a liquidity contract with Oddo Corporate Finance pursuant to the AMAFI code of ethics approved by the *Autorité des marchés financiers*, the French financial markets authority.

As at December 31st, 2016, assets held in the liquidity account were as follows: 14,000 shares and €5,753,464.40.

Share repurchases or reallocations in connection with other objectives

During the year 2016, Teleperformance SE owned 2,229 treasury shares, *i.e.* 0.004% of the share capital, purchased at a gross-weighted average price of €78.8598 and for a total amount of €175,778.49 pursuant to the share repurchase program authorized by the combined shareholders' meeting held on April 28th, 2016 and implemented by the Board of Directors at its meeting held on April 28th, 2016. These shares were allocated to the cover performance share plans and used in connection with the definitive acquisition of performance shares under the performance share plan dated July 30th, 2013.

▶ Summary of the purchase and sale transactions on Company's own shares during 2016

Number of shares purchased	1,342,443
Average purchase price	€81.81
Number of shares sold	1,345,214
Average sale price	€81.97
Trading costs	€50,000 (excl. taxes)
Number of treasury shares held as of December 31st, 2016	14,000
Percentage of share capital held by the Company as of December 31st, 2016	0.024%
Book value of treasury shares held as of December 31st, 2016*	€1,334,703.17
Market value of treasury shares held as of December 31st, 2016**	€1,145,340.00
Total nominal value of treasury shares*** as of December 31st, 2016	€35,000
Number of shares canceled over the last 24 months****	0

* *Book value before impairment.*
** *Based on the average purchase price, i.e. €81.81 per share.*
*** *All treasury shares held as of December 31st, 2016 are shares held pursuant to the objective of stimulating the secondary market or ensuring the liquidity of the Teleperformance share through the activities of an investment service provider under a liquidity agreement pursuant to the regulations in force.*
**** *No cancellation in 2016.*

New share buy-back program

It will be proposed to the general meeting to be held on June 23rd, 2017 to renew the authorization for the Company to buy back its own shares on the following terms:

Share buy-back program objectives

- ensure the coverage of stock option plans and/or bonus share plans (or similar plans) in favor of Group employees and/or corporate officers, as well as all share allocations under Company or Group savings plans (or similar plans) and profit-sharing schemes and/or all other forms of share allocation to group employees and/or executive directors;
- ensure the coverage of securities giving right to the share capital pursuant to executive directors;
- retain shares purchased for the purpose of subsequently delivering them as consideration of an exchange or payment in connection with possible external growth transactions; it being specified that the number of shares purchased for this purpose cannot exceed 5% of the Company's share capital;
- stimulate the secondary market or the liquidity of the Teleperformance share through the activities of an investment services provider under a liquidity contract in compliance with the AMAFI code of ethics authorized by the regulations, it being specified that, in this context, the number of shares taken into account for the calculation of the limit, corresponds to the number of shares purchased, after deduction of the number of shares resold;
- possibly cancel the repurchased shares, pursuant to the authorization to be granted by the June 23rd, 2017 combined general meeting in its 16th extraordinary resolution;
- carry out, in general, any transaction permitted under current regulations.

Terms of repurchases

These shares purchases may be carried out by any means, including by the acquisition of blocks of trade, and at the time that the Board of Directors shall determine within the limits and on terms and conditions provided for by applicable law and regulations. The Company retains the right to use optional mechanisms or derivative instruments pursuant to applicable regulations. The maximum portion of share capital that may be transferred by way of a block of trade may be equivalent to the entire share repurchase program. These repurchases shall not be executed during the period of a public offering.

Maximum proportion of share capital, maximum number and characteristics of the shares and maximum purchase price

The maximum percentage of shares which may be repurchased under the authorization proposed to the Shareholders' meeting to be held on June 23rd, 2017 is set at 10% of the total number of shares comprising the share capital (or 57,780,000 shares as of the date of the present Registration Document), it being specified that this limit shall be applied as of the date of purchase, in order to take account of any transactions that increase or reduce share capital occurring during the term of the program. The number of shares taken into account for the calculation of this limit shall be the number of shares purchased less the number of shares sold during the duration of the program in connection with the liquidity objective.

Given that the Company may not hold more than 10% of its share capital, and as the number of treasury shares held on January 31st, 2017 amounted to 14,800 (*i.e.*, 0.025% of the share capital), the maximum number of shares that can be purchased stands at 5,763,200 representing 9.975% of the share capital unless existing treasury shares are transferred or canceled.

The maximum purchase price proposed to the Shareholders' meeting to be held on June 23rd, 2017 is set at €150 per share. Therefore, the maximum transaction amount is set at €866,700,000 based on a number of shares of 57,780,000.

Term of the program

In accordance with the resolution which will be submitted for approval to the shareholders' meeting to be held on June 23rd, 2017, the share buy-back program will be implemented over a period of 18 months following the date of said meeting expiring on December 22nd, 2018.

2.2.5 Potential share capital

2.2.5.1 Securities giving access to the Company's share capital

None.

2.2.5.2 Stock options

Options granted by the Company

None.

Options granted by companies controlled by the Company

None.

2.2.5.3 Performance shares granted under no consideration

Pursuant to the authorizations granted by the combined general meetings dated May 30th, 2013 (21st resolution) and April 28th, 2016 (16th resolution), the Company's Board of Directors has implemented four performance share plans for the benefit of some Group employees and corporate officers.

Details of the performance share plans

Performance shares granted under no consideration are subject to a vesting period of three years running from the date of grant. The definitive grant is subject to the beneficiaries continued presence and achievement of performance criteria. Following the vesting period, depending on the actual increase in indicators set by the Board of Directors, the beneficiaries definitively acquire, depending of the plans regulations, either all, 75%, 50% or none of the shares granted. For the plans granted under the authorization of May 30th, 2013, the shares definitively vested must be retained by the beneficiaries for a period of two years.

Performance shares granted during 2013

Plan dated July 30th, 2013 (Plan No. 1 formerly designated as Plan No. 5)

At its meeting held on July 30th, 2013, the Board of Directors decided to grant a total of 840,000 performance shares of the Company in favor of 126 beneficiaries. The vesting period for this plan is three years, *i.e.* until July 30th, 2016. The retention period is two years, *i.e.* until July 30th, 2018.

The Board of Directors decided to make the definitive vesting of the performance shares conditional upon the achievement of performance criteria based on achievement at constant perimeter and exchange rates of 16.0% growth in consolidated revenues and 27.0% in consolidated EBITA (excluding non-recurring items) for the period from January 1st, 2013 to December 31st, 2015 and ROCE (Return on Capital Employed) of 12.5% as of December 31st, 2015. The number of shares definitively acquired by the beneficiaries were therefore determined as follows:

- 100% of the performance shares will be acquired if the following conditions are cumulatively met: the revenues growth is greater than or equal to 16.0% and the EBITA growth is greater than or equal to 27.0% and the ROCE is greater than or equal to 12.5%.
- 75% of the performance shares will be acquired if the ROCE is greater than or equal to 12.5% and if one of two following conditions is met:
  - the revenues growth is greater than or equal to 14.4% and lower than 16% and the EBITA growth is greater than or equal to 24.3%, or
  - the revenues growth is greater than or equal to 14.4% and the EBITA growth is greater than or equal to 24.3% and lower than 27%;
- 50% of the performance shares will be acquired if the ROCE is greater than or equal to 12.5% and if one of two following conditions is met:
  - the revenues growth is greater than or equal to 12.8% and lower than 14.4% and the EBITA growth is greater than or equal to 21.6%, or
  - the revenues growth is greater than or equal to 12.8% and the EBITA growth is greater than or equal to 21.6% and lower than 24.3%;
- no shares will be acquired if one of the three criteria is fulfilled: revenues growth is lower than 12.8% or the EBITA growth is less than 21.6% or the ROCE is less than 12.5%.

It is reminded that, in August 2014, the Teleperformance Group has acquired Aegis USA Inc., which perfectly fits into its long-term strategy and has thus strengthened its position as worldwide leader, by diversifying its portfolio of clients operating in key activity sectors. To the extent that this acquisition could have a temporary negative impact on the ROCE, the Board of Directors at its meeting held on May 7th, 2014, requested that its Remuneration and Appointments Committee study the analysis of such an impact with the help of an independent expert.

Therefore, upon recommendation of the Committee drawn up on the basis of this expert's conclusions, the Board of Directors, at its meeting held on April 8th, 2015, has decided that the completion of the ROCE criterion will be evaluated excluding the Aegis USA Inc. acquisition at the closing of the 2015 financial year and has considered that such decision did not have an impact on the other criteria which remained unchanged.

The Board of Directors, at its meeting held on February 24th, 2016, has, upon recommendation of the Remuneration and Appointments Committee, and after approval of the Audit Committee, noted that, for the period from January 1st, 2013 to December 31st, 2015, the growth in consolidated revenues (at constant perimeter and exchange rates) reached 45% (*vs.* 16% required), the consolidated EBITA (excluding non-recurring items) reached 64% (*vs.* 27% required) and as of December 31st, 2015 the ROCE (excluding the acquisition of Aegis USA Inc.) reached 13.4% (*vs.* 12.5% required). As a result, the performance shares were definitively acquired by the beneficiaries who still met the attendance requirement on the vesting date, *i.e.* on July 30th, 2016.

Furthermore, as the modalities of the long-term incentive plan (see section 3.5.2.4 *Grant of stock options and performance shares to executive directors*) were identical to those set by the Board of Directors for the performance share plan, the latter authorized the Company Teleperformance Group, Inc. to take an identical decision regarding the achievement of the performance conditions of the long-term incentive plan. It is specified that the executive directors which benefited from that plan did not take part to such decision.

A total of 635,000 shares, of which 56,690 existing shares and 578,310 new shares, were transferred to the beneficiaries on August 1st, 2016 (1st business day following the date of definitive acquisition). Beneficiaries are required to hold the shares for a two-year retention period. This retention period will end on July 30th, 2018.

Performance shares granted during 2014

Plan dated February 25th, 2014 (Plan No. 2 formerly designated as Plan No. 6)

At its February 25th, 2014 meeting, the Board of Directors decided to grant 22,500 performance shares in favor of one beneficiary. The vesting period for this plan is three years, *i.e.* until February 25th, 2017. The retention period is two years, *i.e.* until February 25th, 2019.

The definitive vesting of shares is subject to performance criteria based on financial targets of a subsidiary of the Group.

The Board of Directors, at its meeting held on February 28th, 2017, has, upon recommendation of the Remuneration and Appointments Committee, examined the levels of achievement of the performance criteria and noted that, taking into account the financial results of this subsidiary, the criteria were not fully met. Therefore, no performance shares were not definitively acquired by the beneficiary.

Performance shares granted during 2016

Plan dated April 28th, 2016 (Plan No. 3)

At its meeting held on April 28th, 2016, upon recommendation of the Remuneration and Appointments Committee, the Board of Directors decided to grant a total of 914,300 performance shares of the Company in favor of 239 beneficiaries, in the form of new shares to be issued or existing shares. The vesting period for this plan is three years, *i.e.* from April 28th, 2016 to April 28th, 2019 inclusive. This grant is not subject to any lock-in period, which will thus be freely transferrable immediately upon vesting as from April 29th, 2019. The definitive acquisition of the performance shares thus granted is subject, for all beneficiaries, in addition to the performance criteria described hereafter, to a condition of presence as at the date of definitive acquisition, *i.e.* April 28th, 2019.

The Board of Directors decided to make the definitive vesting of the performance shares conditional upon the achievement of the performance criteria based on the achievement of three out of four performance criteria indicative of the Group's performance and measured over a three-year period starting from January 1st, 2016 to December 31st, 2018 as described below:

- the first Performance Criterion is based on the average growth of Group consolidated revenues (at constant exchange rate and scope of consolidation) (the "Average Revenue Growth");
- the second Performance Criterion is based on the average margin rate of the Group consolidated EBITA (excluding non-recurring items) (the "Average EBITA Margin");
- the third Performance Criterion consists of the difference between the three-year average of (A) the annual performance of the Teleperformance SE share price and (B) the annual performance of the SBF120 index, in each case measured over the period from January 1st, 2016 through December 31st, 2018 (the "Stock Price Evolution");
- the fourth Performance Criterion consists of the effectiveness in managing the Group strategic and technological evolutions in a fast moving and challenging environment (the "Long Term Qualitative Criterion").

Out of the four performance criteria, only those three representing the best level of performance, according to the performance targets for quantitative and for the long-term qualitative Criterion, as set forth below (the "Eligible Criteria") will be taken into consideration in order to determine the percentage of shares credit. The determination of the Eligible Criteria shall be made by the Board of Directors upon proposition of the Remuneration and Appointments Committee.

The final percentage of shares credit shall be equal to the addition of percentages of shares credit determined for each of the three performance criteria showing the best level of performance, as described hereafter, divided by 3. Such a percentage of shares credit will then be applied to the number of performance shares originally allocated to each beneficiary in order to calculate the final number of shares. The final performance shares acquired by each beneficiary shall be rounded up to the nearest whole number.

Performance targets for quantitative criteria

Percentage of shares credit	0%	50%	75%	100%
Average Revenue Growth	Below 3.5%	Higher than 3.5% but less than 5.0% (both inclusive)		Above 5.0%
Average EBITA Margin	Below 10.3%	Higher than 10.3% (inclusive) but less than 10.4%	Higher than 10.4% (inclusive) but less than 10.5%	10.5% (inclusive) and above
Stock Price Evolution vs. annual performance of the SBF 120 index	Negative evolution	Above 0 and up to 2.5% (inclusive)		Above 2.5%

Performance targets for the qualitative criterion

The introduction of a qualitative criterion relating to the Group's strategic and technological evolutions is important for the Board as it materializes one of the Teleperformance's priorities in the long-term. The Board considered that the preparation of the Group to strategic technological evolutions and its ability to face a new technological environment could become an important competitive advantage and create value for all its stakeholders.

The long-term qualitative Criterion will be determined with the support of an independent third party expert in the field of technologies and new economy.

In order to assess this criterion, three sub-criteria will be analyzed, each one with three tests, so that the evaluation shall be quite detailed and specific:

- ability of the management to develop a vision of the impact of technologies on the Group's future:
  - selection of the relevant technologies and new economy practices,
  - quality of the information collection on these technologies and practices,
  - strength of its network of contacts in the field;
- acquisition and adoption of new technologies:
  - in the area of production,
  - in the area of products and services,
  - acquisitions that give access to necessary technologies and/or practices;
- benchmark of the Group practices with competitors:
  - in the area of production,
  - in the area of products and services,
  - acquisitions that give access to necessary technologies and/or practices.

A maximum of 15 points were allocated for each sub-criterion (5 by test). The percentage of shares credit allocated is as follows:

Number of points	Percentage of shares credit
0 to 25	0%
25 (inclusive) to 35	50%
35 (inclusive) to 45	100%

Plan dated November 2nd, 2016 (Plan No. 4)

At its meeting held on November 2nd, 2016, the Board of Directors decided to grant a total of 151,508 performance shares in favor of 29 beneficiaries, in the form of new shares to be issued or existing shares. The vesting period for this plan is three years, *i.e.* from November 2nd, 2016 to November 2nd, 2019 inclusive. This grant is not subject to any lock-in period, which means that beneficiaries may dispose of their performance shares at the end of the vesting period if the performance criteria and the presence condition are met.

This new performance share plan was set up for some senior executives of Teleperformance (non-executive officers) and of Language Line who have joined the Group recently following up to the acquisition of the Language Line Group in 2016.

In order to create and maintain cohesion and team spirit and give these new managers an interest in the Group's results and development, and since they will contribute to these achievements, the Board of Directors decided to fix the same performance criteria as those defined in the April 28th, 2016 plan (see above Plan dated April 28th, 2016 - Plan No 3).

Synthesis of the performance share plans

	Plan 1	Plan 2	Plan 3	Plan 4
Date of shareholders' meeting	05/30/2013	05/30/2013	04/28/2016	04/28/2016
Date of Board meeting	07/30/2013	02/25/2014	04/28/2016	11/02/2016
Grant date	07/30/2013	02/25/2014	04/28/2016	11/02/2016
Total number of share rights granted	840,000	22,500	914,300	151,508
Total number of beneficiaries	126	1	239	29
of which total number granted to executive directors*:				
■ Daniel Julien	-	-	-	-
■ Paulo César Salles Vasques	-	-	-	-
Vesting date	07/30/2016	02/25/2017	04/28/2019	11/02/2019
End of lock-in period	07/30/2018	02/25/2019	n/a	n/a
Performance criteria	YES	YES	YES	YES
Nature of shares granted	New or existing shares	New or existing shares	New or existing shares	New or existing shares
Total number of share rights cancelled or lapsed	205,000	22,500**	31,600	0
Number of shares definitively vested	635,000***	0	-	-
Number of outstanding rights	-	0	882,700	151,508

* *Since 2013, the grants in favor of executive directors are made under the plans called long-term incentive described hereafter.*
** *The Board of Directors, at its meeting held on February 28th, 2017, noted that the performance criteria for this plan were not met. Therefore, no shares were acquired by the beneficiary at the vesting date.*
*** *The Board of Directors at its meeting held on February 24th, 2016, noted that the performance criteria for this plan had been fully met. The shares were definitively acquired on August 1st 2016 by the beneficiaries who met the condition of presence.*

On February 17th, 2017, based on all plans, there were 1,034,208 outstanding rights to performance shares that may be acquired by beneficiaries (after deducting acquired shares or canceled shares due to beneficiaries' departures). With regard to the plans no. 3, no. 4 and no. 5, the vesting of shares may have no dilutive effect in respect of existing shares or, in the case of new shares, may lead to the issue of 1,034,208 new shares, representing a potential maximum share capital increase of €2,585,520 and a maximum potential dilution of 1.79%.

Performance shares granted to the top ten non-executive employees

During the year 2016, the first ten non-director employees of the Group who were granted the most performance shares received a total of 276,000 shares under the performance share plans of April and November 2016.

Performance shares granted by companies controlled by the Company

In 2013, Teleperformance Group, Inc., wholly-owned subsidiary of Teleperformance SE, implemented a long-term incentive plan based on Teleperformance SE shares to the benefit of two beneficiaries, Messrs. Julien and Salles Vasques, and involving a total of 300,000 shares. The definitive vesting of shares is subject to conditions of attendance and performance criteria identical to those adopted by the Company's Board of Directors for the July 30th, 2013 performance shares plan. These performance shares were acquired by the beneficiaries on August 1st, 2016.

During the year 2016, Teleperformance Group, Inc. implemented another long-term incentive plan based on Teleperformance SE shares to the benefit of two beneficiaries and involving a total of 350,000 shares. The definitive vesting of shares is subject to conditions of attendance and performance criteria identical to those adopted by the Company's Board of Directors for the April 28th, 2016 performance share plan as described above.

The terms of these long-term incentive plans are also described in section 3.5.2.4 *Grant of stock options and performance shares to executive directors* of the present Registration Document.

2.2.6 Changes in share capital over the past five years

		Amount			Cumulated share capital	
Description	Date	Nominal *(in euros)*	Issue or contribution premium *(in euros)*	Number of new shares issued/canceled	In shares	In euros
Share capital at 12/31/2010	12/31/2010	2.50	n/a	n/a	56,598,048	141,495,120.00
Payment of dividend in shares	07/12/2013	2.50	19,546,431.84	662,142	57,260,190	143,150,475.00
Cancellation of treasury shares	05/07/2014	2.50	n/a	-58,500	57,201,690	143,004,225.00
Performance share plan (July 30th, 2013)	08/01/2016	2.50	n/a	578,310	57,780,000	144,450,000.00

2.3 Shareholding

2.3.1 Evolution of breakdown of share capital and voting rights

The tables below show the number of shares and corresponding percentages of share capital and voting rights held by the principal known shareholders of Teleperformance SE during the last three financial years.

To the Company's knowledge, no material change occurred between December 31st, 2016 and the filing date of the present Registration Document except concerning the information presented in section 2.3.1.4 below.

2.3.1.1 Breakdown of share capital and voting rights at December 31st, 2016

	Share capital		Theoretical voting rights		Actual voting rights	
As of December 31st, 2016	Number	%	Number	%	Number	%
NN Group N.V.	3,253,400	5.6%	6,073,851	9.9%	6,073,851	9.9%*
BlackRock Fund Advisors, LLC	2,887,400	5.0%	2,887,400	4.7%	2,887,400	4.7%
Fidelity Management & Research Company	1,728,900	3.0%	1,728,900	2.8%	1,728,900	2.8%
Dimensional Fund Advisors	1,330,600	2.3%	1,330,600	2.2%	1,330,600	2.2%
The Vanguard Group	1,252,100	2.2%	1,252,100	2.0%	1,252,100	2.0%
Daniel Julien	974,314	1.7%	1,628,628	2.7%	1,628,628	2.7%
Main identified shareholders	**11,426,714**	**19.8%**	**14,901,479**	**24.3%**	**14,901,479**	**24.3%**
other shareholders (public)	46,339,286	80.2%	46,473,655	75.7%	46,473,655	75.7%
treasury shares	14,000	0.0%	14,000	0.0%	0	0.0%
TOTAL	**57,780,000**	**100%**	**61,389,134**	**100%**	**61,375,134**	**100%**

* *cf. section 2.3.1.4.*

2.3.1.2 Changes in the breakdown of share capital and voting rights in the last three years

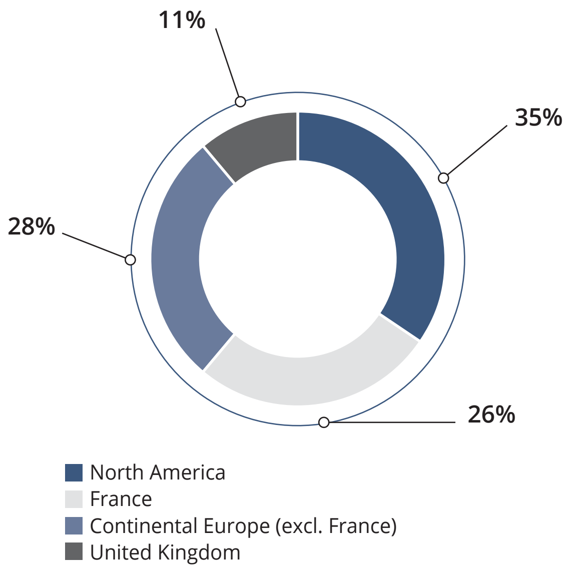
At December 31st	2016 number of shares	2016 % shares	2016 % actual voting rights	2015 number of shares	2015 % shares	2015 % actual voting rights	2014 number of shares	2014 % shares	2014 % actual voting rights
NN Group N.V.*	3,253,400	5.6%	9.9%	3,312,500	5.8%	10%**	3,257,800	5.7%	5.6%
BlackRock Fund Advisors, LLC	2,887,400	5.0%	4.7%	680,200***	1.2%	1.1%	760,700***	1.3%	1.3%
Fidelity Management & Research Company	1,728,900	3.0%	2.8%	820,000***	1.4%	1.3%	1,018,100***	1.8%	1.8%
Dimensional Fund Advisors	1,330,600	2.3%	2.2%	1,254,400	2.2%	2.1%	1,206,400	2.1%	2.1%
The Vanguard Group	1,252,100	2.2%	2.0%	686,200***	1.2%	1.1%	435,500***	0.8%	0.8%
BNP Paribas Asset Management	1,241,900	2.1%	2.0%	1,772,700	3.1%	2.9%	882,600	1.5%	1.5%
HSBC Global Asset Management	1,392,000***	2.4%	2.3%	1,658,200	2.9%	2.7%	2,014,200	3.5%	3.5%
Tweedy Brown Company LLC	1,108,600	1.9%	1.8%	1,553,500	2.7%	2.5%	1,962,400	3.4%	3.4%
Daniel Julien	974,314	1.7%	2.7%	825,314	1.4%	2.4%	825,314	1.4%	2.4%
Main identified shareholders	**15,169,214**	**26.3%**	**30.4%**	**12,563,014**	**22.0%**	**26.6%**	**12,363,014**	**21.6%**	**22.3%**
Other shareholders (public)	42,596,786	73.7%	69.6%	44,492,429	77.8%	73.4%	44,776,215	78.3%	77.7%
Treasury shares	14,000	0.0%	0.0%	146,247	0.3%	0.0%	62,461	0.1%	0.0%
TOTAL	**57,780,000**	**100%**	**100%**	**57,201,690**	**100%**	**100%**	**57,201,690**	**100%**	**100%**

Controlled by ING Groep N.V. until May 26th, 2015.
** *See section 2.3.1.4.*
*** *Based on a Teleperformance SE shareholder identity study as of September 30th, 2016.*

To the Company's knowledge, there is no other shareholder that directly or indirectly, acting alone or in concert, that holds over 5% of the Company's share capital or voting rights.

With regard to the breakdown of the share capital described above, no shareholder, either directly or indirectly, holds the control of the Company within the meaning of Article L.233-3 of the French Commercial Code.

Geographical breakdown of institutional shareholders at September 30th, 2016*



* *Based on a Teleperformance SE shareholder identity study as of September 30th, 2016, which identified more than 7,800 shareholders, including 310 institutional investors.*

At September 30th, 2016, institutional investors represented 86% of the share capital of the Company compared to 90% the previous year.

2.3.1.3 Company shares held by employees

In accordance with the provisions of Article L.225-102 of the French Commercial Code, as of December 31st, 2016, the employees of the Company and related companies within the meaning of Article L.225-180 of the French Commercial Code hold no share of the Company (it being specified that only performance shares granted in accordance with Article L.225-97-1 of the French Commercial Code to employees, pursuant to authorizations given after August 7th, 2015 are to be taken into account in this status).

2.3.1.4 Major changes in the breakdown of share capital

In accordance with Article L.233-13 of the French Commercial Code, and in light of the information received pursuant to Articles L.233-7 and L.233-12 of said Code, the following threshold crossings occurred during the last three financial years:

Since the end of the last financial year

By letter dated February 23rd, 2017, NN Group N.V. stated, for regularization purposes, that it crossed downwards, on August 12th, 2016, indirectly through the intermediary of controlled companies, the threshold of 10% of the voting rights of the Company and that it held, at the same date, 3,253,419 shares representing 6,073,870 voting rights, *i.e.* 5.69% of the share capital and 9.98% of the voting rights. This crossing resulted from the selling of shares on the market.

Furthermore, NN Group N.V. indicated that it held, as of February 22nd, 2017, indirectly through the intermediary of controlled companies, 3,253,419 shares of the Company representing 6,073,870 voting rights, *i.e.* 5.63% of the share capital and 9,89% of the voting rights.

The entirety of the declaration of crossing is available on the website of the Autorité des marchés financiers (www.amf-france.org) in the notice No 217C0527 dated February 24th, 2017.

In 2016

By letter dated February 22nd, 2016, completed by a letter dated February 23rd, 2016, the company NN Group N.V. stated, for regularization purposes, that it crossed upwards, on July 12th, 2015, indirectly through the intermediary of controlled companies, the threshold of 10% of the voting rights of the Company and that it held, at the same date, 3,299,144 shares representing 6,421,343 voting rights, *i.e.* 5.77% of the share capital and 10.50% of the voting rights. This crossing resulted from the grant of double voting rights. It is specified that the portion of voting rights exceeding 10% would be temporarily suspended pursuant to the applicable legal provisions. Furthermore, NN Group N.V. indicated that it held, as of February 22nd, 2016, indirectly through the intermediary of controlled companies, 3,291,016 shares of the Company representing 6,413,215 voting rights, *i.e.* 5.75% of the share capital and 10.49% of the voting rights.

By the same letters, a statement of intent has been made whereby NN Group N.V. and the entities members of its group stated, in particular, that they do not consider acquiring additional Teleperformance SE shares and do not consider requesting the appointment of representatives within the Board of Directors of Teleperformance SE.

The entirety of the statement of intent and the declaration of crossing are available on the website of the *Autorité des marchés financiers* (www.amf-france.org) in the notice No 216C0551 dated February 24th, 2016.

During the year 2016, Blackrock Inc., acting on behalf of clients and funds for which it manages their assets, has made the following declarations of crossing the threshold of share capital and/or voting rights of the Company:

- on May 25th, 2016, it stated that, on May 20th, 2016, it crossed upwards the threshold of 5% of share capital and voting rights of the Company and that it held, at the same date, 3,314,128 shares representing as many voting rights, *i.e.* 5.79% of the share capital and 5.45% of the voting rights (AMF notice No 216C1220 dated May 25th, 2016);
- on May 26th, 2016, it stated that, on May 23rd, 2016, it crossed downward the threshold of 5% of share capital and voting rights of the Company and that it held, at the same date, 2,463,198 shares representing as many voting rights, *i.e.* 4.31% of the share capital and 4.05% of the voting rights (AMF notice No 216C1233 dated May 27th, 2016);
- on June 16th, 2016, it stated that, on June 15th, 2016, it crossed upwards the threshold of 5% of share capital of the Company and that it held, at the same date, 2,921,580 shares representing as many voting rights, *i.e.* 5.11% of the share capital and 4.80% of the voting rights (AMF notice No 216C1395 dated June 16th, 2016);
- on June 17th, 2016, it stated that, on June 16th, 2016, it crossed downward the threshold of 5% of share capital of the Company and that it held, at the same date, 2,709,582 shares representing as many voting rights, *i.e.* 4.74% of the share capital and 4.45% of the voting rights (AMF notice No 216C1417 dated June 17th, 2016);
- on August 30th, 2016, it stated that, on August 26th, 2016, it crossed upwards the threshold of 5% of share capital of the Company and that it held, at the same date, 2,923,687 shares representing as many voting rights, *i.e.* 5.11% of the share capital and 4.81% of the voting rights (AMF notice No 216C1942 dated August 31st, 2016);
- on September 20th, 2016, it stated that, on September 19th, 2016, it crossed upwards the threshold of 5% of voting rights of the Company and that it held, at the same date, 3,081,406 shares representing as many voting rights, *i.e.* 5.33% of the share capital and 5.02% of the voting rights (AMF notice No 216C2120 dated September 20th, 2016);
- on October 4th, 2016, it stated that, on October 3rd, 2016, it crossed downward the threshold of 5% of voting rights of the Company and that it held, at the same date, 3,048,115 shares representing as many voting rights, *i.e.* 5.28% of the share capital and 4.96% of the voting rights (AMF notice No 216C2250 dated October 5th, 2016);
- on October 7th, 2016, it stated that, on October 6th, 2016, it crossed upwards the threshold of 5% of voting rights of the Company and that it held, at the same date, 3,086,664 shares representing as many voting rights, *i.e.* 5.34% of the share capital and 5.03% of the voting rights (AMF notice No 216C2295 dated October 10th, 2016);
- on November 9th, 2016, it stated that, on November 8th, 2016, it crossed downward the threshold of 5% of voting rights of the Company and that it held, at the same date, 3,051,243 shares representing as many voting rights, *i.e.* 5.28% of the share capital and 4.97% of the voting rights (AMF notice No 216C2529 dated November 10th, 2016);
- on November 15th, 2016, it stated that, on November 14th, 2016, it crossed downward the threshold of 5% of share capital of the Company and that it held, at the same date, 2,795,530 shares representing as many voting rights, *i.e.* 4.84% of the share capital and 4.55% of the voting rights (AMF notice No 216C2571 dated November 15th, 2016);
- on December 14th, 2016, it stated that, on December 13th, 2016, it crossed upwards the threshold of 5% of share capital of the Company and that it held, at the same date, 2,896,290 shares representing as many voting rights, *i.e.* 5.01% of the share capital and 4.72% of the voting rights (AMF notice No 216C2821 dated December 15th, 2016);
- on December 15th, 2016, it stated that, on December 14th, 2016, it crossed downward the threshold of 5% of share capital of the Company and that it held, at the same date, 2,821,648 shares representing as many voting rights, *i.e.* 4.88% of the share capital and 4.60% of the voting rights (AMF notice No 216C2833 dated December 15th, 2016).

In 2015

On June 1st, 2015, ING Groep N.V. declared that, on May 26th, 2015, it crossed indirectly, by the intermediary of NN Group N.V., downward the threshold of 5% of share capital and voting rights of the Company and declared that it no longer holds any shares and voting rights. This threshold crossing results from the loss of control of NN Group N.V. by ING Groep N.V.

As of May 26th, 2015, NN Group N.V. held 3,313,678 shares representing as many voting rights, *i.e.* 5.79% of share capital and 5.71% of voting rights of the Company.

In 2014

None.

2.3.2 Shareholders' agreements

To the Company's knowledge, as of the date of this Registration Document, there is no agreement between shareholders of the Company.

2.3.3 Change of control of the Company

To the Company's knowledge, no agreement has been entered into that might entail a change of control of the Company if implemented.

2.4 *Stock market listing*

2.4.1 Listing references

Teleperformance SE shares (ISIN code: FR0000051807, Mnemo: RCF) have been listed on the Paris Stock Exchange (Euronext Paris, Compartment A) since January 18th, 2007.

They are eligible for the deferred settlement service (*service de règlement différé or SRD*) and for stock savings plans (*plan d'épargne en actions*).

Teleperformance SE shares are included in the following indexes: SBF 120, Next 150, CAC Mid 60, CAC All Shares, CAC Mid & Small, CAC Support Services.

Teleperformance SE shares are included in the Services Support sector (2790) according to the ICB European classification since 2012.

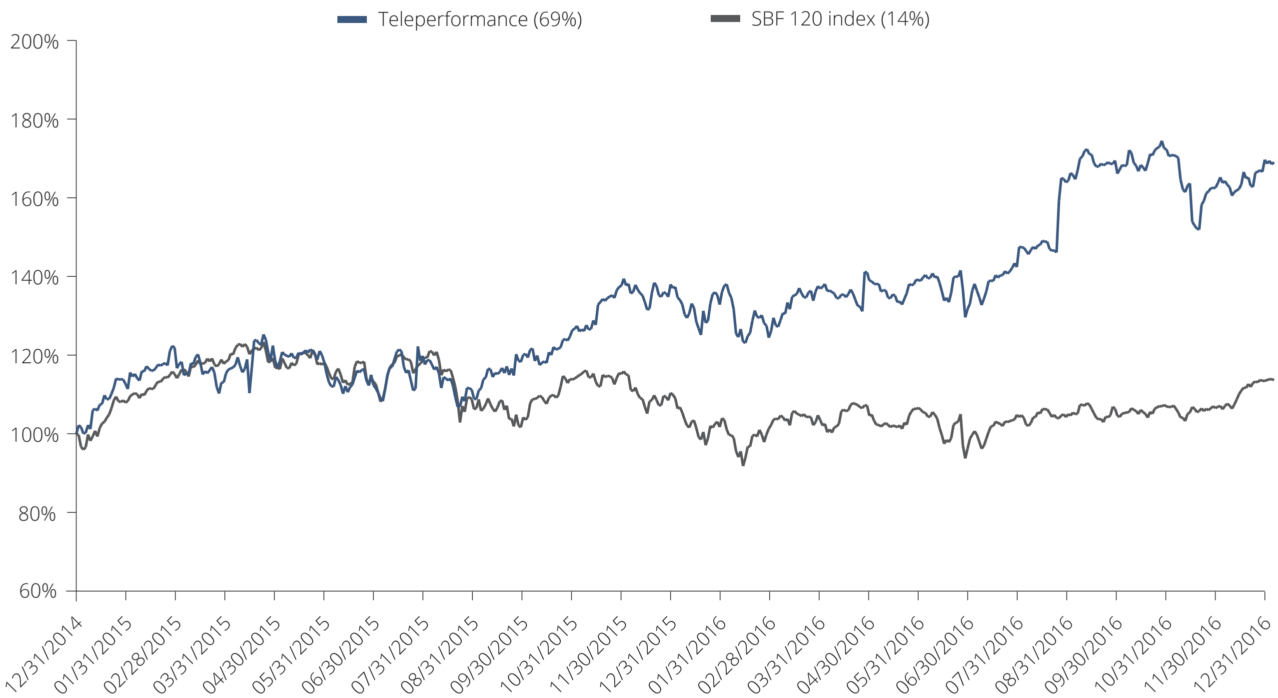
Teleperformance SE shares joined the Euronext Vigeo Eurozone 120 in December 2015, in relation to social and environmental responsibility and corporate governance matters.

2.4.2 Information on traded volumes and share price movements

2.4.2.1 Monthly evolution of the readjusted share prices over the last 18 months (source: Euronext Paris)

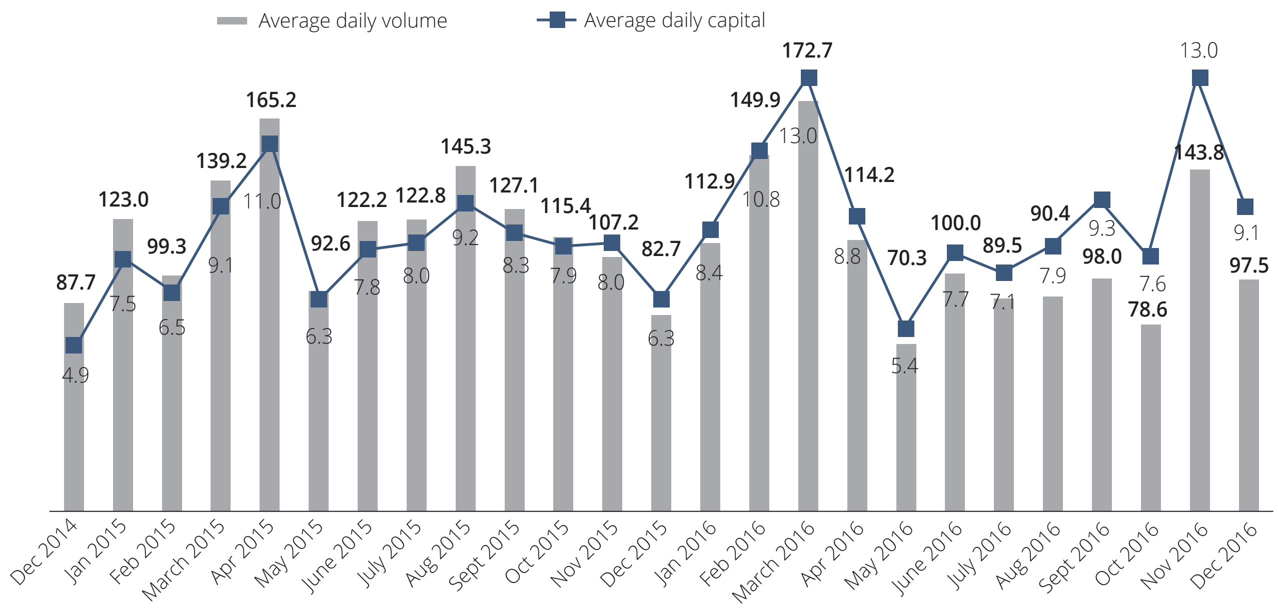
	Highest price *(in euros)*	Lowest price *(in euros)*	Closing rate *(in euros)*	Number of shares traded	Value traded *(in euros)*	Number of trading sessions
2015						
August	67.65	56.56	62.76	3,050,473	194,230,400	21
September	69.49	60.74	67.75	2,796,550	182,050,700	22
October	71.97	65.96	71.48	2,538,298	173,359,600	22
November	78.68	70.45	78.66	2,251,782	167,121,700	21
December	79.30	74.01	77.50	1,818,980	139,677,400	22
2016						
January	77.49	70.31	76.78	2,258,342	167,598,200	20
February	78.30	68.50	71.18	3,148,943	227,576,500	21
March	78.05	70.62	77.26	3,627,266	272,881,000	21
April	80.46	73.50	78.40	2,399,029	184,622,700	21
May	79.10	74.26	78.38	1,546,924	119,044,700	22
June	80.14	66.65	76.97	2,200,911	169,183,500	22
July	84.07	74.43	83.19	1,880,284	149,270,400	21
August	94.90	81.23	92.93	2,078,973	182,066,600	23
September	97.75	93.15	94.93	2,155,729	205,431,000	22
October	99.50	93.70	96.27	1,649,801	158,885,500	21
November	96.70	84.50	92.14	3,162,925	284,981,500	22
December	96.31	89.90	95.30	2,047,694	190,596,300	21
2017						
January	102.00	95.30	99.11	2,492,861	246,990,400	22

2.4.2.2 Changes in the Company's adjusted share price over 2 years, as compared to the SBF 120 index



2.4.2.3 Adjusted monthly average volumes traded per day

Change in volume (in 000 shares) and capital (in €000,000), daily average per month



2.5 Dividends

2.5.1 Dividend pay-out policy

The Board of Directors determines the dividend pay-out policy after review of various criteria including Group and Company earnings and financial situation.

In accordance with the law, unclaimed dividends lapse and are paid over to the State following a five-year period.

2.5.2 Dividends paid in respect of the last five financial years

Dividend for financial year*	Gross dividend per share	Total amount**	Distribution rate***
2011	€0.46	€26,035,102.80	28%
2012	€0.68	€38,486,672.64	30%
2013	€0.80	€45,808,152.00	35%
2014	€0.92	€52,625,554.80	35%
2015	€1.20	€68,642,028.00	35%

* *Paid the following year.*
** *Including unpaid dividends on the Company's treasury shares posted to "Retained earnings".*
*** *Calculated on the basis of consolidated net profit.*

Dividends distributed for the last three financial years were eligible for a 40% tax allowance.

It is reminded that the shareholders' meeting held on May 30th, 2013 approved, by its fourth resolution, the option to pay out the 2012 dividend either in cash or in Teleperformance shares. The period during which shareholders were able to opt between dividend pay-out in cash or in shares was extended from June 6th, 2013 to June 21st, 2013 inclusive. Following this period, the dividend pay-out in shares option resulted in the issue of 662,142 new shares each with a par value of €2.50, which increased the share capital by a total nominal amount of €1,655,355.

It is specified that the Board of Directors has decided to propose at the shareholders' meeting to be held on June 23rd, 2017 to fix the gross amount of dividend for 2016 at €1.30 per share.

2.6 *Financial communication*

2.6.1 Financial communication policy

The Group is committed to maintaining a sustainable and trust-based relationship with all shareholders, including French and foreign individuals and institutional investors. The duties of the Group's investor relations team are to facilitate access to information regarding the Group's earnings, outlook and strategic developments.

To that end, and in order to ensure ongoing clarity and transparency, a number of dedicated documents have been set up and frequent meetings are organized throughout the year with the financial community.

The Group, which has signed the United Nations global charter, is also committed to informing the market of its policy in terms of social and environmental responsibility and has dedicated a whole section of this report (pages 97 to 128) to these topics.

A key feature of 2016 was the Group's continued efforts to improve the quality of its communication to the financial community.

Teleperformance has performed exceptionally well on many acclaimed rankings relating to transparency in regulated communications, quality of its Investor Relations Department and the Investor Relations section of its website.

2.6.2 Dedicated information accessible to all shareholders

The financial information and many dedicated documents are made available online to all shareholders in the *Investor Relations* section of the Teleperformance's website (www.teleperformance.com), which is an extensive database of the Group's financial communication.

This information includes:

- all financial and strategic information provided to the financial markets and Group shareholders: quarterly information, press releases, audio and video recordings and broadcasts of result presentations and conferences on dedicated topics, letters to shareholders;
- all regulated information circulated in compliance with the European Transparency Obligations directive of December 15th, 2004, which includes the Registration Document including the annual financial report and the half-yearly report, filed with the French financial markets authority (*Autorité des marchés financiers*), the articles of association and information concerning corporate governance;
- the documents relating to the general meeting of shareholders (notice of meeting, draft resolutions, ballot paper, meeting brochure).

These documents can be sent by mail, on request or on the Group Internet site, or from the Investor Relations Department by email, telephone or mail.

The legal information (articles of association, minutes of general shareholders' meetings, statutory auditors' reports) can be consulted at the head office.

Furthermore, the Group regularly publishes financial advertising on its results and notices of shareholder general meetings in the national press.

2.6.3 Regular meetings with institutional investors and financial analysts

The investor relations team, together with various senior Group executives and in compliance with best practices in communication, regularly holds information meetings with institutional investors and financial analysts, including SRI (*socially responsible investing*) specialists, in France and abroad. Group management also meets corporate governance teams from shareholder organizations in the run-up to general meetings.

Every quarter, the Group presents its results and/or revenues to the financial community *via*:

- a conference call to present Q1 and Q3 revenues and a conference webcast for H1 results when senior management presents an update of operations during the period and answers questions from investors and analysts;
- a conference held in Paris on release of the annual results, with live streaming and subsequent download facility on the Group's website.

In addition, numerous meetings are organized throughout the year between Group senior management and the financial community: meetings, telephone conferences, site visits, investor roadshows and thematic conferences comprising in particular European companies of the corporate services and business process outsourcing sector, on the main financial markets in Europe and the USA.

In 2016, Teleperformance held nearly 300 investor meetings, an increase over 2015, and organized visits to Group sites for shareholders. These included a visit to a multi-lingual platform in Athens, Greece, and to another in Lisbon, Portugal. In January 2017, the Group held an Investor Day in Palm Beach, United States, where it presented its core business activities, development strategy and new 2020 objectives. The event attracted some thirty participants, including many North American investors, a majority of Company's financial analysts, as well as representatives from the Group's banks.

2.6.4 Shareholders' meetings

All shareholders, regardless of the number of shares they hold (at least one share held on the second working day prior to the relevant general meeting), are entitled to participate in general meetings.

The annual shareholders' meeting, which took place in 2016 in the Etoile Saint-Honoré conference center in Paris, is a key moment of dialog between the shareholders and the management of the Group for an update on operations during the year. It is also, for the shareholders, the opportunity to play an active role through their vote, in the life of the Group.

Convening of shareholders' meetings, drafting and publication of agendas as well as rules for participation to general meetings are presented in section 2.1.2.4 *Shareholders' meetings*.

In addition to usual voting modalities, the registered shareholders have the possibility to vote before the meeting or to give proxy *via* "Votaccess", an online voting platform. This platform is available to registered shareholders as well as to shareholders having subscribed to online services offered by their financial institution if the latter offers the access to the Votaccess platform.

The investor relations team is also available to guide shareholders through the various attendance and voting procedures.

2.6.5 Registration of securities in the holder's name

Teleperformance SE offers its shareholders the benefit of direct registration of their securities in their names, which confers the following advantages:

No management fees

Registered shareholders are fully exempted from custody fees, as well as from the expenses inherent to the day-to-day management of their securities such as conversion into bearer securities, the transfer of securities, changes of legal status (transfers, donations, inheritance, etc.), securities transactions (capital increase, share allotments, etc.) and the payment of dividends.

Guaranteed personalized information

Registered shareholders are guaranteed personalized information regarding:

- notices to attend general meetings, with systematic dispatch of the meeting notice, single postal voting form and proxy voting form, admission card request form and the statutory information documents;
- the management of securities, taxation and the organization of the general meeting.

Furthermore, an online service is available to them to consult their share account and pass their market orders: www.planetshares.bnpparibas.com

Easier access to the Shareholders' meeting

Similarly to all the Company's shareholders, registered shareholders are automatically called to attend the shareholders' meeting and benefit from the advantage of not being required to make a prior application for an attendance certificate in order to vote.

In addition to the usual voting modalities, the registered shareholders will have the possibility to vote before the meeting or to give proxy, *via* Votaccess, an online voting platform.

Registration modalities

In order to convert your securities into direct registered securities or to receive more information regarding security registration, please contact:

BNP Paribas Securities Services
Corporate Trust Services
Grands moulins de Pantin
9, rue du débarcadère
93761 Pantin Cedex - France
Telephone: +33 1 57 43 02 30
Email: paris.bp2s.registered.shareholders@bnpparibas.com

2.6.6 Bearer shares

Bearer shares are recorded in an investment account of a financial intermediary (*i.e.* a bank, stock broker, online broker, etc.). The advantage of holding shares in this way is that all equity investments in a portfolio can be held together in the same account, specifically a "PEA" (private equity plan) account. Teleperformance SE cannot identify bearer shareholders.

Bearer shareholders must obtain a certificate from the financial intermediary holding their Teleperformance investments that confirms that the intermediary has registered their shares in its books, by no later than midnight (Paris time) on the second working day prior to the relevant general meeting.

2.6.7 Indicative schedule for financial publications

Q1 2017 Revenues	April 27th, 2017
Shareholders' meeting	June 23rd, 2017
Ex-dividend date	July 3rd, 2017
Dividend payment	July 5th, 2017
2017 half-year results	July 25th, 2017
Q3 2017 Revenues	November 13th, 2017

2.6.8 Contact

Teleperformance SE
Investor Relations Department
21-25, rue Balzac – 75008 Paris, France
Tel.: +33 1 53 83 59 87
Email: investor@teleperformance.com

3

Corporate Governance

3.1 The Board of Directors

The combined shareholders' meeting held on May 31st, 2011 approved the Company's change of its governance from a dual structure consisting of a supervisory Board and a management Board to a single governance structure consisting of a Board of Directors.

In the interest of implementing a proper governance, at its meeting held on May 30th, 2013, the Board of Directors decided to separate the roles of Chairman of the Board and Chief Executive Officer. Since that date, the governance is structured around an Executive Chairman and a Chief Executive Officer.

This governance enables a clear distinction between strategic, decision-making and supervisory functions, which fall under the Board's remit, and operational and executive functions, which are the responsibility of the executive management. This structure is described in the report of the Chairman of the Board on the conditions for preparing and organizing the Board's work and on the risk management and internal control procedures described in section 3.3.1.2 of the Registration Document for 2016.

3.1.1 Composition of the Board of Directors

In accordance with the AFEP-MEDEF corporate governance code for listed companies (the "AFEP-MEDEF code"), the Board of Directors strives to comprise a majority of independent directors among its members. The classification as an independent director is reviewed by the Board every year. The Board adopts resolutions upon recommendation of the Remuneration and Appointments Committee. To qualify a director as independent, and prevent the risk of a conflict of interest between such director and executive management, the Company or the Group, the Committee and the Board review this quality in light of the following independence criteria of the AFEP-MEDEF code:

- not to be, and not having been for the previous five years, an employee or an executive corporate officer of the Company, or an employee, executive corporate officer or director of a company that the company consolidates, or an employee, executive corporate officer or director of its parent company or a company that the latter consolidates;
- not to have been for the past five years an executive corporate officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive corporate officer of the Company is a director;
- not to be a customer, supplier, investment or commercial banker that is material to the Company or its Group, or for a significant part of whose business the Company or its Group accounts;
- not to be related by close family ties to an executive officer;
- not to have been an auditor of the Company within the previous five years;
- not to have been a director of the Company for more than twelve years. The loss of the status of independent director occurs as of the 12-year date.

Directors who represent major shareholders who do not have any control in the Company are assumed to be independent if the shareholders they represent do not hold over 10% of the share capital and voting rights. Above this 10% threshold, the Board has to decide on their independence, upon recommendation of the Remuneration and Appointments Committee.

For the purposes of interpreting this paragraph:

- the Group includes the Company and any related company;
- a related company is any company that controls the Company, or any company controlled by the Company;
- control is understood within the meaning of Article L.233-3 of the French Commercial Code;
- an executive director is any person who has been appointed as a member of a corporate body (Management Board, Supervisory Board or Board of Directors) and any person appointed to a Senior Management position.

The Board may consider that a given member who fulfills the above independence criteria should not, however, be classified as independent given their specific situation or that of the Company, and vice versa.

Term of office

Pursuant to the provisions of Article 14 of the articles of association, directors are appointed for a three-year term, which expires at the end of the ordinary shareholders' meeting called to approve the financial statements for the year ended and held in the year in which the appointment expires. Directors may be re-elected.

The ordinary shareholders' meeting may appoint one or several directors for a two-year term, on an exceptional basis, and solely to enable the implementation or continuation of the staggering of directors' terms. The Board of Directors shall seek to propose the appointment or re-appointment of directors to the ordinary shareholders' meeting on a rolling basis, in order to avoid the simultaneous expiry of all of the directors' terms.

3.1.1.1 List of directors in office as of December 31st, 2016

The Board of Directors currently consists of 14 directors, 9 of whom are independent, *i.e.*, 64%.

Name	Position	Age	Date of first appointment* and last renewal	Expiry of term**	Member of a Committee	Number of shares at 01/31/2017
Mr. Daniel Julien(1)	Chairman of the Board of Directors	64	5/31/2011 5/07/2015	2018 AGM	-	974,314
Mr. Paulo César Salles Vasques(1)	Director and Chief Executive Officer	47	5/30/2013 4/28/2016	2019 AGM	-	152,946
Ms. Emily Abrera(1)(2)	Director	69	BD 11/27/2012 5/07/2015	2018 AGM	Remuneration and Appointments Committee	1,000
Mr. Alain Boulet(2)	Director	67	5/31/2011 4/28/2016	2019 AGM	Audit Committee	600
Mr. Bernard Canetti(2)	Director	67	5/31/2011 4/28/2016	2018 AGM	Audit Committee (Chairman)	1,000
Mr. Philippe Dominati	Director	62	5/31/2011 5/07/2015	2017 AGM	-	1,000
Mr. Jean Guez	Director	71	5/31/2011 5/07/2015	2018 AGM	Audit Committee	1,000
Ms. Wai Ping Leung(1)(2)	Director	64	4/28/2016	2019 AGM	-	1,000
Mr. Robert Paszczak(1)(2)	Director	66	5/31/2011 4/28/2016	2019 AGM	Remuneration and Appointments Committee (Chairman)	1,014
Ms. Pauline de Robert Hautequère(2)	Director	46	4/28/2016	2019 AGM	-	1,000
Ms. Leigh Ryan(1)	Director	63	4/28/2016	2019 AGM	-	1,000
Ms. Christobel Selecky(1)(2)	Director	61	5/07/2014	2017 AGM	-	1,000
Ms. Angela Maria Sierra-Moreno(1)(2)	Director	62	5/07/2014	2017 AGM	-	1,000
Mr. Stephen Winningham(1)(2)	Director	67	5/31/2011 4/28/2016	2018 AGM	Remuneration and Appointments Committee	1,000

* *The date indicated is the date of the first appointment as director following the change in the Company's governance from a structure with a Management Board and a Supervisory Board to a Board of Directors, as adopted by the combined shareholders' meeting held on May 31st, 2011.*
** *The Company has adopted a system of staggering directors' appointments, which explains why expiry dates vary.*
(1) *Non-French director.*
(2) *Independent director.*

It is reminded that, at the end of the shareholders' meeting held on April 28th, 2016, Messrs. Daniel Bergstein, Philippe Ginestié and Mario Sciacca left the Board of Directors.

For the purposes of their appointments, the directors and the executive management are domiciled at the Company's registered office.

Independent directors

The Board of Directors, at its meeting held on February 24th, 2016, upon recommendation of its Remuneration and Appointments Committee, reviewed the independence of its members. It noted that:

- Emily Abrera, Alain Boulet, Bernard Canetti, Robert Paszczak, Christobel Selecky, Angela Maria Sierra-Moreno and Stephen Winningham had the status of independent directors as defined by the AFEP-MEDEF code to which the Company refers and by the Board's internal regulations;
- In connection with the proposed appointments of directors to the shareholders' meeting held on April 28th, 2016, Wai Ping Leung and Pauline de Robert Hautequère fulfilled the independence criteria.

At the end of the Shareholders' meeting held on April 28th, 2016, the Board comprises 9 independent directors out of 14, representing 64% and therefore continues to comply with the AFEP-MEDEF recommendations in that respect.

At its meeting held on February 28th, 2017, the Board reviewed the independence of its members and confirmed that:

- the nine independent directors continue to have this quality. It is specified that, following the amendment of the AFEP-MEDEF code in November 2016, Mr. Bernard Canetti will reach 12 years of seniority on June 23rd, 2017 and will thus cease to be qualified as independent as from that date. The Board, upon proposition of the Remuneration and Appointments Committee, will change the composition and chairmanship of the Audit Committee at that same occasion.

- are not qualified as independent:
  - due to their quality of executive officers and directors of the company and of a company which it consolidates, Paulo César Salles Vasques and Daniel Julien;
  - due to terms of office held in companies that Teleperformance SE consolidates, Jean Guez;
  - due to a term of office held in a company that Teleperformance SE consolidates and his seniority within the Board, Philippe Dominati;
  - due to her quality of employee of a subsidiary of the Group, Leigh Ryan.

3.1.1.2 Main activities exercised by directors in office

Daniel Julien

Chairman of the Board of Directors

French and US nationalities

Daniel Julien was born on December 23rd, 1952, and holds an Economics Degree from Paris X University. In 1978, he founded the Teleperformance telemarketing company in a Paris office with only ten telephone lines, at the age of 25. By 1985, only a few years later, Teleperformance had become the market leader in France. The Group opened subsidiaries in Belgium and Italy the following year. In 1988, the Group continued its European development by adding subsidiaries in Spain, Germany, Sweden and the United Kingdom, and in 1995 it became the European market leader. In 1993, under the leadership of its founder, the Group continued its international expansion by opening a call center in the United States, followed by Asia in 1996 and then Latin America, including Mexico in 2002 and Argentina and Brazil in 2004. The Group founded by Daniel Julien has been the global leader in the customer relations management market since 2007.

Daniel Julien was Chairman of the Management Board of the Company and then Chairman and CEO from May 2011 to May 2013. He was appointed Chairman of the Board of Directors on May 30th, 2013, following the separation of the positions of Chairman of the Board and Chief Executive Officer, in order to comply with the corporate governance recommendations as fully as possible and begin the process of handing over the reins to the next generation. In order to ensure a smooth transition, the Board unanimously asked Daniel Julien to remain fully involved and to retain his executive role at Teleperformance Group, Inc. (operational headquarters in the United States) under the same conditions. Since the same date, he has an executive role within the Group in addition to his responsibilities and missions due to his office as Chairman of the Board. Since June 2013, as Executive Chairman, Daniel Julien has been actively passing on to Paulo César Salles Vasques his in-depth knowledge of the Group and the specific features of its regions and management teams, as well as the knowledge of world markets that he has acquired over 38 years. In addition, Mr. Julien has a major role in external growth operations by leading the strategic vision and the key strategic projects.

Current directorships

Teleperformance Group

- *Chairman of the Board and Co-Chief Executive Officer* of Teleperformance Group, Inc. (USA)
- *Director* of various overseas subsidiaries of the Teleperformance Group (USA, Canada and UK)

Other (non-listed companies)

- *Director* of Frens Inmobiliaria, S.A. de C.V. (Mexico)
- *Director* of DJ Plus Operadora Inmobiliaria, S. de R.L. de C.V. (Mexico)
- *Director* of DJ Plus S. de R.L. de C.V. (Mexico)

Directorships expired within the last five years

Teleperformance Group

- *Chairman and Chief Executive Officer* of Teleperformance SA
- *Chairman and Chief Executive Officer* of Impulsora Corporativa Internacional S.A. de C.V.
- *Director* of U.S. Solutions Group, Inc.

Other

None.

Paulo César Salles Vasques

Director and Chief Executive Officer

Brazilian nationality

Paulo César Salles Vasques was born on November 6th, 1969. He holds a Degree in Chemical Engineering from Mackenzie University in São Paulo, Brazil, and a Postgraduate Degree in Management, with specialization in Marketing, from the Getúlio Vargas Foundation in São Paulo.

Paulo César Salles Vasques has acquired a wealth of experience over 15 years spent in the world of customer experience management with major companies including Contax S.A (Oi), CSU CardSystem SA and Teleperformance.

He joined the Teleperformance Group in 2005 and, as Chief Executive Officer of Teleperformance Brazil, succeeded in building one of the Group's most outstanding operating units in just a few years. Mr. Salles Vasques was appointed a member of the Management Board of the Company in January 2010. He was appointed director and Chief Executive Officer on May 30th, 2013.

Current directorships

Teleperformance Group

- *Chairman* of Teleperformance CRM S.A. (Brazil)
- *Director and Co-Chief Executive Officer* of Teleperformance Group, Inc. (USA)
- *Director* of various overseas subsidiaries of the Teleperformance Group (in Brazil, the US, Canada and the UK)

Other (non-listed companies)

None.

Directorships expired within the last five years

Teleperformance Group

- *Member of the Management Board* of Teleperformance SA
- *Director* of Citytech S.A. (Argentina)
- *Chairman* of SPCC, São Paulo Contact Center Ltda (Brazil)

Other

None.

Emily Abrera

Independent Director and member of the Remuneration and Appointments Committee

Philippine nationality

Emily Abrera was born on August 6th, 1947, and took up Journalism and Mass Communications at the University of the Philippines. In 1979 Emily Abrera joined the Philippine subsidiary of McCann Erickson, a global advertising communications group, as creative director. She was appointed President in 1992, and became Chairman and Chief Executive Officer of the Company in 1999. Her exemplary management contributed to the agency's success and sustained leadership in a highly competitive environment. After retiring in May 2004, Ms. Abrera served as Chairman of McCann Worldgroup Asia-Pacific from 2008 to 2010, as well as Chairman Emeritus of McCann Worldgroup in the Philippines.

Ms. Abrera is involved in a number of public interest causes which include literacy, children's and women's rights and protection of the environment. She serves as Chairman of the Board of the Cultural Center of the Philippines since 2006 and the Children's Hour Philippines organization since 2009. She is also a Board member of the Philippine Eagle Foundation, the Philippine Board on Books for Young People and the Philippine Cancer Society among others.

Emily Abrera was co-opted to the Board of Directors of the Company on November 27th, 2012. This appointment (cooptation) was ratified by the shareholders' meeting held on May 30th, 2013.

Current directorships

Teleperformance Group

None.

Other (non-listed companies)

- *Chairwoman* of the Foundation for Communication Initiatives (Philippines)
- *Chairwoman* of the Board of CCI Asia
- *Director* of Pioneer Insurance
- *Director* of Splash Corporation

Directorships expired within the last five years

Teleperformance Group

None.

Other

- *Director* of Aboitiz Transport Corporation and Bank of the Philippine Islands (BPI)

Alain Boulet

Independent Director and member of the Audit Committee

French nationality

Alain Boulet was born on June 24th, 1949, and holds a Degree in Psychology from Nanterre University. In 1986, he became the founding Chairman of the ONE agency. He became Chairman of the SR Marketing Services group in 2003.

As a specialist of Relationship Marketing, data processing and analysis, he has worked, since 2008, as a web marketing consultant for companies integrating e-commerce in their marketing and sales approach.

He was appointed director of the Company on May 31st, 2011.

Current directorships

Teleperformance Group

None.

Other (non-listed companies)

None.

Directorships expired within the last five years

Teleperformance Group

None.

Other

None.

Bernard Canetti

Independent Director and Chairman of the Audit Committee

French nationality

Bernard Canetti was born on May 7th, 1949, and graduated from the ESCP Europe Business School in 1972. Bernard Canetti's career has been focused on publishing and innovation. He was Chief Executive Officer of Éditions Robert Laffont's mail-order business until 1984, when he joined the *Guilde Internationale du Disque*, which he merged with the Editions Atlas group in 1986. As CEO, then Chairman and CEO, over 25 years he turned the Company into a profitable and powerful group operating in 29 countries and market leader for online and mail-order sales of cultural collections and mass-market textile products. In 2010, he founded *Comme J'aime* and became the Company's Chairman. *Comme J'aime* is currently the leader in France of nutritional re-education programs for overweight people. At the end of 2012, he repurchased the *Centre Européen de Formation* (European Training Centre) and became the Company's Chairman. He transformed the Company into one of the main private establishments providing remote professional training and correspondence courses on the French market. In 2015, he set up and presided over Xynergy Group, a holding company which owns and manages *Comme J'aime* and the *Centre européen de Formation*.

Bernard Canetti was appointed to the Supervisory Board of the Company on June 23rd, 2005, and became a director on May 31st, 2011, following the change in the governance structure adopted by the shareholders' meeting.

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Current directorships

Teleperformance Group

None.

Other (non-listed companies)

- *Chairman* of Comme J'aime SAS (France)
- *Chairman* of Centre Européen de Formation SAS (France)
- *Chairman* of Xynergy Groupe SAS (France)
- *Director* of Productions Jacques Canetti and Editions Majestic (France)

Directorships expired within the last five years

Teleperformance Group

- *Member of the Supervisory Board* of Teleperformance SA

Other

- *Chairman* of Provea SAS, Éditions Atlas SAS and Éditions Atlas Inc. (Canada)
- *Director* of Marathon SAS

Philippe Dominati

Director

French nationality

Philippe Dominati was born on April 12th, 1954, and holds a Degree in Law from Paris II-Assas University and a Degree in Political Science from Metz University.

Philippe Dominati was a Councilor in Paris (8th District) from 1989 to 2001 and a Regional Councilor for Ile-de-France (Paris region) from 1992 to 2004. He has been senator from Paris and a member of the French Finance Commission since September 2004. Philippe Dominati chaired the Senatorial Investigation Committee on the flight of capital and assets from France.

He was appointed to the Supervisory Board of the Company in June 1996, and became a director on May 31st, 2011, following the change in the governance structure adopted by the shareholders' meeting.

Current directorships

Teleperformance Group

- *Chairman* of the Board of Directors of Teleperformance France (France)

Other (non-listed companies)

- *Manager* of Isado SARL (France)
- *Manager* of Trocadéro SCP (France)

Directorships expired within the last five years

Teleperformance Group

- *Member of the Supervisory Board* of Teleperformance SA

Other

- *Director of* Caisse d'Epargne SLE Paris-Ouest

Jean Guez

Director and member of the Audit Committee

French nationality

Jean Guez was born on November 25th, 1945, and is a graduate of the Montpellier Business School and the Paris Institute of Corporate Administration. He also holds a Degree in Chartered Accountancy. From October 1967, he worked as a trainee chartered accountant at SETEC (Paris), and then at Peat Marwick Mitchell (KPMG) from December 1968. In 1972, after qualifying as a chartered accountant and statutory auditor, he joined SO.CO.GE.RE as Chief Executive Officer, a position he held until 1982, when he joined Sofintex as a Managing Partner. He then became a partner of the BDO France group in 2000, and then of the Deloitte group in 2006. He is currently a Managing Partner at Conseil CSA.

Jean Guez was appointed to the Supervisory Board of the Company on January 29th, 2010, and became a director on May 31st, 2011, following the change in the governance structure adopted by the shareholders' meeting.

Current directorships

Teleperformance Group

- *Director* of Société Tunisienne de Telemarketing (Tunisia)
- *Director* of S.M.T. SA (Tunisia)
- *Director* of SAMAC SA (Morocco)
- *Director* of LCC (Luxemburg)

Other (non-listed companies)

- *Manager* of Cabinet SCA
- *Co-manager* of SCI Sinimmo
- *President* of SAS République Participation Conseil
- *President* of SASU TROUBAT

Directorships expired within the last five years

Teleperformance Group

None

Other

None

Wai Ping Leung

Independent Director

Chinese citizen with British nationality

Born on November 3rd, 1952, Ms. Wai Ping Leung holds a master of science in biology from the Northeastern University.

She has been in the apparel industry since 1982 and has experience in supply chain management, retail and marketing. In 1994, she served as regional director responsible for export sales of apparel to European countries at Inchcape Buying Services, which was a global sourcing network and acquired by the Li & Fung group in 1995. From 2000 to 2010, she served as an executive director and was appointed member of the Li & Fung Board, a company listed in the Hong Kong Stock Exchange, in charge of the exports to Europe and the USA. Since 2011, she has been the President of LF Fashion, a company of the Li & Fung group.

Ms. Wai Ping Leung has also served on advisory Boards for the Hong Kong Exporters' Association, the Hong Kong Trade Development Council, the Clothing Industry Training Authority, the Hong Kong Export Credit Insurance Corporation, and former Chairman of the vetting Committee for the Professional Services Development Assistance Scheme of Commerce and Economic Development Bureau of the Hong Kong Government.

Current directorships

Teleperformance Group

None.

Other (non-listed companies)

- *Director* of various subsidiaries in the Li & Fung Limited group
- *Director* of Purple Wise Ltd
- *Director* of Sable Industries Ltd
- *Director* of Karen Ltd
- *Director* of Atko Ltd
- *Director* of Sun alliance Ltd
- *Director* of Great Bluebell Development Inc.

Directorships expired within the last five years

Teleperformance Group

None.

Other

- *Director* of various subsidiaries of the Li & Fung Limited group

Robert Paszczak

Independent Director and Chairman of the Remuneration and Appointments Committee

US nationality

Born on August 10th, 1950, Robert Paszczak received a degree in Finance at Northern Illinois University (United States) in 1972. Having risen through the ranks in a national commercial finance company, he became Vice-President of the Gary-Wheaton Bank group in 1981, and then became the director of commercial lending in 1982, a position he held until 1991, when he was appointed director of the Gary-Wheaton Corporation. In 1993, following the acquisition of Gary-Wheaton Bank by First National Bank of Chicago, he continued to serve as Vice-President in charge of commercial banking of Gary-Wheaton Bank. As a result of mergers, between 1995 and 2009, he held successive positions as senior Vice-President at First National Bank of Chicago, American National Bank & Trust Company of Chicago, Bank One Corporation and JP Morgan Chase Bank. He was appointed vice-Chairman of Wheaton Bank & Trust (Wintrust Financial) in March 2010, and became Chairman of the Board in 2013. Robert Paszczak is very involved in charitable organizations.

Robert Paszczak was appointed to the Supervisory Board of the Company on June 2nd, 2010, and has been a director since May 31st, 2011, following the change in the governance structure adopted by the shareholders' meeting.

Current directorships

Teleperformance Group

None.

Other (non-listed companies)

- *Chairman of the Board* of Wheaton Bank and Trust (Wintrust Group) (USA)
- *Director* of Euclid Beverage (USA)

Directorships expired within the last five years

Teleperformance Group

- *Member of the Supervisory Board* of Teleperformance SA

Other

None.

Pauline de Robert Hautequère

Independent Director

French nationality

Born on December 30th, 1970, Pauline de Robert Hautequère is a graduate in English Literature from the Paris X University and in Economics and Finance from Sciences-Po Paris. She holds a MBA from the Columbia Business School of Columbia University in New York.

She started her career as an auditor with Price Waterhouse Coopers in Paris.

In 1999, she joined NetValue USA as product and project manager, then Register.com in 2001.

Starting 2002, she became a freelance digital business consultant. In 2008, she obtained a Master of Sciences in human computer interaction and ergonomics from University College London, then joined Foviance, a user experience consultancy. She holds expertise in usability and customer experience acquired over the past 14 years. Since 2012, she has been an independent customer experience consultant.

Current directorships

Teleperformance Group

None.

Other (non-listed companies)

None.

Directorships expired within the last five years

Teleperformance Group

None.

Other

None.

Leigh Ryan

Director

US nationality

Leigh Ryan was born on November 6th, 1953, and holds a Bachelor's degree in International Relations from Pomona College in Claremont, California. She also holds a Juris Doctorate degree in Law from Georgetown University, where she was an editor of *Law and Policy in International Business*. On February 1st, 2016, Ms. Ryan was appointed Worldwide Chief Legal Officer and Worldwide Chief Compliance Officer of the Teleperformance Group. Prior to February 1st, 2016, Ms. Ryan was a partner with Paul Hastings LLP, an international law firm with 20 offices in the United States, Europe and Asia. Ms. Ryan has over 35 years of experience in corporate finance transactions, securities offerings, mergers and acquisitions, commercial transactions and corporate governance. She has substantial transactional experience in the telecommunications, technology, customer care and media industries, as well as the apparel and aircraft industries. In addition to practicing law full-time, Ms. Ryan was Global Chair of Talent Acquisition (attorney recruiting) at Paul Hastings for over 10 years.

Before joining Teleperformance, Ms. Ryan served as outside counsel to the Teleperformance Group for over 20 years, including advising on numerous acquisitions in the US, Mexico and Colombia.

Ms. Ryan is a member of the New York and California Bars. She has written and spoken frequently on securities laws, corporate governance, mergers and acquisitions, and other corporate matters. She is an Honorary Member of the Board of Directors of La Jolla Music Society, having served on the Board for 12 years, including 2 years as Chair of the Board. She also served as a member of the Advisory Board of the Corporate Counsel Institute in Washington, D.C. for over 13 years.

Current directorships

Teleperformance Group

- *Director and Chairwoman* of various overseas subsidiaries of the Teleperformance Group (in the US, the UK, Canada, Costa Rica and Panama)

Other (non-listed companies)

None.

Directorships expired within the last five years

Teleperformance Group

None.

Other

None.

Christobel Selecky

Independent Director

US nationality

Christobel Selecky was born on March 9th, 1955, and holds a Bachelor's Degree in Political Science and Philosophy from the University of Delaware (United States) and a Masters' Degree in Public Relations and Communications from Syracuse University (New York). Ms. Selecky has over 30 years' experience in the healthcare sector as a director, manager and company founder. In 1981, she joined FHP International Corporation, a NASDAQ-listed company that administered managed healthcare plans, operated medical and dental clinics, hospitals, and pharmacies, and sold health and workers compensation insurance. She became the President of FHP's largest business unit, the California Health Plan, with US$2 billion in annual revenues serving more than 1 million Medicare, Medicaid, and Commercial health plan members. In 1996, she became co-founder, Chairman, and Chief Executive Officer of LifeMasters Supported Selfcare Inc., a company that provided outsourced, call center-based disease and care management services as part of health care plans and benefits granted by employers, and by public sector employee retirement plans, unions and trusts. The Company provided its services to more than 1 million people in the United States. She has been working as an independent consultant since 2010, and provides strategic advice and recommendations to teams of managers and investors involved or seeking to become involved in the healthcare sector at both national and international level.

Ms. Selecky also serves on the Board of Directors and chairs the Compensation, Governance and Nominating Committee of Satellite Healthcare, one of the United States' leading not-for-profit providers of kidney dialysis and related services since 1974. She was also recently elected to serve on the Board of Directors and Audit Committee of Verity Health System, which operates six hospitals in Northern and Southern California.

Deeply involved in the charitable sector, Christobel Selecky is a member of the Board of trustees and Chair of the Audit Committee of United Cerebral Palsy, a US national non-profit organization for people with disabilities, and the immediate past chair of the Board of Directors of Population Health Alliance, a nonprofit organization promoting public health care activities through advocacy, research and education.

Christobel Selecky was appointed director by the shareholders' meeting held on May 7th, 2014.

Current directorships

Teleperformance Group

None.

Other (non-listed companies)

- *Director* of Satellite Healthcare Inc. (USA)
- *Director* of Verity Health System (USA)

Directorships expired within the last five years

Teleperformance Group

None.

Other

- *Director* of Memorial Care Innovation Fund (USA) and American Specialty Health Inc. (USA)
- *Member of the Advisory Committee* of Houlihan Lokey (USA)

Angela Maria Sierra-Moreno

Independent Director

Colombian nationality

Angela Maria Sierra-Moreno was born on August 30th, 1954, and holds a Degree in Bacteriology from the Colegio Mayor de Antioquia University (Colombia) and a Masters' Degree in Science from the University of Ohio (United States).

Angela Maria Sierra-Moreno has acquired over 20 years' experience in the customer management field in various business sectors. From 1995 to 2002, Ms. Sierra-Moreno was Vice-President in charge of Services at ACES, where one of her main tasks was to coordinate initiatives aimed at changing the Company's culture, in accordance with its requirements and those of the outside environment.

In 2002, she joined Avianca as Vice-President in charge of Services and Human Resources. In this capacity, she contributed to developing a corporate strategy aimed at setting up a customer-centric organizational structure by designing and implementing processes, tools and mechanisms dedicated to customer service for the Company's global operations. Ms. Sierra-Moreno has been an organizational management consultant since 2010, and advises companies and organizations operating in various business sectors on customer relationship management, Human Resources, and cultural and organizational change.

Angela Maria Sierra-Moreno was appointed director by the shareholders' meeting held on May 7th, 2014.

Current directorships

Teleperformance Group

None.

Other (non-listed companies)

- *Director* of LASA SA (Colombia)
- *Director* of Prestigio (Colombia)
- *Director* of Dinamica (Colombia)

Directorships expired within the last five years

Teleperformance Group

None.

Other

- *Director* of ARCESA

Stephen Winningham

Independent Director and member of the Remuneration and Appointments Committee

US nationality

Stephen Winningham was born on December 1st, 1949, and holds a Masters in Business Degree (Finance & marketing) from Columbia University and pursued additional studies in Economics at New York University. He has 30 years of international experience in the banking field. He began his career in the investment banking sector at Citibank, NA, before moving to Drexel Burnham Lambert. He then held management positions at Paine Webber Inc. and Kidder Peabody & Co. in New York, which have since then merged with the UBS Group. He was managing director of Salomon Brothers-Citigroup from 1996 to 2007, when he was based in New York and Hong Kong. He became managing director of Lloyds Banking in London in 2007, specifically responsible for global finance institutions, and then for key accounts in 2009. Stephen Winningham has been a managing director and Co-Head of the Corporate Finance – Europe, Middle East and Africa - Department at Houlihan Lokey in London since February 2012.

Stephen Winningham was appointed to the Supervisory Board of the Company on June 2nd, 2010, and has been a director since May 31st, 2011.

Current directorships

Teleperformance Group

None.

Other (non-listed companies)

- *Managing Director* of Houlihan Lokey (United Kingdom)

Directorships expired within the last five years

Teleperformance Group

- *Member of the Supervisory Board* of Teleperformance SA

Other

- *Managing Director* of Global Communications Group (Citigroup Investment Banking) and Lloyds Banking Group
- *Director* of Guaranteed Export Finance Corporation Plc, First Securitisation Company Ltd and Lloyds TSB Mtch Ltd

3.1.1.3 Proposals to the Shareholders' Meeting on the composition of the Board of Directors

It is proposed that the Shareholders' Meeting to be held on June 23rd, 2017 renew the terms of office of three directors. If the shareholders' meeting approves the propositions submitted, the terms of office of Ms. Christobel Selecky and Angela Maria Sierra-Moreno and of Mr. Philippe Dominati will be renewed for 3 years. These renewals will allow to maintain, within the Board, a strong rate of independent directors and feminization as well as a strong internationalization and knowledge of the Group.

The Board of Directors will then maintain:

- a rate of independent directors of 57%, it being specified that, due to the amendment of the AFEP-MEDEF code in November 2016, Mr. Bernard Canetti will reach the 12 year seniority on June 23rd, 2017 and will cease to be qualified as an independent director as from that date. The Board of Directors, upon proposal of the Remuneration and Appointments Committee, will modify the composition and the chairmanship of the Audit Committee on that same occasion;
- the Board of Directors, upon proposal from its Remuneration and Appointments Committee, has considered that Ms. Christobel Selecky and Angela Maria Sierra-Moreno continue to be qualified as independent in application of the independence criteria of the AFEP-MEDEF code;
- a percentage of women of 43%, thus complying with the legal provisions on the matter;
- a continued strong internationalization of its composition with six nationalities represented and 64% of non-French directors.

3.1.1.4 Statements on the situation of members of the administrative, management and supervisory bodies

Family ties

To the Company's knowledge, there are no family ties between the directors.

Absence of conviction for fraud, responsibility for a bankruptcy or indictment and/or public sanction

To the Company's knowledge, as of the date of the present Registration Document, during the past five years, none of the directors or members of the executive management:

- had been convicted for fraud, or indicted and/or sentenced to an official public sanction by any statutory or regulatory authority;
- had been involved in a bankruptcy, a sequestration of assets or a liquidation procedure;
- had been prevented by a court order from acting in the capacity of a member of an issuer's administrative, management or supervisory body or from being involved in the management or conduct of an issuer's business affairs.

Absence of conflicts of interests

The internal regulations of the Board of Directors states that each director must inform the Chairman of the Board of any conflict situation, even potential, between the Company's interests and his or her direct or indirect interests, or those of the shareholder group that they represent. In addition, said director must abstain from the discussions and corresponding deliberations.

To the Company's knowledge, as of the date of this Registration Document, no director or member of the executive management has a conflict of interest between their duties to the Company and/or the Group and their private interests or other duties.

To the Company's knowledge, as of the date of this Registration Document, no arrangement or agreement exists with the principal shareholders, customers or suppliers wherein one of the members of the Board of Directors or the executive management has been selected in such capacity.

To the Company's knowledge, as of the date of this Registration Document, no restriction has been accepted by members of the Board of Directors or the executive management concerning the transfer of their holdings in the Company, other than restrictions attached to performance shares granted to them or in connection with the long-term incentive plan.

3.1.1.5 Agreements entered into between the Company and one of its directors, service agreements and interests held in the Group companies

Service agreements or agreements entered into with a director

The agreements listed below are ordinary agreements concluded on normal terms. They indirectly concern directors who are not qualified as independent.

Philippe Ginestié, director until April 28th, 2016, is a partner in a law firm that provides a range of legal services for the Group. Fees invoiced amounted to €42,970.94 (excl. tax). This amount corresponds to works and services on projects in business law as of April 28th, 2016. This amount is not material neither for the law firm nor the Company or its group.

Daniel Julien, Chairman of the Board of Directors, is a 35% shareholder in a company that owns a building leased to Servicios Hispanic Teleservices S.C. (Mexico). The total rental income for said building amounted to US$567,600 in 2016 compared to US$564,172 in 2015. It is reminded that, in September 2013, a study commissioned by the Group from an independent real estate valuation firm showed that the aforementioned rent transaction was carried out at below-market prices.

Loans and guarantees granted to directors

The Company has not granted any loans or guarantees to one of its directors.

It is reminded that, during 2012, Teleperformance Group, Inc., a 100% US subsidiary of the Company, granted a loan of US$5 million to Paulo César Salles Vasques under market conditions, well before his appointment as director and Chief Executive Officer of Teleperformance SE. This loan was entirely repaid in March 2016.

Interests in Group companies held by directors

Daniel Julien holds (i) 10% of the share capital of GN Research SA (Luxembourg) and (ii) 7% of the share capital of Hong Kong Asia CRM Ltd (Hong Kong).

In 2016, pursuing its policy of repurchasing minority shareholders, the Group acquired the minority shareholdings in the companies Costa Rica Contact Center SA (CRCC) (acquired by the Group in 2009), Impulsora Corporativa Internacional S.A. de C.V. and Merkafon de Mexico S.A. de C.V. (acquired by the Group in 2002), including the shares held by Mr. Daniel Julien. The repurchases of minority shares of Mr. Daniel Julien were of a total amount of €556,892.

Following these repurchases of minority shareholders, the Group owns 100% of the share capital of CRCC, Impulsora Corporativa Internacional S.A. de C.V. and Merkafon de Mexico S.A. de C.V.

To the Company's knowledge, no other director or member of the executive management has investments or interests in Group companies, either directly or indirectly.

3.1.2 Organization and Functioning

3.1.2.1 Missions and duties

Pursuant to legal and regulatory provisions, the articles of association and its internal rules, the Board of Directors has the following duties:

- approving the annual and consolidated financial statements;
- drafting management forecasts;
- convening and setting the agenda for the shareholders' meeting;
- deciding to issue bonds;
- authorizing sureties, endorsements and guarantees;
- prior authorization of regulated agreements and commitments;
- setting up specialized Committees and determining their missions;
- deciding to pay any interim dividends;
- reviewing and determining the guidelines for the Company's business;
- selection of the organization structure of executive management;
- appointing and dismissing the Chairman, the Chief Executive Officer, and the Deputy Chief Executive Officers;
- co-opting members of the Board under the conditions determined by the regulations in force;
- defining the remuneration policy for executive directors and distribution of directors' fees within the global amount decided by the shareholders' meeting amongst Board members;
- determining the number of performance shares or shares resulting from the exercise of options that executive directors are required to retain until the end of their term of office, in the event of the award of options or performance shares;
- review of the main issues in the field of corporate social responsibility;
- approving the Chairman of the Board's report.

Furthermore, the Board of Directors determines or authorizes expressly and prior to their completion the following issues:

- approving consolidated annual budgets;
- any significant (commercial, industrial, financial, real estate or other) transaction that the general management plans, not comprised under the approved strategy or budget, including, in particular, moveable or immoveable investment by external or internal growth, where the amount represents more than 20% of the Group's net assets as reports in the latest consolidated financial statements approved by the Board of Directors;
- concluding alliances of any kind involving a material proportion of consolidated revenues;
- proposing dividend distributions to general meetings of shareholders.

3.1.2.2 Functioning

During its deliberations on May 31st, 2011, the Company's Board of Directors adopted its internal rules, modified in particular in November 2016, aimed at explaining its role and procedures, in accordance with the legal and statutory provisions and corporate governance rules applicable to listed companies.

The main provisions of these internal rules are described below.

Directors' rights and obligations

The Board of Directors may perform any checks and controls that it deems appropriate at any time. It may ask the Company to forward to it any documents of any kind that are useful for the performance of its assignment, regardless of whether such documents are issued by the Company or are intended for it. The directors are entitled to have any documents and information forwarded to them, in order to perform this assignment. This right shall be exercised *via* the Chairman of the Board of Directors; the directors may not personally interfere in the management of the Company or directly request the documents and information required.

The Board of Directors' internal rules also set out the obligations incumbent on directors, specifically with regard to corporate ethics, confidentiality, conflicts of interest and the possession of insider information.

Members of the Board of Directors and of the Committees, together with any persons attending the meetings of the Board and its Committees, are bound by a general confidentiality obligation regarding the discussions of the Board and its Committees, as well as any information of a confidential nature or presented as such by its Chairman.

Managing conflicts of interest

As part of the management of conflicts of interest, the Board of Directors authorizes regulated agreements and commitments and settles any potential situation of conflict of interest involving common directors within the Group.

The internal regulations of the Board provide that every director is required to inform the Chairman of the Board of Directors of any conflict situation, even a potential situation, between the Company's interests and their direct or indirect interests, or those of the shareholder group that they represent. In addition, they must abstain from participating in the discussions and deliberations.

Board meetings

The Board of Directors meets at least once a quarter, in order to discuss the progress of the Company's affairs and their foreseeable development. It is convened by the Chairman. If the position of Chairman is vacant, or if the Chairman is prevented from attending, the Board of Directors may be convened on a given agenda by the Chief Executive Officer, the appointed Vice-Chairman, where applicable, or by any director.

Meetings may be held in any location, as indicated in the notice. An attendance register is kept and is signed by the members of the Board of Directors attending the meeting. At least half of the Board members must be physically present for the Board's decisions to be valid.

Decisions are taken by majority vote of the members who are present or represented; each member who is present or represented has one vote, and each member who is present may only hold one proxy. The Chairman of the meeting has the casting vote in the event of a tied vote.

The Board of Directors may invite anyone that it chooses to attend all or part of its meetings. The Board decides whether to hear these speakers individually or collectively.

Directors may attend the Board meetings by means of videoconferencing or telecommunications facilities, in accordance with the applicable statutory and regulatory provisions. These attendees are considered present for the calculation of the quorum and majority, except in the case of meetings relating to the approval of the annual parent company financial statements and the management report.

Minutes of proceedings

The Board of Directors' discussions are recorded in minutes that are entered into a special ledger held at the registered office. The minutes shall mention the use of the videoconference and telecommunication systems described in the previous sub-paragraphs, where applicable.

The minutes are signed by the Chairman of the meeting and by at least one director; in the event that the Chairman of the meeting is prevented from attending, the minutes are signed by at least two directors. In addition to the information required by law, these minutes specify the nature of the information provided to members of the Board of Directors, and provide a summary of the discussions, as well as an indication of the manner whereby each of the members present or represented voted on each item in the agenda.

At each Board meeting, the Chairman shall provide each member in attendance with a copy of the minutes of the previous meeting as approved by the Board of Directors.

Committees

The Board of Directors may decide to set up internal committees, for which it determines the membership and remits, and which perform their activities under its responsibility. The Board decided to create two permanent specialized Committees: the Audit Committee and the Remuneration and Appointments Committee.

Each Committee reports to the Board of Directors on its work and informs the Board of any points that it considers problematic or requiring a decision, thereby assisting the Board's discussions. At each Board meeting, the Chairman of each Committee shall provide each Board member in attendance with a report on the Committee's work since the last Board meeting.

Assessment

In accordance with the AFEP-MEDEF code recommendations, once a year, the Board of Directors proceeds with a discussion of its works and that of its specialized Committees. It reviews its composition, as well as the organization and functioning of the Board and the Committees. In addition, a formal assessment of the Board's work is performed every three years, with the support of the Remuneration and Appointments Committee or by an independent director assisted by an outside consultant. The purpose of the assessment is to check that important issues have been appropriately prepared and discussed, and to assess each member's effective contribution to the Board's work.

The conclusions of these assessments, yearly discussions and discussions conducted without the presence of executive directors are presented in the report of the Chairman of the Board of Directors presented in section 3.3 *Report of the Chairman of the Board of Directors on the conditions for preparing and organizing the Board's works and on the risk management and internal control procedures* of the present Registration Document.

3.2 The Executive Management

On May 30th, 2013, the Board of Directors decided, after due consideration, to separate the roles of Chairman of the Board of Directors and Chief Executive Officer. This governance ensures a clear distinction between strategic, decision-making and supervisory functions, which fall under the Board's remit, and operational and executive functions, which are the responsibility of the executive management.

The Chief Executive Officer has been granted full powers to act in the Company's name in all circumstances. He exercises his powers within the scope of the corporate objects and subject to the powers expressly conferred by law on the general meeting of shareholders and the Board of Directors. In addition, the Chief Executive Officer represents the Company in its relations with third parties and exercises his powers within the limits provided for by the articles of association and the Board of Directors' internal rules, which act as internal organization rules (see section 3.1.2.1).

The Chief Executive Officer is assisted by an Executive Committee, which he chairs, comprising the Group's key managers. Under the authority of the Chief Executive Officer, Mr. Paulo César Salles Vasques, the Executive Committee is responsible for the Group's operational management. It implements the strategic orientations, ensures the coherence of the actions undertaken by all of the subsidiaries and discusses the major operational initiatives necessary to the development of the Group and to its performance.

As of the date of the present Registration Document, the members of the Executive Committee are:

Paulo César Salles Vasques

Chief Executive Officer and Chairman of the Executive Committee

Jeffrey Balagna

Chief Executive Officer of the English-speaking and Asia-Pacific region (EWAP)

Fabricio Coutinho

Chief Research and Development Officer

Lyle Hardy

Chief Information Officer

Olivier Rigaudy

Group Chief Financial Officer

Leigh Ryan

Group Chief Legal Officer and Chief Compliance Officer

Yannis Tourcomanis

Chief Executive Officer of the Continental Europe, Middle-East and Africa region (CEMEA)

Alan Truitt

Chief Business Development Officer

3.3 Report of the Chairman of the Board of Directors on the conditions for preparing and organizing the Board's works and on the risk management and internal control procedures

This report will be presented to the general meeting of shareholders of Teleperformance SE to be held on June 23rd, 2017, in accordance with the provisions of Article L.225-37 of the French Commercial Code. Its purpose is to report on:

- references made to a corporate governance code;
- membership of the Board and application of the balanced representation of men and women principle;
- the conditions for preparing and organizing the works performed by the Board of Directors;
- particular details of shareholder participation in the shareholders' meeting;
- any limits imposed on the powers of the Chief Executive Officer (see section 3.1.2.1);
- principles and rules decided for remunerations and any benefits granted to corporate officers;
- financial risks associated with the effects of climate change and the measures taken by the company to reduce them by implementing a low carbon strategy in all the components of its activity (see sections 4.1.1 and 4.3 of the Registration Document for 2016), and;
- the internal control and risk management procedures implemented by the Company.

This report was drawn up with the assistance of senior management, the Legal Department and the Internal Audit Department. The work required for drawing up this report necessarily relied on interviews with the managers of the various departments and on written information feedback (description of organizations and procedures, audit plans etc.). This report was presented to the Audit Committee prior to its approval by the Board of Directors at its meeting held on February 28th, 2017, and sent to the statutory auditors.

All the information included in this report regarding the conditions for preparing and organizing the work performed by the Board of Directors, and the internal control and risk management procedures implemented by the Company and the Teleperformance Group, concerns the financial year ended December 31st, 2016.

3.3.1 Conditions for preparing and organizing the works of the Board of Directors – Corporate governance

3.3.1.1 Corporate Governance Code

The Company refers to the AFEP-MEDEF code of November 2016 and available on the MEDEF website (www.medef.com). In accordance with Article L.225-37 of the French Commercial Code, the Chairman's report specifies the provisions of the AFEP-MEDEF code that have been set aside and the reasons therefore. The table below shows recommendations of the Code that have not been applied by the Company, the practices of Teleperformance and their justifications.

Recommendations of the AFEP-MEDEF code set aside or not applied	Teleperformance's practices and their justifications
Non-compete compensation (§23.3 and 23.5) ■ Non-compete compensation must not exceed a limit of two years' remuneration (fixed + variable). ■ The Board must provide for a stipulation authorizing non-implementation of this agreement when the director leaves.	The Board considers that the two-year period set out in the AFEP-MEDEF recommendations is not appropriate in the particular case of a founder-director, and that the amount of the non-compete compensation must take into account the legitimate interests of the Company and the Group. The Board of Directors, upon recommendation of the Remuneration and Appointments Committee, decided not to challenge the terms governing the non-compete agreement undertaken by Paulo César Salles Vasques prior to his appointment as CEO and the modification of the AFEP-MEDEF code of June 2013, and that such a stipulation should thus not be introduced.

3.3.1.2 Governance structure

The combined shareholders' meeting held on May 31st, 2011 approved the change of the Company's governance from a dual structure, consisting of a supervisory board and a management board, to a structure with a Board of Directors.

The Board of Directors, at its meeting held on May 30th, 2013, decided, upon recommendation of the Remuneration and Appointments Committee, to separate the functions of Chairman of the Board of Directors and Chief Executive Officer to prepare a new governance and better comply with best recommendations to that respect. On that occasion, the Board of Directors unanimously decided to set up a governance structure based on an Executive Chairman, Daniel Julien, and a Chief Executive Officer, Paulo César Salles Vasques.

Indeed, the geographic scope of the Group, the complexity of the business, the critical impact of the management on the results, the intimate knowledge, acquired over 40 years by our founder and Chairman, as well as the operational scope and environment justify such a governance structure.

The Board regularly assessed the effectiveness and valued the relevance of this two-headed governance. It thus came to the conclusion, repeatedly, that it was not only adapted to the Group's needs but also very profitable to all its stakeholders. As the leadership duo proved to be exceptionally efficient and complementary, the Board unanimously decided on February 24th, 2016, upon recommendation of its Remuneration and Appointments Committee, to maintain the same governance structure and confirm both executives in their functions and responsibilities.

As Executive Chairman, Mr. Daniel Julien organizes and directs the works of the Board while ensuring a full compliance with best governance practices. He also proactively participates in the development of the Group, by leading the strategic vision and key strategic projects. On a daily basis, he also shares his market's knowledge and deep experience, bringing his strategic and operational recommendations to the Chief Executive Officer and the Executive Committee. As Executive Chairman, Daniel Julien is systematically consulted by the Chief Executive Officer on any significant transaction. All his responsibilities and assignments are taken into account and considered when defining the principles, criteria and elements of his remuneration.

Mr. Paulo César Salles Vasques, as the Chief Executive Officer, has been granted full powers to act in the Company's name in all circumstances. He implements the operational and organizational orientation of the Group, with the support of the Executive Committee that he chairs. He leads the harmonious integration of newly acquired entities and manages all subsidiaries, businesses and employees of the Group with the support of the Executive Committee and the operational teams. He constitutes the link between the Executive Committee and the Board as he meets with the Executive Chairman on regular basis.

3.3.1.3 Composition of the Board of Directors

Composition

The Board of Directors consists of fourteen members. Nine of its members are foreign nationals, representing 64%, six nationalities being represented. Nine directors have the status of independent directors in 2016 as defined by the internal regulations of the Board and the recommendations of the AFEP-MEDEF code. The independent directors are: Emily Abrera, Alain Boulet, Bernard Canetti, Wai Ping Leung, Robert Paszczak, Pauline de Robert Hautequère, Christobel Selecky, Angela Maria Sierra-Moreno and Stephen Winningham.

The Board conducts an annual review of the independence of its members, upon recommendation of the Remuneration and Appointments Committee. The Board of Directors endeavors to ensure that at least half of its members meet the definition of independence in the AFEP-MEDEF code, according to which a member of the Board of Directors is classified as independent "when he or she has no relationship of any kind whatsoever with the corporation, its group or its management that may compromise the exercise of his or her free judgment".

With respect to this definition, the Board of Directors designates as independent or not its members according to a preliminary recommendation submitted by the Remuneration and Appointments Committee tasked with examining the personal situation of the director in question, and based on the criteria for independence set out in paragraph 8.5 of the AFEP-MEDEF code. The Committee, for the preparation of his opinion, endeavours that all the officerships held by directors in other companies having business relationships with the Company will not be of a nature as to compromise the independence and/or the performance of the duties of the directors concerned while taking into account the transaction entered into by the Group with those companies. Its analysis also concerns the other aspects of the business relationship (duration, importance...) when such business relationship exists. Indeed, if applicable, those are concluded at arms' length and their amounts are not significant for each party.

Such agreements and contracts are described in section 3.1.1.5 of the Registration Document for 2016 and are not material either for the Company or for the amounts. In addition, they only concern directors that are not qualified as independent. Thus, none of the directors qualified as independent have contracted directly or indirectly business relationships with the Company or the Group.

The Board is composed of recognized and experienced professionals in their respective business sectors: in particular counsel, marketing, banking, health, communication, distribution, international relations, public relations, BtoB, experts in customer service, and finance.

Information on the Company's individual directors, and the list of their offices and positions, is provided in sections 3.1.1.1 *List of directors in office as of December 31st, 2016*, 3.1.1.2 *Main activities exercised by directors in office* of the Registration Document for 2016.

Gender balance

The Board of Directors currently consists of 14 directors, including 6 women, representing a feminization rate of 43%. Such composition complies with the provisions of the law dated January 27th, 2011 related to the balanced representation of women and men in Boards of Directors.

Age limit

The number of directors aged 70 or above may not exceed one-third of the number of directors in office.

The Chairman of the Board of Directors may remain in office until the age of 76, and the Chief Executive Officer and deputy Chief Executive Officers may remain in office until the age of 70.

Ownership of shares in the Company

Pursuant to the internal regulations, each director must hold at least five hundred shares in the Company during his or her term of office. All directors hold at least that number of shares.

The number of shares held by each directors is presented in section 3.1.1 of the 2016 Registration Document and amounts to the equivalent of more than one year's directors' fees.

Furthermore, executive officers must retain, under the grants of performance shares or equivalents, a certain number of shares until the end of their office (see section 3.5.2.4 of the 2016 Registration Document).

3.3.1.4 Functioning of the Board of Directors and Committees

The Board of Directors' internal regulations

The Board of Directors has adopted internal regulations that primarily cover the following points:

- the role, operation and resources of the Board of Directors;
- the independence criteria of directors;
- the obligations of directors, in particular regarding confidentiality and the management of conflicts of interest;
- the Board of Directors' Committees.

The main provisions of the Board of Directors' internal rules are set out in section 3.1.2.2. of the 2016 Registration Document.

Information – Training – Conditions for preparing the works of the Board – Confidentiality

Members of the Board of Directors receive all the documents, technical materials and information that are appropriate and necessary for the performance of their mission and to prepare their discussions. The Board may ask for any reports, documents and research prepared by the Group prior to any meeting, and may commission any external technical studies at the Company's expenses. The annual timetable for the Board of Directors' meetings is communicated to the directors and the statutory auditors several months in advance.

The Board of Directors is continually informed by its Chairman, by any means, of all material events and transactions relating to the Company. In addition, where the Chairman considers it necessary, the Board of Directors may hear the Group's key officers, in order for them to present their specific area of activity within the Group or the situation of the regional subsidiaries for which they are responsible.

When appointed to the Board, each director receives the information regarding the Company and the Group and a training, adapted to his or her specific needs. Interviews are set up with the Chairman of the Board, the Chief Executive Officer or the Group Chief Legal Officer. The formation of directors continues beyond their appointment, in particular through site visits and constitutes a continuing process.

The Board of Directors is a collegial body; its decisions are binding on all of its members. Directors and any person who attends its meetings are bound by a strict non-disclosure obligation and duty of discretion on information disclosed by the Company, and received during the discussions of the Board and its Committees, and those of a confidential nature, or presented as such by the Chairman of the Board of Directors. In addition, if the Board of Directors is aware of confidential and precise information that is likely to have a material impact on the share price of the Company or of the companies controlled by the Company when it is published, within the meaning of Article L.233-3 of the French Commercial Code, the directors must comply with the regulations applicable to insider dealings and insider misconducts, and in particular, refrain from disclosing this information to a third party as long as it has not been made public, and refrain from performing any transactions involving the Company's securities.

Meetings and works of the Board of Directors in 2016

The Board of Directors met five times in 2016, including a three-day seminar held for the purpose of reviewing operating strategy. The directors' attendance rate was 97%. Board meetings lasted between three to four hours.

The Company's statutory auditors were invited to and attended the Board of Directors' meetings called to approve the half-yearly and annual financial statements.

The Group Chief Financial Officer and the Secretary of the Board regularly attended these meetings, primarily to present the financial statements and their reports, to receive any authorizations required and to provide any explanations and information enabling the Board to make decisions knowingly.

The following table provides a breakdown of individual members' attendance rate in 2016:

Directors	02/24/2016	04/28/2016	07/27/2016	11/02/2016	12/01/2016	Total
Daniel Julien	Yes	Yes	Yes	Yes	Yes	100%
Paulo César Salles Vasques	Yes	Yes	Yes	Yes	Yes	100%
Emily Abrera	Yes	Yes	Yes	Yes	Yes	100%
Daniel Bergstein(1)	Yes	n/a	n/a	n/a	n/a	100%
Alain Boulet	Yes	Yes	Yes	Yes	Yes	100%
Bernard Canetti	Yes	Yes	Yes	Yes	Yes	100%
Philippe Dominati	Yes	Yes	Yes	Yes	Yes	100%
Philippe Ginestié(1)	Yes	n/a	n/a	n/a	n/a	100%
Jean Guez	Yes	Yes	Yes	No	Yes	80%
Wai Ping Leung(2)	n/a	No	Yes	Yes	Yes	75%
Robert Paszczak	Yes	Yes	Yes	Yes	Yes	100%
Pauline de Robert Hautequère(2)	n/a	Yes	Yes	Yes	Yes	100%
Leigh Ryan(2)	n/a	Yes	Yes	Yes	Yes	100%
Mario Sciacca(1)	Yes	n/a	n/a	n/a	n/a	100%
Christobel Selecky	Yes	Yes	Yes	Yes	Yes	100%
Angela Maria Sierra-Moreno	Yes	Yes	Yes	Yes	Yes	100%
Stephen Winningham	Yes	Yes	Yes	Yes	Yes	100%
ATTENDANCE RATE	**100%**	**93%**	**100%**	**93%**	**100%**	**97%**

(1) *Director until April 28th, 2016.*
(2) *Director since April 28th, 2016.*

In addition to recurring issues relating to the business review, adjustment of annual forecasts, authorizations to be granted and the review of ongoing growth transactions, the Board of Directors specifically decided on the following points during its five meetings:

- examination and approval of the parent company and consolidated financial statements for the year ended December 31st, 2015, of the management report and the examination of management forecast documents;
- review of directors' independence criteria and re-examination of the independence of directors;
- proposal to appoint and renew directorships;
- convening of the general meeting of April 28th, 2016, setting of the agenda for the meeting and approval of the reports and resolutions including the advisory votes on remuneration due or granted in connection with financial year 2015 ("say on pay");
- approval of the Chairman of the Board's report on the conditions for preparing and organizing the work of the Board and on the risk management and internal control procedures;
- renewal of the authorization given to the Chief Executive Officer for sureties, endorsements and guarantees;
- setting of the variable remuneration for 2015 and of the remuneration for 2016 for Daniel Julien, Chairman of the Board of Directors, and Paulo César Salles Vasques, Chief Executive Officer;
- assessment of the fulfillment of performance criteria for the July 2013 performance share and long-term incentive plans;
- renewal of the Chief Executive Officer;
- renewal of the composition of the Committees;
- grant of two performance shares plans (April 28th, 2016 and November 2nd, 2016) subject to performance criteria and authorization of the implementation of a long-term incentive plan by Teleperformance Group, Inc.;
- review of regulated and arm's length agreements and commitments;
- implementation of the share repurchase program;
- determination of the directors' fees for the 2015 financial year;
- examination and approval of the consolidated accounts at June 30th, 2016, the half-yearly financial report and management forecast documents;
- authorization of the acquisition of Language Line and its financing;
- amendment of the code of conduct on share transactions;
- authorization of a US Private Placement and delegation on the issue of bonds or debt securities;
- amendment of the internal regulations of the Board of Directors;
- 2017 budget;
- review of the remuneration structure and elements of the Chairman of the Board of Directors and the Chief Executive Officer in particular in connection with the results of the advisory votes submitted to shareholders at the general meetings held on May 7th, 2015 and on April 28th, 2016;
- yearly discussion of the professional and employment equal treatment policy;
- yearly discussion on the Board's functioning.

The Committees of the Board of Directors

In the execution of its missions and duties, the Board is assisted by two specialized Committees: the Audit Committee and the Remuneration and Appointments Committee.

The work performed by the Committees, which report on their work after each of their meetings, assists the Board of Directors in its discussions and decision making. The Board Committees work on assignments entrusted to them by the Board. They actively prepare their works and inform the Board of all points which appear to raise an issue or require a decision, thus facilitating its deliberations. They also provide such advice and recommendations to the Board as falls within their remit, but have no power of decision, subject to the decisions that the Audit Committee may adopt pursuant to applicable legal and regulatory provisions, under the responsibility of the Board.

The Audit Committee

The internal regulations of the Audit committee have been drafted in accordance with the AMF working group on audit committees dated June 14th, 2010. They were updated taking into account the new provisions of the 2014 European audit reform, which was effective in France on June 17th, 2016.

Composition

The Audit Committee is composed of at least three members of the Board of Directors, as chosen by the Board. No executive officer sits on this Committee.

The Audit Committee members are appointed for the term of their office as members of the Board of Directors.

As of the date of this report, the Audit Committee consists of three members, two of whom are independent:

Bernard Canetti	Chairman, *independent**
Alain Boulet	Member, *independent*
Jean Guez	Member

* *It is specified that, following the amendment of the AFEP-MEDEF Code in November 2016, Mr. Bernard Canetti will reach the 12 years of seniority on June 23rd, 2017 and will thus cease to be qualified as independent as from that date. The Board, upon recommendation of the Remuneration and Appointments Committee, will change the composition and chairmanship of the Audit Committee on that occasion.*

In accordance with the recommendations of the AFEP-MEDEF code, at least two thirds of the Audit Committee's members are independent.

The three members have the specific financial, accounting and statutory auditing skills required to perform their duty of due diligence and to accomplish their duties. The skills are characterized by their professional experience, which they have acquired in senior management positions, working for an audit firm or in the capacity of chartered accountant or statutory auditor, as described in section 3.1.1.2 of the 2016 Registration Document.

Responsibilities

The Chairman of the Audit Committee reports to the Board of Directors on all of the Committee's works.

Missions

The Audit Committee's overall remit is to monitor issues relating to the preparation and control of financial and accounting information. It prepares the background work for the Board's approval of the annual (parent company and consolidated) financial statements and its review of the half-yearly financial statements, at least two days prior to the relevant Board meeting.

As part of its specific remit, the Committee is primarily responsible for monitoring:

- the financial information preparation process;
- the effectiveness of the internal control and risk management systems;
- the statutory audit of the parent company and consolidated accounts performed by the statutory auditors;
- the independence of the statutory auditors.

The purpose of this statutory assignment is to prepare and facilitate the oversight work of the Board of Directors, anticipate potential problems, identify all risks, notify the Board of those risks and issue appropriate recommendations to the Board.

The Audit Committee manages the process for selecting and reappointing the statutory auditors when their term of office expires and gives a recommendation when the renewal of their term of office is contemplated.

The Audit Committee approves the provision by the statutory auditors of services other than the certification of financial statements.

The Committee may invite anyone that it chooses to take part in some or all of its meetings, and decides whether to hear its invitees individually or as a group.

In practice, the Committee invites to its meetings the statutory auditors, the Company's Chief Financial Officer, the Chief Audit Officer and the Consolidation director as well as other members of the financial management team, as and when required.

The Audit Committee may use external experts when circumstances so require, once it has informed the Chairman of the Board or the Board itself.

Meetings of the Audit Committee in 2016

The Audit Committee met four times in 2016; the meetings were attended by all of its members.

Meetings of the Audit Committee were held over two days before the meetings of the Board of Directors to review accounts, in accordance with the recommendations of the AFEP-MEDEF code.

The statutory auditors attended all four meetings.

Members	02/22/2016	04/26/2016	07/25/2016	11/25/2016	Total attendance
Bernard Canetti	Yes	Yes	Yes	Yes	100%
Alain Boulet	Yes	Yes	Yes	Yes	100%
Jean Guez	Yes	Yes	Yes	Yes	100%
Mario Sciacca(1)	Yes	Yes	n/a	n/a	100%
ATTENDANCE RATE	**100%**	**100%**	**100%**	**100%**	**100%**

(1) *Member until April 28th 2016.*

The Audit Committee reviewed the following items in particular in 2016:

- the statutory audit of the parent company and consolidated financial statements performed by the statutory auditors:
  - the Group Chief Financial Officer's presentation of the financial statements. The exposure to financial risks and off balance sheet commitments contained in the annexes of the accounts provided to Committee members;
  - the program of reviews carried out by the statutory auditors, the findings of those reviews and the accounting options selected;
  - the parent company and consolidated financial statements as of December 31st, 2015;
  - the half-yearly summary consolidated financial statements as of June 30th, 2016;
  - the statutory auditors certified without qualification the consolidated financial statements as of December 31st, 2015 and identified no misstatements in the summary consolidated financial statements as of June 30th, 2016;
  - the presentation of the revolving credit facility renegotiation;
  - the review of related parties.
- the effectiveness of the internal control and risk management systems:
  - review of the draft report of the Chairman of the Board on the work of the Board and internal control;
  - review of the internal audit plan for the 2016 financial year;
  - overview of the assignments performed by the Internal Audit Department;
  - presentation of the 2016 internal control self-assessment questionnaires;
  - results and follow-up of the self-assessment questionnaires completed by the subsidiaries;
- the financial information preparation process:
  - point of information by the statutory auditors on the closing procedure of the 2015 financial year.
- the independence of the statutory auditors:
  - delivery to the Committee of the statutory auditors' annual independence declaration in respect of the year ended December 31st, 2015;
  - review of the amount and breakdown of the statutory auditors' fees;
  - the statutory auditors' overview of the prior authorization process for services performed by their network offices;
  - setting up of the rules regarding the Audit Committee's approval of the provision of services that may be entrusted to the statutory auditors following the European audit reform;
  - review of the process for renewing the appointment of the statutory auditors;
  - approval of the provision of services other than the certification of financial statements.

The Remuneration and Appointments Committee

Composition

In accordance with the recommendations of the AFEP-MEDEF Code, the Committee does not include any executive directors and consists mostly of independent directors. It is also chaired by an independent director.

As of the date of this report, the Remuneration and Appointments Committee is comprised of three members, all of whom are independent members:

Robert Paszczak	Chairman, *independent*
Emily Abrera	Member, *independent*
Stephen Winningham	Member, *independent*

The Committee can invite anyone that it chooses to take part in some or all of its meetings. The Committee decides whether to hear its invitees individually or as a group. The Committee's meetings take place in the absence of the executive directors, except if the Committee wishes to hear or ask them to contribute to the works on selection and appointments.

Assignments

The Remuneration and Appointments Committee issues opinions and recommendations regarding:

- all the remuneration and benefits granted to executive directors, including determining the variable portion by assessing the definition of the rules for setting this variable portion and the annual application of these rules;
- the overall policy for granting performance shares, together with the conditions attached to the final vesting of these shares;
- the global amount and rules of allocation of directors' fees;
- the succession plans;
- the candidates for membership of the Board of Directors, their status as independents, and annual review of such quality in accordance with the criteria defined by the AFEP-MEDEF code or the renewal of terms of office of directors.

Meetings of the Committee in 2016

The Remuneration and Appointments Committee met three times in 2016, and the attendance rate was 100%.

Members	02/22/2016	04/28/2016	11/02/2016	Total
Robert Paszczak	Yes	Yes	Yes	100%
Philippe Ginestié(1)	Yes	Yes	n/a	100%
Emily Abrera(2)	n/a	n/a	Yes	100%
Stephen Winningham	Yes	Yes	Yes	100%
ATTENDANCE RATE	**100%**	**100%**	**100%**	**100%**

(1) *Member until April 28th, 2016.*
(2) *Member since April 28th, 2016.*

The Committee's work and discussions focused mainly on the following issues in 2016:

- reviewing the independence of the directors;
- renewal of directorships and new appointments to be proposed to the shareholders' meeting;
- assessment of the performance conditions of the July 30th, 2013 performance shares and long-term incentive plans;
- the fixed and variable 2015, 2016 and 2017 remuneration for the executive directors;
- proposals of beneficiaries and plan regulations for the performance share plan dated April 28th, 2016 and the 2016 long-term incentive plan;
- the review of the remuneration structure of executive directors in particular in connection with the results of the advisory votes submitted to shareholders at the general meeting held on June 23rd 2017;
- the governance structure of the Company and the Group and the review of the succession plan.

During one of its meetings, the Committee requested the attendance, expertise and advice of the Chairman of the Board, it being specified that the latter was not consulted for the examination and recommendations concerning the elements of his remuneration.

Assessment of the functioning and works of the Board of Directors

In accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors carries out a formal assessment of its functioning and works and that of its Committees on a regular basis, and at least once every three years, with the assistance of the Remuneration and Appointments Committee. The Committee may request that an assessment is carried out by an external consultant on this occasion.

Moreover, in accordance with the recommendations of the AFEP-MEDEF Code, the Board discusses on its functioning every year.

A formal assessment was performed in July 2015 on the basis of a questionnaire sent to each of the directors. The conclusions of this assessment were presented and discussed by the Board of Directors at its meeting held on July 28th, 2015. This formal assessment highlighted a unanimous and very positive appreciation from the directors questioned concerning both the composition and the organization of the functioning of the Board and its Committees. The findings of this assessment are described in the Registration Document for 2015 (section 3.3.1.4).

An annual discussion on the Board's functioning was taken during its meeting held on December 1st, 2016 (a part of which was held without the presence of executives). It was found that all directors appreciated the quality and transparency of the Board's discussions and they noted the quality and importance of the work completed and information shared in preparation for Board meetings. In this regard, they are entirely satisfied with the notes and emails sent by the Chairman and the Chief Executive Officer.

They reemphasized the importance of the works and contributions of the Committees and they unanimously acknowledged the excellent performances of the Group and the improvements made in terms of governance, specifically regarding Board membership.

The Board discussed of the merits of introducing a lead-independent director. It resolved that it was not necessary, at this stage, to entrust specific assignments regarding governance or shareholder relations to a director, given, in particular, the number of independent directors, Committee membership (for the most part or entirely independents) and the presence of a director or a member of the Remuneration and Appointments Committee during governance roadshows.

3.3.1.5 Executive management structure

The executive management structure is described in section 3.2 *The Executive Management* of the 2016 Registration Document.

3.3.1.6 Remuneration policy

The remuneration policy of directors and executive directors as well as the breakdown of the remuneration are described in section 3.5. *Remuneration of directors and executive directors* of the 2016 Registration Document.

3.3.1.7 Specific conditions relating to the attendance of shareholders at general meetings

The terms and conditions of shareholder participation in general meetings are set out in chapter 2, section 2.1.2.4 *Shareholders' meetings* of the 2016 Registration Document.

3.3.1.8 Factors liable to have an impact in the event of a public offering

In accordance with the provisions of Article L.225-100-3 of the French Commercial Code, the elements below are liable to have an impact in the event of a public offering:

- capital structure: see section 2.3 *Shareholding*;
- restrictions provided for by the articles of association on the exercise of voting rights and share transfers or clauses in agreements brought to the Company's notice in application of Article L.233-11 of the French Commercial Code: none;
- direct or indirect holdings in the Company's capital of which it is aware under Articles L.233-7 and L.233-12 of the French Commercial Code: see section 2.3 *Shareholding*;
- the list of holders of any security providing special rights of control and a description thereof: none (subject to double voting rights described in section 2.1.2.3 *Description of rights, privileges and restrictions, if any, on existing shares and each class of shares)*;
- the means of control provided for in a putative employee shareholding system when the rights of control are not exercised by the employees: none;
- shareholders' agreements known to the Company that may involve restrictions on share transfers and the exercise of voting rights: see section 2.3.2 *Shareholders' agreements*;

- rules applying to the appointment and replacement of members of the Board of Directors and to amendments to the Company's articles of association: see sections 2.1.2.2 *Administration and management of the Company* and 2.1.2.8 *Changes in share capital, shareholder rights and articles of association*;
- the powers of the Board of Directors, particularly in relation to share issuance or buyback: see section 2.2.4.1 Current authorizations and 2.2.4.4 *Share buy-back program - Description of the new program*;
- company agreements that are modified or terminated by any change of control except where such disclosure, unless required by law, would cause serious detriment to its interests: see section 2.3.3 *Change of control of the Company*;
- agreements providing for compensation to Board members or employees if they resign or are dismissed without real and serious cause or if their employment terminates as the result of a public offering: none.

3.3.2 Risk management and internal control procedures

3.3.2.1 Choice of reference framework

The Group relied on the enhanced edition of the *Reference Framework* drawn up by the AMF, which was originally published in January 2007 and revised in July 2010, in order to prepare this section on risk management and internal control procedures.

Accordingly, the *General Risk Management and Internal Control Principles* contained in the *Reference Framework* are set out below, in a summary of the system put in place by the Group. Firstly, the risk management and internal control systems are defined and their objectives set out. Then, the components of the system and the key players involved are explained.

Finally, the *Application Guide* included in the *Reference Framework* is taken into account in order to define the risk management and internal control procedures with regard to financial and accounting information published by the Group.

The scope of application for the risk management and internal control procedures described above covers the parent company and all of its consolidated companies. In the event that new entities are consolidated, these procedures are systematically and progressively implemented.

3.3.2.2 Risk management and internal control definition and objectives

Definition of internal control

The Group has adopted the definition of internal control in the *AMF Reference Framework*:

Internal control consists of a set of resources, behaviors, procedures and actions that contribute to the management of the Group's activities, the effectiveness of its operations and the efficient use of its resources. It should enable it to manage in an appropriate manner any significant risks, be they operational, financial or relating to compliance.

The system that has been defined and implemented within Teleperformance, that is, the parent company and all companies included in the consolidated accounts, allows the Group to ensure in particular:

- *compliance with laws and regulations;*
- *implementation of the instructions and directions given by management, following discussions and in agreement with the Board of Directors;*
- *proper functioning of the Group's internal processes, especially those relating to the protection of its assets; and*
- *reliability of financial information.*

The definition of internal control does not cover all of the initiatives taken by the executive or management bodies, such as defining the Company's strategy, setting objectives, making management decisions, dealing with risks and monitoring performance.

Furthermore, internal control cannot provide an absolute guarantee that the Company's objectives will be achieved (…). It cannot, in itself, prevent Group personnel from committing fraud, contravening legal or regulatory provisions, or communicating misleading information outside the Company about its situation.

Internal control and risk management

Risk management and internal control systems complement each other in controlling the Company's activities.

The internal control system relies on the risk management system to identify the main risks that need to be controlled. The risk management system includes controls that are part of the internal control system.

The risk management system is a component of internal control.

3.3.2.3 Risk management and internal control system components

Introduction

The main directions for internal control are determined in accordance with the Group's objectives.

These objectives were communicated to the relevant managers and employees in the Group in order that they understand and comply with the general policy of the organization. These include in particular the Group's market positioning, mission, values, management model and Human Resources and social responsibility policy.

The risk management and internal control systems rely on these elements.

Control environment and organization

The control environment is a fundamental component of risk management and internal control systems and forms the common basis of the systems.

The control environment relies on values, organization, responsibilities, behaviors, information systems and procedures.

Teleperformance values

The Group's internal control system is based on five core values: *Integrity, Respect, Professionalism, Innovation and Commitment*. These values infuse the Group's leadership strategy and form the key value charter for our employees and our subsidiaries.

The Group's values are brought to the attention of all Teleperformance personnel. Teleperformance places great emphasis on our managers' ability to live up to these values on a daily basis. We conduct training sessions specifically focused on these values, so that every manager may understand how they translate into actions and decisions.

A Code of Ethics has been drawn up covering Teleperformance's values and principles for respecting diversity in dealings with third parties with which the Group is involved.

Furthermore, in July 2011, Teleperformance joined the United Nations Global Compact. This Compact invites businesses to adopt, uphold and apply a series of fundamental values in the areas of human rights, labor, the environment and anti-corruption in their zones of influence. To achieve this goal, the Group has circulated internally a specific policy concerning the issue and has set up specific training programs.

Organization and responsibilities

The Group's organization is based on two categories of services: core services, *i.e.* customer relations and technical support services, and specialized services, which include interpreting, management of visa applications, analytics solutions and debt collection services.

All of the senior managers and executives of corporate functions, including finance, marketing, development and IT, make up the Executive Committee, which is headed by the CEO.

The Executive Committee's role mainly consists of implementing decisions taken by the Board of Directors and senior management. Among the roles of the Executive Committee is to advise the Chief Executive Officer and oversee the development and monitoring of policies that enable the Group to attain its various objectives in terms of global growth, technological decisions, the implementation of identical operating procedures for the entire network, as well as development of Human Resources.

Within the linguistic regions, the Group's organization relies on matrix management structures to establish a direct link across countries, business lines, sales teams and support functions.

The objective is to foster the Group's expansion, in a uniform fashion, with performance regularly and closely monitored by the Board of Directors.

Human Resources management

Human Resources management is a major component of the internal control system, the more so because our business consists of "*people serving people*".

Our Human Resources policy for Teleperformance employees is defined by a constant quest for excellence in recruiting, building employee loyalty, developing talent and enhancing employees' skills. Our aim is to enable everyone to perform their duties well and for the Group to achieve its objectives.

This policy relies on hands-on management and employee satisfaction surveys across the Board. In 2016, these surveys were completed by more than 100,000 employees in 44 countries. This enabled the Group to continue rolling out numerous processes in order to improve working conditions and employee integration while ensuring employees' professional and personal fulfillment, which serves as a guarantee of a quality service.

Over the past few years, this policy has led the Group to be awarded a certification, in a number of geographical regions, from the international program of best employers by an internationally recognized firm specializing in Human Resources management.

The Group continues to improve the working environment and conditions in its contact centers, and was awarded international quality labels in several countries.

Managers receive training in order to acquire and develop their skills. This ensures that everyone within the Group shares the same values and understands our corporate culture.

Owing to a career development program for Contact Center Advisors, which aims to promote our business and the expertise of senior staff, we are able to identify employees with significant potential and prepare them to take up supervisory and managerial positions within the Company.

The Group also provides high-level online training to allow employees to streamline and improve their expertise and train future managers.

The international Teleperformance University program was also created to train senior managers in the management of key areas of our business, as well as to prepare them for the implementation of changes in their company in line with the Group's objectives.

These activities aim to ensure the required level of competence in all areas. They contribute to the development of employees, so that the Group continues to be a rewarding company for them, while giving them the ability to quickly take on a management role in any of its contact centers.

Information systems

Group management and the Information Systems Department determine the Group's strategic directions for production tools and information systems for subsidiaries. They ensure that the development of information systems is consistent with Group objectives.

The Group continued to streamline the architecture of systems and technological standards. Within this framework, the Group continued to roll out an integrated contact center management software package (Contact Center Management System – CCMS) in the Group's main entities. This helps to standardize operational processes and provide greater security in the reporting process.

The Information Systems Department also issues directives on security, data protection and business continuity. These directives are based on compliance with international standards, ISO 27001, PCI (Payment Card Industry), HIPAA (Health Insurance Portability and Accountability Act) and the European Data Protection Directive in order to satisfy regulatory requirements specific to each business sector or to obtain the certifications requested by clients.

Management and industry procedures

The internal control system also depends on subsidiaries implementing *TOPS* (*Teleperformance Operational Processes and Standards*), *BEST* (*Baseline Enterprise Standard for Teleperformance*), as well as business standards such as the *COPC* (*Customer Operations Performance Centers*) standard or the French Customer Contact Center Service standard.

The system is also based on international management standards such as ISO 9001.

The standardization and application of these procedures and standards enable us to make our global network more internally consistent, while providing greater control over our operations.

TOPS *(Teleperformance Operational Processes and Standards)*

TOPS is a process used to manage daily performance. The *TOPS* process allows performance and quality to be optimized, while managers are able to dedicate the majority of their working time to their agents. It was designed by the Group to manage its operations in a standardized manner in each subsidiary. It allows for improved quality control.

The *TOPS* process has been deployed in all subsidiaries. These processes can use the Group's integrated software suite for service management (*CCMS*). *TOPS* provides the Group with a reference framework for all its operations.

BEST *(Baseline Enterprise Standard for Teleperformance)*

These standards are guidelines as to quality standards that guarantee a high level of service and performance and proactive management of existing and future programs. *BEST* also reinforce best practice in Human Resources management and projects for all Teleperformance operations worldwide.

COPC *(Customer Operations Customer Centers)*: a business standard

The *COPC*-2000® standard supplies contact center management teams with the necessary information to improve their operational performance. The *COPC* certification also provides a model for global performance management linking all of the Company's business areas. It also ensures operational consistency by meeting the high performance criteria required by the *COPC* standard.

Our Company develops its own team of chartered coordinators and *COPC*-certified internal auditors. Teleperformance continues to have its programs and inbound call centers annually certified at subsidiary level worldwide.

NF Service Customer Contact Center Standard

The characteristics of the *NF Service Customer Contact Center* certification are based on new European standard NF EN 15838. This certification provides clients with service quality benchmarks and optimizes the management of contact centers. It meets the expectations of consumers and professionals and certifies the quality, reliability and credibility of the service we provide. It also meets social requirements to enhance expertise in the customer contact business. Our companies in France and Tunisia have been awarded this certification.

ISO 9001: a quality management standard

The ISO 9001 standard is applied in a number of major Group subsidiaries. It provides clients with assurance as to our ability to meet their requirements in terms of quality and to increase client satisfaction in client-supplier relations.

It sets forth what is required in terms of quality assurance systems. The requirements of this standard cover numerous aspects, including employee skills, process management and assessment, monitoring, as well as a constant endeavor to improve quality management systems.

Information-sharing

The Group has a policy of releasing internally all relevant financial and operating information that enables everyone to perform their job.

Under the responsibility of a dedicated department, key employees can share knowledge, know-how and best practices within the Group *via* intranet. This global knowledge management system encourages those involved to exchange and circulate useful information.

Group information and procedures are also regularly communicated to the managers of all subsidiaries at international seminars or presentations. These rules are also reiterated at subsidiary management meetings. Subsidiary executives are expected to communicate instructions from Group management to their employees.

The heads of corporate support departments also inform their teams of specialized personnel at meetings and training sessions.

Risk management system

Definition

In the operation of its business, the Group is exposed to a variety of risks that could affect the company's personnel, assets, environment, objectives or reputation.

Risk management objectives

Risk management is a lever for anticipating the main potential threats to the Group, whether internal or external, in order to preserve its value, assets and reputation, help it achieve the objectives it has set itself, ensure that actions taken are consistent with Group values and rally employees in support of a shared vision of key risks.

Organizational framework

The risk management system depends on dedicated management tools, procedures and risk managers.

Group management is particularly vigilant when preparing and circulating these management tools. These tools enable each subsidiary to implement the measures and procedures necessary to manage our business and prevent risks, with regard to the rules that define Teleperformance's objectives and strategy.

This monitoring process, along with the operating priorities and the management controls to be adopted with respect to the analysis of these risks, is reviewed with all Group managers, meeting together as a group or at the time of Board meetings or management meetings.

Process

Key risks are identified and analyzed in section 1.6 *Risk Factors* of the Registration Document along with the measures that can be used to limit the consequences.

In addition, a formal analysis of the key procedural points for oversight related to subsidiary financial reporting was carried out in February 2016. The results of this analysis, as well as related monitoring, were presented during the Audit Committee meetings in April, July and November 2016. These procedures cover the main risks identified as being liable to affect the preparation of the published financial and accounting information. This formal analysis relies on the self-assessment system implemented by each subsidiary as described in section 3.3.2.5 of this report.

Management

Group management regularly monitors risk management to ensure continued improvement through the introduction of various systems and procedures.

Control activities

In addition to measures already listed in section 1.6 *Risk Factors*, the current paragraph indicated centralized and decentralized activities taken in order to limit the risks liable to affect the achievements of our objectives. Control activities are designed both by the Group's management through centralized control processes and by local management through decentralized control processes.

Centralized control procedures

The internal control procedures centralized at headquarters level cover areas common to all companies within the Group. These procedures involve finance, legal, IT and sales activities.

Financial procedures

The financial procedures relating to the management of financial information are detailed in section 3.3.2.5 of this report.

The Group's policy for managing foreign exchange and interest rate risks, and which is meant to limit these risks, preserve sales margins and control interest charges, is presented in section 1.6 *Risk Factors*.

Legal procedures

As part of its responsibilities, the Group's Legal Department, through its local network of lawyers, oversees the Group's compliance with the laws and regulations in effect in countries where the Group operates. It also plays a central role in monitoring changes in law and advising the various entities of the Group.

The Group's Legal Department has for several years implemented a monitoring system for the trademarks used and registered by companies within the Group, and in particular a system for a worldwide monitoring of our corporate name, our domain names, the "Teleperformance" brand name and other flagship brands of the Group. The purpose is to be able to contest registrations or use of trademarks or other intellectual property rights by competitors and to avoid misuse of these assets, especially on the Internet.

A procedure defining the powers of the subsidiary chief executive officers to commit their subsidiaries legally vis-à-vis third parties has been implemented under the supervision of the holding company's Legal Department and the Group's senior management.

In a drive to reduce the legal risks inherent in contracts, the Group defined a series of best practices for drafting certain provisions that present a particular risk and for drafting bids in response to requests for proposals. Any departure from these rules requires specific approval from the relevant executives. In addition, all global contracts with clients are reviewed by the Group's lawyers before being signed, such that risks are limited and drawn to the attention of management.

Major litigation or litigation risks are monitored directly or coordinated by the Group Chief Legal Officer, who is assisted by a local network of lawyers.

With respect to the protection of personal data, the Group applies a global policy in order to ensure that personal data is collected, processed and transferred within the Group in accordance with applicable legislation.

Since 2013, the Group's Legal Department has maintained a system to monitor and manage the legal affairs and legal teams of its subsidiaries and holdings throughout the world.

IT and security procedures

The Group has streamlined its security technology to reflect best market practices and to introduce the technology contractually required by its clients or required pursuant to applicable regulations. This technology aims to reduce the introduction of malware, protect personal data and detect and prevent intrusions.

All personal data is collected and processed in accordance with applicable laws and the Group's Global Essential Compliance and Security Policies applicable at each Teleperformance site, specifically designed to prevent potential acts of fraud or breaches of security.

The third-party certifications requested by clients and obtained by subsidiaries within the Group also serve as verification that strict control procedures will be applied in order to ensure compliance with security and/or quality standards and processes.

The Group has a large, dedicated global operational team comprised of IT, compliance and security specialists trained to assess and detect security risks and respond to and correct security issues. This security team implements comprehensive anti-fraud programs for clients and their customers throughout the entire business relationship. These programs focus on technological innovation, such as rapid detection of fraud and secure exchange of identifiable personal information between the caller and the customer.

The Group's Global Essential Compliance and Security Policies also include physical security procedures in our contact centers.

Sales procedures

To manage its sales processes, Teleperformance has created a set of best practices to follow in order to standardize the approach to managing requests for proposals. Key international RFPs are handled directly by specialized staff.

Decentralized procedures

Local internal control procedures are decentralized at the individual subsidiary level, where the management team is responsible for their implementation to prevent risks and comply with local legislation. The team also ensures that these procedures operate smoothly, in accordance with instructions given by senior management, which are reviewed at the meetings of each subsidiary's Board of Directors or equivalent body.

Oversight of the internal control system

Group senior management

The Executive Committee monitors the internal control system to ensure that the system is relevant and suited to the Group's objectives. The Committee incorporates the Group's support functions and linguistic regions management and is supervised by the Board of Directors.

This includes regular reviews on the part of management and supervisory staff. It falls within the scope of their day-to-day activities and ensures that each organizational process is consistent with the Group's vision and strategy.

The role of internal audit

In 2016, audit assignments were carried out in Group subsidiaries or in respect of specific matters by the Internal Audit Department, according to the annual audit plan and priorities set by management during the year. These audits focused primarily on the control procedures implemented at local level.

As part of its work, the Internal Audit team defines action plans with each subsidiary's management, under the supervision of Group management, to ensure that internal control procedures are continually improved.

3.3.2.4 The parties involved in internal control

The risk management and internal control departments form an integral part of the Group's organization.

The Board of Directors

The Board of Directors is charged with several tasks: it upholds the interests of employees, implements the Company's policy and performs the necessary controls and checks. The Board also represents shareholders.

Pursuant to its duties, the Board of Directors closely monitors the Group's results on a regular basis, and reviews all types of risks relating to its business whether they are financial, commercial, operational, legal or personnel-related risks.

The Audit Committee

The Audit Committee, the organization and functions of which are explained in the previous section, is responsible for preparing for the Board of Directors' works.

The Audit Committee actively monitors areas within its remit. Based on the information it receives, this monitoring allows it to intervene at any time deemed necessary or appropriate and may lead it, where it detects warning signals as part of its mission, to discuss the matter with senior management and to convey the appropriate information to the Board.

The Executive Committee and local management

The Executive Committee includes the linguistic region and support managers.

The Executive Committee is responsible for devising and monitoring policies and procedures to enable the Group to achieve its various objectives, and control procedures to make sure that these internal rules, together with all the rules governing the Group's business and corporate activities, are followed.

Guidelines and procedures are communicated to the subsidiaries' local management, who are responsible for carrying them out with the support of regional, operating and support managers.

The Global Compliance and Security Council

The Group's Global Compliance and Security Council, chaired by the Deputy Chief Compliance and Privacy Officer, meets monthly to review security incidents, if any, and to analyze potential risks. All regional chief executive officers and relevant operational and compliance officers attend the Global Compliance and Security Council meetings.

Furthermore, on February 1st, 2016, the Group appointed a Chief Legal and Compliance Officer, who reports directly to the Group's Chief Executive Officer.

The Group Internal Audit Department

The Group is audited internally by a central team that reports to the Group Chief Financial Officer, who is a member of the Executive Committee. The Internal Audit Department also reports to the Audit Committee as part of its duties.

The operating rules of the Internal Audit Department are defined in its charter, which refers to the IFACI (French Audit and Internal Control Institute) professional standards. This charter sets out internal audit guidelines and the manner in which the main corporate bodies involved in monitoring the Group's internal control system operate.

The Internal Audit Department helps develop internal control tools and benchmarks. It carries out the missions included in the annual planning cycle approved by Group management and reviewed by the Audit Committee. The summary report on the accomplishment and findings of the assignments together with the stage of completion of action plans are presented to the Audit Committee and shared with the auditors.

Departments and employees

Each department is involved in internal control by drafting and following policies and procedures designed to meet the Group's various goals, as well as by ensuring compliance with related control procedures and rules concerning the Group's business and operations.

Each employee is also involved in the internal control process, according to their respective level of expertise and access to information, so as to ensure its effective operation and regular review.

3.3.2.5 Description of the risk management and internal control system for published accounting and financial information

This section derives from the *Application Guide for Internal Control Procedures Related to the Accounting and Financial Information Published by the Issuers*, taken from the AMF *Reference Framework*.

Firstly, the accounting and financial risk management and internal control system is defined and described in terms of its scope, then the main information management and preparation processes are described. Information is also provided on how the AMF's *Application Guide* was used with the implementation of a self-assessment system for each subsidiary.

Definition and scope

The accounting and financial information risk management and internal control system ensures the preparation of reliable information that fulfills legal and regulatory requirements.

The internal accounting and financial control system encompasses the processes used to manage and produce published information as well as the risk management system that could affect these processes, *i.e.* that could affect the reliability, proper transmission and completeness of the information.

Within the scope of preparation of the consolidated financial statements, the internal accounting and financial control process encompasses the parent company and consolidated companies ("the Group" as defined above).

Management processes in the accounting and financial organization

Organization and responsibilities

General organization

The Finance Department has a corporate practice and an operational practice. These two practices manage the organization of accounting and financial matters within the Group.

Corporate and operational practices

Within the corporate practice, dedicated teams of specialists ensure the implementation of accounting and financial management, under the supervision of senior management in the following areas: consolidation and reporting, treasury, internal audit and financial communication.

The consolidation and reporting teams have joined together and are now managed by a single department, which also supervises the accounts of the holding company in Paris.

The Treasury Department processes and centralizes movements of the Group's funds, manages its means of financing and hedges exchange rate and interest rate risks.

The Internal Audit Department reviews the internal control processes inherent in published accounting and financial information.

The department dedicated to investor relations and the market communication system is described below in the paragraph entitled *Financial communication*.

The operational practice includes the regional Chief Financial Officers in charge of the linguistic regions.

Responsibilities

The preparation of the Group's consolidated financial statements is the responsibility of the Group Chief Financial Officer, who relies on the Chief Financial Officers of the Group's linguistic regions and subsidiaries. The latter, along with senior management, are in charge of implementing a financial organization that conforms to Group best practices and ensures that accounting and financial information is reliable and consistent for the purpose of the financial statements published by the parent company.

The information system and management tool

The consolidation of accounting information, monthly reporting and budgets are managed on a single information system used by all Group subsidiaries.

This Group information system was implemented in order to meet information security and reliability requirements. It enables a detailed monthly financial report to be produced using the Group's model. It also allows a precise analysis of the formation of financial cash flows and of the results by comparing them with the budgets.

The Group information system is continually being updated in line with the Company's requirements in terms of organization and management indicators.

In terms of controls, the objectives of the consolidation and management system are:

- to automatically control the consistency of financial data reported by subsidiaries;
- to accelerate and ensure the reliable processing of reported information; and
- to increase consistency through reporting tables and the production of formatted information.

Accounting standards

The Group's accounting standards comply with IFRSs issued by the IASB and adopted by the European Union. These standards have been used as the guidelines for preparing the consolidated financial statements since 2005. All consolidated subsidiaries are required to apply them.

The Chief Financial Officers of all subsidiaries are familiar with the accounting definitions and principles, which may be consulted on the Group consolidation and management system, to ensure that they are applied consistently across the Group and that all financial information complies with such standards. An Accounting Guide setting out the standards applied in the preparation of the consolidated financial statements may be downloaded from the Group intranet site.

The Group Finance Department, with the help of the statutory auditors, keeps a constant watch on new IFRSs under development, in order to alert management and anticipate their impact on the Group's accounts.

The statutory auditors

The statutory auditors of the parent company carry out a limited review of the consolidated financial statements for the six months ended June 30th and full audit of parent company and consolidated financial statements for the year ended December 31st.

Senior managers must concert with the auditors as they are responsible for the preparation of the financial statements and the implementation of internal accounting and financial control systems.

The auditors took part in all Audit Committee meetings. They informed the Audit Committee of their work on Group procedures, presented the Committee with their conclusions on the financial statements and also reported on the key points raised during the audit. The auditors also presented their audit strategy to the Audit Committee.

The Audit Committee

Matters related to financial information that were reviewed at Audit Committee meetings in 2016 are described in the section concerning the works of the Board of Directors.

Process of preparing accounting and financial reporting

Operational processes related to the production of accounting and financial information

Group procedures and best practices have been established in respect of the main operational processes used by subsidiaries for the production of accounting and financial information, particularly sales, payroll, purchases and fixed assets, in order to ensure that such entries are monitored and that they comply with the authorization and accounting rules set out in the *Application Guide* of the AMF *Reference Framework*.

Use of the Application Guide

The Group uses the *Application Guide* to review internal control procedures for the main processes used to post entries in the accounts by implementing a self-assessment system for each subsidiary.

Self-assessment questionnaires taken from the *Application Guide* and adapted to the Group and its business are completed yearly by all Group managers and Chief Financial Officers. The action plans put in place following this self-assessment are monitored by the Internal Audit Department. The results of the questionnaires and information on the monitoring of action plans are provided to Group management and presented to the Audit Committee. A selection of the answers to the questionnaires from the main subsidiaries is also checked by those subsidiaries' auditors.

These questionnaires enable each subsidiary to review its internal financial and accounting information control procedures and to prepare the confirmation letters signed by the subsidiaries' directors and transmitted to Group management.

Accounts closing

The process of closing the Group's accounts involves checks at every information reporting and processing stage, to a schedule set by the Finance Department and communicated to all subsidiaries.

Information forwarded by subsidiaries is inspected by the head office consolidation staff, who eliminate internal transactions, test for consistency and check the items that pose the greatest risk.

The accounts are consolidated at Group level, without any intermediate consolidation stage. The Group Finance Department therefore has sole authority to make consolidation entries.

The published consolidated financial statements are prepared by the Group Finance Department on the basis of the subsidiaries' audited financial statements.

The main accounting options and estimates used by the Group are discussed with the auditors before the accounts are finalized.

Approval of the accounts

The subsidiaries' Chief Executive Officers give Group management a formal commitment, expressed in a letter of representation, that the subsidiary's financial statements present a true and fair view of the subsidiary's affairs, that they use the AMF *Reference Framework*, that no fraud has been detected and that all legal and regulatory provisions have been complied with.

Finally, the consolidated financial statements are presented by the Group Chief Financial Officer to the Audit Committee, which examines them in preparation for the meetings and deliberations of the Board of Directors, which reviews and approves them.

Financial communication

The Group Finance Department sees that all information is provided in accordance with market requirements, within the legal time frames and under the conditions stipulated by law and regulations in force, thus satisfying market requirements.

Teleperformance applies best market practices in this area. The Group provides shareholders with an extensive database of information on its activities and the latest news *via* its website at www.teleperformance.com.

The Group also organizes regular meetings with the financial community, not only on the occasion of result publications, but throughout the year at the major European and US places.

February 28th, 2017

The Chairman of the Board of Directors

3.4 Statutory auditors' report prepared in accordance with Article L.225-235 of the French Commercial Code on the report of the Chairman of the Board of Directors

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended 31 December 2016

To the shareholders,

In our capacity as statutory auditors of Teleperformance SE, and in accordance with article L. 225 235 of the French Commercial Code, we hereby report on the report prepared by the Chairman of your Company in accordance with article L. 225-37 of the French Commercial Code, for the year ended 31 December 2016.

It is the Chairman's responsibility to prepare and submit to the Board of Directors, a report on the internal control and risk management procedures implemented by the Company, and containing the other disclosures required by article L. 225-37 of the French Commercial Code corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report with respect of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and
- to attest that this report contains the other disclosures required by article L. 225-37 of the French Commercial Code, it being specified that we are not responsible for verifying the fairness of these disclosures.

We have performed our work in accordance with professional standards applicable in France.

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

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

- obtaining an understanding of the internal control and risk management procedures for the preparation and processing of financial and accounting information on which the information presented in the Chairman's report, and the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and the existing documentation;
- determining if any significant weakness in internal control procedures relating to the preparation and processing of financial and accounting information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of financial and accounting information, contained in the report prepared by the Chairman of the Board of Directors, in accordance with article L. 225-37 of the French Commercial Code.

Other disclosures

We hereby attest that the Chairman of the Board of Directors' report includes the other disclosures required under article L. 225-37 of the French Commercial Code.

Paris-La Défense and Neuilly-sur-Seine, 28 February 2017
The Statutory Auditors

KPMG Audit IS	Deloitte & associés
Éric Junières	Philippe Battisti
Partner	*Partner*

3.5 Remuneration of directors and executive directors

3.5.1 Remuneration of directors

3.5.1.1 Rules for allocation of directors' fees

Within the overall limit of €600,000 decided by the shareholders' meeting held on May 7th, 2014 (until further decision), the Board of Directors decides of the allocation rules of directors' fees amongst its members. These rules take into account, in compliance with the recommendations of the AFEP-MEDEF code, (i) the membership of the Board and its specialized Committees and (ii) the effective attendance of directors at meetings of the Board and its Committees but also (iii) the directors' place of residence. They thus contain a significant variable portion. The directors' fees for a financial year are paid the following year.

The Chairman of the Board of Directors, the Chief Executive Officer, as a director, and, if applicable, directors holding an employment contract with a subsidiary of the Group, do not receive any directors' fees from the Company or any of its subsidiaries.

For the 2014 financial year, the allocation rules approved by the Board of Directors, at its meeting held on November 25th, 2013, were as follows: each director received an annual fixed fee of €20,000 and a variable amount of €5,000 per meeting subject to attendance. Each Committee member received a variable fee of €2,500 per meeting attended. The Committee Chairmen received an additional annual fixed fee of €5,000. An additional fee of €2,500 per meeting was paid for directors traveling from a country outside Europe to attend a Board or Committee meeting. The payments were made in 2015.

For the 2015 financial year, the following rules were decided by the Board at its meeting held on July 28th, 2015: each director received an annual fixed fee of €20,000 and a variable amount of €3,500 per meeting subject to attendance. Each Committee member received a variable fee of €2,500 per meeting attended. The Committee Chairmen received an additional annual fixed fee of €5,000. A fee of €1,500 was paid for participating in a Board or Committee meeting for directors traveling from a country outside Europe. The payments were made in 2016. At its meeting held on April 28th, 2016, the Board decided to pay an exceptional fee to the directors in view of their work, time spent and their commitment in preparing the works of the Board and its Committees both during and between meetings, in particular on the assessment of the end of the transition period and the organization of corporate governance.

The gross amount of directors' fees paid in 2015 (in respect of the 2014 financial year) amounted to €579,167 and €599,976 paid in 2016 (in respect of the 2015 financial year).

For the 2016 financial year, the allocation rules set by the Board at its meeting held on July 28th, 2015 remained unchanged.

It will be proposed to the Shareholders' meeting to be held on June 23rd, 2017, to increase the global amount of directors' fees from 600,000 to €720,000. This measure is aimed at attracting, and retaining within the board, and retaining, experienced and recognized professionals with an international profile so that the composition of the Board of Directors continues to reflect the Group's various areas of expertise and the knowledge of the markets. Furthermore, it takes into consideration the preparatory works of the Board and Committees' meetings as well as the increase in the duration of said meetings. On the occasion of increase of the global amount of directors' fees, the Board, upon recommendation of the Remuneration and Appointments Committee, will review the rules of allocation of directors' fees while retaining the principles in terms of Committee membership, of variable part related to their effective participation and the geographic distance of directors.

3.5.1.2 Directors' fees and other remuneration paid to directors

▶ Table 3 of the AMF Recommendations – Individual breakdown of the amount of directors' fees and other remuneration paid to directors (gross amounts)

	Amounts paid in 2015	Amounts paid in 2016
Daniel Julien, *Chairman of the Board of Directors*(1)		
■ Directors' fees	n/a	n/a
■ Other remuneration	see section 3.5.2	see section 3.5.2
Paulo César Salles Vasques, *director and Chief Executive Officer*(2)		
■ Directors' fees	n/a	n/a
■ Other remuneration	see section 3.5.2	see section 3.5.2
Emily Abrera, *director*		
■ Directors' fees	€47,500	€43,216
■ Other remuneration	-	-
Daniel Bergstein, *director*(3)		
■ Directors' fees	€45,000	€47,145
■ Other remuneration	-	-
Alain Boulet, *director*		
■ Directors' fees	€55,000	€53,319
■ Other remuneration	-	-
Bernard Canetti, *director*		
■ Directors' fees	€60,000	€58,931
■ Other remuneration	-	-
Philippe Dominati, *director*		
■ Directors' fees	€45,000	€38,165
■ Other remuneration(4)	€76,800	€76,800
Philippe Ginestié, *director*(3)		
■ Directors' fees	€45,000	€46,584
■ Other remuneration	-	-
Jean Guez, *director*		
■ Directors' fees	€55,000	€53,319
■ Other remuneration	-	-
Wai Ping Leung, *director*(5)		
■ Directors' fees	-	-
■ Other remuneration	-	-
Robert Paszczak, *director*		
■ Directors' fees	€60,000	€61,176
■ Other remuneration	-	-
Pauline de Robert Hautequère, *director*(5)		
■ Directors' fees	-	-
■ Other remuneration	-	-
Leigh Ryan, *director*(5)		
■ Directors' fees	-	-
■ Other remuneration	-	$1,055,881(6)
Mario Sciacca, *director*(3)		
■ Directors' fees	€50,000	€53,319
■ Other remuneration	-	-
Christobel Selecky, *director*		
■ Directors' fees	€30,833	€47,145
■ Other remuneration	-	-
Angela Maria Sierra-Moreno, *director*		
■ Directors' fees	€38,833	€47,145
■ Other remuneration	-	-
Stephen Winningham, *director*		
■ Directors' fees	€47,500	€50,513
■ Other remuneration	-	-

(1) *Chairman of the Board of Directors since May 30th, 2013.*
(2) *Chief Executive Officer and director since May 30th, 2013.*
(3) *Director until April 28th, 2016.*
(4) *Annual fixed gross remuneration paid as Chairman of the Supervisory Board and then Chairman of the Board of Directors (change of the legal form from a simplified joint-stock company (société par actions simplifiée) to a joint-stock company (société anonyme)) of Teleperformance France.*
(5) *Director since April 28th, 2016. The directors' fees received in respect of financial year 2016 will be paid in 2017.*
(6) *Ms. Leigh Ryan holds an employment contract with Teleperformance Group, Inc., US subsidiary of the company, as Group Chief Legal Officer and Chief Compliance Officer under which she receives, for a full year, a fixed gross remuneration of US$1.15 million (pro rata temporis for 2016) and benefits in kind for a total amount of US$49,631 in 2016. These benefits in kind consist in a healthcare insurance plan, a life insurance policy and the matching contribution paid by Teleperformance Group, Inc. under the non-qualified deferred compensation plan (described in section 3.5.2.2 – benefits in kind of the 2016 Registration Document). She does not receive any directors' fees from the Company nor any Group subsidiaries in which she holds terms of office. She was granted, as employee of Teleperformance Group, Inc., 48,000 performance shares, subject to presence and performance conditions, under the April 28th, 2016 performance share plan implemented by the Company.*

3.5.2 Remuneration of executive officers

3.5.2.1 Report of the Board of Directors on the remuneration policy applicable to executive officers for 2017

a. General principles

The Group's remuneration policy for senior executives (including executive officers) is constructed and set to meet the Group's needs. It is designed and aimed at supporting the Group's long-term strategy. It also seeks to align the interests of the employees concerned with those of the shareholders as it establishes a link between performance and remuneration while guaranteeing a competitive compensation offer in accordance with the Group's different businesses and services and the different geographic markets in which it operates.

The remuneration policy pursues the three following main objectives:

- attracting, developing and retaining talents and high potential as well as recognized skills;
- encouraging performance;
- aligning remuneration levels with the performances of the Group and of the subsidiaries concerned, if applicable.

Remuneration must thus be competitive and consistent with regard to observed market practices.

The remuneration for senior executives is based on the following components:

- a fixed remuneration the amount of which takes into account the position, the level of responsibilities carried out and assumed, the experience and recognized technical skills and leadership;
- a variable remuneration subject to performance criteria adapted and consistent with the environment and the market in which the person concerned operates. This variable remuneration is defined under a maximum amount. It is not a target amount that may vary due to exceptional items or if targets or objectives are exceeded. Group policy has always sought to establish a close link between remuneration and performance over the long-term while discouraging conduct and situations that could lead to major or even excessive risk-taking in pursuit of short-term gains;
- an indemnity due in respect of a non-compete agreement (the specificities of which can differ depending on applicable legal and regulatory requirements);
- benefits in kind;
- the eligibility to performance shares, subject to performance and presence conditions, under the performance share plans set up once every three years at the level of the Group.

b. Principles applicable to executive officers

With regard to executive officers, the determination of the principles and criteria of the remuneration and benefits granted to each of them, as well as the remuneration itself, are approved by the Board of Directors upon proposal of the Remuneration and Appointments Committee and in the absence of the persons concerned. The Board refers to the principles of the Group's remuneration policy applicable to managers described above and to the recommendations of the AFEP-MEDEF code.

In doing so, the Board endeavors to adjust the remuneration in accordance with the role and duties held and the responsibilities assumed.

As in the case of key managers, the remuneration must be competitive in order to attract, motivate and retain executive directors. In addition, the variable portion must be tied to the Group's performance and qualitative criteria. The Group's intention in terms of determining of variable remuneration has, for many years, been driven by not encouraging or favoring the short-term reasonings and performances and thus preventing excessive risk taking. This is why the fixed part of the remuneration is higher than the variable part. Such variable part is expressed in the form of a maximum amount (and not a percentage or a variable amount). The remuneration is expressed and paid, for the major part, in US dollars by the US subsidiary Teleperformance Group, Inc., thus the company does not bear charges nor social contributions in France. It is reminded that a portion of the fixed remuneration of the Chief Executive Officer is paid by Teleperformance SE.

In relation to long-term share-based profit-sharing schemes (performance shares, long-term incentive plan, etc.), they are offered with a view to involving the beneficiaries in the Company's long-term value creation and to align their interests to those of the shareholders.

This remuneration structure is reviewed every year by the Board of Directors, based on the works of the Remuneration and Appointments Committee. At that time, the Board discusses the appropriateness of reviewing the remuneration or the remuneration structure in light of specific events (acquisitions, integration of acquired businesses, new markets etc.) affecting the Company, the Group or its organizational structure. In any event, the Board of Directors ensures that the core principles of its remuneration policy, as set out in paragraph 24.1.2 of the AFEP-MEDEF code, are followed.

In drawing up its recommendations on 2017 remuneration, the Remuneration and Appointments Committee has taken into account in particular the Group's evolution, its environment and its activities while discussing the results of the advisory votes of shareholders at the meetings held on May 7th, 2015 and on April 28th, 2016.

Following this last advisory vote, the Remuneration and Appointments Committee entrusted a study of the structure of remuneration of its two executive officers to an independent third-party expert, Willis Towers Watson. Under that study, a peer group was created, composed of 15 international companies posting similar revenues to that of the Teleperformance Group while taking into account their market capitalization. This peer group of companies is composed of 8 European companies and 7 US companies offering business-to-business solutions and services through both technology and human resources. In drawing up its report, this third-party expert took into account the excellent financial and operational performance achieved by the Teleperformance Group, in comparison with the peer group selected, over a period of 1, 3 and 5 years. It concluded, that the global annualized remuneration of Teleperformance managers was well aligned with the performance of the Group in terms of growth, profitability and return to shareholders. Specifically, remuneration was between the median and 75th percentile of the peer group while performance on all performance metrics considered was above the 75th percentile.

The Committee discussed the findings of this study and submitted its recommendations to the Board meetings held on December 1st, 2016 and February 28th, 2017. The Committee considered that the quantum and the remuneration structure of executive directors continues to be adapted to the specificity of the Group and its governance structure, in view, in particular, of the quality of the management, the Group's results and performance in recent years, the duties and responsibilities assumed and the existence of a remuneration policy including a long-term policy.

c. Principles and criteria for the determination, allocation and grant of elements comprising the total remuneration and benefits of all kind due to executive officers

Upon proposal by the Remuneration and Appointments Committee, the Board at its meetings held on December 1st, 2016 and February 28th, 2017, set the principles and criteria for the determination, allocation and grant of the elements comprising the total remuneration and benefits of all kind for the Chairman of the board of directors and the Chief Executive Officer.

For 2017, the Board of Directors thus decided to maintain unchanged the breakdown between fixed and variable portions as well as the amount of the global remuneration (fixed and maximum annual variable parts) granted to Mr. Julien (same structure and amounts since 2013).

Regarding the global remuneration of Mr. Salles Vasques, in light, in particular, of the integration of new clients and new employees as a result of acquisitions achieved in 2016, and the continued expansion of the Group, the Board decided to change the amount of his global remuneration. After discussions within the Remuneration and Appointments Committee, the Board and following interactions with shareholders leading to a commitment taken by the person concerned himself, the Board resolved, upon recommendation of its Committee, that any increases that may be decided will affect the variable portion of his remuneration, which will continue to be expressed as a maximum amount. It has also decided to maintain the annual fixed portion unchanged and to modify the variable part to increase it to a maximum amount of US$1,504,000 (compared to US$1,204,000 for 2016).The increase thus only concerns the maximum variable part.

The global remuneration of executive directors is structured around the following elements.

Fixed remuneration

The remuneration paid to each individual depends on their role, responsibilities and personal circumstances. For executive directors, this fixed remuneration is reviewed by the Board of Directors upon the recommendation of the Remuneration and Appointments Committee and in the absence of the persons concerned.

For 2017, the fixed part of the remuneration of Mr. Julien, Executive Chairman, is unchanged and maintained at the gross amount of US$3,750,000 (unchanged since 2013). The fixed part of the remuneration of Mr. Salles Vasques, Chief Executive Officer, is also unchanged and maintained at a gross amount of US$3,096,000.

Annual variable remuneration

The remuneration structure includes an annual variable portion subject to performance criteria tailored to and consistent with the environment and market in which the relevant individual operates. This variable remuneration is expressed as a maximum amount. It is not a target amount that may vary in accordance with exceptional items or if targets are exceeded. Group policy has always sought to establish a close link between remuneration and performance over the short term while discouraging conduct and situations that could lead to major or even excessive risk-taking in pursuit of short-term gains. This is the reason why the fixed part of the remuneration is higher than the variable remuneration.

The maximum amount of the variable part for 2017 is unchanged since 2013 and maintained at a gross amount of US$1,500,000 for Mr. Julien, Executive Chairman. For Mr. Salles Vasques, Chief Executive Officer, the Board decided to increase the maximum amount of the variable part at US$1,504,000 (compared to US$1,204,000 for 2016), in light of the integration of new clients and new employees as a result of acquisitions achieved and the continued expansion of the Group and the personal commitment taken by Mr. Salles Vasques.

The performance criteria for the 2017 variable remuneration were defined by the Board of Directors upon recommendation of its Remuneration and Appointments Committee, at its meeting held on February 28th, 2017.

The determination of the variable part of the Executive Chairman and the Chief Executive Officer is subject to performance criteria based, for 80% of the maximum amount, on quantitative criteria (achievement of levels of revenues and EBITA) and, for 20%, on qualitative criteria based on the successful integration of Language Line Solutions (in particular, the keeping of executive teams, the development of sales…) and the continuation of the development and growth of the high specialized services. The expected levels of achievement of these conditions were set by the Board of Directors in a precise manner and are not made public for confidentiality reasons. The levels of achievement effectively noted and acknowledged by the Board will be disclosed retrospectively (*i.e.*, for the 2017 remuneration, in the Registration Document for 2017 published in 2018).

It is specified that, in accordance with the provisions of Article L.225-37-2 of the French Commercial Code, the payment of the variable remuneration granted in respect of financial year 2017 is subject to the approval by an ordinary shareholders' meeting of the remuneration elements of executive officers concerned.

Long-term remuneration (performance share grants and similar schemes)

The Group pursues a long-term remuneration policy in the form of performance share grants or a long-term incentive plan. This policy, which stems from the desire to associate key managers and senior executives in the Group's long-term development and align their interests with those of the shareholders by giving them an interest in the value of the Company shares, has remained unchanged for many years and is based on the following principles:

- the acquisition (vesting) of performance shares is subject to performance and presence criteria applicable to executive officers and all beneficiaries;
- the performance and presence criteria are assessed and measured over a three-year period;
- the performance criteria and expected levels of achievement are decided by the Board of Directors, after recommendation of the Remuneration and Appointments Committee. The Board of Directors sets the thresholds for calculating the performance expected or achieved and for determining the number of shares definitively vested;
- performance shares are granted once every three years. The Group made a conscious decision to avoid annual grants of performance shares, given that it would not correspond to the characteristic principles and cycles of its business activity, and because the adopted policy is better suited to the long-term outlook adopted by the Group. Group policy on this point is to favor a long-term approach, including with regard to the grant of performance shares. Special grants may be made during the interim period, but these are reserved for employees or corporate officers joining the Group and are also subject to performance and presence criteria measured and assessed over a three-year period;
- the number of performance shares granted to a beneficiary is determined in accordance with his or her role and responsibilities and, where applicable, local considerations;
- long-term incentive plans are subject to the same rules and performance and presence criteria as performance share grants;
- if a beneficiary leaves the Company, he or she does not retain the shares granted under a performance share or long-term incentive plan and not yet definitively vested;
- executive officers must retain at least 30% of shares vested until the end of their term of office. Executive officers have taken the commitment not to engage in hedging transactions (see section 3.6.3 of the 2016 Registration Document).

In application of this policy, no shares, pursuant to one of the performance share plans or long-term incentive plans, will be granted during the year 2017 in favor of executive officers.

Benefits in kind

Benefits in kind comprise a company car, healthcare insurance plan and the matching contribution, in case of deferred remuneration payment, under the non-qualified deferred compensation plan described in section 3.5.2.2 *(benefits in kind)* hereafter.

Deferred remuneration: compensation under non-compete undertakings and agreements

Desirous to protect its interests and those of its stakeholders, the Group includes in its policy non-compete undertakings or agreements, the terms of which may differ in accordance with applicable local laws and regulations. The obligations entered into between the Company, its Group and its executive officers are described in section 3.5.2.3 of the 2016 Registration Document.

Other remuneration items

The remuneration structure of executive directors does not provide for compensation or remuneration granted upon the taking or termination of duties, exceptional remuneration, multi-year variable remuneration, additional or complementary pension scheme, stock-option grants or the retention of performance shares, or equivalent scheme, in the event of departure.

3.5.2.2 Remuneration paid to executive directors for the 2015 and 2016 financial years

The remuneration paid to the executive directors is determined by the Board of Directors, upon recommendation of the Remuneration and Appointments Committee.

For the 2015 financial year, the remuneration of Mr. Julien, Chairman of the Board and Mr. Salles Vasques, Chief Executive Officer, were determined by the Board of Directors at its meetings held on November 25th, 2014 and February 25th, 2015. The remuneration for 2016 was approved by the Board at its meetings held on December 11th, 2015 and February 24th, 2016.

Based on the principles described in paragraph 3.5.2.1, the Board approves a global maximum amount. This remuneration is paid, in its entirety or in its majority, by the US subsidiary, Teleperformance Group, Inc., of which Mr. Julien and Mr. Salles Vasques are executive officers (it being specified that the Chief Executive Officer receives a part of his fixed remuneration from Teleperformance SE). The individual items comprising these overall amounts are set out below.

▶ Table 1 of the AMF recommendations – Summary table on remuneration and stock options and shares granted to each executive director (in euros)

	2016*	2015*
Daniel Julien, Chairman of the Board of Directors		
Remuneration due in connection with the financial year (detailed in Table 2)	4,799,276	4,787,648
Value of multi-year variable remuneration granted during the financial year	n/a	n/a
Value of stock options granted during the financial year	n/a	n/a
Value of performance shares granted during the financial year** (detailed in Table 6)	13,160,000	-
TOTAL	**17,959,276**	**4,787,648**
Paulo César Salles Vasques, Chief Executive Officer		
Remuneration due in connection with the financial year (detailed in Table 2)	3,941,074	3,616,097
Value of multi-year variable remuneration granted during the financial year	n/a	n/a
Value of stock options granted during the financial year	n/a	n/a
Value of performance shares granted during the financial year** (detailed in Table 6)	13,160,000	-
TOTAL	**17,101,074**	**3,616,097**

* *Remuneration denominated in a foreign currency for a given year is converted into euros at the average exchange rate for the year.*

** *It is reminded that the Group's policy in terms of performance shares grants (or equivalent mechanisms) provides for a grant every three years.*

The valuation of the performance shares was determined according to the method used for the consolidated financial statements as at December 31st, 2016 and taking into account the following elements:

This grant is subject to presence and performance criteria (see section 3.5.2.4). It is reminded that three criteria showing the best performance level out of the four criteria defined by the Board of Directors will be used to determine the number of shares definitively vested. Furthermore, given that one of the criteria is a market criterion (evolution of the share price compared to the SBF120 index), this criterion was taken into account in calculating the fair value of the performance shares. However, in accordance with the three best criteria rule, there is no guarantee that the market criterion will actually be applied. Accordingly, two fair values have been calculated. In application of the market criterion, the fair value was calculated at €48.51 per share. Excluding the market criterion, the fair value was calculated at €75.20 per share. As of December 31st, 2016, the fair value retained is €75.20.

▶ Table 2 of the AMF recommendations – Summary remuneration table (in euros)

	2016(1)		2015(1)	
	Amounts due	Amounts paid(2)	Amounts due	Amounts paid(2)
Daniel Julien, Chairman of the Board of Directors				
Fixed remuneration	3,387,534	3,387,534	3,378,378	3,378,378
Annual variable remuneration	1,355,014	1,355,014	1,351,351	1,351,351
Multi-year variable remuneration	n/a	n/a	n/a	n/a
Exceptional remuneration	n/a	n/a	n/a	n/a
Directors' fees	n/a	n/a	n/a	n/a
Benefits in kind	56,728	56,728	57,918	57,918
TOTAL	**4,799,276**	**4,799,276**	**4,787,648**	**4,787,648**
Paulo César Salles Vasques, Chief Executive Officer				
Fixed remuneration	2,796,748	2,780,488	2,594,595	2,606,757
Annual variable remuneration	1,087,624	1,011,743	1,009,009	832,432
Multi-year variable remuneration	n/a	n/a	n/a	n/a
Exceptional remuneration	n/a	n/a	n/a	n/a
Directors' fees	n/a	n/a	n/a	n/a
Benefits in kind	56,702	56,702	12,494	12,494
TOTAL	**3,941,074**	**3,848,933**	**3,616,097**	**3,451,683**

(1) *Remuneration denominated in a foreign currency for a given year is converted into euros at the average exchange rate for the year.*

(2) *The remuneration paid includes the portion of the remuneration payable in respect of the current financial year and the balance of the remuneration payable in respect of the previous financial year and not paid during that year.*

Details of remuneration paid to the executive directors for the 2016 financial year

For financial year 2016, at its meetings held on December 11th, 2015 and February 24th, 2016, upon recommendations of its Remuneration and Appointments Committee, the Board of Directors decided to maintain unchanged for 2016 the proportion between the fixed and variable parts of the remuneration of Mr. Julien and Mr. Salles Vasques.

With regard to the remuneration of Mr. Julien, as Executive Chairman, the Board of Directors decided to maintain the global amount (fixed and maximum annual variable part) unchanged for 2016. It is reminded that the remuneration structure of the Executive Chairman and the amount of this remuneration are unchanged since 2013, *i.e.* a gross amount of US$5,250,000.

With regard to the global remuneration of Mr. Paulo César Salles Vasques, in light of the significant increase in the size and complexity of the Group following the integration of acquisitions achieved, and the increasing number of workstations and employees throughout the world, the Board of Directors has decided to set the maximum amount of his global gross remuneration for 2016 (fixed and maximum variable part) at US$4.3 million. The breakdown is described hereinafter.

Fixed remuneration

The Board of Directors set the fixed remuneration for the 2016 financial year as follows, upon recommendation of the Remuneration and Appointments Committee:

- for Mr. Julien, a gross fixed annual amount of US$3,750,000, unchanged since 2013;
- for Mr. Salles Vasques, the Board set his gross fixed annual remuneration at an amount of US$3,096,000 (compared to US$2,880,000 for 2015), including a net amount of €100,000 for his position as Chief Executive Officer of Teleperformance SE and paid by the latter.

Variable remuneration

Upon recommendation of the Remuneration and Appointments Committee, the Board of Directors set the maximum amount of variable remuneration for the 2016 financial year as follows:

- for Mr. Julien, the maximum variable amount was set at US$1,500,000 (unchanged since 2013), subject to performance criteria;
- for Mr. Salles Vasques, the maximum variable amount was set at US$1,204,000 (compared to US$1,120,000 for the year 2015) subject to performance criteria.

The maximum annual variable part represents 28% of their total remuneration.

The Board of Directors set the measurable quantitative and qualitative performance criteria presented below, which enable the calculation of the 2016 variable remuneration. The Board has introduced a point-based calculation system, in order to determine the full or partial fulfillment of said criteria. The maximum number of points that may be awarded for the various quantitative and qualitative criteria is 80 and 20 points respectively.

Taking into account the results, upon recommendation of the Remuneration and Appointments Committee and after approval of the Audit Committee on financial items, the Board of Directors, at its meeting held on February 28th, 2017, set the amount of the variable remuneration for 2016 for Mr. Julien to a gross amount of US$1,500,000, *i.e.* €1,355,014, and for Mr. Salles Vasques to a gross amount of US$1,204,000, *i.e.* €1,087,624. The payment of these amounts will be made in March 2017. The breakdown by criteria is described hereafter.

Quantitative criteria

The quantitative criteria, which have an 80-point weighting, relate to the growth rate in revenue and the EBITA, related to the performance achieved by the Group throughout the network and exclude the impact of currency and perimeter effects for the turnover criterion and excludes non-recurring items with respect to the criterion related to EBITA.

At its meeting held on February 28th, 2017, the Board of Directors reviewed the level of achievement of the quantitative targets and criteria, upon recommendation of its Remuneration and Appointments Committee, which met on February 27th, 2017, and concluded that the level achieved was equivalent to 80 points.

The table below sets out the number of points, the targets set by the Board and the level of achievement confirmed by the Board at its meeting held on February 28th, 2017.

▶ **Current EBITA margin ratio**

Number of points awarded	Target
0 points	less than 9.6%
10 points	equal to 9.6% and less than 9.8%
20 points	equal to 9.8% and less than 10.0%
30 points	equal to 10.0% and less than 10.2%
40 points	greater than 10.2%

▶ **Organic revenue growth (excluding currency gains and losses)**

Number of points awarded	Target
0 points	less than 3%
10 points	equal to 3% and less than 4%
20 points	equal to 4% and less than 5%
30 points	equal to 5% and less than 6%
40 points	equal to 6% and superior to 7% and above

As to the quantitative criteria, upon recommendation of the Remuneration and Appointments Committee, and following the approval of the financial items by the Audit Committee, the Board of Directors noted that the EBITA margin amounted to 11.2%, *i.e.*, 40 points, while organic revenue growth amounted to 7.4% *i.e.*, 40 points.

The total number of points awarded was therefore 80 out of the 80 points allocated to these quantitative criteria.

Qualitative criteria

The qualitative criteria, which have a 20-point weighting, relate to harmonious corporate leadership development and their ability at motivating and uniting of the Group's teams.

With regard to these qualitative criteria, the Board, in particular, on the basis of its discussions concerning the supervision and management of operational performance, the findings for 2016 of the Group's employees satisfaction survey and the awards and distinctions received from recognized independent institutions and assessment firms and the mobilization of the management of the acquired and integrated entities, has unanimously considered that the performance and the personal contribution of the Executive Chairman, Daniel Julien, and the Chief Executive Officer, Paulo César Salles Vasques. Upon recommendation of the Remuneration and Appointments Committee, it has thus noted that the number of points awarded was of 20 out of the 20 points allocated to these qualitative criteria.

Long-term remuneration

Under the long-term remuneration policy, 175,000 performance shares were granted subject to presence and performance conditions, pursuant the long-term incentive plan implemented by Teleperformance Group, Inc., to each of its two beneficiaries, Messrs. Julien and Salles Vasques. The performance conditions as well as the regulations and levels of achievement are described in the section 3.5.2.4 of the Registration Document for 2016.

The variable part (annual and long-term) represents (taking into account said grants) 63% of the total remuneration of Mr. Julien and 66% of the total remuneration of Mr. Salles Vasques.

It is reminded that the number of shares granted under the long-term incentive plan is taken into account in the global amount authorized by the shareholders' meeting. The number of shares granted to executive directors thus represents 0.6% of the share capital.

Benefits in kind

The benefits in kind granted to Mr. Julien and Mr. Salles Vasques consist of a company car, a healthcare insurance plan and the matching contribution for 2016 paid as part of the non-qualified deferred compensation plan (description follows).

Mr. Julien and Mr. Salles Vasques are eligible to participate in a non-qualified deferred compensation plan set up by the US subsidiary, Teleperformance Group, Inc. This plan enables them to defer, at their own initiative, a portion of their remuneration, limited to US$200,000 per year. Teleperformance Group, Inc. then matches 25% of the amount deferred. This deferred amount and the matching contribution can only be paid to them if they leave the Group.

As of December 31st, 2016, Mr. Julien deferred the payment of US$200,000 matched by Teleperformance Group, Inc. to a total of US$50,000. Mr. Salles Vasques deferred the payment of US$200,000 matched by Teleperformance Group, Inc. to a total of US$50,000.

3.5.2.3 Undertakings in favor of executive directors

▶ **Table 11 of the AMF recommendations – Summary of undertakings in favor of the Chairman of the Board of Directors and the Chief Executive Officer**

Executive director	Employment contract	Additional pension scheme	Payments or benefits due or to be due upon termination or change of responsibilities	Payments relating to a non-compete agreement
Daniel Julien	No	No	No	Yes
Paulo César Salles Vasques	No	No	No	Yes

Employment contract

The Executive Chairman and the Chief Executive Officer are not bound to the Company or any of its subsidiaries by an employment contract. It is reminded that Mr. Salles Vasques' employment contract with Teleperformance Group, Inc. was terminated on May 30th, 2013, when he was appointment Chief Executive Officer.

Additional pension scheme

The Executive Chairman and the Chief Executive Officer do not benefit from any additional pension scheme.

Payments or benefits due or to be due upon termination or change of responsibilities

The Executive Chairman and the Chief Executive Officer are not entitled to any payments or benefits due or to be due as a result of termination of their appointment or a change in their responsibilities.

Payments relating to a non-compete agreement

Non-compete agreement of Mr. Daniel Julien

Mr. Julien is bound by a non-compete agreement, which was entered into in 2006, approved at the shareholders' meeting held on June 1st, 2006 and amended by decision of the Board of Directors at its meetings held on May 31st, 2011 and November 30th, 2011. These amendments were approved at the shareholders' meeting held on May 29th, 2012. The main features of this agreement are as follows:

- a mutual nine-month notice period in the event of termination of his duties within the Group;
- in the event that his duties are terminated, a non-compete agreement and an undertaking not to hire away any of the Group's senior managers will be entered into, on the understanding that this undertaking is limited to countries where the Group has operations at the time when Mr. Julien's duties are terminated;
- the term of this non-compete and non-solicitation agreement will be set at either two years (with a payment corresponding to 2.5 years' remuneration) or three years (with a payment

corresponding to three years' remuneration), at the Board's discretion;

- the payment for the first year has been set at an amount equal to Mr. Julien's total remuneration, including all the expenses paid during the calendar year prior to the first day of the notice period, minus the amounts withheld and expenses of any kind relating to this payment; this payment will be increased to 150% of said amount for the second year;
- the non-compete agreement will come into force as of the termination of all of Mr. Julien's duties within the Group and will extend over the next two or three years, at the Board's discretion.

Non-compete agreement of Mr. Salles Vasques

Mr. Salles Vasques is subject to a non-compete agreement with terms similar to those governing the non-compete clause contained in his employment agreement before his appointment as Chief Executive Officer and amendments to the AFEP-MEDEF Code on June 2013.

The agreement was authorized by the Board of Directors on November 25th, 2013 and includes commitments from Mr. Salles Vasques regarding confidentiality, non-sollicitation and non-competition. In this regard, Mr. Salles Vasques will refrain from (i) collaborating with, (ii) taking part in, and (iii) investing in a business activity and/or company that competes with the Teleperformance Group in any way, with no restrictions on the country, for a period of two years following his departure.

In the event of departure for any reason whatsoever, Mr. Salles Vasques would be entitled to receive an indemnity capped at two years' gross remuneration determined on the basis of either (i) the aggregate annual gross remuneration (fixed + variable) received over the calendar year preceding his departure, or, if higher, (ii) the average annual gross remuneration over the preceding three years.

This non-compete agreement was approved at the shareholders' meeting held on May 7th, 2014.

3.5.2.4 Grant of stock options and performance shares to executive directors

a. Stock subscription or purchase options

Stock subscription or purchase options granted to or exercised by executive directors during the financial year (information required in Tables 4 and 5 of the AMF recommendations)

None.

History of grants of stock options (information required in Table 8 of the AMF recommendations)

None.

Stock subscription or purchase options granted or exercised by the top 10 beneficiaries other than executive directors (information required in Table 9 of the AMF recommendations)

None.

b. Performance shares and equivalent schemes

▶ Table 10 of the AMF recommendations – Overview of performance share plans granted by Teleperformance SE

The characteristics of the share performance plans are described in section 2.2.5.3 of present Registration Document.

	Plan 1	Plan 2	Plan 3	Plan 4
Date of shareholders' meeting	05/30/2013	05/30/2013	04/28/2016	04/28/2016
Date of Board of Directors meeting	07/30/2013	02/25/2014	04/28/2016	11/02/2016
Grant date	07/30/2013	02/25/2014	04/28/2016	11/02/2016
Total number of share rights granted	840,000	22,500	914,300	151,508
Total number of beneficiaries	126	1	239	29
of which total number granted to executive directors*:				
■ Daniel Julien	-	-	-	-
■ Paulo César Salles Vasques	-	-	-	-
Definitive vesting date	07/30/2016	02/25/2017	04/28/2019	11/02/2019
End of lock-in period	07/30/2018	02/25/2019	n/a	n/a
Performance criteria**	Yes	Yes	Yes	Yes
Nature of shares granted	new or existing shares	new or existing shares	new or existing shares	new or existing shares
Total number of share rights cancelled or lapsed	205,000	22,500***	31,600	0
Number of shares definitively vested	635,000****	0	-	-
Number of rights outstanding	-	0	882,700	151,508

Since 2013, the grants in favor of executive directors were made under the plans called long-term incentive described hereafter.
** *The performance criteria are described in section 2.2.5.3.*
*** *The Board of Directors, at its meeting held on February 28th, 2017, noted that the performance criteria for this plan were not met. Therefore, no shares were acquired by the beneficiary at the vesting date.*
**** *The Board of Directors at its meeting held on February 24th, 2016, noted that the performance criteria for this plan had been fully met. The shares were definitively acquired on August 1st 2016 by the beneficiaries who met the condition of presence.*

▶ Information required under Table 6 of the AMF recommendations – Overview of long-term incentive plans granted by Teleperformance Group, Inc.

	Plan a)	Plan b)
Grant date	07/30/2013	04/28/2016
Total number of share rights granted	300,000	350,000
Total number of beneficiaries	2	2
■ Daniel Julien	150,000	175,000
■ Paulo César Salles Vasques	150,000	175,000
Definitive vesting date	07/30/2016	04/29/2019
End of lock-in period	07/30/2018	n/a
Performance criteria**	Yes	Yes
Valuation of the shares, at the grant date, for each beneficiary, according to the method used for consolidation accounts	€5,050,500	€13,160,000*
Total number of share rights cancelled or lapsed	0	350,000
Number of shares definitively vested	300,000	0
Number of rights outstanding	0	350,000

* *It is reminded that the Group's policy in terms of performance shares grants (or equivalent mechanisms) provides for a grant every three years.*
The valuation of the performance shares was determined according to the method used for the consolidated financial statements as at December 31st, 2016 and taking into account the following elements:
This grant is subject to presence and performance criteria (see section 3.5.2.4). It is reminded that three criteria showing the best performance level out of the four criteria defined by the Board of Directors will be used to determine the number of shares definitively vested. Furthermore, given that one of the criteria is a market criterion (evolution of the share price compared to the SBF120 index), this criterion was taken into account in calculating the fair value of the performance shares. However, in accordance with the three best criteria rule, there is no guarantee that the market criterion will actually be applied. Accordingly, two fair values have been calculated. In application of the market criterion, the fair value was calculated at €48.51 per share. Excluding the market criterion, the fair value was calculated at €75.20 per share. As of December 31st, 2016, the fair value retained is €75.20.
** *The performance criteria are described in section 2.2.5.3.*

During the 2013 financial year, the US subsidiary, Teleperformance Group, Inc., implemented a long-term incentive plan settled in Teleperformance SE shares and involving the allotment of 150,000 shares each to Mr. Julien and Mr. Salles Vasques, following approval of the plan by the Board of Directors of Teleperformance SE.

The definitive vesting of the shares is subject to employment and performance conditions that are identical to those approved by the Board of Directors at its meeting held on July 30th, 2013 regarding the allotment of performance shares to the Group's senior managers and executives. At the end of the three-year vesting period, Teleperformance Group, Inc. will be required to deliver to the beneficiaries the shares which would have been previously purchased on the market.

The Board of Directors of Teleperformance SE decided to make the definitive vesting of the performance shares conditional upon the achievement of performance criteria based on achievement at constant perimeter and exchange rates of 16.0% growth in consolidated revenues and 27.0% in consolidated EBITA (excluding non-recurring items) for the period from January 1st, 2013 to December 31st, 2015 and ROCE (Return on Capital Employed) of 12.5% as of December 31st, 2015. The number of shares definitively acquired by the beneficiaries were therefore determined as follows:

- 100% of the performance shares will be acquired if the following conditions are cumulatively met: the revenues growth is greater than or equal to 16.0% and the EBITA growth is greater than or equal to 27.0% and the ROCE is greater than or equal to 12.5%;
- 75% of the performance shares will be acquired if the ROCE is greater than or equal to 12.5% and if one of two following conditions is met:
  - the revenues growth is greater than or equal to 14.4% and lower than 16% and the EBITA growth is greater than or equal to 24.3%, or
  - the revenues growth is greater than or equal to 14.4% and the EBITA growth is greater than or equal to 24.3% and lower than 27%;
- 50% of the performance shares will be acquired if the ROCE is greater than or equal to 12.5% and if one of two following conditions is met:
  - the revenues growth is greater than or equal to 12.8% and lower than 14.4% and the EBITA growth is greater than or equal to 21.6%, or
  - the revenues growth is greater than or equal to 12.8% and the EBITA growth is greater than or equal to 21.6% and lower than 24.3%;
- no shares will be acquired if one of the three criteria is fulfilled: revenues growth is lower than 12.8% or the EBITA growth is less than 21.6% or the ROCE is less than 12.5%.

It is reminded that, in August 2014, the Teleperformance Group acquired Aegis USA Inc., which perfectly fit into the Group's long-term strategy and has thus strengthened its position as worldwide leader, by diversifying its portfolio of clients operating in key activity sectors. To the extent that this acquisition could have a temporary negative impact on the ROCE, the Board of Directors at its meeting held on May 7th, 2014, requested that its Remuneration and Appointments Committee study the analysis of such an impact with the help of an independent expert.

Therefore, upon recommendation of the Committee drawn up on the basis of this expert's conclusions, the Board of Directors, at its meeting held on April 8th, 2015, decided that the completion of the ROCE criterion will be evaluated excluding the Aegis USA Inc. acquisition at the closing of the 2015 financial year and considered that such decision did not have an impact on the other criteria which remained unchanged.

The Board of Directors, at its meeting held on February 24th, 2016, upon recommendation of the Remuneration and Appointments Committee, and after approval of the Audit Committee, noted that, for the period from January 1st, 2013 to December 31st, 2015, the growth in consolidated revenues (at constant perimeter and exchange rates) reached 45% (vs. 16% required), the consolidated EBITA (excluding non-recurring items) reached 64% (vs. 27% required) and as of December 31st, 2015, the ROCE (excluding the acquisition of Aegis USA Inc.) reached 13.4% (vs. 12.5% required). As a result, the performance shares were definitively acquired by the beneficiaries who still met the attendance requirement on the vesting date, *i.e.* on July 30th, 2016.

Furthermore, as the modalities of the long-term incentive plan were identical to those set by the Board of Directors for the performance share plan, the latter authorized the Teleperformance Group, Inc. to take an identical decision regarding the conditions of performance of the long-term incentive plan. The executive directors which benefited from that plan did not take part to such decision.

Therefore, 100% of the shares freely allocated were acquired by the beneficiaries who still met the attendance requirement as of July 30th, 2016.

The valuation, according to the method used for the consolidated financial statements, of the performance shares thus granted amounted to 33.37 euros at the grant date. In addition, Mr. Julien and Mr. Salles Vasques will be required to retain, under the registered form, a number of shares equivalent to 30% of the number of shares allotted as part of this long-term incentive plan until the end of their appointment.

On April 28th, 2016, Teleperformance Group, Inc., implemented another long-term incentive plan settled in Teleperformance SE shares and involving the allotment of 175,000 shares each to Mr. Julien and Mr. Salles Vasques, following approval of the plan by the Board of Directors of Teleperformance SE.

The definitive vesting of the shares is subject to employment and performance conditions that are identical to those approved by the Board of Directors at its meeting held on April 28th, 2016 regarding the allotment of performance shares to the Group's senior managers and executives. At the end of the three-year vesting period, Teleperformance Group, Inc. will be required to deliver to the beneficiaries the shares which would have been previously purchased on the market. These performance conditions as well as the levels of achievement are described in section 2.2.5.3 *Performance shares granted under no consideration - Plan dated April 28th, 2016* of the 2016 Registration Document.

▶ Performance shares that became available during financial year 2016 (information required under Table 7 of the AMF recommendations)

None of the performance shares granted to Mr. Julien or Mr. Salles Vasques became available for sale or transfer during the financial year 2016.

3.5.3 Shareholders' consultation on remuneration elements due or granted to each executive director in respect of the 2016 financial year

In accordance with the recommendations of the AFEP-MEDEF code, as amended in November 2016 (paragraph 26.2), to which the Company refers pursuant to Article L.225-37 of the French Commercial Code, the remuneration elements due or granted to each executive director in respect of the year ended are submitted to the shareholders' vote.

It is then proposed to the shareholders' meeting to be held on June 23rd, 2017 to issue a favorable opinion on the remuneration elements due or granted to Mr. Julien, Chairman of the Board of Directors, and to Mr. Salles Vasques, Chief Executive Officer, in respect of the year ended December 31st, 2016 as well as to the principles and criteria of determination of the remuneration of Mr. Julien and Mr. Salles Vasques applicable in 2017.

3.5.3.1 Remuneration due or granted to Daniel Julien, Chairman of the Board of Directors, in respect of the 2016 financial year

▶ Remuneration elements due or granted in respect of 2016

	Amounts or book value according to the method used for the consolidated financial statements as of December 31st, 2016, subject to vote*	**Comments**
Fixed remuneration	US$3,750,000, *i.e.,* €3,387,534	The gross fixed annual remuneration of Mr. Julien was approved by the Board of Directors at US$3,750,000, for his offices as Chairman of the Board and his strategic role, his investment and his responsibilities within the Group. This amount is unchanged since 2013.
Annual variable remuneration	US$1,500,000, *i.e.,* €1,355,014	At its meeting held on February 28th, 2017, the Board of Directors, upon recommendation of the Remuneration and Appointments Committee, and after approval by the Audit Committee of financial items, approved the amount of variable remuneration of Mr. Julien for the 2016 financial year as follows: ■ with regard to the quantitative criteria (increase in revenues excluding currency gains and losses, and increase in the current EBITA margin ratio), the number of points awarded was 80 out of the 80 points assigned to these quantitative targets; ■ with regard to the qualitative criteria relating to the progress of the transition period, the number of points awarded was 20 out of the 20 points assigned. The Board noted that, on the basis of its discussions concerning the supervision and management of operational performance, the findings for 2016 of the Group's employees satisfaction survey and the awards and distinctions received from recognized independent institutions and assessment firms and the mobilization of the management of the acquired entities, the qualitative criteria were achieved. The amount of the 2016 variable remuneration of Mr. Julien has, accordingly, been set at US$1,500,000 *i.e.*, €1,355,014. It will be paid in March 2017. The performance criteria and their expected and recorded fulfillment levels are set out in section 3.5.2.2 of the 2016 Registration Document.
Multi-year variable remuneration in cash	n/a	Mr. Julien does not benefit from any multi-year variable remuneration.
Exceptional remuneration	n/a	Mr. Julien does not benefit from any exceptional remuneration.

* *Remunerations in foreign currencies are converted into euros at the average annual rate.*

	Amounts or book value according to the method used for the consolidated financial statements as of December 31st, 2016, subject to vote*	Comments
Stock options, performance shares or other grants of securities	€13,160,000	Mr. Julien does not benefit from any grant of stock purchase or subscription options. During the year 2016, Mr. Julien benefited from Teleperformance SE shares under the long-term incentive plan implemented, on April 28th, 2016, by Teleperformance Group, Inc., a 100% owned subsidiary of the Company, concerning 175,000 shares, *i.e.,* 0.3% of share capital. This grant is covered under the authorization given by the combined shareholders' meeting held on April 28th, 2016 (16th resolution). This grant as well as the performance conditions are described in section 3.5.2.4 of the 2016 Registration Document. Regarding the valuation of the performance shares, it is reminded that the three criteria showing the best performance level out of the four criteria defined by the Board of Directors will be used to determine the number of shares definitively vested. Furthermore, given that one of the criteria is a market criterion (evolution of the share price compared to the SBF120 index), this criterion was taken into account in calculating the fair value of the performance shares. However, in accordance with the three best criteria rule, there is no guarantee that the market criterion will actually be applied. Accordingly, two fair values have been calculated. In application of the market criterion, the fair value was calculated at €48.51 per share. Excluding the market criterion, the fair value was calculated at €75.20 per share. As of December 31st, 2016, the fair value retained is €75.20. It is reminded that the Group's policy in terms of long-term remuneration plans performance share grants every three years. Therefore, the number of shares, as well as the corresponding amount, must be analyzed and assessed over the whole acquisition period.
Directors' fees	n/a	Mr. Julien does not receive any directors' fees from the Company or its subsidiaries.
Benefits in kind	US$62,798, *i.e.,* €56,728	The benefits in kind granted to Mr. Julien comprise a company car, healthcare insurance plan and the matching contribution for 2016 paid under the non-qualified deferred compensation plan described in section 3.5.2.2 of the 2016 Registration Document.

* *Remunerations in foreign currencies are converted into euros at the average annual rate.*

▶ Remuneration due or granted for 2016 financial year that are or have already been voted upon by the shareholders' meeting under the procedure for regulated agreements and commitments

	Amounts subject to vote	Comments
Termination payments	n/a	Mr. Julien does not benefit from any indemnity or payment in connection with the termination of his position.
Non-compete compensation	No payment	As founder of the Group, Mr. Julien is entitled to receive compensation under a non-compete agreement. This non-compete agreement has already been approved by the combined shareholders' meeting held on May 29th, 2012 (5th resolution) and is detailed in section 3.5.2.3 of the 2016 Registration Document.
Additional pension scheme	n/a	Mr. Julien does not benefit from any additional pension scheme.

3.5.3.2 Remuneration due or granted to Paulo César Salles Vasques, Chief Executive Officer, in respect of the 2016 financial year

▶ **Remuneration elements due or granted in respect of 2016**

	Amounts or book value according to the method used for the consolidated financial statements as of December 31st, 2016, subject to vote*	Comments
Fixed remuneration	US$3,096,000, *i.e.,* €2,796,748	The gross annual fixed remuneration of Mr. Salles Vasques was set by the Board of Directors at US$3,096,000 for 2016, (compared to US$2,288,000 for 2015) taking into account the significant increase of the Group's growth and complexity following the acquisitions achieved in 2016. It is reminded that this amount includes a net amount of €100,000 relating to his position as Chief Executive Officer of Teleperformance SE and paid by the latter.
Annual variable remuneration	US$1,204,000, *i.e.,* €1,087,624	At its meeting held on February 28th, 2017, the Board of Directors, upon recommendation of the Remuneration and Appointments Committee, and after approval by the Audit Committee of financial items, approved the amount of variable remuneration of Mr. Salles Vasques for the 2016 financial year as follows: ■ with regard to the quantitative criteria (increase in revenues excluding currency gains and losses, and increase in the current EBITA margin ratio), the number of points awarded was 80 out of the 80 points assigned to these quantitative targets; ■ with regard to the qualitative criteria relating to the progress of the transition period, the number of points awarded was 20 out of the 20 points assigned to this target. The Board noted that, on the basis of its discussions concerning the supervision and management of operational performance, the findings for 2016 of the Group's employees satisfaction survey and the awards and distinctions received from recognized independent institutions and assessment firms and the mobilization of the management of the acquired entities, the qualitative criteria were achieved. The amount of the 2016 variable remuneration of Mr. Salles Vasques has, accordingly, been set at US$1,204,000 *i.e.*, €1,087,624. It will be paid in March 2017. The performance criteria and their expected and recorded fulfillment levels are set out in section 3.5.2.2 of the 2016 Registration Document.
Multi-year variable remuneration in cash	n/a	Mr. Salles Vasques does not benefit from any multi-year variable remuneration.
Exceptional remuneration	n/a	Mr. Salles Vasques does not benefit from any exceptional remuneration.

* *Remunerations in foreign currencies are converted into euros at the average annual rate.*

	Amounts or book value according to the method used for the consolidated financial statements as of December 31st, 2016, subject to vote*	Comments
Stock options, performance shares or other grants of securities	€13,160,000	Mr. Salles Vasques does not benefit from any grant of stock purchase or subscription options. During the year 2016, Mr. Salles Vasques benefited from Teleperformance SE shares under the long-term incentive plan implemented, on April 28th, 2016, by Teleperformance Group, Inc., a 100% owned subsidiary of the company, concerning 175,000 shares, *i.e.* 0.3% of share capital. This grant is covered under the authorization given by the combined shareholders' meeting held on April 28th, 2016 (16th resolution). This grant as well as the performance conditions are described in section 3.5.2.4 of the 2016 Registration Document. Regarding the valuation of the performance shares, it is reminded that the three criteria showing the best performance level out of the four criteria defined by the Board of Directors will be used to determine the number of shares definitively vested. Furthermore, given that one of the criteria is a market criterion (evolution of the share price compared to the SBF120 index), this criterion was taken into account in calculating the fair value of the performance shares. However, in accordance with the three best criteria rule, there is no guarantee that the market criterion will actually be applied. Accordingly, two fair values have been calculated. In application of the market criterion, the fair value was calculated at €48.51 per share. Excluding the market criterion, the fair value was calculated at €75.20 per share. As of December 31st, 2016, the fair value retained is €75.20. It is reminded that the Group's policy in terms of long-term remuneration plans performance share grants every three years. Therefore, the number of shares, as well as the corresponding amount, must be analyzed and assessed over the whole acquisition period.
Directors' fees	n/a	Mr. Salles Vasques does not receive any directors' fees from the Company or its subsidiaries.
Benefits in kind	US$62,769, *i.e.,* €56,702	The benefits in kind awarded to Mr. Salles Vasques comprise a company car, a healthcare plan and the matching contribution for 2016 paid under the non-qualified deferred compensation plan described in section 3.5.2.2 of the 2016 Registration Document.

* *Remunerations in foreign currencies are converted into euros at the average annual rate.*

▶ Remuneration due or granted for 2016 financial year that are or have already been voted upon by the shareholders' meeting under the procedure for regulated agreements and commitments

	Amounts subject to vote	Comments
Termination payment	n/a	Mr. Salles Vasques does not benefit from any indemnity or payment in connection with the termination of his position.
Non-compete compensation	No payment	Mr. Salles Vasques is entitled to receive compensation under a non-compete agreement. This non-compete agreement has already been approved by the shareholders' meeting held on May 7th, 2014 (4th resolution) and is detailed in section 3.5.2.3 of the 2016 Registration Document.
Additional pension scheme	n/a	Mr. Salles Vasques does not benefit from any additional pension scheme.

3.6 Transactions on Company's shares

3.6.1 Code of Conduct relating to securities transactions

The Company complies with the position-recommendation No 2016-08 issued by the AMF (French Financial Markets Authority) on October 26th, 2016 and with the AFEP-MEDEF Code. The Board of Directors adopted a Code of Conduct regarding securities transactions at its November 30th, 2011 meeting. This Code specifies in particular the prohibition for insiders and related persons from using and/or disclosing insider information, and from advising another person to do insiders trading on the Company's financial instruments on the basis of insider information. The Code was amended at the meeting of the Board of directors held on July 27th, 2016.

3.6.2 Determination of black-out periods

Transactions involving the purchase or sale of the Company's securities or financial instruments are prohibited during the periods included between the date when insiders[1] become aware of specific information regarding the course of business or outlook which is likely to have a material influence on the share price if it were to be made public, and the date when that information is made public.

In addition, transactions are also prohibited during a period of:

- 30 calendar days prior to the publication date (inclusive) of the press release of the (parent company and consolidated) annual and half-yearly financial statements; this period expires on the day following publication (at midnight); and
- 15 calendar days prior to the publication date (inclusive) of the press release of the quarterly reporting; this period expires on the day following publication (at midnight).

Regarding the sale of performance shares in accordance with the Code of Conduct relating to securities transactions as amended on July 2016, it is strictly forbidden for beneficiaries of performance shares allocated free of charge to transfer their shares following the end of the lock-in period during the blackout periods defined below:

- the period beginning 10 trading days before the date (inclusive) set for the publication of the press release of annual and consolidated financial statements and expiring 3 trading days after the date of publication (inclusive) of such financial statements;
- the period beginning 10 trading days before the date (inclusive) set for the publication of the press release of the half-year consolidated financial statements and the publication of quarterly financial information and expiring 3 trading days after the date of publication (inclusive) of such financial statements;
- the period beginning when the beneficiary becomes aware of insider information (other than the quarterly financial statements and information referred to above) and expiring 10 trading days after the date (inclusive) on which this information is made public.

The Company draws up and issues at the beginning of each calendar year a timetable setting out periods during which transactions on Company's securities are prohibited. This timetable also specifies that the indicated periods do not affect the existence of other black-out periods arising as a result of awareness of specific information directly or indirectly relating to the Company, which is likely to have a material impact on the Teleperformance SE share price if it were to be made public.

(1) *Executive officers and equivalent persons, as well as any person who has access to insider information on a regular or occasional basis.*

3.6.3 Prohibition of hedging transactions

In accordance with the recommendations of the AFEP-MEDEF Code, hedging transactions involving the Company's securities are prohibited. The executive directors have given a formal undertaking not to use transactions that hedge their risk on the shares arising from performance shares.

3.6.4 Summary of securities transactions carried out by Board of Directors and Executive Committee members

Pursuant to Article 223-26 of the AMF General Regulation, a summary statement of securities transactions performed in 2016 and until the filing date of this Registration Document, as reported to the Company and to the AMF, is provided below:

	Nature	Date	Number of shares	Average Unit price
Ioannis Tourkomanis Member of the Executive Committee	Sale	06/24/2016	15,645	€75
Wai Ping Leung Director	Purchases	06/24/2016	500	€70
		09/08/2016	500	€97
Paulo César Salles Vasques Director and Chief Executive Officer	Sales	09/06/2016	30,000	€96.5
		09/07/2016	182	€97.29
		09/08/2016	9,888	€97.29
		09/09/2016	2,054	€97
		09/28/2016	2,081	€95
		09/29/2016	11,454	€95.02
		10/03/2016	6,395	€97.3864
Pauline de Robert Hautequère Director	Purchase	10/13/2016	1,000	€96.29
Daniel Julien Chairman of the Board of Directors	Share loan (Lender)	10/20/2016	1,000	€0
Leigh Ryan Director	Share loan (beneficiary)	10/20/2016	1,000	€0
Alain Boulet Director	Sale	01/10/2017	400	€99.3169

3.7 *Regulated agreements and commitments*

3.7.1 Regulated agreements and commitments

No new regulated agreements or commitments were authorized by the Board of Directors during the 2016 financial year. Pursuant to legal and regulatory provisions, the Board of Directors, at its meeting held on February 28th, 2017, carried out the annual review of the regulated agreements and commitments entered into before 2016 and the performance of which is continued during the financial year 2016.

The statutory auditors' special report on regulated agreements and commitments referred to in Articles L.225-38 *et seq.*, and L.225-42-1 *et seq*. of the French Commercial Code is provided in section 3.7.2 *Statutory auditors' special report on regulated agreements and commitments* below.

3.7.2 Statutory auditors' special report on regulated agreements and commitments

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

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

To the shareholders,

In our capacity as statutory auditors of your company, we hereby report to you on its regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, of the principal terms and conditions of those agreements and commitments, and the reasons for the interest of the company brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any. It is your responsibility, under the terms of article R. 225-31 of the French Commercial Code, to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with relevant professional guidelines issued by the French Institute of Auditors relating to this engagement.

- **Regulated agreement or commitments submitted for the approval of this shareholders' meeting**

Regulated agreements or commitments authorised during the year

We hereby inform you that we have not been advised of any agreement or commitment authorized during the year to be submitted to the approval of the Shareholders' Meeting pursuant to article L. 225-38 of the French Commercial Code.

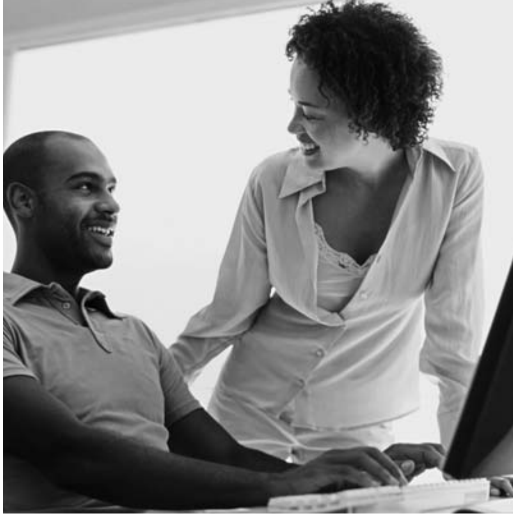
- **Regulated agreements or commitments which were approved in prior years by the shareholders in general meeting**

We hereby inform you that we have not been advised of any agreement or commitment previously approved by the Shareholders' Meeting which remained in force during the year.

Paris-La Défense and Neuilly-sur-Seine, 28 February 2017

The Statutory Auditors

KPMG Audit IS	Deloitte & associés
Éric Junières	Philippe Battisti
Partner	*Partner*


4

Environmental, Labor and Social Information

4.1 Introduction

Pursuant to the provisions of Articles L.225-102-1 and R225-105-1 of the French Commercial Code, as specifically amended by Act No. 2016-1088 of August 8th, 2016, on Labor, Modernization of Labor Relations, and Securement of Career Paths, and Decree No. 2016-1138 of August 19th, 2016 implementing Article L.225-102-1 of the French Commercial Code and relating to the environmental information included in corporate management reports, the Group must provide information on the measures that have been adopted with regard to the social and environmental consequences of its activity.

The Group has been committed to this endeavor for 10 years: in 2006 it initiated and piloted *Citizen of the World*, a program of charitable, humanitarian and collective welfare action plans, and in 2008 it launched an environmental program named *Citizen of the Planet*.

By adhering to the United Nations Global Compact in July 2011, Teleperformance was confirming its intent to position itself as a responsible corporate citizen, thereby undertaking to abide by the charter of values drawn up by the United Nations. Every year since then we have renewed our commitment, publishing the three elements of the "Communication on Progress" on our website:

- statement signed by the chief executive expressing continued support for the Global Compact;
- detailed description of improvement measures implemented in each issue area and the procedures employed;
- quantitative measurement of outcomes obtained or expected.

4.1.1 Methodology

Our business is not industrial and does not generate any significant air, water or ground pollution; we neither manufacture transformed products nor consume raw materials.

Given the tertiary nature of the Group's business as a call center service provider, our issues with regard to social, labor and environmental responsibility are essentially human.

Consequently, we have decided that this chapter on the CSR theme should focus mainly on the human aspects, regarding, on the one hand, our employees and stakeholders and on the other hand, the territorial and social impact of our activity and our actions in favor of communities, territorial development, etc.

The issues listed below have not been dealt with, as they are considered irrelevant at Group level in view of the fact that our activity consists of the provision of services:

- resources dedicated to preventing environmental risks and pollution;
- the amount of provisions and guarantees for environmental risks;
- land use;
- measures implemented to preserve or promote biodiversity;
- prevention, reduction or compensation measures regarding atmospheric, aqueous and terrestrial pollution seriously affecting the environment;
- noise pollution and any kind of pollution resulting from an activity.

Scope and collection of information

Data reported by the subsidiaries is verified internally to ensure consistency. It is then audited by KPMG's CSR specialists.

- The **quantitative staff information** is collected in the Group's reporting and consolidation tool for all subsidiaries included in the consolidation scope (see note M. of the Notes to the *Consolidated Financial Statements*). The data is valid as of December 31st, 2016.

  This data is monitored by the Reporting and Consolidation Department, mainly *via* consistency checks and a comparative analysis with the previous year. It covers 100% of the workforce.
- The **quantitative environmental information** is collected *via* a monthly reporting process.

For a given year N, the period covered runs from October 1st, year N-1 to September 30th, year N.

This data is checked by the Group *Citizen of the Planet* officer, who collects the supporting documents and performs consistency checks and a comparative analysis with the previous year.

The scope of the published information for the reference period covers 92% of Group revenues, except in the case of water consumption, regarding which some countries (Argentina, France, Australia, Switzerland, Chile and Scandinavia) either do not yet have the information or are unable to obtain it, given that water consumption is not itemized separately under rental charges. Accordingly, water consumption data covers only 83% of Group revenues.

Excluding chapters 4.2.1, 4.2.2, 4.2.6.3 and 4.2.7, this report does not include the company LanguageLine Solutions acquired in September 2016.

- All of the **qualitative information** included in the CSR report is collected *via* a specific questionnaire sent to the Finance Departments of the Group's largest subsidiaries.

This data is valid as of December 31st, 2016.

This data is checked *via* a comparative analysis and collection of supporting documentation.

The qualitative information was collected from the subsidiaries that are most representative of the Group, covering 90.7% of the workforce.

Main indicators

To guarantee the consistency of the information reported, guidelines were introduced and circulated to all Group subsidiaries. These guidelines specify the exact definitions and formulas to use for the feedback of quantitative information. In some cases, a given subsidiary may not monitor a requested indicator internally and therefore cannot provide the relevant information.

Further information on the indicators set out in this report are provided below:

- Year-end workforce

The year-end workforce includes all persons who had an employment contract and were in salaried employment at the Group's various subsidiaries, together with all temporary employees as of December 31st.

- Average workforce

The average workforce was calculated by dividing the number of hours scheduled for the year by the normal number of hours worked during that period. The normal number of hours worked is specific to each country, depending on local regulations.

- Training hours

The number of training hours indicated may have been slightly underestimated, given that some subsidiaries only count training hours offered to agents. However, given that agents account for around 84.5% of the workforce and are clearly the main beneficiaries of training, this difference is unlikely to be material.

- Industrial accident frequency rate

Number of accidents resulting in time off work divided by the number of paid hours of production multiplied by one million. The number of industrial accidents does not include accidents that occurred during travel between home and work.

- Absenteeism rate

This is the number of hours related to unscheduled absences divided by the number of remunerated production hours and unscheduled absences (not remunerated). Scheduled absences (holiday, maternity leave, training, etc.) are excluded from the calculation. The rate of absenteeism only concerns agents.

- Management

This encompasses all functions other than those of agents and supervisors.

- Lay-offs

These are positions eliminated by the employer for economic reasons or due to internal restructuring, or due to gross negligence or incompetence leading to dismissal at the employer's initiative.

- Other departures

This includes departures due to termination of contract by mutual agreement, expiry of contract, resignation or the transfer of an employee to another Group entity.

- Energy consumption

Total annual consumption in kilowatts.

Emission factors are specific to each country and are taken from the International Energy Agency (IEA) website.

- Water consumption

Total annual mains water consumption in cubic meters.

- Paper consumption

Total annual paper consumption (printer and toilet paper) in tons.

The following conversion factors were used:

1 ton of paper = 400 reams of A4 or 200,000 sheets.
One ton = 2,200 rolls of toilet paper.

The emission factor is 0.41 ton of CO_2 per ton of paper consumed (source: ADEME).

- Air travel

Number of kilometers traveled. This is calculated by multiplying the total number of journeys made by the "average distance in kilometers per country" (the most frequent return flight in the subsidiary is taken as the benchmark) using the following website: http://www.carbonneutralcalculator.com/flightcalculator.aspx.

The Group uses the distance from Paris to London as the benchmark given that the sales staff, who are the most frequent travelers within the Group, mainly take domestic flights. The conversion factor for air travel is 0.18 kg of CO_2 per kilometer traveled. This is calculated by dividing the CO_2 emissions generated by the Paris-London trip (0.07 ton of CO_2) by the same distance (377 kilometers).

- Carbon footprint

Carbon footprint corresponds to greenhouse gas emissions related to energy and paper consumption and the number of air kilometers traveled.

4.1.2 Adherence to the United Nations Global Compact

Like more than 9,000 companies located in 168 countries, Teleperformance is committed to adopting, supporting and applying ten universal principles relating to human rights, employment standards, the environment and anti-corruption within its sphere of influence.

The United Nations Global Compact, which is the most important global initiative to promote sustainable development, is based on a commitment made by corporate directors to implement ten principles of sustainable development.

A poster showing the Ten Principles of the United Nations Global Compact is displayed at each facility, once it has been signed by the director of each new subsidiary, thereby underlining their personal commitment to comply with the Ten Principles and to ensure compliance.

The Ten Principles of the United Nations Global Compact

Human rights

1. *Businesses should support and respect the protection of internationally proclaimed human rights; and*
2. *Ensure that they are not complicit in human rights abuses.*

Labor

3. *Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;*
4. *The elimination of all forms of forced and compulsory labor;*
5. *The effective abolition of child labor; and*
6. *The elimination of discrimination in respect of employment and occupation.*

Environment

7. *Businesses should support a precautionary approach to environmental challenges;*
8. *Undertake initiatives to promote greater environmental responsibility; and*
9. *Encourage the development and diffusion of environmentally friendly technologies.*

Anti-corruption

10. *Businesses should work against corruption in all its forms, including extortion and bribery.*

Principles 3, 4 and 6 of the United Nations Global Compact regarding employment law correspond respectively to ILO fundamental conventions Nos. 87 and 98, 29 and 105, and 100 and 111.

4.1.3 Compliance with and promotion of ILO fundamental conventions

Teleperformance respects and defends human rights during the course of its operations and economic activities and undertakes not to be involved in any violation of human rights.

The Group's operations are governed by a set of procedures that guarantee respect for human rights.

In addition to the Group's adherence to the Ten Principles of the United Nations Global Compact, each subsidiary of Teleperformance is strictly compliant with local laws.

In 58 of the countries where Teleperformance is established (*i.e.* more than ¾ of our footprint), the State has ratified the 8 ILO fundamental conventions, converting the fundamental conventions into statutory provisions:

- Nos. 29 and 105: the elimination of all forms of forced or compulsory labor;
- Nos. 138 and 182: the effective abolition of child labor;
- Nos. 87 and 98: the freedom of association and effective recognition of the right to organize and collective bargaining;
- Nos. 100 and 111: equal remuneration and elimination of discrimination in respect of employment and occupation.

Only 17 countries in which Teleperformance has subsidiaries have not ratified all of the ILO fundamental conventions:

- Eight of these have ratified all except one of the fundamental conventions.
  - Six of these (Jordan, Kenya, Morocco, Lebanon, Brazil and Uzbekistan) have not ratified convention No. 87 on freedom of association.

Nevertheless, according to the report of the 325th session of the ILO Governing Body held in late 2015, four of them have notified their intention to ratify it:

- Jordan has requested technical cooperation from the International Labor Office "to strengthen the capabilities of the employer and worker organizations";
- Kenya has requested cooperation from the ILO "regarding training and awareness programs relating to fundamental labor principles and rights and convention No. 87, as well as training and awareness programs for industrial tribunal judges";
- the Moroccan government "confirms its political intention to ratify convention No. 87 and states that talks are underway with the relevant parties";
- the Lebanese government states that "a Labor Code designed to facilitate the ratification of convention No. 87 has been submitted to Parliament for approval".

Meanwhile, the Brazilian government "is continuing talks with worker and employer organizations with a view to amending the laws prior to ratification, but is facing opposition from the General Union of Workers (UGT), which considers that the ratification of convention No. 87 would be a step backwards for Brazil's trade unions given their specific situation and power of collective bargaining".

Lastly, on December 12th, 2016 the government of Uzbekistan ratified convention No. 87, which will thereby come into force on December 12th, 2017.

Notwithstanding this fact, regarding its subsidiaries in these six States, Teleperformance promotes dialog with its employees and is in no way opposed to worker representation:

- in Jordan, Kenya and Uzbekistan, Group employees are free to join a union;
- in Morocco, 9 of the subsidiary's 18 staff representatives are members of the UMT (Union marocaine du travail – Morocco Labor Union) and meet the Human Resources director once a month;
- in Lebanon, through our partner, meetings with staff representatives are held at least once every quarter, and more frequently if necessary;
- in Brazil, an annual collective agreement is signed by unions and management and then submitted to employees for approval.

- Australia has not ratified convention No. 138 on the minimum age for admission to employment.

  Indeed, the Australian government considers that ratification "is not a priority", but "nevertheless mentions several actions and measures implemented in relation to the amendment of laws, practices and legislation, in particular regarding the protection of child artists in the states of New South Wales and Victoria".

  As part of its hiring process, the Group's Australian subsidiary checks that each candidate is at least 16 years old.
- Mexico has not ratified convention No. 98 on the right to organize and collective bargaining. Nevertheless, after amendments had been made to the federal labor law to bring it into line with the requirements of the ILO fundamental conventions, in April 2014 the Mexican government organized talks with social partners and the authorities responsible for implementing the provisions of the convention, in order to collect the elements required for assessing the feasibility of ratification and, if necessary, submit the question to the Senate.

  In any event, collective bargaining is perfectly operational in the Group's Mexican subsidiaries: collective bargaining agreements are signed with staff representatives and trade unions on an annual basis.

- Two countries in which Teleperformance has subsidiaries have not ratified two fundamental conventions:
  - the United Arab Emirates has not ratified both conventions regarding freedom of association (Nos. 87 and 98).

    The Emirate government "is reviewing the possibility of ratifying them" and, to this end, is requesting the ILO's technical cooperation "with regard to improving its understanding of this principle, this right and its consequences";
  - Canada has not ratified conventions No. 98 (right to organize and collective bargaining) and No. 138 (minimum age for admission to employment); however, convention No. 138 was ratified on June 8th, 2016 and will come into force on June 8th, 2017.

    In Teleperformance's Canadian subsidiary, *Focus Groups* and regular *CEO Webcasts* ensure open and transparent dialog with all of its employees.
- Five countries have not ratified 3 of the 8 fundamental conventions:
  - Thailand, Vietnam and Singapore have not ratified convention No. 87 on freedom of association.

    The Thai government has said that "the National Council for Peace and Order (...) organized a meeting on July 30th, 2014 to examine the question of ratification. It was agreed (at this meeting) to continue with the ratification process."

    The government of Vietnam stated that "the National Assembly had adopted a new constitution and two laws guaranteeing workers the right to establish trade unions, seek consultations with employers and carry out collective bargaining".

    Singapore has confirmed that "the legislation is currently under review as part of the tripartite consultation procedure", but has drawn attention to "incompatibilities with domestic legislation".

    Notwithstanding, Group employees in Vietnam, Singapore and Thailand are all free to join a trade union.
  - Thailand and Vietnam have not ratified convention No. 98 (right to organize and collective bargaining).

    The Thai government has confirmed its intention to ratify convention No. 98 and says that "to this end, the Council of State has reviewed draft amendments to two laws for which the draft versions have been submitted to the cabinet and the National Legislative Assembly for approval".

    The Vietnamese government has informed the ILO "that, following the successful outcome of the pilot programs, proposals for amending the procedure for establishing trade unions have been presented in order to switch from a non-consultative approach to a participative one, in order to ensure that workers really are involved in the creation of trade unions within companies and to minimize the involvement of employers in this process".

    Group employees in Vietnam and Thailand are perfectly free to form an association.
  - Suriname, Thailand and Singapore have not ratified convention No. 111 on discrimination (employment and occupation).

    While the Surinamese government has "confirmed its intention to ratify convention No. 111", it has stated that "legislative amendments will be required in order to go ahead with the ratification process". The governments of Singapore and Thailand affirm that ratification is still under review.

    Nevertheless, in all three countries, governments and employer and worker organizations state that they have organized promotional initiatives (campaigns, training and social dialog) on the themes of discrimination and equality.

    The Teleperformance workforce in these three countries is in strict compliance with Principle 6 of the United Nations Global Compact: *The elimination of discrimination in respect of employment and occupation.*

- The governments of Singapore and Vietnam have not ratified convention No. 105 on the abolition of forced labor.

  Vietnam has told the ILO that it has "initiated the process of ratifying the convention" and has requested the ILO's technical cooperation in terms of raising awareness, training and strengthening capabilities. Singapore's National Trade Union Congress (SNTUC) has stated that "progress has been made with a view to bringing domestic laws into line with the provisions of convention No. 105".

  Naturally, the Group's subsidiaries in Singapore and Vietnam make no use of forced labor.
- Lastly, Suriname has not ratified conventions No. 138 (minimum age for admission to employment) and No. 100 (equal remuneration).

  The Surinamese government has told the ILO that it has implemented several measures to reduce school drop-out rates and prevent child labor and, moreover, that it has "organized promotional initiatives regarding discrimination and equality but is confronted with disadvantageous socio-cultural factors".

  There is no difference between the treatment of male and female employees in equivalent positions at Teleperformance, even though this is permitted by local legislation. Finally, the Group's subsidiary in Suriname does not employ any workers under the age of 16.
- For its part, Malaysia has not ratified conventions No. 87 (freedom of association) and No. 111 on discrimination (employment and occupation) and withdrew convention No. 105 (abolition of forced labor).

■ India and China have not ratified 4 of the 8 ILO fundamental conventions. Neither country has ratified the two conventions on freedom of association and recognition of the right to collective bargaining (Nos. 87 and 98); India has not ratified the two conventions on child labor (Nos. 138 and 182) and China has not ratified the two conventions on forced labor (Nos. 29 and 105).

- Worker consultation at our Chinese subsidiaries takes place at various levels (quarterly round tables, possibility of sending direct emails to all levels of management, etc.) and fosters constructive and satisfactory social dialog. Furthermore, our Chinese subsidiaries are clearly not involved in the forced labor issue.

  Besides this, the Chinese government has requested the ILO's assistance with regard to "the reinforcement of collective bargaining, tripartite consultation and social dialog" and conventions Nos. 138 and 182, and has repealed the laws and decisions relating to "re-education through work", which should ultimately enable conventions Nos. 87 and 98 to be ratified.
- Regarding our subsidiaries in India, Teleperformance has no employees under the age of 16 and, besides this, promotes dialog with its employees as follows:
  - the directors of our facilities in India encourage employees to come together for cultural activities or sports events, and allow them to direct and manage these extra-professional activities among work colleagues at their entire discretion,
  - Teleperformance's employees in India do not lack opportunities for consultation: staff representatives are included among the standing members of three Decision-Making Committees.

  The ILO has stated that "the Indian government has confirmed that the ratification of conventions Nos. 138 and 182 is pending on the harmonization of domestic legislation with the provisions of the ILO conventions" and, regarding fundamental conventions Nos. 87 and 98, that the ILO's technical cooperation "had been requested for the purposes of raising awareness and improving understanding of this principle, this right and its consequences".

■ Paradoxically, the United States has only ratified two of the ILO fundamental conventions.

At the 325th session of its Governing Body held between October 29th and November 12th 2015, the ILO stated that "the United States has announced progress regarding the possibilities of ratification" and is "reviewing (…) actively the legal feasibility of ratifying conventions Nos. 87, 98, 29 and 138 as well as convention No. 100 (…) and is working to step up the process of ratifying convention No. 111, which is still on its priority list of conventions to be ratified".

Nevertheless:

- federal legislation and practices are mostly compliant with ILO conventions Nos. 87 and 98 (freedom of association and the right to organize and collective bargaining);
- with regard to the fight against discrimination, the EEO law (Equal Employment Opportunity) is one of the most stringent in the world;
- various federal laws prohibit child and forced labor. In addition, the TVPRA 2013 law (Trafficking Victims Protection Reauthorization Act) signed by the US President in March 2013 reactivated protection measures for victims of human trafficking and vulnerable children.

Further details on the Group's in-house initiatives to promote freedom of association and the effective recognition of collective bargaining rights (conventions Nos. 87 and 98), as well as the elimination of discrimination in respect of employment and occupation (conventions Nos. 100 and 111) can be found in sections 4.2.8 *Diversity and equal opportunities*, 4.4.1 *The local, economic and social impact of our business* and 4.2.5 *Labor relations*.

4.1.4 Verego SRS Certification

In 2016, Teleperformance was awarded Verego certification for all of its facilities worldwide. Accordingly, all Group facilities fulfill the criteria defined by Verego in terms of social responsibility (Verego SRS - Social Responsibility Standard).

Created in 2010, the Verego SRS assessment systems define a set of core social responsibility requirements designed to serve as a framework for organizations wishing to establish and manage their own social responsibility programs and objectives.

Teleperformance received certification in all five Verego SRS areas: Leadership, Ethics, People, Community and Environment. Performance is assessed according to specific criteria in each of the five certification areas.

- *Leadership* certification confirms the organization's commitment to social responsibility, focus on customers and ability to communicate this commitment to key stakeholders;
- the *Ethics* area focuses on the organization's conduct towards suppliers and on its procurement processes;
- the *People* assessment focuses on protection of human rights and the handling of critical employment issues;
- the *Community* area focuses on the organization's engagement and investment in the local communities in which it operates;
- the *Environment* area focuses on the organization's ability to measure and efficiently improve the organization's impact on the environment.

In 2014, 17 of Teleperformance's facilities worldwide had obtained certification in all five areas covered by the Verego social responsibility standards. In connection with the award of full certification in 2016, 26 facilities spread across different parts of the world were selected for assessment. The criteria of facility size and geographical risk were given particular weighting in the selection of facilities. Despite the broadening of the assessment scope, Teleperformance was awarded maximum recognition under the SRS certification scheme, namely the certification of all of its facilities in all five areas covered by the Verego SRS criteria.

A benchmark analysis of performances in the sector, which forms an integral part of the assessment procedure, ranked Teleperformance among the top companies in the areas of Ethics and People. This result rewards the Group for its implementation of structured approaches considered to constitute market best practices and to be fully transparent in the eyes of all stakeholders. These communication endeavors culminated in the online publication of (i) the 2015 Company report presenting all of the initiatives launched during that year in compliance with the principles of the Global Pact and (ii) the Company's commitment to human rights.

4.2 Staff information

4.2.1 Breakdown of workforce

The information contained in this section concerns all Group consolidated companies unless otherwise specified.

4.2.1.1 Breakdown of total workforce by age, gender and linguistic region at December 31st, 2016

	Men	Women	Total	< 25 years old	< 35 years old	< 45 years old	> 45 years old
English-speaking and Asia-Pacific region (excl. USA)	33,505	37,654	71,159	30,704	29,798	7,312	3,345
Ibero-LATAM	35,133	36,383	71,516	33,338	25,517	9,160	3,501
Continental Europe, Middle East & Africa	18,404	22,364	40,768	9,140	19,378	8,491	3,759
LLS excl. US	22	55	77	20	34	15	8
Holdings	66	117	183	26	79	49	29
Total excluding USA	**87,130**	**96,573**	**183,703**	**73,228**	**74,806**	**25,027**	**10,642**
United States			32,954				
TOTAL			**216,657**				

The breakdowns by age and gender exclude the US subsidiaries, as local regulations prohibit the verification of the data collected.

4.2.2 Workforce changes

4.2.2.1 Breakdown of average workforce by linguistic region

	2016 workforce	**Payroll expenses** *(€m)*	2015 workforce	Payroll expenses *(€m)*
English-speaking and Asia-Pacific region	81,199	1,150	71,293	1,082
Ibero-LATAM region	58,490	571	53,926	489
Continental Europe, Middle East & Africa	33,738	640	30,773	602
LLS	4,739	54	-	
Holdings	58	20	54	17
TOTAL	**178,224**	**2,435**	**156,046**	**2,190**

Salaries are determined in accordance with the laws in effect in the countries in which the Group operates.

4.2.2.2 Changes in 2016 in the Group's workforce by category

	Permanent contract	Fixed-term contract	Temporary	Total
AS OF 01/01/2016	**143,427**	**36,481**	**8,518**	**188,426**
Change in scope	3,816	58	2,192	6,066
Hiring	156,269	40,176	8,537	204,982
Lay-offs	-40,356	-5,135	-524	-46,015
Transfers	1,349	-1,371	22	0
Other departures	-103,525	-24,643	-8,634	-136,802
AS OF 12/31/2016	**160,980**	**45,566**	**10,111**	**216,657**

The Group is unable to determine the exact number of disabled employees, given the fact that this information is considered to be discriminatory in some countries, like the United States and Italy.

4.2.3 Staff incentive schemes

Given that it employs less than 50 people, Teleperformance SE has no staff incentive scheme in place.

A number of subsidiaries however have set up such schemes.

For example, Teleperformance France has set up a staff profit-sharing scheme. Introduced in 2009 for a three-year period, it is now subject to an open-ended agreement.

4.2.4 Work organization

4.2.4.1 Organization of working hours

The following statement forms part of the Group's human rights charter: "Working hours are capped at 48 hours per week, except for overtime, which is applied on an individual basis and always in compliance with local legislation".

Accordingly, the work of staff employed in call centers and sales and administrative offices is organized in strict compliance with the working time legislation, which varies from country to country.

Group employees work according to different procedures, depending mainly on clients' needs and local preferences, but always in compliance with the applicable statutory and regulatory provisions of each country. Thus, the Group has employees under full-time and part-time contracts and also hires temporary workers in order to achieve the degree of flexibility required by its business operations, essentially in Continental Europe, Middle East and Africa.

Consequently, the statutory number of daily and weekly working hours varies considerably from one employee or country to the next.

In fact, the statutory number of weekly working hours ranges, for example, between 35 hours in France, 39 hours in Spain, 40 hours in Indonesia, 44 hours in Morocco and 48 hours in Colombia and Tunisia.

In the United States, the concept of statutory working hours as defined in France does not exist as such, although the usual practice is 40 hours per week.

4.2.4.2 WAHA programs

Teleperformance's WAHA (Work At Home Agents) platform combines the services of highly qualified and effective advisors, a flexible organizational structure, leading-edge communications technology and the strictest security standards in the market.

This service model enables all kinds of applicants to become Contact Center Advisors, regardless of whether they are in remote locations (rural areas), disabled persons (who find it difficult to travel), or persons with a specific profile who do not wish to operate in a traditional call center (seniors, men or women acting as family carriers).

The WAHA training model guarantees that the Contact Center Advisors will be operational before they support each consumer from their home. The management of remote advisors, which is the result of several years of practice, has become particularly effective in creating close ties, developing loyalty to the Company and to the brand, and maintaining a high standard of quality when dealing with contacts.

In France, a successful trial with a client has been in progress for seven years at our facility in Lyons.

In the United States, where the practice has developed over a number of years, WAHA agents, generally promoted to this function after having proven their abilities in a traditional call center, provide services to 15 clients by working from home. However, around one quarter of our agents remain administratively attached to 9 centers: Augusta (Georgia), Columbus and Westerville (Ohio), Shreveport (Louisiana), Fort Lauderdale and Port St. Lucie (Florida), Brownsville (Texas), Hobart (Indiana) and West Salem (Wisconsin).

Similar arrangements exist in Indonesia, where a system was set up for three clients this year.

In Germany on the other hand, where the system was rolled out in December 2015 in order to manage the operations of one client, work-at-home agents are specifically hired for this purpose. This is also the case in the United Kingdom, where the practice has been developed since 2012 with one client and was extended to a second client in 2016.

Although the proportion of Teleperformance agents working under the WAHA (Work At Home Agent) scheme is growing steadily, it remains marginal: as of December 30th, 2016, 1,741 employees were working under the scheme.

4.2.4.3 Absenteeism

Given the Group's business activities, which by their very nature generate a high staff turnover rate, absenteeism is an indicator that is measured on a daily basis, and is subject to a monthly monitoring process, as well as a specific assessment for each subsidiary, facility and region. This index is reviewed by each subsidiary at its Board meetings.

The average rate of absenteeism is 7.3% in 2016, unchanged compared to 2015, with a number of regional differences depending on the local social and regulatory environment: thus the English-speaking and Asia-Pacific region posted a rate of 8%, the Ibero-LATAM region 6.5% and Continental Europe, Middle East & Africa 7.3%.

4.2.5 Labor relations

4.2.5.1 Social dialog

Multiple channels of dialog and communication

The Group has defined social dialog as follows in its human rights statement:

"Social dialog takes place at different levels within the Company and may exist in different forms depending on the culture, customs, practices and applicable legislation in each country."

In addition to the "open doors" culture widely encouraged by the Group, Teleperformance has set up a number of initiatives at its subsidiaries that are monitored periodically, at the time of the budget review.

These initiatives include:

- *Coffee with the Tops:* every two months, the Germany CEO visits each facility accompanied by members of the management team; at each facility, he meets a delegation of five volunteer employees and has coffee or breakfast with them; the goal of this friendly meeting with senior management is to give employees a chance to raise current issues and express their opinions without the involvement of their immediate superiors;
- *Our Channel*, an online communication tool introduced a year ago in El Salvador, provides a direct link to management;
- a monthly meeting specifically devoted to newly hired staff in China;
- in the United Kingdom, monthly staff forums are organized at each center;
- the opportunity for all employees – anonymously or not – to submit any request or feedback they may have directly, without filtering, to their center director during a monthly or sometimes quarterly "chat"; these chats with the CEO are held regularly in Egypt, Argentina, Indonesia, Albania and the United States;
- in Canada and the United States, the 24/7 *WeCare Helpline* enables employees to anonymously discuss their concerns by phone or email;
- *Focus Groups* organized at least every quarter between agents and managers in Colombia, Greece, Russia, Albania and Canada: managers listen to the agents' concerns and suggestions;
- regular meetings, most often on a monthly basis, are organized between management and staff representatives or, where they exist, trade unions.

Employee satisfaction

An extensive employee satisfaction survey (*E-sat* - ***E***mployee ***Sat***isfaction Survey) has been conducted every year since 2008. The aim of the survey is to provide a better understanding of how employees view their activity. The survey is conducted by a team focused on continuous improvement of the methods and processes used, and leads to extensive discussions between our subsidiaries and two external partners.

In 2016, 102,701 employees working in 44 countries (47.4% of the workforce) replied to the survey. By providing employees an opportunity to voice their opinions, E-Sat serves as a means of improving working conditions and promoting professional development.

Actions plans are drawn up and implemented on the basis of the results, while project progress is monitored on a monthly basis.

Strict compliance with the legislation

Given the practices and legislation specific to each country, just over one quarter of the subsidiaries included in the scope of this CSR report are subject to a specific collective bargaining agreement.

If there is no specific collective bargaining agreement, the employment law in the country in question applies, and is often supplemented by collective agreements signed with the staff representatives on an annual basis. These agreements provide for the number of working hours, the notice period in the event of departure, salary increases, vacation time, and usually the length of parental leave, payment of public holidays, team rotas, etc.

The Group is currently considering how it will implement recent regulatory provisions regarding the impact of collective agreements on economic performance and employee working conditions, and will endeavor to provide the most relevant information with regard to these matters.

The European company Works Council

Launched in 2014 and officially registered in 2015, a Works Council comprising 22 standing members represents employees in the 17 European countries in which the Group operates. In 2016, the 22 standing members or a seven-member delegation (the officers) met the Group management representative twice in order to define the procedures for sharing information and communicating with the management team (full meetings, officer meetings) and the policy for training members of the European company Works Council.

4.2.5.2 Community service

Community service schemes are managed locally, depending on the usual practices in effect in each country, and cover four main areas:

Health

Teleperformance believes that it has a duty to improve its employees' health, well-being and quality of life, both as an employer and, more broadly, through the advisory role it is able to play.

Accordingly, Teleperformance promotes health awareness, meaning "the ability to take the right decisions regarding health in one's daily life, whether at home, in society or at the workplace".

Most employees of Teleperformance and its subsidiaries benefit from subsidized supplementary health insurance; for example, in Italy, this subsidy covers 80% of the total cost of the supplementary policy.

In parallel, most of our employees can benefit from predefined or particularly advantageous prices with medical or paramedical service providers: preferential rates for dental treatment and

X-rays in Morocco, medical analysis laboratories in Tunisia, opticians in Egypt, one clinic in Russia, etc. In Jamaica, an on-site chiropractic service is provided one day a week, for which employees benefit from preferential rates.

A number of local employee-oriented initiatives regarding health issues and the importance of taking care of one's health are organized on a regular basis. These initiatives, which the Group encourages at global level, are rolled out in accordance with individual cultures and the healthcare issues specific to the various regions in which the Group operates.

For instance, in 2016:

- nearly half of our employees were able to benefit from vaccination programs directly in their workplace: against tetanus and influenza in El Salvador, measles in Mexico, cancer of the uterus in the Philippines, influenza in Argentina and Germany, etc. The vaccinations offered are selected in accordance with local health authority recommendations: for example, following a serious outbreak of mumps in some parts of Brazil in 2016, appropriate vaccination was provided;
- in some places, vaccination cannot be carried out at the workplace, but Teleperformance uses its various means of communication to inform and raise awareness among employees. For example, our Tunisian subsidiary organizes vaccination awareness days, while our Canadian subsidiary communicates the addresses where vaccinations can be provided free of charge;
- all Group subsidiaries are encouraged to organize initiatives on World No Tobacco Day on May 31st. In 2016, half of our employees benefited from various awareness campaigns regarding the harmful effects of smoking: hypnosis sessions were offered in Morocco, while nine support group sessions on giving up smoking were held in El Salvador;
- employees had the opportunity to take part in cancer awareness programs during the year: information campaigns on the initial symptoms of prostate cancer, lymphoma and lung cancer in El Salvador, a photography competition including a pink accessory in aid of breast cancer research in France, an awareness day organized in our centers by the medical service in Tunisia, etc.

Healthcare prevention measures sometimes take the form of optional medical checks; for instance, in 2016:

- in October, employees at our Hermosillo facility in Mexico were able to measure their cholesterol levels during a three-day campaign against cholesterol organized in partnership with the Mexican social security department;
- 640 employees at the Greek subsidiary were given a free on-site breast ultrasound screening for which they were able to apply as part of an information campaign on breast cancer;
- in Mexico, during a series of breast cancer awareness sessions, 143 cancer screening tests were carried out and 693 information leaflets on self-examination were handed out;
- employees at our Jamaican facility received advice and free eye tests during a week devoted to health and well-being.

In addition, Teleperformance regularly opens the doors of its facilities to blood transfusion centers, organizing blood donor campaigns, in which employees enthusiastically participate every year. Two-thirds of our employees therefore had the opportunity to donate blood directly in their workplace in 2016.

Lastly, a large number of health initiatives are paired with the goal of fostering employee awareness of the importance of maintaining good health through healthy nutrition and physical activity.

These may involve regular schemes, such as:

- daily provision of free baskets of fresh fruit for the 1,200 employees working at our centers in Sweden and Denmark; this system has been in place for around ten years;
- company-subsidized hire of sports facilities for employees at one of our Chinese subsidiaries, thus encouraging them to do regular physical exercise such as table tennis and volleyball.

Or one-off events, such as:

- *Food Week* and the *Health Fair* in El Salvador, aimed at promoting a healthy and balanced diet: dietary advice and recommendations are provided at some stands, while others offer blood pressure or sugar tests;
- the *Fruit and Vitamin Days*, when fresh fruit is offered to employees in Russia;
- *Health Week*, during which various healthcare and paramedical providers visit our Mexican subsidiary and present their products and services to the employees.

Extra holidays

A third of Teleperformance employees benefit from extra holidays in addition to the local statutory allowance. The amount of this extra holiday time varies in accordance with the corporate agreement specific to each subsidiary; for instance, it involves 2-4 additional days in the United Kingdom and 6 days for specific categories of employee in Morocco, and may amount to up to 10 days in China and 25 days in the United States depending on seniority and status. Lastly, some subsidiaries grant exceptional leave for family events not covered by local legislation, for example 5 days for a sick child in France, and time off for the wedding of a close relative in Colombia.

Subsidized meals

The vast majority of our employees benefit from wholly or partly subsidized meals or food in the form of a company canteen, meal vouchers or food purchase vouchers, depending on local laws and customs.

In some countries, such as Portugal and Brazil, this is a statutory requirement. In other countries, it is a benefit offered by Teleperformance to its employees.

Lastly, many subsidiaries negotiate reduced prices for employees at specific restaurants, usually those located near the office. Four-fifths of employees benefited from reduced restaurant prices in 2016. For example, employees at our Chinese subsidiary have a 10% discount in no less than 28 restaurants in Xi'an, while Teleperformance Mexico employees have various discounts in 52 restaurants in the six cities in which Teleperformance is based.

Preferential rates

Employees at most Group subsidiaries may benefit from negotiated or reduced rates on various services, and sometimes enjoy them free of charge. These reduced-rate or free services are offered through the works councils (where they exist) or are directly managed by the HR Department at each subsidiary, sometimes in partnership with our clients.

These include Internet connection agreements in the Netherlands and Egypt, preferential motor insurance rates in Morocco, product and telecom service protocols in the United States, spa resort deals for employees in Albania, rail travel discounts in Canada and discounts at hotels and travel agencies for employees at our subsidiaries in Tunisia, Turkey, the Philippines and El Salvador.

These preferential rates primarily apply in two priority areas:

Subsidized cultural and recreational activities

Most of our employees benefit from individual or family discounts or free access to cultural events or recreational activities.

Accordingly, in Greece, under the *Teleperformance Family* scheme, Teleperformance Hellas has offered free summer camps for its employees' children for the last five years. In 2016, 132 children were able to enjoy a wide range of activities.

In a similar vein, last year our Portuguese subsidiary organized and subsidized a multi-sport holiday camp for children of employees.

Employees of Teleperformance Mexico benefit from an agreement with a science and technology museum, while employees in El Salvador receive invitations to film premieres at the cinema and, in 2016, 50 employees of the Argentinian subsidiary were given free tickets for a pop concert.

Encouragement to take up sport

In many regions, Teleperformance negotiates preferential rates with sports clubs. Nearly all of our employees can participate in sporting activities at a reduced cost: these reductions are primarily granted by fitness clubs, but also include baseball in Mexico and martial arts and dance classes in Greece.

Every week, employees at our El Salvador subsidiary are offered free zumba lessons in the workplace. Some centers even have their own sports facility which employees can use free of charge.

Lastly, employees are sometimes invited to sporting events, such as ice hockey competitions and soccer matches in Canada.

Elsewhere, the Group promotes friendly sports matches between employees, by subsidizing the creation of in-house company teams (see further details under section 4.4.2.3 *Teleperformance Sport Club*).

4.2.6 Health, safety and security

In 2015, the Group Social and Environmental Responsibility Committee focused on harmonizing rules and practices related to the United Nations Global Compact Ten Principles. Emphasis was placed on human rights, diversity and equal opportunities, a responsible procurement policy and, last but not least, health and safety.

In 2016, the Group focused on the implementation of these Group rules and policies. Given the vast number of its employees (nearly 200,000 worldwide), the Group opted to give special priority to implementing its health and safety policy through an extensive program for training health and safety experts in each country and by deploying a set of tools to support the introduction and monitoring of these standards.

Teleperformance has drawn up a Health and Safety Policy aimed at reducing the risk of danger for employees in the workplace and preventing the occurrence or aggravation of occupational illnesses by promoting a safe working environment.

Passion 4U is a global Group initiative, closely linked to the Group's health and safety at work policy, for promoting well-being and improving quality of life at work by fostering awareness of issues related to employee health and stress reduction.

Our global strategy encourages the sharing of best practices, and all *Passion 4U* initiatives are rolled out locally.

The main strengths of this scheme are:

- creation of a great working environment;
- increased employee awareness of the benefits of healthy habits and stress reduction;
- long-term viability of our business;
- shared best practices as encouraged by our global strategy.

4.2.6.1 An appropriate working environment

To guarantee a healthy and pleasant working environment in all centers, a layout guide for the premises has been drawn up at Group level since 2009. This guide includes the standards and recommendations covering all areas in our premises: communal areas, work areas, training areas, and leisure and catering areas (cafeterias, break rooms etc.). It also provides recommendations for lighting, acoustics, information and communication technology, safety, hands-on management, sustainable development and well-being.

The aim is to provide specially designed areas for the well-being of employees that comply with building and layout safety standards specific to each country.

The layout guide for the centers is supplemented by a guide on employee and infrastructure safety and security. This guide, which was compiled by a team based at the Company headquarters, lays down strict rules of safety and security. This team ensures the proper application of these standards and supports and advises subsidiaries in their center creation and refurbishment projects. It is assisted on the ground by a network of 70 layout experts who receive training to assess and measure compliance with standards, as well as numerous webinars throughout the year. To guarantee constant improvement in centers, each country is assessed annually and develops action plans using a dedicated tool.

The profession of Contact Center Advisor is not physically dangerous. Nonetheless, Teleperformance affords high priority to the provision of suitable equipment to its agents. The guide also provides instructions on workstation ergonomics: desks, chairs and accessories must meet specific criteria guaranteeing comfort and practicality.

4.2.6.2 Prevention of occupational hazards

The prevention of occupational hazards is addressed using different methods depending on local legislation and in accordance with the Group global health and safety policy.

Most of the Group's European and North African subsidiaries and some other international subsidiaries have signed agreements with staff representatives on health and safety at work.

These agreements result from regular meetings of Committees generally comprising members of the management team and Human Resources Department, staff representatives and, occasionally, trade union representatives.

In the absence of specific risks relating to Group business activities, the Committees primarily deal with general health policies, evacuation procedures, access card issues, building security, payment of the occupational health practitioner, workplace ergonomics, etc.

In some subsidiaries, such as Norway, the health and safety policy is included in the induction process and each employee signs a form on evacuation procedures in case of incidents. An AMU, equivalent to a Health and Safety Committee, meets four times a year to review the work environment, health, safety, risks, etc.

In Denmark, while strictly speaking there are no agreements signed with regard to health and safety at work, staff representatives are involved in changes and negotiations regarding all matters concerning the workstation layout and environment.

In other subsidiaries, domestic legislation precisely defines the standards for health and safety in the workplace.

This is the case in Romania, where the constitutional law introduced in 1991 stipulates the measures to prevent occupational hazards, protect health and safety and eliminate risk factors, and sets out the conditions regarding employee consultation, information, participation and training.

Similarly, in Brazil, the law NR 17 stipulates the parameters which enable working conditions to be adapted to the psychological and physiological characteristics of employees.

In Italy, the law 81/2008, applied by Teleperformance down to the smallest details, regulates safety at work, risk assessment and health monitoring. It also indicates how to protect mental and physical health in the professional environment and encourages meetings and dialog with staff representatives.

4.2.6.3 Accidents at work

The working environment is not dangerous. In fact, excluding travel accidents, the vast majority of the rare industrial accidents were the result of slips or falls resulting in bruises or fractures. In 2016, the frequency rate was 4.53 compared to 4.27 in 2015.

The Group's business activities do not therefore give rise to material safety risks.

4.2.6.4 Occupational illness

For these same reasons, recognized or declared occupational illness is extremely rare at Teleperformance. Most declared cases of occupational illness concern hearing problems or musculo-skeletal disorders.

In terms of optimizing conditions in the workplace, special attention is paid to preventing damage to hearing. Accordingly, the Group's call centers are acoustically designed in strict compliance with the applicable employment law requirements.

As a preventive measure, some subsidiaries organize training and information campaigns related to potential occupational health risks, such as *Voice Day* in Spain and *Voice Week* and *Hearing Week* in Brazil.

Moreover, our employees devote a large portion of their time to work. In this respect, Teleperformance sees itself as a driver of improvement in its employees' health and, more broadly, quality of life.

4.2.6.5 Stress prevention

In our area of business, the main occupational health challenge in the business is stress prevention. The Group recommends a series of measures to its subsidiaries to promote well-being and minimize agents' stress, based on three themes:

- *Passion for you: Health Drive*;
- *Teleperformance For Fun: Arts Drive*;
- *Sports Club: Sports Drive*.

This is reflected in various initiatives:

- in Portugal, Greece and Russia, yoga workshops are offered to employees;
- in Mexico, sport-based relaxation exercises are conducted on site;
- in Brazil, a team of around 15 therapists has been offering shoulder and hand massages to agents directly at their workstations for the past few years;

- in Greece, employees are given free massages during Anti-Stress Week;
- in France, some sites are fitted out with "quiet rooms", relaxation rooms where mobile telephones are banned so that employees can switch off and relax;
- "nap areas" in the Philippines: 10 facilities provide bunk-beds so that agents can have a rest.

Other practices focus on the psychological aspect of stress *via*, for example:

- information and stress prevention campaigns are regularly organized in Spain and Greece;
- during stress prevention campaigns in the Greek subsidiaries, employees are given practical advice for reducing stress;
- regular group sessions on stress management are held in the United Kingdom; all stress-related incidents are given particular attention and are escalated *via* a special monthly reporting procedure;
- *via* our Employee Assistance Program, implemented for example in North America and Australia, employees receive support for managing stress, both at work and in their private lives.

The Group's ultimate goal is to apply these practices globally and share experience on a wide scale.

4.2.6.6 Employee well-being

Teleperformance places a major emphasis on employee well-being, as a result of which the Company receives regular awards from recognized independent institutions and assessment firms.

Accordingly, for the last seven consecutive years, Teleperformance Brazil has had the honor of receiving the Great Place to Work® award. Teleperformance Portugal also received this award in 2010 and for the next five years in a row. The Group's Indian and Chinese subsidiaries obtained the award in 2011 and 2012 respectively. In 2013, Teleperformance Greece and, for the second time, Teleperformance India obtained the award. In 2014, the subsidiaries in Mexico and El Salvador also obtained the award, which was re-awarded to the El Salvador subsidiary in 2015.

In 2016, five countries and two regions were recognized with this award:

- the Dominican Republic, El Salvador, India, Mexico and the entire Latin American region;
- while Brazil and the Ibero-LATAM region received the *Best Workplace for Women* award, which rewards companies with an environment favorable to women, on the basis of the employee satisfaction rate, cultural practices and the representation of women in management and executive positions.

Furthermore, in 2016 Teleperformance won the Aon Hewitt Best Employer award for its centers in five countries (China, India, Portugal, Ukraine and Albania) spread across our three areas of operational management. This award recognizes companies that have won the approval of their employees, who – considered precious assets – work in coherence with the Company's objectives, are rewarded for their efforts and are openly proud to be part of the Company.

A large number of initiatives to promote employee well-being are implemented at all centers.

They revolve around three principles: promoting loyalty, encouraging recognition and promoting integration, friendliness and harmony, all of which are major factors of well-being at work.

Loyalty

Teleperformance places great emphasis on every employee forming a strong bond with the organization. By promoting values like communication, respect and consideration, quality of service provided to customers, clarity of procedures, self-fulfillment and efficiency, Teleperformance recognizes every employee at all levels of its organizational structure, and increases their feeling of belonging to the Group.

Recognition

The organization focuses on maintaining and improving all factors that foster employee recognition and satisfaction. Every employee is evaluated on a regular basis, informed of how their performance is progressing and of their own targets and successes as defined by our management of daily performance (TOPS) procedures. In regions where such a scheme is permitted by law, rewards such as show tickets and dinners are handed out as employee incentive and center management tools.

Friendliness and cohesion

To cultivate a friendly atmosphere and strengthen team cohesion, our centers frequently organize or take part in in-house and external activities and events.

Social life at the centers

Most of our centers have set up relaxation areas where agents on a break can play foosball, table tennis, billiards, air hockey, pinball and board games, or watch television, play video games, have access to computers with free Internet, lounge on the sofa, play Xbox games, read books, etc.

Theme days to celebrate events or share moments with colleagues take place regularly in Group centers. These events include: costume parades and other carnival entertainments in Italy, chingolingo dice games in El Salvador, international cookery classes in Greece, collective breakfasts in Italy, St. Valentine's Day celebrations in Germany, Mothers' Day in Colombia, a special Halloween party in Morocco, etc.

Other on-site initiatives aim to create ties between family and professional life, like the "Bring Your Kid Day" in Canada, when employees are invited to bring their children to the office to show them their working environment. On "Family Day" in Brazil and India, all the family and close friends are invited to discover the working environment and opportunities offered by Teleperformance. With the idea of decompartmentalizing professional life in order to achieve better personal balance, our Mexican subsidiary organizes an open day twice a year, on Children's Day and Mothers' Day, at which various activities are organized.

Off-site social life

At the initiative and with the support of Teleperformance, employees also come together for activities outside of work, sometimes with their families. Accordingly, in July Teleperformance Mexico organized a sports morning in a park, while our Portuguese subsidiary offered employees and their families a wide range of activities including family walks, snorkeling and rock climbing. In Indonesia, some 400 employees took part in the festivities organized by Teleperformance for the Halal Bihalal ritual.

Many of these shared activities outside of the Company concern actions for charity or events revolving around sports.

Group charitable activities are described in further detail in section 4.4.2.1 *Citizen of the World*, while those relating to the many sporting activities offered by Teleperformance are described in section 4.4.2.3 *Teleperformance Sport Club*.

The driving idea is to rally colleagues together for a common cause in a spirit of mutual support.

4.2.6.7 Individual safety and security

In terms of individual safety and security, specific initiatives may be adopted in certain countries depending on the circumstances. On the whole, insofar as local legislation permits, all centers are equipped with secure access and camera surveillance facilities. Where necessary, some centers also have security guards and, in some cases, employee transportation is company organized.

4.2.7 Training

Training is a major component in our Human Resources management, especially in the Group's business, which aims to put *people at the service of other people*.

Training at Teleperformance is provided *via* three separate entities:

- *Teleperformance Academy* for the training of Contact Center Advisors;
- *Teleperformance Institute* for the training of managers;
- *Teleperformance University* for high-potential employees in the Group.

32,413,418 training hours were provided in 2016, compared to 28,542,457 in 2015.

In 2016, a total of 30,661,377 training hours were provided to agents, *i.e.* 167 hours on average per agent, versus 27,143,112 total hours or 171 hours per agent in 2015.

4.2.7.1 Teleperformance Academy

At local level, training programs intended for Contact Center Advisors are delivered on recruitment and/or for new clients/products requiring specific knowledge. In agreement with the client, these training sessions are, on average, of a duration of one week for the simplest operations up to five weeks for more complex products requiring more in-depth product knowledge.

Since 2014, all new hires have systematically taken part in an induction seminar on Group culture and values as of their first day at Teleperformance.

4.2.7.2 Teleperformance Institute

At the central level, the Teleperformance Institute provides all Group management staff (supervisors, platform managers, operational directors, etc.) with e-learning and "face-to-face" training.

In view of its global presence and desire to involve a maximum number of employees, the Group has focused particularly on developing e-learning. For the sake of greater independence, the e-learning platform has been developed in-house since late 2011, and is available in the main Group languages. Teleperformance employees were able to develop their leadership, communication, time management and project management skills thanks to the e-learning process. 307,505 training hours were provided in 2016, accounting for 1% of total 2016 training hours.

In 2016, the Teleperformance Institute focused on six areas:

- the launch of regional centers of excellence, where selected supervisors, center managers and deputy center managers complete a two-week training course on best practices to be applied at each stage of their job;
- the continuation of a global induction scheme for supervisors aimed at ensuring that all newly hired supervisors implement the same hiring process and cover the same core training objectives during their first six months;
- the introduction of training schemes to foster employee awareness of our corporate culture;
- continued roll-out of the internal training quality standard (improving the training of trainers), and certifying the Group's subsidiaries in terms of the standard;
- special emphasis was placed on safety and security, and all employees completed an e-learning course in Group safety and security standards during the year; after the course, all employees took a test in order to certify their assimilation of the required knowledge;
- more general, less targeted training programs on our business activity and the Group as a whole, including Microsoft Office® training.

4.2.7.3 Teleperformance University

Teleperformance University is an executive program divided into six modules taking place in different locations:

- corporate culture and management (Lisbon, Portugal);
- marketing and solutions (São Paulo, Brazil);
- business development (Guadalajara, Mexico);

- security, IT and communication technology (Salt Lake City, USA);
- finance (Athens, Greece);
- operational excellence and final project (Manila, Philippines).

Each module lasts one week and the complete training program is completed in ten months.

80% of the classes are delivered by senior leaders from Teleperformance, however we also have external professors from renowned universities who provide a more academic perspective.

This in-house university is geared towards high-potential managers aiming to become future senior leaders in the Group.

During the training, we stress the multi-cultural and global scope of the Group.

15 participants from 14 countries completed the training course over the academic year from September 2015 to July 2016. This year, 18 participants from 15 countries will complete the course from September 2016 to July 2017.

4.2.7.4 JUMP

JUMP is a development program created to identify high-potential employees and prepare them to take on leadership management positions in the Company.

The objective is to prepare employees to become leaders at all levels of operation by progressing from agent to supervisor, from supervisor to coordinator and finally, from coordinator to manager.

The JUMP program is based on a training program that offers technical and behavioral training, as well as personal development plans.

JUMP guarantees the recognition of talent, quality of leadership and the best possible use of our training methodologies. The program clearly shows all our employees what the Company expects from them and how they may progress within our organization.

Teleperformance also offers employees special support and orientation in the development of their career plans.

4.2.7.5 External training

All of our Latin American subsidiaries have signed agreements with universities located in cities where we operate to offer Teleperformance employees, and in some cases members of their families, reductions on tuition fees. Accordingly, in Mexico agreements have been signed with 31 universities offering reductions of 10% to 70% on tuition fees.

Partnerships have also been set up in Italy for the provision of English lessons, with the British Council in Russia, with a private higher education institution in Morocco and with the US and French chambers of commerce in the Philippines.

4.2.8 Diversity and equal opportunities

In January 2015, Teleperformance launched its equal employment opportunity policy. This policy is based on Principle 6 of the United Nations Global Compact:

"The elimination of discrimination in respect of employment and occupation"

The goal of Teleperformance's equal employment opportunity policy is to provide instructions to the subsidiaries to ensure that they follow a set of procedures designed to promote equal opportunities for employment, non-discrimination, diversity, inclusion and integration, and non-discriminatory hiring. Our policy also covers discrimination at work and in employees' career paths within the Group.

The Group's subsidiaries strictly apply all the principles of the United Nations Global Compact, and specifically Principles 1, 2 and 6, which deal with respect for human rights and eliminating discrimination in employment:

1. *Businesses should support and respect the protection of internationally proclaimed human rights; and*

2. *Ensure that they are not complicit in human rights abuses;*

6. *The elimination of discrimination in respect of employment and occupation.*

The guidelines for hiring and promoting employees drawn up by the Group specify:

"Selection shall be based on work-related factors and shall offer equal opportunities to all candidates, independently of personal characteristics such as race, color, gender, religion, political opinion, nationality, social origin, age, health, union membership or sexual orientation."

"Furthermore, employees will be selected on the basis of their ability to perform the work, and no distinction, exclusion, or preference based on other criteria shall be acceptable."

4.2.8.1 Measures taken to promote gender equality

All the quantified data presented in this chapter excludes the subsidiaries in the United States, for which information on employees' gender cannot legally be provided.

The Group indiscriminately employs men and women, the latter representing 53% of employees at 12/31/2016 (versus 54% at 12/31/2015).

The Group has introduced a set of procedures and guidelines in order to promote equal treatment of men and women. These measures include:

- gender is not specified in JUMP, Teleperformance's internal hiring process, and therefore cannot influence the recruiting officer;
- salary bands, classification, career opportunities and work schedules are not based on gender;
- Teleperformance affords special importance to gender equality and, to prevent any violation, the annual employee satisfaction survey includes an alert whenever a correlation is detected between the level of satisfaction expressed and the gender of respondents.

This results in a very high proportion of women in management positions: 46.9% as of December 31st, 2016.

Each subsidiary rolls out additional initiatives geared towards gender relations in accordance with local cultural issues:

In this regard:

- in 2015, as part of a commitment to increasing the proportion of female staff at its facilities, Teleperformance India set up a system of targeted communications to schools and higher education establishments in order to present our corporate culture and the safety and security measures we have implemented for our employees. Coupled with the family open days held four times a year and the "grapevine effect", this measure has led to a marked increase in the number of female job applicants: as a result, the proportion of women in the Indian headcount rose from 13% in January 2015 to 26% in October 2016;
- all focus groups at the El Salvador subsidiary must have a mixed-gender composition;
- in Tunisia, in accordance with our *Social Responsibility Label* certification, we track a number of indicators such as the ratio of training hours between men and women, the percentage of women on the Management Committee and the percentage of women among the ten highest salaries at the Company;
- the HR Departments of our US subsidiaries organize anti-favoritism webinars, etc.

In addition, there are six women on the Board of Directors of Teleperformance SE, representing 43% of Board members, a ratio that complies with the recommendations of the APEF-MEDEF Corporate Governance Code and statutory provisions regarding gender balance on Boards of Directors.

4.2.8.2 Measures taken in favor of employment and integration of disabled workers

The Group employs disabled workers and ensures compliance with applicable local legislation on hiring, non-discrimination, workstation layout and access for disabled persons.

A large number of local initiatives are implemented to promote the hiring of disabled workers:

- the Moroccan subsidiary has signed an agreement with the Handi Emploi website with a view to providing employment for disabled persons in the country: all of our job offers are posted on the website;
- in the USA, job offers are posted on websites that target disabled people and veterans;
- in Albania, Teleperformance has signed an agreement with a local association on hiring disabled persons;
- Teleperformance UK works proactively with several government agencies and NGOs that represent disabled people returning to work;
- Teleperformance Colombia has signed agreements with governmental and private foundations that put us in contact with disabled personnel, essentially amputees and crutch-bound employees; workstations are regularly adapted in consultation with the relevant employees;
- as part of a diversification drive, Teleperformance Brazil allocates grants for training disabled persons in order to provide them with job opportunities;
- in Mexico, the Labor Inclusion Program is an organizational model aimed at integrating disabled persons into a working environment so that they can gain experience and further their professional development. In 2016, 15 disabled persons were hired under this program, which allows Teleperformance to offer job opportunities to all members of society, including people who are often the victims of discrimination;
- over the last few months, the El Salvador subsidiary has carried out a number of alterations designed to improve conditions for disabled workers: doorways have been widened, filing cabinets adjusted to a convenient height, special parking spaces allocated, etc.
- *Handiperformant* is a special program designed by Teleperformance France to show that disability is not an obstacle to getting a job. This program includes daily support, reorganization of workstations and a true internal policy of raising awareness so that each person's differences and specificities are considered as assets conducive to working better together.

For five years, a national coordinator has been responsible for looking after disabled employees in liaison with a local officer appointed for each center. Every six months, these local officers meet their disabled employees and check whether their workstation is sufficiently adapted to their disability. If not, they ensure that the required adjustments are made.

Thanks to these different schemes organized under the umbrella of the *Handiperformant* program, the proportion of disabled persons employed by Teleperformance France increased from 3.83% in 2012 to 8.33% in 2016, almost double the private-sector national average of 4.8%.

4.2.8.3 Measures taken to promote the hiring and retention of senior workers

The Group's sector of activity naturally attracts a young population. This results in a high proportion of students, which is particularly significant in certain regions. For example, at the Indian and El Salvador centers, 30% and 45% respectively of new hires are students.

However, Teleperformance makes sure that the senior age group is not left out. Employees over 60 years of age benefit from an additional week of vacation in Norway and a similar system is in place in Switzerland.

Similarly, the Greek subsidiaries participate in specific programs organized by employment agencies to promote the employment of seniors. Teleperformance UK has set up an active partnership with government agencies and NGOs working to ensure that job offers are available to people of all ages and backgrounds.

4.2.8.4 Anti-discrimination policy

Given the Group's international scale and the development of multilingual centers, Teleperformance inevitably hires people of different origin and nationality to work in its facilities.

Some subsidiaries are particularly committed to welcoming people from other countries: Teleperformance Greece organizes a series of activities to introduce foreign recruits to Greek culture, including games, educational tours and discussions with colleagues on local customs and practices.

Group companies comply with current legislation concerning non-discrimination; some subsidiaries are particularly proactive in this area, such as Teleperformance USA which has employed a diversity manager since the beginning of 2010.

4.3 Environmental information

4.3.1 Global environmental policy

Teleperformance's activity is non-polluting. However, Teleperformance is aware of the responsibility incumbent on each citizen and pursues a policy of minimizing the negative impact of its activity on the environment by acting in a sustainable way so as to ensure that future generations are able to satisfy their own needs.

Citizen of the Planet (COTP), which was launched in 2008, is a global corporate initiative aimed at ensuring that Teleperformance manages its business activities in a responsible and environmentally friendly way.

The Group's primary objectives are to reduce energy consumption, paper and packaging waste and travel (air and local) in all of our subsidiaries.

Teleperformance also places great importance on promoting global awareness on the part of its employees. They are therefore encouraged to apply a set of environmentally friendly principles to all aspects of their professional and personal life.

The welcome guide given to newly employed agents includes a chapter on protection of the environment. Advice and information is provided and new recruits are encouraged to participate in the *Citizen of the Planet* initiatives, which vary according to local sensitivities. The following sections include descriptions of some of these initiatives aimed at preserving the planet.

In each employee's everyday life, there are numerous reminders about actions to help preserve the environment: "Water is a precious asset, save it" posters, electronic signatures encouraging employees to use printers sparingly to limit their environmental impact, etc.

Furthermore, in order to foster awareness, some subsidiaries regularly provide employees with data on water and electricity consumption and overall developments in the Company's carbon footprint.

4.3.1.1 Environmental management

Citizen of the Planet is an initiative launched by Group founder Daniel Julien which aims to ensure that Teleperformance manages its business activities in a responsible and environmentally friendly way.

The Social and Environmental Responsibility Committee determines the overall environmental policy and checks that the resources are appropriate for achieving the targets set. Meanwhile, the directors of each subsidiary are responsible for implementing and monitoring environmental policy at local level. *Citizen of the Planet* coordinators at each facility are responsible for the feedback of environmental information, which is forwarded to the head office *via* monthly reports.

Moreover, some subsidiaries in Asia, Europe and Latin America have decided to formalize their efforts in this area by instigating procedures to obtain internationally recognized certification such as:

ISO 14001

Several German sites, as well as our Ashby-de-la-Zouch site in the United Kingdom, have obtained ISO 14001 certification. Where possible, our other UK sites adopt the recommended environmental standards and procedures, without going through the certification process.

Introduced in 1996 by the International Organization for Standardization (ISO), ISO 14001 is based on the principle of continuous improvement of environmental performance through limitation of the Company's carbon footprint.

LEED

Five centers in Colombia, as well as the Beijing (China) and Cebu Park (Philippines) centers, have obtained LEED certification (Leadership in Energy and Environmental Design).

The LEED certification system, designed by the US *Green Building Council*, attributes points according to a certain number of criteria: sustainable development, water savings, efficient energy management, materials, air quality, innovative design and regional issues. LEED certified buildings are designed to enable reductions in energy consumption, CO_2 emissions, water consumption and generation of solid waste.

BREEAM

The Glasgow (Scotland) and Paris (France) centers have obtained BREEAM certification (BRE Environmental Assessment Method), a method for assessing the environmental performance of buildings developed by the BRE (Building Research Establishment), a private UK-based building research organization. It is the equivalent of LEED in North America and HQE or "*Bâtiments durables méditerranéens*" in France.

The BRE aims to "establish a best method standard" regarding the design, construction and operation of environmentally friendly buildings. Founded in 1990, it has subsequently undergone periodic developments in line with changes in regulations, issuing various versions of the standard in accordance with the type of building concerned.

French HQE label

The building in which Teleperformance France is located received the French "NF HQE" high environmental quality certification for occupied commercial buildings for its impact on the environment and its energy consumption. This means that the building is managed in compliance with environmental quality (optimized energy, water and waste management, comfort for the occupants, etc.).

4.3.1.2 Promotion of public transport

Most Group facilities are located in areas that are easily accessible by public transport. Where this is not the case, or simply to encourage employees to avoid using their personal vehicles, contracts with private transportation companies can be implemented.

For example, a system of regular shuttle-buses is available for employees at all of our centers in North Africa, the Philippines and Jamaica, as well as our centers in Xi'an (China), Taranto (Italy), Usak (Turkey), Água Branca and Lapa (Brazil). Teleperformance has set up a system in which employees are collected by free coaches, linking the different sites and dropping off employees at convenient points (stations, downtown). Employees make extensive use of these services, including two-thirds of employees at our six centers in Morocco and 600 employees at the Xi'an center in China.

Shuttle services exist in other regions on a more selective basis, mostly for employees working outside normal hours.

In the absence of or in addition to shuttle-buses organized by the subsidiary, some subsidiaries subsidize all or part of their employees' public transportation season tickets.

4.3.1.3 Promotion of "green" transport

Cycling to work is particularly suited to centers located in downtown areas, and several campaigns have been set up to encourage employees to prioritize using their bicycles. As far as possible, centers are furnished with bicycle parks. In France, employees are refunded 50% of the costs of subscriptions to public cycle rental for their journeys from home to work.

On the initiative of the Human Resources Department operational management for the CEMEA region (Continental Europe and the Middle East), a large-scale competition to promote a more active lifestyle and the use of green transport was organized over a five-week period in autumn 2016. Each participant downloaded an app onto their smartphone that calculated the distance traveled walking, running or cycling. Operation "X-tra mile Game" scored a resounding success: 918 competitors from 20 European countries traveled a total distance of over 40,000 km. Competitors from the most active subsidiary were rewarded in the form of gift vouchers for sports, health or fitness accessories.

4.3.1.4 Promotion of ride-sharing

Ride-sharing is included in the Group's recommendations regarding site layout.

It is widely encouraged *via* posters displayed in break rooms, ads on the Company intranet and on some sites by means of special reserved parking spaces. After proving its effectiveness at several centers in the United States for several years, the reserved parking system for car poolers has now been implemented at all of our Mexican centers and three centers in the UK.

The Brazilian subsidiary has adopted a different solution in the form of a partnership with a ride-sharing website.

4.3.2 Circular economy

4.3.2.1 Food waste

Most of our centers have a canteen or cafeteria for the use of employees. Although management of these facilities is outsourced, each site director and, usually, staff representatives and/or the Health and Safety Committee draw up a set of specifications regarding the food provided and prices.

Minimizing food waste is a growing concern across the Group. Each center has a large degree of freedom regarding the choice of supplier, the nature of the center's contribution to food waste reduction and the extent of the supplier's involvement and assistance in this initiative.

Therefore, food waste reduction initiatives are implemented at local level in accordance with local culinary sensitivities and culture, by involving employees as much as possible in the process, in particular *via* the Health and Safety Committees and the quality audits they perform.

Initiatives in this area include the following:

- in the United States, our suppliers have introduced a set of preventive measures, such as cooking to order, detailed inventories to avoid over-stocking, and checking of expiry dates;
- in Brazil, quantities of food produced are adapted to the previous day's consumption on a daily basis; in addition, Teleperformance has implemented the *Trim Trax* program aimed at enhancing employee awareness of the environmental impact of environmental waste;
- in Russia, particular attention is paid to employee feedback in order to strike unpopular dishes off the menu;
- the Mexican subsidiaries organize health awareness campaigns geared towards environmental data in order to raise employee awareness of the impact of human behavior on the environment; in addition, the supplier seeks to adapt the size of portions to actual consumption;
- in India, at the employees' own suggestion, scales have been installed in the canteen to weigh the amount of food that is thrown away, while the total weight of food waste is displayed on a daily basis; since the introduction of this permanent

measure, which is aimed at both supplier and consumers, the weight of food waste has fallen by 40% on average;

- in 2014, one of the Teleperformance Portugal centers set up a partnership with a food bank that distributes excess food from company canteens to families in need, thus reducing food waste. This initiative is part of a wider scheme aimed at eradicating food waste and hunger in the local community.

4.3.2.2 Recycling processes specific to the business

The need to be at the cutting edge of technological innovations requires us to frequently renew our installed IT and telephone base, a key resource in this business sector.

Teleperformance is committed to recycling this equipment once it is no longer fit for professional use.

Accordingly, Teleperformance's approach to recycling obsolete equipment combines ethical and environmental concerns.

Computers

Computers no longer fit for professional use are recycled in a number of ways:

- they may be sent to specialist firms that handle sensitive materials in accordance with specific standards and charters; for example, in 2016 over 2,500 computers were recycled for depollution;
- they may be donated directly to nurseries, schools or community-oriented NGOs. Accordingly, in 2016, 876 computers were donated worldwide; some subsidiaries choose to give them to their employees;

Given the sensitive data that they may contain, all of our computers are wiped clean before leaving the Company. In some locations, such as the United States, hard drives are systematically removed and destroyed.

Telephones

In the case of telephones that are no longer fit to be used in call centers:

- a third of the subsidiaries send them to firms specialized in recovering pollutants; for example, in 2016 the Canadian subsidiary sent 225 telephones to recycling firms;
- some subsidiaries give them to charities or employees (as in Slovakia in 2016, where our subsidiary gave used telephones to some of its employees).

4.3.2.3 Paper recycling

In general, double-sided printing is applied systematically and, as much as possible, preference is given to purchasing recycled paper.

Most subsidiaries recycle paper by installing special containers for this purpose in each department. Waste paper is collected for recycling by a third party service provider.

Paper recycling is often associated with local charity schemes or schemes designed to benefit employees directly, as illustrated below:

- in the Philippines, the proceeds from paper recycling are donated to the Kythe Foundation, a local NGO working for hospitalized children, to pay electricity bills;
- in Brazil, recycling is performed by two organizations that prioritize the integration of unqualified employees and work on improving living conditions in Lapa, one of the largest of Sao Paulo's slums, where our biggest center in the country is based;
- in Egypt, recycling is managed by "Resala", a charity association linked to an orphanage.

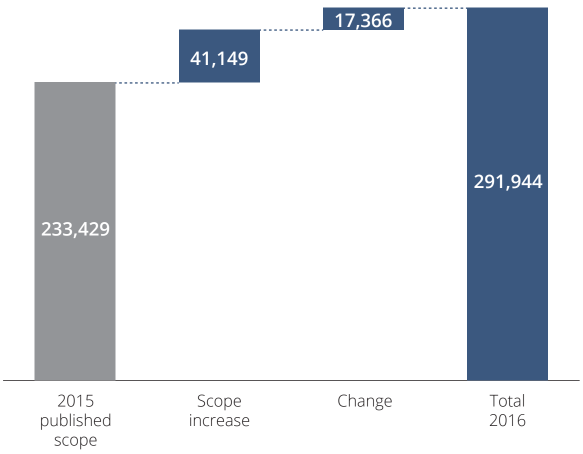
Specific actions are supplemented by various initiatives aimed at promoting global awareness, such as training the cleaning staff to sort paper for recycling or the installation in every office – even individual ones – of two waste containers, of which one is exclusively reserved for paper.

In sections 4.3.3 and 4.3.4, 2016 means the period from October 1st, 2015 to September 30th, 2016, while 2015 refers to the period from October 1st, 2014 to September 30th, 2015.

4.3.3 Sustainable use of resources

4.3.3.1 Energy consumption

Electricity in MWh



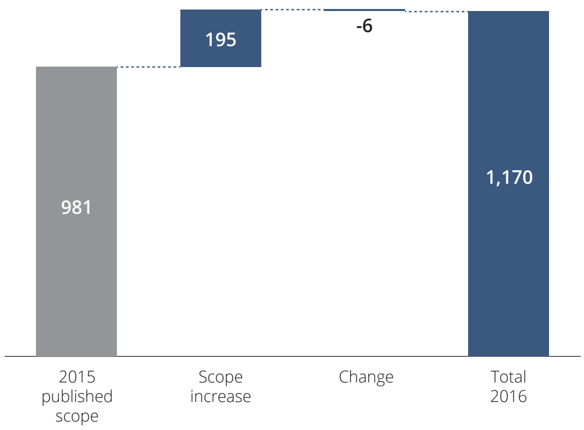
Energy consumption in 2016 amounted to 291,943,798 kWh, up 6% from 274,578,269 kWh in 2015 at constant consolidation scope. This increase was mainly due to the launch of 12 new centers - mostly in Brazil, the Philippines and Albania - and the enlargement of some centers in China, Greece and India.

To improve this performance, Teleperformance pursues a continuous improvement drive with regard to fittings (low energy bulbs, motion detectors, timers, etc.).

The Group uses renewable energies as part of its energy mix: a portion of the electricity supplied by current providers is derived from renewable energy (wind farms and solar power in particular), depending on the region.

4.3.3.2 Water consumption

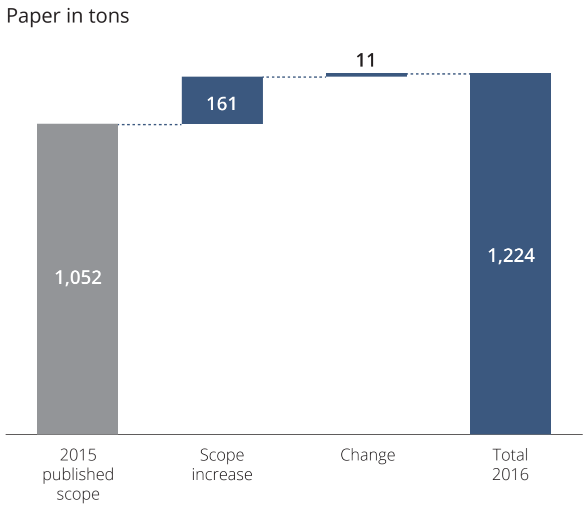
Water in thousands of m³



Water consumption in 2016 amounted to 1,170,155 m³, down 0.5% from 1,175,798 m³ in 2015 at constant consolidation scope.

This slight decrease is mainly due to modernization work carried out on centers by the subsidiaries in 2016 (economical flush systems at our US sites, installation of pressure reducing valves in Brazil, etc.), but also to more global measures to raise employee awareness of the importance of saving water: permanent notices or monthly dissemination of energy and consumption statistics.

4.3.3.3 Paper consumption



Paper consumption in 2016 came to 1,224 tons, up 0.9% from 1,213 tons in 2015 at constant consolidation scope.

This slight increase was mainly due to increased paper consumption in China where, as part of the expansion of the Group's operations, a large number of training courses requiring paper materials were provided.

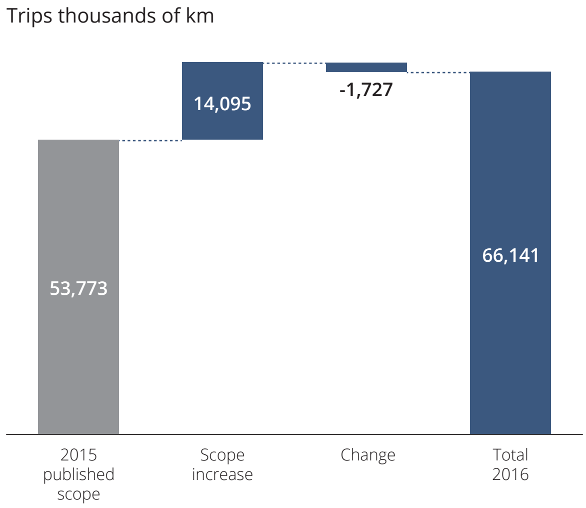
A number of campaigns and measures implemented by the subsidiaries are aimed at reducing paper consumption, including double-sided printing, which is made systematic as far as possible, reducing the number of individual printers and increasing the use of tablets.

A series of measures have been implemented worldwide, such as electronic signatures for all Group employees, in order to avoid unnecessary printing and thus minimize each employee's carbon footprint, and global use of digital documentation.

A number of initiatives introduced by our subsidiaries are globalized, where local legislation permits. For example, the online payslip system introduced by the Portugal subsidiary in 2007 was extended to the Philippines and then to all Group centers in Southern Europe, Scandinavia and South America. More recently, the system was introduced in our subsidiaries in Eastern Europe, Central America and the USA. In 2016, around four-fifths of Group employees were covered by the online payslip system.

Further details of the paper collection and recycling system may be found in section 4.3.2.2. *Paper recycling*.

4.3.3.4 Air travel



Air travel in 2016 totaled 66,141,150 km, down 3% at constant consolidation scope from 67,868,143 km in 2015.

For several years now the Group has been encouraging the use of video-conferencing and Internet phone calls by employees wherever possible, in order to cut down on travel and CO_2 emissions. Otherwise, rail travel is generally preferred to air travel.

4.3.4 Climate change

4.3.4.1 Adaptation to the consequences of climate change

Given the locations of its facilities, the Group has relatively limited exposure to climate change risks.

However, the Philippines subsidiary is located in a region potentially vulnerable to typhoons. While the main danger concerns rural areas, which are the first to experience mudslides from heavy rain, the teams at Teleperformance Philippines attend conferences and debates organized by government authorities responsible for continuity plans in the event of a disaster.

In 2014, Teleperformance Philippines forged a partnership with the public safety division of the MMDA (Metropolitan Manila Development Authority) to improve Teleperformance's capabilities in the event of a disaster. 50 security guards and facilities personnel attended the two-day Disaster Preparedness Training, which is part of Teleperformance's Business Continuity Plan (BCP). The risk of typhoons, earthquakes, fires and other man-made accidents were discussed.

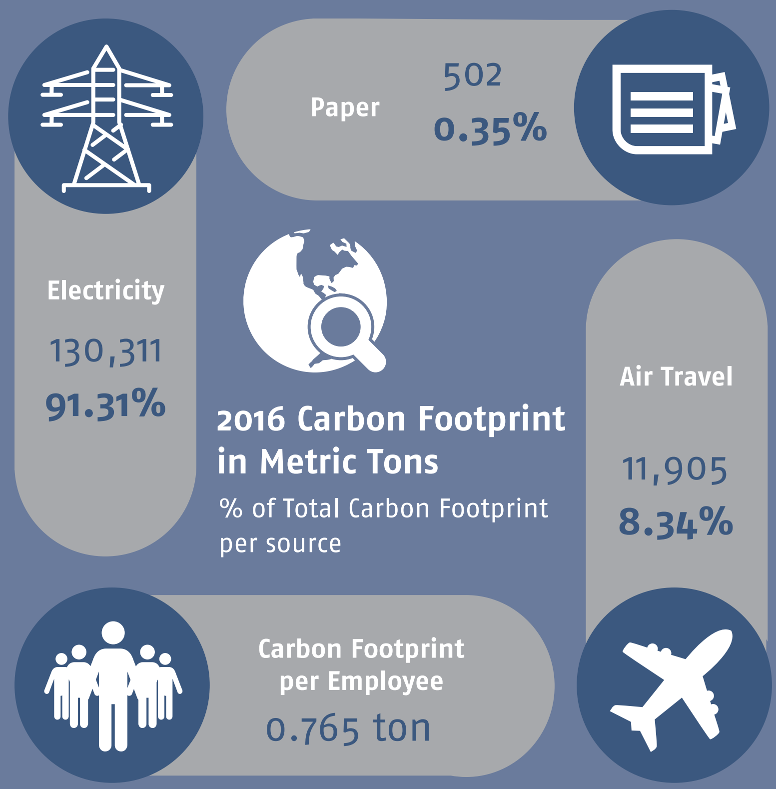
Lastly, *Citizen of the Planet* initiatives, such as tree planting and river cleanup, organized by our Philippines subsidiary contribute to preventing floods and mudslides.

4.3.4.2 Greenhouse gas emissions

Citizen of the Planet

In 2016, our total(1) measured carbon emissions were 142,719 tons with a carbon footprint per employee (CFE) of 0.765 tons

"It's our commitment to minimize negative environmental impacts by acting in a sustainable manner to ensure future generations have the ability to meet their own needs. Citizen of the Planet (COTP) is a global corporate initiative aimed at ensuring Teleperformance operates in an environmentally friendly and responsible manner."



(1) *Reporting period is from October 1st, 2015 – September 30th, 2016.*

- Electricity: emission factors used is the standards published by the IEA (International energy agency).
- Paper: conversion factor used is an estimate of 0.410 tons of CO_2 per each ton of paper consumed (source ADEME).
- Air Travel: we are using a standard calculated based on a web tool designed for this purpose, the emission factor is 0.18 kg per CO_2
- Our carbon footprint is published for our main subsidiaries (approximatively 92% of Group's revenues).

At constant consolidation scope, our carbon footprint per employee fell by 1% from 2015 to 2016, mainly due to the reduction in the number of employee trips.

However, in view of our expansion and the increase in our headcount, the Group's carbon footprint such as measured as of today, came to 142,719 tons in 2016, up 6.8% from 133,585 tons in 2015.

4.3.4.3 Land use, noise pollution and protection of biodiversity

As Teleperformance does not use natural resources, its business does not generate material direct emissions into the atmosphere, water or ground and does not create any noise disturbance for the local community.

Nor does our business have a material direct impact on biodiversity.

Nevertheless, Teleperformance endeavors to act at its own level, for example:

- by prioritizing the purchasing of recycled paper;
- as far as possible, Teleperformance UK furnishes its offices and centers with furniture made of wood derived from sustainably managed forests;
- to limit the use of plastic bottles and cups, since October 2015 every employee at our Portuguese subsidiary has been provided with a reusable bottle.

Lastly, Teleperformance is involved in a large number of local initiatives aimed at raising global awareness amongst employees about their impact on the environment. Initiatives in 2016 included the following:

- all of our subsidiaries were invited to organize local initiatives for *Earth Hour*, a global WWF-sponsored environmental movement which, once a year in March, encourages everybody to "turn off the lights" for a symbolic hour;
- in partnership with Athens zoo, around 100 Teleperformance Hellas employees volunteered to feed the animals and clean the park every Sunday for five weeks;
- employees at the El Salvador subsidiary gathered on the El Majahual beach with their families to help release turtles back into the sea and take part in workshops on the protection of sea animals;
- at the Mönchengladbach center in Germany, the deposits collected on empty bottle returns are used to pay for a communal lunch or afternoon tea for employees in the break room;
- in partnership with the *Green Line Albania* NGO, employees at our centers in Durres and Tirana, Albania, took part in an initiative to clean the streets of their city.

Moreover, *via* its partnership with the Monterrey Metropolitan Water Fund (FAMM), in 2016 the Mexican subsidiary donated over 400,000 pesos to a project for preserving the ecosystem of the watershed and groundwater infiltration areas.

4.4 Social information

4.4.1 The local, economic and social impact of our business

4.4.1.1 Impact on employment and the economy

Site location strategy

The choice of site locations primarily corresponds to an employment area approach. As the business generates a high staff turnover rate, it is crucial to have appropriate candidates nearby. This means that our facilities are mainly located in areas:

- that are easy to access *via* a large public transport network; while proximity to an airport is also a priority for the centers dedicated to offshore business;
- close to universities, for example in Argentina and Portugal, to promote hiring of suitable candidates and multilingual talents;
- with a high unemployment rate.

Local impact

Teleperformance's local impact in terms of employment varies considerably depending on the countries and site locations.

Thus, even with nearly 3,000 workstations, the local impact of the Monterrey (Mexico) subsidiary remains limited in an urban conglomeration with a population of 4 million.

On the other hand, Teleperformance Philippines, which employs around 40,000 employees operating from 20 centers spread across the country, is the 2nd largest private-sector employer in the Philippines. Therefore, Teleperformance's impact on the economy and employment market is considerable.

Likewise, in Albania, with 2,000 employees based in three centers, our economic and social impact is very strong, as Teleperformance is one of the top ten companies in the country.

On a smaller scale, Group operations in small and medium-sized towns and cities have a noticeable impact: in Spain, for example, the Ponferrada center is the primary employer in this town with its population of around 65,000.

4.4.1.2 Employment impact

Partnerships to promote employment

Teleperformance works in partnership with government employment agencies on a regular basis.

Under the patronage of the employment ministry, a few years ago Teleperformance Tunisia set up a partnership with the United States Agency for International Development (USAID) and the *Education For Employment* foundation (EFE-Tunisie), a non-profit international NGO. Teleperformance benefits from a pre-selection system with local employment agencies. Since the start of the partnership, 14 groups of 12 people have undergone 4-week pre-hiring training and 80 are still currently working for the subsidiary.

In El Salvador, Teleperformance works closely with the Ministry of Labor and Social Security on developing educational programs to promote and foster skills among the young generation to help them find employment more easily. In addition, we work alongside local authorities by contributing to the training of adults to help them get jobs at our centers.

In Albania, the national employment office forwards a list of job-seekers to the Teleperformance subsidiary, which then contacts these people when job opportunities arise. Teleperformance Albania is also the main sponsor for the Employment Exhibition organized by the national employment office.

In Russia, a partnership was set up five years ago with the Labor Ministry and a number of cooperation agreements were signed: three days a week, Teleperformance recruitment officers visit the national employment agencies to make contact with candidates. Every month, Teleperformance takes part in the trade fairs organized in these agencies.

In Turkey, Teleperformance continues to work with the government agency for combating unemployment, which covers social security contributions, transportation costs and lunches for interns returning to work who take part in the program.

For three years, Teleperformance has been an active member of the Moroccan customer relations association (AMRC), which brings together the main historical outsourcers that share common ethical and social values and practices. The members of the AMRC are committed to:

- providing very attractive salary and social conditions;
- providing long-term career paths;
- making considerable investments in initial and continuous training;
- having an acute sense of social responsibility.

Links with educational institutions

There are close and regular links between Group centers and nearby educational institutions in most of the cities where Teleperformance operates, especially with higher education institutions.

Many of these partnerships aim to publicize the opportunities offered by the Company and to make hiring easier, *via* Teleperformance's active participation in a number of job forums.

However, a large number of agreements signed with schools and professional training centers have enabled a more in-depth collaborative process to be implemented, including:

- twice-yearly visits to Albanian universities to explain to students the advantages of working for a large group like Teleperformance;
- in Portugal, Teleperformance sponsors the ISEG (Lisbon School of Economics and Management) by providing teaching materials and trainers for the digital marketing and call center management courses;
- in Argentina, the head of Human Resources holds an annual meeting with the director of the region's three largest engineering schools;
- Teleperformance Tunisia, as part of its *University Action Plan*, organized open days and set up group sessions designed to fit around students' course timetable;
- Teleperformance Philippines has set up a partnership with over 60 universities and establishments whereby priority is given to hiring candidates from partner establishments, seminars, workshops and interview training sessions are organized and various activities are coordinated between the partners.

In addition, most of our subsidiaries receive interns or students under apprenticeship and professional qualification contracts.

Lastly, there are a large number of social responsibility programs aimed at assisting local communities. Thus, some of our computers which are no longer fit for professional use are given to local schools. For example, as part of a drive to help reduce the digital divide, the Italian subsidiary donated 47 computers to the Leonardo da Vinci school in Monteiasi, a town located in the Apulia region near a Teleperformance campus.

4.4.2 Support, partnership and sponsorship initiatives

4.4.2.1 Citizen of the World

Citizen of the World (COTW), which was founded in 2006, is a charitable movement launched by Teleperformance in order to help the world's most vulnerable infants and children meet their basic survival needs and further their personal development.

Citizen of the World subsequently extended the scope of its initiatives to a broader audience, including the victims of natural disasters throughout the world, the elderly and disabled and cancer research. More recently, Teleperformance has provided assistance to refugees through the COTW scheme.

As part of the *Citizen of the World* initiative, in 2016 Teleperformance donated the equivalent of US$4,845,256 in cash and kind, as well as 876 computers.

Aid for natural disaster victims and refugees

Over the past ten years, Group employees have donated 342,089 volunteer hours – including 66,643 hours in 2016 alone – to help underprivileged people or victims of natural disasters.

Accordingly, moved by the earthquake that hit central Italy this summer, employees at the various Teleperformance centers rapidly organized collections to provide aid and moral support to the communities affected. Strong links were established with the mayor of Amatrice, a town located at the epicenter of the earthquake, and a delegation of employees visited the site a few months later.

In Canada, donations were collected for victims of the devastating forest fires that struck Alberta in spring.

Other initiatives included an aid scheme for victims of the landslide at Garut in West Java, organized by employees of our Indonesian subsidiary, while Teleperformance employees in the Dominican Republic worked with a local NGO to collect non-perishable goods and distribute them to victims of the floods that hit the country in late November.

Apart from emergency operations, the subsidiaries regularly partner local or national charity initiatives.

Lastly, in response to the refugee crisis involving hundreds of thousands of people leaving their homeland in search of a better life elsewhere, the employees of Teleperformance UK provided tents, clothing, food and essential supplies to the migrants installed in Calais, while Portuguese employees collected over 600 items of warm clothing and pairs of shoes to give to families arriving in Portugal. In Greece, monthly collections of clothing and toys for children of refugees are organized.

Aid to the elderly

On October 14th, 2016, for the *Plus de Vie* (literally, "more life") fundraising initiative for hospitalized elderly people, Teleperformance France provided seven of its customer relations centers free of charge to register donation pledges from individuals. To ensure the training and supervision of 378 young students who responded to donors on the telephone, as well as the technical organization, 144 Teleperformance France employees offered to help and donated a total of over 3,000 volunteer hours. This major charity campaign will finance a large number of projects aimed at combating pain, encouraging family reunions and improving the reception and comfort of elderly people. The partnership with the Hôpitaux de Paris-Hôpitaux de France foundation, which organizes this operation, has now been in existence for eleven years.

For many years now, Teleperformance Philippines has supported the *Mary Mother of Mercy Home for the Elderly* foundation in San Pedro, while the Colombian subsidiary continues to support the *Consiente Abuelitos* program by providing sanitary products to elderly persons in need with the help of volunteer employees.

Aid for underprivileged children

Teleperformance's commitment, in coordination with local associations and organizations, takes various forms, such as visiting and organizing activities in orphanages and pediatric hospitals, collecting toys, clothing and school accessories, etc.

Among the many initiatives in 2016, the subsidiaries organized or took part in:

- a collection of shoes, toys and, above all, school accessories for the Casa do Menimo de Jesus orphanage, located next to the Teleperformance Portugal center in Covilhã in central Portugal;
- a collection of books for a school in Sidi Thabet, Tunisia;
- the purchase of equipment to renovate the playground at the orphanage in Volgograd, Russia;
- the distribution of Easter eggs to hospitalized children in the UK;
- in partnership with the *Make-A-Wish* Foundation, which aims to fulfill the wishes of children aged 3-17 suffering from serious illnesses, 18 Teleperformance Hellas employees played the role of soldiers in a reconstruction of a historical scene, in order to accomplish one child's wish; 120 employees of the Greek subsidiary also took part in the Athens marathon in aid of *Make-A-Wish*;
- every year, the Argentinian subsidiary takes part in a local initiative to enable underprivileged children to celebrate Christmas;
- Teleperformance Spain organized a show in the pediatric oncology ward of Jaen hospital, during which toys were handed out to hospitalized children;
- in addition to the generous financial assistance provided by Teleperformance, over 100 volunteers from our three Mexican subsidiaries helped to set up a community center in one of Mexico City's underprivileged areas; this ambitious project launched by the *Un Kilo de Ayuda* association, includes an orchard for growing fruit and vegetables, an egg and meat production area, a water reservoir system, eco-friendly toilets and more.

Actions in support of disabled people

A large number of local initiatives are organized by the subsidiaries to help disabled people. For example:

- the Tunisian subsidiary has an ongoing partnership with the "*Un bouchon, un sourire*" (A bottle top, a smile) association which organizes recycling of plastic bottle tops, the proceeds of which are used to fund projects in aid of disabled persons; in Greece and Spain, a similar scheme is used to help child victims of road accidents by providing them with wheelchairs;
- Teleperformance Salvador supports the Padre Vitto Guarato shelter, which takes care of children and teenagers suffering from physical or mental disabilities;
- the US and UK subsidiaries regularly organize fundraising campaigns for the war wounded.

Actions in aid of the sick and medical research

Teleperformance also provides assistance to the sick and implements a wide range of local initiatives in aid of medical research. Accordingly, in 2016:

- Teleperformance UK organized several fundraising initiatives in aid of the *British Heart Foundation* support for autistic people and cancer research. A more deeply-rooted partnership directly involving employees was set up with the *Teenage Cancer Trust*, a foundation that provides assistance and support to teenagers suffering from cancer;

- in Spain, Teleperformance works with the Sanfilippo foundation, which funds the search for a cure for children suffering from mucopolysaccharidosis, a rare genetic disease;
- in October, Teleperformance SE fully subsidized employees' and their families' participation in the *Odysséa* 5 or 10 km run organized in aid of breast cancer research.

Other charitable initiatives

Other local initiatives are organized for communities in need. Among the various programs implemented worldwide in 2016:

- all of the Group's US centers made regular contributions to local food banks;
- Teleperformance India distributed clothing to people living in slums;
- employees in Indonesia organized a rummage sale in aid of several orphanages;
- during the month of Ramadan, Teleperformance Tunisia coordinated collections of food and clothing for two humanitarian organizations, Red Crescent and AMAL;
- employees of Teleperformance Russia raised funds and collected furniture donations to help an employee at the Vladimir contact center whose house had been destroyed by fire.

4.4.2.2 For Fun Festival

Teleperformance's "*For Fun Festival*" is a global initiative that recognizes the most talented people in our company. The aim of this competition is to create a sense of fun and provide entertainment in the form of an international art, dance and music competition designed to instill pride in belonging to the Group and promote its cultural diversity.

The "*For Fun Festival*" is an annual event in which all employees are invited to take part. The best candidates from each country are selected from local qualifying rounds.

More than 9,000 employees from 35 countries produced 2,499 videos, in order to take part in the local qualifying rounds for the 9th festival: There were 920 entries in the Music category, 858 in the Art category and 721 in the Dance category.

Six winners were selected by a panel of Teleperformance representatives specialized in each category, while the community panel also selected its top three videos. This panel, open to everyone *via* Facebook, enabled friends, families, colleagues and the general public to express their preference for the best performance. The video with the highest number of "likes" in each category was selected. 51,905 votes were cast on Facebook during the four-week voting period.

4.4.2.3 Teleperformance Sport Club

Teleperformance Sport Club is a global initiative that encourages employees to share enjoyable moments with their colleagues through practicing a group sport. The program is a worldwide initiative that aims to promote sport as a means for well-being and quality of life.

Employees at all subsidiaries are encouraged to practice a sport and to take part in the championships. The aim is to have fun and provide entertainment *via* activities that bring together employees, their families and their friends.

In 2016, the Group boasted 507 soccer teams worldwide, 115 volleyball teams, 194 basketball teams, 132 bowling teams and many other teams of sportsmen and women playing tennis, badminton and softball.

4.4.3 Fair practices

4.4.3.1 Market conduct

Teleperformance has introduced a Code of Conduct relating to securities transactions in accordance with the AMF (French Financial Markets Authority) guide on prevention of insider misconduct in listed companies. The guide applies primarily to Group senior management. The procedures implemented are described in chapter 3.6.1 *Code of Conduct relating to securities transactions*.

4.4.3.2 Actions to prevent fraud and corruption

The Teleperformance Group constantly monitors the practices applied by its employees and subsidiaries to ensure that such practices are exemplary. Thus, within its sphere of influence, the Teleperformance Group applies the Ten Universal Principles of the United Nations, in particular *via* the implementation of targeted policies Accordingly, as stated in section 4.1.2 of this report, all the Group's employees and subsidiaries are required to comply with the Ten Principles to which Teleperformance has adhered, and our Company has introduced a monitoring process in this regard. The anti-corruption policy introduced in 2012 applies to all Group employees and prohibits all types of corruption (financial, non-financial, favoritism).

In addition, all Teleperformance employees are required to apply a global ethical charter in their relationships with both suppliers and clients.

Lastly, with the aim of implementing the universal principles, Teleperformance has drawn up a global policy designed to protect all personal data collected and processed within the scope of its operations.

Further details on anti-fraud measures implemented by the Group may be found in part 3.3.2 *Internal control and risk management*.

4.4.3.3 Subcontractors

Owing to its activity as an outsourcer, Teleperformance and its subsidiaries make very limited use of subcontractors. In any event, the Group's core business (customer relations) is never subcontracted. However, in some regions payroll operations are partly subcontracted in order to reduce costs: this solution only covers 0.21% of Group revenues.

4.4.3.4 Suppliers

Teleperformance's procurement policy was officially set down in June 2015 and is publicly available for consultation. In line with the Group's values, the policy includes requirements with regard to ethical issues and anti-corruption. It is geared towards streamlining procurement processes and the continuous improvement of the Company's procurement practices. This commitment involves a constant drive to improve understanding of the Company's procurement policies and processes on the part of its employees, stakeholders and suppliers. In 2016, an external compliance audit was conducted on our procurement policy as part of the Verego social responsibility certification process.

Teleperformance supports and promotes practices that comply with the Ten Principles of the United Nations Global Compact relating to human rights, working conditions, the environment and anti-corruption. Teleperformance's procurement policy advocates the continuous improvement of methods used for verifying compliance with these principles when new suppliers are selected and throughout the duration of the relationship with them, through checks and controls carried out in conjunction with the periodic business reviews.

In addition to the United Nations Ten Principles, Teleperformance's procurement policy also promotes the Company's own values: Integrity, Respect, Professionalism, Innovation and Commitment.

These values are fundamental for Teleperformance and underpin all of its relations with employees, consumers, stakeholders and suppliers. Teleperformance's procurement policy aims to promote these values and ensure compliance with them at every stage of the supplier relationship through proactive communications with suppliers and by incorporating these values into the supplier selection process, the supplier's capacities and management processes.

In line with the Group's organizational structure, in operational terms the Procurement Department is organized around the Group's three management regions (Ibero-LATAM, EWAP, CEMEA). The three procurement directors are tasked with implementing the social and environmental policy defined as part of the Group's global strategy. Accordingly, each region can implement specific measures in addition to Teleperformance's global recommendations and each regional procurement director provides guidance to each subsidiary within their region regarding the measures taken by the subsidiary in order to take local environmental considerations into account.

Teleperformance's purchases mainly comprise computer hardware and software, telecommunications services, property and services related to the centers.

4.4.3.5 Measures taken to promote consumer health and safety

The Group's business entails no risk of harm to consumers' health or physical safety.

The activity of the subsidiaries leads them to collect, process and transmit identifying personal information on all Group employees and on consumers or prospects of our clients.

All such personal data is collected and processed, not only in accordance with applicable legislation, but also in compliance with a set of essential security standards applicable in all Teleperformance centers (Global Essential Compliance and Security Policies or GESCP), particularly with a view to preventing any risks of fraud or breaches of security standards.

Annual audits conducted by an independent auditor are aimed at verifying that the internal procedures applied at Group centers are in compliance with these essential standards.

In addition, a global Security Committee chaired by the Data Privacy and Chief Compliance Officer meets twice a month to analyze potential data fraud risks, monitor the proper application of the GESCP and, where applicable, review any opportunities for improving current procedures. These meetings are also attended by all Group regional directors and all operational personnel qualified to speak on these matters (legal affairs and IT directors, security analysts).

Furthermore, on February 8th, 2016, Group management appointed a Worldwide Chief Legal and Compliance Officer reporting directly to the Group CEO.

4.4.3.6 Other action in support of human rights

The Teleperformance Group has agreed to abide by the United Nations Global Compact, confirming its adherence to a set of fundamental values, in particular Principles 1 and 2:

1. *Businesses should support and respect the protection of internationally proclaimed human rights; and*
2. *Ensure that they are not complicit in human rights abuses.*

Teleperformance upholds and defends human rights and ensures that these two principles are strictly applied by all of its subsidiaries. Accordingly, in all of its relations with stakeholders, Teleperformance ensures that it is not complicit in human rights abuses.

Our commitment takes the form of encouragement to adopt the behavior advocated in our Code of Ethics, equal opportunities policy and Supplier Code, which also stems from our corporate values: *Integrity, Respect, Professionalism, Innovation and Commitment.*

Our operating procedures are designed to guarantee respect for human rights.

4.5 Social and environmental issues and targets

Teleperformance's stakeholders include our clients, consumers, employees and the shareholders who monitor our operations.

Since 2013, the Group has decided to adopt specific and measurable improvement targets in the area of environmental, labor and social responsibility.

The targets are adapted to the stakeholders and issues concerned.

4.5.1 Staff issues and targets

4.5.1.1 Training

The Group places particular importance on training, a core component of its operations.

28,542,457 training hours were provided throughout the Group in 2016. A target increase of 3% had been set for 2016.

→ This goal was exceeded, since 32,413,418 training hours were provided in 2016, *i.e.* an increase of 13.5%.

4.5.1.2 Quality of life at work

- In 2016 for the 7th year running, Teleperformance Brazil won the Great Place to Work® award

  Teleperformance Portugal also received this award in 2010 and for the next five years in a row.

  The Group's Indian and Chinese subsidiaries obtained the award in 2011 and 2012 respectively.

  The following year, the *Great Place to Work* award was given to our Greek subsidiary and again to the Indian subsidiary.

  In 2013, the Group stated that its goal would be for at least one company in each of the regions where Teleperformance operates to receive this prestigious award over the next three years.

  In 2014, the subsidiaries in Mexico and El Salvador also obtained the award, which was re-awarded to the El Salvador subsidiary in 2015.

  In 2016, five countries and two regions were recognized with this award:

  - the Dominican Republic, El Salvador, India, Mexico and the entire Latin American region;
  - while Brazil and the Ibero-LATAM region received the *Best Workplace for Women* award, which rewards companies with an environment favorable to women, on the basis of the employee satisfaction rate, cultural practices and the representation of women in management and executive positions.

→ The target of having a Group company recognized in each of its operating regions was reached in 2013.

Teleperformance's target for 2017-2020 is to win two Great Place to Work awards in each of its three operating regions (Ibero-LATAM, EWAP and CEMEA).

- In 2015, 101,229 employees replied to the annual satisfaction survey.

  The Group was aiming for a 3% annual increase in that figure.

→ This target was not reached, since 102,701 employees replied to the survey in 2016, *i.e.* an increase of only 1.45%. However, we increased the number of countries that replied to the survey, from 41 in 2015 to 44 in 2016.

4.5.1.3 Gender equality

Our goal is to maintain an even overall breakdown between men and women.

In 2015, the ratio was 54% women to 46% men. It remained similar in 2016, namely 53% women to 47% men.

→ The equality target has therefore been maintained.

4.5.2 Social issues and targets

4.5.2.1 Citizen of the World

For the period from 2012 to 2016, the Group committed to raising a million dollars per year in cash or kind.

→ This target has once more been largely exceeded, since over US$5 million in cash and in-kind donations was raised in 2016 alone.

For the period from 2017 to 2020, Teleperformance has set itself the target of raising US$4 million a year in cash or kind.

4.5.3 Environmental issues and targets

4.5.3.1 Carbon footprint per employee

Given that in 2015 the Group introduced a monitoring system for greenhouse gas emissions, this indicator is regularly monitored with a view to regularly reducing the carbon footprint per employee.

→ This target was reached this year, as the carbon footprint per employee at constant consolidation scope was reduced by 1% from 0.7695 ton in 2015 to 0.7655 ton in 2016.

4.6 Report by one of the statutory auditors, appointed as independent third party, on the consolidated Human Resources, environmental and social information included in the management report

This is a free English translation of one of the statutory auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended 31st December, 2016

To the shareholders,

In our capacity as Statutory Auditor of Teleperformance SE, (the "Company"), appointed as independent third party and certified by COFRAC under number 3-1049[(1)], we hereby report to you on the consolidated Human Resources, environmental and social information for the year ended December 31st, 2016, included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code (*Code de commerce*).

Company's responsibility

The Board of Directors is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the procedures used by the Company (hereinafter the "Guidelines"), summarised in the management report and available on request at the Company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the French Code of ethics (*Code de déontologie*) of our profession and the requirements of article L.822-11-3 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements and applicable legal and regulatory requirements.

Statutory Auditor's responsibility

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved five persons and was conducted between October 2016 and February 2017 during a four week period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the order dated May 13th, 2013 defining the conditions under which the independent third party performs its engagement and with the professional guidance issued by the French Institute of statutory auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement and with ISAE 3000[(2)] concerning our conclusion on the fairness of CSR Information.

1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding Human Resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, *i.e.*, the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in 4.1.1 section of the management report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

(1) *"whose scope is available at www.cofrac.fr".*
(2) *ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.*

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted about ten interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the Human Resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important[(3)]:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of entities selected by us[(4)] on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied and to identify potential undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 18% of headcount considered as material data of social issues and between 19% and 22% of environmental data considered as material data of environmental issues (see the list of the environmental indicators at the footnote 3 of this report).

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the Company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Paris-La Défense,
February 28th, 2017

KPMG S.A.

Anne Garans	Éric Junières
Partner *Sustainability Services*	*Partner*

(3) *Social indicators: Total Headcount, and breakdown by gender and age, Average FTE by category, Employees movements (hires and departures), Number of training hours, Absenteeism rate (agents only).*

Environmental indicators: Energy consumption, Greenhouse gas emissions (Scope 1 and 2).

Qualitative information: Organization of social dialogue including information procedures, consultation and negotiation with the employees, Organization of the Company to integrate environmental issues and, if appropriate, the assessments and certification process regarding environmental issues, Water consumption and water supply adapted to local constraints, Consumption of raw materials and measures implemented to improve efficiency in their use, Actions of partnership and sponsorship, Integration of social and environmental issues into the Company procurement policy, Importance of subcontracting and consideration, in the relationship with subcontractors and suppliers of their social and environmental responsibility.

(4) *Teleperformance USA, Teleperformance France, Teledatos SA (Colombia).*



5

Comments on the financial year

5.1 Review of the Group's financial position and results

The accounting principles used by the Group to prepare its consolidated accounts are described in the notes to the consolidated accounts (page 145 of this Registration Document).

The preparation of financial statements in conformity with IFRS requires making estimates and assumptions which affect the amounts reported in the financial statements, especially with respect to the following items:

- depreciation and amortization rates;
- the calculation of losses on doubtful receivables;
- impairment of intangible assets and goodwill;
- the measurement of provisions and retirement benefits;
- the estimation of the financial liability connected with price adjustments on purchase commitments to minority shareholders;
- the measurement of share-based payments expense;
- provisions for contingencies and expenses;
- the measurement of intangible assets acquired as part of a business combination; and
- deferred taxation.

The estimates are based on information available at the time of preparation of the financial statements, and may be revised in a future period if circumstances change or if new information is obtained. Actual results may differ from these estimates.

5.1.1 Alternative performance measures (APMs)

EBITDA before non recurring items (Earnings before Interest, Taxes, Depreciation and Amortizations):

Operating profit before depreciation & amortization, amortization of intangible assets acquired as part of a business combination, goodwill impairment charges and non-recurring items.

EBITA before non recurring items (Earnings before Interest, Taxes and Amortization):

Operating profit + amortization of acquired intangible assets + and other non-recurring items (other operating income/expenses).

Other non recurring items:

Principally comprises restructuring costs, performance shares plans expenses, costs of closure of subsidiary companies, transaction costs for the acquisition of companies, and all other expenses that are unusual by reason of their nature or amount.

Net free cash flow:

Cash flow generated by the business - acquisitions of intangible assets and property, plant and equipment net of disposals - financial income/expenses.

Net debt:

Current and non-current financial liabilities - cash and cash equivalents.

Change in like-for-like revenue:

Change in revenue at constant exchange rates and scope of consolidation, corresponding to current year revenue - last year revenue at current year rates - revenue from acquisitions at current year rates/last year revenue at current year rates.

5.1.2 Group revenue in 2016

5.1.2.1 Business

Group consolidated revenue amounted to €3,649 million, representing a 7.4% increase as reported compared with 2015. This increase includes a €114 million positive contribution from the consolidation of LanguageLine Solutions LLC since September 19th, 2016, as well as a €106 million negative currency effect arising from the decrease against the euro of certain currencies, mainly Latin American currencies such as Argentine, Mexican and Colombian pesos and the pound sterling.

All Group's operating regions reported satisfactory like-for-like growth, above the global outsourcing market growth.

2016 revenues and change by region versus 2015

(in millions of euros)	**12/31/2016**	12/31/2015	Reported	Like-for-like*
English-speaking market & Asia-Pacific	1,716	1,688	+1.7%	+4.5%
Continental Europe, Middle East & Africa	935	876	+6.8%	+9.5%
Ibero-LATAM	884	834	+5.9%	+11.3%
LanguageLine Solutions LLC	114	-	-	-
TOTAL	**3,649**	**3,398**	**+7.4%**	**+7.4%**

* *At constant exchange rates and consolidation scope.*

Change in annual Group revenues over the last three years

Change (%)	Reported	Like-for-like*
2016	+7.4%	+7.4%
2015	+23.2%	+7.5%
2014	+13.3%	+9.9%

* *At constant exchange rates and consolidation scope.*

English-speaking & Asia-Pacific region

Revenue in the English-speaking market & Asia-Pacific region rose by 4.5% like-for-like compared to 2015. On a reported basis, growth amounted to +1.7%, notably reflecting the significant decline in the pound sterling against the euro in the second half of 2016.

Regional business was particularly sustained in the healthcare, retail and transportation sectors. Growth was also satisfactory in financial services and consumer electronics sectors. Teleperformance thus continued to diversify its client portfolio, reducing its dependence on the telecommunications sector, including pay TV, which currently accounts for less than 30% of the region's revenues stream.

In the Asia-Pacific region, the Group continued to enjoy robust business growth in China, both with locally based North American multinationals and, most recently, with major Chinese companies in high-growth sectors. Teleperformance opened a new multilingual facility in Kunming in Southern China, which leverages substantial linguistic resources. The Group now operates in four strategic locations in China: Beijing, Xi'an, Nanning and Kunming. Business is also strong in India, particularly with large multinationals in a range of sectors.

Ibero-LATAM region

Operations in the Ibero-LATAM region expanded at a sustained pace, up 11.3% of like-for-like growth and up 5.9% as reported. The difference was mainly due to an unfavorable exchange rate environment shaped by the decline in some Latin American currencies, in particular the Brazilian real and the Mexican, Colombian and Argentine pesos.

The region's strong growth was driven primarily by a solid performance from operations in Portugal, fuelled by the success of the Lisbon-based multilingual hubs serving major multinationals. This performance also reflected the ramp-up of numerous major contracts recently signed in a variety of industries, such as the sharing economy, retail, information systems, leisure and online travel agencies and financial services.

Growth was also sustained in Colombia, particularly in the transportation and Internet services sectors, as well as in El Salvador and the Dominican Republic in the healthcare, hospitality and pay-TV sectors.

Business in Mexico expanded at a satisfactory pace over the full year, with a rebound occurring in the second half. The transportation, financial services, consumer electronics and retail sectors made the biggest gains.

The Group continued to weather the unfavorable economic conditions in Brazil. The transportation, financial services and insurance sectors as well as the consumer electronics sector reported steady growth.

Continental Europe & MEA region

Revenue in this region rose by 9.5% like-for-like and by 6.8% as reported.

This robust growth reflects an ongoing network effect with global clients in several markets, in sectors ranging from consumer electronics and Internet services to retail and financial services.

Growth was also boosted by the rapid business development achieved by TLScontact, the Group subsidiary specialized in face-to-face services.

The region's strongest performances were observed in the Middle East, particularly in Egypt and Dubai, where recently opened centers serve major groups in the Internet services and consumer electronics sectors, in Greece, where clients are served by premium multilingual hubs based in Athens, and in Eastern Europe (Russia, Poland and Romania).

Although their markets remained challenging, Germany and Italy also benefited from the network effect with Group's global accounts.

LanguageLine Solutions

For the first time, the Group's revenue included a €114 million contribution from LanguageLine Solutions LLC. Acquired on September 19th, 2016, LanguageLine Solutions LLC is the US market leader in over-the-phone and video interpretation solutions, provided to a wide range of organizations in the in the healthcare, insurance, financial services and public sectors.

The acquisition reinforces and boosts Teleperformance's global leadership as a provider of high-end value-added services, as well as the Group's growth and profitability profile. In 2015, LanguageLine Solutions LLC generated revenues of US$388 million.

5.1.1.2 Profitability

EBITDA before non-recurring items amounted to €559 million, up 13.6% on 2015, EBITDA margin before non-recurring items stood at 15.3%, up from 14.5% in 2015.

EBITA before non-recurring items rose by 16.3% to €408 million from €351 million in 2015 while EBITA margin before non-recurring items came to 11.2%, up 90 basis points from 10.3% in 2015.

This performance demonstrates the effectiveness of the Group's strategic development decisions, particularly the development of the high-value specialized services business, which combines a dynamic growth momentum and high profitability. In 2016, the improvement in Group margin reflected in particular:

- strong growth in outsourced visa applications management services (TLScontact), which generated an EBITA margin before non-recurring items above the Group average;
- the integration of LanguageLine Solutions LLC since September 19th, 2016, which delivered an EBITA margin before non-recurring items of 36.3% in 2016.

The table below shows the EBITA margin generated in each region:

Current EBITA margin *(%)*	2016	2015	2014
English-speaking market & Asia-Pacific	9.2	10.1	11.2
Ibero-LATAM	12.3	12.6	10.8
Continental Europe, Middle East & Africa	7.3	5.0	2.2
LanguageLine Solutions LLC	36.3		
TOTAL (INCLUDING HOLDING COMPANIES)	**11.2**	**10.3**	**9.7**

The English-speaking market & Asia-Pacific region achieved EBITA before non-recurring items of €158 million in 2016, compared with €170 million the previous year. The corresponding margin narrowed to 9.2% from 10.1% in 2015, mainly due to (i) an unfavorable basis of comparison in the first quarter stemming from a temporary decline in volume with a major client in the US telecommunications sector, (ii) an unfavorable geographical mix effect resulting from significant growth in domestic operations in the United States, particularly in the financial services sector, iii) the gradually increasing contribution of new facilities recently opened in Australia and China, and iv) the ongoing commitment to security spending, initiated in 2015 and spread over two years.

The impact of these challenges was felt chiefly in the first half of the year, while in the second half, the Group benefited from a better trend compared to the prior-year period, due to a more favorable basis of comparison and the recently opened facilities becoming fully operational.

The Ibero-LATAM region recorded EBITA before non-recurring items of €109 million in 2016, compared with €105 million the previous year. EBITA margin before non-recurring items remained high at 12.3% versus 12.6% in 2015. Although economic conditions in Brazil remained challenging, the Group enjoyed the positive impact of profitable business momentum in Portugal and Colombia, coupled with favorable currency trends for offshore business in Mexico serving the US market.

In the Continental Europe & MEA region, Teleperformance remained on the steady upward trend in profitability that began in 2012. EBITA before non-recurring items rose to €69 million from €43 million in 2015, for a margin of 7.3% and 5.0%, respectively. The improvement reflects the ongoing margin recovery in the French-speaking market and Nordic countries, as well as profitable growth in operations in a number of fast-growth markets in Southern and Eastern Europe, such as Greece, Egypt and Poland.

The increased profitability of TLScontact's outsourced visa application management services also helped to support good performance in the region.

EBITA before non-recurring items for LanguageLine Solutions LLC, which was acquired on September 19th, 2016, amounted to €41 million, representing a 36.3% margin, in line with the Group's expectations.

Operating profit rose to €339 million, versus €308 million in 2015. This included:

- Amortization of intangible assets on acquisitions in an amount of €41 million, up from the previous year due to the acquisition of LanguageLine Solutions LLC;
- €22 million in accounting expenses on the performance share plans;
- €6 million in other non-recurring expenses mainly corresponding to acquisition costs of LanguageLine Solutions.

The financial result represents a net expense of €39 million, versus €27 million in 2015.

Income tax expense amounted to €83 million corresponding to an effective tax rate of 27.6%.

Net profit attributable to minority interests represented €3 million.

Net profit-Group share came to €214 million for the year, up 6.8% from the €200 million reported in 2015. Diluted earnings per share amounted to €3.67, up from €3.45 in 2015.

The Board of Directors will recommend that shareholders at the annual general meeting on June 23rd, 2017 approve an increase in the 2016 dividend to €1.30 per share from the €1.20 paid in respect of 2015. This would correspond to a payout ratio of 35%, unchanged from the prior year.

5.1.3 Cash flow and capital structure

The main highlight for 2016 was the September acquisition of LanguageLine Solutions LLC, the leading provider of over-the-phone and video interpreting solutions in North America, with annual revenues of around US$388 million. The amount of this transaction totals to US$1,538 million and required special financing arrangements, comprising:

- a US$250 million bridge loan, which was replaced on December 14th, 2016 by a US Private Placement (USPP) with seven financial institutions for the same amount, carried out in two tranches: US$75 million 7-year tranche (A) and a US$175 million 10-year tranche (B), both repayable at maturity;
- a 24-month €668 million bridge loan; and
- a five-year US$500 million loan repayable in four equal installments.

Consolidated financial structure as of December 31st, 2016

▶ Long-term capital

As of December 31st *(in millions of euros)*	**2016**	2015	2014
Shareholders' equity	1,922	1,765	1,600
Non-current financial liabilities	1,688	469	425
Total non-current capital	3,610	2,234	2,025

▶ Short-term capital

As of December 31st *(in millions of euros)*	**2016**	2015	2014
Current financial liabilities	261	151	214
Cash and cash equivalents	282	257	216
Cash surplus, net of current financial liabilities	21	106	2

Our main financial liabilities are subject to covenants, which were all complied with as of December 31st, 2016.

▶ Source and amount of cash flow

As of December 31st *(in millions of euros)*	**2016**	2015	2014
Internally generated funds from operations	442	400	321
Change in working capital requirements	17	-9	-116
Cash flow from operating activities	**459**	**391**	**205**
Investment and capital expenditure	-1,582	-174	-631
Proceeds from disposals	3	12	3
Cash flow from investing activities	**-1,579**	**-162**	**-628**
Change in equity interest in controlled companies	-33	-5	-7
Dividends paid/purchases of treasury stock	-85	-58	-46
Interest expense	-33	-17	-5
Net change in financial liabilities	1,341	-57	563
Cash flow from financing activities	**1,190**	**-137**	**505**
CHANGE IN CASH AND CASH EQUIVALENTS	**70**	**92**	**82**

Cash flow before net financial expenses and after tax amounted to €442 million, versus €400 million in 2015.

Consolidated working capital requirement inflow was €17 million over the year versus an outflow of €9 million in 2015. The Group regularly monitored its working capital requirement very closely throughout the year. The growth in business outstripped the increase in working capital requirement.

Net capital expenditure edged up to €190 million from €172 million in the previous year *i.e.* 5.2% of the revenue *vs* 5.0% in 2015. These investments were primarily committed to create or expand contact centers serving key markets in the Group's three regions.

Group net free cash flow improved significantly to €236 million from €202 million in 2015, despite the rise in interest paid. This solid performance reflects growth in both revenue and margins.

Investment and capital expenditure included the acquisition of LanguageLine Solutions (LLS) in September 2016 for €1,380 million, net of LLS cash acquired.

After the payment of €68 million in dividends, net debt stood at €1,667 million at December 31st, 2016 *versus* €363 million the previous year.

5.1.4 Key figures of the main subsidiaries

The key figures of the subsidiaries whose revenue exceeded 10% of the Group's consolidated revenue are presented below:

Selected financial data	Teleperformance USA *(in thousands of US dollars)*
Non-current assets	884,185
Current assets	492,523
Total assets	**1,376,708**
Shareholders' equity	366,819
Non-current liabilities	753,822
Current liabilities	256,067
Total equity and liabilities	**1,376,708**
Revenue	997,657
NET PROFIT	**42,497**

5.2 Review of the Company's financial position and results

5.2.1 Balance sheet

5.2.1.1 Investment and capital expenditure

While Teleperformance did not directly acquire or dispose of any material investments in subsidiaries and affiliates in 2016, it did implement financing arrangements via its subsidiary Teleperformance Group, Inc. (TGI) for the acquisition of US-based LanguageLine Solutions (LLS). Such arrangements included a US$1,519 million loan (€1,408.8 million), of which US$750 million (€668.1 million) was covered by a TGI share capital increase.

The Company also subscribed to new shares in a number of subsidiaries, primarily Luxembourg Contact Center for €59.6 million and Teleperformance France for €35.0 million.

Accordingly, in 2016:

- a total loan amount of €1,439.6 million was granted;
- €756.1 million worth of loans was covered by a share capital increase;
- €99.5 million was repaid.

5.2.1.2 Shareholders' equity

The share capital was increased in August 1st, 2016 of 578,310 shares, mainly due to the allocation of performance shares to certain employees of the Company. Share capital at December 31st, 2016 consisted of 57,780,000 shares with a par value of €2.50 each.

5.2.1.3 Financing arrangements

The Company has a €300 million syndicated credit line maturing in February 2021.

Drawdowns under the credit line may be made in euros and US$ and are repayable at maturity.

At December 31st, 2016, €35 million had been drawn down under the facility, compared with €90 million at December 31st, 2015.

The Company has taken out a US$135 million loan with Crédit Agricole, maturing in July 2017.

On December 9th, 2014, the Company issued a US private placement (USPP) for a total amount of US$325 million divided into two tranches repayable at maturity:

- a US$160 million 7-year tranche (A) with a coupon of 3.64%;
- and a US$165 million 10-year tranche (B) with a coupon of 3.98%.

Lastly, in order to finance its subsidiary TGI for the acquisition of LLS, on September 16th, 2016 the Company subscribed to:

- a US$250 million bridge loan, which was replaced on December 14th, 2016 by a US Private Placement (USPP) with seven financial institutions for the same amount, comprising a US$75 million 7-year tranche (A) and a US$175 million 10-year tranche (B), both repayable at maturity;
- a 24-month €668 million bridge loan; and
- a five-year US$500 million loan repayable in four equal installments.

As of December 31st, 2016 the Company was in compliance with all applicable financial ratios.

5.2.1.4 Cash

As of December 31st, 2016, the Company held net negative cash including cash pooling current accounts of €116.5 million compared to negative cash of €66.1 million at December 31st, 2015, as set out in the cash flow statement.

(in thousands of euros)	**31/12/2016**	31/12/2015
Bank loans and overdrafts	-1	-1,783
Marketable securities	2,239	16,630
Cash at bank	128,294	125,591
Cash pooling current accounts	-247,056	-206,505
NET CASH	**-116,524**	**-66,067**

5.2.1.5 Maturity of trade payables

Pursuant to Article D.441-4 of the French Commercial Code, the table below summarizes the breakdown of trade payables by due date as of December 31st, 2016.

Supplier	Due in 1 month	Overdue +0 to 30 days	Overdue +30 to 60 days	Overdue +60 to 90 days	Overdue +90 to 120 days	Overdue +120 days	Total
2016							
Intra-group	-100	1,062	884			2	1,848
Third party	1,552	305	1	10	1	35	1,904
TOTAL	**1,452**	**1,367**	**885**	**10**	**1**	**37**	**3,752**
2015							
Intra-group		16	933				949
Third party	309					50	359
TOTAL	**1,651**	**33**	**676**	**12**		**62**	**1,308**

5.2.2 Income

5.2.2.1 Business

The Company carries out a holding activity vis-à-vis its subsidiaries and also performs management, control, support and advisory functions for Group companies, receiving fees for these services. Teleperformance also collects a brand royalty charged to all of its subsidiaries.

Total revenue amounted to €70.7 million versus €67.5 million in 2015, an increase of 4.7%.

2016 gross operating profit amounted to €23.0 million, down €14.4 million from €37.4 million in 2015. This was mainly due to the payment of €13.2 million of debt issuance costs for the loans mentioned in section 5.2.1.3.

5.2.2.2 Financial result

2016 net financial income amounted to €40.6 million, versus €104.0 million in 2015, and breaks down as follows:

	2016	2015
Dividends	32.6	96.2
Net interest income	18.0	13.3
Net write-offs	-3.8	-4.1
Foreign exchange gains and losses	10.6	5.9
Provisions against subsidiaries	-16.8	-7.3
TOTAL	**40.6**	**104.0**

The amounts recorded under "Provisions against subsidiaries" mainly relate to impairment booked against the shares of the Italian subsidiary amounting to €20.0 million in 2016.

In 2015 and 2016, the Company wrote off receivables amounting to €3.5 million and €3.7 million against its subsidiary Teleperformance France in respect of the brand royalty and services rendered.

5.2.2.3 Net profit

Underlying earnings before tax came in at a profit of €63.6 million compared to a profit of €141.4 million in 2015.

After a 2015 income tax expense of €19.3 million (€22.1 million in 2015), 2016 resulted in a net profit of €41.7 million against a 2015 net profit of €120.0 million.

5.2.2.4 Tax result

The tax group formed by Teleperformance and its French subsidiaries made a tax profit of €17.5 million in 2016. Tax losses brought forward at December 31st, 2016 stood at €2.8 million.

During the first half of 2016 the Company obtained the reimbursement of a €7.0 million carry-back receivable, which was scheduled to fall due.

In accordance with the provisions of article 223 *quarter* of the French General Tax Code, it is stipulated that the overall amount of costs and expenses falling under the Article 39-4 of the French Tax Code amounts to €26,575 for the financial year ended December 31st, 2016. These costs and expenses represent an income tax amount of €9,150.

5.3 *Trends and outlook*

5.3.1 Outlook

Teleperformance expects to enjoy continued growth in its market in 2017, backed by the ongoing expansion of its global footprint, notably with new contact centers in Asia and multilingual hubs in Portugal, as well as the consolidation of LanguageLine Solutions over 12 months. Its integration is strengthening Teleperformance's global leadership as a provider of high-end value-added services, as well as the Group's growth and profitability profile.

Teleperformance expects to deliver another year of growth in 2017, with the following full-year targets:

- like-for-like revenue growth above +6%, outpacing growth in the worldwide outsourced customer experience management market;
- significant improvement in the EBITA margin before non-recurring items to at least 13.0%;
- strong net free cash flow generation.

5.3.2 Risks and uncertainties

The Group's business is subject to market risks (sensitivity to economic and financial factors), as well as to the political and geopolitical uncertainties related to its global footprint. A detailed description of these risks is provided in section 1.6. *Risk Factors* of this Registration Document.



6

Consolidated financial statements

6.1 Consolidated statement of financial position

(in millions of euros)	Notes	**12/31/2016**	12/31/2015
ASSETS			
Non-current assets			
Goodwill	*D*	1,952	1,123
Other intangible assets	*C.2*	1,175	281
Property, plant and equipment	*C.1*	476	428
Financial assets	*G.2*	55	34
Deferred tax assets	*E.2*	30	36
Total non-current assets		**3,688**	**1,902**
Current assets			
Current income tax receivable		46	36
Accounts receivable - Trade	*C.3*	871	754
Other current assets	*C.3*	100	107
Other financial assets	*G.2*	24	43
Cash and cash equivalents	*G.4*	282	257
Total current assets		**1,323**	**1,197**
TOTAL ASSETS		**5,011**	**3,099**

(in millions of euros)	Notes	**12/31/2016**	12/31/2015
EQUITY AND LIABILITIES			
Equity			
Share capital	*F.1*	144	143
Share premium		575	575
Translation reserve		100	69
Other reserves		1,093	971
Equity attributable to owners of the Company		**1,912**	**1,758**
Non-controlling interests		10	7
Total equity		**1,922**	**1,765**
Non-current liabilities			
Provisions	*I.2*	13	10
Financial liabilities	*G.4*	1,688	469
Deferred tax liabilities	*E.2*	464	110
Total non-current liabilities		**2,165**	**589**
Current liabilities			
Provisions	*I.2*	34	70
Current income tax		61	46
Accounts payable - Trade	*C.9*	126	117
Other current liabilities	*C.9*	442	361
Other financial liabilities	*G.4*	261	151
Total current liabilities		**924**	**745**
TOTAL EQUITY AND LIABILITIES		**5,011**	**3,099**

6.2 Consolidated statement of income

(in millions of euros)	Notes	2016	2015
Revenues	*C.10*	**3,649**	**3,398**
Other revenues	*C.10*	5	6
Personnel		-2,435	-2,269
External expenses	*C.11*	-642	-626
Taxes other than income taxes		-19	-17
Depreciation and amortization		-150	-141
Amortization of intangible assets acquired as part of a business combination		-41	-23
Share-based payments	*C.4*	-22	-17
Other operating income and expenses	*C.12*	-6	-3
Operating profit		**339**	**308**
Income from cash and cash equivalents		1	1
Interest on financial liabilities		-35	-23
Net financing costs	*G.3*	**-34**	**-22**
Other financial income and expenses	*G.3*	-5	-5
Financial result		**-39**	**-27**
Profit before taxes		**300**	**281**
Income tax	*E.1*	-83	-78
Net profit		**217**	**203**
Net profit - Group share		**214**	**200**
Net profit attributable to non-controlling interests		3	3
Earnings per share *(in euros)*	*F.3*	**3.73**	**3.51**
Diluted earnings per share *(in euros)*	*F.3*	**3.67**	**3.45**

6.3 Consolidated statement of comprehensive income

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(in millions of euros)	2016	2015
NET PROFIT	**217**	**203**
May not be reclassified to profit or loss in a subsequent period		
May be reclassified to profit or loss in a subsequent period		
Net gains (losses) on foreign exchange hedges (before tax)	-1	0
Income tax on net gains (losses) on foreign exchange hedges	0	0
Translation differences	31	37
Other recognized income and expenses	**30**	**37**
TOTAL COMPREHENSIVE INCOME	**247**	**240**
Group share	244	237
Attributable to non-controlling interests	3	3

6.4 Consolidated statement of cash flows

(in millions of euros)	Notes	**2016**	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit - Group share		214	200
Net profit attributable to non-controlling interests		3	3
Income tax expense		83	78
Net financial interest expense		29	17
Non-cash items of income and expense	*H.1*	196	183
Income tax paid		-83	-81
Internally generated funds from operations		***442***	***400***
Change in working capital requirements	*H.2*	***17***	***-9***
Net cash flow from operating activities		**459**	**391**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of intangible assets and property, plant and equipment		-192	-174
Loans made		-10	
Proceeds from disposals of intangible assets and property, plant and equipment		2	2
Loans repaid		1	10
Acquisition of subsidiaries	*H.3*	-1,380	
Net cash flow from investing activities		**-1,579**	**-162**
CASH FLOWS FROM FINANCING ACTIVITIES			
Acquisition net of disposal of treasury shares		-17	-5
Change in ownership interest in controlled entities		-33	-5
Dividends paid to parent company shareholders		-68	-53
Financial interest paid/received		-33	-17
Increase in financial liabilities		2,696	749
Repayment of financial liabilities		-1,355	-806
Net cash flow from financing activities		**1,190**	**-137**
Change in cash and cash equivalents		***70***	***92***
Effect of exchange rates on cash held		***-45***	***-52***
Net cash at January 1st	*H.5*	**254**	**214**
Net cash at December 31st	*H.5*	**279**	**254**

6.5 Consolidated statement of changes in equity

	Attributable to owners of the Company							
(in millions of euros)	Share capital	Share premium	Translation reserve	Retained earnings	Impact of financial hedging instruments	Equity attributable to owners of the Company	Non-controlling interests	Total
12/31/2014	**143**	**575**	**32**	**852**	**-7**	**1,595**	**5**	**1,600**
Translation differences from foreign operations			37			37		**37**
Net profit				200		200	3	**203**
Net loss on cash flow hedges (after tax)						0		**0**
TOTAL RECOGNIZED INCOME AND EXPENSES	**0**	**0**	**37**	**200**	**0**	**237**	**3**	**240**
Operations on non-controlling interests				-32		-32	-1	**-33**
Fair value of incentive plan share awards				16		16		**16**
Treasury shares				-5		-5		**-5**
Dividends (€0.92 per share)				-53		-53		**-53**
12/31/2015	**143**	**575**	**69**	**978**	**-7**	**1,758**	**7**	**1,765**
Translation differences from foreign operations			31			31		**31**
Net profit				214		214	3	**217**
Actuarial gains/(losses) on employee benefits				-1		-1		**-1**
TOTAL RECOGNIZED INCOME AND EXPENSES	**0**	**0**	**31**	**213**	**0**	**244**	**3**	**247**
Operations on non-controlling interests				-26		-26		**-26**
Fair value of incentive plan share awards	1			20		21		**21**
Treasury shares				-17		-17		**-17**
Dividends (€1.20 per share)				-68		-68		**-68**
12/31/2016	**144**	**575**	**100**	**1,100**	**-7**	**1,912**	**10**	**1,922**

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6.6 *Notes to the consolidated financial statements*

(in millions of euros)

CONTENTS OF THE NOTES TO THE CONSOLIDATED COMPANY FINANCIAL STATEMENTS

Highlights of 2016

On September 19th, 2016, the Group acquired LanguageLine Solutions LLC, the North American market leader for over-the-phone and video interpretation solutions. The transaction price amounted to US$1,538 million.

The dedicated financing obtained for this acquisition is described in note G.4 *Financial liabilities*.

A. Principal accounting policies, judgements and estimates

NOTE A.1 Reporting entity

Teleperformance ("the Company") is a company domiciled in France.

The Company's consolidated financial statements for the year ended December 31st, 2016 include the Company and its subsidiaries, together referred to as "the Group".

The financial statements were approved by the Board of Directors on February 28th, 2017, and will be submitted to the shareholders' meeting to be held on June 23rd, 2017.

All financial information presented in euro has been rounded to the nearest million.

NOTE A.2 Basis of preparation

The consolidated financial statements for the year ended December 31st, 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as of the reporting date, and comply with the presentation requirements of revised IAS 1 as amended.

The following standards, amendments and interpretations:

- annual improvements to IFRSs 2010-2012 Cycle;
- amendments to IAS 19 on employee contributions;
- disclosure initiative (amendments to IAS 1);
- clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38);
- annual improvements to IFRSs 2012-2014 Cycle.

These standards and amendments are required to be applied from January 1st, 2016 but their adoption has not had a significant impact on the financial statements.

Two years ago, the Group commenced to disclose the information required under the amendments to IAS 7 on the statement of cash flows, which are effective from January 1st 2017.

The Group has not elected to early adopt the following standards and amendments:

- amendments to IAS 12, on the recognition of deferred tax assets for unrealized losses, effective from January 1st , 2017;
- IFRS 15 "Revenue from contracts with customers", effective from January 1st, 2018;
- IFRS 9 "Financial instruments", effective January 1st, 2018.

The Group has nevertheless commenced an assessment of the potential impact of these new standards and does not expect a significant impact on its financial statements following the adoption of IFRS 15. The Group uses foreign exchange hedging instruments on a regular basis and the adoption of IFRS 9 should result in a reduction of the volatility it experiences in the related results of these operations.

The Group intends to begin its assessment in 2017 of the impact of the new standard IFRS 16 "Leases" which is effective from January 1st, 2019.

The accounting policies applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended December 31st, 2015, with the exception of the new standards, amendments and interpretations set out above.

The financial statements are prepared on the historical cost basis except for the following assets and liabilities measured at fair value: derivative financial instruments, financial instruments held for trading, financial instruments classified as available for sale.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

Estimates

The preparation of financial statements in conformity with IFRS requires making estimates and assumptions which affect the amounts reported in the financial statements, especially with respect to the following items:

- the depreciation and amortization rates;
- the calculation of losses on doubtful receivables;
- impairment of intangible assets and goodwill;
- the measurement of provisions and retirement benefits;
- the estimation of the financial liability connected with price adjustments on purchase commitments to minority shareholders;
- the measurement of share-based payments expense;
- provisions for risks and expenses;
- the measurement of intangible assets acquired as part of a business combination;
- deferred taxation.

The estimates are based on information available at the time of preparation of the financial statements, and may be revised, in a future period, if circumstances change, or if new information is available. Actual results may differ from these estimates.

NOTE A.3 Impairment

Non-financial assets

Non-financial assets of the Group (non-current assets) are reviewed at each reporting date to determine the amounts of any impairment losses that should be recognized.

Financial assets

A financial asset is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the asset's estimated future cash flows.

The impairment loss of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate of financial assets.

An impairment test is performed individually on each significant financial asset. Other assets are tested in groups with similar credit risks.

Impairment losses are recognized in the statement of income.

NOTE A.4 Determination of fair values

Certain accounting policies and disclosures require determining the fair value of financial and non-financial assets and liabilities. Additional information about assumptions used in determining fair value is disclosed, where necessary, in the specific notes for the asset or liability involved. In general, fair values for significant asset and liability categories are determined as follows:

Property, plant and equipment

The fair value of property, plant and equipment that is recognized following a business combination, principally buildings, is based on market value. The market value of a building is the estimated amount which would be obtained from the sale of the asset under normal conditions between a buyer and a seller at the measurement date.

Intangible assets

The fair value of brand names and software acquired during a business combination is based on the discounted present value of estimated royalties avoided through their acquisition.

The fair value of customer relationships acquired during a business combination is based on the multi-period excess earnings method, under which the asset is measured at the amount of estimated cash flows net of a reasonable return allocated to other assets.

Accounts receivable – Trade and Other current assets

The fair value of Accounts receivable – Trade and Other current assets is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date.

Derivatives

The fair value of forward currency contracts is based on their quoted market price when available. If no quoted market price is available, the fair value is estimated by discounting to the present value the difference between the contractual forward price and the current forward price on the residual term of the contract, by using an interest rate based on the money market.

The fair value of interest rate swaps is based on estimations provided by the banks and corresponds to the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and counterparty risk.

Non-derivative financial liabilities

The fair value, which is determined for disclosure purposes, is based on the present value of future cash flows generated by principal and interest repayments, discounted at the market interest rate at the reporting date.

For finance lease agreements, the market interest rate is determined from similar lease agreements.

Share-based payments

The fair value of performance shares plans awarded to employees is measured principally using the market price of the share at the grant date, the expected dividends and the post-vesting retention period, as well as performance conditions when these are market conditions.

The service and performance conditions necessary for vesting are not considered when determining fair value when these are not market conditions.

NOTE A.5 Glossary

EBITA or current EBITA: (Earnings Before Interest, Taxes and Amortization): Operating profit before amortization of intangible assets acquired as part of a business combination, goodwill impairment charges and non-recurring items.

ROCE: rate of Return On Capital Employed calculated using the NOPAT/Capital Employed formula.

NOPAT: operating profit excluding non-recurring items times the effective rate of taxation.

Capital Employed: the total of goodwill, intangible assets and property, plant and equipment, and items of working capital.

Non-recurring items: principally comprises restructuring costs, performance shares plans expenses, costs of closure of subsidiary companies, transaction costs for the acquisition of companies, and all other expenses that are unusual by reason of their nature or amount.

Net financial indebtedness or Net debt: the total of current and non-current financial liabilities, less cash and cash equivalents.

B. Scope of consolidation

NOTE B.1 Accounting policies and methods

B.1.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when it is exposed, or has the rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over it.

In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates

The Company holds no entity in which the Group has significant influence, but not control, over the financial and operating policies.

Transactions eliminated in the consolidated financial statements

Balances, any unrealized gains and losses, and income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

B.1.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into euros at the foreign exchange rate at that date. Foreign exchange differences arising on translation are recognized as income or expenses. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the exchange rate at the date the fair value was determined.

Financial statements of foreign operations

The functional currency of a foreign operation outside the euro zone is in general its local currency except in certain cases where most of its financial flows are realized with reference to another currency.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into euros using the exchange rate at the reporting date.

The income and expenses of foreign operations are translated into euros using the average foreign exchange rate of the period, unless the exchange rate has fluctuated significantly. Foreign exchange differences resulting from translations are recognized in the translation reserve, as a separate equity component.

The Company has no foreign operations in any country defined by the IASB as a hyperinflationary economy.

Net investment in foreign operations

Foreign exchange differences arising from the translation of a net investment in foreign operations and of related hedges are recognized in the translation reserve. They are recognized in profit or loss on disposal of the foreign operations.

B.1.3 Business combinations

Following changes to IFRS 3 and IAS 27 in 2008, the Group modified its accounting for business combinations and purchases of and purchase commitments on non-controlling interests for acquisitions after December 31st, 2009.

Since January 1st, 2010, the Group has applied revised IFRS 3 prospectively. A business combination may therefore be recognized, at the election of the Group, according to either of the following two options set out in IFRS 3R:

- measurement of non-controlling interests as the proportionate interest in identifiable assets and liabilities;
- measurement of non-controlling interests at fair value (the full goodwill method).

The Group has elected to measure non-controlling interests as the proportionate interest in identifiable assets and liabilities for its acquisitions made since 2010.

Should the Group give a put option to minority shareholders at the time that control is transferred, a financial liability is recognized for the current value of the commitment, with an equivalent reduction in equity. Subsequent changes in fair value of the liability are recognized directly in equity.

Since 2010, transaction costs, other than those concerning the issue of debt or equity that the Group incurs in connection with a business combination, are expensed as incurred.

NOTE B.2 Change in consolidation scope

On September 19th, 2016, the Group completed the acquisition of the entire share capital of LanguageLine Solutions LLC, the North American market leader for over-the-phone and video interpretation solutions to a wide range of organizations in the healthcare, insurance, financial services, communications and government sectors.

The acquisition has been fully consolidated from September 19th, 2016.

The acquisition price was settled in cash in an amount of US$1,538 million. The agreement does not include any future price adjustment clause, the price is therefore definitive. Transaction costs have been expensed (in Other operating expenses) for a total amount of €5.4 million.

The following schedule sets out management's best estimate at the reporting date of the fair values of the identifiable assets and liabilities of LanguageLine Solutions LLC as of the date of acquisition:

In millions of US$	**Provisional fair values at 09/19/2016**
Non-current assets	
Intangible assets	985
Property, plant and equipment	9
Other non-current assets	4
Total non-current assets	**998**
Current assets	
Current tax assets	4
Accounts receivable - Trade	77
Other current assets	6
Cash and cash equivalents	10
Total current assets	**97**
TOTAL ASSETS	**1,095**
Non-current liabilities	
Provisions	1
Deferred tax liabilities	398
Total non-current liabilities	**399**
Current liabilities	
Provisions	1
Accounts payable - Trade	8
Other current liabilities	20
Total current liabilities	**29**
TOTAL LIABILITIES	**428**
NET ASSETS, ACQUIRED 100%	**667**
ACQUISITION PRICE	**1,538**
GOODWILL	**871**

The Group is currently in the process of measuring the assets and liabilities acquired, including provisional allocation of the following amounts:

- customer relationships, at a fair value of US$808.5 million;
- the LLS brand name, at a fair value of US$109.8 million;
- internally developed technologies, at a fair value of US$64.8 million;

which has resulted in the recognition of an intangible asset of US$983.2 million and a deferred tax liability of US$398 million.

The initial amount of goodwill is therefore US$871 million, which will be finalized over the following months.

In addition to the value to be obtained from these intangible assets, this acquisition will allow the Group to strengthen its global leadership in the field of high added-value services and to develop over time the activities of LanguageLine Solutions LLC on all of its markets.

The net assets warranties obtained in respect of this acquisition are described in note I.4 *Warranties and other contractual commitments*.

The contribution of LanguageLine Solutions LLC to 2016 group results is as follows:

in millions of US$	**09/19/2016-12/31/2016**
Revenues	124
Operating profit*	45
Net profit*	27

* *Before amortization of intangible assets acquired as part of business combination.*

NOTE B.3 *Pro forma* financial information

The following financial information is intended to show the effect that the acquisition of LanguageLine Solutions LLC would have had on the Group's results for full-year 2016 if it had occurred on January 1st, 2016. This is based on a hypothetical situation and is presented solely for illustrative purposes and is therefore not an indication of the future results of the Group following the acquisition.

The consolidated results of the Group could therefore differ significantly from those that are presented.

This information has been prepared. in accordance with the provisions of Annex II of the European Commission Regulation n° 809/2004 "*Pro Forma* financial information building block", the ESMA recommendation n° 2013/319 published on March 20th, 2013 and the AMF recommendation n° 2013-08 on *pro forma* financial information.

Pro forma consolidated statement of income for full-year 2016:

	2016 as published	LLS 01/01/2016 to 09/19/2016	*Pro forma* adjustments		**2016 *pro forma***
	A	B	C		**D**
Revenues	**3,649**	**261**			**3,910**
Other revenues	5				5
Personnel, external expenses & taxes other than income taxes	-3,096	-165			-3,261
Depreciation and amortization	-150	-5			-155
Amortization of intangible assets acquired as part of a business combination	-41	-17	-27	a	-85
Share-based payments	-22	-41	41	b	-22
Other operating income and expenses	-6	-21			-27
Operating profit	**339**	**12**	**14**		**365**
Financial result	**-39**	**-31**	**14**	**c**	**-56**
Profit before taxes	**300**	**-19**	**28**		**309**
Income tax	-83	-19	6	d	-96
Net profit	**217**	**-38**	**34**		**213**
NET PROFIT - GROUP SHARE	**214**	**-38**	**34**		**210**

Assumptions made in the preparation of the *pro forma* financial information

The full-year 2016 *pro forma* statement of income has been prepared by adding the historical statement of income of LanguageLine Solutions LLC for the period from January 1st to September 19th (*column B*) to the 2016 consolidated statement of income (*column A*). A number of adjustments were then made (*column C*):

- inclusion of an additional amortization expenses in respect of the intangible assets identified and measured at fair value during the provisional allocation of the acquisition price ***(a)***;
- cancelation of the share-based payment expense arising from immediate exercise of the rights under the outstanding schemes by reason of the acquisition ***(b)***;
- inclusion of the theoretical interest expense from the financing of the acquisition, as if the consideration had been transferred on January 1st, 2016, applying the interest rates in force during the relevant period, after taking the particular conditions of the acquisition financing into account ***(c)***;
- cancelation of the interest expenses of LLS during the period, loans contracted by the Company has been reimbursed as part of the acquisition ***(c)***;
- inclusion of the tax effect of the adjustments ***(d)***.

The *pro forma* statement of income includes €26.7 million of expenses related to the transactions, which are non-recurrent.

The Group has not as yet identified any differences between the accounting policies and methods of LanguageLine Solutions LLC and those of the Group which could have a significant impact on the financial statements and which would require adjustment.

C. Operational activity

NOTE C.1 Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy, note A.3 *Impairment*).

Cost includes the asset's directly attributable acquisition costs.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Any other lease agreement is an operating lease. Such leased assets are not recognized in the Group's statement of financial position. The Company has no real estate held under a finance lease agreement.

Subsequent expenditure

The Group recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits of the item will flow to the Group and the cost of the item can be measured reliably.

All costs of routine repairs and maintenance are recognized in the statement of income as an expense when incurred.

Depreciation

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment, from the time it is ready for use. Improvements made to buildings held on an operating lease are depreciated over the shorter of the lease period and the useful life.

The estimated useful lives are as follows:

buildings	20-25 years
office and it equipment	3-5 years
other	3-10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period.

Land is not depreciated.

Property, plant and equipment is analyzed as follows:

Gross	Land & buildings	Telephone and IT equipment	Other	In progress	Total
AT DECEMBER 31ST, 2014	**328**	**448**	**194**	**17**	**987**
Change in consolidation scope*	13	20	18		51
Transfer	29		2	-31	0
Increase	39	58	28	26	151
Decrease	-9	-59	-27		-95
Translation differences	2	6	-4		4
AT DECEMBER 31ST, 2015	**402**	**473**	**211**	**12**	**1,098**
Change in consolidation scope*	1	4		2	7
Transfer	19	14	-16	-17	0
Increase	57	65	29	27	178
Decrease	-7	-19	-5	0	-31
Translation differences	-2	3	-1	-1	-1
AT DECEMBER 31ST, 2016	**470**	**540**	**218**	**23**	**1,251**

* *The line item "Change in consolidation scope" relates to the acquisition of LanguageLine Solutions LLC in September 2016 and to the adjustment during the first half of 2015 made to the assets and liabilities acquired of Aegis USA Inc. (acquired in 2014).*

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Accumulated depreciation and impairment	Land & buildings	Telephone and IT equipment	Other	In progress	Total
AT DECEMBER 31ST, 2014	**-153**	**-329**	**-114**		**-596**
Change in consolidation scope*	-2	-20	-18		-40
Expense	-43	-57	-24		-124
Decrease	9	59	26		94
Translation differences	-3	-4	3		-4
AT DECEMBER 31ST, 2015	**-192**	**-351**	**-127**		**-670**
Change in consolidation scope*		1			1
Transfer	-9	-9	18		0
Expense	-46	-62	-23		-131
Decrease	7	19	4		30
Translation differences		-2	-3		-5
AT DECEMBER 31ST, 2016	**-240**	**-404**	**-131**		**-775**

Carrying amount	Land & buildings	Telephone and IT equipment	Other	In progress	Total
AT DECEMBER 31ST, 2014	**175**	**119**	**80**	**17**	**391**
AT DECEMBER 31ST, 2015	**210**	**122**	**84**	**12**	**428**
AT DECEMBER 31ST, 2016	**230**	**136**	**87**	**23**	**476**

* *The line item "Change in consolidation scope" relates to the acquisition of LanguageLine Solutions LLC in September 2016 and to the adjustment during the first half of 2015 made to the assets and liabilities acquired of Aegis USA Inc. (acquired in 2014).*

"Other" comprises principally office equipment and furniture, and motor vehicles.

No impairment loss has been recorded on these assets.

The Group relies only to a minor extent on finance lease financing and, in consequence, the disclosure of the amount of non-current assets held under finance leases is not significant.

NOTE C.2 Other intangible assets

These mainly include:

- brand names and customer relationships and technologies measured and recognized as part of a business combination;
- software acquired by the Group with a finite useful life, which is recognized at cost less accumulated depreciation and impairment losses (see accounting policy, note A.3 *Impairment*).

Expenditure relating to internally generated brands is expensed when incurred.

Subsequent expenditure

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits of the specific asset. All other costs are expensed as incurred.

Amortization

Amortization is charged to the statement of income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Other intangible assets are amortized from the date on which they are available for use. The estimated useful lives are as follows:

software	3-6 years
licenses	10 years
brand names	3-10 years
customer relationships	9-15 years

Other intangible assets are analyzed as follows:

Gross	Software	Brand names and customer relationships	Other	Total
AT DECEMBER 31ST, 2014	**138**	**349**	**3**	**490**
Change in consolidation scope		-51		-51
Transfer	1			1
Increase	18			18
Decrease	-2		-1	-3
Translation differences	2	33		35
AT DECEMBER 31ST, 2015	**157**	**331**	**2**	**490**
Change in consolidation scope	58	822		880
Transfer	3		-1	2
Increase	14			14
Decrease	-5			-5
Translation differences	6	58		64
AT DECEMBER 31ST, 2016	**233**	**1,211**	**1**	**1,445**

Accumulated amortization and impairment	Software	Brand names and customer relationships	Other	Total
AT DECEMBER 31ST, 2014	**-104**	**-61**	**-2**	**-167**
Transfer	-1	2		1
Expense	-17	-23		-40
Decrease	2		1	3
Translation differences	-2	-4		-6
AT DECEMBER 31ST, 2015	**-122**	**-86**	**-1**	**-209**
Transfer	-3		1	-2
Expense	-19	-41		-60
Decrease	5			5
Translation differences	-3	-1		-4
AT DECEMBER 31ST, 2016	**-142**	**-128**	**0**	**-270**

Carrying amount	Software	Brand names and customer relationships	Other	Total
AT DECEMBER 31ST, 2014	**34**	**288**	**1**	**323**
AT DECEMBER 31ST, 2015	**35**	**245**	**1**	**281**
AT DECEMBER 31ST, 2016	**91**	**1,083**	**1**	**1,175**

At December 31st, 2016, brand names and customer relationships amounted to €104.5 million and €978.6 million, respectively.

Following the acquisition of LanguageLine Solutions LLC, a total amount of €880.1 million was allocated to the brand name, the customer relationships and the technologies developed internally (see note B.2 *Change in consolidation scope*). It was determined, after analysis, that the life of the LLS brand name is indefinite and it is therefore not amortized.

NOTE C.3 Accounts receivable – Trade and Other current assets

Accounts receivable – Trade and Other current assets are initially recognized at fair value, then at amortized cost less any impairment losses.

	12/31/2016			12/31/2015
	Gross	**Write-downs**	**Net**	Net
Accounts receivable - Trade	879	-8	871	754
Other receivables	21	-9	12	22
Taxation recoverable	37		37	41
Advances and receivables on non-current assets	8		8	6
Prepaid expenses	43		43	38
TOTAL	**988**	**-17**	**971**	**861**

▶ Accounts receivable – Trade is analyzed by geographical region as follows

	12/31/2016	12/31/2015
English-speaking & APAC	396	410
Ibero-LATAM	227	150
Continental Europe & MEA	180	194
LLS	68	0
TOTAL	**871**	**754**

▶ The payment schedule of Accounts receivable – Trade is as follows

	12/31/2016	12/31/2015
not yet due	706	579
overdue < 30 days	114	115
overdue < 60 days	21	28
overdue < 90 days	10	8
overdue < 120 days	13	17
overdue > 120 days	7	7
TOTAL	**871**	**754**

Factoring arrangements:

Under a factoring agreement in place, receivables are sold without recourse, subject to the following principal conditions:

- that they comply with the eligibility conditions set out in the agreement;
- that they are not subject to reasonable dispute by the customer, and
- that in the event of non-payment by the customer, the Group will respect the procedures set out in the insurance policy.

The Group and a number of its subsidiaries use factoring arrangements which comply with criteria for derecognition. The outstanding amounts totaled €50.5 million and €32.2 million at December 31st, 2016 and 2015, respectively.

Under the agreement, the Group retains the credit control and receipt functions in respect of the sold receivables on behalf of the factor.

NOTE C.4 Share-based payments

The Group has implemented performance shares plans, which were in effect during 2016, under which performance shares are allocated free of charge to group employees and company officers.

The fair value of the performance shares, measured on the grant date by an independent actuary, is recognized as personnel expense over the vesting period with a corresponding increase in equity.

The amount recognized as an expense is adjusted at each reporting date to reflect the actual number of performance shares that are expected to vest, so that, when vesting occurs, total expense and equity instruments correspond to the actual number of shares vesting in the Group personnel and company officers.

2016 performance shares plans

The Board of Directors' meetings on April 28th and November 2nd, 2016 approved free awards of 1,065,808 performance shares to Group personnel, including company officers, under the authorization given at the shareholders' general meeting of April 28th, 2016, limited to a maximum of 2.5% of the share capital of the Company at the grant date. The Board meeting on April 28th, 2016 also approved the setting-up of a long-term incentive plan for company officers, with the free award of 350,000 shares. The two plans have identical conditions for vesting.

The features of these plans are as follows:

	04/28/2016 plan	11/02/2016 plan
Date of Board meeting allocating the awards	04/28/2016	11/02/2016
Vesting period	04/28/2016 to 04/28/2019	11/02/2016 to 11/02/2019
Grant date	04/28/2016	11/02/2016
Number of share awards*	1,264,300	151,508
Number of canceled shares	-31,600	
Number of outstanding share awards at December 31st, 2016	1,232,700	151,508
Fair value of each share award at the grant date (taking into account the market condition)	€48.51	€72.40
Fair value of each share award at the grant date (without taking into account the market condition)	€75.20	€88.80
** Including for company officers.*	*350,000*	*0*

Vesting of the free share awards is conditional on the beneficiaries remaining with the Group until at least the end of the vesting period and on meeting certain performance conditions relating to the financial years between 2016 and 2018.

The Board of Directors has defined four performance criteria as set out below; the number of shares allocated is determined on the basis of the average of the percentages obtained by the three best-performing criteria.

As one of the four criteria is a market condition (the change in the share price compared with the SBF 120 share index), this is required to be taken into account in the calculation of the fair value of the performance shares. However, it is uncertain whether this market condition will be applied, as only three of the four criteria will in fact be used in the final determination of the number of shares allocated. Two fair values have therefore been calculated, with and without the inclusion of the market condition. As of December 31st, 2016, it is considered probable that the market condition will not be required to obtain the highest number of shares and the amount of expense recognized in respect of the plans is therefore based on fair values of €75.20 and €88.80 per share, which results in 2016 expense of €16.5 million.

Percentage obtained	0%	50%	75%	100%
Average increase in revenues at constant exchange rates and consolidation scope	Below 3.5%	Higher than 3.5% but less than 5.0% (both inclusive)		Above 5.0%
Average rate of EBITA margin, excluding non-recurring items	Below 10.3%	Higher than 10.3% (inclusive) but less than 10.4%	Higher than 10.4% (inclusive) but less than 10.5%	10.5% (inclusive) and above
Change in Teleperformance SE's share price compared with the SBF 120 share index	Negative evolution	Between 0% and 2.5% (inclusive)		Over 2.5%
Qualititive condition	0-25 points	25 points or more, but less than 35 points		From 35 to 45 points

2013 and 2014 performance share plans

The Board of Directors' meeting on July 30th, 2013 approved free awards of a total of 840,000 performance shares to Group personnel and also approved the setting-up of a long-term incentive plan for company officers, with the free award of 300,000 incentive plan shares. The two plans have identical performance and continuing employment conditions for vesting

The Board of Directors' meeting on February 24th, 2016 took note that the performance conditions of these two plans, which covered financial years from 2013 to 2015, had been met. The shares have therefore vested in those beneficiaries still present on July 30th, 2016, in a total of 935,000 shares.

These had been acquired on the market to the extent of 356,690 shares, at a cost of €23.0 million, recognized as a deduction from equity, and the remainder was obtained through a share capital increase amounting to €1.5 million, representing the issue of 578,310 new shares. The related expense amounted to €5.4 million in 2016, following 2015 expense of €16.7 million.

The Board of Directors' meeting on February 25th, 2014 approved free awards of a total of 22,500 performance shares, subject to the continued employment of the beneficiaries at February 25th, 2017 and to the fulfillment of certain performance criteria relating to financial years from 2014 to 2016. As the performance criteria were not met, the accrual in respect of this plan at the end of 2015 was released to profit or loss in 2016 in an amount of €0.4 million.

NOTE C.5 Short-term employee benefits

Liabilities for short-term benefits are measured on an undiscounted basis and recognized when the corresponding service is rendered.

A provision is recognized for the amount the Group expects to pay under short-term cash-settled profit-sharing and bonus schemes if the Group has a present legal or constructive obligation to make such payments as a result of past services by an employee and if the obligation can be reliably estimated.

NOTE C.6 Employee termination payments

Termination payments are recognized as expenses when the Group is committed, with no realistic possibility of withdrawal, to a formal detailed plan to lay off employees before their normal retirement date. Termination payments for voluntary redundancies are recognized if the Group has offered an incentive to encourage voluntary redundancies, if it is probable that such an offer will be accepted and if the number of individuals accepting the offer can be reliably estimated.

NOTE C.7 Employee benefits – Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as an expense as incurred.

Such expenses totaled €9.8 million in 2016 compared with an amount of €8.2 million in 2015.

NOTE C.8 Other long-term employee benefits

The only long-term employee benefits of the Group are the post-employment benefits that are described in note I.3 *Post-employment benefits: defined benefit plans*.

NOTE C.9 Accounts payable – Trade and other current liabilities

Accounts payable – Trade and Other current liabilities are recognized initially at fair value, and subsequently at amortized cost.

	12/31/2016	12/31/2015
Accounts payable - Trade	126	117
Other payables	158	125
Taxes payable	56	57
Accrued expenses	160	127
Other operating liabilities	68	52
TOTAL	**568**	**478**

Other operating liabilities at December 31st, 2016 include the negative fair values of derivative financial instruments entered into for the purpose of hedging foreign currency exposures, for €23.9 million, compared with €23.5 million at the end of 2015.

NOTE C.10 Income

Revenues

Revenues from services rendered are measured at the fair value of the consideration received or receivable taking into account trade rebates and other discounts granted by the Group.

In general, consideration is in the form of cash or cash equivalents, and income arising in the course of ordinary activities is determined as the amount of cash or cash equivalents received or receivable.

These revenues are recognized in the statement of income in proportion to the stage of completion of the transaction at the reporting date.

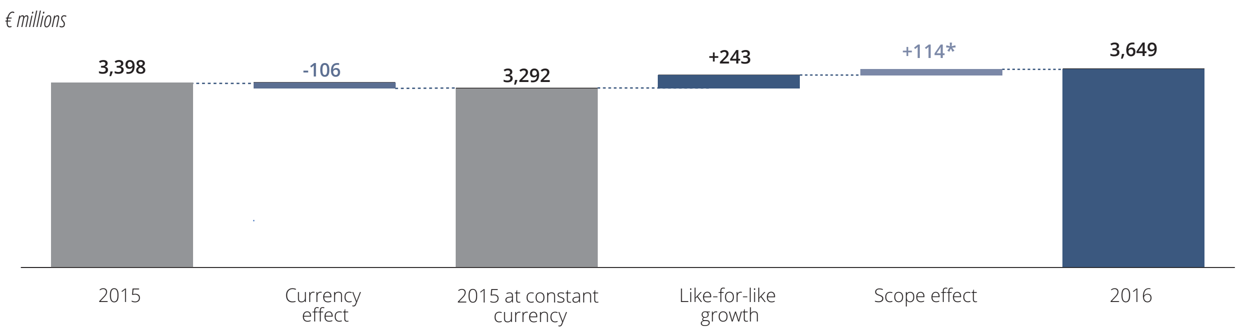
When contract billings are based on time spent, revenues are estimated using the actual billable time.

When contract billings are based on call volumes handled, or the number of workstations or staff allocated, revenues are estimated using billable volumes.

For certain contracts, our service is rendered through the sale of our customers' products (e.g. insurance, bank cards...) The related revenues are recognized only when definitively acquired.

Revenues subject to quantitative targets are recognized only when these have been met.

Revenues subject to qualitative targets are recognized only when the customer has agreed that they have been met.



* Relates to LanguageLine Solution LLC, acquired in the second half of 2016.

Group revenues amounted to €3,649.3 million in 2016, representing an increase (on the basis of published figures) of 7.4% compared to 2015.

At constant scope and exchange rates, the increase was 7.4%.

Other revenues

Other revenues mainly consist of government grants that are recognized in the statement of financial position under "Other receivables" when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them. Grants that compensate the Group for costs incurred are recognized in the statement of income in the period in which the expenses are incurred. Grants that cover all or part of the cost of an asset are recognized in the statement of income over the useful life of the asset.

Following the introduction in 2012 of the French tax credit for competitiveness and employment (*Crédit d'impôt pour la compétitivité et l'emploi - CICE*), the Group opted to recognize it under "Other revenues".

In 2016, grants amounted to €5.2 million compared with €6.6 million in 2015, including €2.8 million for the *CICE* (2015: €3.0 million).

NOTE C.11 External expenses

These consist mainly of property rents and charges, communications' costs, other rentals, travel and entertainment, and fees.

Operating leases

Payments made under operating leases are recognized in the statement of income on a straight-line basis over the term of the lease agreement. Any lease incentives received (such as temporary rent holidays) are also recognized in income over the same period.

The Group rarely owns its call centers and finance lease agreements are therefore a little-used form of financing. Most call centers are held on operating leases, and the related commitments are disclosed in note I.4 *Guarantees and other contractual obligations*.

	2016	2015
Property rents and charges	-196	-188
Communications costs	-93	-93
Hire and maintenance of equipment	-66	-62
Travel and entertainment	-46	-37
Office cleaning and security	-44	-41
Operating expenses	-43	-51
Staff recruitment	-34	-30
Fees	-33	-32
Consumable supplies	-15	-13
Other	-72	-79
TOTAL	**-642**	**-626**

NOTE C.12 Other operating income and expenses

This line item includes income and expenses that are unusual in terms of their rarity or amount. It mainly includes capital gains and losses on disposal of intangible assets and property, plant and equipment, certain restructuring and termination costs, significant litigation, acquisition transaction and closure costs of subsidiaries, etc.

	2016	2015
Other operating income	0	0
Other operating expenses	-6	-3
TOTAL	**-6**	**-3**

Other operating expenses in 2016 comprise principally the transaction costs relating to the acquisition of LanguageLine Solutions LLC.

NOTE C.13 Segment reporting

An operating segment is a component of an entity:

- which engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the same entity;
- whose operating results are reviewed regularly by the entity's chief operating decision maker in order to allocate resources and assess its performance; and
- for which discrete financial information is available.

Segments may be aggregated when they have similar economic characteristics.

The Group's activity, as monitored by its Chief Executive Officer, is divided into three principal management regions:

- the English-speaking & Asia-Pacific region, which includes the businesses in the following countries: Canada, USA, United Kingdom, South Africa, China, Indonesia, India, Philippines, Singapore, Jamaica, Guyana, Australia and Malaysia;
- the Ibero-LATAM region, which includes the businesses in the following countries: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Mexico, Spain and Portugal;
- the Continental Europe & MEA region, which includes the businesses in the EMEA region, with the exception of the United Kingdom, Spain and Portugal, although it includes the TLS and GN Research sub-groups.

The LanguageLine Solutions LLC business is in the process of being integrated into the Group and represents a distinct segment in 2016.

Sales between the Group's geographical segments are negligible and are made at arm's length conditions.

Segment information is set out below:

Inter-segment operations are not significant and are not identified separately.

2016	English-speaking & APAC	Ibero-LATAM	Continental Europe& MEA	LanguageLine Solutions	Holdings	Total
Revenues	**1,716**	**884**	**935**	**114**		**3,649**
Operating profit	**150**	**89**	**69**	**23**	**8**	**339**
Capital expenditure	87	59	44	2		192
Intangible assets and Property, plant and equipment, net	1,238	312	303	1,748	2	3,603
Depreciation and amortization	95	41	34	21		191

2015	English-speaking & APAC	Ibero-LATAM	Continental Europe& MEA	LanguageLine Solutions	Holdings	Total
Revenues	**1,688**	**834**	**876**			**3,398**
Operating profit	**150**	**101**	**43**		**14**	**308**
Capital expenditure	89	37	48			174
Intangible assets and Property, plant and equipment, net	1,234	294	302		2	1,832
Depreciation and amortization	90	40	34		1	165

D. Goodwill

NOTE D.1 Accounting policies and methods

In a business combination, goodwill is calculated as disclosed in note B.1.3 *Business combinations.*

Impairment

The recoverable amount of goodwill is estimated at each reporting date. Goodwill is measured at cost less accumulated impairment losses. It is allocated to cash-generating units (CGUs) or groups of cash-generating units, and is not subject to amortization but is tested for impairment at least annually.

An impairment loss is recognized whenever the carrying amount of an asset or its CGU or group of CGUs exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss recognized in respect of a CGU (or group of CGUs) is allocated to a reduction in the carrying amount of assets in the CGU (or group of CGUs) in the following order:

- goodwill, then
- other intangible assets and property, plant and equipment, proportionate to their carrying amounts.

The recoverable amount of an asset or CGU is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows net of tax are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Discount rates are post-tax rates applied to cash flows after tax, and result in the determination of recoverable amounts identical to those that would have been obtained using pre-tax rates to cash flows excluding tax.

The Group determines its discount rates by taking into account the average risk-free rates with a maturity of between 20 and 30 years observed over 12 months, the market risk premium, and Teleperformance's average weekly beta over 2 years (given the absence of comparable enterprises). The risk-free rate and the risk premium are specific to each geographical area with similar characteristics.

An impairment loss in respect of goodwill may not be reversed.

NOTE D.2 Change in goodwill

Changes in goodwill in 2015 and 2016 are set out below:

Goodwill	Gross	Accumulated impairment losses	Net
AT DECEMBER 31ST, 2014	**1,043**	**-24**	**1,019**
Change in consolidation scope*	40		40
Translation differences	63	1	64
AT DECEMBER 31ST, 2015	**1,146**	**-23**	**1,123**
Change in consolidation scope*	779		779
Translation differences	50		50
AT DECEMBER 31ST, 2016	**1,975**	**-23**	**1,952**

* *The line items «Change in consolidation scope» relate to the acquisition of LanguageLine Solutions LLC in September 2016 and to the adjustment during the first half of 2015 to the assets and liabilities acquired in 2014 of Aegis USA Inc.*

NOTE D.3 Determination of the principal cash-generating units ("CGUs") or groups of cash-generating units

Subsidiaries are grouped together to form a CGU in the following cases:

- there are significant inter-relationships formed by the existence of the same customers with common cash flows;
- existence of close ties of certain subsidiaries with their offshore production units;
- presence in the same geographical region, with a similar economic context and common management.

At December 31st, 2016, the principal CGUs were determined to be as follows:

North America CGU

This CGU is formed by the contact center subsidiaries located in the USA and Canada, and the offshore subsidiaries in India, the Philippines, Jamaica and Guyana.

Nearshore CGU

This CGU is formed by the contact center subsidiaries located in Mexico, Costa Rica, El Salvador and the Dominican Republic.

Central Europe CGU

This CGU is formed by the businesses of companies situated in Germany, Switzerland and the Netherlands.

United Kingdom CGU

This CGU is formed by the business in the United Kingdom and the offshore subsidiary in South Africa.

French Speaking Market (FSM) CGU

This CGU is formed by the French subsidiaries with contact center businesses and the production subsidiaries in Tunisia and Morocco. These companies were brought together in 2008 under common management and a single brand name. The effect of the French *CICE* tax credit was included in the determination of the recoverable amount of the CGU, for €64.3 million. Even without this effect, the recoverable amount of the CGU would have been higher, by €48.8 million, than the carrying amount of the CGU's net assets, and no impairment charge would have resulted.

LanguageLine Solutions CGU

Following the acquisition of LanguageLine Solutions LLC in September 2016, provisional goodwill amounting to €824 million was recognized in the statement of financial position at December 31st, 2016. As disclosed in note B.2 *Change in consolidation scope*, the Company is currently in the process of measuring the assets and liabilities acquired.

Other CGU

The entities in Other CGU represent individually less than 1.6% of total goodwill.

The following schedule sets out the allocation of goodwill to the principal CGUs. Goodwill was tested for impairment by the Group as of December 31st, 2016.

	Goodwill				Discount rate	
	12/31/2016	**incl. impairment**	12/31/2015	incl. impairment	**2016**	2015
LanguageLine Solutions LLC*	824					
North America & FHCS	698	16	676	16	7.3%	8.1%
Nearshore	118		125	0	10.0%	10.6%
Central Europe	94		94	0	5.7%	6.5%
United Kingdom	70		82	0	7.0%	7.8%
FSM	53		53	0	6.4%	7.1%
Other	95	7	93	7		
TOTAL	**1,952**	**23**	**1,123**	**23**		

* *Given the acquisition during the 2nd half-year 2016, no impairment test was performed on this CGU as at 12/31/2016.*

The reduction in the discount rates is principally due to a reduction in the beta risk utilized in the calculations.

NOTE D.4 Determination of the recoverable amount of CGUs

The recoverable value of CGUs is represented by the value in use.

The Group has not used any other measurement methods, for example that of fair value less costs to sell.

Recoverable amounts are determined by geographical region, calculated on the basis of the present value of estimated cash flow forecasts for the next five years. The cash flows of the first year are based on the following year's budget, approved by Group management. The cash flows of the following two years are based on forecasts prepared by CGU managements, approved by Group management, on the basis of their knowledge of the business sector, future growth possibilities, and the risk profile. The terminal values calculated after five years assume perpetual future growth equal to inflation. Cash flows are discounted using the weighted average cost of capital of each geographical region.

Reasonableness checks are made to ensure that the WACC is consistent with the ROCE (see note A.6 *Glossary*).

An impairment loss is recognized when the recoverable amount of a CGU, determined as set out above, is less than its carrying amount.

The recoverable amounts of the principal CGUs in the statement of financial position as at December 31st, 2016 are as follows:

	Recoverable amount 2016
North America	1,842
Nearshore	718
United Kingdom	241
FSM	190
Central Europe	173

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NOTE D.5 Sensitivity analysis

When the above test results in a recoverable amount approximately equal to the carrying amount of the CGU, sensitivity analyses are performed with respect to the discount rates selected and to the profitability rates used in the calculation of the terminal values.

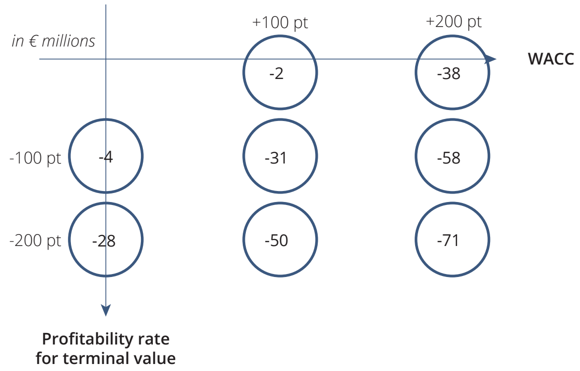
In 2016, the Central Europe CGU, with a carrying amount of goodwill of €94 million, was the subject of additional analyses.

The profitability rate used in the calculation of the terminal value for the Central Europe CGU reflects the past experience for this CGU and appears reasonable in the light of the Group's forecasts as of the reporting date.

The following chart shows the impact of increases of 100 and 200 basis points in the discount rate combined with a reduction of 100 and 200 basis points in the profitability rate used to calculate the terminal value for this CGU.

The amounts in the chart show the difference between the CGU's recoverable and carrying amounts, limited to the carrying amount of its goodwill. A negative amount therefore indicates a potential impairment loss.

Sensitivity analysis Central Europe



E. Income tax

NOTE E.1 Income tax expense

Income tax expense reported in the income statement comprises current and deferred tax except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

The French levy on the added value of companies (*CVAE*) and certain foreign taxes such as the Italian *IRAP* come within the scope of IAS 12 and are therefore recognized as a tax expense.

As a result, current tax comprises:

- the expected amount of tax payable on the taxable income of the period (determined using tax rates that have been enacted or substantively enacted at the reporting date);
- any adjustment of the amount of tax payable in respect of previous years;
- *CVAE*, *IRAP*, etc.

Income tax expense recognized in 2016 amounts to €82.8 million, compared with €77.8 million in 2015, and is analyzed as follows:

	2016	2015
Consolidated net profit	**217**	**203**
Current tax expense	97	79
Deferred tax expense (credit)	-14	-1
Profit before tax	**300**	**281**
Standard rate of tax in France	34.43%	38.00%
Expected tax expense	**-103**	**-107**
CVAE	-2	-2
IRES/IRAP	-1	-1
Tax on dividends	-2	-2
Effect of foreign jurisdictions' tax rates	24	34
Other permanent differences, other items	-1	4
Change in unrecognized deferred tax assets	2	-4
TOTAL	**-83**	**-78**

NOTE E.2 Deferred tax

Deferred tax is calculated and recognized using the liability method, providing for all temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are measured using the tax rate that is expected to apply in the period when the asset is realized and the liability settled, according to tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are netted by tax entity for presentation in the statement of financial position.

A deferred tax asset is recognized only to the extent that it is likely that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

	Deferred tax assets	Deferred tax liabilities	Net	including assets from tax losses
AT DECEMBER 31ST, 2014	**41**	**125**	**-84**	**20**
Change in consolidation scope	7	-15	22	
Recognized in profit or loss	4	3	1	
Translation differences	-2	11	-13	
Offset of assets and liabilities	-14	-14	0	
AT DECEMBER 31ST, 2015	**36**	**110**	**-74**	**15**
Change in consolidation scope	6	357	-351	
Recognized in profit or loss	5	-9	14	
Translation differences	-1	22	-23	
Offset of assets and liabilities	-16	-16	0	
AT DECEMBER 31ST, 2016	**30**	**464**	**-434**	**7**

Deferred tax liabilities related to intangible assets recognized as part of a business combination amounted to €453.3 million at December 31st, 2016 (€89.3 million at December 31st, 2015), following the acquisition of LanguageLine Solutions LLC.

Deferred tax assets amounted to €29.3 million at December 31st, 2016 (€36.2 million at December 31st, 2015) including amounts relating to tax losses carried forward of €6.8 million.

Deferred tax assets of €22.6 million at December 31st, 2016 (€14.2 million at December 31st, 2015) relating to tax losses carried forward were not recognized as their recovery was not considered probable.

The Group has tax losses of approximately €109 million, of which €100 million have no expiry date.

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F. Equity and Earnings per share

NOTE F.1 Share capital

Share capital at December 31st, 2016 amounted to €144,450,000 consisting of 57,780,000 shares, with a nominal value of €2.50 each, fully paid-up.

	12/31/2016	12/31/2015
Number of shares issued and fully paid up	57,780,000	57,201,690
including treasury shares of	14,000	146,247
Dividend distributions in respect of the financial year*	75.1**	68.6
Dividend per share *(in €)*	1.30**	1.20

* *Based on the number of shares in issue at December 31st.*
** *As proposed to the shareholders' meeting on June 23rd, 2017.*

Teleperformance made a share capital increase of €1,445,775 in August 2016 through the issue of 578,310 shares.

NOTE F.2 Treasury shares

Treasury shares are shown as a deduction from total equity. On disposal, the proceeds, net of transaction costs and income tax, are recognized in equity.

At December 31st, 2016, the Group held 14,000 treasury shares acquired under the liquidity contract for a total of €1.3 million. This amount is shown as a deduction from equity.

NOTE F.3 Earnings per share

The Group reports both basic and diluted earnings per ordinary share. Basic earnings per share is calculated by dividing the net profit attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares.

Diluted earnings per share is determined by adjusting the net profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding by the effects of all potentially diluting ordinary shares. These concern the performance shares granted to employees when the required performance conditions have been met at the end of the financial year.

	2016	2015
Net profit - Group share	**214**	**200**
Weighted average number of shares used to calculate basic earnings per share	57,263,301	57,111,038
Dilutive effect of share awards	954,552	857,176
Weighted average number of shares used to calculate diluted earnings per share	58,217,853	57,968,214
Basic earnings per share *(in €)*	**3.73**	**3.51**
Diluted arnings per share *(in €)*	**3.67**	**3.45**

▶ Weighted average number of shares used to calculate basic and diluted earnings per share

	2016	2015
Ordinary shares in issue at January 1st	57,201,690	57,201,690
less: treasury shares held	-178,561	-90,652
Shares issued	240,172	
TOTAL	**57,263,301**	**57,111,038**

G. Financial assets and financial liabilities

NOTE G.1 Accounting policies and methods

G.1.1 Financial assets

Current and non-current financial assets comprise the following:

- loans and receivables measured at amortized cost: this category principally includes advances to staff and guarantee deposits paid mainly in the context of commercial property leases. On initial recognition, these loans and receivables are stated at fair value plus directly attributable costs; at each reporting date, these assets are measured at amortized cost;
- derivative financial instruments used to hedge exposure to foreign exchange and interest rate risks, measured at fair value at each reporting date;
- net asset warranties obtained as part of an acquisition: when the warranty relates to a specific asset or liability of the target entity at the date of a business combination, it is recognized separately from goodwill and is measured using the same method as the item being warranted.

G.1.2 Financial liabilities

Non-current financial liabilities include loan transactions with banks or other financial institutions and liabilities to certain minority interests.

Current financial liabilities comprise similar transactions as those described above but with settlement expected within one year.

Borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost, with any difference between cost and redemption value being recognized in profit or loss over the period of the borrowings on an effective interest rate basis.

Debt issuance costs are initially recorded as a reduction of the corresponding loan, and subsequently taken into account in calculating the effective interest rate and recognized in the income statement over the period of the loan.

G.1.3 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, demand deposits and investments in mutual funds made with a short-term objective, measured at fair value, with changes in fair value recognized in the statement of income.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows, but are classified in the statement of financial position as Other current financial liabilities.

G.1.4 Financial income and expenses

Financial income comprises interest receivable on funds invested, dividend income, fair value increases in financial assets at fair value through profit or loss and foreign exchange gains.

Profits on hedging instruments covering revenues are recognized in operating profit. Interest income is recognized in profit or loss as it accrues, using the effective interest rate method. Dividends are recognized as soon as the Group acquires the right to receive the payment, *i.e.*, in the case of listed shares, on the ex-dividend date.

Financial expenses comprise interest payable on borrowings, the effect of the unwinding of discounted provisions, foreign exchange losses, decreases in fair value of financial assets at fair value through profit or loss, and impairment losses recognized in respect of financial assets.

All costs related to borrowings are recognized in profit or loss using the effective interest rate method. In the event that a loan may be reimbursed by anticipation, the probable residual duration of the loan is estimated at each reporting date and used to spread the any issue expenses under the effective interest rate method.

G.1.5 Derivative financial instruments

The Group uses derivative financial instruments to reduce its exposure to foreign exchange and interest rate risks arising from its activities. From time to time, the Group may use derivative financial instruments, contracted with high-grade financial institutions to reduce counterparty risk.

Financial instruments used to hedge the fair value of financial borrowings are recognized as financial liabilities.

Financial instruments used to hedge other transactions are recognized as other current or non-current assets and liabilities, depending on their maturity and accounting classification. They are measured at fair value at the date of transaction. Changes in the fair value of the instruments are recognized in profit or loss, except for cash flow hedges.

The Group applies hedge accounting when the hedging relationship has been identified, formalized and documented from its inception, and that it has been shown to be effective.

The accounting treatment of these financial instruments depends on the category into which they fall:

- cash flow hedges: the effective portion is recognized through equity. The amounts recognized in equity are reclassified to profit or loss when the hedged items affect profit or loss, either in operating profit when they concern the cover of a commercial transaction or in financial result when they cover a financial operation.

  The ineffective portion of changes in fair value of cash flow hedges is recognized in profit or loss as financial income or expense;
- fair value hedges: they are recognized in financial result

NOTE G.2 Financial assets

	Current	Non-current	Total 12/31/2016	Total 12/31/2015
Loans	2	10	12	3
Derivative financial instruments	3		3	3
Guarantee and deposits	8	45	53	41
Net asset warranty	11		11	31
Gross financial assets	**24**	**55**	**79**	**78**
Write-downs			0	-1
CARRYING AMOUNT	**24**	**55**	**79**	**77**

The net asset warranty of €11.2 million (US$11.8 million) relates to the acquisition of Aegis USA Inc. in 2014 (see note I.2 *Change in provisions*).

NOTE G.3 Financial result

	2016	2015
Income from cash and cash equivalents	**1**	**1**
Interest expense	-24	-18
Bank commissions	-11	-5
Financing costs	**-35**	**-23**
Net financing costs	**-34**	**-22**
Foreign exchange gains	30	32
Foreign exchange losses	-35	-37
Other financial income (expenses)	**-5**	**-5**
FINANCIAL RESULT	**-39**	**-27**

NOTE G.4 Financial liabilities

The acquisition by the Group of LanguageLine Solutions LLC on September 19th, 2016 was financed in the amount of US$1,500 million through loans provided by the principal banks of the Group:

- a bridging loan of US$250 million which was replaced, on December 14th, 2016, by a US private placing (USPP) of the same amount with seven financial institutions: a 7-year tranche A of US$75 million at a fixed interest rate of 3.92% and a 10-year tranche B of US$175 million at a fixed interest rate of 4.2%. The tranches are repayable *in fine*.
- a bridging loan of €668 million expiring in 24 months;
- a loan of US$ 500 million repayable in four equal installments over five years.

The issue expenses of these loans amounted to €13.2 million, of which €5.8 million was recognized in the 2016 financial result.

As of December 31st, 2016, the Group also has the following additional sources of financing:

- a US private placement (USPP) of US$325 million with nine major financial institutions, comprising a 7-year tranche A of US$160 million at a fixed interest rate of 3.64% and a 10-year tranche B of US$165 million at a fixed interest rate of 3.98%. Both tranches are repayable *in fine*;
- a loan of US$135 million maturing in July 2017;
- a multi-currency syndicated facility of €300 million, put in place in June 2012, expiring in February 2021, drawn down to the extent of €35 million at December 31st, 2016 (€90 million at December 31st, 2015).
- a new European commercial paper of €30 million maturing in January 2017.

The last two are hedged through a "Cross Currency Interest Swap" with a nominal amount of US$85 million.

The available balance on the multi-currency syndicated facility (€, US$) at December 31st, 2016 was €265 million.

Net financial indebtedness: Schedule of debt maturities:

	12/31/2016	**Current**	**Non-current***	12/31/2015	Current	Non-current
Loans from financial institutions and the USPPs	1,881	194	1,687	547	94	453
Bank overdrafts and advances	3	3	0	3	3	
Finance lease liabilities	2	1	1	2	1	1
Other borrowings and financial liabilities	7	7		2	2	
Cross Currency Interest Swap on loan	17	17		20	20	
Due to minority shareholders	39	39		46	31	15
Total financial liabilities	**1,949**	**261**	**1,688**	**620**	**151**	**469**
Marketable securities	7	7		20	20	
Cash and bank	275	275		237	237	
Total cash and cash equivalents	**282**	**282**		**257**	**257**	
NET DEBT	**1,667**	**-21**	**1,688**	**363**	**-106**	**469**

* *Due after 5 years: €394 million.*

The Group relies only to a minor extent on finance lease financing and, in consequence, the amount of its finance lease liabilities is not significant (€1.8 million and €2.3 million at December 31st, 2016 and 2015, respectively).

The amounts due to minority shareholders concern the estimated residual amount owing in respect of 2013 share purchases.

The liability amounted to €39.4 million at December 31st, 2016 (€46 million at December 31st, 2015) after a payment of €30.8 million was made in the first half of 2016.

Loans from financial institutions and USPPs:

▶ Schedule of loans by principal currency and type of interest rate

	Total	€	USD	CLP	TRY	COP	MAD	Other
Type of interest rate								
■ fixed	580	30	545	2		2	1	
■ floating	1,301	703	595			3		
12/31/2016	**1,881**	**733**	**1,140**	**2**	**0**	**5**	**1**	**0**

	Total	€	USD	CLP	TRY	COP	MAD	Other
Type of interest rate								
■ fixed	304		298	1	1		2	2
■ floating	243	90	152			1		
12/31/2015	**547**	**90**	**450**	**1**	**1**	**1**	**2**	**2**

▶ Schedule of loans by category and group company

	Utilized at 12/31/2016	Available	Total facility	Utilized at 12/31/2016 (in currency)		Interest rate	Maturity	Financial covenant
CREDIT LINE								
Teleperformance SE	35	265	300	35	€ USD	EURIBOR + 0.6% LIBOR + 1.50%	2021.02	yes
MMCC Solutions Canada		6	6		CAD	Bank's prime rate + 1%		yes
Total	**35**	**271**	**306**					
SECURED BANK LOANS								
Citytech	1			1	USD	5.68%	2017.03	no
Total	**1**							
UNSECURED BANK LOANS								
Teleperformance SE	128			135	USD	LIBOR $ + 1.10%	2017.07	yes
Teleperformance SE (New European commercial paper)	30			30	€	-0.08%	2017.01	yes
Teleperformance SE (USPP)	152			160	USD	3.64%	2021.12	yes
Teleperformance SE (USPP)	155			165	USD	3.98%	2024.12	yes
Teleperformance SE (USPP)	166			175	USD	4.22%	2026.12	yes
Teleperformance SE (USPP)	71			75	USD	3.92%	2023.12	yes
Teleperformance SE	668			668	€	EURIBOR + 1%	2018.08	yes
Teleperformance SE	474			500	USD	LIBOR $ + 1.7%	2021.08	yes
TLS Contact Morocco	1			5	MAD	6.25%	2019.06	no
TP Chile	2			1,434	CLP	6.84% - 7.94%	2017.05	no
Teledatos	3			10,850	COP	DTF + 4.75%	2017.01	no
Teledatos	2			6,004	COP	15.00%	2017.01	no
Total	**1,852**							
Loans issue expenses	-7							
TOTAL	**1,881**	**271**	**306**					

Covenants

Our principal financial liabilities are subject to financial covenants, all of which were respected at December 31st, 2016 :

- the syndicated multi-currency facility of €300 million;
- the bank loans of US$135 million and US$500 million;
- the USPPs of US$250 million and US$325 million and;
- the bridging loan of €668 million

are subject to the following ratios.

The table below summarize applicable leverage ratios:

	At 12/31/2016 and 06/30/2017	At 12/31/2017	At 06/30/2018	At 12/31/2018 and thereafter
Consolidated net debt/Total equity	≤ 1.00x	≤ 0.90x	≤ 0.80x	≤ 0.70x
Consolidated net debt/EBITDA	≤ 2.75x	≤ 2.50x	≤ 2.25x	≤ 2.00x

Interest rate risk

The Group has an exposure to interest rate risks on its financial liabilities and its short-term liquid investments. The following schedule identifies the amounts subject to interest rate risk:

A change of 100 basis points in the interest rate would have had an impact of €9.2 million in 2016 and of €0.1 million in 2015.

Net debt	12/31/2016	Fixed rate	Subject to interest rate risk	12/31/2015	Fixed rate	Subject to interest rate risk
Total financial liabilities	1,949	619	1,330	620	350	270
Cash and cash equivalents	-282		-282	-257		-257
NET DEBT	**1,667**	**619**	**1,048**	**363**	**350**	**13**

NOTE G.5 Foreign exchange hedging operations

Revenues and operating expenses of group companies may be denominated in a currency other than their functional currency. In order to reduce exposure to exchange rate risk, hedge contracts have been entered into, principally between the following currencies:

- the US dollar and the Mexican peso;
- the US dollar and the Colombian peso;
- the Philippine peso and the US dollar;
- the Colombian peso, the Turkish lira, the Tunisian dinar and the euro.

The policy of the Group is cover its highly probable forecast transactions denominated in foreign currency, usually up to 12 months ahead. The Group uses forward exchange contracts and plain vanilla foreign exchange options.

In addition, currency hedges are in place to cover the exchange risk between currencies managed within the cash pool and the euro (in particular the US dollar and the Mexican peso) as well as certain loans between Teleperformance SE and its subsidiaries.

The principal derivative financial instruments in place at the year-end are as follows:

Derivative financial instruments at December 31st, 2016	Notional amount in currency	Notional amount in € at 12/31/2016	Fair value in € at 12/31/2016	In equity	**In 2016 profit or loss**
Hedge of forecast 2016 USD/MXN transactions					
Forward USD sales	10	9	-1		-1
Hedge of forecast 2017 USD/MXN transactions					
Put & call USD - options	8	8	0	0	0
Forward USD sales	32	30	-2	-2	0
Sale of USD options*	5	5	0		0
Hedge of forecast 2016 MXN/USD transactions					
Forward MXN purchases	197	9	-1		-1
Hedge of forecast 2017 MXN/USD transactions					
Put & call MXN - options	205	9	-1	-1	0
Forward MXN purchases	501	23	-2	-2	0
Sale of MXN options*	140	6	0		0
Hedge of forecast 2016 USD/PHP transactions					
Forward PHP purchases	2,395	46	0	0	0
Hedge of forecast 2017 USD/PHP transactions					
Put & call PHP - options	2,800	54	-5	-5	0
Forward PHP purchases	6,305	121	-2	-1	-1
Sale of PHP options*	1,900	36	-1		-1
Hedge of forward 2017 COP/EUR transactions					
Forward EUR sales	19	19	0	0	0
Put & call EUR - options	5	5	0	0	0
Sale of EUR options*	4	4	0		0
Hedge of forward 2017 COP/USD transactions					
Put & call USD - options	8	8	0	0	0
Forward USD sales	35	33	0	0	0
Sale of USD options*	7	7	0		0
Hedge of forecast 2017 USD/INR transactions					
Put & call USD - options	6	6	0	0	0
Forward USD sales	15	14	0	0	0
Sale of USD options*	4	4	0		0
Hedge of forecast 2017 EUR/TND transactions					
Forward TND purchases	52	21	0	0	0
***Cross Currency* Interest Swap EUR/USD**	85	81	-17		-17
USD interest caps	400	380	0		0
Hedge of intra-group loans					
■ in GBP	6	7	1		1
■ in USD	140	133	-7		-7
■ in PHP	4,486	86	1		1
Cash pool hedges					
■ in MXN	1,570	72	-1		-1
■ in USD	45	43	0		0

* *Not eligible for hedge accounting.*

Derivative financial instruments at December 31st, 2015	Notional amount in currency	Notional amount in € at 12/31/2015	Fair value in € at 12/31/2015	In equity	In 2015 profit or loss
Hedge of forecast 2015 USD/MXN transactions					
Forward USD sales	37	34	-5		-5
Hedge of forecast 2016 USD/MXN transactions					
Put & call USD - options	9	8	-1	-1	0
Forward USD sales	17	16	-1	-1	0
Sale of USD options*	7	6	0		0
Hedge of forecast 2016 MXN/USD transactions					
Put & call MXN - options	196	10	0	0	0
Forward MXN purchases	483	26	-2	-3	1
Sale of MXN options*	133	7	0	0	0
Hedge of forecast 2015 USD/PHP transactions					
Forward PHP purchases	2,288	45	-1	0	-1
Hedge of forecast 2016 USD/PHP transactions					
Put & call PHP - options	3,150	62	-1	-1	0
Forward PHP purchases	5,250	103	-1	-2	1
Sale of PHP options*	2,200	43	0	0	0
Hedge of forward 2016 COP/EUR transactions					
Forward EUR sales	18	18	0	0	0
Hedge of forward 2016 COP/USD transactions					
Forward USD sales	20	18	-3	-3	0
Hedge of forecast 2016 USD/INR transactions					
Put & call USD - options	3	3	0	0	0
Forward USD sales	8	7	0	0	0
Sale of USD options*	2	2	0	0	0
Hedge of forecast 2016 EUR/TND transactions					
Forward TND purchases	58	26	-1	0	-1
***Cross Currency Interest* Swap EUR/USD**	115	106	-20	0	-20
Hedge of intra-group loans					
■ in GBP	33	45	-1	0	-1
■ in USD	143	131	0	0	0
■ in PHP	3,931	78	-2	0	-2
Cash pool hedges					
■ in MXN	1,870	99	-4	0	-4
■ in USD	25	23	1	0	1

* *Not eligible for hedge accounting.*

At December 31st, 2016, the fair value of derivative financial instruments amounted to -€37.7 million (December 31st, 2015: -€40.6 million) of which €3.3 million is presented in Other financial assets, €23.9 million in Other current liabilities and €17.1 million in Other financial liabilities.

Counterparty credit risk (Credit value adjustment – CVA) and own credit risk (Debt value adjustment – DVA) are taken account of in the fair values of hedging instruments, but the amounts are not significant.

NOTE G.6 Carrying amount and fair value of financial assets and financial liabilities by category

The fair value hierarchy is made up of three levels:

- Level 1: quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (*i.e.* as prices) or indirectly (*i.e.* derived from prices).
- Level 3: unobservable inputs for the asset or liability.

The following schedules show the carrying amounts of financial assets and financial liabilities and their fair values, by level of hierarchy:

	Accounting category					Fair value			
12/31/2016	**Financial instruments at fair value through profit or loss**	**Derivative financial instruments**	**Loans and receivables**	**Financial liabilities at amortized cost**	**Total**	**Lev 1**	**Lev 2**	**Lev 3**	**Total**
FINANCIAL INSTRUMENTS: ASSETS									
I - Financial assets at fair value	**7**	**3**	**0**	**0**	**10**	**7**	**3**	**0**	**10**
Exchange rate hedging instruments		3			**3**		3		**3**
Marketable securities	7				**7**	7			**7**
II - Financial assets at amortized cost	**0**	**0**	**1,322**	**0**	**1,322**	**275**	**1,047**	**0**	**1,322**
Loans			12		**12**		12		**12**
Guarantee and deposits			53		**53**		53		**53**
Net asset warranty			11		**11**		11		**11**
Accounts receivable - Trade			871		**871**		871		**871**
Other assets			100		**100**		100		**100**
Cash and bank			275		**275**	275			**275**
FINANCIAL INSTRUMENTS: LIABILITIES									
I - Financial liabilities at fair value	**0**	**41**	**0**	**0**	**41**	**0**	**41**	**0**	**41**
Cross Currency Interest Swap on loan		17			**17**		17		**17**
Exchange rate hedging instruments		24			**24**		24		**24**
II - Financial liabilities at amortized cost	**0**	**0**	**3**	**2,458**	**2,461**	**3**	**2,458**	**0**	**2,461**
Loans from financial institutions and the USPPs				1,881	**1,881**		1,881		**1,881**
Finance lease liabilities				2	**2**		2		**2**
Other borrowings and financial liabilities				7	**7**		7		**7**
Bank overdrafts and advances			3		**3**	3			**3**
Accounts payable - Trade				126	**126**		126		**126**
Other liabilities				442	**442**		442		**442**

12/31/2015	Accounting category					Fair value			
	Financial instruments at fair value through profit or loss	Derivative financial instruments	Loans and receivables	Financial liabilities at amortized cost	Total	Lev 1	Lev 2	Lev 3	Total
FINANCIAL INSTRUMENTS: ASSETS									
I - Financial assets at fair value	**20**	**3**	**0**	**0**	**23**	**20**	**3**	**0**	**23**
Exchange rate hedging instruments		3			**3**		3		**3**
Marketable securities	20				**20**	20			**20**
II - Financial assets at amortized cost	**0**	**0**	**1,172**	**0**	**1,172**	**237**	**935**	**0**	**1,172**
Loans			2		**2**		2		**2**
Guarantee and deposits			41		**41**		41		**41**
Net asset warranty			31		**31**		31		**31**
Accounts receivable - Trade			754		**754**		754		**754**
Other assets			107		**107**		107		**107**
Cash and bank			237		**237**	237			**237**
FINANCIAL INSTRUMENTS: LIABILITIES									
I - Financial liabilities at fair value	**0**	**44**	**0**	**0**	**44**	**0**	**44**	**0**	**44**
Cross Currency Interest Swap on loan		20			**20**		20		**20**
Exchange rate hedging instruments		24			**24**		24		**24**
II - Financial liabilities at amortized cost	**0**	**0**	**3**	**1,005**	**1,008**	**3**	**1,005**	**0**	**1,008**
Loans from financial institutions and the USPPs				547	**547**		547		**547**
Finance lease liabilities				2	**2**		2		**2**
Other borrowings and financial liabilities				2	**2**		2		**2**
Bank overdrafts and advances			3		**3**	3			**3**
Accounts payable - Trade				117	**117**		117		**117**
Other liabilities				337	**337**		337		**337**

There were no transfers between the different levels of fair value for assets and liabilities measured using this method.

Liabilities to minority shareholders amounting to €39.4 million at December 31st, 2016 (€46.0 million at December 31st, 2015) are measured using the terms of each acquisition agreement.

NOTE G.7 Financial risk management

The Group has an exposure to the following risks:

- credit risk;
- liquidity risk;
- market risk;
- equity risk.

Set out below is information on the Group's exposure to each of the above risks, its objectives, policy and procedures for measuring and managing risk, as well as its share capital and equity management.

Quantitative disclosures appear elsewhere in the consolidated financial statements.

The Board of Directors defines and oversees the Group's risk management framework. Monitoring, measuring and overseeing financial risk is the responsibility of the Group's Finance Department, for the Group and each of the Group companies.

The objective of the Group's risk management policy is to identify and analyze the risks that the Group faces, to set appropriate risk limits and controls, and to manage the risks and ensure that the limits defined are respected. The policy and the risk management systems are reviewed regularly so as to respond to changes in the market and in the Group's activities. Through its training and management rules and procedures, the Group aims to develop a rigorous and constructive control environment in which every employee has a clear understanding of his or her role and duties.

The Internal Audit Department performs both periodic and *ad hoc* reviews of risk management controls and procedures, reporting to the Audit Committee.

All strategic decisions relating to the hedging policy for financial risks are the responsibility of the Group's Finance Department.

G.7.1 Credit risk

Credit risk is the Group's risk of financial loss in the event that a customer or counterparty to a financial instrument fails to meet his contractual obligations. This risk primarily concerns customer receivables and short-term investments.

Customer and other receivables

The Group's exposure to credit risk is mainly influenced by the individual characteristics of its customers. Sales to the principal customer of the Group account for 7% of group revenues. In addition, sales to telecommunications customers and Internet access providers represent a total of 19% of group revenues. No country accounts for over 10% of customer receivables with the exception of the United States which represented approximately 43% of total customer receivables as of December 31st, 2016.

Credit risk is continuously monitored by the Group's Finance Department, through monthly reports and quarterly Executive Committee meetings.

The Group does not require specific credit guarantees for its customer and other receivables.

The Group determines the level of its impairment losses by estimating losses incurred on customer and other receivables.

Guarantees

The Group provides contract performance guarantees at the request of some customers. The guarantees provided are disclosed in note I.4 *Commitments and other contractual obligations*.

G.7.2 Liquidity risk

Liquidity risk is the risk that the Group would experience difficulty in repaying its liabilities at the due date.

The policy of the Group in respect of its financing is to maintain at all times sufficient liquidity to finance group assets, short-term cash requirements, and its development, both in terms of amount and duration, and at the lowest possible cost.

Over recent years, the Group has implemented a centralized cash management policy when in conformity with local legislation applying to its subsidiaries. Cash pool member companies represent slightly less than 60% of group revenues.

In those countries where cash-pooling is not permitted, short-term cash management is provided by subsidiaries' operational management which generally has access to short-term bank facilities, plus, in some cases, confirmed credit line facilities from the parent company.

All medium- and long-term financing is authorized and overseen by the Group's Finance Department.

The Group obtains its financing in the form of loans and credit lines from high-grade financial institutions, with maturities ranging from 2017 through 2026 as disclosed in note G.4 *Financial liabilities.*

The outstanding balance available on the multi-currency (€, US$) syndicated facility as of December 31st, 2016 amounted to €265 million.

Net debt at December 31st, 2016 was €1,666.8 million, compared with €362.7 million at the end of 2015.

Given the maturity of our borrowings and the Group's capacity to generate free cash flow, liquidity risk is considered to be low.

Additional disclosures relating to liquidity risk are set out in note G.4 *Financial liabilities*.

G.7.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and the cost of equity instruments, will affect the Group's results or the value of its financial instruments. The objective of managing market risk is to manage and control the market risk exposure, keeping it within acceptable limits, while optimizing returns.

Foreign exchange risk

The Group is exposed in particular to foreign exchange risk on revenues denominated in a currency, generally the US dollar, which is not the functional currency of the Group company concerned.

The Group hedges this risk mainly in respect of rate changes between the Mexican, Philippines and Colombian pesos, and the US dollar. Additional disclosures on these hedging operations are given in note G.5 *Currency hedging operations*.

The Group is also exposed to exchange risk on loans denominated in currencies other than the euro or the functional currencies of group entities.

Group policy is as follows:

- the Group hedges loans made to subsidiaries with loans or advances in the same currency and with the same maturities, or with foreign exchange contracts;
- the principal bank loans of group companies are denominated in the functional currency of the borrower;
- interest due on borrowings is denominated in the same currency as the cash flows generated by the underlying operations of the Group, primarily the euro, the US dollar and the £ sterling. This provides an economic hedge without resorting to the use of derivatives.

Finally, the Group is exposed to foreign exchange risk when translating foreign subsidiaries' financial statements for consolidation purposes.

The translation effect on the consolidated revenues of the Group is disclosed in note G.8 *Exposure to exchange risk from translation of foreign subsidiaries' financial statements on consolidation* which shows the breakdown of revenues by currency over the last two years.

The impact of changing foreign exchange rates on the Group's revenues, profit before tax and net profit - Group share is disclosed in note G.8 *Exposure to exchange risk from translation of foreign subsidiaries' financial statements on consolidation.*

Interest rate risk

See note G.4 *Financial liabilities*.

G.7.4 Equity risk

The Group limits its exposure to equity risk by investing available cash reserves in short-term liquid investments, certificates of deposit, and in low risk financial instruments such as mutual funds, while choosing high-grade financial institutions and avoiding significant concentration. Group management does not expect any counterparty to default.

Short-term liquid investments at December 31st, 2016 amounted to €7.2 million, principally represented by money market funds and mutual funds.

Share capital and equity management

The Group's policy on share capital and equity management is to maintain a strong equity base so as to keep the confidence of investors, creditors and the market, and to support future business development. The Group therefore pays close attention to its net indebtedness and the debt/equity ratio.

The gearing ratio is determined as follows:

	12/31/2016	12/31/2015
Net debt	1,667	363
Equity	1,922	1,765
GEARING RATIO	**0.87**	**0.21**

From time to time, the Group may buy back its own shares on the market. Oddo Corporate Finance has acted on its behalf under a liquidity agreement since January 8th, 2007. The agreement complies with the Code of Conduct established by the AFEI (French Association of Investment Firms) as approved by the AMF. The amount of funds committed to this arrangement is €1.3 million. The number of treasury shares held at the end of the year is set out in note F.1 *Share Capital*.

NOTE G.8 Exposure to exchange risk from translation of the financial statements of foreign subsidiaries on consolidation

The analysis of group revenues by principal currency in 2016 and 2015 is set out in the following schedule:

	2016		2015	
Revenues	Amount	%	Amount	%
Euro	856	23.5%	771	22.7%
US dollar	1,624	44.5%	1,508	44.4%
Brazilian real	185	5.1%	190	5.6%
Mexican peso	85	2.3%	87	2.6%
£ sterling	291	8.0%	315	9.3%
Colombian peso	124	3.4%	96	2.8%
Yuan	92	2.5%	70	2.1%
Other	392	10.7%	361	10.6%
TOTAL	**3,649**	**100%**	**3,398**	**100%**

Sensitivity of profit before tax and equity to a change of 1% in the exchange rate of the euro against other currencies

The Group estimates that an increase or decrease of 1% in the exchange rate of the euro against other currencies would have impacted 2016 profit before tax and equity by approximately €2.2 million and €9.6 million, respectively.

Effect of changes in exchange rates

The effect of changes in exchange rates on statement of income line items is as follows:

	2016	2015 at 2016 rates	2015
Revenues	3,649	3,292	3,398
Operating profit	339	297	308
Financial result	-39	-40	-27
NET PROFIT	**217**	**181**	**203**
Net profit - Group share	214	179	200

At December 31st, 2016, the Group's exposure to exchange risk may be summarized as follows:

	12/31/2016				12/31/2015			
	Assets	Liabilities	Net position before hedging	Net position after hedging	Assets	Liabilities	Net position before hedging	Net position after hedging
Euro	668	2,156	-1,488	-1,505	677	797	-120	-141
USD	3,327	631	2,696	2,684	1,488	278	1,210	1,202
BRL	110	27	83	83	87	22	65	65
MXN	128	38	90	87	120	10	110	103
GBP	188	33	155	156	213	41	172	171
COP	103	31	72	72	75	12	63	63
PHP	129	39	90	84	135	41	94	89
Other	355	93	262	261	302	90	212	213
TOTAL	**5,008**	**3,048**	**1,960**	**1,922**	**3,097**	**1,291**	**1,806**	**1,765**

NOTE G.9 Foreign currency exchange rates

Principal currencies	Country	Average 2016 rate	Closing rate at 12/31/2016	Average 2015 rate	Closing rate at 12/31/2015
EUROPE					
£ sterling	United Kingdom	0.82	0.86	0.73	0.73
AMERICAS AND ASIA					
Brazilian real	Brazil	3.86	3.43	3.68	4.31
Colombian peso	Colombia	3,376.00	3,155.00	3,045.00	3,442.00
US dollar	United States	1.11	1.05	1.11	1.09
Mexican peso	Mexico	20.66	21.77	17.59	18.92
Philippines peso	Philippines	52.55	52.27	50.49	51.00

The statement of income of LanguageLine Solutions LLC was consolidated for the period from September 19th to December 31st, 2016 at an average rate of $1.089 = €1 and a scope entry rate of $1.117.

H. Cash flows

NOTE H.1 Non-cash items of income and expense

	2016	2015
Depreciation and amortization of fixed assets	191	165
Increase in provisions, net of releases	-15	4
Unrealized gains and losses on financial instruments	-2	-2
Share-based payments	22	16
TOTAL	**196**	**183**

NOTE H.2 Change in working capital requirements

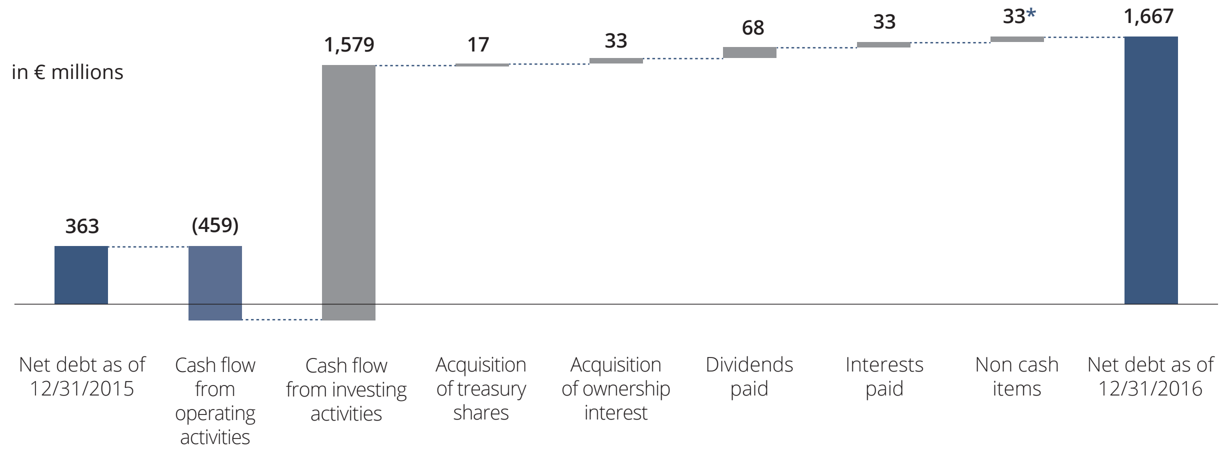
	2016	2015
Accounts receivable - Trade	-45	-37
Accounts payable - Trade	50	-2
Other	12	30
TOTAL	**17**	**-9**

The increase in Accounts receivable – Trade and Accounts payable – Trade in 2016 is principally due to the increase in the level of activity, although the impact on the former heading was somewhat mitigated by the continued improvement in the Group's credit control management.

NOTE H.3 Acquisition of subsidiaries

As disclosed in note B.2, the Group acquired LanguageLine Solutions LLC in September 2016 for a consideration of €1,389.4 million. The Company acquired had net cash of €9.7 million, and the net investment therefore amounted to €1,379.7 million.

NOTE H.4 Explanation of the change in net debt in 2016



* *Including effect of exchange rate €45 million.*

NOTE H.5 Analysis of cash and cash equivalents presented in the consolidated statement of cash flows

	Total 2016	Total 2015
Bank overdrafts and advances	-3	-3
Marketable securities	7	20
Cash and bank	275	237
CASH AND CASH EQUIVALENTS	**279**	**254**

I. Provisions, litigation, commitments and other contractual obligations

NOTE I.1 Accounting policies and methods

A provision is recognized in the statement of financial position when the Group has a present legal or constructive obligation resulting from a past event, the obligation can be reliably estimated and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount of the provision represents management's best estimate of the outflow required, and is discounted when the time value effect is significant.

Provisions relating to post-employment benefits, in particular defined benefit plans which represent most of the Group's provisions for future expenses, are recognized as follows:

The net obligation of the Group is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for services rendered as of the reporting date. This amount is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating to the terms of the Group's obligations. The obligations are measured using the projected unit credit method.

Actuarial gains and losses are recognized as Other recognized income and expenses in comprehensive income.

NOTE I.2 Change in provisions

	12/31/2015	Increases	Releases utilized	Releases unutilized	Translation differences	Other	**12/31/2016**
NON-CURRENT							
Retirement benefits	10	2					12
Other expenses	0	1					1
Total	**10**	**3**	**0**	**0**	**0**	**0**	**13**
CURRENT							
Risks	68	10	-29	-20	-1	4	32
Other expenses	2	1	-1				2
Total	**70**	**11**	**-30**	**-20**	**-1**	**4**	**34**
TOTAL	**80**	**14**	**-30**	**-20**	**-1**	**4**	**47**

	12/31/2014	Increases	Releases utilized	Releases unutilized	Translation differences	Other	12/31/2015
NON-CURRENT							
Retirement benefits	10	2		-1		-1	10
Other expenses	0						0
Total	**10**	**2**	**0**	**-1**	**0**	**-1**	**10**
CURRENT							
Risks	42	13	-3	-4	2	18	68
Other expenses	1	1					2
Total	**43**	**14**	**-3**	**-4**	**2**	**18**	**70**
TOTAL	**53**	**16**	**-3**	**-5**	**2**	**17**	**80**

Provisions for risks at December 31st, 2016 include a contingent liability of €11.7 million (US$12.4 million), in respect of risks identified during the Aegis USA Inc. acquisition process in 2014, including tax risks of €11.2 million. An equivalent asset of €11.2 million has been recognized, as these are covered by a contractual net asset warranty. Following the extinction of some of those risks, liability and asset have both been decreased by €19.5 million in 2016.

Provisions for risks also include other risks in a total amount of €19.7 million, of which €8.3 million relates to personnel-related risks, principally concerning lawsuits with former employees, particularly in Argentina and France.

As legal proceedings are ongoing for most of these disputes, their settlement date is uncertain.

NOTE I.3 Post-employment benefits: defined benefit plans

These principally concern:

- the lump-sum payments made to employees on their retirement under the provisions of French national wage agreements and labor law;
- defined benefit pension plans in Norway, Greece, the Philippines, El Salvador and certain Mexican entities.

Commitments related to the lump-sum benefits in France are measured with the following actuarial assumptions:

	2016	2015
Discount rate	1.3%	2.0%
Rate of annual increase in remuneration	1.5%/2.5%	1.5%/2.5%
Rate of employer social charges	38%/45%	38%/45%

The other commitments are individually not significant and are measured by actuaries taking into account local conditions.

▶ Change in the actuarial liability in 2016 and 2015:

	France	Other countries	Total
At December 31st, 2014	**6**	**4**	**10**
In 2015 profit or loss	1		1
In other comprehensive income	-1		-1
At December 31st, 2015	**6**	**4**	**10**
In 2016 profit or loss	1	1	2
In other comprehensive income			0
At December 31st, 2016	**7**	**5**	**12**

The liability at December 31st, 2016 presented as "Other countries" principally concerns our subsidiaries in the Philippines, Greece and India, for amounts of €1.5 million, €1.1 million and €1.1 million, respectively.

The amount of the liability in the statement of financial position, representing the benefit obligation less the fair value of plan assets was:

- €5.4 million at December 31st, 2012;
- €7.8 million at December 31st, 2013;
- €9.8 million at December 31st, 2014;
- €9.8 million at December 31st, 2015;
- €12.1 million at December 31st, 2016.

▶ Analysis of plan assets

	2016	2015
Actuarial liability	**16**	**13**
Equities	6.7%	6.1%
Alternative investments	0.0%	4.0%
Bonds	12.2%	13.6%
Money market	23.6%	25.2%
Hold to maturity bonds	31.7%	33.9%
Loans & receivables	18.1%	0.0%
Real estate	7.4%	14.7%
Other	0.3%	2.6%
Plan assets	**4**	**3**
Provision in Statement of financial position	**12**	**10**

There are no amounts in respect of company officers in the provision for retirement benefits.

NOTE I.4 Guarantees and other contractual obligations

Guarantee commitments

Teleperformance SE has given a performance guarantee to a customer, Research In Motion (RIM), in respect of a commercial contract effective from December 21st, 2011 entered into with a number of group subsidiaries. The maximum amount covered by the guarantee is the greater of (i) €15 million and (ii) the total amount of sums paid or payable by RIM to the subsidiaries concerned during the 12-month period prior to the loss event. This ceiling does not apply should the loss be caused by infringement of RIM's intellectual property rights, death or injury, damage to property, or breach of confidentiality. The guarantee is related to the obligations of the subsidiaries in respect of their commercial contracts and will therefore expire following performance and the extinguishment of these obligations.

Teleperformance SE has issued a performance guarantee to Apple Inc. relating to the obligations of certain subsidiaries undertaken in respect of a commercial contract. The guarantee was given for the duration of the commercial contract. The maximum amount covered by the guarantee is the greater of (i) US$60 million and (ii) the total amount of sums paid by Apple to the subsidiaries concerned during the calendar year preceding the date of the loss event.

Teleperformance SE has given a performance guarantee in November 2013 to the Secretary of State for the Home Department of the United Kingdom covering the duration of a commercial contract entered into with a group subsidiary. The maximum amount covered by the guarantee is £60 million.

In November 2014, Teleperformance SE issued a comfort letter in favor of Klarna, a partner with which Teleperformance EMEA, a subsidiary of Teleperformance SE, had entered into a commercial contract covering services to be supplied by Teleperformance SE subsidiaries in Sweden, Finland, Denmark, Germany, the Netherlands and the United Kingdom.

Teleperformance SE has issued a performance guarantee to Barclays Bank PLC with respect to the obligations of its subsidiary TP Portugal under a commercial contract. The guarantee was signed in 2014 and will remain in force for the duration of the contract.

Net asset warranties received in connection with the acquisition of shareholdings

The agreements entered into for the acquisitions of Aegis USA Inc., City Park Technologies and LanguageLine Holding LLC contain net asset warranties intended to indemnify the acquirer against prior existing liabilities that were not disclosed at the time of the acquisitions.

The duration of each commitment is generally between twelve months and three years from the date of completion of the purchase agreements, except, in certain cases, for tax-related liabilities for which the duration of the commitments corresponds to the date of prescription of each potential liability.

These commitments are guaranteed, in whole or in part, by either:

- certain amounts held by a bank in escrow, to be released in full after one year or three years, as applicable, in the absence of any request for indemnification; or
- a first demand guarantee issued by a high-grade bank, expiring after 18 months in the absence of any request for indemnification; or
- representation and warranty insurance covering certain of the warranties.

Assets secured against financial liabilities

Assets pledged as collateral for borrowings represent an amount of €0.9 million at the end of 2016.

Maturity of contractual obligations recognized in the statement of financial position

	Total at 12/31/2016	Under 6 months	6-12 months	Total 2017	2018-2021	After
Loans from financial institutions	1,881	73*	121	194	1,293	394
Bank overdrafts and advances	3	3		3		
Finance lease liabilities	2	1		1	1	
Other borrowings and financial liabilities	24	7	17	24		
Purchase of minority shareholdings	39	39		39		

* *Including €35 million drawn down on the revolving credit line of €300 million maturing on February 3rd, 2021.*

	Total at 12/31/2015	Under 6 months	6-12 months	Total 2016	2017-2020	After
Loans from financial institutions	547	93*	1	94	155	298
Bank overdrafts and advances	3	3		3		
Finance lease liabilities	2	1		1	1	
Other borrowings and financial liabilities	22	22		22		
Purchase of minority shareholdings	46	31		31	15	

* *Including €90 million drawn down on the revolving credit line of €300 million maturing on February 3rd, 2019.*

Maturity of contractual obligations not recognized in the statement of financial position

	Total at 12/31/2016	Under 6 months	6-12 months	Total 2017	2018-2021*	After
Operating leases	587	72	72	144	353	90

* *2018 = €134 million, 2019 = €103 million, 2020 = €73 million, 2021 = €43 million.*

	Total at 12/31/2015	Under 6 months	6-12 months	Total 2016	2017-2020	After
Operating leases	523	68	63	131	322	70

The commitments represent future real estate lease payments as stipulated in each lease agreement over the shorter of the lease term or the minimum term at the end of which the lease may be terminated without penalty.

NOTE I.5 Litigation

As a result of the normal course of business, Teleperformance and its subsidiaries are party to a number of judicial, administrative or arbitration proceedings. The risk of loss from such proceedings is provided for when the loss is probable and can be reliably quantified. Amounts provided at December 31st, 2016 total €18.7 million.

In December 2016, Teleperformance entered into a settlement agreement with a Group client who had claimed that Teleperformance was liable for damages related to incidents of improper access to customer information that occurred in 2014 in three of the Group's contact centers. Also during 2016, Teleperformance entered into an agreement with another group client who had claimed that Teleperformance was liable for damages related to an alleged failure to adequately disclose that calls by consumers were being monitored or recorded for quality or training purposes. The related expense of the two agreements amounted to €4.8 million, and was recognized in operating profit in 2016.

J. Related party disclosures

NOTE J.1 Description of transactions between group companies

Brand name royalties and technical assistance fees are paid to the parent company Teleperformance SE by the subsidiaries. Loans are made to certain subsidiaries, cash-pooling arrangements are in force, and dividends are paid up to the parent company by subsidiaries.

NOTE J.2 Related party transactions

During 2016, minority ownership interests, hold by a company officer, have been acquired in some group companies for a total amount of €0.5 million.

NOTE J.3 Remuneration of company officers (Executive Committee – Comex)

Remuneration of company officers in respect of the 2016 and 2015 financial years is summarized as follows:

Remuneration	2016	2015
Short-term benefits	15	14
Share-based payments*	36	0
TOTAL	**51**	**14**

* *The indicated amounts corresponds to the performance shares fair value vested by the Executive Committee members on August 1st, 2016.*

During 2012, a group subsidiary made a loan of US$5 million to a company officer of the Group, at arm's length conditions. The balance of the loan, which amounted to US$1.0 million at December 31st, 2015, was fully repaid in 2016.

The Group has obtained non-compete agreements from its principal senior management personnel. In respect of the two company officers concerned, the commitments are for the following terms:

- for Mr. Julien, up to two to three years provided that he respects a nine-month notice period, for which commitment he is entitled to receive an amount representing from 2 ½ to 3 years' remuneration;
- for Mr. Salles Vasques, of two years, for which commitment he is entitled to receive an amount representing two years' remuneration.

K. Fees for Teleperformance SE's Auditors (excluding international network)

In the respect of 2016 financial year, Teleperformance SE's auditors received the following fees:

	KPMG		Deloitte & Associés	
(in thousands of euros)	Audit certification	Procedures and Services other than Audit certification	Audit certification	Procedures and Services other than Audit certification
Issuer (Parent company)	364	26	246	4
Consolidated subsidiaries	95	495*	122	9
TOTAL	**459**	**521**	**368**	**13**

* *Mainly includes fees related to the acquisition of LanguageLine Solutions LLC.*

L. Events after the reporting date

None.

M. Scope of consolidation

		% interest	% control
Parent company	**Teleperformance SE**	100	100
OPERATIONAL COMPANIES			
Continental Europe & MEA			
Albania	CC Albania Sh.p.K	100	100
	Albania Marketing Services Sh.p.K	67	100
	Service 800 Albania Sh.p.K	100	100
Germany	Teleperformance Support Services GmbH	100	100
	Teleperformance Germany S.a.r.l &Co.KG	100	100
	Teleperformance Germany At Home Solutions GmbH	100	100
	Teleperformance Germany Financial Services GmbH	100	100
	GN Research Germany GmbH	67	100
Denmark	Teleperformance Denmark A/S	100	100
Egypt	Service 800 Egypt	96	96
Finland	Teleperformance Finland OY	100	100
France	Teleperformance France	100	100
	TP Etudes (GN Research France SAS)	67	100
	Teleperformance Europe Middle East and Africa	100	100
	Teleperformance Intermediation	100	100
Greece	Ypiresia 800 Teleperformance Anonimi Etaireia Parohis Ypiresion	100	100
	Direct Response Service SA	100	100
	Mantel AEPY	100	100
	Customer Value Management	100	100
Italy	In & Out S.p.A.	100	100
	GN Research S.p.A. a socio unico	67	100

		% interest	% control
Lebanon	Teleperformance Lebanon S.A.L	100	100
Lithuania	UAB «Teleperformance LT»	100	100
Luxembourg	GN Research SA	67	67
	Teleperformance Germany Sarl	100	100
Madagascar	Teleperformance Madagascar	99	99
Morocco	Société Anonyme Marocaine d'Assistance Client S.A	100	100
Norway	Teleperformance Norge	100	100
Netherlands	PerfectCall BV	100	100
	PerfectCall Financial Services BV	100	100
Poland	Teleperformance Polska Spółka z ograniczoną odpowiedzialnością	100	100
	TPG Katowice Spolka Z Ograniczona Odpowiedzialnoscia	100	100
Czech Republic	Lion Teleservices CZ, a.s	100	100
Romania	The Customer Management Company SRL	100	100
	S 800 Customer Service Provider SRL	100	100
Russia	Direct Star LLC	100	100
Sweden	Teleperformance Nordic AB	100	100
Slovakia	Lion Teleservices SK, spol. s r.o.	100	100
Switzerland	SCMG AG	100	100
Tunisia	Société Tunisienne de Telemarketing	100	100
	Société Méditerranéenne de Teleservices	100	100
Turkey	Metis Bilgisayar Sistemliri Sanayi ve Ticaret A.S	100	100
Ukraine	Limited Liability Company «KCU»	100	100
TLS Contact			
Luxembourg	TLS Group SA	100	100
South Africa	TLScontact South Africa (PTY) Ltd	100	100
Albania	TLScontact Albania Sp.h.k	100	100
Algeria	SARL TLS Contact	100	100
Germany	TLScontact Deutschland GmbH	100	100
Armenia	TLScontact AM Limited Liability Company	100	100
Azerbaijan	TLScontact Azerbaijan LLC	100	100
Belorussia	Unitary Enterprise Providing Services «TLScontact»	100	100
China	Beijing TLScontact Consulting	100	100
Egypt	TLScontact Egypt	100	100
Spain	TLScontact Espana SL	100	100
France	TLScontact France	100	100
	TLScontact Algérie	100	100
Gabon	TLScontact Gabon	100	100
Georgia	TLScontact Georgia LLC	100	100
Hong Kong	TLScontact Limited	100	100
Mauritius	TLScontact (Mau) Ltd	100	100
Indonesia	PT. TLScontact Indonesia	99	99
Ireland	TLScontact (Ireland) Ltd	100	100
Italy	TLScontact Italia S.R.L	100	100
Kazakhstan	TLScontact Kazakhstan Limited Liability Partnership	100	100
Kenya	TeleContact Limited	100	100
Lebanon	TLScontact Lebanon SARL	100	100
Madagascar	TLScontact Madagascar	100	100
Morocco	TLScontact Maroc SARLAU	100	100

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		% interest	% control
Montenegro	LLC “TLScontact” d.o.o. Podgorica	100	100
Nigeria	TLScontact Processing Services Limited	100	100
Uganda	TLS Contact Limited	100	100
Uzbekistan	TLS Contact Limited Liability Company	100	100
Philippines	TLScontact Philippines Corporation	100	100
United Kingdom	TLScontact (UK) Limited	100	100
	Teleperformance Contact Limited	100	100
	Application Facilitation Services Ltd	100	100
Russia	LLC TLScontact (RU)	100	100
Serbia	TLScontact doo Beograd-Stari Grad	100	100
Sierra Leone	TLScontact (SL) Ltd	100	100
Switzerland	TLScontact Switzerland GmbH	100	100
Tanzania	TLScontact (Tanzania) Ltd	100	100
Thailand	TLScontact International Co, Ltd	100	100
	TLScontact Enterprises (Thaïlande) Co, Ltd	100	100
Tunisia	TLScontact Tunisie	100	100
	Société Tunisienne d’assistance et de services	100	100
Turkey	TLS Danismanlik HVTLS	100	100
Ukraine	TLScontact Ukraine Limited Liability Company	100	100
Vietnam	TLScontact Vietnam Company Limited	100	100
English-speaking & Asia-Pacific			
Australia	Teleperformance Australia Pty Ltd	100	100
South Africa	TP South Africa Trading (PTY) Ltd	100	100
Canada	MMCC Solutions Canada company	100	100
	AllianceOne Limited	100	100
	Nova Information Technologies	100	100
China	North Asia United CRM Technologies (Beijing), Ltd	85	100
	Beijing Interactive CRM Technology Service Limited	85	100
	North Asia United CRM Technologies (Xian), Ltd	85	100
	Nanning North Asia United CRM Technologies Co., Ltd	85	100
	Teleperformance Information Technologies (Kunming) Co., Ltd.	85	100
Guyana	Guyana call Center Inc.	100	100
Hong Kong	Hong Kong Asia CRM Limited	85	85
India	CRM Services India Private Limited	100	100
Indonesia	P.T. Telemarketing Indonesia	100	100
Jamaica	Outsourcing Management International	100	100
Malaysia	Teleperformance Malaysia SDN.BHD	100	100
Philippines	Telephilippines incorporated	100	100
	TPPH - FHCS, Inc.	100	100
	TPPH-CRM Inc.	100	100
United Kingdom	Teleperformance Holdings Ltd	100	100
	Teleperformance Limited	100	100
	MM Group Ireland Limited	100	100
Singapore	Telemarketing Asia (Singapore) PTE LTD	100	100
USA	TP USA Inc. (TPUSA)	100	100
	Americall Group, Inc. «AGI»	100	100

		% interest	% control
	Merkafon Management Corp	100	100
	Teleperformance Delaware Inc.	100	100
	AllianceOne Incorporated ("AllianceOne")	100	100
	AllianceOne Receivables Management Inc. ("ARMI")	100	100
	TP USA FHCS Inc.	100	100
Ibero-LATAM			
Argentina	Citytech SA	100	100
Brazil	Teleperformance CRM SA	100	100
	SPCC – Sao Paulo Contact Center Ltda	100	100
Chile	TP Chile	100	100
Colombia	Teleperformance Colombia SAS	100	100
Costa Rica	Costa Rica Contact Center CRCC S.A	100	100
	Teleperformance Costa Rica S.R.L	100	100
Spain	Teleperformance Espana SAU	100	100
	Fonomerk SL	100	100
	twenty4Help Knowledge Service Espana S.L.U	100	100
	Teleperformance Mediacion de Agencia de Seguros	100	100
	Teleperformance Servicios Auxiliares S.L.U.	100	100
Mexico	TP Nearshore, S. DE R.L. de C.V.	100	100
	Merkafon de Mexico, S.A. DE C.V.	100	100
	Impulsora Corporativa Internacional, S.A. DE C.V.	100	100
	Servicios Hispanic Teleservices, S.C.	100	100
	Hispanic Teleservices de Guadalajara, S.A. DE C.V.	100	100
	Merkafon International Ltd	100	100
	Hispanic Teleservices Corporation ("HTC")	100	100
Portugal	Teleperformance Portugal SA	100	100
El Salvador	Compañia Salvadoreña de Teleservices, Sociedad Anónima de Capital Variable	100	100
LanguageLine Solutions LLC:			
United Kingdom	Language Line Services UK Ltd	100	100
USA	Language Line holdings II, Inc.	100	100
OTHER			
Luxembourg	Luxembourg Contact Center S.A.R.L	100	100
Netherlands	Dutch Contact Centers BV	100	100
USA	Teleperformance Group, Inc.	100	100

All group companies are fully consolidated.

6.7 Statutory auditors' report on the consolidated financial statements

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended 31 December 2016

To the shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended 31 December 2016, on:

- the audit of the accompanying consolidated financial statements of Teleperformance SE;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also consists in evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

At each reporting date, the company tests the carrying amount of goodwill to determine whether it is impaired, and also assesses other non-current assets to determine whether there is any indication of impairment, as described in note D. *Goodwill* of the consolidated financial statements. We have examined how the impairment testing is performed, and assessed the cash flow forecasts and assumptions used. We have also verified that the disclosures in note D. *Goodwill* is appropriate.

As disclosed in note A2. *Basis of preparation,* these estimates are based on assumptions which are by nature uncertain, and actual amounts may differ significantly from the forecast information used.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris-La Défense et Neuilly-Sur-Seine, 28 February 2017

The statutory auditors

KPMG Audit IS	Deloitte & Associés
Eric Junières	Philippe Battisti
Partner	Partner

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Parent company financial statements

7.1 Balance sheet – Assets, at December 31st

(in thousands of euros)	Notes	Cost	Acc. depn., amort. and provisions	2016 Net	2015 Net
Intangible fixed assets	2	3,923	3,666	257	74
Tangible fixed assets	2	4,857	3,461	1,396	1,620
Financial fixed assets					
Investments in subsidiaries and affiliates	3.1	1,981,644	250,609	1,731,035	959,968
Receivables from subsidiaries and affiliates	3.2	1,420,847	329	1,420,518	764,382
Other		31		31	31
Total financial fixed assets		3,402,522	250,938	3,151,584	1,724,381
Total fixed assets		**3,411,302**	**258,065**	**3,153,237**	**1,726,075**
Current assets					
Accounts receivable - Trade	6	14,002		14,002	14,189
Other receivables	6, 7	46,475	942	45,533	85,258
Marketable securities	4	7,164		7,164	21,820
Cash and bank	5	128,294		128,294	125,591
Prepaid expenses	6	550		550	99
Total current assets		**196,485**	**942**	**195,543**	**246,957**
Unrealized exchange losses	12	104,664		104,664	64,003
TOTAL ASSETS		**3,712,451**	**259,007**	**3,453,444**	**2,037,035**

7.2 Balance sheet – Shareholders' equity and liabilities, at December 31st

(in thousands of euros)	Notes	2016	2015
Share capital	8	144,450	143,004
Issue, merger and contribution premiums		575,727	575,727
Legal reserve		14,315	14,315
Other reserves		86,884	88,331
Retained earnings		51,512	61
Net income for the period		41,706	120,002
Total shareholders' equity	8	**914,594**	**941,440**
Provisions for contingencies and expenses	9	5,048	4,911
Liabilities			
Financial liabilities	10	2,334,423	932,273
Accounts payable - Trade	11	13,000	7,302
Tax, personnel and social security liabilities	11	5,021	3,122
Other liabilities	11	75,126	82,553
Total liabilities*		**2,427,570**	**1,025,250**
Unrealized exchange gains	12	106,232	65,434
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,453,444**	**2,037,035**
* *Amount due in more than one year*		1,825,204	597,361

7.3 Income statement, year ended December 31st

(in thousands of euros)	Notes	**2016**	2015
Revenues	15	70,671	67,520
Release of depreciation, amortization and provisions		1,247	122
Other income		27	161
Total operating income		**71,945**	**67,803**
Purchases and external expenses	10	39,323	21,827
Taxes other than income taxes		1,021	1,317
Wages and social charges		7,390	6,189
Depreciation, amortization and increase in provisions		556	373
Other expenses		666	690
Total operating expenses		**48,956**	**30,396**
Net income from operations		**22,989**	**37,407**
Net income from investments in subsidiaries and affiliates		32,625	96,248
Interest income from loans		46,376	34,330
Other interest and related income		142,337	158,266
Release of provisions and transferred expenses		8,928	3,835
Total financial income*		**230,266**	**292,679**
Amortization and increase in provisions		23,610	11,359
Interest and related expenses		166,024	177,309
Total financial expenses**		**189,634**	**188,668**
Net financial income	16	**40,632**	**104,011**
Profit on ordinary activities before income taxes		**63,621**	**141,418**
Net amount of			
■ capital gains / (losses) on disposal of fixed assets		-3,131	23
■ other non-operating income and expenses		493	644
Exceptional result	17	**-2,638**	**667**
Income taxes	18.2	19,277	22,083
NET INCOME		**41,706**	**120,002**
* *Including income from group companies*		85,064	131,563
** *Including expenses from group companies*		34,754	16,993

7.4 Notes to the parent company financial statements

CONTENTS OF THE NOTES TO THE COMPANY FINANCIAL STATEMENTS

Note 1 Accounting principles, rules and methods

The parent company financial statements are based on information available at the time of preparation and are presented in compliance with the principles and methods of the revised general chart of accounts in force since October 16th, 2014 and of CRC regulation No. 2014-03, in compliance with the principles of matching and prudence, and using the going concern basis.

Recognition of assets and liabilities, and income and expenses in the financial statements is made on the basis of historical costs.

NOTE 1.1 Highlights of the financial year

- Obtaining financing for the acquisition by the subsidiary Teleperformance Group, Inc. of LLS in the USA

Teleperformance concluded a number of loans (see note 10) in order to provide financing to its US subsidiary Teleperformance Group, Inc. through a loan of US$1.5 billion, 50% of which was subsequently incorporated into the subsidiary's share capital.

NOTE 1.2 Investments in subsidiaries and affiliates

Investments in subsidiaries and affiliates are recognized at acquisition cost, including transaction costs.

Teleperformance carries out impairment tests of its investments in subsidiaries and affiliates at each reporting date. The recoverable amount of investments in subsidiaries and affiliates is represented by their value in use. This is determined on the basis of the Company's share of equity in each investment, adjusted using discounted estimated future cash flows. The cash flows of the first year are based on the budget approved by group management. For the following two years, cash flows are based on forecasts prepared by the management of each subsidiary on the basis of their knowledge of the business sector, future growth possibilities, and the risk profile. The terminal values calculated after five years assume perpetual future growth equal to inflation.

Cash flows are discounted using the weighted average cost of capital of the geographical zone in which the subsidiary is based.

The estimates are based on information available at the time of preparation of the financial statements, and may be revised in a future period if circumstances change or if new information is available.

The 2016 impairment review has resulted in an impairment provision of €20 million on the shareholding in the subsidiary Teleperformance Italy.

For the impairment test of the shareholding in Teleperformance France, the effect of the French "competitiveness" tax credit was included in the determination of the recoverable amount, for €64.3 million.

The discount rates applied are specific to each geographical zone:

United Kingdom	7.0%
Central Europe	5.7%
France	6.4%
North America	7.3%
Nearshore	10.0%

Increases and decreases in provisions for impairment losses of investments in subsidiaries and affiliates are included in the financial result, except for any reversals on the disposal of shares, which are included in the exceptional result.

NOTE 1.3 Receivables from subsidiaries and affiliates

Loans made to group companies are presented under the heading "Receivables from subsidiaries and affiliates" within financial fixed assets. When denominated in a currency other than the euro, they are translated to euro at closing rates. When loans are hedged, any exchange gains and losses arising from differences between the closing rate and the rate of the hedge instrument are recognized in "Other receivables", for €0.6 million, and "Other financial liabilities", for €24.9 million.

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NOTE 1.4 Interest and exchange risk management

The Group uses financial instruments, contracted with a number of financial institutions of good standing, to manage its exposure to interest and exchange risks. These financial instruments comprise principally currency swaps for hedging purposes, forward currency sales and purchases, and exchange options for hedging purposes.

In 2014, a Cross Currency Interest Swap was set up to convert a €108 million draw-down under the syndicated credit facility to an amount equivalent to US$145 million, in relation to a loan denominated in US dollars granted by the Company.

Receivables and liabilities denominated in currencies other than the euro are measured at closing rates, except when hedged, in which case they are measured at the rate in the hedge contract.

Unrealized exchange gains and losses are shown separately on the balance sheet. Unrealized exchange losses are provided for, unless offset by unrealized gains arising from an overall net exchange position.

NOTE 1.5 Centralized cash management

Advances from Teleperformance to its subsidiaries relating to the cash pool are presented in "Other receivables", while amounts lent to it are shown in "Other loans and financial liabilities".

NOTE 1.6 Performance shares

- 2016

The Board of Directors' meetings on April 28th and November 2nd, 2016 approved free awards of 914,300 and 151,508 performance shares, respectively, to Group personnel, including company officers, under the authorization given at the shareholders' general meeting of April 28th, 2016, limited to a maximum of 2.5% of the share capital of the Company at the grant date.

Vesting of the free share awards is conditional on the beneficiaries remaining with the Group until at least the end of the vesting period and on meeting certain performance conditions relating to the financial years from 2016 to 2018.

- 2013 and 2014

The Board of Directors' meeting on July 30th, 2013 approved free awards of a total of 840,000 performance shares to Group personnel, subject to continued employment conditions for vesting.

The Board of Directors' meeting on February 24th, 2016 took note that the performance conditions of these plans, which covered financial years from 2013 to 2015, had been met. The shares have therefore vested in those beneficiaries still present on July 30th, 2016, in a total of 635,000 shares.

These shares had been acquired on the market to the extent of 56,690 shares, at a cost of €1 million, and the remainder was obtained through a share capital increase represented by the issue of 578,310 new shares, in a nominal amount of €1.5 million.

The Board of Directors' meeting on February 25th, 2014 approved free awards of a total of 22,500 performance shares, subject to the continued employment of the beneficiaries at February 25th, 2017 and to the fulfillment of certain performance criteria relating to financial years from 2014 to 2016. As the performance criteria were not met, the shares could not be vested in the beneficiaries.

Note 2 Tangible and intangible fixed assets

(in thousands of euros)	12/31/2016 Cost	12/31/2016 Accumulated depreciation, amortization and impairment losses	12/31/2016 Net	12/31/2015 Cost	12/31/2015 Accumulated depreciation, amortization and impairment losses	12/31/2015 Net
Intangible fixed assets	3,923	3,666	257	3,640	3,566	74
Tangible fixed assets	4,857	3,461	1,396	4,845	3,225	1,620
■ Land	305		305	305		305
■ Buildings	3,645	2,788	857	3,645	2,646	999
■ Other	907	673	234	895	579	316
TOTAL	**8,780**	**7,127**	**1,653**	**8,485**	**6,791**	**1,694**

NOTE 2.1 Cost

(in thousands of euros)	At 01/01/2016	Increases	Decreases	At 12/31/2016
Intangible fixed assets	3,640	283		3,923
Tangible fixed assets	4,845	12	0	4,857
■ Land	305			305
■ Buildings	3,645			3,645
■ Other	895	12		907
TOTAL	**8,485**	**295**	**0**	**8,780**

NOTE 2.2 Accumulated depreciation, amortization and impairment losses

(in thousands of euros)	At 01/01/2016	Increases	Decreases	At 12/31/2016
Intangible fixed assets	3,566	100		3,666
Tangible fixed assets	3,225	236	0	3,461
■ Land	0			0
■ Buildings	2,646	142		2,788
■ Other	579	94		673
TOTAL	**6,791**	**336**	**0**	**7,127**

NOTE 2.3 Expected useful lives

All tangible and intangible fixed assets are depreciated or amortized on a straight-line basis, based on their category and the expected useful life in the business:

	Expected useful life
Intangible fixed assets	
■ Software	3 - 5 years
Tangible fixed assets	
■ Buildings*	15 - 25 years
■ Building Improvements	8 - 10 years
■ IT Equipment	3 - 5 years
■ Other	5 - 10 years
■ Miscelleneous Improvements	5 - 10 years
■ Automobiles	5 years
■ Office Furniture	10 years

* *According to the nature of the building and the type of component.*

Note 3 Financial fixed assets

▶ Gross amount

(in thousands of euros)	At 01/01/2016	Increases	Decreases	At 12/31/2016
Investments in subsidiaries and affiliates	1,192,727	791,294	2,377	1,981,644
Receivables from subsidiaries and affiliates	765,691	1,599,258	944,102	1,420,847
Other	31			31
TOTAL	**1,958,449**	**2,390,552**	**946,479**	**3,402,522**

▶ Accumulated impairment losses

(in thousands of euros)	At 01/01/2016	Increases	Decreases	At 12/31/2016
Investments in subsidiaries and affiliates	232,759	20,000	2,150	250,609
Receivables from subsidiaries and affiliates	1,309		980	329
Other				0
TOTAL	**234,068**	**20,000**	**3,130**	**250,938**

NOTE 3.1 Investments in subsidiaries and affiliates – change in gross amount

GROSS AMOUNT AT JANUARY 1ST, 2016	**1,192,727**
Acquisitions, price adjustments and subscriptions to share capital increases	**791,294**
Share capital increase in Teleperformance Group, Inc. (USA)	668,087
Share capital increase in Luxembourg Contact Center	59,580
Share capital increase in Teleperformance France	35,000
Share capital increase in Teleperformance Holdings Limited	19,899
Share capital increase in In & Out Spa	8,500
Acquisition of shares in Teleperformance Madagascar	3
Effect of merger operations	225
Disposals and share capital reductions	**2,377**
Société Européenne de Telemarketing	2,152
Effect of merger operations	225
GROSS AMOUNT AT DECEMBER 31ST, 2016	**1,981,644**

NOTE 3.2 Receivables from subsidiaries and affiliates

Teleperformance has made a number of loans to its subsidiaries during 2016 in relation to their cash management, in a total amount of €1,440 million, principally to:

- Teleperformance Group, Inc., of US$1,519 million (€1,353 million);
- Luxembourg Contact Centers, of €32.8 million;
- Teleperformance USA, of US$15 million (€14.2 million);
- Teleperformance Canada, of CAD9 million (€6.3 million);
- Teleperformance Metis (Turkey), of 15 million Turkish lira (€4.1 million);
- Teleperformance Madagascar, of €3.1 million.

(in thousands of euros)	At 01/01/2016	Increases	Decreases	At 12/31/2016	Amount due after one year
Fonomerk	329			329	329
Luxembourg Contact Centers	30,302	33,387	61,515	2,174	
Teleperformance Holdings Ltd	17,926	20,159	30,817	7,268	2,920
IMC Korea	980		980	0	
Service 800 Egypt	12,378	686	3,046	10,018	
Service 800 Romania	3,029	804	29	3,804	
In & Out	9,515	3	8,515	1,003	
Teleperformance Finland	600	402	600	402	
TLS Luxembourg	15,429		15,429	0	
Teleperformance USA	666,374	103,884	134,023	636,235	436,729
GN Research Italy	862		862	0	
Teleperformance Denmark	0	747		747	
Lion Teleperformance Czech Republic		380		380	
Teleperformance Group, Inc. (USA)		1,408,762	668,092	740,670	711,507
Teleperformance Lebanon		301		301	
Teleperformance Poland		251		251	203
Teleperformance Madagascar		3,151		3,151	
Société méditéranéenne de Telemarketing (Morocco)		2,005		2,005	
Teleperformance Norway	0	1,529	978	551	
Teleperformance Lithuania	402	678	2	1,078	
Teleperformance Intermédiation Tunisia	0	50		50	
Teleperformance Canada	5,975	6,360	5,975	6,360	
Metis	1,590	4,081	1,601	4,070	
TOTAL	**765,691**	**1,587,620**	**932,464**	**1,420,847**	**1,151,688**
Including interest		17,791	6,347		
Including exchange differences		130,267	69,590		
Including new loans/repayments		1,439,562	99,476		

Note 4 Marketable securities

Marketable securities amounted to €7.2 million.

They included €2.2 million in money market and mutual funds with a market value of the same amount as of December 31st, 2016 and option premiums of €3.6 million relating to the centralized management of operational exchange risks (option premiums received of the same amount are shown in liabilities).

At December 31st, 2016, the Company also held 14.000 own shares under a liquidity agreement with a carrying value of €1.3 million. Related purchases and sales in 2016 are set out in the following schedule:

Number of treasury shares held at January 1st, 2016	19,000
Number of shares bought in 2016 under the buy-back program commencing May 7th, 2015	550,740
Number of shares sold in 2016 under the buy-back program commencing May 7th, 2015	560,740
Number of shares bought in 2016 under the buy-back program commencing April 28th, 2016	789,474
Number of shares sold in 2016 under the buy-back program commencing April 28th, 2016	784,474
Number of treasury shares held at December 31st, 2016	14,000
Carrying value of treasury shares held at December 31st, 2016	1,334,703.17

Note 5 Analysis of net cash

(in thousands of euros)	**12/31/2016**	12/31/2015
Bank advances	-1	-1,783
Marketable securities*	2,239	16,630
Cash and bank	128,294	125,591
Current accounts: cash pooling	-247,056	-206,505
Net cash	**-116,524**	**-66,067**

* *Excluding treasury shares and the related provision.*

Note 6 Maturity of receivables

(in thousands of euros)	**Gross amount at 12/31/2016**	Due under 1 year	Due between 1 and 5 years	Due after 5 years
Fixed assets				
■ Receivables from subsidiaries and affiliates	1,420,847	269,159	998,285	153,403
■ Other financial assets	31		31	
Current assets				
■ Accounts receivable -Trade	14,002	14,002		
including accrued invoices of: 22				
■ Current accounts: cash pooling	37,615	37,615		
■ Other operating receivables	7,918	7,918		
including accrued income of:				
■ Miscellaneous receivables	942		942	
■ Prepaid expenses	550	550		
TOTAL	**1,481,905**	**329,244**	**999,258**	**153,403**

Note 7 Impairment losses on assets (excluding financial fixed assets)

(in thousands of euros)	At 01/01/2016	Increases	Decreases	At 12/31/2016
Accounts receivable - Trade	1,247		1,247	0
Subsidiaries' current accounts	2,938		2,938	0
Miscellaneous receivables	942			942
TOTAL	**5,127**	**0**	**4,185**	**942**

Note 8 Change in shareholders' equity

(in thousands of euros)	
At January 1st, 2016	**941,440**
■ Dividends paid in 2016	-68,643
■ Cancelation of dividends due on treasury shares	91
■ 2016 net income	41,706
AT DECEMBER 31ST, 2016	**914,594**

The share capital at December 31st, 2016 amounted to €144,450,000, comprising 57,780,000 shares, each of a €2.50 nominal value. It was increased by an amount of €1,445,775 during 2016.

Note 9 Provisions for contingencies and expenses

			Decreases		
(in thousands of euros)	At 01/01/2016	Increases	A	B	At 12/31/2016
Unrealized foreign exchange losses	2,859	3,610	2,859		3,610
Employee retirement benefits	1,218	220			1,438
Own shares allocated to performance shares plans	834	176	1,010		0
TOTAL	**4,911**	**4,006**	**3,869**	**0**	**5,048**

A: *Release utilized.*
B: *Release not utilized.*

NOTE 9.1 Employee retirement benefits

Commitments for payment of retirement and post-employment benefits arising from labor agreements and legal requirements are classified as provisions for contingencies and expenses, and have been measured using the projected unit credit method, under the following actuarial assumptions:

Discount rate	1.31*
Annual rate of increase in salaries	2.50%
Rate of social charges	45%

* *iBoxx € Corporates AA 10+ rate at December 31st, 2016 (source: Markit.com).*

Actuarial differences are recognized immediately in the income statement.

Change in the provision for retirement benefits

At the beginning of the year	**1,218**
+ service cost	136
+ interest	24
+ actuarial gains and losses	60
including changes in assumptions	*248*
including new participants	*3*
incuding withdrawals in the year	*-191*
AT THE END OF THE YEAR	**1,438**

Note 10 Financial liabilities

Certain loans are subject to covenants in the form of financial ratios as disclosed in the notes to the consolidated financial statements included in the Reference Document (*document de référence*).

At December 31st, 2016, the Company was in compliance with all of these financial ratios.

The Company has a syndicated credit facility of €300 million which expires in February 2021.

Draw-downs under the facility may be made either in euros or in US$, and are repayable *in fine*.

At December 31st, 2016, an amount of €35 million had been drawn down under the facility, compared with €90 million at December 31st, 2015.

The Company has a loan of US$135 million from Crédit Agricole which matures in July 2017.

The Company also has a US private placement, obtained on December 9th, 2014, in an amount of US$325 million comprising:

- a 7-year tranche A at a fixed interest rate of 3.64%, for US$160 million;
- a 10-year tranche B at a fixed interest rate of 3.98%, for US$165 million.

Both tranches are repayable *in fine*.

On September 16th, 2016, Teleperformance obtained the following additional financing:

- a bridging loan of €667,556,742.32 repayable *in fine* on August 19th, 2018;
- a bridging loan of US$250 million, repayable *in fine* on August 19th, 2018;
- a loan of US$500 million repayable in four equal installments on August 20th, 2018 and August 19th, 2019, 2020 and 2021.

On December 14th, 2016, the bridging loan of US$250 million was replaced by a US private placement of the same amount, comprising:

- a 7-year tranche A at a fixed interest rate of 3.92%, for US$75 million;
- a 10-year tranche B at a fixed interest rate of 4.22%, for US$175 million.

The related loan issue expenses of €13.2 million were fully expensed in 2016.

NOTE 10.1 Loans from financial institutions

(in thousands of euros)	**At 12/31/2016**	At 12/31/2015
LOANS FROM FINANCIAL INSTITUTIONS		
■ Syndicated credit facility	35,000	90,000
■ Bank loan of US$135 million	128,071	151,557
■ 7-year US private placement of US$160 million	151,788	146,965
■ 10-year US private placement of US$165 million	156,532	151,557
■ 7-year US private placement of US$75 million	71,151	
■ 10-year US private placement of US$175 million	166,018	
■ Bridging loan of US$667,6 million	667,556	
■ Bank loan of US$500 million	474,338	
Sub-total	**1,850,454**	**540,079**
■ Accrued loan interest	4,757	1,200
■ Bank overdrafts and advances	1	1,783
TOTAL	**1,855,212**	**543,062**

NOTE 10.2 Other loans and financial liabilities

(in thousands of euros)	**At 12/31/2016**	At 12/31/2015
OTHER LOANS AND FINANCIAL LIABILITIES		
■ Current accounts: cash pooling	284,671	286,892
■ Notes payable	30,000	
■ Loans from subsidiaries	135,583	74,456
■ Loans from Philippines in a total amount of 4,292,602 KPHP	82,127	73,706
■ Loans from USA for a total of US25 million	23,717	
■ Loans denominated in € from Luxembourg	23,805	750
■ Loans from UK for €5 million and £800,000	5,934	
■ Accrued loan interest	2,140	2,044
■ Fair value of financial instruments	26,564	25,712
■ Other	251	176
TOTAL	**479,209**	**389,280**

Note 11 Maturity of liabilities

(in thousands of euros)	**At 12/31/2016**	Due under 1 year	Due between 1 and 5 years	Due after 5 years
FINANCIAL LIABILITIES				
■ Loans from financial institutions	1,855,214	167,829	1,293,684	393,701
■ Loans and other financial liabilities	479,209	407,185	72,024	
Sub-total, financial liabilities	**2,334,423**	**575,014**	**1,365,708**	**393,701**
Accounts payable - Trade[1]	13,000	13,000		
Tax, personnel and social security	5,021	5,021		
Other liabilities[2][3]	75,126		75,126	
TOTAL	**2,427,570**	**593,035**	**1,440,834**	**393,701**
(1) *including accrued invoices*	9,248	9,248		
(2) *including accrued expenses*	600	600		
(3) *including income taxes saved on subsidiaries' tax losses utilized*	70,921	5,134	65,787	

Note 12 Unrealized exchange gains and losses on assets and liabilities denominated in foreign currencies

(in thousands of euros)	Unrealized exchange losses	Unrealized exchange gains	Net	Provision for unrealized exchange losses
NET OVERALL FOREIGN EXCHANGE POSITION				
Loans to subsidiaries		101,054		
Loans from financial institutions	101,054			
Sub-total	**101,054**	**101,054**	**0**	**0**
OTHER RECEIVABLES AND LIABILITIES				
Loans to subsidiaries		4,735		
Loans from financial institutions	3,543			3,543
Accounts receivable - Trade	2	443		2
Accounts payable - Trade	65			65
TOTAL	**104,664**	**106,232**		**3,610**

Note 13 Exposure of the Company to interest rate risks

The Company's exposure to interest rate risks at December 31st, 2016 is summarized as follows:

(in thousands of euros)	Gross amount	Due under 1 year	Due between 1 and 5 years	Due after 5 years
FINANCIAL ASSETS				
■ Group loans and advances	1,420,847	269,159	998,285	153,403
■ Current accounts: cash pooling		0		
Total financial assets, including:	**1,420,847**	**269,159**	**998,285**	**153,403**
■ *at a fixed rate*				
■ *at a floating rate**	*1,420,847*	*269,159*	*998,285*	*153,403*

(in thousands of euros)	Gross amount	Due under 1 year	Due between 1 and 5 years	Due after 5 years
FINANCIAL LIABILITIES				
■ Loans from financial institutions	1,855,214	167,830	1,293,683	393,701
■ Loans and other financial liabilities	479,209	407,185	72,024	
Total financial liabilities, including:	**2,334,423**	**575,015**	**1,365,707**	**393,701**
■ *accrued interest and other liabilities*	*33,714*	*33,607*	*107*	
■ *at a fixed rate*	*545,489*		*151,788*	*393,701*
■ *at a floating rate**	*1,755,220*	*541,408*	*1,213,812*	

* *Floating rates are based on EURIBOR, LIBOR US$ or LIBOR £ (with maturities between three months and one year), and the Central Bank of the Philippines' rate applying to long-term loans.*

Note 14 Exposure of the Company to exchange risks

The Company's exposure to exchange risks at December 31st, 2016 is summarized as follows:

(in thousands)	Currency amounts at 12/31/2016	Less: hedged loans	Exchange risk exposure
GROUP LOANS AND ADVANCES			
US dollars	1,445,008	1,423,652	21,356
Swiss francs	2,324	2,324	0
£ sterling	6,000	6,000	0
Canadian dollars	9,000	9,000	0
Turkish lira	15,000	15,000	0
Norwegian crowns	5,000	5,000	0
Polish zlotys	1,100	1,100	0
Danish crowns	5,500	5,500	0

(in thousands)	Currency amounts at 12/31/2016	Less: hedged loans	Exchange risk exposure
LOANS FROM FINANCIAL INSTITUTIONS			
US dollars	1,960,000	1,935 000	25,000
LOANS FROM SUBSIDIARIES			
Philippine pesos	4,292,602	4,292,602	
US dollars	25,000	25,000	
£ sterling	800	800	

Note 15 Revenues

(in thousands of euros)	2016 France	2016 Rest of the World	2015 France	2015 Rest of the World
Royalties and management fees	2,900	67,058	3,077	63,892
Rents and rental charges	454		462	
Other	16	243	27	62
TOTAL	**3,370**	**67,301**	**3,566**	**63,954**

As the parent company of the group, the activity of Teleperformance SE is that of a holding company in respect of its subsidiaries; it also provides management, supervisory, assistance and advisory functions for group companies, in return for which it receives management fees. Teleperformance also receives Intellectual property royalties which are charged to all group subsidiaries.

Note 16 Financial result

(in thousands of euros)	2016 Income	2016 Expense	2016 Net	2015 Net
Dividends	32,625		32,625	96,248
Provisions on shareholdings	2,150	20,000	-17,850	-7,317
Other impairment provisions	3,918		3,918	2,203
Financial debt waiver		6,722	-6,722	-6,365
Provisions for unrealized exchange losses	2,859	3,610	-751	-2,410
Foreign exchange gains and losses	140,840	129,467	11,373	8,302
Interest on short-term investments	47,873	29,835	18,038	13,343
Disposal of marketable securities	1		1	7
TOTAL	**230,266**	**189,634**	**40,632**	**104,011**

In 2016, the Company waived a receivable due from its subsidiary Teleperformance France in respect of 2016 brand royalties and management services.

The Company has also written off the receivables due by its subsidiary Teleperformance Belgium and the Company IMC Korea, which have been put into liquidation, of €3.3 million and €1 million, respectively.

Note 17 Exceptional result

(in thousands of euros)	2016 Income	2016 Expense	2016 Net	2015 Net
Capital operations	1,274	4,922	-3,648	252
■ Tangible and intangible fixed assets			0	23
■ Financial fixed assets	1	3,132*	-3,131	-287
■ Other	1,273	1,790	-517	516
Revenue operations			0	128
Depreciation, amortization and increase in provisions, net of releases	1,010		1,010	287
TOTAL	**2,284**	**4,922**	**-2,638**	**667**

* *This amount relates to the removal of the shareholdings in the subsidiary Teleperformance Belgium and in the Company IMC Korea following their liquidation; the release of the related provisions is recognized in the financial result.*

Note 18 Income taxes

NOTE 18.1 French tax group

The companies in the 2016 French tax group are as follows:

- Teleperformance;
- Teleperformance France;
- Teleperformance EMEA;
- Teleperformance Intermédiation.

With effect from January 1st, 2013, the tax savings for the Group resulting from the utilization of tax losses of members under the French tax group mechanism are immediately transferred by Teleperformance to the relevant loss-making subsidiaries. Prior tax savings outstanding of €43.9 million (recognized as a liability*) will also be transferred back in the event of a subsidiary exiting the tax group or utilizing the tax losses itself.

NOTE 18.2 Analysis of 2016 income tax expense

		Income taxes					
			Restatements				
(in thousands of euros)	Pre-tax income	Theoretical expense	Fiscal adjustments	Effect of tax group	Other items (dividend taxes, tax assessments)	Actual expense	Net income
Profit on ordinary activities	63,621	28,050	-9,070	-1,564	2,028	19,444	44,177
■ Standard rate (34.43%)	81,471	28,050	-9,070	-1,564	2,028	19,444	62,027
■ Long-term rate (0%)	-17,850	0				0	-17,850
Exceptional result	-2,638	-168	0	0	0	-168	-2,470
■ Standard rate (34.43%)	-487	-168				-168	-319
■ Long-term rate (0%)	-2,151	0				0	-2,151
TOTAL	**60,983**	**27,883**	**-9,070**	**-1,564**	**2,028**	**19,277**	**41,706**

The French group tax result showed a profit of €36 million in 2016, before offsetting tax losses brought forward of €18.5 million. Tax losses available to offset future French group taxable income amounted to €2.8 million at December 31st, 2016.

NOTE 18.3 Unrecognized deferred tax assets and liabilities at December 31st, 2016

Type	At beginning of year		Change		At end of year	
(in thousands of euros)	Asset	Liability	Asset	Liability	Asset	Liability
CHANGES IN UNRECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES						
I.CERTAIN OR POTENTIAL TIMING DIFFERENCES						
1 – Items not currently deductible						
1.1 – Deductible in the following year						
■ Unrealized exchange gains	1,630		1,783	1,630	1,783	
■ Other	1,124		1,278	1,124	1,278	
1.2 – Deductible in subsequent years						
■ Retirement benefits	463		495	463	495	
2 – Income not currently taxed						
■ Unrealized exchange losses		1,086	1,086	1,243		1,243
TOTAL	**3,217**	**1,086**	**4,642**	**4,460**	**3,556**	**1,243**
NET INCREASE IN UNRECOGNIZED DEFERRED TAX ASSETS, NET OF LIABILITIES			182			
II. OTHER POTENTIAL DEDUCTIONS						
1 – Tax losses carried forward	21,345			18,514	2,831	
III. TAX GROUP EFFECT						
1 – Tax savings to be transferred back to subsidiaries		5,326	5,326	5,134		5,134

** See note 11, foot-note (3) including income taxes saved on subsidiaries' tax losses utilized.*

Note 19 Commitments

NOTE 19.1 Guarantees (in thousands of euros)

▶ In favor of private or public organizations:

In respect of commitments of French subsidiaries	Total	Expiry date
UBS real estate KMBH (Teleperformance France)	398	03/07/2020
Cuvier Montreuil (GN Research France)	181	03/31/2025
TOTAL	**579**	

▶ In favor of financial institutions:

In respect of commitments of foreign subsidiaries	Beneficiary banks	Total	Expiry date
Citytech Argentina	HSBC	1,110	01/31/2017
Citytech Argentina	HSBC	2,846	01/31/2017
Beijing TLScontact Consulting	BNP Paribas China Beijing Branch	1,503	05/12/2017
TP Chile	HSBC Chile	2,817	07/21/2017
TP Chile	Citi Bank Banco de Chile	1,707	07/20/2019
Service 800 Egypt	CA Egypt	2,846	06/30/2017
North Asia United CRM Technologies Ltd	HSBC China Beijing Branch	2,732	04/20/2017
Metis Bilgisayar Sistemleri	HSBC Turkey	1,356	09/25/2017
Metis Bilgisayar Sistemleri	HSBC Turkey	2,371	02/23/2019
TOTAL		**19,288**	

NOTE 19.2 Warranty commitments

Teleperformance SE has given a performance guarantee to a customer, Research In Motion (RIM), in respect of a commercial contract effective from December 23rd, 2011 entered into with a number of group subsidiaries. The maximum amount covered by the guarantee is the greater of (i) €15 million and (ii) the total amount of sums paid or payable by RIM to the subsidiaries concerned during the 12-month period prior to the loss event. This ceiling does not apply should the loss be caused by infringement of RIM's intellectual property rights, death or injury, damage to property, or breach of confidentiality. The guarantee will stay in force until all obligations of the subsidiaries have been extinguished.

Teleperformance SE has issued a performance guarantee in July 2013 to Apple Inc. relating to the obligations of certain subsidiaries undertaken in respect of a commercial contract. The guarantee was given for the duration of the commercial contract. The maximum amount covered by the guarantee is the greater of (i) US$60 million and (ii) the total amount of sums paid by Apple to the subsidiaries concerned during the calendar year preceding the date of the loss event.

Teleperformance SE has given a performance guarantee in November 2013 to the Secretary of State for the Home Department of the United Kingdom covering the duration of a commercial contract entered into with a group subsidiary. The maximum amount covered by the guarantee is £60 million.

Teleperformance SE has issued a performance guarantee to Barclays Bank PLC with respect to the obligations of its subsidiary TP Portugal under a commercial contract. The guarantee was signed in February 2014 and will remain in force for the duration of the contract.

In November 2014, Teleperformance SE issued a comfort letter in favor of Klarna, a partner with which Teleperformance EMEA, a subsidiary of Teleperformance SE, had entered into a commercial contract covering services to be supplied by Teleperformance SE subsidiaries in Sweden, Finland, Denmark, Germany, the Netherlands and the United Kingdom.

Finally, Teleperformance SE has given comfort letters to a number of banks to guarantee commitments of its subsidiaries located in Mexico, Colombia, Australia, Egypt, Madagascar, France, Italy, Spain, Germany, Tunisia, Morocco and England in a total amount of €46.4 million.

NOTE 19.3 Hedging instruments

Derivative financial nstruments *(in thousands of euros)*	Commitments received: Notional amount in foreign currency	Commitments received: Notional amount in euros at 12/31/2016	Commitments received: Fair value in euros at 12/31/2016	Commitments given
HEDGE OF FORECAST US$/MXN 2016 TRANSACTIONS				
Forward US$ sales	10,000	9,488	-1,260	Teleperformance has granted an internal foreign exchange hedge to its Mexican subsidiaries amounting to 10,000 KUS$ ar a fixed exchange rate of 16. Its fair value at December 31st, 2016 is -2,159 KMXN.
HEDGE OF FORECAST US$/MXN 2017 TRANSACTIONS				
Put & Call MXN - options	7,600	7,211	-456	Teleperformance has granted an internal foreign exchange hedge to its Mexican subsidiaries amounting to 53,000 KUS$ at a fixed exchange rate of 19.24. Its fair value at December 31st, 2016 is -4,975 KMXN.
Forward US$ sales	32,000	30,361	-1,972	
Sale of US$ - options*	4,800	4,554	-115	
HEDGE OF FORECAST MXN/US$ 2016 TRANSACTIONS				
Forward MXN purchases	196,942	9,046	-1,119	Teleperformance has granted an internal foreign exchange hedge to its American subsidiaries amounting to 196,942 KMXN at a fixed exchange rate of 16. Its fair value at December 31st, 2016 is -2,657 KUS$.
HEDGE OF FORECAST MXN/US$ 2017 TRANSACTIONS				
Put & Call MXN - options	205,000	9,416	-600	Teleperformance has granted an internal foreign exchange hedge to its Amer ican subsidiaries amounting to 1,080,000 KMXN at a fixed exchange rate of 19.24. Its fair value at December 31st, 2016 is -5,269 KUS$.
Forward MXN purchases	501,047	23,013	-1,710	
Sale of MXN - options*	140,000	6,430	-130	
HEDGE OF FORECAST US$/PHP 2016 TRANSACTIONS				
Forward PHP purchases	2,394,900	45,820	-466	Teleperformance has granted an internal foreign exchange hedge to its subsidiary Teleperformance USA amounting to 2,398,571 KPHP at a fixed exchange rate of 45.6838. Its fair value at December 31st, 2016 is -3,941 KUS$.
HEDGE OF FORECAST US$/PHP 2017 TRANSACTIONS				
Put & Call PHP - options	2,800,000	53,570	-4,696	Teleperformance has granted an internal foreign exchange hedge to its subsidiary Teleperformance USA amounting to 15,321,917 KPHP at a fixed exchange rate of 47.1444. Its fair value at December 31st, 2016 is -20,891 KUS$.
Forward PHP purchases	6,305,000	120,628	-1,586	
Sale of PHP - options*	1,900,000	36,351	-609	
HEDGE OF FORECAST US$/INR 20167TRANSACTIONS				
Put & Call USD - options	6,000	5,693	-29	
Forward US$ sales	15,500	14,706	3	NA
Sale of US$ - options*	4,000	3,795	7	
Cross Currency Interest Swap EUR/US$	**85,000**	**80,637**	**-17,315**	
HEDGE OF INTRA-GROUP LOANS MADE				
■ in GBP	6,510	7,604	829	
■ in US$	139,768	132,595	-7,289	
HEDGE OF INTRA-GROUP LOANS OBTAINED				
■ in PHP	4,486,367	85,834	1,134	
■ in GBP	800	934	-5	
■ in US$	10,000	9,487	-101	
CASH POOLING HEDGES				
■ in MXN	1,570,000	72,111	-535	
■ in US$	45,000	42,690	-247	

* *Not eligible for hedge accounting.*

In accordance with agreements signed with its subsidiaries, Teleperformance:

- is committed to pay back 50% of profit margins on the foreign exchange contracts, defined as the difference between the actual results made on the external and internal contracts; the fair value of these commitments at December 31st, 2016 was:
  - 52,947 K MXN for the hedging of forecast MXN/US$ transactions,
  - 14,757 K US$ for the hedging of forecast PHP/US$ transactions;
- and will support any losses unless caused by errors made by subsidiaries in estimating underlying exposures.

NOTE 19.4 Other commitments

The French individual rights to training program (DIF) has been superseded from January 2015 by the introduction of the individual training account (CPF). The outstanding entitlement of 3,043 hours existing under the DIF as of December 31st, 2014 may be utilized until December 31st, 2020. During 2016, 170 training hours were utilized.

The outstanding commitment in respect of the CPF amounted to 1,685 hours at the end of 2016.

Note 20 Work-force

At December 31st, 2016, the Company's work-force consisted of 47 persons, representing 42 managers and 5 other employees. The change during the year was as follows:

Employment categories	At December 31st, 2015	Change	At December 31st, 2016
Other	5		5
Managers	41	1	42
TOTAL	**46**	**1**	**47**

Note 21 Remuneration of company officers

The total amount of all types of remuneration paid in 2016 amounted to 87K€ compared with 187K€ in 2015.

The amount of directors' fees paid to directors in 2016 in respect of the 2015 financial year amounted to 449K€ compared with 531K€ paid in 2015.

Note 22 Balances and transactions with group companies

Balance sheet *(in thousands of euros)*	Net amount at 12/31/2016
ASSETS	
■ Investments in subsidiaries and affiliates	1,731,035
■ Receivables from subsidiaries and affiliates	1,420,518
■ Accounts receivable - Trade	13,824
■ Other receivables	38,981
LIABILITIES	
■ Financial liabilities	420,360
■ Accounts payable - Trade	1,849
■ Other liabilities	70,930

Income statement *(in thousands of euros)*	in 2016
INCOME	
■ Net income from investments in subsidiaries and affiliates	32,625
■ Other financial income	47,351
■ Release of provisions	5,088
EXPENSES	
■ Financial expenses	14,754
■ Increase in provisions	20,000

Note 23 Related parties

As all relevant transactions were entered into at arms' length conditions, no further information is disclosed with respect to related parties.

7.5 Schedule of subsidiaries and investments, December 31st, 2016

in thousands of euros	Gross amount of share-holding	Carrying value of share-holding	Dividends received	Loans and advances	Commit-ments given	% Holding
I DETAILED INFORMATION						
Subsidiaries with the gross amount of its shareholding exceeding 1% of the parent company's share capital						
A. Subsidiaries (more than 50% owned by the Company)						
Teleperformance Intermédiation 21-25, rue Balzac - 75008 Paris	6,647	2,847		50		100
Teleperformance Europe, Middle-East and Africa 21-25, rue Balzac - 75008 Paris	9,609	3,433				100
Teleperformance France 12-14, rue Sarah Bernhardt - 92600 Asnières-sur-Seine	354,276	156,276				100
Compañia Salvadoreña de Teleservices S.A. de C.V Edificio Plaza Olímpica Avenida Olímpica y Pasaje 3 Segundo Nivel San Salvador -El Salvador	6,000	6,000	10,223			100
Luxembourg Contact Centers S. de. L. 32, rue Jean-Pierre Brasseur L-1258 Luxembourg	132,276	132,276		2,164		100
Teleperformance Holdings Limited Spectrum House, Bond Street BS1 3LG Bristol - United Kingdom	108,525	108,525		7,008		100
SPCC - Sao Paulo Contact Center Ltda Prédio 25, Espaço 01, Mezanino, Sala A Lapa, CEP 05069 - 010 Sao Paulo - Brazil	62,365	62,365	3,000			100
Teleperformance Espagne S.A.U. Avenida de Burgos 8A - 28036 Madrid - Spain	29,780	7,280				100
YPIRESIA 800 Teleperformance Thisseos 330 - 17675 Kallithea - Greece	5,572	5,572	10,000			100
Teleperformance Portugal SA Parque das Naçoes, Lais dos argonautas Lote 2.34.01, 1990 - 011 Lisbonne - Portugal	7,754	7,754	7,125			95
Teleperformance Nordic AB St Eriksgatan 115 - 11385 Stockholm - Sweden	6,586	6,586	804			100
Telemarketing Asia (Singapore) Pte Ltd 29 Tai Seng Avenue, 534119 Singapore	3,221	3,221				100
In & Out S.p.A. Via Di Priscilla 101 - 00199 Rome - Italy	49,405	29,405		1,000		100
Teleperformance Colombia S.A.S. Calle 70 A 4 41 - Bogota DC - Colombia	72,058	72,058				100
Citytech S.A 1 Bouchard 680, piso 10 - Buenos Aires - Argentina	7,517	7,517				88
Teleperformance Group, Inc. 1601 Washington Av. Suit 400 - Miami Beach FL 33139 - USA	1,118,060	1,118,060		729,663		100
B. Shareholdings (10 - 50% of the share capital held by the Company) : none						
II CUMULATIVE INFORMATION						
A. Subsidiaries not set out in section I :						
a) French subsidiaries (in total)	none					
b) Foreign subsidiaries (in total)	1,991	1,857		5,799*		
B. Shareholdings not set out in section I : none						

* *Impairment provisions on loans: 329.*

(in thousands of local currency)	Local currency	2016 share capital	Total 2016 equity excluding share capital	2016 statutory net income	2016 revenues
I DETAILED INFORMATION					
Subsidiaries with the gross amount of its shareholding exceeding 1% of the parent company's share capital					
A. Subsidiaries (more than 50% owned by the Company)					
Teleperformance Intermédiation 21-25, rue Balzac - 75008 Paris	EUR	3,750	-429	217	1,373
Teleperformance Europe, Middle-East and Africa 21-25, rue Balzac - 75008 Paris	EUR	2,500	911	-22	93,001
Teleperformance France 12-14, rue Sarah Bernhardt - 92600 Asnières-sur-Seine	EUR	59,000	6,547	-5,222	166,259
Compañia Salvadoreña de Teleservices S.A. de C.V Edificio Plaza Olímpica Avenida Olímpica y Pasaje 3 Segundo Nivel San Salvador - El Salvador	US$	12	39,203	16,136	79,988
Luxembourg Contact Centers S. de. L. 32, rue Jean-Pierre Brasseur L-1258 - Luxembourg	EUR	130,500	126,442	2,950	
Teleperformance Holdings Limited Spectrum House, Bond Street BS1 3LG Bristol - United Kingdom	GBP	62,704	6,835	397	
SPCC - Sao Paulo Contact Center Ltda Prédio 25, Espaço 01, Mezanino, Sala A Lapa, CEP 05069 - 010 Sao Paulo - Brazil	BRL	156,500	102,609	15,526	
Teleperformance Espagne S.A.U. Avenida de Burgos 8A - 28036 Madrid - Spain	EUR	8,751	-2,496	112	57,864
YPIRESIA 800 Teleperformance Thisseos 330 - 17675 Kallithea - Greece	EUR	2,100	36,019	18,771	120,029
Teleperformance Portugal SA Parque das Naçoes, Lais dos argonautas Lote 2.34.01, 1990 - 011 Lisbonne - Portugal	EUR	885	33,528	15,346	151,509
Teleperformance Nordic AB St Eriksgatan 115 - 11385 Stockholm - Sweden	SEK	277	165,868	2,419	508,045
Telemarketing Asia (Singapore) Pte Ltd 29 Tai Seng Avenue, 534119 Singapore	SGD	4,000	4,000	1,053	12,618
In & Out S.p.A. Via Di Priscilla 101 - 00199 Rome - Italy	EUR	2,828	293	-9,634	92,226
Teleperformance Colombia S.A.S. Calle 70 A 4 41 - Bogota DC - Colombia	MCOP	134,265	171,921	18,205	417,771
Citytech S.A 1 Bouchard 680, piso 10 - Buenos Aires - Argentina	ARS	8,220	92,766	3,337	774,600
Teleperformance Group, Inc. 1601 Washington Av. Suit 400 - Miami Beach FL 33139 - USA	US$	452	1,322,403	-20,887	
B. Shareholdings (10 to 50% of the share capital held by the Company): none					
II CUMULATIVE INFORMATION					
A. Subsidiaries not set out in section I: none					
a) French subsidiaries (in total)					
b) Foreign subsidiaries (in total)					
B. Shareholdings not set out in section I: none					

2016 Exchange rates	Closing	Average
ARS	16.6673	16.322
BRL	3.4305	3.8613
MCOP	3.155	3.3764
GBP	0.8562	0.8191
SEK	9.5525	9.4675
SGD	1.5234	1.5278
US$	1.0541	1.1066

7.6 Statutory auditors' report on the financial statements

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.
This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended 31 December 2016

To the shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended 31 December 2016, on:

- the audit of the accompanying financial statements of Teleperformance SE,
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also consists in evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matter:

Note 1.2 to the financial statements, *Investments in subsidiaries and affiliates*, discloses the accounting principles relating to the measurement of impairment losses on investments in subsidiaries and affiliates. Our procedures consisted in assessing the data and assumptions on which such estimates rely, reviewing the company's calculations and examining management's approval procedures for these estimates. We remind you that these estimates are based on forecasts which are by nature uncertain and actual amounts may be significantly different.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to Shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code relating to remuneration and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statement, and, where applicable, with information obtained by your Company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Paris-la Défense and Neuilly-sur-Seine, 28 February 2017

KPMG Audit IS	Deloitte & associés
Éric Junières	Philippe Battisti
Partner	*Partner*

7.7 Five-year summary

(en euros)	2012	2013	2014	2015	**2016**
I SHARE CAPITAL AT THE END OF THE YEAR					
Share capital	141,495,120	143,150,475	143,004,225	143,004,225	144,450,000
Number of shares issued	56,598,048	57,260,190	57,201,690	57,201,690	57,780,000
Maximal number of potential shares					
- by exercice of subscription rights					
- by allocation of incentie plan shares		781,539			1,034,208
II SELECTED INCOME STATEMENT INFORMATION					
REVENUES, excluding VAT	46,919,577	51,408,682	57,397,383	67,520,049	70,670,559
Net income (loss) excluding income taxes, depreciation and amortization, and provisions	46,166,929	60,480,524	69,534,471	149,573,842	73,962,829
Income taxes	5,215,513	7,886,077	12,383,835	22,083,024	19,276,634
Net income (loss) after income taxes, depreciation and amortization, and provisions	34,174,466	34,942,177	49,492,955	120,002,281	41,705,613
Dividends distributed	38,486,672	45,808,152	52,625,554	68,642,028	75,114,000
III SELECTED INFORMATION PER SHARE					
Net income (loss) excluding depreciation and amortization, and provisions	0.72	0.92	1.00	2.23	0.95
Net income (loss) after income taxes, depreciation and amortization, and provisions	0.60	0.61	0.87	2.10	0.72
Dividends distributed	0.68	0.80	0.92	1.20	1.30*
IV STAFF					
Number of salaried staff	43	47	47	46	47
Total remuneration	12,864,321	7,062,140	5,780,319	4,291,841	5,200,098
Amount of employee fringe benefits (social security, staff benefits)	1,628,851	3,238,602	2,441,474	1,902,873	2,189,472

** To be proposed to the AGM to be held on June, 23rd 2017.*

  

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Additional information

8.1 *Person responsible for the Registration Document*

Statement by the person responsible for the Registration Document

"I hereby certify, after having taken all reasonable measures to this effect, that the information contained in this Registration Document is, to the best of my knowledge, in accordance with the facts and makes no omission likely to affect its import.

I certify, to the best of my knowledge, that the accounts have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities and financial position and profit or loss of the Company and all the undertakings included in the consolidation, and that the management report contained in section 8.5, pages 217 and 218 of this Registration Document presents a fair review of the development and performance of the business and financial position of the Company and all the undertakings included in the consolidation as well as a description of the main risks and uncertainties to which they are exposed.

I have obtained a completion letter from the auditors stating that they have audited the information contained in this Registration Document about the financial position and accounts and that they have read this document in its entirety."

March 2nd, 2017

Paulo César Salles Vasques

Chief Executive Officer

8.2 *Statutory auditors*

Primary auditors	Alternate auditors	First appointment date	Date of expiry of current term of office
KPMG Audit IS 3, cours du triangle 92939 Paris La Défense Cedex France Tel: +33 1 55 68 68 68	KPMG Audit ID 3, cours du triangle 92939 Paris La Défense Cedex France	5/31/2011	2017 shareholders' meeting
Deloitte & Associés 185, avenue Charles de Gaulle 92524 Neuilly-sur-Seine - France Tel: +33 1 40 88 28 00	BEAS 7/9, villa Houssay 92524 Neuilly-sur-Seine Cedex France	5/31/2011	2017 shareholders' meeting

8.3 Cross-reference table of the Registration Document

Pursuant to the provisions of the annex I of the No. 809/2004 European Regulation

		Pages	Section
1/	**Persons responsible**		
1.1	Identity	212	8.1
1.2	Declaration	212	8.1
2/	**Statutory auditors**		
2.1	Identity	212	8.2
2.2	Potential Change		n/a
3/	**Selected financial Information**		
3.1	Historical financial information	8	1.1
3.2	Financial information for interim periods		n/a
4/	**Risk Factors**	24	1.6
5/	**Information about the issuer**		
5.1	History and development of the Company	9	1.2
5.1.1	Legal and commercial name	32	2.1.1
5.1.2	Registration and registration number	32	2.1.1
5.1.3	Incorporation date and duration	32	2.1.1
5.1.4	Registered office – legal form – applicable law	32	2.1.1
5.1.5	Important events in the development of the Company's business	19	1.3.4
5.2	Main investments	20 ; 135	1.3.4.2; 5.2.1.1
5.2.1	Investments realized	20 ; 135	1.3.4.2; 5.2.1.1
5.2.2	Investments in progress	20 ; 135	1.3.4.2; 5.2.1.1
5.2.3	Future investments	20 ; 135	1.3.4.2; 5.2.1.1
6/	**Business overview**		
6.1	Principal activities	11	1.3
6.1.1	Operations and principal activities	11	1.3
6.1.2	New products	11	1.3
6.2	Principal markets	11	1.3
6.3	Exceptional events		n/a
6.4	Dependence of the issuer	26	1.6.2.3
6.5	Competitive position	17	1.3.2.2
7/	**Organizational structure**		
7.1	Brief description of the Group	22	1.5
7.2	List of the significant subsidiaries	182 ; 206	6.6; 7.5
8/	**Property, plants and equipment**		
8.1	Material tangible assets	21	1.4
8.2	Environmental issues	115	4.3

		Pages	Section
9/	**Operating and financial review**		
9.1	Financial position	130 ; 135	5.1 ; 5.2
9.2	Net income from operations	130 ; 135	5.1 ; 5.2
9.2.1	Significant factors	130 ; 135	5.1 ; 5.2 ; 5.3
9.2.2	Material changes in net revenue or sales	130 ; 135	5.1 ; 5.2 ; 5.3
9.2.3	External factors	130 ; 135 ; 137	5.1 ; 5.2 ; 5.3
10/	**Cash flow and capital structure**		
10.1	Information on capital	133 ; 139 ; 187	5.1.3 ; 6 ; 7
10.2	Cash flows	133 ; 142	5.1.3 ; 6.4
10.3	Information on the borrowing requirements and funding structure of the issuer	135 ; 166 ; 198	5.2.1.3 ; 6.6 ; 7.4
10.4	Restrictions on the use of capital resources	24	1.6.1
10.5	Anticipated sources of funds		n/a
11/	**Research and development, patents and licenses**		n/a
12/	**Trend information**		
12.1	Most significant recent trends since the end of the last fiscal year	137	5.3
12.2	Events likely to significantly influence trends	137	5.3
13/	**Profit forecasts or estimates**		
13.1	Principal assumptions		n/a
13.2	Independent auditors report		n/a
14/	**Administrative, executive management and supervisory bodies**		
14.1	Information concerning members	52 ; 63	3.1.2 ; 3.2
14.2	Conflicts of interests	60	3.1.1.4
15/	**Remuneration and benefits**		
15.1	Remuneration and benefits in kind	79	3.5
15.2	Provisions for retirement obligations	86	3.5.2.3
16/	**Functioning of the Board and management**		
16.1	Expiration date of the terms of offices	53	3.1.1.1
16.2	Services agreements relating to members of the administrative, executive or supervisory bodies	60 ; 86	3.1.1.5 ; 3.5.2.3
16.3	Information about the audit and remuneration committees	66	3.3.1.4
16.4	Compliance to the applicable corporate governance regime	64	3.3.1.1
17/	**Employees**		
17.1	Number of salaried personnel	104	4.2.1
17.2	Shareholdings and stock-options	38 ; 43 ; 53	2.2.5.2 ; 2.3.1.3 ; 3.1.1.1
17.3.	Arrangement involving the employees’ participation to the share capital	105	4.2.3
18/	**Major shareholders**		
18.1	Shareholding of the issuer	42	2.3.1
18.2	Existence of different voting rights	33	2.1.2.3
18.3	Direct or indirect control of the issuer	42	2.3
18.4	Agreements whose implementation could lead to a change of control	45	2.3.3
19/	**Related-party transactions**	181	6.6

		Pages	Section
20/	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**		
20.1	Historical financial information	139; 187	6; 7
20.2	Pro forma financial information	150	6.6
20.3	Financial statements	139; 187	6; 7
20.4	Auditing of historical annual financial information	186; 208	6.7; 7.6
20.4.1	Statements	186; 208	6.7; 7.6
20.4.2	Other audited information	186; 208	6.7; 7.6
20.4.3	Other unaudited information	186; 208	6.7; 7.6
20.5	Date of latest financial information (December 31st, 2016)	139; 187	6; 7
20.6	Interim and other financial information		n/a
20.7	Dividend policy	47	2.5
20.8	Legal and arbitration proceedings	29	1.7
20.9	Significant change in the issuers' financial or commercial position	182	6.6
21/	**Additional information**		
21.1	Share capital	35	2.2
21.1.1	Subscribed and authorized share capital	35	2.2.1
21.1.2	Shares not representing capital	35	2.2.2
21.1.3	Treasury and held shares	36	2.2.4.2; 2.2.4.3
21.1.4	Convertible securities	38	2.2.5.1
21.1.5	Acquisition terms	38	2.2.5
21.1.6	Options and agreements	38	2.2
21.1.7	History of share capital	42	2.2.6
21.2	Incorporation documents and articles of association	32	2.1.2
21.2.1	Corporate purpose	32	2.1.2.1
21.2.2	Management and supervisory bodies regulations	32; 61	2.1.2.2; 3.1.2
21.2.3	Rights and privileges on shares	33	2.1.2.3
21.2.4	Change in shareholders' rights	34	2.1.2.8
21.2.5	Shareholders' meetings	33	2.1.2.4
21.2.6	Provisions on change of control	34	2.1.2.9
21.2.7	Shareholding thresholds	34; 43	2.1.2.7; 2.3.1.4
21.2.8	Conditions on changes of capital	34	2.1.2.8
22/	**Material contracts**	11	1.3
23/	**Third-party information and statements by experts and declarations of any interests**		
23.1	Declarations by expert		n/a
23.2	Statement		n/a
24/	**Documents available to the public**	32	2.1.1
25/	**Information on holdings**	182; 206	6.4; 7.5

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8.4 Cross-reference table to the annual financial report

Under Article L.451-1-2 of the French Monetary and Financial Code

		Pages	Section
1/	**Management report** *(see details in 8.5)*		
	Analysis of the evolution of revenues	129	5
	Analysis of the results	129	5
	Analysis of the financial position	129	5
	Key indicators of financial and non financial nature	97 ; 139 ; 187	4 ; 6 ; 7
	Indicators on the use of financial instruments	139	6
	Major risk factors and uncertainties	24 ; 137	1.6 ; 5.3.2
	Table of the capital increases delegations	35 ; 36	2.2.3 ; 2.2.4
	Factors liable to have an impact in the event of a public offering	70	3.3.1.8
	Share repurchases by of the Company	36	2.2.4
2/	**Consolidated financial statements**	139	6
3/	**Parent company financial statements**	187	7
4/	**Statutory auditors' report on the Company's financial statements and the consolidated financial statements**	186 ; 208	6.7 ; 7.6
5/	**Statements of the person responsible for the annual financial report**	212	8.1
6/	**Description of the share repurchase program**	36	2.2.4.4

8.5 Cross-reference table to the management report

Applicable provisions		Comments on the financial year	Section
French Commercial Code	L.225-100, L.225-100-2, L.232-1, L.233-6 and L.233-26	Objective and comprehensive analysis of the development of the Company's and Group's business, earnings and financial position	5
French Commercial Code	L.225-100 and L.225-100-2	Non-financial KPIs specifically relevant to the Company's business activity	4
French Commercial Code	L.233-6	Significant new shareholdings acquired during the year in companies with registered offices located in France	1.3.4.2
French Commercial Code	L.232-1 and L.233-26	Major events occurring between the balance sheet date and the date of preparation of the report	6.6
French Commercial Code	L.232-1 and L.233-26	Foreseeable changes in the Company's and the Group's position	5.3
French Commercial Code	R.225-102	Progress achieved, difficulties encountered, future perspectives	5.3
French Commercial Code	L.233-6 and R.225-102	Activity of subsidiaries and shareholding by branch of activity	1.3
French General Tax Code	243 bis	Dividends distributed in respect of the last three financial years and amounts of distributed income eligible for the 40% tax rebate in respect of the same periods	2.5.2
French General Tax Code	223 quater	Amount of non-tax deductible expenses and charges	5.2.2.4
French Monetary and Financial Code	L. 511-6 and R.511-2-1-3	Amount of intercompany loans (and auditors' certification)	6.6
Applicable provisions		**Group presentation information**	
French Commercial Code	L.225-100 and L.225-100-2	Description of the main risks and uncertainties to which the Company is exposed	1.6; 1.7
French Commercial Code	L.225-100 and L.225-100-2	Use of financial instruments by the Company: financial risk management objectives and policy	1.6.1
French Commercial Code	L.225-100 and L.225-100-2	Corporate exposure to price, credit, liquidity and cash flow risk	1.6.1
French Commercial Code	L.225-102-1, L.225-102-2, R.225-104 and R.225-105	Social and environmental impact of the Company's activity (including "Seveso" sites) including the consequences of the Company's activities and the use of goods and services that the Company produces on climate change; societal commitment promoting the fight against discrimination, as well as promoting diversity, sustainable development and circular economy and the fight against food wasting.	4
French Commercial Code	L.225-102-1	Collective agreements concluded within the Company and their impact on the economic performance of the Company as well as the working conditions of employees.	n/a
French Commercial Code	L.225-102-2	Information on dangerous activities	n/a
French Commercial Code	L.232-1	Research and development activities	n/a
Applicable provisions		**Information related to corporate governance**	
French Commercial Code	R.225-102	Choice on one of the methods of exercising the general management in case of modification	3.1; 3.2
French Commercial Code	L.225-102-1	List of all offices held and duties performed by each director in all companies during the financial year	3.1.1
French Commercial Code	L.225-102-1	Total remuneration and benefits of any kind awarded to each director during the financial year	3.5
French Commercial Code	L.225-102-1	Commitments of any kind made by the Company in favor of its executive directors related to remuneration, payments or benefits due or liable to be due upon the assumption, termination or alteration of these responsibilities or at a later date, in particular pension commitments and other life benefits	3.5.2.3

Applicable provisions		Comments on the financial year	Section
French Commercial Code	L.225-184	Options granted, subscribed to or purchased during the year by executive officers and by the first ten non-executive officers of the Company, and options granted to all employee beneficiaries by category	n/a
French Commercial Code	L.225-185	Terms and conditions pertaining to the exercise of options by executive officers and directors and lock-in conditions	n/a
French Commercial Code	L.225-197-1	Lock-in conditions pertaining to performance shares allotted to executive officers and directors	2.2.5.3; 3.5.2.4
French Monetary and Financial Code	L.621-18-2	Transactions on Company shares performed by directors and related persons	3.6.4
Applicable provisions		**Information on the Company and share capital**	
French Commercial Code	L.233-29, L.233-30 and R.233-19	Notice of shareholding of more than 10% of share capital in another company, alienation of cross shareholdings	n/a
French Commercial Code	L.225-211	Breakdown of treasury share sales and purchases during the year	2.2.4.4
French Commercial Code	R.228-90	Adjustments, if any, for securities giving access to the capital in the event of share repurchases or financial transactions	n/a
French Commercial Code	L.225-100	Table summarizing currently valid authorizations given by the shareholders' meetings to the Board of Directors in respect of capital increases	2.2.3
French Commercial Code	L.225-102	Statement of employee participation in the share capital as of the balance sheet date and proportion of share capital represented by shares held by employees under the Company savings scheme and by current and former employees within company mutual funds and the nominative shares owned directly by employees pursuant to the provisions of Article L.225-197-1 of the French Commercial Code	2.3.1.3
French Commercial Code	L.464-2	Injunctions or financial penalties for practices contrary to anti-trust legislation	n/a
Applicable provisions		**Information relating to the financial statements**	
French Commercial Code	R.225-102	Five-year summary of the Company's results	7.7
French Commercial Code	R.225-102	Subsidiaries earnings	7.5
Applicable provisions		**Other information**	
French Commercial Code	L.225-100-3	Factors liable to have an impact in the event of a public offering	3.3.1.8
French Commercial Code	L.225-102-1	Relevant agreements, concluded directly or by a third-party, between, on the one hand, and depending on the situation, the Chief Executive Officer, one of the deputy Chief Executive Officers, one of the directors or one of the shareholders holding over 10% of voting rights and, on the other hand, another company who, directly or indirectly, holds more than half the share capital (unless it is an agreement on current transactions and signed under normal conditions)	3.7
French Commercial Code	L.233-13	Identity of direct or indirect holders of one twentieth, one tenth, three twentieths, one fifth, one quarter, one third, one half, two thirds, eighteen twentieths, nineteen twentieths of the share capital or the voting rights to shareholders' meetings	2.3
French Commercial Code	L.233-13	Companies controlled and share of the capital of the Company they hold	2.2.4.3
French Commercial Code	L.232-1	Statement of existing branches	n/a
French Commercial Code	L.441-6-1 and D.441-4	Payment terms of suppliers and clients	5.2.1.6
Applicable provisions		**Documents attached**	
French Commercial Code	L.225-37	Report of the Chairman of the Board of Directors on corporate governance and internal control and risk management procedures	3.3
French Commercial Code	L.225-38 L.225-42-1	Auditors' report on the report of the Chairman of the Board of Directors on corporate governance and internal control and risk management procedures	3.4

8.6 *Cross-reference table on environmental, labor and social information*

▶ **Pursuant to Decree No. 2012-557 of April 24th, 2012 on the implementation of Article 225 of Act No. 2010-788 of July 12th, 2010 and Article 12 of Act No. 2012-387 of March 22nd, 2012, amended by the Decree No. 2016-1138 of August 19th, 2016**

	Pages	Section
STAFF INFORMATION		
Workforce		
Total workforce (breakdown by gender and geographic region)	104	4.2.1.1
Hiring (permanent and fixed-term contracts, any hiring problems encountered)	104	4.2.2.2
Dismissals (grounds, re-assignment measures, rehiring, support plans)	104	4.2.2.2
Remuneration (changes, social security charges, profit-sharing and incentive plans, employee savings plan)	104 ; 105	4.2.2.1 ; 4.2.3
Work organization		
Organization of working hours (working hours for full-time and part-time employees, overtime, outsourced workforce)	105	4.2.4.1
Absenteeism (grounds)	105	4.2.4.3
Labor relations		
Social dialog organization (rules and procedures for employee notification, consultation and negotiation)	106	4.2.5.1
Overview of collective agreements	106	4.2.5
Health, safety and security		
Health, safety and security conditions at work	108	4.2.6
Agreements signed with trade unions and staff representatives regarding health, safety and security at work	108	4.2.6
Frequency and severity rates of industrial accidents and record of occupational illnesses	109	4.2.6.2 ; 4.2.6.3 ; 4.2.6.4
Promotion of and compliance with ILO fundamental conventions		
Compliance with the freedom of association principle and the right to collective bargaining	100	4.1.3
Elimination of discrimination in respect of employment and occupation	100	4.1.3
Elimination of forced or compulsory labour	100	4.1.3
Effective abolition of child labour	100	4.1.3
Training		
Training policies implemented	111	4.2.7
Total hours of training	111	4.2.7
Specific occupational training programs for employees	111	4.2.7
Equal treatment		
Measures taken in favor of equality between men and women	112	4.2.8.1
Measures taken in favor of employment and integration of disabled workers	113	4.2.8.2
Anti-discrimination policy	114	4.2.8.4

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	Pages	Section
ENVIRONMENTAL INFORMATION		
Global environmental policy		
Company organization and assessment and certification procedures	115	4.3.1
Employee training and awareness measures regarding environmental protection	115	4.3.1
Resources assigned to the prevention of environmental risk and pollution		n/a
Amount of provisions and guarantees for environmental risks		n/a
Pollution and waste management		
Prevention, reduction or compensation measures regarding atmospheric, aqueous and terrestrial pollution seriously affecting the environment		n/a
Noise pollution	121	4.3.4.3
Measures implemented with regard to all other forms of pollution inherent to a specific activity	117	4.3.2.2
Circular economy		
Measures of prevention, recycling, reutilization, and other forms of recycling and disposal of waste	116	4.3.2
Actions to fight against food wasting	116	4.3.2.1
Sustainable use of resources		
Water consumption and supply in view of local restrictions	118	4.3.3.2
Raw materials consumption and measures implemented to improve consumption efficiency	118	4.3.3
Energy consumption, measures implemented to improve energy efficiency and use of renewable energies	118	4.3.3
Land use	121	4.3.4.3
Climate change		
Greenhouse gas emissions	120	4.3.4.2
Adaptation to the consequences of climate change	120	4.3.4.1
Protection of biodiversity		
Measures implemented to preserve or promote biodiversity	121	4.3.4.3

	Pages	Section
SOCIAL INFORMATION		
Local, economic and social impact of our business		
Impact of the Company's activity on employment and regional development	121	4.4.1
Impact of the Company's activity on local and neighboring communities	121	4.4.1
Stakeholder relations		
Conditions of discussions with stakeholders (professional inclusion associations, teaching establishments, environmental protection associations, consumer and local residents' associations)	121	4.4.1
Partnership and sponsorship activities	122	4.4.2
Subcontractors and suppliers		
Integration of social and environmental factors in the procurement strategy	125	4.4.3.3 ; 4.4.3.4
Importance of subcontracting and integration of CSR in relationships with suppliers and subcontractors	125	4.4.3.3 ; 4.4.3.4
Fair practices		
Anti-corruption measures	124	4.4.3.2
Measures implemented in relation to consumer health, safety and security	125	4.4.3.5
Other action in support of human rights	125	4.4.3.6

8.7 *General observations*

In this Registration Document, unless stipulated to the contrary, the terms “Company” and “Teleperformance” refer to Teleperformance SE and the term “Group” refers to the Company and its subsidiaries and shareholdings.

This Registration Document contains information on the Group’s objectives and forecasts, in particular in the section 5.3 *Trends and Outlook*.

This information is occasionally referred to using the future or conditional tense and prospective terms such as “think”, “aim”, “expect”, “intend”, “should”, “strive”, “estimate”, “believe”, “wish”, “may/might”, etc. Such information is based on data, assumptions and estimates which the Company believes to be reasonable. It is subject to change or amendment owing to uncertainties notably relating to the risks inherent in any business as well as the political, economic, financial and regulatory environment and competition. Moreover, some of the risks described in section 1.6 *Risk Factors* should they materialize, may affect the Group’s business and our ability to achieve our objectives and forecasts.

The prospective statements, objectives and forecasts contained in this Registration Document could be affected by known and unknown risks, uncertainties or other factors that might result in the Group’s future results, performance and achievements differing significantly from the objectives and forecasts made or suggested herein. These factors could include changes to the economic and business environment and regulations as well as the factors set out in section 1.6 *Risk Factors*.

The Company makes no commitment and gives no warranty as to the realization of the objectives and forecasts set out in this Registration Document.

Investors are asked to pay close attention to each of the risk factors described in section 1.6 of the present document prior to making an investment decision. Our business, situation or financial results or our objectives and forecasts may be negatively impacted should some or all of these risks materialize. Furthermore, other risks that have not yet been identified or which we consider to be of little significance may also have a negative impact and investors could lose some or all of their investment.

Teleperformance

Transforming Passion into Excellence

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